



September 25, 2020

Export-Import Bank  
811 Vermont Avenue, NW  
Washington, DC 20571

Dear Chairman Reed, Ms. Pryor, and Mr. Bachus,

Friends of the Earth writes in strong opposition to the proposed \$400 million in support for Pemex, the Mexican state-owned oil company. Friends of the Earth opposes such support due to the hundreds of worker deaths at Pemex facilities from accidents and COVID-19, the harmful environmental impacts of Pemex projects, allegations of corruption against Pemex leadership, and the failure to provide a meaningful assessment of the environmental and social impacts of the Pemex projects.

### **Concerns of Worker Safety**

Pemex has an incredibly bad record when it comes to worker safety. From 2009 to 2016, over 190 workers had died and over 570 workers had been injured at Pemex facilities.<sup>1</sup> These deaths resulted from fires, collapsing oil rigs, and explosions. During that same period over 31 major accidents occurred at Pemex facilities. These accidents resulted in deaths, injuries, and environmental contamination and destruction, including the polluting of three rivers that resulted in half a million people losing access to clean drinking water. EXIM has not provided any evidence that Pemex has taken the proper actions and safety measures to ensure that these fatalities and accidents do not continue with this new round of support.

In addition, COVID-19 presents an extremely dangerous risk for Pemex employees and contractors. Pemex has the largest number of COVID-19 deaths of all other oil companies combined and more than any other company in the world.<sup>2</sup> A total of 314 employees and seven contractors of Pemex have died as a result of the coronavirus. Pemex continued its operations and failed to put proper procedures in place to protect its works from COVID-19. It failed to sanitize work areas, was slow to evacuate employees, and refused to reduce the number of workers, making social distancing impossible. As the global pandemic continues, Pemex workers are still being put at great risk of contracting the coronavirus and potentially dying from it. Pemex employees have said that in many of Pemex's facilities, conditions have not improved.

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<sup>1</sup> Gilda di Carli, "Export-Import Bank Gave \$8.5bn to Mexico Oil Firm Despite Deadly Accidents," The Guardian, Dec. 28 2016, <https://www.theguardian.com/us-news/2016/dec/28/export-import-bank-mexico-pemex-oil-company-loans>.

<sup>2</sup> Amy Stillman, "How AMLO's Crown Jewel Became the World's Deadliest Covid Company," Bloomberg, Sept. 10, 2020, <https://www.bloomberg.com/news/features/2020-09-10/oil-producer-pemex-has-the-most-covid-19-deaths-of-any-company-in-the-world>.



EXIM should not support a company that is operating with such reckless disregard for a global pandemic.

### **Environmental and Climate Impacts**

Pemex has a history of environmental accidents and is one of the world's largest energy polluters. Much of the oil that Pemex produces is known as "heavy sour crude," and is highly polluting and environmentally destructive because refining this crude often produces highly polluting sulfur-rich fuel oil.<sup>3</sup> This dirty oil often is spilled ending up in Mexico's waters and on its beaches, which has reduced the country's fish populations, as well as contaminated its crops and drinking water.<sup>4</sup> Pemex also exacerbates the impacts of climate change by being the largest emitter of carbon dioxide and methane of any energy company in Latin America and the ninth largest energy polluter in the world.<sup>5</sup> Pemex has not presented any plans to reduce its climate or local environmental impacts.

### **Allegations of Corruption**

Many allegations of corruption and graft have been made against Pemex, including a former executive. In 2017, recordings were made documenting the rampant corruption at Pemex.<sup>6</sup> A U.S. inquiry involving the U.S. Department of Justice, Federal Bureau of Investigation, and Securities and Exchange Commission is investigating this corruption. In addition, in July, Emilio Lozoya, who formerly lead Pemex, was extradited from Spain on charges of taking bribes and money laundering.<sup>7</sup> EXIM should not be supporting a company that has open U.S. government investigations and a former leader on trial.

### **Failure to Provide a Meaningful ESIA in a Timely Manner**

Despite the health and environmental impacts of Pemex projects, EXIM's environmental and social impact assessment (ESIA)<sup>8</sup> provides a perfunctory assessment of the impacts of the projects supported. The documents made public do not actually constitute an ESIA, but a series of environmental status reports that merely provide project descriptions and perfunctory

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<sup>3</sup> Stefanie Eschenbacher & Simon Jessop, "Mexico's Pemex Tests Limits of Investor Influence on Climate Change," Reuters, Aug. 31, 2020, <https://www.reuters.com/article/us-climate-change-pemex-investors-insigh-idUSKBN25R1KN>.

<sup>4</sup> Gilda di Carli, "Export-Import Bank Gave \$8.5bn to Mexico Oil Firm Despite Deadly Accidents," The Guardian, Dec. 28 2016, <https://www.theguardian.com/us-news/2016/dec/28/export-import-bank-mexico-pemex-oil-company-loans>.

<sup>5</sup> Stefanie Eschenbacher & Jonathan Stempel, "Mexican Court to Hear Youths' Climate Change Case Against Government," Reuters, Sept. 2, 2020, <https://www.reuters.com/article/idUSKBN25U00A>.

<sup>6</sup> Robbie Whelan, "Secret Recordings Describe Extensive Bribery at Mexico's Pemex," The Wall Street Journal, Oct. 11, 2019, <https://www.wsj.com/articles/secret-recordings-describe-extensive-bribery-at-mexicos-pemex-11570804717>.

<sup>7</sup> Adriana Berrera, "Ex-Chief of Mexico's Pemex Accuses Former Presidents, Officials of Graft," Reuters, Aug. 20, 2020, <https://www.reuters.com/article/idUSKBN25G0IT>.

<sup>8</sup> Pemex, Progress and Environmental Status Reports, <https://www.exim.gov/sites/default/files/esia/20200916-PEMEX-ESIA.zip>.



discussions of mitigation measures. The ESIA fails to provide any analysis of alternatives, which would seem especially relevant considering the drop in oil prices and demand and the lowering cost of renewable energy. Moreover, the ESIA does not provide any assessment of the climate impacts or an estimate of the expected greenhouse gas emissions for the projects. Finally, EXIM only made the documents publicly available on its website less than two weeks before comments on the projects were due. This is an insufficient length of time to conduct a proper analysis of the scope of the impacts of the projects.

I look forward to EXIM's responses to the concerns of worker health and safety, negative environmental impacts, allegations of corruption, and failure to provide a sufficient assessment of impacts.

Sincerely,

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