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1ST SESSION

H. R. 1886

To prevent public financing of oil or gas field development projects, surveying or extraction activities, processing facilities, pipelines, or terminals, or other oil and gas production or distribution operations or facilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2007

Mr. HINCHEY introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prevent public financing of oil or gas field development projects, surveying or extraction activities, processing facilities, pipelines, or terminals, or other oil and gas production or distribution operations or facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 The Congress finds as follows:

1 (1) In 2005, the oil industry recorded revenues
2 of \$1,620,000,000,000, and profits for the industry
3 totaled almost \$140,000,000,000.

4 (2) In 2005, multilateral development institu-
5 tions such as those in the World Bank Group, and
6 United States agencies such as the Export-Import
7 Bank of the United States and the United States
8 Overseas Private Investment Corporation, alone pro-
9 vided more than \$3,000,000,000 in financing to the
10 international oil and gas industry, including major
11 oil companies.

12 (3) Limited public resources for international
13 finance and development assistance should support
14 the many critical needs of developing countries, not
15 the international oil and gas industry which has sig-
16 nificant access to private capital markets.

17 (4) Providing financing to oil and gas oper-
18 ations overseas increases the dependence of the
19 United States on oil and gas imported from these
20 operations.

21 (5) Providing financing to oil and gas oper-
22 ations overseas increases the dependence of the de-
23 veloping world on oil and gas imported from these
24 operations.

1 (6) Oil and gas production in developing coun-
2 tries has generally not alleviated poverty, but has in-
3 stead been widely associated with increased levels of
4 poverty and economic inequality.

5 (7) Oil and gas production has often exacer-
6 bated poor governance, corruption and conflict in
7 many developing countries.

8 (8) Oil and gas production has historically led
9 to increased levels of developing country debt due to
10 these countries' reliance on external debt financing
11 to provide infrastructure for oil and gas extraction
12 projects.

13 (9) Emissions from combustion of oil and gas
14 account for just over one-third of all global green-
15 house gas emissions.

16 (10) While the vast majority of greenhouse gas
17 emissions have occurred in the wealthy countries be-
18 longing to the Organization for Economic Coopera-
19 tion and Development, it will be the poorest coun-
20 tries, who can least afford to adapt to a changing
21 climate, who will suffer first and worst.

22 (11) Following a 2-year multi-stakeholder proc-
23 ess that evaluated the effects of international oil
24 projects on developing country poverty, local environ-
25 ments, and global climate, the Extractive Industries

1 Review by the World Bank Group recommended an
2 end to financing of oil projects by the World Bank
3 Group by 2008.

4 **SEC. 2. EXPORT-IMPORT BANK.**

5 Section 2(b) of the Export-Import Bank Act of 1945
6 (12 U.S.C. 635(b)) is amended by adding at the end the
7 following:

8 “(14) PROHIBITION ON FINANCING FOR OIL
9 AND GAS PROJECTS.—

10 “(A) IN GENERAL.—The Bank may not
11 guarantee, insure, or extend (or participate in
12 an extension of) credit—

13 “(i) in connection with an oil or gas
14 project; or

15 “(ii) to any entity that may use the
16 guarantee, insurance, or credit to finance
17 such a project.

18 “(B) OIL OR GAS PROJECT DEFINED.—
19 The term ‘oil or gas project’ means an oil or
20 gas field development project (including sur-
21 veying and extraction), processing facility, pipe-
22 line, or terminal, or other oil or gas production
23 or distribution operation or facility.”.

1 **SEC. 3. OVERSEAS PRIVATE INVESTMENT CORPORATION.**

2 Section 237 of the Foreign Assistance Act of 1961
3 (22 U.S.C. 2197) is amended by adding at the end the
4 following new subsection:

5 “(p) **RESTRICTION ON INSURANCE AND FINANCE**
6 **FOR OIL AND GAS PROJECTS.**—

7 “(1) **RESTRICTION ON INSURANCE AND FINANC-**
8 **ING OF PROJECTS DIRECTLY.**—The Corporation may
9 not issue any contract of insurance or reinsurance,
10 or any guarantee, or enter into any agreement to
11 provide financing, for a proposed investment that in-
12 volves an oil or gas project.

13 “(2) **RESTRICTION ON INSURANCE AND FINANC-**
14 **ING FOR PROJECTS INDIRECTLY.**—The Corporation
15 may not issue any contract of insurance or reinsur-
16 ance, or any guarantee, or enter into any agreement
17 to provide financing to any person if such insurance,
18 reinsurance, or financing may be used by that per-
19 son to insure or provide any form of financing to an
20 oil or gas project.

21 “(3) **OIL OR GAS PROJECT DEFINED.**—In this
22 subsection, the term ‘oil or gas project’ means an oil
23 or gas field development project (including surveying
24 and extraction), processing facility, pipeline, or ter-
25 minal, or other oil or gas production or distribution
26 operation or facility.”.

