



EUROPEAN BANKS FINANCING TRADE OF CONTROVERSIAL AMAZON OIL TO THE U.S.



STAND
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Acknowledgements

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Methodology

This research uses standard data analysis techniques, including formulas developed in-house by the Stand Research Group, to analyse data from the U.S. Energy Information Administration (EIA) in the U.S. Department of Energy and other publicly available sources. EIA crude oil import data from 2009–2020 was cross-referenced with U.S. import vessel bill of lading data, EIA monthly landed cost data for Oriente and Napo crude streams, Ecuadorian export vessel bill of lading data, and UN Comtrade data. The resulting data set was checked for errors, cleaned, and analysed for trends in banks as consignees, indicating their involvement in trade finance (e.g. letters of credit). Based on this data, we selected the top six Amazon trade financiers to highlight in this report, though included in Figure 1 the full list of financiers that appeared in our research.

About Stand.earth Research Group

Stand.earth Research Group (SRG) specializes in supply chain research and investigations, with an emphasis on fossil fuels and deforestation-driver commodities. SRG is the leading supply chain research firm in the world for advocacy organizations who want to understand how egregious environmental and/or social issues relate to these commodities and to the actions of companies, brands, and financial institutions.

About Stand.earth

Stand.earth is an international nonprofit environmental organization with offices in Canada and the United States that is known for its groundbreaking research and successful corporate and citizens engagement campaigns to create new policies and industry standards in protecting forests, advocating the rights of Indigenous peoples, and protecting the climate.

About Amazon Watch

Amazon Watch is a nonprofit organization founded in 1996 to protect the rainforest and advance the rights of indigenous peoples in the Amazon Basin. We partner with indigenous and environmental organizations in campaigns for human rights, corporate accountability and the preservation of the Amazon's ecological systems.





Executive Summary

This report presents disturbing findings related to European banks financing the trade of oil from the Amazon Sacred Headwaters region in Ecuador to the U.S. The Amazon Sacred Headwaters region in the western Amazon is one of the birthplaces of the Amazon River. Spanning 30 million hectares (74 million acres) in Ecuador

and Peru, this area is home to more than 500,000 Indigenous people from over 20 nationalities, including peoples living in voluntary isolation on their ancestral lands. It is one of the most biodiverse terrestrial ecosystems on the planet, and it represents both the hope and the peril of our times.

Oil Expansion in the Last Place on Earth It Should Happen

Millions of hectares in the Amazon Sacred Headwaters region are now under imminent threat due to the expansion of fossil fuel production into this largely intact rainforest. Drilling for new fossil fuels in the most biodiverse rainforest on the planet—a forest biome that regulates essential planetary ecosystem services like the hydrologic and carbon cycles—is a recipe for disaster. New and ongoing oil extraction also threatens the livelihood and cultures of Indigenous peoples. Oil extraction and deforestation lead to violations of Indigenous peoples' rights and can be existential threats to their survival as a people. Many Indigenous peoples have explicitly and repeatedly voiced their opposition¹ to the expansion of oil and other industrial activities in their territories. In this time of pandemic, as oil companies continue to pursue operations, the Indigenous peoples who call this region home are at even greater risk given the lack of adequate public health response.

The threat that new oil extraction poses to Indigenous peoples, biodiversity, and forests in the Amazon Sacred Headwaters region makes leaving fossil fuels in the ground a planetary priority.

European Banks Financing Trade of Amazonian Crude Oil From Ecuador to the U.S.

