BANKTRACK Les Amis de la Terre France COAL BANK BRIEFING

CRÉDIT AGRICOLE: QUIT COAL!

This briefing is one in a series published by **BankTrack**, an international NGO that tracks banks and campaigns to transform their impact on people and planet, and is part of our **Banks: Quit Coal!** campaign. Visit www.coalbanks.org for extensive data and coverage of the banking sector's global coal financing. For any additional information or feedback, contact BankTrack's Climate and Energy Campaign Coordinator Yann Louvel at: yann@banktrack.org

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CRÉDIT AGRICOLE'S SUPPORT FOR COAL CONTINUES APACE – TIME TO END IT FOR GOOD

Even though Crédit Agricole continues to refuse to publicly disclose figures related to its energy financing, the latest coal finance figures that civil society analysts have been able to compile for one of France's leading banks do show a decline in its largesse for the beleaguered sector between 2013 and 2014 (see graph). Of course, we've been here before, in 2012, only for Crédit Agricole's overall coal financing to then jump in 2013.

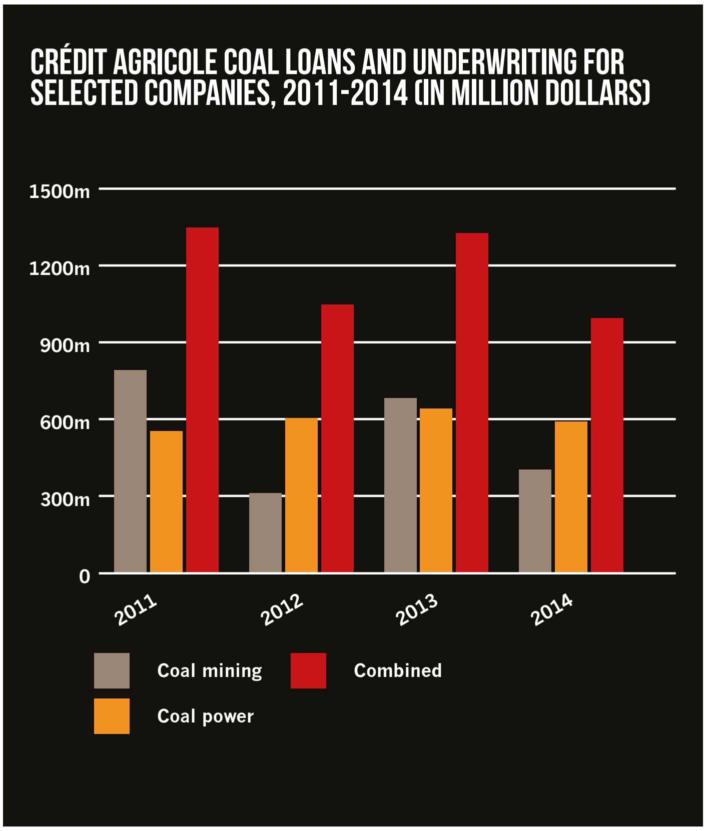
And while coal companies around the world now appear to be stuck in a terminal death spiral, with investors likely to steer a long term, safe course away from the global climate's worst enemy, there remains a bit of a problem still at Crédit Agricole: inadequate coal financing policy coverage.

Yes, Crédit Agricole has taken some steps over the last year to make the rules governing its financing to the coal sector vaguely fit for the twenty-first century, particularly in the mining sector, but the bank has yet to move on excluding finance for new coal power plants around the world or for coal utilities per se.

Unlike coal bank trend-setters Natixis and ING, which are now starting to rule out all coal power projects, or committing to reduce coal power sector financing as a whole, last year Crédit Agricole announced a new commitment ruling out finance only for new coal power stations in high-income countries. This limited restriction means that the bank can continue to finance new coal plants in countries where more than 93% of the world's 2440 proposed coal plants are located.

Staggeringly, despite having signed the Paris Pledge for Action and committed to play its part in realising the goal of limiting the global temperature rise to less than 2°C, Crédit Agricole is currently considering the financing of the expansion of the Tanjung Jati B coal-fired power plant in Indonesia. Rather than implicating itself in such dubious coal projects, Crédit Agricole should now be focusing primarily on tightening its policy coverage in order to finally consign its coal financing to history.

Young Friends of the Earth France protesting Crédit Agricole's support for a Croatian coal plant © Michael Bunel, 2015.



