



Protect VIP

c/o Protect Verde Island Passage (Protect VIP)

GERARD C. ARANCES

Center for Energy, Ecology, and Development

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8 November 2022

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**Re: Protect Verde Island Passage, Cancel Shell Philippines' LNG Import
Terminal Project**

Mr. Van Beurden and Mr. Krukenberg:

The Philippines is home to the Amazon of the Oceans, the Verde Island Passage (VIP). Nestled at the heart of Southeast Asia's Coral Triangle, VIP houses over 300 coral species and about 1,736 shorefish¹ species all within a 10 kilometer area - making it the most biodiverse marine habitat in the world. VIP is identified as a high priority conservation area for corals, reef fishes, mollusks, mangroves, seagrasses, and cetaceans.² It is a source of livelihood and sustenance for millions of Filipinos, and a hotspot for tourists wanting to be one with nature.

¹ Carpenter, et al. (2005), *The Center of the Center of Marine Shore Fish Biodiversity: the Philippine Islands*, Environmental Biology of Fishes (2005): 72: 467-480.

² Ong PS, Afuang LE, Rosell-Ambal RE (eds.). 2002. Philippine Biodiversity Conservation Priorities: A Second Iteration of the National Biodiversity Strategy and Action Plan. Quezon City, Philippines: DENR-PAWB, CI Philippines, BCP-UPCID, and FPE.

Today, the Amazon of the Oceans faces pressures from increasing industrial activities - most alarming of which is a fleet of new liquefied natural gas (LNG) projects in Batangas, one of five provinces it encompasses. On top of five already operating fossil gas plants, Batangas is the site of eight new proposed plants and seven LNG terminals. All these and resulting construction and shipping activities are bound to wreak havoc on our coasts, waters, and communities. Companies behind these LNG projects place the paradise that is VIP in vicar peril, and Shell is one of them.

Shell Energy Philippines Inc. is seeking to build an LNG Import Terminal Facility in Brgy. Libjo, Malitam, and Tabangao-Ambulong in Batangas City. We - the undersigned residents, fisherfolk, youth, civil society and people's organizations, faith-based and labor groups, and supporting groups hailing the call to Protect VIP - strongly oppose this plan. There are tens of thousands of us who rely on small-scale fishing and many more on ecotourism, which bring in several millions of pesos of revenue for Batangas alone. These sectors will be adversely impacted by the construction of an LNG terminal, which will include pipelines and other facilities that can have potential negative impact on coastal areas and marine life. The construction the LNG facility, and the consequent frequent entry of LNG barges and inadvertent oil spills or disposal of shipboard liquid and other wastes will pose additional unavoidable impacts to the beauty of VIP, and, more importantly, the presence, reproductive output, larval duration, recruitment, and survival of shore fish and other species. The health and wellbeing of residents are also at risk.

Moreover, the Philippines needs to respond to the intensifying climate crisis as a country among the most vulnerable to its impacts and with the highest disaster risk in the world.³ Our sea levels are already rising three times higher than the world average, putting many coastal villages in danger.⁴ The typhoon season of 2022 is far from over, yet two super typhoons have already barreled through the country.⁵ We must protect and nurture the health of our coastal ecosystems to build the resilience of our coastal communities.

We must also hasten the shift away from fossil fuels. In the past decade, the Philippines built its dependence on coal for our power needs, only to be brought to a screeching halt with a moratorium hard won by resisting communities. With this, there is a real opportunity to raise renewable energy ambitions and displace fossil fuels. Companies like yours, however, are threatening such hope with gas, with at least 9 LNG terminals and over 29 GW new LNG power in the Philippines' pipeline. Nevermind that the fossil gas releases large amounts of the dangerous greenhouse gas that is methane,⁶ or that we have an abundant capacity for renewables that is more than enough to supply power demand. Nevermind, too, that in promoting LNG, Shell is tying Filipinos to decades more of costly electricity, especially as Russia's attack on Ukraine and resulting supply chain disruptions exacerbate already rising fuel costs in the global market. Amid a cost of living crisis, Shell would be helping send more Filipinos to hunger and poverty.

