

# “RELEASE THE GUIDANCE!”

*Backgrounder on U.S. International Energy Finance ahead of  
COP27 Deadline to Stop Funding Fossils*





From 2010 to 2021, the United States' major trade and development finance institutions, the U.S. Export Import Bank (EXIM) and U.S. International Development Finance Corporation (DFC), **provided almost five times as much support to fossil fuels as to renewables - USD 51.6 billion compared to USD 10.9 billion.**

Since taking office, the Biden-Harris Administration have made a series of commitments, executive orders, and guidances towards ending this international public finance for fossil fuels. (See full timeline in Box 1). This has included joining 38 other countries and institutions in signing onto the now-pending Glasgow commitment to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022.<sup>1</sup> Unfortunately, the administration's actions have yet not matched their promises on ending these influential financial flows that prolong the fossil fuel era.

Most critically, Biden's interim guidance detailing how these promises will be implemented has not been made publicly available since it was put in place in December 2021, and it appears to leave substantial loopholes open for continued support for gas and oil. **The Biden-Harris Administration can avoid undermining international progress on this issue by releasing a publicly available policy that fully ends international public finance for fossil fuels by COP27 in November.**

In this briefing, we review what is known about the current U.S. policy guidance, unpack trends in recent energy finance from EXIM and DFC, identify specific fossil fuel projects and loopholes that appear to be under consideration, and make recommendations for how the U.S. can still implement their commitments with integrity and on time.

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1. Statement on international public support for the clean energy transition. 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 26) at the SEC, Glasgow, November 4, 2021. <https://ukcop26.org/statement-on-international-public-support-for-the-cleanenergy-transition/>.

## Why U.S. international energy finance matters

It is clear that further fossil fuel expansion is incompatible with limiting global heating to 1.5 degrees Celsius (°C). The recent Intergovernmental Panel on Climate Change (IPCC) report found that the phase out of fossil fuels is even more urgent than previously known as they are putting billions of people and core ecosystem functioning at risk.<sup>2</sup> The IPCC concluded that global financial flows are driving us towards future warming well beyond the 1.5 °C global target, and that continued government support for fossil fuels is a root cause of this.<sup>3</sup> In addition, the International Energy Agency's (IEA) first 1.5°C-aligned scenario found “no need for investment in new fossil fuel supply” past 2021, meaning any finance of infrastructure that encourages new oil and gas fields — such as liquified natural gas (LNG) export terminals — is also inconsistent with meeting this goal.<sup>4</sup>

U.S. international public finance disproportionately influences global

energy systems. Government-backed credit ratings, below-market rates, added research and technical capacity, and the broader signaling of U.S. government priorities mean fossil fuel projects receiving U.S. support are much more likely to go forward. These are benefits that should be flowing to renewable energy and other climate solutions to speed a just energy transition instead.

In light of Russia's war on Ukraine and the compounding debt, climate, and energy price crises, now is a critical time for the U.S. to follow through on its pledge and reorient public finance from all fossil fuels to clean energy solutions. Expanding natural gas exports is not a solution to these crises. New infrastructure would not come online for five or six years and would meanwhile create further assets at risk of being stranded (Bellona et al., 2022; Leavitt et al., 2022). With the Glasgow Statement deadline at the end of 2022, there is no time to waste in accelerating the transition towards a more secure, sustainable, and peaceful future.



2 Intergovernmental Panel on Climate Change, “Summary for Policymakers,” *Climate Change 2021: The Physical Science Basis, Sixth Assessment Report*, 2021, <https://www.ipcc.ch/report/ar6/wg1>

3 Intergovernmental Panel on Climate Change, “Chapter 15: Investment and finance,” *Climate Change 2022: Mitigation, Sixth Assessment Report*, 2022, p. 26-28, <https://www.ipcc.ch/report/ar6/wg3/>.

4 International Energy Agency, *Net Zero by 2050: A Roadmap for the Global Energy Sector*, 2021, <https://www.iea.org/reports/net-zero-by-2050>; Greg Muttitt and Kelly Trout, *Zeroing In*, Greenpeace, IISD, and Oil Change International, February 2022, p. 5, <https://priceofoil.org/content/uploads/2022/02/763.2.22-Greenpeace-Briefing-v4.pdf>.

The details of Biden’s approach are not publicly available — but appear to leave room for substantial fossil support to continue

The Biden-Harris Administration has made a series of announcements regarding ending international support for fossil fuels, but few have included details or binding commitments.

## A Timeline of Joe Biden and Kamala Harris Administration Actions Regarding Their Commitment to End U.S. International Support for Fossil Fuels

- Biden’s July 2020 [campaign climate plan](#) promised to end financing for dirty energy projects abroad, including ending all export finance subsidies of high-carbon projects, and demanding “a worldwide ban on fossil fuel subsidies,” which has yet to materialize.
- In January 2021, the [Executive Order on Tackling the Climate Crisis at Home and Abroad](#), called on EXIM, DFC, and other agencies providing international energy-related finance and assistance “to identify steps . . . [to] promote ending international financing of carbon-intensive fossil fuel-based energy while simultaneously advancing sustainable development and a green recovery.”
- In April 2021, the U.S. [International Climate Finance Plan](#) reiterated the earlier commitment for agencies to end their fossil fuel investments and provided a few further details, including requiring the Department of Treasury to work to reorient OECD export credit agencies’ financing away from carbon-intensive activities and to issue guidance on how the United States would vote on energy-related matters at Multilateral Development Banks (MDBs).
- In August 2021, the U.S. Department of the Treasury issued a [Fossil Fuel Energy Guidance for Multilateral Development Banks \(MDBs\)](#), covering nearly all MDB finance for coal and oil projects but leaving vague guidelines for gas that could amount to the United States supporting 40% of recent MDB fossil fuel projects if not robustly applied.<sup>5</sup> It also left unclear the national position on fossil fuel ‘associated facilities’ like ports, and whether the United States would actively vote against projects and policies with fossil fuel support, or take the less influential approach of abstaining.
- In November 2021, the Biden-Harris Administration signed a [joint commitment at the UN climate talks \(COP26\) in Glasgow](#) to “end new direct public support for the international unabated fossil fuel energy sector by the end of 2022” alongside 38 other countries and institutions.
- In December 2021, [a leaked diplomatic cable](#) laid out parts of a bilateral guidance that was “effective immediately.” As of publication, the full guidance was not publicly available.
- In May and June 2022, the [United States joined G7 statements](#) reiterating the Glasgow Commitment, though the latter statement included significant backtracking, saying that “with a view to accelerating the phase out of our dependency on Russian energy ... investment in [LNG] is necessary” and that “publicly supported investment in the gas sector can be appropriate as a temporary response.”

