



# ADDING FUEL TO THE FIRE



EXPORT CREDIT  
AGENCIES AND  
FOSSIL FUEL  
FINANCE



# **Adding Fuel to the Fire: Export Credit Agencies and Fossil Fuel Finance**

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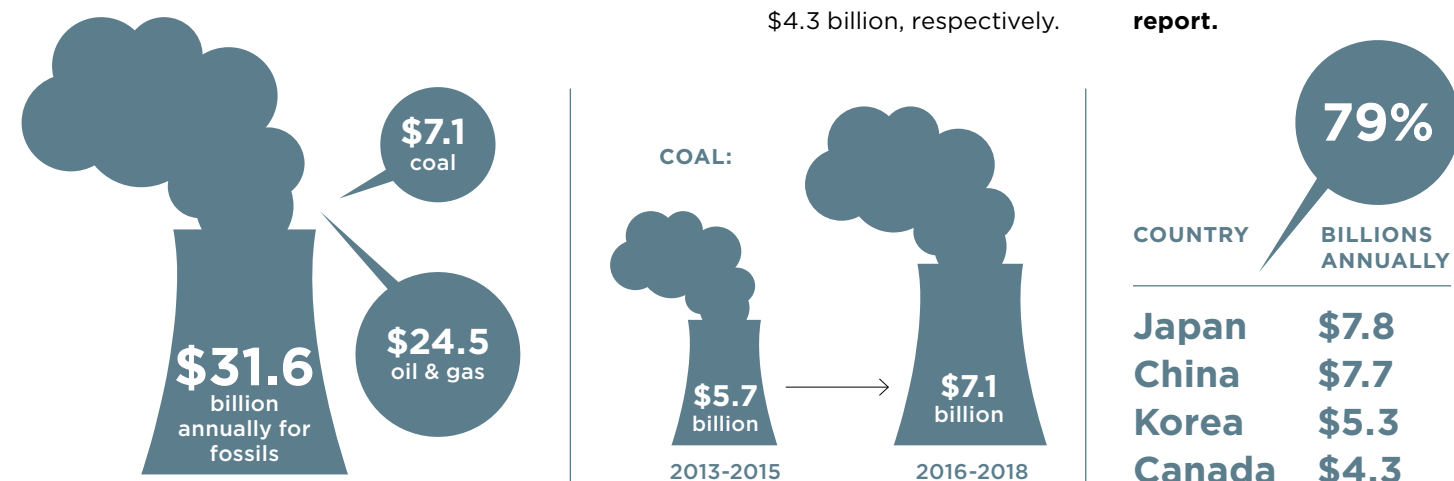
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# Executive Summary

The Export Credit Agencies (ECAs) of G20 countries continue to be a significant source of support for fossil fuel projects around the world. Key findings from this report include:

- From 2016 to 2018, ECAs provided USD 31.6 billion annually to support fossil fuel projects – \$7.1 billion for coal and \$24.5 billion for oil and gas. This is compared to only \$2.7 billion annually for renewable energy.
- Despite recent restrictions on ECA coal finance, support for coal projects climbed from \$5.7 billion to 7.1 billion on average annually compared to the period before ECAs reached an agreement on coal (2013 to 2015).
- Four countries – Japan, China, Korea, and Canada – account for 79 percent of G20 ECA fossil fuel support. Japan and China are the worst offenders, providing \$7.8 and \$7.7 billion annually to fossil fuels, followed by Korea and Canada with \$5.3 and \$4.3 billion, respectively.
- A lack of transparent reporting from ECAs continues to make it difficult to get a complete picture of the amount and type of energy projects they are supporting, meaning levels of fossil fuel finance could be much higher than shown in this report.



Therefore, it is recommended that ECAs:

- Close the loopholes in the 2017 Organization for Economic Cooperation and Development (OECD) agreement that restricts coal financing to ensure an end to all ECA support for coal including for financial intermediaries and associated infrastructure.
- Immediately end all ECA support for gas and all other fossil fuels, given that gas, especially liquefied natural gas (LNG), can be as bad for the climate as coal and there is no room for further expansion of gas, oil, or coal in our global carbon budget.
- Require all ECAs to disclose fully disaggregated data on the amount of finance, type of finance, and specifics on the projects being financed (including the type of energy, a project description, and the relevant stage(s) of the supply chain) within six months of approving the support.

# Introduction

With each passing year, the world is experiencing increasing numbers of and more severe impacts of climate change. From flooding in Mozambique to hurricanes and wildfires in the United States, the personal and financial impacts are being felt everywhere, most severely by communities already facing the largest economic and environmental injustices. The U.S. government's most recent National Climate Assessment found that more frequent and extreme weather events are already severely damaging the environment and economy at a cost of tens of billions of dollars to the U.S., while increasing harm to human health and loss of life.<sup>1</sup> The United Nations has also found that climate change is the biggest threat to development and it disproportionately impacts the world's poorest.<sup>2</sup>

In order to mitigate the impacts of climate change, the world must make immediate changes to our energy systems. According to the Intergovernmental Panel on Climate Change, a rapid transition to 100 percent renewable energy is needed to keep warming to 1.5 degrees Celsius and avert the worst impacts of climate change.<sup>3</sup> But time is running out. A recent Oxford study showed that to have a 50 percent chance of keeping the world under two degrees Celsius of warming, no new fossil fuel power plants of any kind could be built after 2017.<sup>4</sup>

The only way to accomplish the necessary shift is for financial institutions to re-direct their financing away from fossil fuels toward renewables. As actors with a public mandate and an outsized influence on energy investment patterns, ECAs and other public financial actors have a responsibility to lead.<sup>5</sup> OECD ECAs have placed some restrictions on coal financing that went into effect in 2017, but the restrictions do not phase out all support for coal and do not address oil and gas at all.<sup>6</sup>

