

Credit Agricole says it will not fund two major LNG projects

Credit Agricole said on Monday, 25 March 2024, that it would not provide financing to two major liquefied natural gas (LNG) projects, citing commitments to refrain from new fossil fuel developments.



Source: Reuters.

The decision follows pressure on banks from environmental groups to shift investment dollars away from climate-warming oil and gas projects. Barclays, HSBC and BNP Paribas have tightened oil and gas lending.

The French bank said it will not fund Exxon Mobil's and Eni's Rovuma project in Mozambique, nor the Papua New Guinea, LNG project which is backed by TotalEnergies, Santos and Exxon Mobil.

Credit Agricole was the original financial adviser for the Papua LNG and Rovuma LNG projects.

Exxon Mobil and TotalEnergies did not reply to requests for comment, and it was unclear if Credit Agricole's decision would affect the projects' development timetables.

"The decision to not finance the project is a serious blow to the project and TotalEnergies, and it could undermine their ability to finance the project," Lucie Pinson of Reclaim Finance said of the Papua LNG export facility.

If another bank wants to step in and take over the role they will need to start from the beginning, Pinson added.

"Credit Agricole must now show consistency, and stop supporting the Mozambique LNG project that TotalEnergies is currently seeking to relaunch," said Lorette Philippot, private finance campaigner at Friends of the Earth France.

Oil and gas firms have launched LNG projects to accommodate demand for the chilled gas that is forecast to rise 50%, to about 650 million metric tons per annum by 2040.

A flurry of new construction projects in Asia, Qatar, Canada, Mexico, and the US will compete for buyers.

With announcements by banks in Europe, pension funds in the US make capital raising more challenging, said a person familiar with development financing.

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