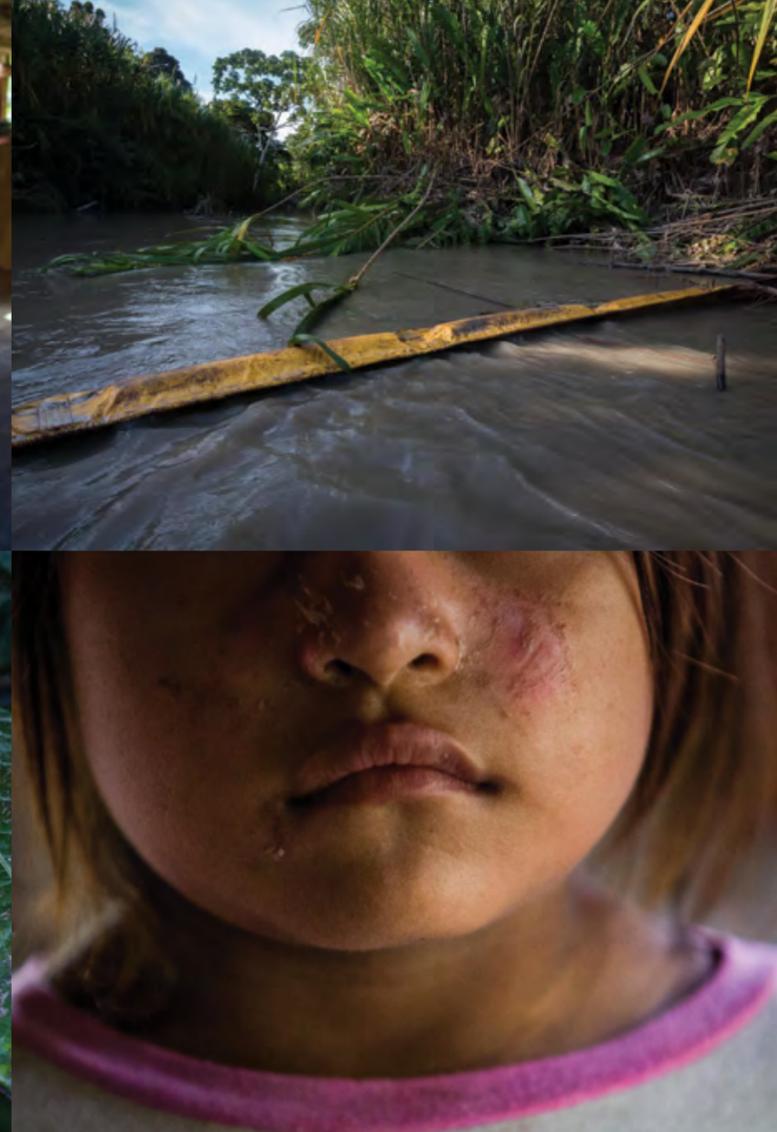
Since 2009, private financial institutions have provided trade financing for approximately 155 million barrels of oil from the Amazon Rainforest in Ecuador to refineries in the United States, worth about \$10 billion USD.² This oil contained approximately 66.65 million metric tons of CO₂,³ equivalent to the annual emissions from 17 coal-fired power plants.⁴ Trade financing from these banks is pivotal in enabling the international trade of Amazon crude. By financing Amazon crude oil commodity trades, the banks provide their clients with in-depth knowledge and expertise of the supply chains,

actors, and liabilities, and a proven track record of supplying the credit needed to get Amazon oil to U.S. refineries. Trade financing enables the global trade of Amazon crude by building bridges between buyers and sellers that have different needs, risks, time horizons, and incentives. Trade financing often requires banks to take physical delivery of crude oil, which is crucial in enabling traders to manage and hedge their risks.⁵ Taking delivery means that banks are consignees on customs documents, such as bills of lading, giving researchers the ability to trace their involvement in the Amazon oil trade in volumes (in barrels) of oil traded and the financial value of the trade in terms of the landed cost of each shipment.

A Call to Banks From Indigenous Peoples

[In a declaration made by Indigenous nationalities](#) and released at an International Union for the Conservation of Nature (IUCN) event [and COP 25 in Madrid](#) in late 2019, Indigenous leaders called on banks to respect human rights and the future of Indigenous peoples of the Amazon Sacred Headwaters and beyond:

“We call for the global recognition of the Amazon Rainforest as a vital organ of the Biosphere. We call on the governments of Ecuador and Peru, on the corporations and financial institutions, to respect Indigenous rights and territories and stop the expansion of new oil, gas, mining, industrial agriculture, cattle ranching, mega-infrastructure projects and roads in the Sacred Headwaters. The destructive legacy of this model of “development” has been major deforestation, forest degradation, contamination, and biodiversity loss, decimating Indigenous populations and causing human rights abuses. We challenge the mistaken worldview that sees the Amazon as a resource-rich region where raw materials are extracted in pursuit of economic growth and industrial development.”