**Despite the climate emergency, ECAs are doubling down on fossil fuels. Japan's ECAs continue to support new coal projects; Canada's ECA is pouring money into tar sands; and many ECAs are jumping at the chance to support LNG in northern Mozambique and elsewhere. This support runs counter to the pledges that G20 countries and project host countries made as part of the Paris Agreement.**

## BOX 1. SOME PROMISING COMMITMENTS ON THE HORIZON

Some promising policies at ECAs, as well as at other public finance institutions like multilateral development banks, have been adopted or are in the process of being developed:

- Sweden's ECA, AB Svensk Exportkredit (SEK), has joined the Fossil Free Sweden Initiative and has limited lending to oil, gas, and coal to at most five percent of its total lending.<sup>7</sup> In addition, the Swedish government banned export credits to fossil fuel exploration and extraction by 2022 at the latest.
- In December 2019, France adopted a new law that officially banned export credits for coal, shale oil and gas, and routine flaring.<sup>8</sup>
- The European Investment Bank (EIB) has issued a policy that will end its support for virtually all oil, gas, and coal by the end of 2021.<sup>9</sup>
- After 2019, the World Bank will no longer finance upstream oil and gas projects except in the poorest countries under certain circumstances.<sup>10</sup>

1 U.S. Global Change Research Program, *Fourth National Climate Assessment: Volume III Impacts, Risks, and Adaptation in the United States* (Nov. 2018), <https://nca2018.globalchange.gov/>.

2 United Nations, *Sustainable Development Goals Report 2016* (2016), <https://unstats.un.org/sdgs/report/2016/overview/>.

3 IPCC, *Special Report on Global Warming of 1.5 Degrees* (SR15), pp. 11-12 (Oct. 2018), <http://www.ipcc.ch/pdf/special-reports/sr15/>.

4 Alexander Pfeiffer, et al., *The '2°C Capital Stock' for Electricity Generation: Committed Cumulative Carbon Emissions from the Electricity Generation Sector and the Transition to a Green Economy*, 179 APPLIED ENERGY 1,395 (2016), <http://www.sciencedirect.com/science/article/pii/S0306261916302495>.

5 Jessica Brown & Michael Jacobs, *Leveraging Private Investment: The Role of Public Sector Climate Finance* (Overseas Development Institute, Apr. 2011), <https://www.odi.org/publications/5701-leveraging-private-investment-role-public-sector-climate-finance/>.

6 OECD, Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects, 27 Nov. 2015, TAD/PG(2015)9/FINAL, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG\(2015\)9/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG(2015)9/FINAL&docLanguage=En).

7 AB Svensk Exportkredit (SEK), Annual Report 2018, p. 41 (2019), <https://www.sek.se/en/wp-content/uploads/sites/2/2019/04/Annual-Report-2018.pdf>.

8 Government of France, Report of the Government to the Parliament on the Ways of Modulating Public Guarantees for Foreign Trade, 5 Nov. 2019, <https://www.economie.gouv.fr/rapport-du-gouvernement-au-parlement-sur-les-pistes-de-modulation-des-garanties-publiques>; Republic of France, LAW n° 2019-1479 of December 28, 2019 of Finance for 2020 (1), art. 201, <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT-TO00039683923&dateTexte=&categorieLien=id#JORFARTI000039684001>.

9 European Investment Bank (EIB), *EIB Energy Lending Policy: Supporting the Energy Transformation* (Nov. 2019), [https://www.eib.org/attachments/strategies/eib\\_energy\\_lending\\_policy\\_en.pdf](https://www.eib.org/attachments/strategies/eib_energy_lending_policy_en.pdf).

10 Michel Rose & Ingrid Melander, World Bank to Cease Financing Upstream Oil and Gas after 2019, REUTERS, 12 Dec. 2017, <https://www.reuters.com/article/us-climatechange-summit-worldbank-idUSKBNIE61LE>; World Bank, Press Release, World Bank Group Announcements at One Planet Summit, 12 Dec. 2017, <https://www.worldbank.org/en/news/press-release/2017/12/12/world-bank-group-announcements-at-one-planet-summit>.

# Methodology and Sources of Findings

This report analyzed data on the support that ECAs from 14 G20 countries provided to energy projects from 2016 to 2018. The data reviewed includes ECA support for exploration, development, extraction, and transportation of fossil fuels; power plant construction and operation; energy efficiency investments; transmission and distribution of electricity; and decommissioning. It only includes support for related infrastructure, such as the construction or expansion of a port, when it is clear that at least a majority of that infrastructure is intended to support energy production or transportation. Factoring in other projects that aid the fossil fuel industry would add billions more in support. This research is an update to *Financing Climate Disaster*, an analysis conducted in 2017 that presented G20 ECA data for 2013 to 2015.<sup>11</sup>

The forms of energy included in this report are:

**Fossil fuels** = oil, gas, and coal

**Renewables** = solar, wind, geothermal, and small hydro

**Other** = infrastructure categorized as neither renewable nor fossil fuel-related, such as large hydro dams,<sup>12</sup> nuclear, biomass, or transmission infrastructure with no clearly identified energy source.

## Sources of Data

Data for this report comes from Oil Change International's Shift the Subsidies database,<sup>13</sup> which covers a wide range of bilateral and multilateral public finance institutions. This database has collected information from ECAs and other publicly available data, as well as the Infrastructure Journal (IJ) Global database, Boston University's Global Economic Governance Initiative's China Global Energy Database, Above Ground, Bank Information Center, and CEE Bankwatch Network.

Unfortunately, the amount and nature of the disclosure of investment data for ECAs vary greatly. Most ECAs – whether from G20 or non-G20 countries – remain very opaque; only a few allow public access to detailed investment information. Due to this lack of transparency, the finance figures provided in this report are likely significant underestimates.

