

United States Export-Import Bank (US EXIM)
811 Vermont Ave NW #911
Washington, DC 20571
United States

29 August 2023

Dear Chair Reta Jo Lewis,

Our 27 civil society organizations across the United States and Pacific call on the United States Export-Import Bank's (hereinafter US EXIM) to reject the Category A Papua Liquefied Natural Gas Project. This project presents significant financial risks and opportunity costs, as well as harmful climate impacts. Papua New Guinea has limited resources to absorb such losses; in a country where 40 percent of the population lives below the poverty line, investments in renewables would achieve much greater progress in pulling communities out of poverty. EXIM should also not take on this risk given questions regarding the amount of gas available, political tensions with the government, and legal woes of the shareholders.

Approval of this project would contradict the United States' commitment made at the United Nations Climate Summit in 2021 under the Clean Energy Transition Partnership,¹ where the Biden Administration explicitly committed the United States to “end new, direct public support for the international unabated fossil fuel energy sector within one year of signing this statement.”² Approval of this project would not only undermine this commitment and further position the United States as an international laggard on climate, but would further jeopardize international climate goals, risk \$13 billion USD in stranded assets,³ and put Pacific frontline communities at further environmental, social, and economic risk.

Recent research by the Institute for Energy Economics and Financial Analysis (IEEFA) highlights that this project would increase PNG's energy and industry emissions by more than 7%,⁴ at a time when the Intergovernmental Panel on Climate Change and International Energy Agency have confirmed that maintaining a 50% chance to limit global warming to 1.5°C requires **no further investments in new LNG infrastructure**.⁵ The total scope three emissions of this project are estimated at 220 million tonnes of CO₂ equivalent (MTCO₂e). In layperson's terms, in its lifetime this single project will emit an equivalent amount as it takes the whole population of

¹ Statement on International Public Finance Support for Clean Energy (2021) Available here: <https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/>

² Noting that while a threshold for 'abatement' is not defined, the text of the agreement refers to actions being consistent with 1.5C.

³ For total project financing, there are varied reports in financial and industry media from \$10-\$13 billion. The \$13 billion figure is taken from:

<https://static1.squarespace.com/static/63f7678e37a01501e18c5356/t/6418485bf25dbb728bf0e718/1679313005464/230308+-+Reform+Santos+Presentation+vF.pdf>

⁴ Kevin Morrison (2023) “IEEFA Papua LNG Project – Financiers taking the risk” IEEFA. Available here: <https://ieefa.org/resources/papua-lng-project-financiers-taking-risk>

⁵ IISD (2023) “Navigating Energy Transitions: Mapping the road to 1.5°C” <https://www.iisd.org/publications/report/navigating-energy-transitions>

Bangladesh - 169 million people - to emit in an entire year.⁶ Independent information about the project's climate emissions do not appear to have been communicated to affected communities or other stakeholders.⁷

The project also risks severe environmental, social and potentially economic impacts within PNG. 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.⁸ 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.⁹ Already in the preparation for Papua LNG irregularities are noted - such as police being assigned to project researchers and the head of the PNG Catholic Church sitting on a company advisory panel.¹⁰ PNG itself does not need fossil gas for its own energy needs - it could dramatically expand its energy usage and still provide 78% of its on-grid energy needs from renewable energy by 2030 were appropriate financing made available.¹¹

Alongside a disastrous climate impact, the project also presents considerable financial risks. It has not secured any guaranteed sales – with no long-term sales and purchase agreements (SPAs) or non-binding heads of agreement supply deals.¹² With global gas demand expected to decline by 55% by 2050 under the IEA's Net Zero by 2050 roadmap,¹³ US EXIM's support for

⁶ Kevin Morrison (2023) "IEEFA Papua LNG Project – Financiers taking the risk" IEEFA.

⁷ Noting also that the project's website does not collate all public information materials provided to stakeholders about the project - so it is not possible for financiers to do independent due diligence on Free, Prior and Informed Consent as there is no assurance as to the quality of information or detail provided to affected communities necessary for 'informed' decision-making.

