



[Immediate Press release (November 18th, 2015, 10:00am)]
OECD countries agree to limit overseas public financing
for coal-fired power plants

-- One step ahead, but still far from 2°C target to prevent climate change ---

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On November 17th, OECD countries reached an agreement to limit overseas public financing for coal-fired power plant projects during a Working Party on Export Credits and Credit Guarantees (ECG) meeting in Paris. This agreement is an important first step in restricting construction of new coal power plants internationally, which are major sources of greenhouse gas emissions.

However, this agreement has limited effects. It still permits the financing of Subcritical and Supercritical (SC) technologies for small to medium-sized coal plant projects in low-income countries. In addition, it still allows Ultra-supercritical (USC) technology for any sized projects. Since plants with USC technology even emit twice as much CO₂ as natural gas plants, they will miss out on the opportunity of cutting CO₂ emissions in the years to come. The agreement is far from the goal of keeping average rises in temperature below 2°C. Therefore, as a next step, it is critical that the agreement is quickly revised to ban financing for any coal plants projects.

This ECG discussion was limited to the projects supported by export credits, which the OECD arrangement is only applied to. On the other hand, the projects covered by OECD arrangements are only about 10% of the portfolio of Japan Bank for International Cooperation (JBIC), which has been financing the largest amount of public money to coal-fired power plants in the world, along with Nippon Export and Investment Insurance (NEXI) during the period of 2007 to 2014. If this agreement only applies to the OECD arrangement projects, the true impact of this regulation would clearly be limited. The Japanese government should apply the OECD agreement to all public financing schemes of JBIC and NEXI, including non-arrangement projects, in order to curb support for low-efficient coal-fired power plant technologies.

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