## ECAs Covered

This report includes data on energy financing from the ECAs in 14 G20 countries, listed in Table 1. Notably, Argentina, Brazil, Indonesia, Saudi Arabia, Turkey, and the European Union are also members of the G20 but are not included in this report due to limitations from transparency, standardized reporting, or the structuring of export development outside of an ECA.

Table 1. ECAs Covered

Country	Export Credit Agency	Abbreviation
Australia	Export Finance and Insurance Corporation	EFIC
Canada	Export Development Canada	EDC
China	China Export and Credit Insurance Corporation	Sinosure
	China Export-Import Bank	CHEXIM
France	Bpifrance (formerly Compagnie Francaise d'Assurance pour le Commerce Extérieur)	Bpifrance (formerly Coface)
Germany	Euler Hermes	Hermes
India	Export-Import Bank of India	India EXIM
Italy	Servizi Assicurativi del Commercio Estero	SACE
	Japan Bank for International Cooperation	JBIC
Japan	Nippon Export & Investment Insurance	NEXI
	Korea Export-Import Bank	KEXIM
Korea	Korea Trade Insurance Corporation	K-Sure
	Mexico	Banco Nacional de Comercio Exterior
Russia	Export-Import Agency of Russia	EXIAR
South Africa	Export Credit Insurance Corporation	ECIC
United Kingdom	UK Export Finance	UKEF
United States	Export-Import Bank of the United States	U.S. EXIM

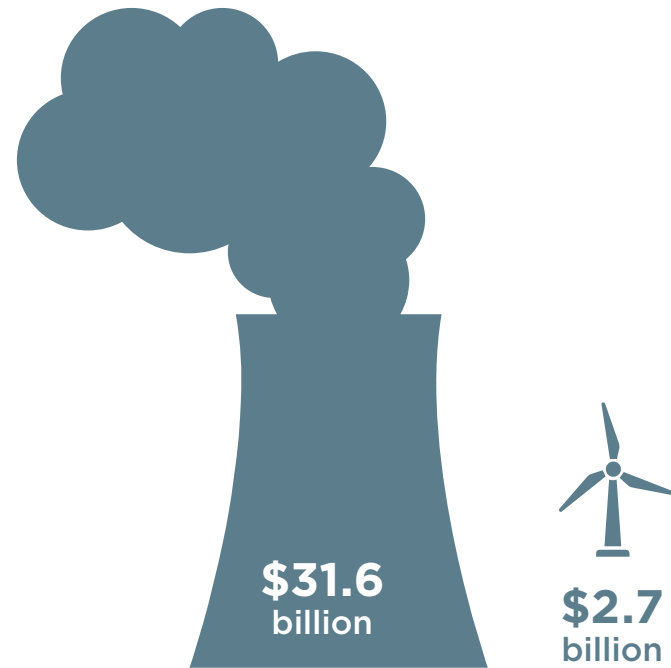
11 Kate DeAngelis & Alex Doukas, *Financing Climate Disaster: How Export Credit Agencies Are a Boon for Oil and Gas* (Nov. 2017), [https://1bps-6437gq8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2017/10/2017.10.16\\_FinancingClimateDisaster\\_final.pdf](https://1bps-6437gq8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2017/10/2017.10.16_FinancingClimateDisaster_final.pdf).

12 Large hydro is not counted as renewable because dams required for the creation of power contribute to climate change by producing large quantities of methane and contributing to deforestation. International Rivers, *Dirty Hydro: Dams and Greenhouse Gas Emissions* (2008), [https://www.internationalrivers.org/sites/default/files/attached-files/dirtyhydro\\_factsheet\\_lorez.pdf](https://www.internationalrivers.org/sites/default/files/attached-files/dirtyhydro_factsheet_lorez.pdf); Bobby Magill, *Hydropower May Be Huge Source of Methane Emissions*, *Climate Central*, 29 Oct. 2014, <http://www.climatecentral.org/news/hydropower-as-major-methane-emitter-18246>; Gary Wockner, *Dams Cause Climate Change, They Are Not Clean Energy*, *EcoWatch*, 4 Apr. 2014, <http://www.ecowatch.com/dams-cause-climate-change-they-are-not-clean-energy-1881943019.html>; Allen F. Isaacman & Barbara S. Isaacman, *Dams, Displacement and the Delusion of Development: Cahora Bassa and Its Legacies in Mozambique, 1965 - 2007*. Ohio University Press, 2013, [jstor.org/stable/j.ctt3fgwvd](http://www.jstor.org/stable/j.ctt3fgwvd).

13 Oil Change International, *Shift the Subsidies: Public Energy Finance Still Funding Fossils* <http://priceofoil.org/shift-the-subsidies/> (last visited 30 Oct. 2019).

# Energy Financing from G20 ECAs

ECAs have continued to support climate disaster while providing little help to renewable energy. They provided \$31.6 billion annually to support fossil fuel projects from 2016 to 2018 compared to \$2.7 billion for renewables.



Overall energy finance in the institutions tracked was lower in 2016-2018 than 2013-2015 due to smaller volumes of lending from U.S. EXIM and Japan's ECAs. However, the overall distribution of finance remained similar. Seventy-five percent of ECA energy financing from 2016 to 2018 went to fossil fuels, up from 74 percent 2013 to 2015. The most notable shift was finance for coal, which climbed from 11 percent of ECA energy finance in 2013 to 2015 to 17 percent in 2016 to 2018. As in 2013 to 2015, ECAs provided nine times as much support to oil and gas than clean energy, despite the fact there is no carbon budget left for expansion of oil and gas extraction.<sup>14</sup>

Figure 1. Support by Type of Energy, 2013 to 2018.