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<sup>5</sup> Collin Rees and Bronwen Tucker, “Reaction to new U.S. Fossil Fuel Energy Guidance for Multilateral Development Banks,” August 16, 2021, Oil Change International,

The leaked diplomatic cable in December 2021 laid out the approach bilateral agencies are now required to take to fulfill the January 2021 Executive Order. It is the most detailed and binding of the Administration's actions. It is concerning that a full and official copy of this guidance is still not publicly available. Based on the details that are included, the leaked diplomatic cable appears to rule out U.S. bilateral support for unabated and partially abated coal, and for other carbon-intensive projects (including oil and gas) associated with a life-cycle intensity above 250 grams (g) of CO<sub>2</sub> per kilowatt-hour (kWh). It states that the guidance will apply to projects across the supply chain that are associated with more than \$250,000 in support.

**However, the leaked diplomatic cable leaves major uncertainties and suggests loopholes that could facilitate continued large scale support for fossil fuels, particularly for gas:<sup>6</sup>**

- It is unclear how agencies will evaluate fossil fuel production and transportation projects as the life-cycle intensity metric of 250g of CO<sub>2</sub>/kWh can only be directly applied to fossil fuel end uses like power generation. The vast majority of U.S. overseas fossil fuel financing has funded earlier parts of the supply chain. A wide range of assumptions could be used to evaluate whether these production and transportation projects “would lead to additional greenhouse gas (GHG) emissions with an emissions intensity above” 250g of CO<sub>2</sub>/kWh. Some interpretations could bar almost all fossil fuel finance, but others would not.
- The policy establishes a far-reaching national security loophole,

allowing exceptions for projects with “compelling national security, geostrategic, or development/energy access benefits and no viable lower carbon alternatives accomplish[ing] the same goals.”

- Even without using the broad national security exemption, up to 61% (\$6.9 billion) of U.S. international fossil fuel support since the Paris Agreement (2016 to 2020) could continue through a vaguely defined loophole for gas support where it supports “energy access or energy for development” in International Development Association (IDA) eligible and IDA-blend countries, fragile and conflicted states, and small island developing states.<sup>7</sup> Robust use of the screening questions set out (including whether the project delays the energy transition or inhibits reaching the country's Paris goals) would rule out large scale gas support, but without details these provisions could easily be misused.
- Agencies are given leeway to make their own interpretations of the interim guidance, with any exemptions reported post hoc once a year. It is not known if there are enforcement mechanisms included in the full policy.
- The policy does address financial intermediaries and refers throughout to direct financing and directly enabling. This implies that the policy does not apply to funding fossil fuels through third party entities such as other banks or pooled funds. This will mostly impact DFC, which currently supports or is considering supporting a long list of financial intermediaries, such as the [Three Seas Initiative](#), with little transparency.

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6 United States Diplomatic Cable, “Subject: Interim International Energy Engagement Guidance,” December 2021, <https://priceofoil.org/content/uploads/2021/12/US-Fossil-Fuel-Guidance-December-2021.pdf>; Jennifer A Dlouhy and Nick Wadhams, “Biden Halts Federal Aid to New Fossil Fuel Projects Overseas,” *Bloomberg*, December 10, 2021, <https://www.bloomberg.com/news/articles/2021-12-10/biden-halts-federal-aid-to-coal-oil-and-gas-projects-overseas>.

7 Collin Rees and Bronwen tucker, “Response to new U.S. guidance that could end billions in public finance for oil, gas, and coal,” Oil Change International, December 10 2021, <https://priceofoil.org/2021/12/10/us-international-guidance-response/>.

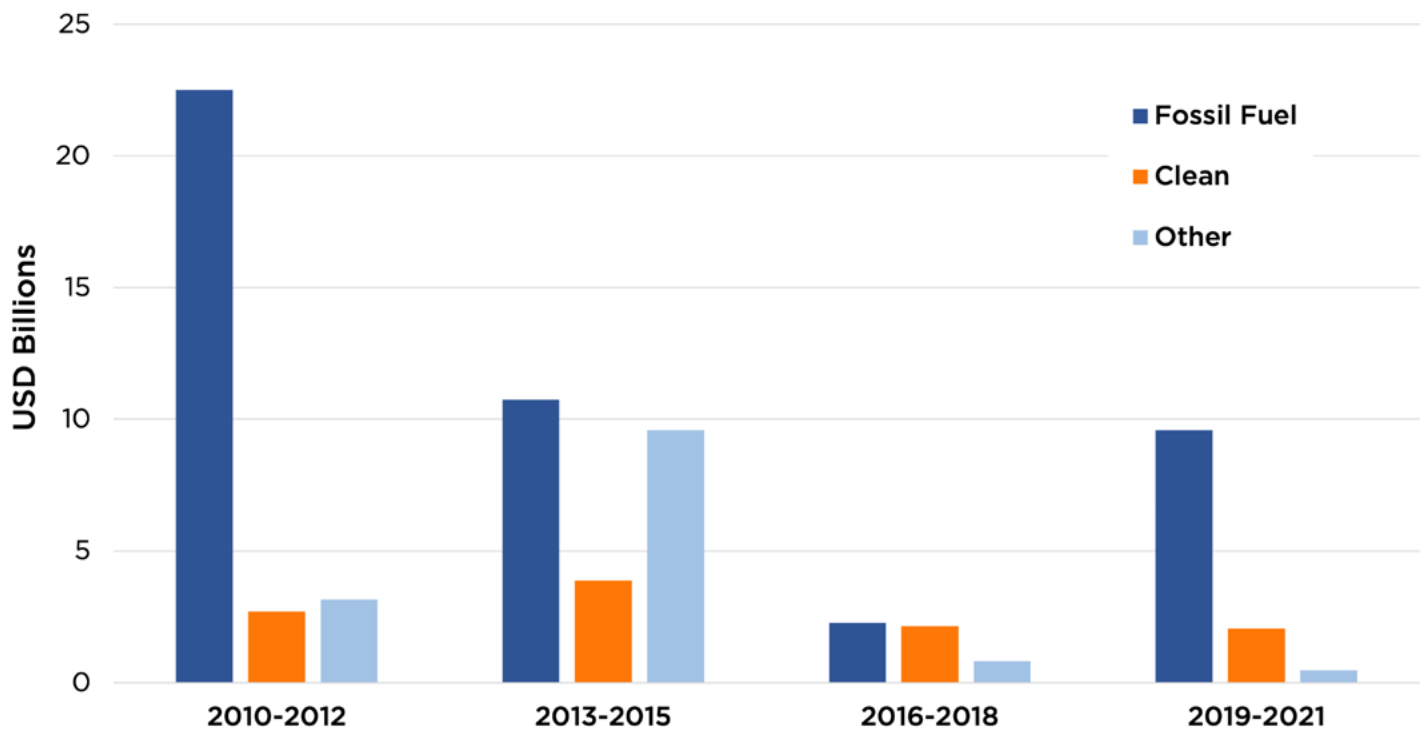
## U.S. international support for fossils has been 4.7 times greater than support for renewables