CRÉDIT AGRICOLE'S CLIMATE CREDENTIALS ON THE LINE IN INDONESIA

Tanjung Jati B (TJB) in central Java, Indonesia, is a 2,640 megawatt (MW) coal-fired power plant with four 660 MW generating units. Two new 1,000 MW units, with an estimated cost of $4 billion and a tenure of 23 years, comprise a new expansion plan at the plant. It was reported in January 2016 by Project Finance International that "two French banks – Crédit Agricole and Société Générale – are understood to have joined the lending group for the expansion of Tanjung Jati B (TJB2) coal-fired power plant, following the withdrawal of BNP Paribas."

In climate change terms alone, if the banks opt to bankroll this Indonesian coal plant expansion, they will be aiding and abetting what is becoming an acute emergency situation in this part of the world. As World Bank president Jim Yong Kim recently commented during this year's World Bank meetings in Washington D.C., "I am extremely worried right now ... if the entire [south and south-east Asia] region implements the coal-based plans that are in existence right now, I think we are finished."

The gravity of the situation could not be clearer. The two new units at TJB2 may indeed be 'ultra-super-critical' (units 1 to 4 are 'subcritical'), but using the best available technology does not make coal-burning consistent with climate targets. A 2015 OECD report stated that even the most advanced (and costly) coal-fired power plants would not be consistent with the 2°C goal, unless they can capture and store the CO2 they produce – which, in the best case scenario, will not be possible for many years.

And while potential TJB2 financiers may argue that the construction of less carbon intensive coal-fired power plants ought to be promoted to replace high-carbon coal power plants, plant retirements globally are simply not happening quickly enough to offset the opening of new plants.

In Indonesia alone, not only is there no existing plan to decommission old polluting plants, but TJB2 would be only one of an outrageous 100 new coal-fired plants currently being planned.

Indonesia has pledged to reduce its emissions by 29% by 2030 but the expansion of its current carbon-based infrastructure, and in particular its coal-fired power plants, would seriously undermine this goal. Since the Paris climate summit, and despite having shifted somewhat of late to talk up renewable energy potential, there has been no commitment either from the government or PLN, the Indonesian electricity company, to cancel the coal development plan.

In terms of climate economics, the justification for the expansion of TJB is wholly unconvincing when viewed alongside clean energy potential and costs. Indeed, Indonesia's Energy and mineral resources minister pointed out in March this year that the development of the country's renewable energy sector would cost one tenth of what has been spent on fossil fuel subsidies alone in the last ten years (Rp 260 trillion, or $19.6 billion, compared to the Rp 2,600 trillion which has been paid in subsidies).

EXTREME PUBLIC HEALTH IMPACTS SET TO WORSEN

While all coal-fired power plants cause death and disease through their emissions, the problem is particularly acute in south-east Asia because of lax emission standards: all south-east Asian countries allow new coal-fired power plants to emit 5-10 times more major air pollutants than China, the U.S., and the EU.

Children playing on the beach near the Tanjung Jati B in central Java. Kemal Jufri, Greenpeace, 2015.

Given this state of affairs, last year Greenpeace commissioned Harvard University to carry out a detailed report on the health impacts of air pollution from coal-fired power plants in Indonesia.

The research's key warning is that if Indonesia pursues its current plans to build more than 20 gigawatts of new coal capacity, it could cost the lives of 28,300 people every year.

TJB alone is already responsible for a heavy public health toll: using the methodology of the Harvard study for emission estimates and health impacts, Greenpeace estimates that the TJB power plant is currently responsible for 1,020 premature deaths per year, including those of small children, even though TJB is assumed to meet national environmental standards and units 3 and 4 at the plant are equipped with a desulphurisation system. These figures relate to the power plant as it currently operates and they will only worsen if the two 1000 MW units are constructed.

CRÉDIT AGRICOLE HAS NO BUSINESS IN TBJ2

While Crédit Agricole committed in 2015 only to end its financing for coal-fired power plants in 'high-income countries', should the bank pursue the TJB2 deal it would be inconsistent with its signing of the Paris Pledge for Action. There is still time for Crédit Agricole to withdraw from the project, as BNP Paribas has already done, and show that its coal business cannot continue as usual after the Paris summit.

The alternative is that the bank's climate credentials will be severely dented – though nowhere near as badly dented as the lives of the people already suffering in the shadow of the existing TBJ plant.

More widely, civil society coal campaigners are calling on Crédit Agricole to stop bankrolling coal power plants and coal infrastructures, without any exception, and to exclude companies if one of these criteria apply:

- **They are making investments into new coal mines, new coal power plants or coal infrastructures.**
- **30% or more of their power production or revenues are coal-based.**
- **Their annual coal production or consumption exceeds an absolute threshold of 20 million tons.**