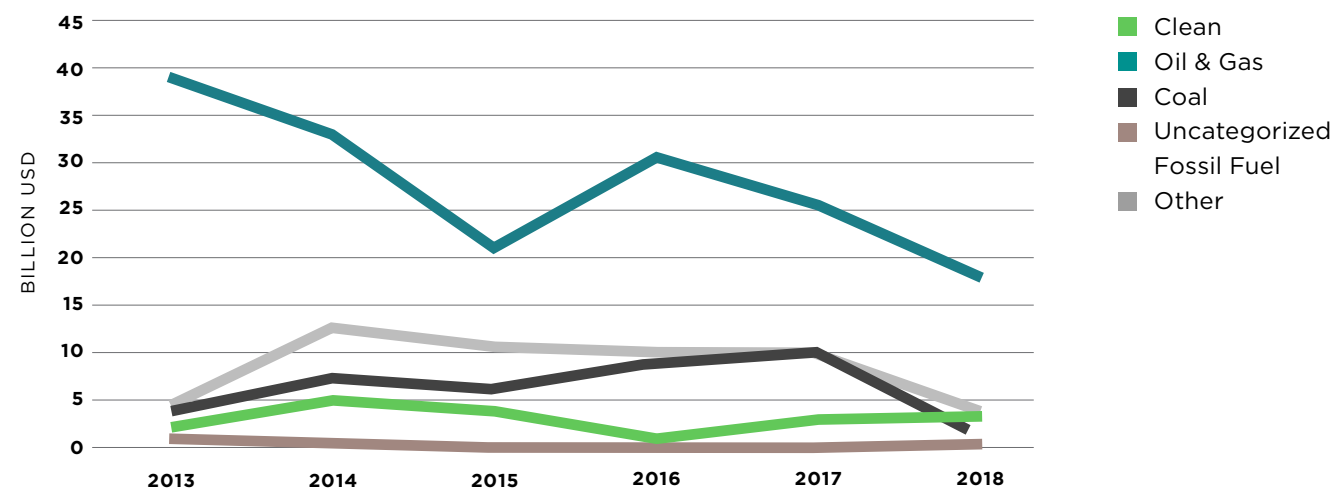
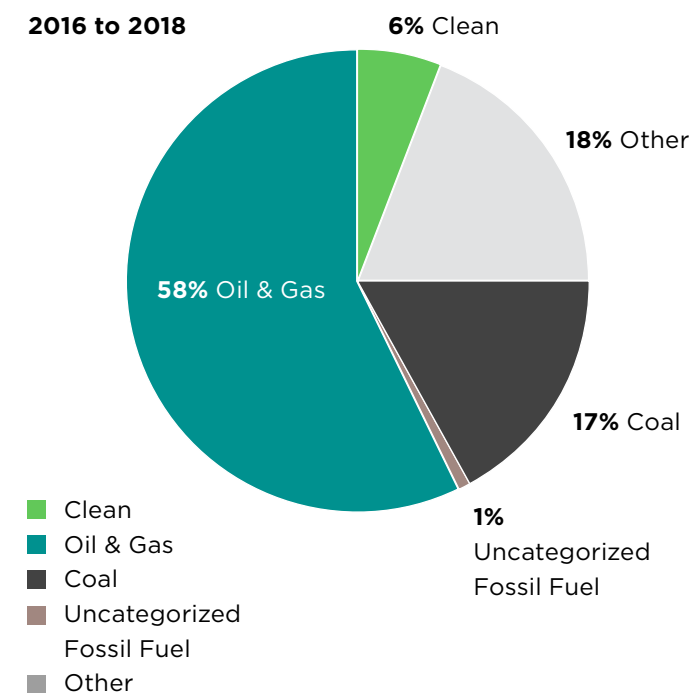
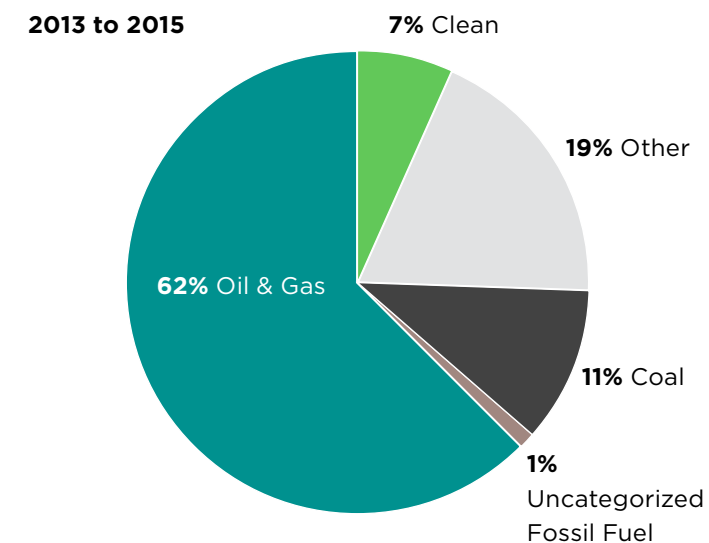


Figure 2. Distribution of Annual Support by Energy Category, 2013 to 2015 and 2016 to 2018.



## Lack of Transparency

The collection of the data used in this report relies mainly on the ECAs themselves disclosing publicly their support for energy projects. Unfortunately, ECAs are often not required to provide such information and are not forthcoming with it.

For instance, France's Bpifrance does not have any fossil fuel projects listed in the Shift the Subsidies database after 2015, but a leaked parliamentary report revealed that France had provided €4 billion in export credit insurance for fossil fuels from 2015 to May 31, 2019. Similarly, Canada's reporting at the project level has resulted in totals for fossil fuel finance less than half than what is stated in their aggregate reporting.<sup>15</sup> In addition, the database only includes a few projects for Mexico, South Africa, and Russia; and does not report on Argentina, Brazil, Indonesia, Saudi Arabia, or Turkey. This is due to a lack of access to data, and is not necessarily reflective of low levels or a lack of fossil fuel project support. In order to have a full accounting of the role that ECAs play in supporting fossil fuels, the OECD and other international fora should require timely reporting of the amount and type of financing and specifics on the projects supported (including the type of energy, a project description, and the relevant stage(s) of the supply chain). ECAs should disaggregate the data with sufficient detail to understand how much support is being provided to which projects.

