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To: Commissioner Malmström, Trade
CC: Commissioner Arias Cañete, Energy and climate

29th of January 2015

Ending public export credits for coal: the need for Commission's leadership, not lowest common denominator

Dear Commissioner Malmström,

We are alarmed by a recent Commission proposal on export credits for coal – the largest source of public finance for coal overseas[1]. Coal is by far the single largest contributor to climate change globally. The G7[2] and the OECD committed to deliberate how to curb public financing for coal overseas in order to fight climate change, and it is imperative to finalise an OECD agreement for the climate COP21 in December 2015. The US, UK[3] and more recently French President Hollande committed to end public financing for coal plants[4]. This is the way forward: expanded coal and other fossil fuels are not compatible with the 2°C internationally agreed climate limit[5] and continued public support for coal with taxpayer money is unacceptable.

In the year of the COP21, it is of utmost importance that the Commission shows credibility and consistency on climate mitigation and ensures leadership on how to end public financing for coal overseas – as a first step to end public support for fossil fuels.

We are therefore appalled to learn[6] that the Commission suggests the Council Export Credits Group to follow the industry's general approach and fails to make any significant step forward: the proposal merely bans support for least efficient coal plants ('subcritical') – which are *already* on a pronounced declining trend in OECD exports. On the opposite end the proposal maintains support for slightly more efficient coal plant technology that *already* represents the bulk of OECD exports today. The proposal would therefore bring cosmetic changes at best and not result in any significant climate benefit.

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[1] Almost 5 billion $ a year from OECD countries in the period 2007-2013. See *Ending fossil fuel support: the way forward – NGO recommendations for OECD countries on their Export Credit Agencies*, May 2014.
[2] Brussels G7 Summit Declaration, 5 June 2014, paragraph 11, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/143078.pdf
[3] US-UK joint Room Document No. 1C&R, *ECA support for high carbon intensity power plants*, 12-13 March 2014, OECD
[4] With specific exemptions
[5] Statement by leading climate and energy scientists, *New unabated coal is not compatible with keeping global warming below 2°C*, http://www.europeanclimate.org/documents/nocoal2c.pdf.
[6] http://www.businessinsider.com/r-some-coal-plant-exports-should-get-financial-aid-eu-policy-paper-2015-1?IR=T.

In addition, the Commission proposal myopically focuses on the efficiency of coal plant technologies while completely neglecting two issues that are overwhelming: the cumulative emissions of new coal plant projects in the pipeline globally and the urgent need to close existing coal plants – as outlined in the International Energy Agency "2°C scenario" [7].

We view such a Commission proposal as fully contradicting the EU's claim of climate leadership – especially when the US already ended their own public financing for coal plant exports[8] – and extremely counterproductive to ensure a credible EU position. It would neglect climate science, ridicule the EU climate stand and introduce double standards with the existing European Investment Bank's benchmark policy ending coal support through an appropriate Emission Performance Standard[9]. In the interest of efforts to reduce global warming and enhance decentralized renewable energy based economies, the European Commission and the EU Member States should show leadership in putting an end to public support for business as usual.

We urge you to fully reconsider the proposal for the OECD Export Credit Group meeting in March, and clarify that the Commission aims to end EU public export credits for all coal fired power plants as a first step in a time-bound process to end public support for all fossil fuels. Some of our NGOs would welcome a meeting with you at your earliest convenience to discuss the issue. Thank you very much for your reply,

Yours sincerely,

11.11.11, Belgium

350.org, International

Avaaz, International

BankTrack, International

Both Ends, Netherlands

Bund für Umwelt und Naturschutz (BUND) Sachsen e.V., Germany

CEE Bankwatch Network, Central and Eastern Europe

CHANGE

Climate Action Network France

E3G, U.K.

ECA-Watch Network, International

European Environmental Bureau, Europe

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[7] IEA World Energy Outlook (2013), *Redrawing the energy-climate map,* http://www.worldenergyoutlook.org/media/weowebsite/2013/energyclimatemap/RedrawingEnergyClimateMap.pdf

[8] With very limited exemptions. See US Ex-Im, Annex A-2 (approved 12/12/13), Supplemental guidelines for high carbon intensity projects, http://www.exim.gov/newsandevents/releases/2013/upload/Supplemental-Env-Guidelines-12-12-13.pdf.

[9] European Investment Bank (2013), *EIB and Energy: Delivering Growth, Security and Sustainability -EIB's Screening and Assessment Criteria for Energy Projects*, http://www.eib.org/attachments/strategies/eib_energy_lending_criteria_en.pdf.

Friends of the Earth France

Friends of the Earth U.S.

Green Istria, Croatia

Green Budget Europe

Greenpeace European Unit

Health and Environment Alliance (HEAL), Europe

Health Care Without Harm Europe

Japan Center for a Sustainable Environment and Society (JACSES), Japan

London Mining Network, International

Market Forces, Australia

National Society of Conservationists - Friends of the Earth Hungary

Oil Change International, U.S.

Pakistan Fisherfolk Forum

SEE Change Net, South East Europe

Sierra Club, U.S.

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