Ex-Im Bank Fossil Fuel Financing

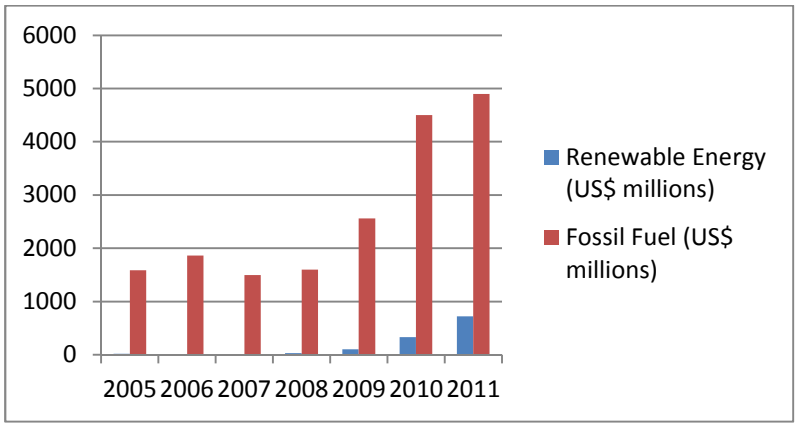
Pushing the Past and Losing the Clean Energy Race

Despite pledges by the Obama Administration to phase out fossil fuel subsidies, the U.S. Export-Import Bank (Ex-Im Bank), a federal government agency, provides billions of dollars annually in public financing for fossil fuel projects abroad. These outdated, heavily polluting projects cause significant harm to local environments and communities while contributing to global climate change—and they restrain our ability to keep pace with the international race for a strategic advantage in the manufacturing and export of clean technologies.

A notable example of Ex-Im Bank's flawed priorities is the record-breaking $3 billion in financing the agency approved in December 2009 for ExxonMobil's enormous Papua New Guinea Liquid Natural Gas (PNG LNG) fossil fuel project—the same week the world came together in Copenhagen in an attempt to iron out a global climate change agreement.

Other examples of Ex-Im Bank support for fossil fuel projects include FY 2011 financing for the 3,960 megawatt Sasan coal power project in India and 4,800 megawatt Kusile coal power project in South Africa. Sasan and Kusile will rank among the world's largest coal power projects with combined 56.9 million tonnes of annual of CO2 emissions, plus extensive pollution to local water and air, causing community dislocation and health problems that potentially includes increased rates of cardiopulmonary diseases and cancer deaths. Ex-Im Bank's overwhelming bias towards fossil fuel financing is egregious given the fact that clean energy exports can produce roughly three times the number of American jobs in comparison with fossil fuel related project job generation per $1 million in investment.[1]

The following graph charts the Ex-Im Bank's financing for fossil fuel projects and renewable energy projects approved between FY 2005 and FY 2011.

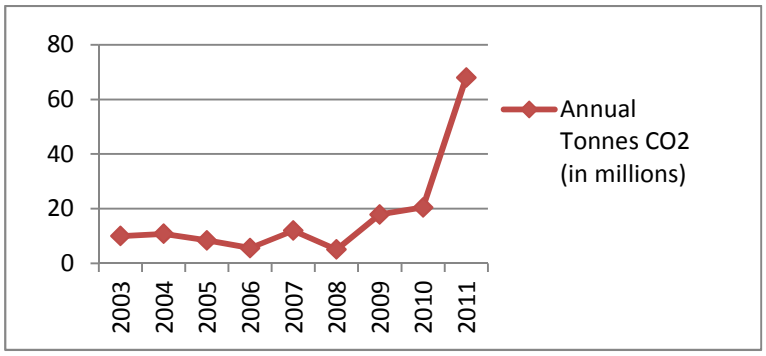


These figures indicate that in recent years Ex-Im Bank financing for renewable energy transactions increased significantly over previous low levels, yet since FY 2007 financing for

fossil fuels increased more dramatically, rendering an energy portfolio that is overwhelmingly comprised of fossil fuel projects.

In July, 2010, the U.S. Government Accountability Office (GAO) issued a report which found that Ex-Im Bank has failed to meet a Congressional directive to allocate 10% of its total FY 2009 and FY 2010 annual financing to renewable energy and energy efficient end-use technologies. Among its chief criticisms, GAO found that Ex-Im Bank fails to follow strategic planning practices and allocate sufficient staff and other agency resources to promote renewable energy and energy efficiency.[2]

The following graph charts the annual direct CO2 emissions from fossil fuel-related projects that the Ex-Im Bank supported from FY 2003 – 2011.



Source: Compiled by Pacific Environment from Export-Import Bank Annual Reports

This graph indicates that CO2 emissions that will result from Ex-Im Bank-supported projects have risen significantly since FY 2008, and dramatically in FY 2011. Skyrocketing FY 2011 emissions are largely attributable to Ex-Im Bank's support for the Sasan and Kusile coal power plants. These Ex-Im Bank estimates refer to direct emissions from fossil fuel power plants, oil-field and gas-field exploration, development and production projects, and do not include indirect emissions associated with these transactions, for example, downstream transport and combustion of fossil fuel originating from oil-field and gas-field exploration financed by Ex-Im Bank. And, these figures do not include emissions from other carbon-intensive sectors, such as aviation, which represent a large percentage of total Ex-Im Bank transactions.

[1] A recent study by WWF indicates that 13.5 clean tech jobs (both direct and indirect) in manufacturing of exportable technologies can be created with every $1 million of investment, versus 3.7 in the oil and gas and 4.9 in the coal industry. See Getting Back in the Game: U.S. Job Growth Potential from Expanding Clean Technology Markets in Developing Countries, WWF, May 24, 2010, available at http://www.worldwildlife.org/who/media/press/2010/WWFPresitem16414.html.
[2] Reaching New Targets for Environmentally Beneficial Exports Presents Major Challenges for Bank, July 2010, Government Accountability Office (GAO), available at http://www.gao.gov/new.items/d10682.pdf