Clockwise from top left: In the Sani Isla community in Ecuador, Mrs. Isaura shows the skin issues on her back that arose after having contact with oil-contaminated river water; Barricades in the Napo river to collect crude oil; A child from Sani Isla shows her face covered in rashes due to contaminated water from the April 2020 oil spill; Residents of Sani Isla show vegetation on the banks of the Napo river covered in crude oil. IVAN CASTANEIRA/AGENCIA TEGANTAI

Trading in Pollution: 2020 Oil Spill Contaminates Vital Rivers for Indigenous Communities

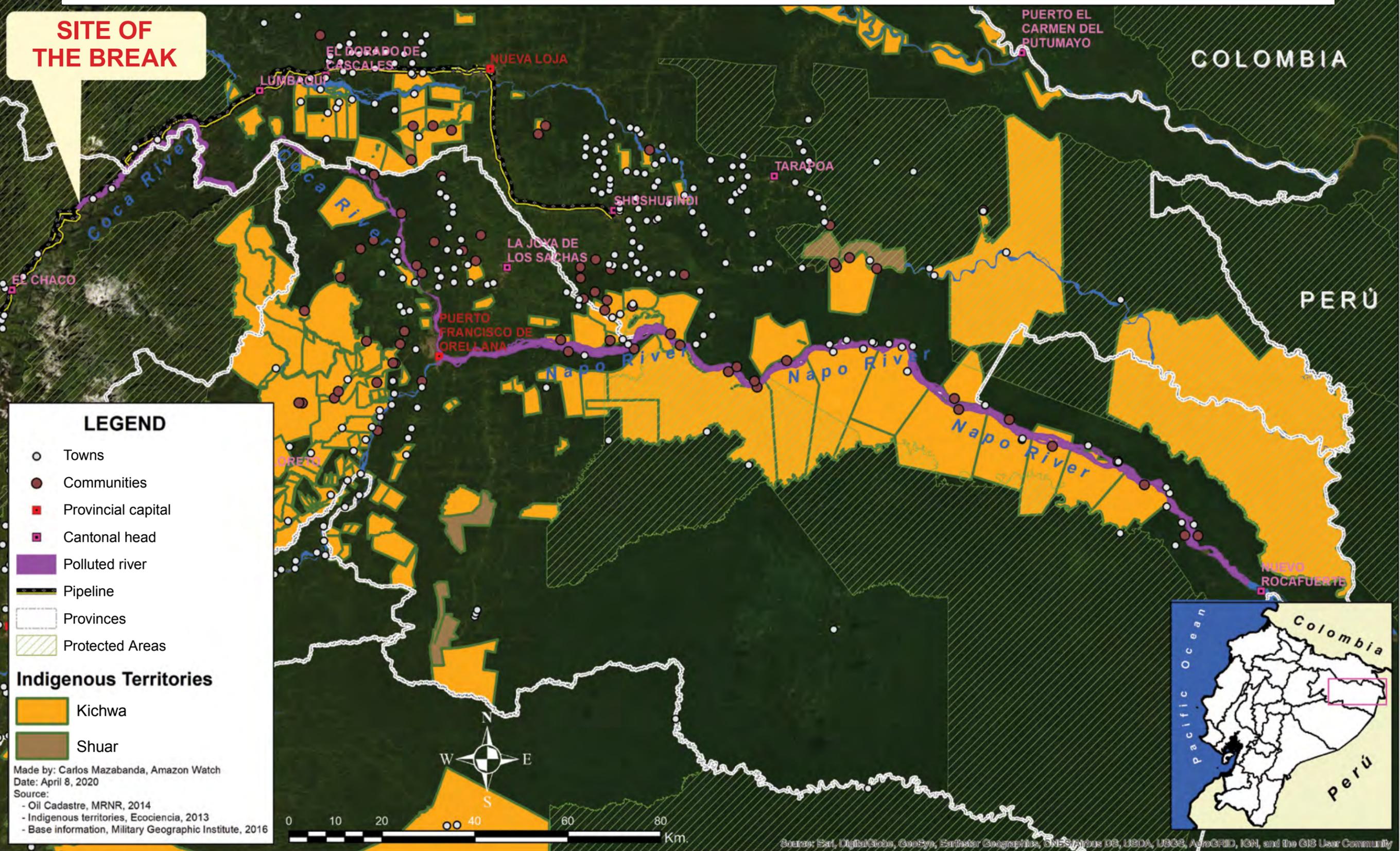
Pipelines carry crude oil hundreds of miles from the Amazon in Ecuador up and over the Andes for shipment to international destinations like the U.S.—with over 40 percent of exports going to refineries in California. These pipelines have a long history of ruptures and spills that contaminate rivers and disrupt the life, health, and food security of Indigenous communities. An April 2020 pipeline rupture in the Ecuadorian Amazon is just the latest spill in the region, and it has contaminated hundreds of miles of two major rivers and impacted thousands of Indigenous peoples who depend on these