1 **SEC. 4. MULTILATERAL DEVELOPMENT BANKS.**

2 (a) IN GENERAL.—Title XVI of the International Fi-
3 nancial Institutions Act (22 U.S.C. 262p–262p–8) is
4 amended by adding at the end the following:

5 **“SEC. 1626. OPPOSITION TO ASSISTANCE FOR OIL OR GAS**
6 **PROJECTS.**

7 “(a) IN GENERAL.—The Secretary of the Treasury
8 shall instruct the United States Executive Director at each
9 multilateral development institution (as defined in section
10 1701(c)(3)) to use the voice and vote of the United States
11 to oppose the provision by the respective bank of any kind
12 of assistance, directly or indirectly, to any oil and gas field
13 development project, surveying or extraction activity, proc-
14 essing facility, pipeline, or terminal, or other oil and gas
15 production or distribution operation or facility.

16 “(b) ASSISTANCE DEFINED.—The term ‘assistance’
17 means any grant, loan, direct or indirect extension of cred-
18 it, technical assistance, or guarantee, or any other non-
19 lending support or extension financing, insurance, or rein-
20 surance.”.

21 (b) ANNUAL REPORTS TO THE CONGRESS.—Not
22 later than June 1 of each calendar year, the Secretary
23 of the Treasury shall submit to the Committees on Finan-
24 cial Services and on Appropriations of the House of Rep-
25 resentatives and the Committees on Foreign Relations and
26 on Appropriations of the Senate, and make available on

1 the website of the Department of the Treasury, a report
2 which identifies and describes, with respect to each multi-
3 lateral development institution (as defined in section
4 1701(c)(3) of the International Financial Institutions
5 Act), any assistance approved by the institution during the
6 preceding fiscal year for any oil or gas project, and any
7 other financial or other assistance, including sectoral lend-
8 ing, provided to the energy sector.

9 **SEC. 5. REPORT ON UNITED STATES ASSISTANCE TO SUP-**
10 **PORT THE OIL AND GAS SECTORS OF DEVEL-**
11 **OPING COUNTRIES.**

12 Not later than 180 days after the date of the enact-
13 ment of this Act, the Administrator of the United States
14 Agency for International Development shall submit to
15 Congress a report on the amount of assistance provided
16 under chapter 1 of part I of the Foreign Assistance Act
17 of 1961 (22 U.S.C. 2151 et seq.) to support the oil and
18 gas sectors of developing countries for fiscal year 2007.
19 The report shall include the name of each country that
20 received assistance described in the preceding sentence
21 and a description of the specific type and amount of assist-
22 ance provided to the country.

1 **SEC. 6. ORGANIZATION FOR ECONOMIC COOPERATION AND**
2 **DEVELOPMENT.**

3 The President shall inform the Organization for Eco-
4 nomic Cooperation and Development that it is the policy
5 of the United States that the member states of the Orga-
6 nization should prohibit their export credit agencies from
7 providing financing or other assistance to any oil or gas
8 project.

9 **SEC. 7. STUDY OF ENERGY SECTOR LENDING.**

10 Not later than 180 days after the date of the enact-
11 ment of this Act, the Comptroller General of the United
12 States shall submit to the Committees on Financial Serv-
13 ices and on Appropriations of the House of Representa-
14 tives and the Committees on Foreign Relations and on Ap-
15 propriations of the Senate a report on the financing and
16 other assistance provided to the energy sector (including
17 the extraction, development, and use of fossil fuels and
18 other fuel sources) by multilateral development institu-
19 tions (as defined in section 1701(c)(3) of the International
20 Financial Institutions Act), the Export-Import Bank of
21 the United States, the Overseas Private Investment Cor-
22 poration, and the United States Agency for International
23 Development. The report shall include analyses of—

24 (1) whether the energy projects and sectors re-
25 ceiving financing and other assistance contribute to
26 greenhouse gas emissions;

1 (2) the life cycle environmental impacts of the
2 projects receiving the financing or other assistance;
3 and

4 (3) the extent to which the financing and other
5 assistance has been used to facilitate the provision
6 of energy to impoverished populations, including by
7 means of renewable energy sources.

8 **SEC. 8. DEFINITIONS.**

9 In this Act:

10 (1) ASSISTANCE.—The term “assistance”
11 means any grant, loan, direct or indirect extension
12 of credit, technical assistance, or guarantee, or any
13 other non-lending support or extension financing, in-
14 surance, or reinsurance.

15 (2) OIL OR GAS PROJECT.—The term “oil or
16 gas project” means an oil or gas field development
17 project (including surveying and extraction), proc-
18 essing facility, pipeline, or terminal, or other oil or
19 gas production or distribution operation or facility.

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