PRESS RELEASE:

G20 support to coal power plants increases by more than double – new report

G20 governments have more than doubled the amount of financial support they provide to coal power plants in just three years, despite pledging a decade ago to phase out subsidies to all fossil fuels and help prevent catastrophic climate change.

In a new report, 'G20 coal subsidies: Tracking government support to a fading industry', researchers found that despite a historic fall in total investment in coal, the average annual amount G20 governments spent to help build and sustain coal-fired power plants increased from $17 billion to $47 billion between 2014 and 2017.

The report presents new research from the Overseas Development Institute (ODI), Oil Change International (OCI), the International Institute for Sustainable Development (IISD), and the Natural Resources Defense Council (NRDC) that for the first time tracks G20 governments' subsidies to coal production and consumption.

Published ahead of the G20 summit in Japan (28 – 29 June), the report examines G20 government support and calculates the average amount spent across 2016 and 2017, the most recent years with available data. Researchers then compared the data to previous analysis which looked at the same figures for 2013 and 2014.

Overall, the report reveals that G20 governments are currently providing at least $64bn each year to prop up the production and consumption of coal. Almost three-quarters of this is going to coal-fired power production, which was the biggest single contributor to the rise in CO_2 emissions in 2018.

This year's G20 host Japan remains one of the largest providers of support, including spending at least $5bn per year on coal overseas, despite Prime Minister Shinzo Abe's calling for other governments to step up their action on climate change.

Several G20 countries have taken important steps away from coal in recent years, including the UK and Canada who have together created the Powering Past Coal Alliance. However, the stark statistics revealed in the report show G20 countries are nowhere near meeting their promises to stop subsidising coal – and are risking further lock-in to a dirty, outdated power system that is a key driver of the climate crisis.

Lead author Ipek Gençsü, Research Fellow at ODI, said: 'It has now been ten years since the G20 committed to phasing out subsidies to fossil fuels, yet astonishingly some governments are actually increasing the amount they give to coal power plants. Momentum is growing around the world for governments to take urgent action to tackle the climate crisis. Ending subsidies to coal would bring environmental, social and economic benefits to all and help set a level playing field for clean energy.'

Ivetta Gerasimchuk, IISD Lead for Sustainable Energy Supplies, said: 'In reality, government support to coal is much larger than our report's numbers show, because many G20 countries still lack transparency on the many ways they subsidise coal.'

Han Chen, manager of international energy policy at NRDC, said: 'Other G20 governments may struggle to take Japan's rhetoric on climate change seriously, as this year's G20 host government continues to pour billions of dollars into propping up coal in Japan and around the world. If Prime Minister Abe is serious about dealing with climate change, he should lead by example and end Japan's government-backed finance for coal.'

The total amount of government support identified, at least $64 billion per year, comes through three main sources:

- $28bn per year through governments' public finance institutions such as bilateral development banks and export credit agencies investing in coal projects, with the majority of this being spent abroad
- $15bn per year of fiscal support through budget allocations and tax exemptions
- $21bn per year invested through majority state-owned coal mining and utility companies

The report warns it is likely that in many cases this G20 support has subsidised the same asset multiple times, by firstly incentivising the building of new coal infrastructure, then propping up the operations of those mines and power plants, and finally paying them out to shut early.

In India, where coal-fired power has been one of the main causes of air and environmental pollution, researchers found the banking system, dominated by domestic public institutions, provides around $11bn of public finance mainly for coal-fired power production.

Researchers found that China, the world's largest consumer of coal for power generation and industry, continues to fund coal abroad with around $10bn of international public finance, mainly for coal-fired power production.

The report calls on the G20 countries to end support for coal and make good on their promises to end subsidies to all fossil fuels. Governments should:

- Urgently agree to a complete phase-out of support to coal mining and coal-fired power
- Complete peer reviews of their support to coal and other fossil fuels by 2020
- Establish country-level plans for ending support to coal which ensure there is a 'just transition' for workers and communities, particularly the most vulnerable, and that do not prolong the production and use of coal

Notes to editors

- The report 'G20 coal subsidies: Tracking government support to a fading industry' is due to be published at 00.01 Tuesday, 25 June BST
- The G20 Osaka Summit will take place on 28-29 June, 2019
- The increase in support to coal-fired power is based on the average yearly support across 2013 and 2014, compared to the average across 2016 and 2017
- The International Energy Agency's (IEA) 2019 World Energy Investment report found total investments in new coal plants had fallen by 75% between 2015 and 2018
- The IEA's 2019 Global Energy & CO_2 Status Report found coal-fired power was the biggest single contributor to the rise in CO_2 emissions in 2018
- The G20 have committed to phase out fossil fuel subsidies every year since 2009
- The report tracks production and consumption subsidies for coal referencing the World Trade Organization's (WTO) definition of a subsidy which includes: 1) fiscal support (budgetary transfers and tax expenditures), 2) public finance (grants, loans, equity infusions and guarantees) and 3) state-owned enterprise investment.

For more information or to arrange an interview with one of the report authors please contact James Rush on j.rush@odi.org or +44 (0)7808 791265