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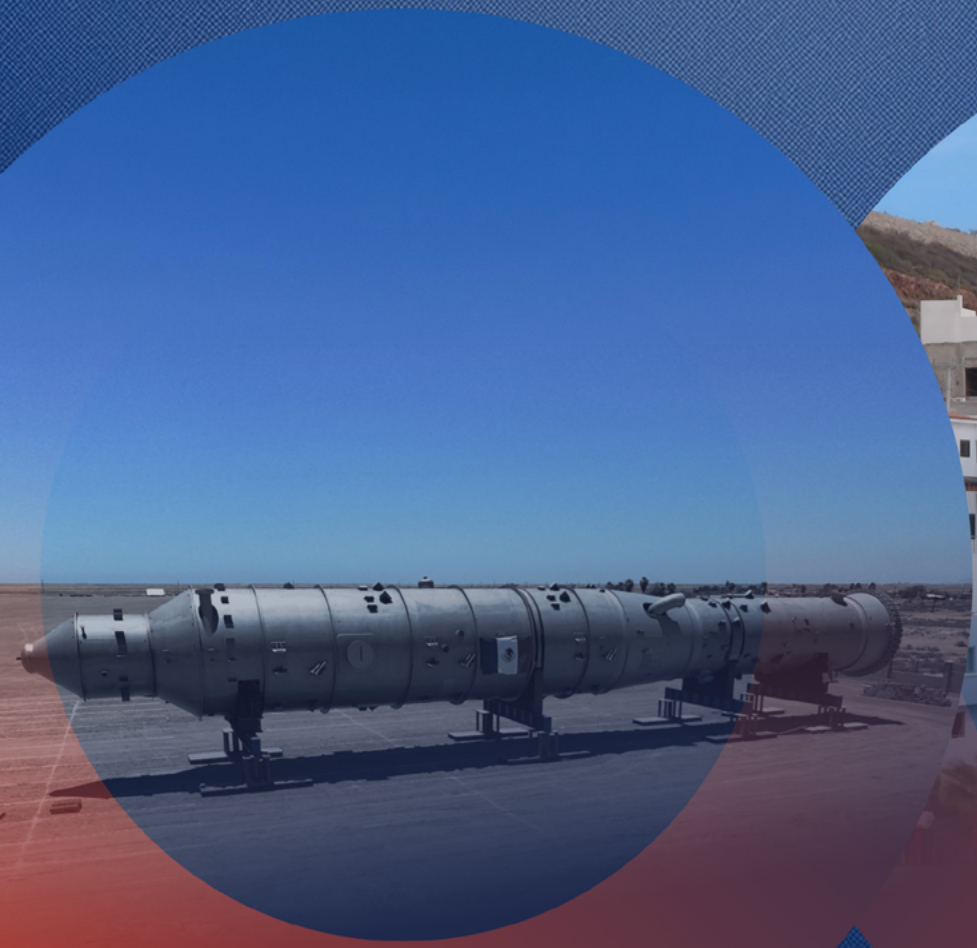
Leave it in the Ground Initiative