⁸ Jubilee Australia Research Network and the Centre for Environmental Law and Community Rights (2023) "Building on What Works: PNG's Energy Policy and Practice for Climate and People" p.11 <https://www.jubileeaustralia.org/resources/publications/building-on-what-works>

⁹ Colin Filer (2019) 'Methods in the madness: The 'landowner problem' in the PNG LNG project', Discussion Paper 76, February, Development Policy Centre, Crawford School of Public Policy, Australian National University. https://devpolicy.org/publications/discussion_papers/DP76-Methods.in.the.madness.pdf

Jubilee Australia Research Network (2018) "On Shaky Ground" <https://www.jubileeaustralia.org/storage/app/uploads/public/5fb/8c6/2dd/5fb8c62dd31d4510474121.pdf>

¹⁰ A 2019 'gender, security and conflict' Human Rights Impact Assessment commissioned by TotalEnergies notes that researchers traveled with either Total PNG security staff or "a member of the reserve police *stationed to work for TEP* [TotalEnergies PNG] PNG". <https://www.humanrights.dk/publications/papua-lng-human-rights-impact-assessment>

Information on the company-appointed advisory panel:

<https://papualng.com.pg/papua-lng/independant-advisory-panel/>

¹¹ An earlier government target of 100% was reduced to 78% due to PNG already being locked into power purchasing agreements from providers using fossil fuels. Jubilee Australia Research Network and the Centre for Environmental Law and Community Rights (2023) "Building on What Works: PNG's Energy Policy and Practice for Climate and People"

<https://www.jubileeaustralia.org/resources/publications/building-on-what-works>

¹² Kevin Morrison (2023) "IEEFA Papua LNG Project – Financiers taking the risk" IEEFA.

Available here: <https://ieefa.org/resources/papua-lng-project-financiers-taking-risk>

¹³ International Energy Agency, IEA (2022) "Net Zero by 2050" Available at:

<https://www.iea.org/reports/net-zero-by-2050>

this project would jeopardize utilizing limited public financial resources for a project whose exports may be stranded.

In addition to these climate and financial risks, Pacific civil society and governments have repeatedly called for the end of all fossil fuels in order to safeguard a habitable climate for the region,¹⁴ as warming above 1.5°C risks the habitability of many Pacific island communities.

Given these enormous risks associated with the Papua LNG Project, we as civil society organizations across the United States and Pacific call on US EXIM to reject this project and take immediate action to implement the Clean Energy Transition Partnership (CEPT), by announcing a fossil fuel exclusion policy which most other high-income signatories of the CEPT have already done.¹⁵

Thank you for your consideration on this important topic.

Signed,

Friends of the Earth United States, USA

Oil Change International

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

Forests for Certain, Forests for Life! (FORCERT), Papua New Guinea

Wide Bay Conservation Association (WBCA), Papua New Guinea

Research Conservation Foundation, Papua New Guinea

Tree Kangaroo Conservation Program (TKCP), Papua New Guinea

Tenkile Conservation Alliance (TCA), Papua New Guinea

Jubilee Australia Research Centre, Australia

Market Forces, Australia

Center for Oil and Gas Organizing, USA

¹⁴ Makereta Komai, (2023) "Pacific Ministers call for fossil fuel free Pacific" Pasifika EnviroNews. Available at: <https://pasifika.news/2023/03/pacific-ministers-call-for-fossil-fuel-free-pacific/>

¹⁵ Oil Change International (2023) "Leaders & Laggards: Tracking implementation of the COP26 commitment to end international public finance for fossil fuels by the end of 2022". Available at: <https://priceofoil.org/2022/10/07/leaders-laggards/>

Earth Ethics Inc, USA

The People's Justice Council, USA

Peaceful Systems, USA

Center for International and Environmental Law, USA

Food & Water Watch, USA

Earth Action, Inc, USA

Defend the Gulf, USA

Global Witness, USA/UK

Natural Resources Defense Council, USA

Rainforest Action Network, USA

Unitarian Universalist Service Committee, USA

Care About Climate, USA

Sierra Club, USA

La'o Hamutuk, Timor-Leste

PERMATIL, Timor-Leste

Friends of the Earth Japan, Japan