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

In 2012, ExIm gave over $10 billion to fossil fuels – and could return to those levels without new restrictions on fossil fuel finance.

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World governments reached the Paris Agreement in 2015 to strive to limit global warming to 1.5°C and, at a maximum, to keep it well below 2°C. The most recent science, the Intergovernmental Panel on Climate Change's (IPCC) 2018 Special Report on 1.5ºC, warns that 2°C of warming would significantly increase the odds of severe, potentially irreversible impacts to humanity and nature, compared with warming of 1.5°.[1]

The IPCC's report shows that a 1.5°C path is possible but requires "rapid and far-reaching" transitions and "deep emissions reductions in all sectors" so that global carbon pollution nears zero by 2050 at the latest. Analysis shows that existing, already producing oil and gas fields and coal mines contain enough carbon to push the world beyond the Paris Agreement's goals. What's more, burning the oil and gas in already-operating fields alone, even if coal mining were phased out tomorrow, would take the world beyond 1.5°C of warming.[2] This means developing new fossil fuel reserves is incompatible with Paris.

The world's governments have recognized the need to shift flows of finance to align with these climate imperatives. Article 2.1(c) of the Paris Agreement calls on governments to address the climate crisis by "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[3] This call was followed by the World Bank Group's announcement in 2017 that it would cease financing for oil and gas extraction after 2019 in light of the climate crisis.[4]

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 projects (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.

A review of ExIm's energy finance over the past decade makes clear that the vast majority of all finance for energy projects – nearly 90% – has flowed to fossil fuel projects in oil, gas, and coal. Finance for clean energy projects such as wind and solar has comprised less than 5% of ExIm's authorizations since 2009. The **Export-Import Bank provided more than $10 billion in fossil fuel finance in 2012, and is poised to return to these levels unless restrictions are put in place.**

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 2009 to 2018, as

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[1] *Special Report: Global Warming of 1.5ºC*, Intergov. Panel on Climate Change, Oct. 2018.

[2] Greg Muttitt, *The Sky's Limit*, Oil Change International, Sept. 2016.

[3] *Paris Agreement*, United Nations Framework Convention on Climate Change, Dec. 2015.

[4] "World Bank Group Announcements at One Planet Summit," World Bank Group, Dec. 2017.

well as totals for the decade covered. These numbers are from Oil Change International's "Shift the Subsidies" database,[5] which is drawn from ExIm's project reporting and Annual Reports, as well as news reports and other sources.

U.S. EXPORT-IMPORT BANK AUTHORIZATIONS, 2009–2018[6]

FY	Clean	Fossil	Other
2009	**$75,445,171**	**$2,698,558,004**	n/a
2010	**$253,530,170**	**$4,539,010,784**	$19,963,236
2011	**$743,570,660**	**$6,969,567,725**	$64,484,400
2012	**$249,428,915**	**$10,652,202,970**	$2,046,887,630
2013	**$227,330,750**	**$6,499,761,109**	$105,926,056
2014	**$132,941,053**	**$1,428,162,551**	n/a
2015	$91,626,515	$1,705,451,425	$20,257,726
2016	$700,000	$104,544,881	$26,315,000
2017	$5,325,000	$106,296,067	$2,585,000
2018	$4,200,000	$91,217,690	$2,950,641
Total	$1,784,098,234	$34,794,773,206	$2,289,369,689
Avg.	$178,409,823	$3,479,477,320	$228,936,969

A note on the table: During the last four years, ExIm has faced major political opposition in Congress. Since 2015, 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) in recent years has been significantly lower than in prior years, understating the threat of reauthorizing ExIm without strong restrictions on fossil fuel finance.

From 2009 to 2014 – when the Export-Import Bank had a board quorum and was operating at full capacity – fossil fuel finance averaged $5.5 billion per year, with over $10 billion for oil, gas, and coal in fiscal year 2012 alone. This is the extremely dangerous level of fossil fuel finance that could reasonably be expected of ExIm (now that it has been newly reinvigorated with a quorum of directors) if the bank is reauthorized without a ban on financing fossil fuel projects.

Over the past decade, ExIm's average financing of oil, gas, and coal projects each year was nearly 20 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.[7]

The looming threat of an unrestrained ExIm is clear – there are already a dozen fossil fuel projects in the bank's pipeline awaiting approval from the new Board of Directors, with more likely on the way soon now that the bank has regained a quorum.

We are in a climate emergency. It's time 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.

[5] "Shift the Subsidies," Oil Change International.

[6] The categories used in the Shift the Subsidies database include Fossil (oil, gas, and coal), Clean (solar, wind, small hydro), and Other (large hydro, nuclear, biomass, transmission infrastructure with no clearly associated energy source).

[7] Kate DeAngelis & Alex Doukas, Financing Climate Disaster, FoE-US, Oil Change Int'l, WWF European Policy Office, Oct. 2017.

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

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