German KfW and the world's biggest carbon bomb

Report on the Topolobampo Ammonia Plant

November 2026

Kjell Kühne

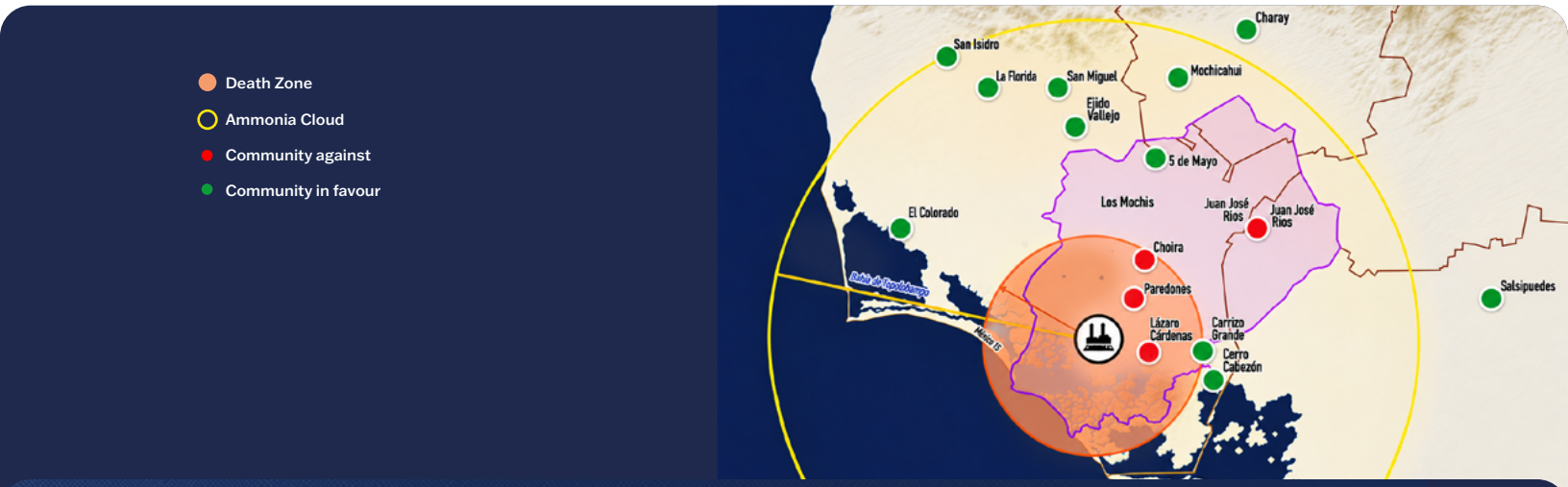
At COP31 in Antalya, thousands will gather to address climate change. Calls are getting louder to do something about fossil fuels - oil, fossil gas and coal are at the root of the crisis. One public German bank, the Kreditanstalt für Wiederaufbau (KfW) will present itself as a climate leader, committed to the 1.5° target. Meanwhile, on the other side of the world, in Mexico, indigenous communities are blocking a KfW-financed construction where Latin America's biggest ammonia plant would run on fossil gas from the world's biggest carbon bomb, the US Permian Basin.

Executive Summary

German state-owned KfW, through its subsidiary KfW IPEX-Bank, is the lead arranger of USD 860 million in consortium debt financing for an ammonia plant in Topolobampo, Mexico, backed by a German federal export credit guarantee. The plant would be an anchor customer for fracked gas from the US Permian Basin – the world's biggest carbon bomb – locking in years of fossil gas demand until 2057. Indigenous Mayo-Yoreme communities have blocked the construction site since June 2026. In September 2025, eleven UN mandate-holders (nine Special Rapporteurs and the chairs of two working groups) wrote to Mexico, Germany, Switzerland, KfW IPEX-Bank, Proman and GPO; all six replied. In its written reply to the UN, KfW IPEX-Bank confirmed that lenders like itself build in a contractual right to suspend disbursements – yet it has not used it. We call on KfW to stop the remaining tranche, meet the Mayo-Yoreme communities and make the project documents public.

Our demands for KfW and the German government

1. **Stop the remaining tranche.** No further disbursements for the Topolobampo ammonia plant.
2. **Meet the Mayo-Yoreme communities.** KfW IPEX-Bank should meet the affected communities directly.
3. **Transparency.** Publish the current disbursement status, the human rights impact assessment (HRIA), the environmental and social action plan (ESAP), and the climate assessment. According to KfW and the German government, these documents exist, but they are not public.
4. **No new fossil projects.** KfW's own research department recommends "avoiding new investments in fossil end-use technologies".



Source: Adapted from GeoComunes (2026). Original map.

