

Scott Nathan
U.S. International Development Finance Corporation
1100 New York Ave NW, Washington, DC 20527
Tuesday 12 December 2023

Subject: Papua LNG – Call to commit not to support

Dear Mr. Nathan :

Our 50 civil society organizations from Papua New Guinea, Pacific, France and beyond call on the U.S. International Development Finance Corporation (DFC) to commit not to finance or provide any financial support to the *Papua LNG* project, being developed by TotalEnergies along with co-venturers ExxonMobil, Santos and JX Nippon.¹ Indeed, we are aware that TotalEnergies is currently seeking financial support for this project, with Crédit Agricole acting as its financial advisor on the project.

We urge you to stop supporting fossil fuel expansion that is incompatible with the global objective of limiting global warming to 1.5°C. The Intergovernmental Panel on Climate Change has warned against the development of any new fossil fuel infrastructure,² and the International Energy Agency's (IEA) Net zero by 2050 scenario concluded that no new upstream oil and gas project, and no new LNG terminal are required to meet global energy needs.³ The *Papua LNG* project, which is made of 9 production wells, a gas processing plant, 4 electric liquefaction trains and a 320 km pipeline, is thus not compatible with the IEA Net zero scenario.⁴

As such, it is also not compatible with the policies of Australian and French banks BNP Paribas, Commonwealth Bank of Australia, Crédit Mutuel, Société Générale and Westpac, which had provided loans to the PNG LNG infrastructure between 2010 and 2014,⁵ and have since then adopted climate policies excluding this type of project.⁶ In order to keep global warming under 1.5°C, all financial actors should follow the same logic and stop funding oil and gas expansion.

Specifically, the total scope three's emissions of the *Papua LNG* project are estimated at 220 million tons of CO2 equivalent (MTCO2e). Over its lifetime this single project will emit as much as it takes the whole population of Bangladesh - 169 million people - to emit in an entire year.⁷

In addition, while TotalEnergies claims that its LNG projects will help replace coal by natural gas to produce electricity, LNG's climate impact can be as important as coal's if greenhouse gases emissions along the value chain are taken into account. In particular, fossil gas is mostly composed of fossil methane, which has a Global Warming Potential 82.5 times higher than CO2 over a 20-year

¹ TotalEnergies holds 37.55% in Papua LNG Joint Venture, Exxon Mobil holds 37.04%, Santos holds 22.83% and JX Nippon holds 2.58%. Papua LNG, [Papua LNG Partners](#), 2023

² Intergovernmental Panel on Climate Change, [Climate Change 2022: Mitigation of Climate Change. Working Group III Contribution to the IPCC Sixth Assessment Report](#), 2022

³ International Energy Agency, [Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach](#) and [World Energy Outlook](#), 2023.

⁴ CELCOR, Jubilee Australia, Market Forces and Reclaim Finance, [The art of muddying the water: our response to TotalEnergies](#), 2023

⁵ Banktrack, [PNG LNG Dodgy Deal](#), 2015

⁶ See Reclaim Finance, [Oil and Gas Policy Tracker](#), 2023. Market Forces, [Big four banks make strides, but action still dangerously slow in a climate emergency](#), 2023. Reclaim Finance, [Société Générale announces leading climate policy on gas](#), 2023.

⁷ Kevin Morrison, IEEFA, [Papua LNG Project - Financiers taking the risk](#), 2023

period.⁸ It takes a few percent of gas leakage to make gas as big a driver of climate change as coal in the short term.⁹

The project also risks severe environmental, social and potentially economic impacts within Papua New Guinea. The project is proposed to take place in Gulf Province - a province whose coastal areas are already hard hit by climate change. Rising sea levels and storms on the ocean have forced some communities in Orokolo Bay to relocate their homes multiple times.¹⁰

An earlier project led by ExxonMobil - PNG LNG - has previously been associated with human rights abuses, escalating tensions, land-related issues and broken economic promises.¹¹ Consultations with communities affected by the *Papua LNG* project have provoked fears that their rights will similarly not be protected: consultations are not conducted with the transparency that could ensure the Free, Prior and Informed consent of these affected communities.¹²

It is thus little surprise that a Council of Chiefs, representing 600 clans in the region where the *Papua LNG* project is being developed, strongly denounced the consultation process in September in the *Post Courier*, one of the most prominent newspapers in Papua New Guinea. According to that article, they indicated that the Purari River, used by TotalEnergies to transport material to the project site had “*been closed by landowners for two weeks*” and that operations would be closed if dialogue was not established.¹³

The project also presents considerable financial risks. If carried out, the *Papua LNG* project would start its operation at the end of 2027 or in 2028, while global gas demand is set to peak before the end of the decade in all three IEA scenarios.¹⁴ The timing of the first LNG shipments from the project coincides with a potential glut of global gas shipments as LNG capacity is expected to surge in 2026 and 2027, which increases the prospect of lower prices and returns for the project’s investors.¹⁵

Moreover, nothing ensures that the gas produced from *Papua LNG* project will be sold, as no long-term sales and purchase agreements (SPAs)¹⁶ have been reported so far. As in Europe,¹⁷ LNG overcapacity may thus lead to stranded assets and the *Papua LNG* infrastructures may be left unused.

