Why the U.S. Export-Import Bank Must End Financing for Fossil Fuels

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The U.S. Export-Import Bank (EXIM) provides government-backed loans, credits, insurance, and guarantees to support the export of goods and services. Its support is make-or-break for many capital-intensive endeavors, especially risky ones like many oil, gas, and coal projects. EXIM support sends a signal to other investors and leverages additional private financial support, often driving investment in fossil fuel production that would not otherwise occur. In 2023, EXIM approved $901 million to fossil fuels despite the US pledge to end overseas fossil fuel support.

At COP26 in Glasgow, 39 countries and financial institutions, including the United States, committed to end direct international public finance for fossil fuels by the end of 2022 and prioritize public finance for clean energy. This was the first international political pledge on ending public support for oil and gas in addition to coal. If all 39 signatories meet the Glasgow Statement commitment, $19.4 billion per year could be shifted away from fossil fuels, potentially increasing public finance for clean energy to $37 billion per year. This commitment followed President Biden's Executive Order on Tackling Climate Change, which called on EXIM "[to] promote ending international financing of carbon-intensive fossil fuel-based energy," as well as Treasury's Fossil Fuel Energy Guidance for Multilateral Development Banks aiming to end support for direct investment in coal and oil projects.

A review of EXIM's energy finance between 2014-2022 makes clear that the vast majority of all of the agency's finance for energy projects – 84% – has flowed to fossil fuel projects in oil, gas, and coal. Finance for clean energy projects such as wind and solar has comprised 15% of EXIM's authorizations since 2014. But increasing clean energy projects is not enough as the climate crisis demands that we stop funding the exploitation of fossil fuels. As momentum grows for climate solutions, there is an urgent need for a ban on fossil fuel financing at EXIM.

The table below displays EXIM's energy lending each year from 2014 to 2022, as well as totals for the decade covered. These numbers are from Oil Change International's Public Finance for Energy database, which is drawn from EXIM's project reporting and Annual Reports, as well as news reports and other sources.

EXIM authorizations by Category (2014-2022) by USD Millions

	2014	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Clean	132.9	91.6	0.7	5.3	4.2	0	91.5	14.7	1300	1,640.99
Coal	18.7	0	0	22.5	34.8	39.6	13.6	14.9	22.1	166.2
Gas	71.7	95.5	0	17	11.1	4,707	46	9	9.75	4,967
Oil	0	7	4	12.3	29.6	27.1	19.1	13.3	12	124.4
Oil and Gas	1,337.8	1603	100.5	54.5	15.7	19.6	580.1	80.5	10.9	3,802.6
Other	0	20.3	26.3	2.6	2.95	25.99	3.5	29.9	13.3	124.8
Grand total	1,561.1	1,187.4	131.5	114.2	98.35	4,819.29	753.8	162.3	1,368.05	10,825.99

*A note on EXIM's fossil fuel finance: From July 2015 to May 2019, EXIM faced major political opposition in Congress. The bank has lacked the quorum of directors necessary to approve any loans in any sector of more than $10 million. Due to this, EXIM's total finance (and fossil fuel finance) during this period was significantly lower than in prior years or since, understating the typical historic support for fossil fuels from EXIM.

From 2014 to 2022, EXIM's fossil fuel finance averaged $1 billion per year. After supporting almost no fossil fuel finance in the first two years of the Biden Administration, EXIM has pivoted hard toward fossil fuels. In 2023 alone, EXIM has approved $901 million for fossil fuel projects, including for an oil refinery in Indonesia [despite opposition from the White House], gas turbines in Iraq, an [oil project in the Bahamas], and [Trafigura LNG exports]. This is the extremely dangerous level of fossil fuel finance that could reasonably be expected of EXIM without restrictions on financing fossil fuel projects in fulfillment of President Biden's Glasgow commitment. Over the past decade, EXIM's average financing of oil, gas, and coal projects each year was nearly 5.5 times more than its average financing of clean energy projects. But even if EXIM vastly increased its clean energy financing, that alone would not solve the problem. The science clearly dictates that there is already too much carbon for the climate to handle in existing oil, gas, and coal projects. Every dollar spent to expand fossil fuels makes the hole deeper and the problem worse.

The looming threat of an unrestrained EXIM is clear – there are already an additional three fossil fuel projects in the bank's pipeline awaiting approval from the Board of Directors, with more likely on the way soon. So far these projects include oil and gas field development in Bahrain, offshore and onshore gas projects in Guyana, and [Papua LNG in Papua New Guinea].

When looking at both EXIM and the U.S. International Development Finance Corporation (DFC) – the U.S. development finance institution – the U.S. has provided the most support for fossil fuels of those countries who signed onto the Glasgow Commitment. Together EXIM and DFC have provided [$2.26 billion for eight fossil fuel projects in 2023]. While the UK, France, Canada, Belgium, Denmark, Sweden, New Zealand and Finland have published policies implementing the commitment, the Biden Administration is refusing to publish its guidance on implementation of the Glasgow commitment. The US cannot claim climate leadership unless it stops approving new funding for fossil fuel projects and releases a publicly-available policy that fully ends international public finance for fossil fuels with no loopholes for gas projects, abated fossil fuels, false solutions like blue hydrogen, or "national security", and clear guidance for each agency on how to implement the policy in keeping with the spirit of the Glasgow Statement.

We are in a climate emergency. It's time to end EXIM's fossil fuel financing to protect people and to ensure we do not undermine our climate commitments with continued government-backed finance for dirty energy.

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