BACKGROUNDER:

Complaints on Freeport LNG against Japanese Financial Institutions

Affected community members and civil society organizations have filed complaints against multiple Japanese financial institutions for accountability in connection with their financing for the Freeport LNG Export Project in Texas, United States. The complaint concerns Freeport LNG's liquefaction and export facility on Quintana Island in Brazoria County, Texas, which forms part of a large-scale fossil gas export project supplying LNG to Japanese utilities.[1]

The institutions in question include: the Japan Bank for International Cooperation (JBIC), which financed the project in October 2014 through a USD 2.6 billion loan agreement with FLNG Liquefaction, LLC; Nippon Export and Investment Insurance (NEXI), which provided export credit insurance for the project; three Japanese megabanks, MUFG, SMBC, and Mizuho, which co-financed the project alongside JBIC; and Japan's Energy for a New era (JERA - Joint venture between TEPCO Fuel & Power and Chubu Electric Power), which holds equity interests through Gulf Coast LNG Holdings LLC.[2]

As such, community members are asking these financiers to take accountability for their financial decisions by addressing the harms affecting the communities, including risks to human health and safety, ecosystems, livelihoods, and the climate.

Background on Freeport LNG project

The Freeport LNG Export Project is a liquefied natural gas export facility located on Quintana Island in Brazoria County, Texas. The project includes liquefaction trains, marine terminals, storage tanks, associated pipelines, and export infrastructure designed to process and export significant volumes of LNG.[3]

Japanese companies are deeply embedded in the project. Osaka Gas and Chubu Electric are equity participants and LNG offtakers from the first liquefaction train.[4] Additional Japanese participation includes equity interests held by JERA and Japan Petroleum Exploration Co., Ltd. through Gulf Coast LNG Holdings LLC.[5]

---

[1] Osaka Gas Co., Ltd. & Chubu Electric Power Co., Inc., *Final Investment Decision and Execution of Loan Agreements for Freeport LNG Project in U.S.*, Oct. 30, 2014, https://www.chuden.co.jp/english/corporate/releases/pressreleases/3241688_18939.html

[2] See above.

[3] See above.

[4] See above.

[5] Japan Petroleum Exploration Co., Ltd. (JAPEX), Participation in the Freeport LNG Project in Texas, U.S.A., May 30, 2024, https://www.japex.co.jp/en/news/detail/20240530_01/

The facility operates on the Texas Gulf Coast, a region already characterized by a dense concentration of refineries, chemical plants, gas processing infrastructure, and LNG export terminals, including the Houston Ship Channel, one of the largest petrochemical hubs in the United States.[6]

What are the communities demanding?

The community members are calling on each institution to take accountability and suspend their support for Freeport LNG, including any expansion proposals. For instance, community members are specifically asking JBIC to ensure an independent investigation by the Examiners into their compliance with its Environmental and Social Guidelines.

Why this matters

These complaints raise fundamental questions about the accountability of public and private financial institutions and the effectiveness of their environmental and social safeguard frameworks. Taken together, they highlight the real-world consequences of failing to adequately assess and mitigate risks to community health, safety, marine ecosystems, livelihoods, and the climate, and their responsibilities under applicable environmental and social safeguard frameworks.

Human health impacts

The Freeport LNG project is situated in an already industrialized coastal region where residents are exposed to cumulative pollution from multiple industrial sources. Freeport LNG adds emissions sources, industrial hazards, and infrastructure burdens to communities facing environmental and public health issues.[7]

Research shows that communities of color and low-income communities in the United States bear a disproportionate share of pollution burdens from fossil fuel projects.[8] This pattern is relevant to Freeport LNG because the project operates within a Gulf Coast industrial corridor where environmental burdens are not experienced facility by facility, but cumulatively across a shared regional airshed and coastal ecosystem.