The United States has overwhelmingly used its influential bilateral public finance to prolong the fossil fuel era, locking out rather than supporting a just energy transition abroad. The U.S. Export-Import Bank (EXIM) and the U.S. International Development Finance Corporation (DFC, formerly the Overseas Private Investment Corporation or OPIC) provided \$51.6 billion for fossil fuel projects from 2010 to 2021, \$4.3 billion per year on average. Meanwhile, they only provided \$10.9 billion over that same time period to renewables for an

average of less than \$1 billion per year. This is 4.7 times more support for oil, gas, and coal than for renewable energy. In the most recent period (2019-2021), 67% of U.S. international energy support has been dominated by gas transactions from both EXIM and DFC in Mozambique. Almost all of this (97%) has gone to two LNG export projects, which multinational oil companies are slated to receive most of the profits from and which will not improve energy access in the country.<sup>8</sup> It is also worth noting that the largest recipients of support for renewables — India, Argentina, Mexico, Brazil, and Egypt — all already have mature renewables sectors. EXIM and DFC should be leveraging their concessional finance to help support renewable energy access in least developed countries.

**Figure 1: Total U.S. International Energy Finance, 2010 to 2021, USD**

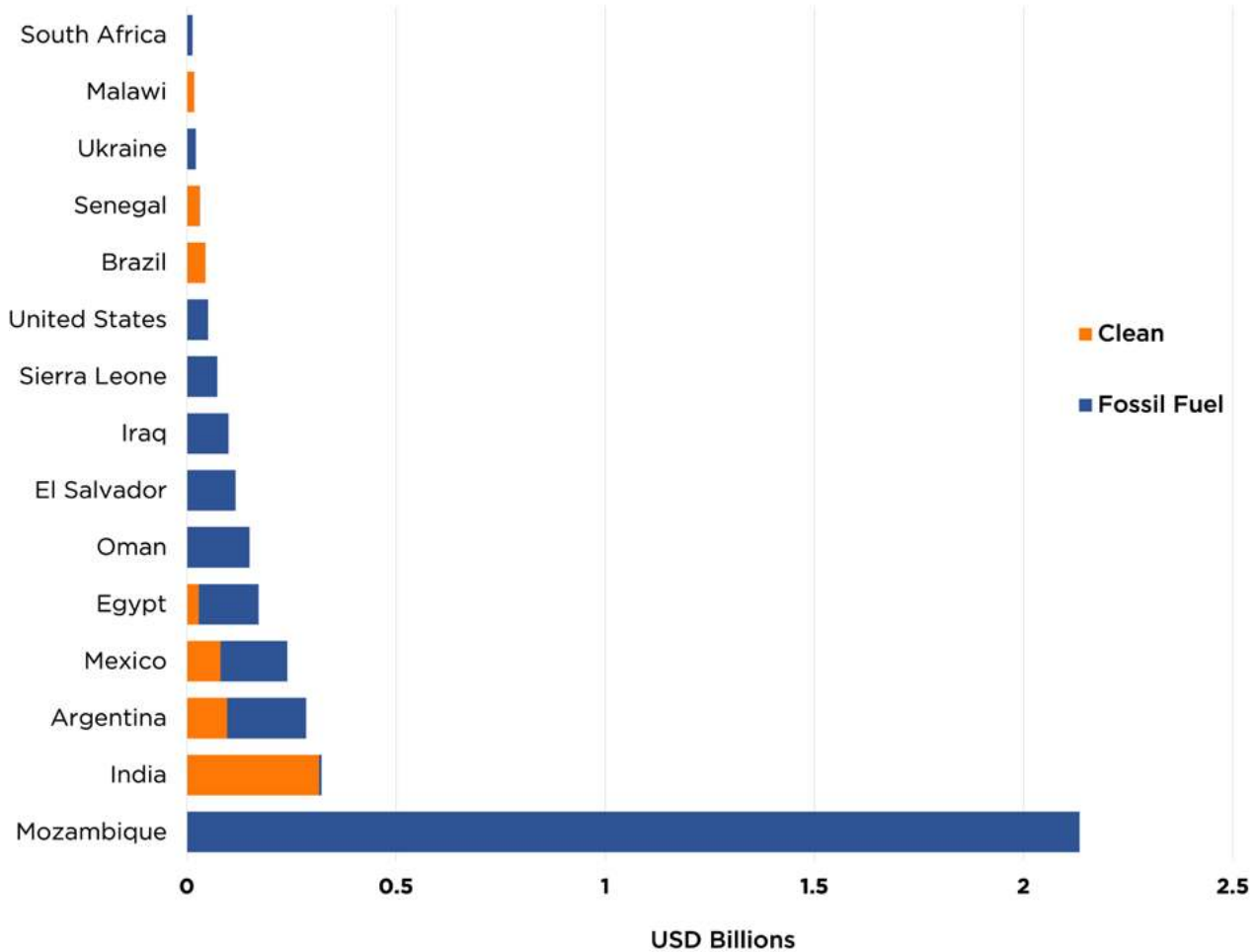
Total US Intl. Public Finance 2010-2021 by energy type



