

Congress of the United States

Washington, DC 20515

March 12, 2024

The Honorable Reta Jo Lewis
President and Chair
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC 20571

The Honorable Judith DelZoppo Pryor
First Vice President and Vice Chair of the Board of
Directors
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC 20571

The Honorable Spencer Bachus III
EXIM Director
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC 20571

The Honorable Owen Herrstadt
EXIM Director
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC 20571

The Honorable Gina M. Raimondo
U.S. Secretary of Commerce
Board Member, ex officio

The Honorable Katherine Tai
U.S. Trade Representative
Board Member, ex officio

Dear Chair Lewis, Ms. DelZoppo Pryor, Director Bachus, Director Herrstadt, Secretary Raimondo and Ambassador Tai,

On February 8, you notified Congress of your intent to potentially provide a long-term loan or financial guarantee in excess of \$100 million to Bapco Energies in order to expand oil and gas drilling in Bahrain. We write today to urge you not to move forward with financing this project because of its negative impacts on the climate.

In 2022, the International Energy Agency was clear that the world cannot make “new investments in fossil fuel supply projects” if it wants to limit global warming to 1.5°C.¹ The Bahrain oil and gas expansion project would be just the most recent instance of the Export-Import Bank of the United States (EXIM) financing a project that runs counter to Biden Administration’s climate change policy and President Biden’s climate directive. In 2023, EXIM provided \$901 million in new direct fossil fuel finance, including for an oil refinery in Indonesia, an oil project in the Bahamas, Freeport liquefied natural gas in Texas, and gas turbines in Iraq. EXIM is also currently considering fossil fuel projects in Papua New Guinea and Guyana.

EXIM is financing these projects despite Congress being clear that environmental impacts should be a determinative part of its project evaluation. When Congress reauthorized EXIM’s charter in 2019, it reaffirmed EXIM’s responsibility to review projects for environmental impacts, including the “effects upon the global commons,” such as the shared global carbon budget.² Congress was explicit that EXIM’s procedures “shall permit the Board of Directors, in its judgment, to withhold financing from a project for environmental reasons.”³

EXIM’s charter non-discrimination provisions do not supersede the charter’s environmental policies and procedures. The statutory language is clear, the non-discrimination prohibition starts with “except as provided

¹ Net Zero by 2050, The International Energy Agency, <https://www.iea.org/reports/net-zero-by-2050>

² Charter of the Export Import Bank of the United States, Section 11(a)(1).

³ Charter of the Export Import Bank of the United States, Section 11(a)(2).

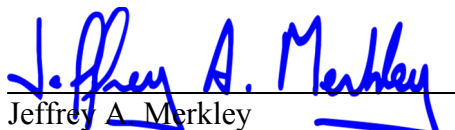
in this Act.” Further, the non-discrimination prohibition is limited to decisions made “solely on the industry, sector, or business that the application concerns,” so it would not preclude EXIM from evaluating a project’s environmental impacts.⁴ To interpret EXIM’s charter otherwise not only goes against the plain text of the charter but would lead to absurd results. EXIM would be empowered to consider environmental impacts when multiple industries are responsible for an environmental harm, but prohibited when a single industry is responsible for the lion’s share of the harm. More practically, an unduly broad interpretation of EXIM’s non-discrimination term would functionally render EXIM’s environmental policies and procedures null and void for the greatest environmental challenge the world has ever faced.


EXIM’s Environmental and Social Impact Assessment for the Bahrain project is woefully inadequate. Climate change is listed as a “potentially significant environmental and social issue identified in relation to the project,”⁵ but the publicly available assessment does not cover it “due to the transboundary and global impact.”⁶ The separate Climate Change Risk Assessment is still not publicly available, and it does not evaluate the Bahrain project in the context of the Paris goals. We urge you to update your Environmental and Due Diligence procedures and guidelines to ensure that you are conducting robust and meaningful analysis that considers Paris Agreement targets and that informs EXIM’s final financing decisions.

It also appears that EXIM has moved to marginalize its Advisory Subcommittee on Climate.⁷ It is reported the Council has not been allowed to make public its recommendations for the agency⁸ – a concerning lack of transparency. Two members have reportedly stepped down in protest and others have reportedly considered the same.⁹ This is deeply troubling and signals that EXIM is not serious about considering climate chaos in its financing decisions, nor following its congressionally mandated directive to consider environmental impacts.

The world is in the midst of a climate crisis that is already having devastating impacts on millions of people across the globe. We cannot afford to have EXIM undermine domestic and international climate progress by financing projects that worsen this crisis. We urge you to take EXIM’s mandate to consider the environmental impacts of projects seriously, and to start by disapproving new funding for oil and gas drilling in Bahrain.

Sincerely,


 Jeffrey A. Merkley
 United States Senator


 Jared Huffman
 Member of Congress

⁴ Charter of the Export Import Bank of the United States, Section 2(k)(1).

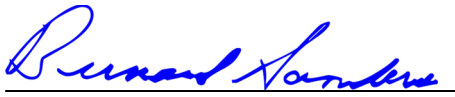
⁵ Bahrain Field Oil & Gas Development and Expansion Programme Environmental and Social Impact Assessment Report Volume 1, 1-18 <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:0dffc6fc-58a3-4ae5-bbad-93d4917023eb>

⁶ Bahrain Field Oil & Gas Development and Expansion Programme Environmental and Social Impact Assessment Report Volume 1, 20–8. <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:0dffc6fc-58a3-4ae5-bbad-93d4917023eb>

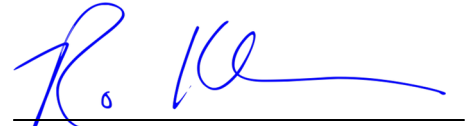
⁷ <https://www.nytimes.com/2024/02/05/climate/export-import-bank-climate.html>.

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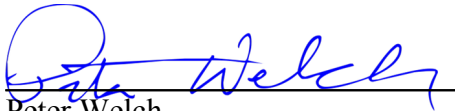
⁹ <https://www.nytimes.com/2024/02/05/climate/export-import-bank-climate.html>



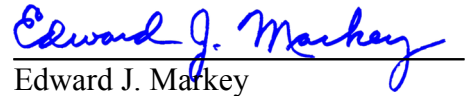
Bernard Sanders
United States Senator



Ro Khanna
Member of Congress



Peter Welch
United States Senator



Edward J. Markey
United States Senator