LNG export terminals involve energy-intensive liquefaction processes, gas turbines, storage infrastructure, and marine traffic. These activities generate emissions of pollutants, including nitrogen oxides, volatile organic compounds, particulate matter, and carbon monoxide.[9] The World Health Organization has found that air pollution

---

[6] Texas Comptroller, Houston Ship Channel Petrochemical Hub Overview, https://comptroller.texas.gov/economy/economic-data/ports/2024/houston.php

[7] See above.

[8] Timothy Q. Donaghy et al., Fossil fuel racism in the United States: How phasing out coal, oil, and gas can protect communities, Energy Research & Social Science, Vol. 100 (2023), 103104.

[9] Federal Energy Regulatory Commission, Freeport LNG Liquefaction Project Environmental Impact Statement,

poses serious risks to human health, including respiratory illness, cardiovascular disease, cancer, and premature death.[10] According to the EPA nitrogen oxides and volatile organic compounds contribute to ground level ozone, hazardous air pollutants such as benzene are linked to cancer and other serious health effects, and long term exposure to particulate matter is associated with cardiovascular and respiratory disease and premature mortality.[11]

Concerns regarding accident prevention and safety cautions

The risks associated with Freeport LNG are not theoretical. On June 8, 2022, an explosion and fire occurred at the Freeport LNG export terminal. Federal safety regulators issued a Notice of Proposed Safety Order after the incident identifying conditions that could pose risks to public safety, property, and the environment, and required corrective measures and operational changes before the facility could resume normal operations.[12]

According to the PHMSA Notice of Proposed Safety Order (June 30, 2022), plant personnel identified operational concerns in the days preceding the explosion, though operations continued prior to the incident.[13] Separate reporting identified worker fatigue and staffing pressure as contributing factors, raising concerns regarding operational oversight and safety management at the facility.[14]

The risks of LNG infrastructure are broader than the Freeport incident alone. Analysis of LNG accidents globally has found that such incidents can involve fatalities, serious injuries, gas releases, explosions, equipment failures, human error, and operational

---

https://www.ferc.gov

[10] World Health Organization, *WHO Global Air Quality Guidelines: Particulate Matter (PM2.5 and PM10), Ozone, Nitrogen Dioxide, Sulfur Dioxide and Carbon Monoxide* (2021), https://www.who.int/publications/i/item/9789240034228

[11] U.S. Environmental Protection Agency:

- *Basic Information About Nitrogen Dioxide (NO_2)*, https://www.epa.gov/no2-pollution/basic-information-about-no2
- *Health Effects of Hazardous Air Pollutants*, https://www.epa.gov/haps/health-effects-hazardous-air-pollutants
- *Health and Environmental Effects of Particulate Matter*, https://www.epa.gov/pm-pollution

[12] U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA), Notice of Proposed Safety Order regarding the June 8, 2022 Freeport LNG incident, https://primis.phmsa.dot.gov/enforcement-documents/42022051NOPSO/42022051NOPSO_Notice%20of%20Proposed%20Safety%20Order_06302022_(22-245663).pdf

[13] U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA), Notice of Proposed Safety Order to Freeport LNG Development, LP, CPF No. 4-2022-051-NOPSO (June 30, 2022), https://primis.phmsa.dot.gov/enforcement-documents/42022051NOPSO/42022051NOPSO_Notice%20of%20Proposed%20Safety%20Order_06302022_(22-245663).pdf

[14] Sierra Club, Comments on the Freeport LNG Draft Environmental Impact Statement (submitted to the Federal Energy Regulatory Commission)

deficiencies.[15] Greenpeace International has also warned that LNG vapor cloud explosion impacts may be significantly underestimated.[16] The Bullard Center has similarly identified combustible LNG vapor, shock waves, flying debris, and secondary fires as risks for nearby communities in the event of LNG explosions.[17]

Concerns with the lack of cumulative assessments of disproportionate impacts

The harms associated with Freeport LNG cannot be understood in isolation. The facility operates in a Gulf Coast region where residents are exposed to the combined impacts of multiple industrial sources operating simultaneously within the same airshed and coastal ecosystem.[18]

