December 8, 2023

Mr. Jake Sullivan
National Security Advisor
National Security Council
2201 C St., NW
Washington, DC 20520

Dear Mr. Sullivan,

How the United States plans to end public financing of international unabated fossil fuel projects, as outlined in the 2021 Glasgow Statement, is a critical part of the fight against climate change. Yet, ahead of the 28th Conference of Parties (COP28) to the United Nations Framework Convention on Climate Change, the Biden administration did not release any plans explaining how it will meet this commitment. We urge the Administration to provide a public and transparent plan for how the United States intends to fulfill its Glasgow Statement pledge, as well as publicly address the seemingly incongruous recent actions the United States has taken to support new fossil fuel projects abroad.

In 2021, the United States became one of 34 countries and 5 multilateral development banks to join the Glasgow Statement, in which signatories pledged to "end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement."[1,2] If the 39 signatories achieve the commitments outlined in the statement, an estimated $19.4 billion per year in financing could be shifted away from fossil fuels and instead toward the deployment of clean energy and climate financing.[3] But the United States is one of two signatories—along with Portugal—that has not publicly released its plan for achieving these targets, which hampers transparency and limits accountability for how taxpayer dollars are spent.

On December 21, 2022, some of us have wrote to President Biden on this subject.[4] In the State Department's May 31, 2023 response to our letter on the President's behalf, it noted that the United States had reiterated its Glasgow Statement commitment at the 2022 G7 Leaders

[1] *Fact Sheet: Renewed U.S. Leadership in Glasgow Raised Ambition to Tackle the Climate Crisis,* The White House (Nov. 13, 2021), https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/13/fact-sheet-renewed-u-s-leadership-in-glasgow-raises-ambition-to-tackle-climate-crisis/.

[2] *Statement on International Public Support for the Clean Energy Transition*, UN Climate Change Conference UK 2021 (Apr. 11, 2021), https://webarchive.nationalarchives.gov.uk/ukgwa/20230313124743/https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/.

[3] *Leaders & Laggards: Tracking implementation of the COP26 commitment to end international public finance for fossil fuels by the end of 2022*, Oil Change International (Oct. 7, 2023), https://priceofoil.org/2022/10/07/leaders-laggards/.

[4] Letter from Senator Edward J. Markey et al. to President Joseph R. Biden, Jr. (Dec. 21, 2022), https://www.markey.senate.gov/imo/media/doc/letter_to_president_biden_on_glasgow_statement_plan__december_2022pdf.

Summit. There, the United States joined other world leaders in treating this commitment as already fulfilled, stating: "We also highlight that we ended new direct public support for the international unabated fossil-fuel energy sector in 2022, except in limited circumstances clearly defined by each country consistent with a 1.5 °C warming limit and the goals of the Paris Agreement."[5] But without public disclosure of a plan for how the United States has met or is meeting this commitment, the parameters of those limited circumstances are neither clear nor defined.

It is increasingly important for us to understand how the United States views itself to have ended international public finance for unabated fossil fuels, particularly as the United States has approved more fossil fuel finance than any other country so far this year—$1.8 billion for six projects as of October 2023.[6] This amount includes more than $810 million in financing from the Export-Import Bank and $1 billion in financing from the U.S. International Development Finance Corporation (DFC) for fossil fuel projects.

As the Department of State noted in its response to our December 2022 letter, the Administration has released some helpful clarifying documents, including the 2021 U.S. International Climate Finance Plan and the 2023 Fossil Fuel Energy Guidance for Multilateral Development Banks. We strongly agree with the Administration's acknowledgement in its 2021 plan that we must fulfill international climate finance pledges in order to preserve trust in American leadership and as "an investment in our own security."[7] Nonetheless, additional clarification with regard to the Glasgow Statement commitment remains necessary.

The project financing noted above appears incongruous with the 2021 U.S. International Climate Finance Plan, which states that the Department of the Treasury will work to modify export financing provided by export credit agencies "to reorient financing away from carbon-intensive activities" and that the DFC will "implement a net-zero emissions strategy to transition its portfolio to net-zero emissions by 2040."[8] While statutory constraints around discrimination on the basis of energy sources currently affect the Export-Import Bank, it is important to know how and whether the Administration plans to include it in its plans and commitments—at the same time, we recognize the importance of continuing to deliver additional clarity and direction for the Bank through congressional action.

---

[5] *G7 Hiroshima Leaders' Communiqué*, The White House (May 20, 2023), https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communique.

[6] *Fossil Finance Violations: Tracking Fossil Fuel Projects that violate commitments to end international public finance for fossil fuels*, Oil Change International (Oct 2023), https://priceofoil.org/content/uploads/2023/10/Fossil-Fuel-Finance-Violations-October-2023.pdf.

[7] *U.S. International Climate Finance Plan*, The White House (Apr. 2021), https://www.whitehouse.gov/wp-content/uploads/2021/04/U.S.-International-Climate-Finance-Plan-4.22.21-Updated-Spacing.pdf.