³ [Philippines tops world disaster risk index 2022: NDRRMC 'took note' of report](#). 10 October 2022. GMA News.

⁴ Corrales, Nestor. [PH sea level rising 3 times faster than world average, says expert](#). 23 September 2022. Philippine Daily Inquirer.

⁵ [Agricultural Damage from Super Typhoon Karding hits P1.29B with main rice growers affected](#). 27 September 2022. Business World.

⁶ IPCC, 2021: Technical Summary, p. TS-67

As a carbon major, Shell has already greatly harmed global climate systems and environments. We do not know how Shell intends to stand by its commitments for a 'net-zero world', considering you would not leave even the ecologically critical Verde Island Passage untouched. What we do know is Filipinos will not stand for Shell's insistence on ignoring climate imperatives. This is what drove the landmark report by the Commission on Human Rights (CHR), which reveals that there are legal grounds to hold fossil fuel companies like yours accountable for bringing about climate disasters.⁷ Legal climate battles are something any fossil fuel player wanting to spew more poison into our atmosphere should watch out for.

Appalled as we are that Shell does not seem to realize it has done more than enough damage, we also take this opportunity to warn you that pursuing this project will likely lead to tricky conversations with your investors and shareholders in the near future. The global energy crisis has resulted in extremely high fuel prices and tight supply for the Asian and other markets, turning the purported viability of LNG as a fuel source questionable.⁸ Even freight rates for LNG tankers have skyrocketed to over USD200,000 a day,⁹ - an astronomical price with the Peso-Dollar exchange rate dipping low.¹⁰ LNG proponents are already feeling the impacts with extreme delays in their timelines - take Atlantic Gulf & Pacific Company as example, whose target operation for its LNG terminal was postponed from mid-2022 to early 2023 because of supply problems.¹¹ A floating storage and regasification unit of local company First Gen has also had to request for an extension of the validity of its permit with the Department of Energy so it can finish construction by early 2023.¹² Even then, their new timelines appear too optimistic as high costs and insecurity of LNG supply are expected to remain even when necessary infrastructure is completed.¹³

This steep competition has so far hurt LNG ambitions in Asia. Demand for LNG has fallen by 6% within the first seven months of 2022 - from 161.4 to 151.4 mtpa. Such is projected to decline further as unaffordable prices have pushed poorer Asian countries into opting for alternative fuel sources.¹⁴ Stiff competition would likely cause the market to tighten even more in 2023.¹⁵

Shell must also note that communities and consumers in the Philippines are a force to be reckoned with. San Miguel Corporation (SMC), which is proposing the biggest pipeline of new fossil gas power among any other player in the Philippines or Southeast Asia, has had to cancel its Environmental Compliance Certificate application for two LNG projects in the provinces of Leyte and Cebu due to stiff local resistance.¹⁶ Another one of its projects in Batangas, alongside the LNG terminal of AG&P, is now under a cease and desist order after legal violations on land conversion were unveiled by concerned groups and residents. Power consumers in the greater Manila area

⁷ [National Inquiry on Climate Change Report](#). May 2022. National Inquiry on Climate Change.

⁸ [LNG developers face supply uncertainties](#). 26 September 2022. Malaya Business Insight.

⁹ LNG Prime Staff. [LNG freight rates surge](#). 26 September 2022. LNG Prime.

¹⁰ [Cordero, Ted](#). 30 September 2022. GMA News.

¹¹ [DOE Orders AG&P to justify delayed operations of LNG Project](#). 07 September 2022. Power Philippines News.

¹² [First Gen Unit Seeks More Time to Build LNG Terminal](#). 17 September 2022. Business Mirror.

¹³ Reynolds, Sam. [Delays of LNG terminals in the Philippines reflect supply and cost uncertainties](#). 23 September 2022. Institute for Energy Economics and Financial Analysis.

¹⁴ Reynolds, Sam. [The economic case for LNG in Asia is crumbling](#). 15 August 2022. Institute for Energy Economics and Financial Analysis.

