

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, FRIENDS OF THE EARTH
GREENPEACE, OILCHANGE, PACIFIC ENVIRONMENT

November 2, 2009

Board Directors
Export-Import Bank of the United States (Ex-Im Bank)
811 Vermont Avenue, N.W.
Washington, DC 20571

Via email and facsimile

To the Directors,

We write to emphasize the importance of Ex-Im Bank's showing leadership to address climate change, and to express our strong concerns regarding the proposed carbon policy that Ex-Im Bank management is expected to submit to you this week. Ex-Im Bank management's draft carbon policy undercuts President Obama's and the US government's international commitments to phase out support for fossil fuels and reduce carbon emissions, while falling short of what is necessary to address the agency's climate change impacts.

As you know, an agreement settling a 2002 lawsuit requires Ex-Im Bank to develop a carbon policy. The lawsuit set important legal and political precedents establishing that Ex-Im Bank has climate change impacts that it must reduce. Yet the lawsuit, filed seven years ago, is based on earlier scientific evidence and does not reflect the current sense of urgency for the US and other countries to take bold actions to address climate change.

In September 2009, G-20 leaders led by President Obama called for the phase out of fossil fuel subsidies. Ex-Im Bank has the opportunity to respond to this call and lead the US government and the world by example into a clean energy future that eschews harmful fossil fuel subsidies and supports green jobs. Unfortunately, the draft carbon policy contains no provision to phase out fossil fuel-related transactions.¹ Indeed, compared with recent years fossil fuel-related transactions under consideration by Ex-Im Bank in FY 2009 have increased dramatically. Ex-Im Bank financing is *further fueling climate change*, undercutting the Obama Administration and the US government's attempt to show international leadership on the cusp of the UNFCCC (United Nations Framework Convention on Climate Change) Conference of the Parties this December in Copenhagen.

Ex-Im Bank's draft carbon policy focuses primarily on the promotion of renewable energy and energy efficiency and reflects the settlement agreement requirement to

¹ In contrast, the US Overseas Private Investment Corporation, the other agency listed in the climate change lawsuit, has agreed to a cap and a reduction of portfolio carbon emissions that goes beyond what is required in the settlement agreement.

establish a \$250 million renewable energy facility. Certainly, an increase in Ex-Im Bank financing for renewable energy is laudable. Yet, Ex-Im Bank's current appropriations bill, which was signed by President Bush after the settlement agreement went into effect, mandates a much more ambitious target, directing that "not less than 10 percent of the aggregate loan, guarantee, and insurance authority available to the Export-Import Bank under this Act should be used for renewable energy technologies or energy efficient end-use technologies." By our count, this amounts to about \$10 billion. Thus, Ex-Im Bank's draft carbon policy falls far short of what Congress has mandated.

To conclude, we are deeply disappointed by Ex-Im Bank management's draft carbon policy. We urge the Board to reject the proposed policy in favor of one that is more ambitious, and in line with US Administration and Congressional goals.

Respectfully,

Anne Perrault
Center for International Environmental Law

Michelle Chan
Friends of the Earth

David Hunter
Greenpeace

Steve Kretzmann
OilChange

Doug Norlen
Pacific Environment