The project

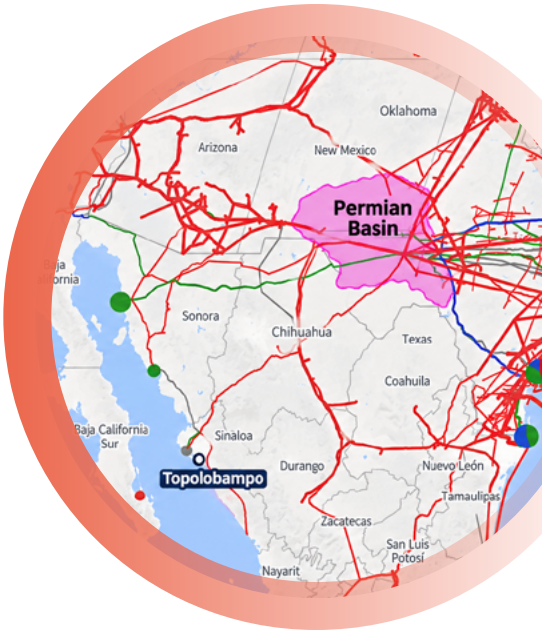
- **Location:** Topolobampo, Sinaloa State, Mexico, on the coast of the Gulf of California (the "Aquarium of the World" according to Jacques Cousteau), in Ohuira Bay, territory of indigenous Mayo-Yoreme communities
- **Project company:** Gas y Petroquímica de Occidente (GPO), a Mexican subsidiary of Swiss-based Proman AG.
- **Financier:** KfW IPEX-Bank, a wholly owned subsidiary of Germany's state-owned development bank KfW, is the lead arranger of the bank consortium financing the project.
- **Finance volume:** USD 1.25 billion total investment, including USD 860 million in debt financing provided by a consortium led by KfW IPEX-Bank. A substantial portion is covered by a German federal export credit guarantee (called Euler Hermes). KfW
- **German industrial contribution:** USD 390 million in of German-manufactured equipment and USD 715 million in of European components.
- **Technology:** Conventional fossil-gas-based ammonia production using steam methane reforming and the Haber-Bosch process. Fossil gas is converted into hydrogen, releasing its CO_2 into the air - just the same as when you burn it. Nitrogen is fixed from the air and combined with hydrogen to make ammonia, for fertilizer.
- **Production capacity:** 2,200 tonnes per day, or 770,000 tonnes of ammonia per year.
- **Intended start of operations:** End of year. Estimated previous to the more than 150 day halt, further delaying the start of production.
- **KfW's position:** KfW IPEX-Bank says that the project is subject to independent environmental and social monitoring, and that its financing is conditional on compliance with international standards. KfW

Environmental and health risks

- **Water consumption:** An expert technical assessment cited by the UN estimates that the plant will extract approximately 2,000 cubic metres of seawater per hour from the bay.
- **Shrimp fisheries:** The same assessment estimates that seawater extraction without adequate filtration could destroy more than 500 tonnes of shrimp larvae annually – compared to 900 tonnes of shrimp produced annually by coastal fisheries.
- **Water pollution:** The of warmer and saltier water could affect fish and crustacean larvae and the wider lagoon ecosystem. GPO disputes these anticipated impacts.
- **Mangroves and wetlands:** 21,000 m² of mangrove destruction and wetland drying.
- **Accident risks:** Ammonia is highly toxic. According to the company's Environmental Risk Assessment, in a worst-case scenario, a hypothetical five-minute accidental release caused by a rupture of the ammonia pipeline could create a toxic cloud 45 km in diameter, placing more than 400,000 people at risk. The assessment describes an immediate danger to health or life throughout the affected area.
- **Livelihoods at risk:** Artisanal shrimp and other fisheries, aquaculture, agriculture, tourism, all of which depend on the health of Ohuira Bay. UN Special Procedures Communication

Climate impact and fossil gas lock-in

- **Fossil gas consumption:** Approximately 0.68 billion cubic metres (bcm) per year at full capacity, based on 32 GJ of natural gas per tonne of ammonia and a standard gas energy content of approximately 36 MJ/m³. Over the 30-year lifetime, this corresponds to approximately 20.5 bcm, assuming a continuous operation at full capacity.
- **CO_2 emissions:** Estimated at 0.85 million tonnes annually (25 million over 30 years) using the UN Rapporteurs' factor of 1.1 t CO_2/t ammonia, or 1.39 million tonnes annually (42 million over 30 years) using the IEA's factor of 1.8. Both estimates exclude emissions from gas extraction, processing and transport, including methane leaks in the Permian Basin, where Trump has sought to weaken methane regulations.
- **Fossil gas supply:** The plant will use fossil gas coming through the El Encino–Topolobampo pipeline from the Permian Basin in the US. The Permian Basin is the world's biggest carbon bomb, located 800 km from the Topolobampo plant. CarbonBombs.org
- **Fossil lock-in:** The plant is designed for thirty years of operation and would lock in fossil fuel demand and millions of tons of CO2 emissions each year until 2057.