<sup>14</sup> Greg Muttitt, *The Sky's Limit: Why the Paris Climate Goals Require a Managed Decline of Fossil Fuel Production* (Sept. 2016), <http://priceofoil.org/2016/09/22/the-skys-limit-report/>.

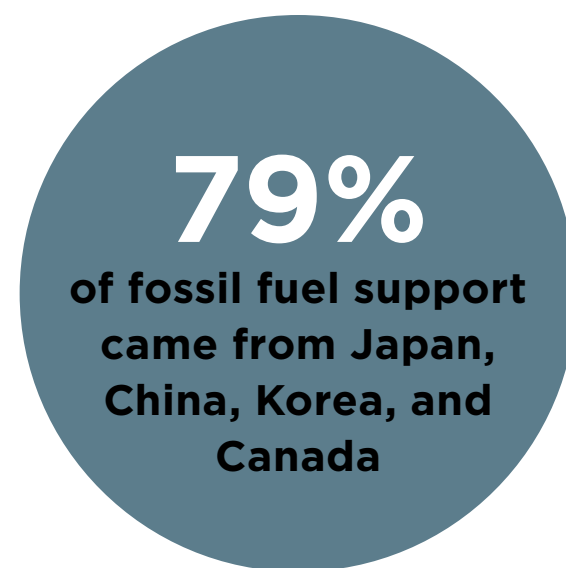
<sup>15</sup> Export Development Canada, *Take on the World: EDC 2018 Annual Report* (2019), <https://www.edc.ca/content/dam/edc/en/corporate/corporate-reports/annual-reports/annual-report-2018.pdf>.

## Worst Actors: Japan, China, Korea, and Canada

**Four countries – Japan, China, Korea, and Canada – accounted for 79 percent of G20 ECA fossil fuel support from 2016 to 2018. Japan led the pack with \$7.8 billion annually for fossil fuels through the Nippon Export and Investment Insurance (NEXI) and the Japan Bank for International Cooperation (JBIC). At the same time, Japan more than doubled its support for renewables from about half a billion in 2016 to over a billion in 2018, but their fossil fuel support still dwarfs their clean energy support.**

China's support for oil and gas projects through the China Export Credit Insurance Corporation (SINO-SURE) and the Export-Import Bank of China (CHEXIM) almost tripled in 2016 to 2018 compared to 2013 to 2015, resulting in a near doubling of their overall support for fossils. Korea, through the Export-Import Bank of Korea (KEXIM) and the Korea Trade Insurance Corporation (K-Sure), provided \$5.3 billion annually. Canada's ECA – Export Development Canada (EDC) – has reported oil and gas project finance of \$3.8 to 5.1 billion for the past three years, though as discussed in Box 2, this is likely two to three times higher in reality.

The U.S. Export-Import Bank (U.S. EXIM), typically a consistent and significant supporter of fossil fuels, was not able to support any project over \$10 million because it lacked board quorum from July 2015 until May 2019. Its support across all sectors dropped to almost nothing during this period and it is extremely likely that it would have otherwise provided billions of dollars in fossil fuel financing. A case in point, almost immediately after achieving board quorum, U.S. EXIM approved \$5 billion for an LNG project in northern Mozambique.<sup>16</sup> Another LNG project in Mozambique, as well as gas projects in Ghana and Mexico, are currently on its docket for a board vote.<sup>17</sup> Moreover, the head of U.S. EXIM, Kimberly Reed, is actively working to increase U.S. EXIM support for LNG despite it being worse for the climate than coal.<sup>18</sup>



16 Export-Import Bank of the United States (U.S. EXIM), Press Release, EXIM Approves \$5 Billion to Finance U.S. Exports to Mozambique LNG Project, 26 Sept. 2019, <https://www.exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project>.

17 U.S. EXIM, Pending Transactions for Environmental Category A and B Projects, <https://www.exim.gov/policies/ex-im-bank-and-the-environment/pending-transactions> (last visited 31 Oct. 2019).

18 Press Release, U.S. EXIM, *Chairman Reed and Liquefied Natural Gas Industry Discuss How EXIM Can Assist U.S. LNG Exporting*, 21 Aug. 2019, <https://www.exim.gov/news/chairman-reed-and-liquefied-natural-gas-industry-discuss-how-exim-can-assist-lng-exporting>.

### Box 2. CANADA: CLIMATE LEADER OR FOSSIL FUEL LACKEY?

While the Trudeau government portrays itself as a climate leader, its export credit agency, Export Development Canada (EDC), is investing not just in international oil and gas projects but within its own borders, especially in the water- and emissions-intensive Alberta oil sands. This is an uncommon practice for ECAs. EDC's mandate was initially expanded to include domestic transactions in 2008 as a temporary emergency response to the global recession, but has never been reversed. Since 2010, EDC has used this loophole to provide up to CAD 14.2 billion in finance to the five major oil sands players, including TC Energy (formerly TransCanada, i.e., the company behind the Keystone XL pipeline) and Enbridge.<sup>19</sup> What's more, EDC's support is likely double to triple what is reported through the Shift the Subsidies Database here because they fail to fully disclose information on their transactions. In aggregated reporting, EDC says they facilitated business worth an average of CAD 8.8 billion for oil and gas projects annually from 2016 to 2018,<sup>20</sup> double what the project-level data revealed and what is reported in the figures above. The discrepancy is due to poor reporting at the project level and unclear bounds on what segments of "business facilitated" reported are direct finance from EDC. What's clear is EDC's priorities are misplaced: from 2012 to 2017 EDC "business facilitated" was 12 times more for oil and gas projects than what they classify as "cleantech" projects – CAD 62 billion compared to CAD 5 billion, respectively.<sup>21</sup> Oil and gas support levels have also increased since Canada signed the Paris Agreement.<sup>22</sup> However, EDC has committed to reduce the carbon intensity of its portfolio under a recently introduced climate change policy.<sup>23</sup> Whether implementation of this policy will lead to major shifts downward in EDC-financed climate pollution remains to be seen.

