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About

Our work

Team

News

Jobs

Search



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British coal pledge 'not worth the paper it's written on'

20th November 2013, from Jubilee Debt, Christian Aid, World Development Movement

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A British pledge to "end support for public financing of new coal-fired power plants overseas "is not worth the paper it is written on," says a campaign group, and another urges him to push for an end to private financing of coal.

Davey 'pledge' excludes main UK body which funds coal

Today Secretary of State for Energy and Climate Change Edward Davey has claimed that the UK will "end support for public financing of new coal-fired power plants overseas, except in rare circumstances in which the poorest countries have no feasible alternative." [1]

However, the pledge explicitly excludes UK Export Finance, the main UK government body which funds fossil fuel projects overseas. UK Export Finance gives and guarantees loans to overseas buyers of UK exports. In 2012-13, UK Export Finance guaranteed £4.3 billion of loan to all sectors. In

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Tim Jones from Jubilee Debt Campaign in the UK said:

"This 'pledge' is not worth the paper it is written-on. It excludes UK Export Finance, the main part of the UK government which funds dirty fossil fuels overseas. In the last year, UK Export Finance has guaranteed loans to Siberian coal mines and Brazilian offshore oil drilling. All this is set to carry on, continuing to break a previous government commitment in 2010 to end UK Export Finance support for 'dirty fossil fuels'."

In its 2010 coalition agreement, the UK government pledged to stop "supporting investment in dirty fossil-fuel energy production".[2] They have continued to do so.

Notes

[1] <https://www.gov.uk/government/news/uk-urges-the-world-to-prepare-for-action-on-climate-change-and-puts-brakes-on-coal-fired-power-plants>

[2] The coalition agreement says "We will ensure that UK Trade and Investment and the Export Credits Guarantee Department become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78977/coalition_programme_for_government.pdf

UK must now end private finance for coal, say campaigners

day 39 Image by [mjtmail \(tiggy\)](#)

Following today's **announcement by UK energy and climate secretary Ed Davey** that the UK will end public development finance for new coal-fired power plants overseas (except in rare circumstances), the **World Development Movement** has called on him to also push for an end to private financing of coal by the UK finance sector.

Speaking at the UN climate talks in Warsaw, Ed Davey said, "It is completely illogical for countries like the UK and the US to be decarbonising our own energy sectors while paying for coal-fired power plants to be built in other countries."

The World Development Movement's head of campaigns and policy Hannah Griffiths said: "Ed Davey is right that the UK needs to end its financing of coal and we welcome this move. But until we can cure the private finance sector of its coal addiction, coal will carry on cooking the planet thanks to UK money. Ed Davey must not forget that the UK government should also act to stop UK private finance supporting coal - regulating the finance sector is our only hope of keeping the coal in the ground."

UK banks lend more money for coal mining than banks from any other country except the USA, **according to a report released on Friday by BankTrack**. Four UK banks – RBS, Barclays, HSBC and Standard Chartered - feature in the global top 20 lending money and underwriting bonds and shares for coal mining companies worldwide.

The World Development Movement's report '**Banking while Borneo Burns**' released last month revealed that UK banks have lent more money for Indonesian coal than banks from any other country since 2009, while Standard Chartered, the UK's second biggest bank, has lent more than any other bank in the world. Indonesia has the world's fastest growing coal sector.

CHRISTIAN AID WELCOMES UK MOVE TO SCRAP OVERSEAS COAL FUNDING

In response to the announcement by UK minister Ed Davey at the UN climate summit in Warsaw that Britain will not fund coal powered plants in other countries, Christian Aid's Senior Climate Adviser, Alison Doig, said:

'In the week that Poland showcased its love for dirty energy with its hosting of a meeting of coal producers during the climate summit, this move by the British government is a glimmer of hope towards a lower carbon world.

'The UK now needs to push the EU to support the creation of a meaningful mechanism on loss and damage to respond to devastating climate change events.'

Ends

Warsaw - Day 8: King Coal gets a kicking

By Paul Brown in Warsaw

Brown, a Climate News Network editor, reports on concerns at the climate change negotiations that banks are paving "the highway to hell" by investing billions in coal and so worsening climate change.