rivers to survive. Ecuador's regional and national Indigenous organizations, along with an Amazon-wide Indigenous confederation are now calling for a moratorium on current crude production due to ongoing contamination and future spill risk. The [recent oil spill in Ecuador](#),⁶ [ongoing oil spills in Peru](#),⁷ and a toxic legacy of [reckless activities by Chevron that spilled roughly 17 million gallons of crude oil and devastated communities](#)⁸ paint a devastatingly real picture of what is at stake. Any bank committed to protecting Indigenous and human rights should be concerned about financing the trade of oil from this region.

POLLUTION IN THE COCA AND NAPO RIVERS BY THE RUPTURE OF PIPELINE ON APRIL 7, 2020

Length of river polluted in Ecuador: 472 kilometers

SITE OF THE BREAK



LEGEND

- Towns
- Communities
- Provincial capital
- Cantonal head
- Polluted river
- Pipeline
- Provinces
- ▨ Protected Areas

Indigenous Territories

- Kichwa
- Shuar

Made by: Carlos Mazabanda, Amazon Watch
Date: April 8, 2020

Source:
- Oil Cadastre, MRNR, 2014
- Indigenous territories, Ecociencia, 2013
- Base information, Military Geographic Institute, 2016

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Top Banks Financing the Oil Trade from the Ecuadorian Region of the Amazon Sacred Headwaters 2009–May 2020

Rank	Bank	Branch conducting trade	Total (BBLs) of Amazon oil	Total Value (est. landed cost USD)	% of total trade thru midstream	Midstream partners	U.S. Refining Clients	Sustainability Commitments	Example of breach of commitment
1	ING BELGIUM, GENEVA	Geneva	29,078,546	\$2,034,116,031	83%	Castor, Core, Taurus, Gunvor	Chevron, Valero, ExxonMobil, Marathon, PBF Energy, Phillips 66	Environmental and Social Risk (ESR) Policy excludes financing for or trading in tar sands, Arctic offshore exploration, some aspects of coal, and deforestation of tropical rainforests, and asserts that ING subjects transactions to assessments on “critical natural habitats, critical cultural heritage sites and/or Indigenous peoples.”	Amazon oil exploration and production leads to deforestation.
2	CREDIT SUISSE AG	Geneva	26,610,368	\$1,795,043,451	71%	Castor, Taurus, Core	Chevron, Valero, ExxonMobil, Marathon, PBF Energy, Phillips 66, CITGO, Total SA	Oil and Gas Policy requires project clients to be in alignment with the principles of the UN Declaration on the Rights of Indigenous Peoples and the concept of Free, Prior and Informed Consent (FPIC) and excludes projects operating in high conservation values, including internationally recognized protected areas.	Amazon oil comes from protected areas, biosphere reserves, and areas of cultural significance.
3	NATIXIS	Paris	26,570,204	\$1,570,509,070	95%	Gunvor, Core, Trafigura	Chevron, Valero, Marathon, PBF Energy, Phillips 66, CITGO	Environmental and Social Risk (ESR) Sector Policy on Oil and Gas excludes tar sands, shale oil, and coal and finance for projects in IUCN protected areas.	The highest producing oil block in Ecuador is under Yasuni National Park, an IUCN category II national park.
4	BNP PARIBAS (SUISSE) S.A.	Geneva/ Paris	24,122,686	\$1,683,980,147	79%	Castor, Core, Taurus	Chevron, Valero, ExxonMobil, Marathon, PBF Energy, and Phillips 66	Climate commitments / Corporate Social Responsibility (CSR) Policy on unconventional oil and gas excludes shale gas, tar sands, and Arctic oil and gas and exclusion for coal mining and power projects.	Exclusions are designed to reduce negative environmental impacts, but the bank does not recognize the extreme impacts of Amazon oil.
5	UBS SWITZERLAND AG	Geneva	14,910,624	\$853,192,470	66%	Core, Taurus	Chevron, Valero, Marathon, PBF Energy, Phillips 66	No longer provides financing for oil sands projects on undeveloped land, any new offshore Arctic oil sites or coal mines and stipulates it will not engage in commercial activities that infringe upon the rights of Indigenous peoples.	Does not recognize the impact of oil and gas extraction on “undeveloped land” in the Amazon Rainforest.
6	RABOBANK U.A.	Utrecht	10,882,915	\$679,416,488	85%	Core Petroleum	Chevron, Valero, Marathon, PBF Energy, Phillips 66, CITGO	Excludes direct financing of offshore oil and gas exploration and production in the Arctic region, tar sands, shale oil, and coal gas. Committed to respecting Indigenous rights through Dutch Banking Sector agreement on International Responsible Business Conduct.	Amazon Sacred Headwaters oil does not come from projects that have the Free, Prior and Informed Consent (FPIC) of Indigenous communities.