Finally, Papua New Guinea does not need this project, even for its own energy needs and sustainable energy transition. A recent report showed that Papua New Guinea’s government has already identified a host of potential renewable energy projects that, if they went ahead, would dramatically

⁸ Intergovernmental Panel on Climate Change, [AR6 WGI Report tables](#) p131, 2021.

⁹ National Centre for Biotechnology Information, [Greater focus needed on methane leakage from natural gas infrastructure](#), 2012. Reclaim Finance, [Methane: an imminent threat for climate](#), 2023

¹⁰ Jubilee Australia Research Network and the Centre for Environmental Law and Community Rights, [Building on What Works: PNG’s Energy Policy and Practice for Climate and People](#), 2023

¹¹ Colin Filer [Methods in the madness: The ‘landowner problem’ in the PNG LNG project](#), 2019, Jubilee Australia Research Network “[On Shaky Ground](#)”, 2018, The Nation, [ExxonMobil’s New Guinea Nightmare](#), 2014

¹² Banktrack, [Papua LNG Dodgy Deal](#), 2023

¹³ *Post Courier*, [Papua LNG landowners want their issues addressed](#), 2023

¹⁴ Net Zero Emissions by 2050, Announced Pledge Scenario and Stated Policies Scenario (STEPS) are detailed in International Energy Agency’s 2023 [World Energy Outlook](#)

¹⁵ Kevin Morrison, IEEFA, [Papua LNG Project - Financiers taking the risk](#), 2023

¹⁶ Sales and purchase agreements are a binding legal contract between two parties that obligates a transaction to occur between a buyer and seller. In the LNG industry, SPA are a key step to reach Final Investment Decision.

¹⁷ IEEFA, [Over half of Europe’s LNG infrastructure assets could be left unused by 2030](#), 2023

expand energy access via new renewable energy.¹⁸ The financing required for these projects is estimated to represent less than 100 times the budget of the *Papua LNG* project.¹⁹

To fully contribute to keeping global warming below 1.5°C, we call on you to immediately end all direct financial services to new upstream and midstream oil and gas projects and condition general financial services to oil and gas developers, including TotalEnergies, ExxonMobil, JX Nippon and Santos, to their commitment not to develop such projects. **Consistently, we call on DFC to commit not to support the *Papua LNG* project.**

We thank you for your consideration on this important topic and would welcome a meeting with you and your team to discuss this further. An answer to this letter before Friday 22 December would be highly appreciated.

Signed,

Center for Environmental Law and Communities Rights (CELCOR, Papua New Guinea)

Alofa Tuvalu (France, Tuvalu)

Les Amis de la Terre / Friends of the Earth France

Bank Climate Advocates (United States)

Bank on our Future (United Kingdom)

BankTrack (International)

Bio Vision Africa (BiVA, Uganda)

Bloom (France)

Both ENDS (The Netherlands)

Carrizo/Comecrudo Tribal Nation of Texas (United States)

Earth Action, Inc. (United States)

Earthlife Africa (South Africa)

Environment Governance Institute Uganda

Extinction Rebellion Carnage Total (France)

Extinction Rebellion France

FairFin (Belgium)

Friends of the Earth Japan

Fridays for future Uganda

Friends of the Earth United States

Fund Our Future (South Africa)

Global Witness (International)

Greenpeace France

Green Faith Indonesia

The Green Youth Movement Denmark (Den Grønne Ungdomsbevægelse)

JA! Justica Ambiental (Mozambique)

Japan Center for a Sustainable Environment and Society (JACSES)

Jordens Vänner / Friends of the Earth Sweden

Jubilee Australia Research Centre

Justice Institute Guyana

Kiko Network (Japan)

Laudato Si Movement (International)

Ligue des Droits de l'Homme (France)

¹⁸ Up to 78% of on-grid energy could be supplied by renewables by 2030, while extending access for the country's households from 13% today to 70%. The figure could be even higher but the government is locked-into long-term energy purchases linked to fossil fuels. CELCOR and Jubilee Australia, [Building on What Works](#), 2023

¹⁹ *Ibid*. While the cost of the Papua LNG project varies according to the figures put forward by TotalEnergies (between 10 and 13 billion US dollars), the cost of the projects being studied by the Papua New Guinea government at the beginning of 2023 is 110 million US dollars.

Liveable Arlington (United States)
Market Forces (International)
Mekong Watch (Japan)
Missão Tabita (Mozambique)
NOAH - Friends of the Earth Denmark
Oil Change International (International)
Parents for Climate (Australia)
Positive Money UK
Public Citizen (United States)
Rainforest ActionNetwork (United States)
Reclaim Finance (International)
ReCommon (Italy)
Society of Native Nations (International)
Stand.earth (International)
StopTotal (France)
Switch It Green (United Kingdom)
Texas Campaign for the Environment (United States)
Urgewald (Germany)