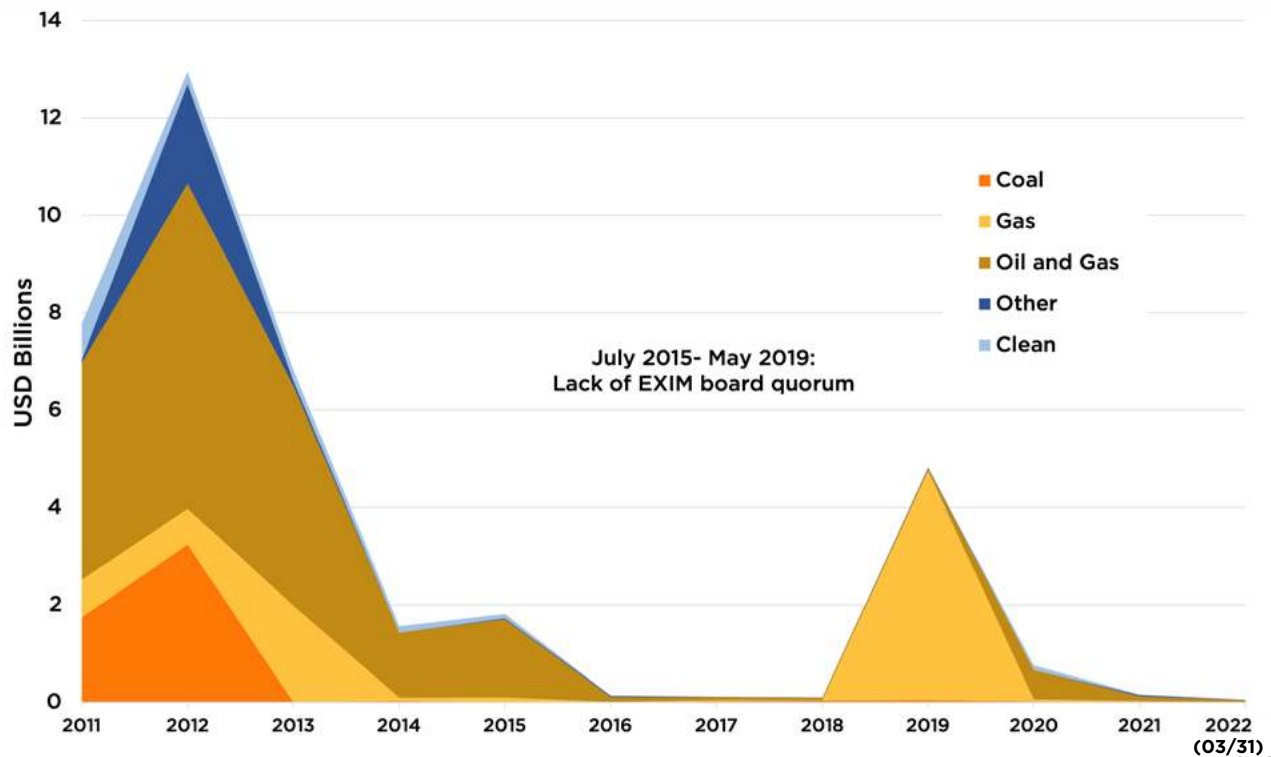
<sup>8</sup> "Say No to Gas in Mozambique," last modified 2022, <https://stopmozgas.org/>; and Bronwen Tucker and Nikki Reisch, The Sky's Limit Africa: The case for a just energy transition from fossil fuel production in Africa," October 14, 2021, <https://priceofoil.org/2021/10/14/the-skys-limit-africa/>.



**Figure 2: Top 15 Recipient Countries of U.S. International Energy Finance**



**Figure 3. EXIM's International Energy Finance, 2011 to March 31 2022, USD**



Between July 2015 and May 2019, the EXIM Board of Directors lacked a quorum, as Board nominations were stalled in the U.S. Senate. During this time, EXIM could not approve transactions over USD 10 million.

## EXIM

Fossil fuels dominate EXIM's energy portfolio. EXIM approved one of the largest transactions in its history for LNG in Mozambique in 2019 (and then revised in 2020). Since then, EXIM has continued to approve support for troubling projects, including Pemex, the Mexican oil and gas company with a terrible worker safety and environmental record that led to an ocean inferno and [massive methane leak](#), and Freeport LNG, which involved a lender that quickly collapsed after the EXIM deal and a recent explosion [created a 450-foot fireball](#).

It is not yet possible to meaningfully assess EXIM's direction under the Biden-Harris Administration. For the period of the Biden-Harris Administration for which data is already available (April 2021 to March

31 2022) EXIM approved very little energy finance of any category — \$84 million for fossil fuels, \$3 million for clean energy, and \$23 million for other energy projects.