Nearly all of these banks are also signatories to the Equator Principles⁹ and all are signatories to the [UN Environment Program Finance Initiative's Principles of Responsible Banking](#),¹⁰ which is a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

Key Steps These Banks Should Take:

If banks truly want to take an active role in protecting human rights and biodiversity, reducing climate impacts, and assuring consistency with the environmental and social commitments they have made, they must:

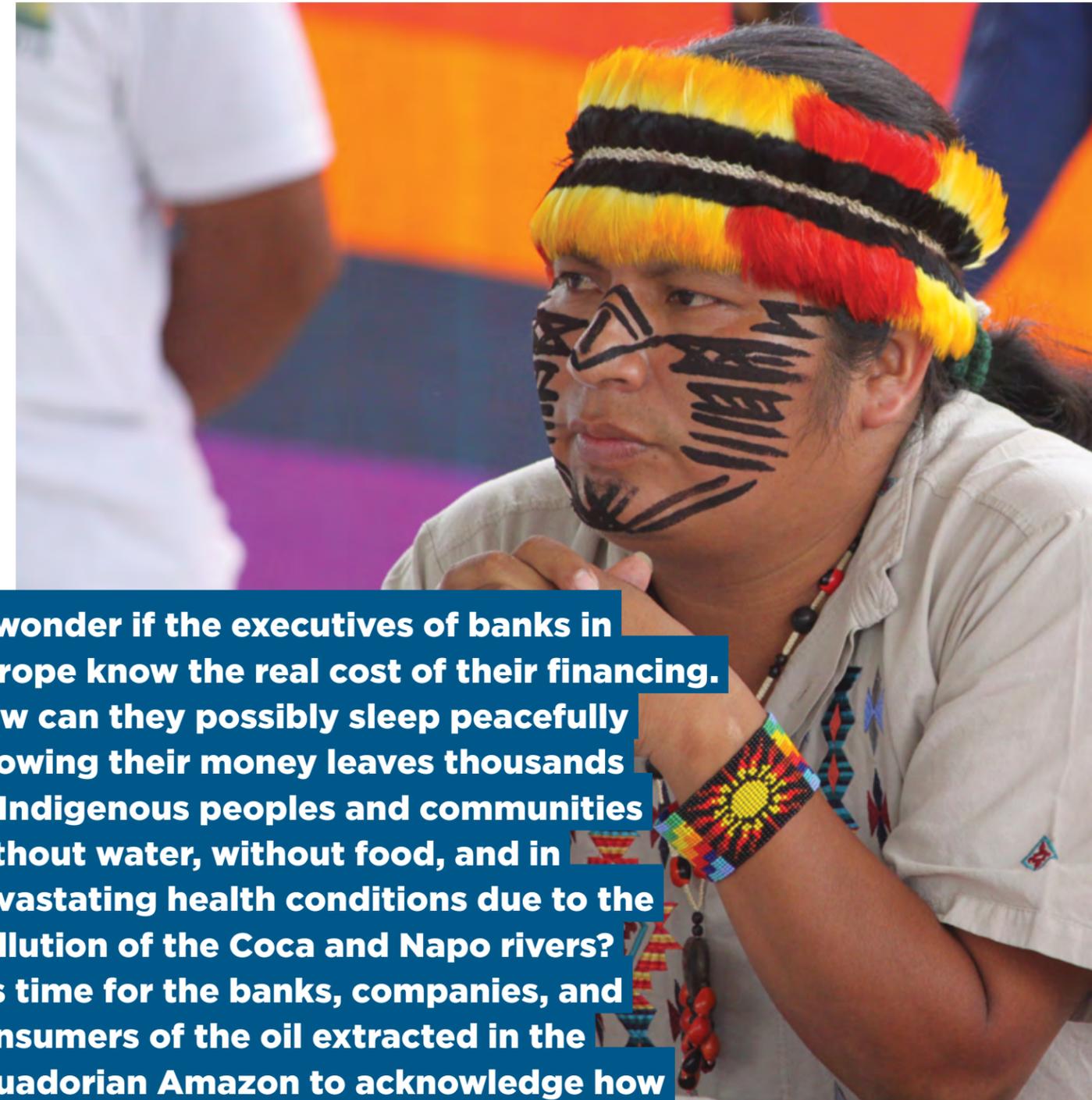
- **Promote transparency of any trade financing** and physical trade of commodities;
- **Ensure respect for Indigenous rights** and compliance with Free, Prior and Informed Consent (FPIC) related to any project or trade financing as enshrined in the United Nations Declaration on the Rights of Indigenous Peoples and International Labor Organization Convention 169;
- **Stop financing Amazon oil-related activities**, including trade, unless adequate remediation of contamination occurs, rights to health of local