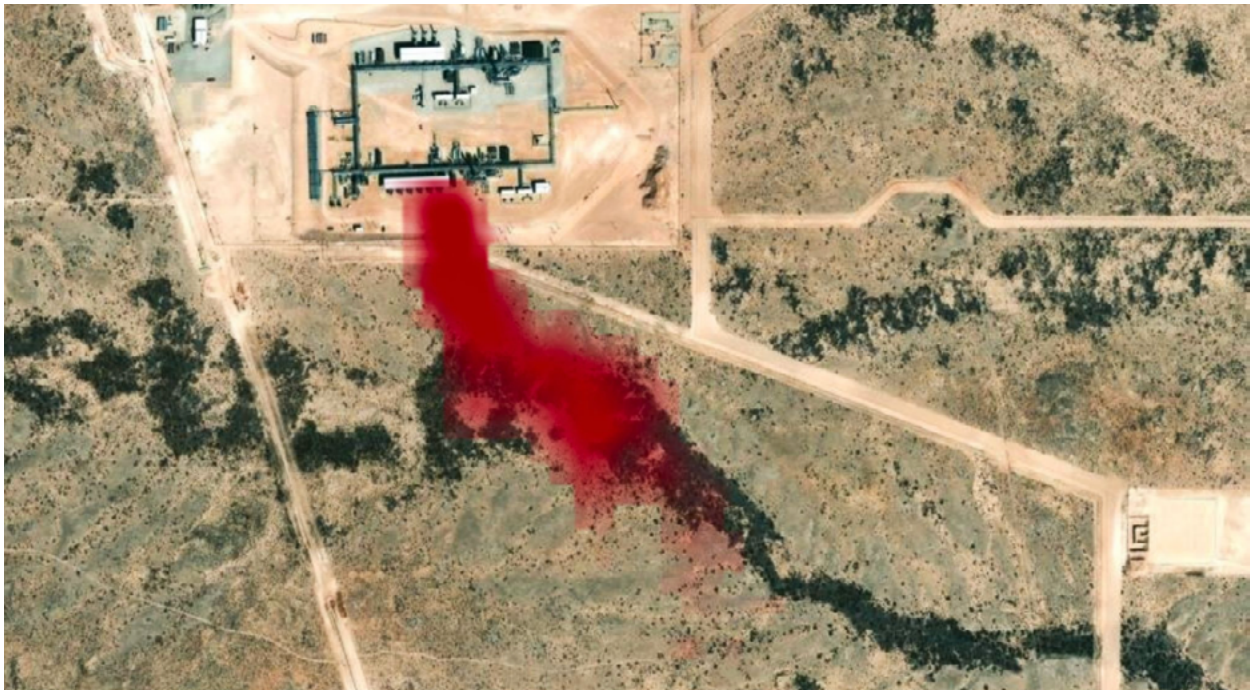


Why ammonia from fossil gas is a climate problem

- **Haber-Bosch process:** fossil gas is turned into hydrogen; the CO_2 goes straight into the air.
- **Methane spills:** measured leak rates of 2.6–2.95 %, against 0.9 % in the US government model. The 25–42 million tonnes of CO_2 for Topolobampo do not include these upstream emissions.
- **Export:** around 80 % of Topolobampo's output is to be exported to Asia and the US.

What is a carbon bomb?

A carbon bomb is a fossil fuel extraction project that could release at least one billion tonnes of CO_2 over its lifetime. The term comes from a 2022 study led by Kjell Kühne, which identified 425 such projects. Today, the carbonbombs.org dataset counts 601 carbon bombs, 226 of them oil and gas projects. The Permian Basin in Texas and New Mexico is the world's biggest carbon bomb. The fossil gas for the Topolobampo plant would come from there.



The Permian is the world's biggest carbon bomb, and a hotspot of unregulated methane spills.