## DFC

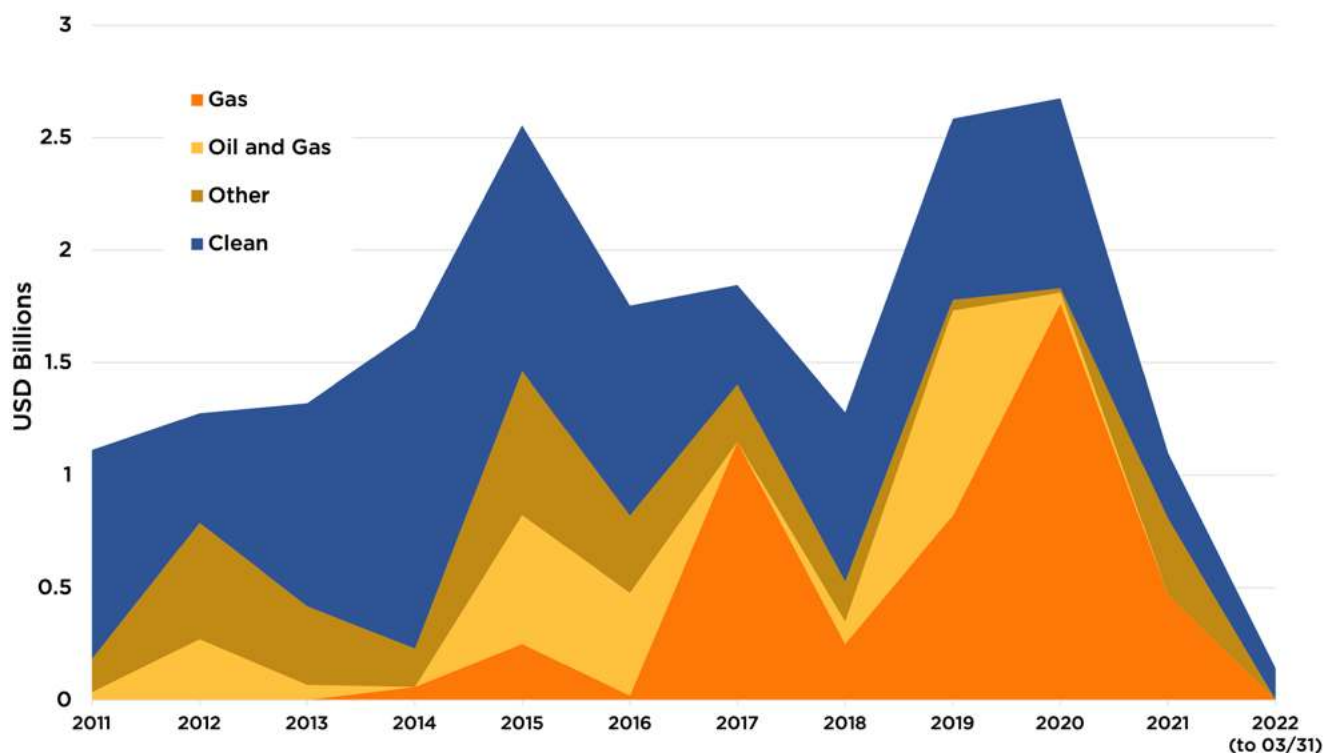
DFC has increased support for renewables, but fossil fuels continue to dominate its portfolio. Moreover, DFC continues to provide energy finance through financial intermediaries such as the Three Seas Initiative that are opaque and challenging to track, but appear likely to dump billions of USD into gas projects.<sup>9</sup>

For the period of the Biden Administration for which data is already available (April 2021 to March 31 2022) DFC supported \$217 million for fossil fuels, \$373 million for clean energy, and \$20 million for other energy projects. Almost all of the fossil fuel

9 Global Energy Monitor, "The Three Seas Initiative's Failing Case For Gas," September 2021, <https://globalenergymonitor.org/wp-content/uploads/2021/09/GEM-2021-Three-Seas-Initiative-Briefing.pdf>



**Figure 4: DFC's International Energy Finance, 2011 to March 31 2022, USD**



finance was for a gas power plant in Sierra Leone approved in April 2021.

While U.S. international fossil fuel support had fallen from its early 2010s peak, new approvals have continued under the Biden-Harris Administration. With lags in reporting, it is not yet clear what support

is continuing under the guidance that is being piloted. Meanwhile, clean energy support has been stagnant; little has flowed to the countries with the strongest need for projects that will be most effective at building toward a just energy transition and improving access to sustainable, affordable electricity.

### Support through other U.S. Agencies

Although EXIM and DFC have the largest energy portfolios by far, other U.S. agencies provide international support through financing and promotion. Since 2014, the Millennium Challenge Corporation, the U.S. Trade and Development Agency and the Department of Energy provided at least \$206 million for fossil fuel projects compared to only \$9 million for clean energy. These agencies have also promoted fossil fuels through technical assistance, reverse trade missions, and other means that have allowed international fossil fuel companies to learn from U.S. companies. In addition, the U.S. government, including through the Commerce Department hosts and sponsors conferences to promote the gas sector, holding up the LNG industry as a shining example despite its devastating impacts on local communities.<sup>10</sup> Finally, the State Department and U.S. embassies promote the interests of the U.S. fossil fuel industry abroad, encouraging support for gas projects all over the world and facilitating fossil fuel contracts.

<sup>10</sup> E.g., American LNG Gas Summit and Exhibition, <https://www.worldlngamericas.com/>.

## EXIM could provide billions for LNG and other fossils through its domestic program

In April 2022, EXIM approved the [Make More in America Initiative](#), which aims to support U.S. product manufacturing by expanding the domestic finance that EXIM can provide. The U.S. fossil fuel industry has more gas expansion plans by 2030 than any other country, but these hinge on a massive LNG infrastructure build-out not just abroad but at home too. The gas lobby successfully pushed for limited domestic support from EXIM. With the current inflation, there are concerning signs EXIM will be convinced to use its new program to systematically prop up U.S. gas expansion plans. Such financing would undercut the Biden-Harris Administration's climate commitments, considering that LNG is in many cases worse for the climate than coal.<sup>11</sup> Beyond the direct climate impacts of such support, this move would undermine the promised near-term phase out of international fossil fuel support and set a dangerous precedent for other countries to double down on subsidies for their domestic fossil fuel industries as deadlines to end this support are looming.

The U.S. liquefied natural gas industry lobby, LNG Allies, has voiced strong support for EXIM financing domestic LNG projects, arguing that U.S. LNG exporters are at a financial disadvantage and need domestic subsidies from EXIM to compete.<sup>12</sup> LNG Allies suggested that EXIM could now finance more than 14 LNG export projects with a potential capacity of 253 million tonnes per annum (mtpa) of

LNG export capacity. That could translate into billions of dollars in support from EXIM for LNG and a catastrophic amount of U.S. financed GHG emissions.

As part of their industry goal to help domestic producers, LNG Allies successfully lobbied for EXIM support for a Freeport LNG deal in Texas. As a 2021 *Financial Times* investigation revealed, LNG Allies supported the Freeport LNG deal in Texas because the U.S. domestic LNG industry opposed EXIM's financing of LNG development in northern Mozambique.<sup>13</sup> This EXIM deal for Freeport LNG came just two months before Greensill, the company providing the financing, collapsed. At the time of the deal, European financial regulations were investigating Greensill for alleged corruption. This timing put into question the due diligence that EXIM performed on Greensill. In return for such support from EXIM, the U.S. LNG industry dropped its opposition to the Mozambique LNG deal, a project where EXIM was warned about security risks that eventually led to a declaration of force majeure.<sup>14</sup>

One potential project EXIM is under pressure to support from the LNG industry is Cheniere Energy's Corpus Christi LNG export terminal. New research from Oil Change International and Greenpeace has documented Cheniere Energy's greenwashing efforts through a methane gas certification scheme the company is calling lifecycle emissions tags, which substantially underestimate the methane emissions from their production.<sup>15</sup>