19 Above Ground, *Fueling the Oil Sands* (15 July 2019), <https://aboveground.ngo/edc/fuelling-extreme-oil/> (updated Aug. 26, 2019).

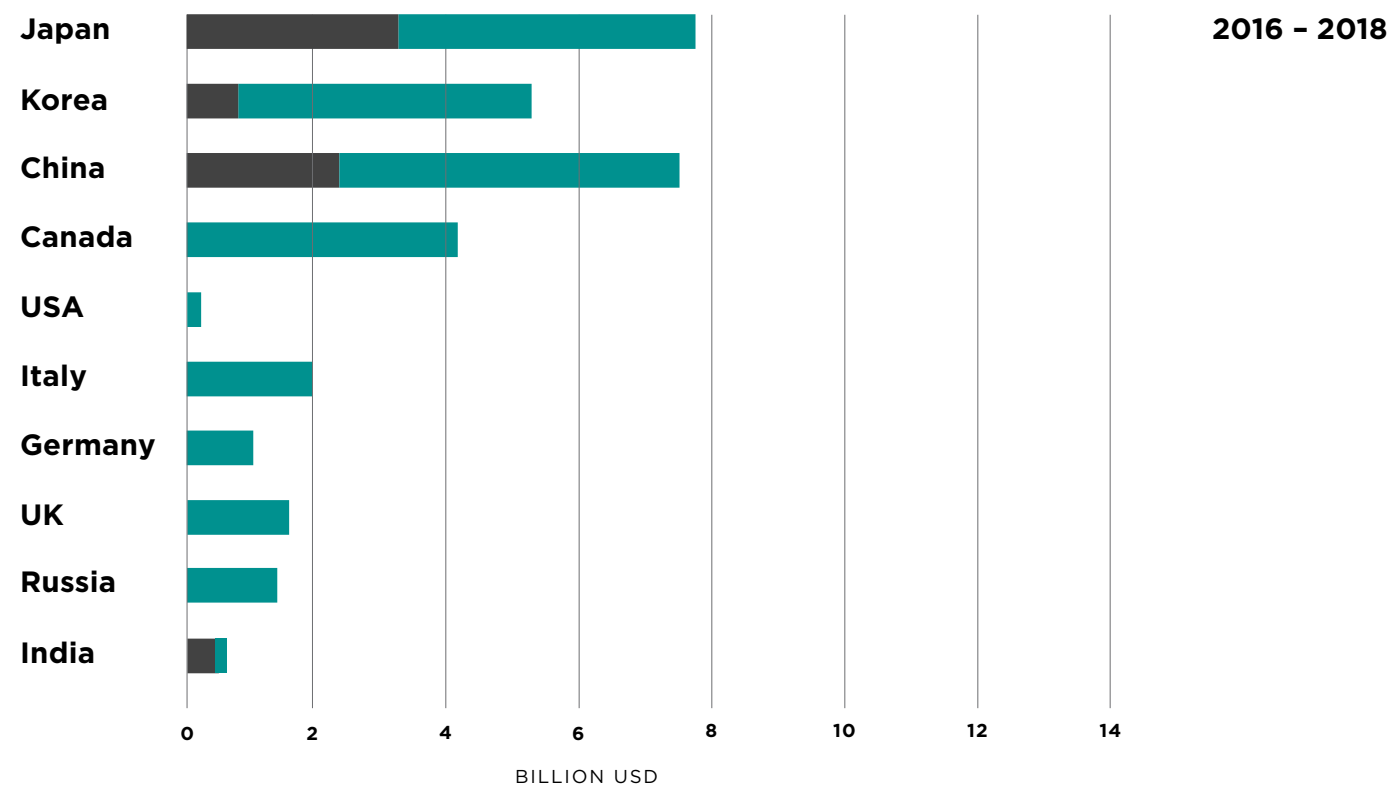
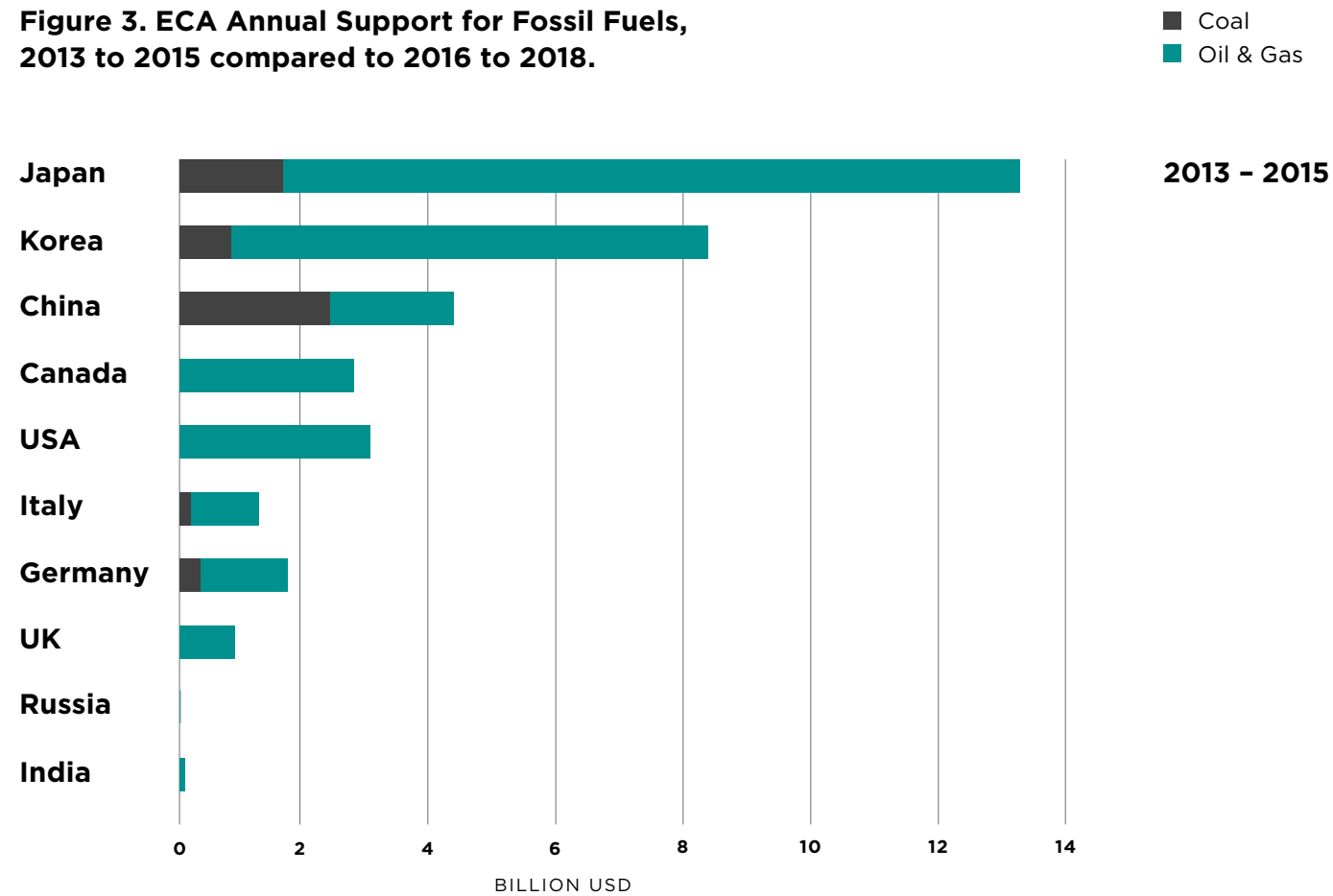
20 EDC, *Take on the World: EDC 2018 Annual Report* (2019), <https://www.edc.ca/content/dam/edc/en/corporate/corporate-reports/annual-reports/annual-report-2018.pdf>.