¹⁵ [LNG markets may tighten further in 2023 as demand likely to rise: IEA Chief](#). 30 September 2022. Business Standard.

¹⁶ Inso, Futch Anthony. [CPGC seeks cancellation of ECC application for Lapu power plant project](#). 07 August 2022. Debu Daily News.

meanwhile won against recent attempts by SMC to pass even more costs from its coal and gas plants incurred due to rising fuel prices onto consumers - forcing the company to absorb at least Php 15 billion worth of its reported losses. Tightening regulations on air and water pollution and energy transition policies also wait to be confronted.

Gentlemen, we ask you to assess if Shell truly believes it is worth facing the risk of losses and the wrath of communities and civic movements, while also branding yourself as culprit to the destruction of the Amazon of the Oceans and death of the livelihoods of many. We urge you to terminate your LNG import terminal. Unless it is to genuinely assist in paving the way for a sustainably powered future and to atone for climate and ecological destruction you have already caused as a carbon major, we want Shell to keep its hands off the Verde Island Passage.

Shelve Shell's LNG import terminal in Batangas!

Signed,

Protect VIP

Center for Energy, Ecology, and Development

Abante Kababayen-an Balangiga, Eastern Samar

Apostolic Vicar of the Vicariate of Taytay Palawan - Bishop Broderick Pabillo

Archdiocese of Manila Ministry on Ecology

Buho Fisherfolks Association Tabango Leyte

Caritas Philippines

Carmelitas Misioneras Teresianas

CMSP - JPICC

Commission on Justice and Peace - Augustinian (OSA) Province of Sto. Niño de Cebu-Philippines

Concerned Citizens of Sta. Cruz

Conference of Major Superiors in the Philippines- Justice, Peace and Integrity of Creation
Commission

Daughters of Charity

Daughters of Charity of St. Vincent de Paul

Daughters of Charity of St. Vincent de Paul-Justice and Peace

Diocesan Social Action Center-Lucena

Diocese of San Carlos/REpower Negros

ECIP National Secretariat

Ecological Ministry of Diocese of Lucena

ECOSILAK Youth for VIP

FDC Eastern Visayas Chapter

Federation of Mac Arthur Small Farmers Association Mac Arthur, Leyte

Focolare Movement

Franciscan Sisters of St. Elizabeth

Gairan Organization

Good Shepherd Crisis Center

Good Shepherd Home

Green Convergence for Safe Food, Healthy Environment and Sustainable Economy
Green Party of the Philippines, Bayanihan Para sa Kalikasan Movement, Inc.
Greenpeace Philippines
KONSYUMER
Laudato Si Movement Pilipinas
Loreto Sisters
Medical Mission Sisters
Order of Saint Augustine
Our Lady of Peace and Good Voyage Parish - Ponon, Atimonan, Quezon
Partido Lakas ng Masa (PLM) Relocation, Tacloban City
Religious of the Good Shepherd
Religious of the good Shepherd-General Trias, Cavite
RGS Tahanan
RNDM Sisters
Sanlakas Eastern Visayas
Santo Nino de Cebu Augustinian Social Development Foundation, Inc.
Save Mac Arthur Movement (SaMaCaMo)
Save Manicani Movement (SAMAMO)
SAVE PH
Save Sta Clara Movement (SSCM)
Seminary Community
Sisters of Charity of St. Charles Borromeo
Sisters of Social Service of Los Angeles, Philippine House
Sisters of the Child Jesus Congregation
Sr. Juliet Abrigo, RGS
St. Mary Euphrasia - RgS-Cow
Suore Convittrici del Bambin Gesu
TEAM APCEI
UP Tacloban Oriang
Young Franciscan Advocates
Youth for Climate Hope
Zambales Lingap Kalikasan (ZALIKA)
Zambales Movement for Climate Justice
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350 Pilipinas
BankTrack
Carmelite Missionaries
Climate Action Network Southeast Asia
Columban Fathers
Daughters of Charity of St. Vincent de Paul
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Heinrich Boell Stiftung Southeast Asia Regional Office
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