Commenters raised concerns during the federal environmental review process regarding the adequacy of the air quality analysis, including alleged deficiencies in the Draft Environmental Impact Statement related to cumulative air pollution impacts and indirect emissions associated with the project.[19] The filers are wary that these concerns were not adequately addressed and that the environmental review failed to sufficiently account for emissions from other industrial facilities operating in the region, indirect emissions associated with electricity generation, and upstream natural gas production.[20]

Concerns for the protection for clean air and water

The Freeport LNG project contributes additional air pollution and industrial emissions to a region that already faces significant environmental burdens. LNG export operations involve combustion processes, flaring, fugitive releases, marine traffic, and other sources of pollution.[21] According to the Bullard Center's cumulative impact assessment of LNG development in Louisiana and Texas, LNG facilities contribute additional air pollution burdens in already overburdened fenceline communities, including pollutants associated with respiratory illness, cardiovascular disease, toxic air hazards, and other adverse public health impacts.[22]

---

[15] Greenpeace Germany, Explosive Truths: The Perils and the Catastrophic Potential of LNG (2024), https://www.greenpeace.de/publikationen/ExplosiveTruths_Report_f.pdf

[16] Greenpeace International, Liquefied Gas: An Unnecessary Yet Explosive Risk (Dec. 2024).

[17] Robert D. Bullard Center for Environmental and Climate Justice, Liquefying the Gulf Coast: A Cumulative Impact Assessment of LNG Build Out in Louisiana and Texas (May 2024), https://cdn.prod.website-files.com/614d88a190900e498857f581/664604a23f64fa6444dd2a2b_Bullard%20Center%20Liquefying%20the%20Gulf%20Coast%20Report.pdf

[18] Texas Comptroller, Houston Ship Channel Petrochemical Hub Overview, https://comptroller.texas.gov/economy/economic-data/ports/2024/houston.php

[19] Sierra Club, Comments on Freeport LNG Draft Environmental Impact Statement (on file; Annex referenced in complaint).

[20] See above.

[21] See footnote 5.

[22] Robert D. Bullard Bullard Center for Environmental and Climate Justice. Liquefying the Gulf Coast: A Cumulative Impact Assessment of LNG Build Out in Louisiana and Texas. May 2024.

The complaint also raises water related concerns. LNG facilities require substantial volumes of water for industrial processes, including cooling systems and other operational needs.[23] Water withdrawal and discharge associated with LNG operations can alter water temperature and chemistry and affect coastal ecosystems connected to the Gulf of Mexico.[24] These risks are especially relevant for coastal communities whose livelihoods and food systems depend on healthy marine environments.[25]

Risks to livelihoods and marine ecosystems

The Freeport LNG project operates in a coastal environment where fisheries and marine resources support local livelihoods, food systems, and coastal economies. NOAA has found that commercial and recreational fisheries in the Gulf of Mexico generate substantial economic activity and support jobs across coastal communities.[26]

The project depends on intensive marine industrial activity, including LNG carrier traffic, berthing, and dredging to maintain navigational access. U.S. Army Corps of Engineers materials document dredging activities associated with Freeport Harbor and the LNG basin.[27] Research shows that dredging can disturb seabed habitats, increase turbidity, and harm fish and benthic communities that support fisheries.[28]

---

[23] U.S. Department of Energy,
Energy, Economic, and Environmental Assessment of U.S. LNG Exports,
https://www.energy.gov/sites/default/files/2025-10/ENERGY%2C%20ECONOMIC%2C%20AND%20ENVIRONMENTAL%20ASSESSMENT%20OF%20U.S.%20LNG%20EXPORTS_0.pdf

[24] Federal Energy Regulatory Commission,
Freeport LNG Liquefaction Project and Phase II Modification Project, Final Environmental Impact Statement (June 2014).

