

Letter sent to:

France: President Emmanuel Macron, Ministers Barbara Pompili and Bruno Le Maire

Germany: Chancellor Angela Merkel and Minister Peter Altmaier

Italy: M. Mario Draghi, M. Daniele Franco and M. Roberto Cingolani

Brussels, May 19th, 2021

Object: Export credit support to gas project in Russian Arctic, Arctic LNG 2

As Members of the European Parliament, we are writing to express our deepest concerns regarding the potential support to Arctic LNG 2 by the French, German and Italian export credit agencies. This liquefied natural gas (LNG) liquefaction terminal project in Siberia, sponsored by the Russian gas producer Novatek and the French oil major Total, is not compatible with the Paris climate agreement, the European Green Deal and the Climate Law. It also raises important questions concerning Europe's security of energy supply. **We urge the French, German and Italian governments to refuse to support this project and set a new standard by ending all export finance support to fossil fuels before COP26.**

Arctic LNG II is not compliant with climate targets

Since the Paris Agreement, most carbon neutrality scenarios converge on a gradual shift from fossil fuels to mainly renewables and improved energy efficiency. To meet its own ambitions, starting with the net reduction – agreed in a provisional agreement on Wednesday 21 April on the European “climate law” – of at least 55% of greenhouse gas emissions by 2030 compared to 1990, the European Commission estimates that gas uses must fall by 30%-40% by 2030. This is key if we want to contain the rise of global temperatures below 1.5°C by 2050. All science-based studies agree on the fact that ongoing exploited reserves of oil and gas would push the world above 1.5°C of warming¹. We cannot afford to develop new oil and gas projects.

Moreover, the European Parliament is currently debating the revision of the Trans-European energy infrastructures regulation (TEN-E), based on a proposal from the European Commission, which has already excluded fossil gas from European energy options. Indeed, investing today in gas is also an economic heresy, since the average lifecycle of a gas infrastructure is 50 years, so any LNG infrastructure built today will be a stranded asset. Several European institutions already agree on the fact that investing in gas today will have tremendous consequences in the future on our climate targets: in January 2021, the European Investment Bank's president Werner Hoyer, clearly stated that “Gas is over”².

In this context where Europe must maintain its leadership on climate, it seems unreasonable to send a contradictory signal by the support of our governments to the Arctic LNG II gas project. Indeed, this project will produce 19.8 million tonnes of LNG yearly, and this so-called “natural” gas is a source of important carbon emissions with methane leaking along the entire gas supply chain.

Environmental impacts of Arctic LNG II

¹ Oil Change International, “Burning the gas ‘bridge fuel’ myth: why gas is not clean, cheap or necessary”, May 2019.

² <https://www.euractiv.com/section/energy-environment/news/gas-is-over-eu-bank-chief-says/>

Arctic LNG 2 aims at exporting LNG to Asia through the Northern Sea Route, taking advantage of the massive decline in sea ice caused by global warming. Today, most of the traffic on this route is already linked to LNG³. While President Emmanuel Macron himself said that “using this route would kill us”⁴, it would be contradictory for France, Germany and Italy to support a project that would increase such traffic and the associated environmental disturbances.

Heavy environmental impacts have occurred at Yamal LNG Terminal, another Novatek’s project in the region: local waters are shallow and large-scale dredging has been conducted to open up for the expanding ship traffic. More than 17 million cubic meters of sea bottom was removed from the gulf where Yamal LNG is connected, and in the summer of 2016 only. The dredging connected to Arctic LNG 2 could result in up to 60 million cubic meters of material removed over a three-year period. According to researchers at the Ural Institute of the Ecology of Flora and Fauna, this massive dredging work could result in several marine species unique to the region becoming extinct⁵.

A project detrimental to Europe’s security of energy supply

Although Europe is trying to reduce its dependency on Russian gas, 20% of LNG produced at Arctic LNG 2 will be exported to the EU. Europe currently pays a monthly bill of 27 billion EUR for energy imports, mainly of oil and gas⁶. Replacing energy production with gas means increasing Europe’s energy import bill, and deepening our reliance on Russia, while Russia has proved to be times and times again a highly unreliable supplier, as well as politically confrontational, particularly in the past months. As opposed to local renewable energy sources, increased gas use runs against Europe’s objectives of energy competitiveness and independence.

In addition to being a threat to climate, biodiversity, Europe’s energy independence, let us stress that Arctic LNG 2 also raises moral questions linked to human rights violations occurring in Russia.

As Members of the European Parliament, we urge France, Germany and Italy not to support Arctic LNG 2 and to set an ambitious path towards ending all funding for fossil fuels projects both within the Union and overseas. On April 14, 2021, France and Germany entered the Export Finance for Future (E3F) coalition. The declaration of principles signed is ambitious on paper and we look forward to its implementation. Refusing to support Arctic LNG 2 is the easiest first step to take in this direction and would send a clear message to the international community by setting a new standard for the future of export finance.

Yours sincerely,

- Marie TOUSSAINT, French Green/EFA MEP
- François ALFONSI, French Green/EFA MEP

³ [“Warmer Arctic waters could turn the tides in LNG markets”](#), The Economist, March 13, 2021.

⁴ [“Sous la pression écologiste, Emmanuel Macron repasse au vert”](#), Le Monde, August 26, 2019.

⁵ [“More than 100 million cubic meters of sea bottom is removed from this Arctic bay to make way for grand natural gas project”](#), The Barents Observer, June 17, 2020.

⁶ Eurostat : <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46126.pdf>

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