21 Alex Doukas & Adam Scott, *Risking It All: How Export Development Canada's Support for Fossil Fuels Drives Climate Change* (Nov. 2018), [http://priceofoil.org/content/uploads/2018/11/Risking-It-All-report\\_web.pdf](http://priceofoil.org/content/uploads/2018/11/Risking-It-All-report_web.pdf); EDC, Canadian Industry Sub-sector Disclosures, 2012-2017, <https://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/default.aspx> (last updated 30 June 2019). EDC does not report renewable energy business in aggregate as "cleantech" is a broader category that appears to span clean technology investments in multiple industries. Nevertheless, it is clear that EDC's financing for oil and gas is an order of magnitude greater than its support for even an expansive definition of clean technology.

22 *Id.*

23 EDC, Press Release, Export Development Canada Releases New Climate Change Policy, 28 Jan. 2019, <https://www.edc.ca/en/about-us/newsroom/climate-change-policy-2019.html>.

**Figure 3. ECA Annual Support for Fossil Fuels, 2013 to 2015 compared to 2016 to 2018.**



## Impact of the Coal Agreement

Almost two years ago, restrictions on coal financing for OECD ECAs went into effect. The OECD agreement prohibits OECD ECAs from supporting coal plants unless they use ultra-supercritical technology or are smaller plants in the poorest countries (less than 300 MW for subcritical and less than 500 MW for supercritical).

Only certain types of financing, such as export credit guarantees and insurance, direct credit/financing and refinancing, and interest rate support, are covered. Therefore, ECAs can still technically provide other types of support, such as an investment loan. ECAs can also still support any coal plant for which an environmental and social impact assessment (ESIA) was completed before 1 January 2017 and “acted upon expeditiously.”

Despite these restrictions, the ECAs of Japan and Korea continue to approve billions of dollars for coal projects. JBIC and KEXIM are supporting the Nghi Son 2 coal plant in Vietnam even though it is a supercritical coal plant over 500 MW.<sup>24</sup> JBIC is supporting another supercritical coal plant that is over 500 MW – Van Phong 1 also in Vietnam.<sup>25</sup> In addition, JBIC and NEXI are supporting Kalselteng 2 even though it is subcritical coal plant in a non-IDA country.<sup>26</sup> The ECAs are claiming that the ESIA for these three projects were completed before 2017 even though none of the ESIA were made public before 2017.<sup>27</sup>



24 JBIC, Press Release, Project Finance and Political Risk Guarantee for Nghi Son 2 Coal-Fired Power Generation Project in the Republic of Vietnam, 13 Apr. 2018, <https://www.ibic.go.jp/en/information/press/press-2018/0413-010921.html>; Market Forces, Nghi Son 2 (2 x 600 MW), <https://www.marketforces.org.au/research/vietnam/nghi-son-2/> (last updated 4 Oct. 2018).

25 JBIC, Press Release, Project Finance for Van Phong 1 Coal-Fired Power Generation Project in the Republic of Vietnam, Apr. 19, 2019, <https://www.ibic.go.jp/en/information/press/press-2019/0419-012106.html>.