Canada provides a warning of how domestic support from EXIM could lead

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11 Robert W. Howarth, *A Bridge to Nowhere: Methane Emissions and the Greenhouse Gas Footprint of Natural Gas*, Energy Science & Engineering, 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)

12 Letter from Fred H. Hutchison, President and Chief Executive Officer of LNG Allies, to Scott Condren, Export-Import Bank of the United States, regarding Information Request on Potential Parameters of EXIM Bank Financing for Domestic Projects, January 20, 2022, [https://downloads.regulations.gov/EIB-2021-0007-0005/attachment\\_1.pdf](https://downloads.regulations.gov/EIB-2021-0007-0005/attachment_1.pdf)

13 Cynthia O'Murchu, "Exim Bank's Greensill Deal Raises Questions over Due Diligence," *Financial Times*, 2021, <https://www.ft.com/content/c76c64c2-6717-4faf-80e1-cf6fa074705c>

14 Paul Burkhardt, "U.S. Export-Import Bank Warned on Mozambique Risks Before \$4.7 Billion Loan," *Bloomberg* 2021, <https://www.bloomberg.com/news/articles/2021-04-06/u-s-ex-im-warned-on-mozambique-risks-before-4-7-billion-loan>

15 Tim Donaghy, Lorne Stockman, and Andy Rowell, *Madness is the method: How Cheniere is greenwashing its LNG with new cargo emissions tags*, Oil Change International, Greenpeace, August 2022, <https://priceofoil.org/content/uploads/2022/08/Cheniere-final-v1.pdf>

to a slush fund for the fossil fuel industry — with little recourse or transparency for human rights or environmental concerns. Canada’s expansion of its export credit agency’s domestic mandate in 2009 has led to disastrous results. Export Development Canada (EDC) has provided billions to buoy the expansion of Canada’s domestic oil sands industry over the last decade, the country’s largest and fastest growing source of emissions.<sup>16</sup> There is little transparency on EDC support amounts, terms, or approval processes, but their domestic oil and gas support was between CAD 5 to 12 billion a year on average 2018 to 2020.<sup>17</sup> EDC support has also continued in cases of clear human rights violations or environmental regulations as in the cases of Coastal GasLink pipeline, Trans Mountain Expansion Pipeline, as well as general corporate support for Canadian oil companies such as Suncor, Cenovus, Husky, and Enbridge.

## Potential future fossil energy support from EXIM and DFC

EXIM and DFC are considering supporting a long list of international fossil fuel projects. According to international news reports and Oil Change International partners in impacted countries, many potential fossil fuel projects are discussed behind closed doors. Below are some of the known projects, but there are likely many others. All of these projects would violate Biden-Harris Administration promises and would operate for 20 to 50 years, locking in climate pollution beyond safe carbon budgets.

**Petróleos Mexicanos (Pemex) in Mexico:**<sup>18</sup> Pemex, the Mexican state-owned oil company, is EXIM’s biggest client, with support dating back to 1944.<sup>19</sup> Pemex accounted for the majority of EXIM’s risk exposure up until 2016, the last time EXIM published such data.<sup>20</sup> Pemex has a record of environmental and worker safety disasters. According to a Friends of the



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16 Above Ground, *Fueling the Oil Sands*, July 15, 2019, , <https://aboveground.ngo/edc/fuelling-extreme-oil>

17 Environmental Defence Canada et al, “Canada joins historic commitment to end international fossil fuel finance by end of 2022,” November 2022, <https://environmentaldefence.ca/2021/11/04/canada-joins-historic-commitment-to-end-international-fossil-fuel-finance-by-end-of-2022/>.

18 See Letter from Kate DeAngelis, Friends of the Earth U.S., to Chairwoman Reta J. Lewis, U.S. Export-Import Bank, regarding Pemex, 2022, [https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/04/2022.04.25\\_Comments-to-EXIM-on-Pemex-support.pdf](https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/04/2022.04.25_Comments-to-EXIM-on-Pemex-support.pdf)

19 In 2020, EXIM said it had a “76-year association” with Pemex. Elsewhere, EXIM staff said they had “done business” with Pemex since 1944: <https://web.archive.org/web/20210819052732/https://www.exim.gov/sites/default/files/board-meetings/0929exim-closed-508ed.pdf>

20 For example, see EXIM’s 2016 annual report, p. 47. We have tabulated EXIM’s reported exposure to Pemex, drawn from annual reports, and can share on request. Friends of the Earth U.S., “Data on EXIM’s Pemex and Wider Fossil Support,” [https://docs.google.com/spreadsheets/d/1Y6LYxZYzQy3b7j\\_MPJwdUuAb\\_f9roJXaUFI-tjTnfs/edit#gid=447207356](https://docs.google.com/spreadsheets/d/1Y6LYxZYzQy3b7j_MPJwdUuAb_f9roJXaUFI-tjTnfs/edit#gid=447207356)

Earth U.S. public records review, between 2009-2016, at least 360 people died in explosions, infrastructure collapses, fires and other incidents at Pemex facilities, some of which were supported by EXIM;<sup>21</sup> additionally, more than 4,000 hectares were damaged in over 1,000 oil spills and leaks. Over the same time period, EXIM loaned or guaranteed loans to Pemex worth nearly USD 9 billion.<sup>22</sup> More recently, Pemex's Ku-Malob-Zaap oil project — one of those that EXIM directors voted to support<sup>23</sup> — has been the site of two severe incidents. In July 2021, an undersea gas pipeline leak caught fire in the Gulf of Mexico, causing a methane inferno to burn on the ocean surface.<sup>24</sup> The following month, at least five people were killed when a fire broke out at one of the same oil project's facilities.<sup>25</sup> Despite these continuing environmental and worker safety catastrophes, in October 2021, EXIM disclosed that it was considering a new Pemex application for another round of financial support for Mexican onshore and offshore gas field developments.<sup>26</sup> And, this September, a [massive methane leak](#) was discovered at a Pemex site.

