

To:
Christian Sewing
Deutsche Bank

Subject: Urgent call to rule out financing for US LNG

June 28th, 2024

Dear Christian Sewing,

This week, nearly 200 community organisers and frontline leaders from the Gulf South of the United States have travelled to New York to call out Citibank and additional financial institutions for contributing to environmental racism and climate chaos through its financing of Liquefied Natural Gas (LNG) and petrochemical projects in Texas and Louisiana. Like Citi, Deutsche Bank finances LNG projects and companies in the Gulf South and is therefore also responsible for structural human rights violations and biodiversity loss.

In alignment with the actions currently taking place targeting financial institutions in New York and in support of the [Summer of Heat demands](#), the signatories of this letter are calling on Deutsche Bank to:

- Publicly rule out direct financing for all new LNG infrastructure projects, meaning projects that have not reached financial close yet, in the Gulf South Coast;
- Provide remedies and compensation for the impacts, in a form to be determined by local communities, caused by LNG terminals financed by the bank;
- Introduce a policy that immediately excludes direct financing for all new midstream projects everywhere, including LNG terminals, pipelines, and the expansion of existing LNG terminals;
- Introduce a policy that excludes financing, which includes lending, underwriting and other financial services, for companies that are still expanding the LNG sector, meaning companies that are building or plan to build new LNG terminals and facilities.

The Gulf South region is home to five operating LNG terminals and many refineries and petrochemical facilities. Existing facilities have significantly [degraded](#) the quality of life in the region. Yet, a massive buildout of LNG facilities is currently taking place with more than [20 LNG terminals](#) planned or under construction. Twelve of these projects are currently on hold because of the US White House & Department of Energy's [decision](#) to pause the approval of new exports of LNG until the climate and community impacts have been assessed. While this decision is an acknowledgement of the immense risks and impacts of methane facilities, the US government [made clear](#) that the pause can be reversed in certain situations. The pause does not impact already operating LNG export terminals in the Gulf Coast.

Deutsche Bank is enabling this massive LNG buildout with its financing for LNG projects and companies, adding fuel to an already dangerous fire. According to the latest Banking on Climate Chaos Report, Deutsche Bank has provided 19,75 billion USD to LNG expansion between 2016-

2023. In 2022 and 2023 alone, this was 5,6 billion USD. These are not just abstract numbers - the facilities that Deutsche Bank directly or indirectly finances present real-life risks for communities living on the frontlines in Texas and Louisiana.

The LNG and petrochemical facilities in the Gulf South emit hazardous pollutants. The pollution causes severe health impacts like increased rates of cancer, and heart, lung and kidney diseases. A [recent report](#) estimated that just the Cameron, Corpus Christi, Freeport, Driftwood, Plaquemines and Rio Grande LNG terminals will cumulatively emit 264 tons of Hazardous Air Pollutants annually. These pollutants include formaldehyde, benzene, toluene, ethylbenzene, and xylene, which are known to cause cancer. The health impacts disproportionately impact low-income, immigrant and Indigenous communities, and communities of colour who make up the [majority](#) of the population in the area.

Several projects pass through sacred sites of Indigenous Tribes in the region. The protection of cultural sites is a human rights issue under the United Nations Declaration on the Rights of Indigenous Peoples. The [Garcia Pasture site](#) - for example - which is listed on the National Register of Historic Places, has known burials, village remains, discrete shell working areas, and contact period artefacts. [LNG expansion projects proposed](#) in the Rio Grande Valley of Texas have failed to consult with the Carrizo/Comecrudo Tribe, which is a violation of the principle of [Free, Prior, and Informed Consent \(FPIC\)](#), for the protection of Indigenous Peoples' rights guaranteed under international law. Planning the LNG buildout in these same areas further exacerbates '[sacrifice zones](#)' and environmental racism.

In addition to massive health impacts, the planned LNG buildout and the associated increase in pollution and shipping intensity would further [threaten](#) local livelihoods and ways of life such as fishing, shrimping and ecotourism. The construction of the facilities leads to impacts on wetlands and habitat loss, and [threatens](#) several endangered animal species.