Coal has dominated the agenda in Warsaw, with demonstrations against the Polish Government's decision to hold a coal summit during the climate talks.

Scientists, UN officials and green groups said coal reserves must be left in the ground if the climate is not to overshoot the internationally agreed safe maximum temperature increase of 2°C over pre-industrial levels.

Christiana Figueres, executive secretary of the UN Framework Convention on Climate Change, who had left the climate talks to address the Coal and Climate Summit, had an uncomfortable message for the assembled chief executives of coal companies.

"I am here to say coal must change rapidly and dramatically for everyone's sake", she told them. Coal use could continue only if carbon dioxide was captured and stored, otherwise the world should switch to wind and solar, which she said were already competitive on cost in many parts of the world.

During the coal summit 27 of the world's leading climate and energy scientists issued a statement saying investment in new coal plants without capturing the carbon dioxide emissions from them was unacceptable.

Banks' "hypocrisy"

One of them, Dr Bert Metz, a former co-chair of the Intergovernmental Panel on Climate Change (IPCC), said even the most

efficient coal plants were unacceptable if the climate was to be kept safe – they were twice as polluting as gas and 15 times more so than renewables. Alternatives to fossil fuels are readily available and affordable, he said.

Beata Jaczewska, head of the Polish delegation at the climate talks, defended her Government's decision to call a coal summit at the same time as the climate talks by saying that "coal has to be part of the solution." Poland produces 86% of its electricity from coal.

Environment campaigners exposed what they called "the hypocrisy of banks" in claiming they care about the climate while providing billions of dollars to finance new coal mines, underwrite share issues and even own mines themselves.

A report, *Banking on Coal*, "provides a Who's Who list of the financial institutions undermining the Earth's climate system and our common future." The report says American, Chinese and British banks are currently the biggest investors in coal, and if all the investments pay off then there is no hope of saving the planet from the ravages of global warming.

Heffa Schücking, one of the report's authors, said: "It is mind-boggling to see that less than two dozen banks from a handful of countries are putting us on a highway to hell when it comes to climate change. Big banks already showed that they can mess up the real economy. Now we're seeing that they can also push our climate over the brink."

American banks lead

In the period since the Kyoto Protocol came into force in 2005 four American banks, Citi, Morgan Stanley, Bank of America and JPMorgan Chase, have been the biggest coalinvestors. Between them they have ploughed more than €24 billion into mining coal.

To expose their "hypocrisy", the report says some of the banks claim to be carbon-neutral while investing in the fossil fuel that is most damaging to the planet. Citi claims to be "most innovative investment bank for climate change and sustainability." Morgan Stanley will "make your life greener and help tackle climate change", while Bank of America claims to be "financing a low carbon economy."

The Americans do not have a monopoly on any hypocrisy, because most of the 20 leading fossil fuel banks mention their relatively tiny investments in renewables or energy efficiency, and make their underwriting of vast coal developments hard to find. All of them claim to be responsible lenders.

Chinese on the rise

European and Chinese banks fill most of the remaining top 20 places in the table of what the report calls "mining banks." Researchers note that since 2011 the Chinese have stepped up their coal investments and have leapfrogged other banks to take four of the top seven places in the coal investment league.

Despite this, the US has still been the biggest coal investor in the last two years, with more than €15 bn in direct loans or underwriting shares and bonds. China is second, with just below €15 bn, the UK third with €8 bn and France fourth with just under €5 bn.

Top 20 mining banks 2011- mid-2013. 1 Morgan Stanley, 2 Citi, 3 Industrial and Commercial Bank of China, 4 Bank of

America, 5 China Construction Bank , 6 Agricultural Bank of China, 7 Bank of China, 8 Royal Bank of Scotland, 9 BNP Paribas, 10 China Development Bank, 11 JPMorgan Chase, 12 Standard Chartered, 13 Barclays, 14 Deutsche Bank, 15 UBS, 16 Credit Suisse, 17 Mitsubishi UFJ Financial Group, 18 HSBC, 19 Sumitomo Mitsui, 20 Goldman Sachs.

Banking on Coal was published by the German environmental NGO Urgewald, the Polish Green Network, the international NGO network BankTrack and the CEE Bankwatch Network.

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