**Oil refinery in Kazakhstan:**<sup>27</sup> EXIM is considering support for an oil refinery in Western Kazakhstan, which is the center of Kazakhstan's oil and gas industry and home to numerous massive oil and gas fields. Local communities have suffered environmental harm from the development of these fields and others. These [impacts have included](#) neurological issues, cardiovascular illnesses, respiratory illnesses, anemia, and blood illnesses such

as leukemia, as well as drops in fish catches. Fires and other dangerous incidents are common at Kazakhstan's oil refineries, including a [fire at the Atyrau refinery](#) in 2020 that resulted in a mushroom [cloud of black smoke](#) that was visible 60 kilometers away. 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 amongst local workers. In 2019, about [1,000 workers went on strike](#) due to such resentment of differentiated treatment between local and foreign workers. In addition, numerous corruption scandals in the oil and gas sector have plagued Kazakhstan. In Karachaganak, [Baker Hughes was found guilty](#) of paying USD 4.1 million in bribes to government officials in violation of the Foreign Corrupt Practices Act. In another scandal, the U.S. government [charged James Giffen](#) with paying \$20 million in bribes to Kazakh officials to secure contracts in Tengiz for Western oil companies.



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21 [The Guardian](#) first published a similar analysis for the years from 2009 to 2016. We did not have access to their methodology or underlying data, so we repeated the exercise from 2009 to August 2021: FOE, "Data on EXIM's Pemex and Wider Fossil Support"

22 FOE, "Data on EXIM's Pemex and Wider Fossil Support," EXIM provided more than USD 16 billion for Pemex from 1998 to 2020, [https://docs.google.com/spreadsheets/d/1Y6LYxZYzQy3b7j\\_MPJwdUuAb\\_f9roJXaUFI-\\_tjTnfs/edit#gid=447207356](https://docs.google.com/spreadsheets/d/1Y6LYxZYzQy3b7j_MPJwdUuAb_f9roJXaUFI-_tjTnfs/edit#gid=447207356).

23 Export-Import Bank of the United States, "EXIM Board Approves Three Energy Sector Transactions Totaling \$450 Million to Support an Estimated 1,900 U.S. Jobs," September 30, 2020, <https://www.exim.gov/news/exim-board-approves-three-energy-sector-transactions-totaling-450-million-support-estimated>

24 Isabelle Gerretsen, "Ocean fire raises questions about US support for Mexico's oil and gas industry," *Climate Home News*, July 14, 2021, <https://www.climatechangenews.com/2021/07/14/ocean-fire-raises-questions-us-support-mexicos-oil-gas-industry>

25 See [Pemex statement](#) and subsequent press, such as this new [AFP article](#), which questions Pemex's bad record of incidents, but it misses serious incidents that are captured in our data.

26 See EXIM's pending transactions page, <https://www.exim.gov/policies/exim-bank-and-environment/pending-transactions>.

27 See Letter from Kate DeAngelis, Friends of the Earth U.S., to U.S. Export-Import Bank, regarding the Kazakhstan oil refinery, September 9, 2021, [https://1btps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2021/09/2021.09.09\\_Kazakhstan-Modular-Oil-Refinery-Letter-to-EXIM.pdf](https://1btps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2021/09/2021.09.09_Kazakhstan-Modular-Oil-Refinery-Letter-to-EXIM.pdf).

## Petroleum refinery in Indonesia:<sup>28</sup>

EXIM is considering supporting PT Kilang Pertamina Balikpapan Petroleum Refinery Expansion, which aims to expand the domestic oil refinery industry. Oil refineries are the world's third-largest stationary emitter of greenhouse gasses. Between 2000 to 2018, CO<sub>2</sub> emissions from oil refineries [rose 24 percent](#). The changes to the coastal landscape and the industrial activities from the refinery have adversely impacted local fishermen, whose number of catchments and catchment areas significantly decreased, forcing them to search for catchment areas further away. Fires in the Pertamina Refinery Unit V Balikpapan have occurred at least three times since 2019, and often panic residents in the surrounding areas. Fires are likely to continue, putting workers and local community members at risk. Oil spills at the refinery have also led to marine pollution, including an oil spill in 2018 that covered at least 7,000 hectares of water. In addition, the company, Pertamina, has failed to sufficiently and continuously engage with the communities impacted by the refinery expansion. The Environmental

and Social Impact Assessment (ESIA) is wholly insufficient as it lacks key pieces of analysis, potential alternative options, and no follow up analysis has taken place within five years.

## Petrochemical project in Malaysia:<sup>29</sup>

EXIM is considering supporting the Pengerang Energy Complex (PEC), which, as with all petrochemical projects, pollutes the local communities through air emissions and water contamination and exacerbates the climate crisis.<sup>30</sup> Extreme weather events are likely to trigger accidents like chemical spills, fires, and explosions that threaten the environment and the health, economic activity and recreation of workers and surrounding communities. In addition, the process of deriving petrochemicals from fossil fuels is enormously energy- and emissions-intensive.<sup>31</sup> For example, a recent study found that 35 petrochemical facilities using ethylene feedstock released 43,806 metric tons of carbon dioxide equivalent per day.<sup>32</sup> Finally, none of the hundreds of pages of documents that make up the ESIA include an analysis of alternatives to this petrochemical project.



28 See Letter from Kate DeAngelis, Friends of the Earth U.S., to U.S. Export-Import Bank, regarding the Indonesia petroleum refinery, January 6, 2022, [https://lbps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/01/2022.01.06\\_Refinery-Indonesia-ESIA-comments-to-EXIM.pdf](https://lbps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/01/2022.01.06_Refinery-Indonesia-ESIA-comments-to-EXIM.pdf).

29 See Letter from Kate DeAngelis, Friends of the Earth, to U.S. Export-Import Bank, regarding the Malaysia petrochemical project, January 4, 2022, [https://lbps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/01/2022.01.04\\_Petrochemical-Malaysia-ESIA-comments-to-EXIM.pdf](https://lbps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/01/2022.01.04_Petrochemical-Malaysia-ESIA-comments-to-EXIM.pdf)

30 Center for International Environmental Law, Oil Change International, and Earthworks, "Permian Climate Bomb, Chapter 4: Petrochemicals," 2021, <https://www.permianclimatebomb.org/chapter-4>

31 Center for International Environmental Law, "Plastic & Climate: The Hidden Costs of a Plastic Planet," 2019, <https://www.ciel.org/wp-content/uploads/2019/05/Plastic-and-Climate-FINAL-2019.pdf>

32 Joint Institute for Strategic Energy Analysis, "Generation and Use of Thermal Energy in the U.S. Industrial Sector and Opportunities to Reduce its Carbon Emissions," 2016, <https://www.nrel.gov/docs/fy17osti/66763.pdf>