26 JBIC, Buyer's Credit for National Power Company of Indonesia: Supporting Export of Facilities for Kalselteng 2 Coal-Fired Power Plant by Japanese Companies, 21 June 2017, <https://www.ibic.go.jp/en/information/press/press-2017/0621-55725.html>.

27 JBIC, Projects whose Loan Agreement was Executed (Projects for which JBIC Received Screening Form after April 1, 2015), <https://www.ibic.go.jp/en/business-areas/environment/projects/page.html?ID=54664&lang=en> (last visited Sept. 11, 2018); Marubeni Corp., *Bao Cao Danh Gia Tac Dong Mai Truong* (2015), [https://www.ibic.go.jp/ja/business-areas/environment/projects/pdf/60385\\_2.pdf](https://www.ibic.go.jp/ja/business-areas/environment/projects/pdf/60385_2.pdf).





# Recommendations for Policymakers

**ECAs remain top public supporters of fossil fuels despite the havoc they are wreaking on the climate, human civilization, and the planet. Government attempts thus far to restrict ECA financing have mainly been limited to coal even though the expansion of oil and gas are also incompatible with a safe climate future. The remaining carbon budget precludes any new extraction of fossil fuels if the world is to have a reasonable chance of averting the worst impacts of climate change.<sup>32</sup>**

Finally, coal plants also received ECA support because they were ultrasupercritical:

- JBIC, NEXI, and KEXIM are supporting Cirebon phase 2 in Indonesia;<sup>28</sup>
- JBIC, NEXI, KEXIM, and K-SURE are supporting the Vinh Tan 4 expansion in Vietnam;<sup>29</sup> and
- JBIC and NEXI are supporting Tanjung Jati B Unit 5 and 6 in Indonesia, which JBIC could have financed even if it had not been ultrasupercritical because the type of financing JBIC provided (i.e., loan agreement for project finance) was not restricted under the OECD agreement.<sup>30</sup>

The annual average support for coal by G20 ECAs from 2016 to 2018 increased by \$1.4 billion annually compared to the time period of 2013 to 2015. Almost 90% of ECA financing for coal 2016 to 2018 went to coal-fired power plants. While the coal financing from China, Japan, and Korea decreased in 2018, it is hard to know whether that is actually a trend since the distribution of funds often fluctuate widely from year to year. Moreover, the fact that there was a dip in China's support – which is not a member of the OECD and therefore not restricted in its coal financing – indicates that there might be other external market and geopolitical factors causing the 2018 decrease. Another reason not to be optimistic is there are at least nine new coal plants that JBIC and NEXI, and a few other ECAs, are considering supporting.<sup>31</sup>

**Immediately end all ECA support for fossil fuels.**

- **Close OECD coal sector understanding loopholes** – ECAs in OECD countries should start by closing the loopholes in the OECD coal sector understanding that have allowed Australia, Japan, Korea, the U.S., the United Kingdom, and South Africa to continue to support coal projects. The sector understanding should cover all activities that facilitate any coal exploitation on a full lifecycle basis, meaning coal plants and related coal infrastructure like mines and transportation, no matter the technology or when the environmental impact assessment was conducted. It should also cover indirect coal lending through financial intermediaries and be extended past the OECD to the International Working Group on Export Credits (IWG), an initiative started by the U.S. and China in 2012 to create global guidelines on export credits.
- **End oil and gas financing** – ECAs must make new commitments both domestically and internationally to end all support for oil and gas projects, including exploration, related infrastructure, and power plants. These international efforts should take place at both the OECD, as well as the IWG. Without these changes, ECAs will be inhibiting the necessary transition to renewables.

**Improve transparency of emissions created and projects supported.**

The OECD should require ECAs to provide timely accounting of the full life cycle and lifetime emissions of the projects they support. ECAs should provide the amount and type of financing (e.g., direct loan) and specifics on the projects supported (e.g., a train with a primary purpose of transporting coal from mine to power plant). Furthermore, this data should be disaggregated on a project and sub-project basis. This is the bare minimum needed in order to have a clear picture of the climate impact of these projects, which will continue to pollute for decades after the ECA support is repaid. Without this information, affected communities and organizations cannot provide input, nor have a clear understanding of which projects ECAs are involved in.

28 JBIC, Project Finance for Expansion of Cirebon Coal-fired Power Plant in Indonesia, Press Release, 14 Nov. 2017, <https://www.jbic.go.jp/en/information/press/press-2017/1114-58532.html>.

29 JBIC, Buyer's Credit for Vietnam Electricity (EVN): Supporting Export of Facilities for Vietnam's First Ultra-Supercritical Coal-fired Power Plant, 11 Apr. 2017, <https://www.jbic.go.jp/en/information/press/press-2017/0411-54873.html>.

30 JBIC, Project Finance for Re-expansion of Tanjung Jati B Coal-Fired Power Plant in Indonesia, Press Release, 27 Feb. 2017, <https://www.jbic.go.jp/en/information/press/press-2016/0227-53953.html>; NEXI, Indonesia / Loan Insurance for Expansion of Tanjung Jati B Ultra-supercritical Coal Fired Power Plant, Press Release, 27 Feb. 2017, <http://nexi.go.jp/en/topics/newsrelease/2017021701.html>. JBIC has since announced that it is applying the OECD Arrangement to all of its support, whether or not the type of support technically is covered.

31 Kate DeAngelis, *ECA Support for Coal in the Face of OECD Financing Restrictions* (Nov. 2018), [https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2018.11.02\\_ECA-OECD-CFSU-Paper.pdf](https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2018.11.02_ECA-OECD-CFSU-Paper.pdf).

32 Lorne Stockman, *Burning the Gas 'Bridge Fuel' Myth: Why Gas Is Not Clean, Cheap, or Necessary* (May 2019), <http://priceofoil.org/gas-is-not-a-bridge-fuel/>.