[8] *Id*.

Additionally, the Fossil Fuel Energy Guidance for Multilateral Development Banks states that the Department of the Treasury will oppose direct investment in coal, oil, and upstream natural gas projects, will only support midstream and downstream natural gas projects that meet specific criteria, and will support projects that are aligned with the goals of the Paris Agreement.[9] Despite this guidance, the United States has voted to support nearly $400 million in financing through the World Bank Group for four gas power plants, which are estimated to produce more than 6 million tons of carbon emissions annually.[10]

Given the Administration's longstanding commitment to climate finance and climate action, as well as the importance of transparent and accountable use of public funding, we ask that you respond in writing to the following questions by January 19, 2024:

1. Before the close of COP28, will the Administration commit to publicly release its plan, or at least the interim guidance, developed to meet the pledges outlined in the Glasgow Statement? If so, when does the Administration anticipate releasing this information? If not, why not?
2. Which departments and agencies are included in the Administration's commitment to end public international financing of unabated fossil fuel projects, as outlined in the Glasgow Statement?[11]
    a. Are the Export-Import Bank, DFC, Millennium Challenge Corporation, and US Trade and Development Agency included in this commitment? If not, why not?
    b. Please provide a list of the energy projects that the included departments or agencies have financed or supported since January 1, 2022.
    c. Given that the Glasgow Statement's restrictions on public finance to fossil fuels only applies to <u>direct</u> finance, please define and list the specific financial products that count as indirect finance.
    d. Does the US track the annual volume of <u>indirect</u> international public finance? If yes, what is it? If not, why not?
3. In your May 2023 response, you noted that interim guidance defined unabated fossil fuel investments as projects that would lead to additional greenhouse gas emissions above a threshold lifecycle emissions intensity of 250 grams of carbon dioxide equivalent per kilowatt-hour.
    a. How was the lifecycle emissions intensity value chosen?
    b. What types of projects are permitted under this threshold?
    c. Does this threshold apply to midstream and upstream projects? If so, how?

---

[9] *Guidance on Fossil Fuel Energy at the Multilateral Development Banks,* U.S. Dep't of the Treasury (Aug. 16, 2023), https://home.treasury.gov/system/files/136/Fossil-Fuel-Energy-Guidance-for-the-Multilateral-Development-Banks.pdf.
[10] Natasha Frazier et al., *Misguided: U.S. Supports Financing of Fossil Gas at World Bank Group*, Friends of the Earth (Oct. 2023), https://foe.org/wp-content/uploads/2023/10/WB_Treasury_Voting_Report_v2_101623.pdf.
[11] *U.S. International Climate Finance Plan*, The White House (Apr. 2021), https://www.whitehouse.gov/wp-content/uploads/2021/04/U.S.-International-Climate-Finance-Plan-4.22.21-Updated-Spacing.pdf.

4. The May 2023 response stated that interim guidance included "exceptions in limited and clearly defined circumstances related to national security or energy access, with departments and agencies determining such exemptions."
    a. For each department and agency covered by the Glasgow Statement commitment, please provide a definition of the term "limited and clearly defined exceptions."
    b. Please provide a list of projects to which these exceptions have been applied.
5. The Department of Treasury's Fossil Fuel Energy Guidance for Multilateral Development Banks (MDBs) states its alignment with the goals of the Paris Agreement that are "outlined by the joint MDB Paris-alignment methodology, which factors in a country's decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in," [12] but does not explicitly cite a temperature-based target—this contrasts with the Glasgow Statement, which requires consistency "with a 1.5°C warming limit and the goals of the Paris Agreement."[13]Will you commit to harmonizing the MDB guidance with the Glasgow Statement commitment to not provide financing that is inconsistent with a 1.5°C warming limit?

We appreciate the U.S. focus on equitable international climate assistance, and we hope to protect taxpayer funding from fueling the climate crisis or increasing global instability. In order to transparently meet our Glasgow Statement pledge, and particularly as the United States plays a significant role in multilateral development banks, we must ensure we are displaying clear leadership both within our public financing institutions and through our participation in international financial institutions.

Thank you in advance for your prompt attention to these questions.

Sincerely,

---

[12] *Guidance on Fossil Fuel Energy at the Multilateral Development Banks,* U.S. Dep't of the Treasury (Aug. 16, 2023), https://home.treasury.gov/system/files/136/Fossil-Fuel-Energy-Guidance-for-the-Multilateral-Development-Banks.pdf.

[13] *Statement on International Public Support for the Clean Energy Transition*, UN Climate Change Conference UK 2021 (Apr. 11, 2021), https://webarchive.nationalarchives.gov.uk/ukgwa/20230313124743/https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/.

Edward J. Markey
United States Senator

Sheldon Whitehouse
United States Senator

Elizabeth Warren
United States Senator

Bernard Sanders
United States Senator

Jeffrey A. Merkley
United States Senator

Peter Welch
United States Senator

cc. The Honorable Janet Yellen, Secretary of the Treasury