In terms of climate impact, LNG is dirty and exacerbates the climate crisis despite fossil fuel industry claims. Financing export facilities that typically [take three to five years](#) to build will not solve short-term energy needs, and instead will lock the whole world in decades of emissions. [Recent research](#) found that emissions from LNG exported from the United States are "larger than those from domestically produced coal, ranging from 28% to 2-fold greater for the average cruise distance of an LNG tanker, evaluated on the 20-year time scale". A [study](#) published in November 2022 highlighted that global LNG expansion plans will seriously compromise meeting the 1.5°C global warming limit. The current transatlantic and transpacific LNG buildout represents a big chunk of that global LNG expansion. The emissions resulting from the terminals will further exacerbate the climate crisis that already disproportionately [harms](#) the Gulf South area with intensifying hurricanes and storms.

Organisations and local communities are [actively fighting](#) the LNG and petrochemical facilities and global opposition is growing. Taken together with the severe health impacts and the exacerbation of environmental racism, financing LNG facilities in the Gulf South and the companies constructing and operating them presents real risks of damaging Deutsche Bank's reputation.

In addition to reputational risk, several of the projects have construction or operational issues representing financial risks to the bank. For instance, in 2022 there was [an explosion](#) at the Freeport LNG terminal that sent a 450-foot fireball into the sky. The Environmental Protection Agency [imposed a fine](#) on the operator of the project for violation of safety rules. Freeport LNG is now [suing](#) its contractors over defects at the plant. Experts [state](#) that there is a general lack of oversight for LNG export terminals. Another facility, Golden Pass LNG, is [further delayed](#) after its lead contractor Zachry Holdings filed for bankruptcy and quit the project. The project was already far over budget. Venture Global is facing regulatory pressure for [failing to honor its long term contracts](#) to supply LNG to BP, Shell and other companies from its Calcasieu Pass export facility. On top of operational issues, production from LNG terminals currently proposed or under construction is expected to lead to a [supply glut](#) that could render projects unprofitable, leading to stranded assets.

Continuing to finance fossil fuel expansion is not just a reputational risk, but is also increasingly posing a litigation risk to banks, as several companies and banks are facing legal challenges concerning the climate risks of their financing activities. For example, [Shell](#) was subject to litigation in the Netherlands concerning the inadequacies of its climate plan and was ordered to reduce its global emissions by 45% by 2030 compared to 2019 levels. By financing high-risk projects and companies, directors themselves are also personally [exposing themselves](#) to legal risk through shareholder derivative suits if they are found to be violating their duties. [BNP Paribas](#) currently faces a lawsuit in French courts over its fossil fuel financing. And more recently, Milieudefensie (Friends of the Earth the Netherlands) [announced](#) a new climate court case against Dutch bank ING over its fossil fuel financing.

Considering the severe impacts of LNG facilities on communities and the environment in the Gulf South and the risks that financing these projects presents to the bank, we urgently call on Deutsche Bank to meet the demands set out at the start of this letter.

The signatories will carefully monitor the bank's next steps with regard to financing of LNG in the Gulf South and act as necessary. We request a response from you before August.

Sincerely, on behalf of the undersigned organisations,

1. Gulf Reach Institute - Gulf South/Mexico/Cuba
2. For a Better Bayou - United States/Louisiana
3. Rainforest Action Network - United States/International
4. South Texas Environmental Justice Network - South Texas
5. Vessel Project of Louisiana - Louisiana/Texas/Mississippi
6. Texas Campaign for the Environment - Texas
7. Gulf South Fossil Finance Hub - Texas/ Louisiana
8. Port Arthur Community Action Network - Texas
9. Better Brazoria - Texas
10. Chispa Texas - Texas
11. Ingleside on the Bay Coastal Watch Association - Texas

12. Counterstream Media - Gulf South & Appalachia
13. Freeport Haven Project for Environmental Justice - Texas
14. Climate Conversations Brazoria County - Texas
15. SAFE Diversity Communities - Texas
16. People over Plastic - United States
17. Urgewald - Germany
18. BankTrack - the Netherlands/International
19. Deutsche Umwelthilfe - Germany
20. Andy Gheorghiu Consulting - Germany
21. End Fossil Occupy Uganda - Uganda
22. Oil Change International - International
23. Fossilvrij NL - the Netherlands
24. ReCommon - Italy
25. Zero Hour - International
26. Ecologistas en Acción - Spain
27. Japan Center for a Sustainable Environment and Society (JACSES) - Japan
28. Market Forces - International
29. Reclaim Finance - France
30. Les Amis de la Terre / Friends of the Earth France - France
31. Friends of the Earth Japan – Japan
32. Chilli – France/United States