[25] NOAA Fisheries,
Fisheries Economics of the United States,
https://www.fisheries.noaa.gov/national/sustainable-fisheries/fisheries-economics-united-states

[26]Newell et al., The Impact of Dredging Works in Coastal Waters: A Review of the Sensitivity to Disturbance and Subsequent Recovery of Biological Resources on the Sea Bed, Oceanography and Marine Biology (1998) (finding that dredging removes seabed substrate and associated organisms, disrupting benthic communities that support fisheries);
https://www.researchgate.net/publication/298415859_The_impact_of_dredging_works_in_coastal_waters_a_review_of_the_sensitivity_to_disturbance_and_subsequent_recovery_of_biological_resources_on_the_sea_bed
see also Wenger et al., A Critical Analysis of the Direct Effects of Dredging on Fish, Fish and Fisheries (2017) (identifying dredging-related stressors such as suspended sediments, entrainment, and noise that can cause fish mortality and negatively affect fish populations).
https://onlinelibrary.wiley.com/doi/10.1111/faf.12218

[27] U.S. Army Corps of Engineers,
Environmental Assessment for Freeport Harbor and LNG Basin Dredging Activities,
https://www.swg.usace.army.mil/Portals/26/docs/regulatory/PN%20June/EA_201300147_May2020.pdf
A Critical Analysis of the Direct Effects of Dredging on Fish, Fish and Fisheries (2017).

[28] Bullard Center for Environmental and Climate Justice, Liquefying the Gulf Coast: The Plight of Communities at the Forefront of the LNG Boom (2024), https://cdn.prod.website-

Federal environmental review materials also confirm the scale of marine infrastructure required for the project, including LNG vessel berthing docks, marine loading infrastructure, and associated coastal facilities necessary for export operations.[29]

Contribution to climate harm

The Freeport LNG Export Project contributes to greenhouse gas emissions across the lifecycle of LNG production and export, including upstream gas extraction, methane leakage during production and transport, energy-intensive liquefaction, marine shipping, and end-use combustion in importing countries. The IPCC has found that methane has a global warming potential approximately 84 to 87 times greater than carbon dioxide over a 20-year period, and the International Energy Agency has emphasized methane's significance as a climate pollutant.[30]

The U.S. Department of Energy's lifecycle analysis of LNG exports confirms that emissions occur throughout the LNG supply chain, including upstream production, liquefaction, transportation, regasification, and end use combustion.[31] Independent analysis using DOE modeling has found that LNG export expansion scenarios would result in a net increase in greenhouse gas emissions when lifecycle impacts are taken into account.[32]

At the global level, the International Energy Agency's Net Zero by 2050 scenario concluded that no new oil and gas fields are required beyond those already approved if the world is to reach net zero emissions by mid century.[33] Continued expansion of LNG export infrastructure therefore risks locking in long term fossil fuel production and consumption inconsistent with global climate stabilization goals.[34]

---

files.com/614d88a190900e498857f581/664604a23f64fa6444dd2a2b_Bullard%20Center%20Liquefying%20the%20Gulf%20Coast%20Report.pdf

[29] Federal Register,
Notice of Availability of the Final Environmental Impact Statement for the Freeport LNG Liquefaction Project,
https://www.govinfo.gov/content/pkg/FR-2014-06-20/pdf/2014-14465.pdf

[30] Intergovernmental Panel on Climate Change, Sixth Assessment Report (AR6) (2021) (finding that methane has a global warming potential approximately 84–87 times greater than CO_2 over a 20-year period); see also International Energy Agency, Methane and Climate Change, https://www.iea.org/reports/methane-tracker-2021/methane-and-climate-change

[31] Oil Change International, Greenpeace USA, Earthworks,
Failing the Climate Test: LNG Export Expansion and DOE's Public Interest Standard (2024),
https://oilchange.org/publications/failing-the-climate-test/

[32] Oil Change International, Greenpeace USA, Earthworks,
Failing the Climate Test: LNG Export Expansion and DOE's Public Interest Standard (2024),
https://oilchange.org/publications/failing-the-climate-test/

[33] International Energy Agency,
Net Zero by 2050: A Roadmap for the Global Energy Sector,
https://www.iea.org/reports/net-zero-by-2050

[34] Oil Change International,
"Why DOE must reject new LNG,"

https://oilchange.org/blogs/whydoemustrejectnewlng/