Other projects under considering where details are limited include:

- **Oil and Gas development in Bahrain:** EXIM is considering financing a Bahrain National Oil and Gas Authority (NOGA) oil and gas field development despite the dismal human rights situation in the country.<sup>33</sup>
- **Virginia Gas Project in South Africa:** DFC has provided USD 40 million for the first phase and is considering providing USD 500 million to Renergen for a gas and helium project in South Africa.<sup>34</sup> The project connects gas wells to a gas pipeline and will include the construction of a liquefied natural gas and helium plant.
- **European gas projects:** DFC approved up to USD 300 million for the Three Seas Initiative, which is expected to encourage the build out of gas infrastructure in Eastern Europe.<sup>35</sup> DFC is also considering a range of other gas projects in the region, potentially including the Krk Island LNG terminal in Croatia.<sup>36</sup>
- **LNG in Vietnam:** DFC has signed a letter of interest for a project with the Son My LNG import terminal in partnership with the U.S.-based power company AES Corporation.<sup>37</sup> In addition, Chan May LNG has listed both EXIM and DFC as investors in the project.<sup>38</sup>

## Recommendations

In order to meet the Glasgow Statement commitment with integrity, the Biden-Harris Administration must **release a public inter-agency guideline that bars new public fossil fuel support in time for COP27**. This guidance must include:

- **A proactive mechanism to ensure EXIM, DFC, and other agencies do not misuse loopholes to continue fossil fuel support.** The leaked interim U.S. guidance has a set of clear screening criteria, but they are undermined by the fact that they can be overridden if projects contribute to national security or geostrategic interests. These exceptions, especially in light of the Russian invasion of Ukraine, mean that almost any fossil fuel project could still receive support. Locking in further fossil fuel dependence is also not the path towards energy security, but rather risks locking in further price volatilities and vulnerabilities, not to mention exacerbating the current climate crisis. Instead, increased efforts should go to accelerating the transition to renewable energy, not only to meet climate and energy access needs, but also as a matter of national interest, in order to avoid energy price crises.
- **Robust fossil fuel exclusion policies.** The United States must adopt a definition of international public finance for fossil fuels within this commitment that includes ending support for exploration, production, transportation, storage, refinement, and energy end uses of coal, oil, and gas.

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33 <https://www.exim.gov/policies/exim-bank-and-environment/pending-transactions>; Human Rights Watch, *World Report 2021: Bahrain*, <https://www.hrw.org/world-report/2021/country-chapters/bahrain>.

34 Paul Burkhardt, "Renergen Gas Project Evaluated by US DFC for \$500 million loan," Bloomberg, June 6, 2022.

35 DFC, "DFC and the Three Seas Initiative Investment Fund Agree to Term Sheet for up to \$300 Million in Financing," June 20, 2022.

36 White House, "NSC Press Statement on National Security Advisor Jake Sullivan's Phone Call with Croatian Prime Minister Andrej Plenkovic," May 26, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/26/nsc-press-statement-on-national-security-advisor-jake-sullivans-phone-call-with-croatian-prime-minister-andrej-plenkovic/>.

37 On file with authors and available upon request from [kdeangelis@foe.org](mailto:kdeangelis@foe.org).

38 Thu Vu, "Beyond the Noise: Setting the Right Expectations for Vietnam's LNG Project Pipeline," Institute for Energy Economics and Financial Analysis, p. 10, January 2021, [https://ieefa.org/wp-content/uploads/2021/01/Setting-the-Right-Expectations-for-Vietnam-LNG-Project-Pipeline\\_January-2021.pdf](https://ieefa.org/wp-content/uploads/2021/01/Setting-the-Right-Expectations-for-Vietnam-LNG-Project-Pipeline_January-2021.pdf).

- **No exemptions for gas projects.** Support for gas projects and infrastructure, including LNG and gas-fired power, is incompatible with the agreed 1.5°C global warming limit, and research shows that clean alternatives are better suited to serve energy security and clean development pathways.<sup>39</sup> This does not include emergency settings and short-term use of LPG for energy access where no long-lived facilities are being supported and distributed renewable energy is not better suited or available.
- **Ambitious targets for increased grant-based and concessional international renewable energy support,** with an emphasis on universal energy access, energy efficiency, and local just energy transitions for workers and communities most impacted by fossil fuel phase outs.
- EXIM should permanently rule out “domestic” export finance for fossil fuels through the EXIM Make More in American Initiative.
- **DFC should account for the true climate impact of its support.** Methodological flaws in DFC’s GHG accounting mean that the agency underestimates the climate impact of fossil fuel projects.<sup>40</sup> The DFC can and must do better. Fortunately, DFC’s flaws can be easily remedied. In order to make its climate policy more effective, DFC should account for the entirety of GHG emissions from all projects and subprojects it, and its predecessor, OPIC, has supported until those projects cease operations. These emissions should count towards the GHG cap for the DFC’s portfolio. Additionally, the DFC should measure and account for all direct and indirect total lifecycle emissions from the projects and subprojects it supports (i.e., Scopes 1, 2, and 3 emissions).

In addition, EXIM and DFC should implement the following agency-specific recommendations:

- EXIM and DFC should reject current international fossil fuel project applications under consideration.



39 Greg Muttitt, *et al.*, “Step Off the Gas: International public finance, natural gas and clean alternatives in the Global South,” International Institute for Sustainable Development, June 6, 2021, <https://www.iisd.org/publications/natural-gas-finance-clean-alternatives-global-south>.

40 Kate DeAngelis, Doug Norlen, Karen Orenstein, and Tucker Smith, “Improving Greenhouse Gas Accounting: Recommendations for the world’s newest development finance institution,” Friends of the Earth, February 2020, [https://1bps6437gg8c169i0y1drt-gz-wpengine.netdna-ssl.com/wp-content/uploads/2020/05/2020.02.26\\_OPIC-GHG-Briefing\\_final.pdf](https://1bps6437gg8c169i0y1drt-gz-wpengine.netdna-ssl.com/wp-content/uploads/2020/05/2020.02.26_OPIC-GHG-Briefing_final.pdf).

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Friends of the Earth United States is the U.S. voice of the world's largest federation of grassroots environmental groups, with a presence in 75 countries. Friends of the Earth works to defend the environment and champion a more healthy and just world.

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Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the ongoing transition towards clean energy.

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