communities is guaranteed, safeguards are in place to prevent future spills, and governments in the region commit to no new expansion of oil development and a wind-down of existing wells in line with global climate goals and collective Indigenous visions for the region;

- **Focus investments on opportunities** in Ecuador and other countries in the Amazon and world that truly meet responsible banking commitments and respect Indigenous rights; and
- **As debt for nature/climate funds develop, expand policies** to exclude all Amazon-derived oil from project and trade financing until all Amazon basin countries commit to no new expansion of oil development and a wind down of existing wells in line with collective Indigenous visions for the region and global climate goals.

The kind of investment that these banks are currently making perpetuates human rights abuses, worsens the climate crisis, and further tethers Ecuador's economy to the boom and bust cycles of commodity-based natural resource extraction. Now is the time for European and other banks to change course and play a responsible and constructive role in advancing life over profits.

Repair work alongside the Quito-Lago Agrio road on the damaged pipeline that caused the oil spill in the Napo and Coca rivers. IVAN CASTANEIRA/ AGENCIA TEGANTAI



“I wonder if the executives of banks in Europe know the real cost of their financing. How can they possibly sleep peacefully knowing their money leaves thousands of Indigenous peoples and communities without water, without food, and in devastating health conditions due to the pollution of the Coca and Napo rivers? It’s time for the banks, companies, and consumers of the oil extracted in the Ecuadorian Amazon to acknowledge how their businesses affect our territories and way of life.”

Marlon Vargas

President of the Confederation of Indigenous Nationalities of the Ecuadorian Amazon (CONFENIAE)

Notes

- 1 Amazon Sacred Headwaters Initiative. 2020. “Indigenous Peoples’ Declaration for the Amazon Sacred Headwaters”. sacredheadwaters.org/declaration/
- 2 Analysis by Stand.earth Research Group based on data from the U.S. Energy Information Administration (U.S. Department of Energy), 2009–2020, cross-referenced with U.S. import vessel bill of lading data and other sources.
- 3 U.S. EPA. 2020. Greenhouse Gas Equivalencies Calculator. Calculations and references. www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references
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- 9 Equator Principles. 2020. “The Equator Principles” Version 2. equator-principles.com/wp-content/uploads/2020/05/The-Equator-Principles-July-2020-v2.pdf
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