Indigenous communities' Right to Say No

- **The ¡Aquí No! (Not Here!) Movement:** A coalition of Mayo-Yoreme indigenous communities, traditional authorities, fishing cooperatives, women human-rights defenders, environmentalists and residents opposing the project.
- **Ignoring indigenous people:** First, the company said there are no indigenous people to consult and ignored their protest, then the indigenous people sued over this lack of consultation. They had to fight all the way to the Mexican Supreme Court, before receiving the right to be consulted.
- **Fraudulent consultations:** The consultation was organized in a way that the most affected communities in the so-called "Death Zone" of the project (according to the Environmental Impact Assessment) would be outnumbered by those further away who may benefit, but are not to be at risk. GeoComunes' analysis and map
- **Lawsuits:** A total of at least eleven lawsuits have been filed against the project.
- **International legal recourse:** This biased consultation is now being challenged in the Interamerican Commission of Human Rights by the local communities, to uphold their Right to Say No.
- **Threats against activists:** Indigenous leaders and women human-rights defenders have reported intimidation and death threats in connection with their opposition to the project. The region is heavily impacted by organized crime, environmental defenders frequently require state protection and UN mandate holders have raised concerns about the protection of human-rights defenders.

International condemnation

- **UN intervention:** In September 2025, eleven UN Special Procedures mandate holders – nine Special Rapporteurs and two Working Groups – sent a formal communication to the governments of Germany, Mexico and Switzerland concerning the project and its potential human-rights impacts. The communication addresses indigenous rights, the lack of adequate prior consultation and consent, environmental destruction, health risks, threats against human-rights defenders, and the responsibilities of GPO, Proman and KfW IPEX-Bank. UN Communication
- **International solidarity:** The campaign Shrimp or Gas? mobilises international support for the fishing communities and their struggle to protect Ohuira Bay. Over a hundred organizations have signed in protest against the project. Shrimp or Gas
- **German parliamentary scrutiny:** Members of the German Bundestag have questioned the federal government's role in supporting the project through export credit guarantees and its handling of the human-rights concerns. Düring
- **Petition:** A petition with over a million signatures against the project was organized and KfW refused to receive it. Petition

Timeline

- **2013:** GPO announces its investment plans for the ammonia plant.
- **2014:** The Mexican Environment Ministry (SEMARNAT) grants the initial environmental authorisation.
- **2015:** The ¡Aquí No! movement is established, bringing together indigenous Mayo-Yoreme communities, environmental organisations and local residents opposing the project.
- **2016–2018:** Indigenous communities file legal challenges against the project, arguing that they were not properly consulted and that their rights under ILO Convention 169 were violated.
- **2019:** A federal judge orders construction to be halted pending adequate consultation with Indigenous Peoples.
- **2020:** KfW IPEX-Bank signs the financing agreements for the project, arranging USD 860 million in debt financing with a German federal export credit guarantee covering a substantial portion. KfW IPEX-Bank
- **2021:** The Mexican government organises a public referendum on the project. Its result is criticised by opponents for failing to dilute the voice of affected indigenous communities.
- **April 2022:** Mexico's Supreme Court rules in favour of a Mayo-Yoreme Indigenous community, ordering SEMARNAT to carry out prior, free and informed consultation before resolving the project's environmental authorisation. Mexican Supreme Court
- **June–July 2022:** The Mexican government conducts a consultation involving 15 Mayo-Yoreme communities and 81 localities, many outside the zone of direct influence of the project. Geocomunes, Map, SEMARNAT
- **September 2022:** SEMARNAT renews the environmental authorisation, allowing the project to proceed subject to conditions.
- **2023:** Construction officially resumes. KfW
- **June 2026:** The affected communities take direct action, blocking access to the construction site and demanding cancellation of the project. Jornada On 7 June, thousands of people, predominantly Mayo-Yoreme, march from Los Mochis to Topolobampo, demanding the cancellation of the project. Jornada The ¡Aquí No! Movement blocks access to the plant, preventing workers, vehicles and equipment from entering.
- **November 2026:** The blockade continues as of the November 2026 Jornada. The carriers used to move the absorption towers are removed from the construction site, leaving the towers immobile. Greenpeace

KfW at COP31 in Antalya

At COP31 in Antalya, KfW will present itself as an important international climate financier, highlighting its contribution to climate protection, renewable energy, biodiversity and sustainable development. KfW at COP31

Meanwhile, its subsidiary KfW IPEX-Bank remains the lead arranger of financing for a major fossil-gas-dependent industrial project in Mexico, backed by a German federal export credit guarantee.

Further information

- https://camaronesogas.org/
- https://www.kfw-ipex-bank.de/Press/Topolobampo/
- https://avispa.org/en/the-topolobampo-megaproject-the-tip-of-the-iceberg-of-something-more-complicated/
- https://esperanzaproject.com/2026/mx/topolobampo-weigh-federal-plan/

