Since Paris Agreement, Financial Firms Have Sunk $745 Billion Into New Coal

Financing for coal alone is still huge and must be addressed under the guidance of the Paris Agreement. Monty Rakusen / Getty Images

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BlackRock, Vanguard, Citigroup, and JPMorgan Chase are among the top global financers of new coal development, according to new research presented during the United Nations climate summit in Madrid.

That research, published by the German NGO Urgewald along with BankTrack and 30 partner organizations, reveals and ranks the financial institutions sinking money into the dirtiest form of fossil fuels in the three years since the Paris Agreement was signed. The research shows hundreds of billions of dollars have flowed to 258 coal plant developers between January 2017 and September 2019 in the form of loans, investments, and underwriting. These groups clarify underwriting as the process of banks raising "investment capital for companies by issuing bonds or shares on their behalf and selling them to investors."

"Over the past three years, financial institutions have channeled $745 billion to companies planning new coal power plants," said Heffa Schuecking, director of Urgewald.

"Financial institutions are bringing us on a road to runaway climate change," Urgewald's Katrin Ganswindt added.

Over 1,000 new coal plants totaling 570 gigawatts of capacity are currently planned or "in the pipeline," according to the new research. These projects would expand the global coal plant fleet by 28 percent.

This comes at a time when the UN Intergovernmental Panel on Climate Change (IPCC) estimates that coal-powered generation must decrease by 78 percent by 2030 for the world to have any chance of limiting global temperature rise to 2.7°F (1.5°C). The UN Secretary General Antonio Guterres has called for no new coal plant development after 2020.

"The UN Secretary General, the IPCC, and climate scientists worldwide have time and again called for a speedy phase-out of coal-based energy production, but most financial institutions are still turning a deaf ear," said Schuecking.

While Japanese and Chinese institutions were identified as the top lenders and underwriters of coal development over the past three years, U.S. institutions led in terms of coal investments. BlackRock, the research found, was the top institutional investor with $17.6 billion in holdings in 86 coal plant developers. Vanguard ($12.4 billion) and Capital Group ($9 billion) ranked third and fourth.

Overall, 1,922 institutional investors held $276 billion in bonds and shares in coal developers. U.S. investors accounted for 29 percent of this investment. Other U.S. institutions ranked in the top 30 coal investors include JPMorgan Chase, Fidelity Investments, and Dimensional Fund Advisors.

JPMorgan Chase also ranked in the top 30 in terms of underwriters and lenders in coal development, as did Citigroup. For lending, Citigroup was ranked fourth with $5.7 billion. Chinese institutions accounted for 69 percent of underwriting in coal development, but Citigroup ($8.8 billion) and JPMorgan Chase ($6.2 billion) were still significant underwriters. A report released earlier this year found JPMorgan Chase to be the leading financer of fossil fuels overall, sinking $196 billion into coal, oil, and gas since 2016.

Financing for coal alone, as the new NGO research shows, is still huge and must be addressed under the guidance of the Paris Agreement. In November, French insurer AXA announced its intention to phase out investments and underwriting of the coal industry and its backers, which according to Urgewald's Global Coal Exit Database, represents nearly $664 million in investments.

"Financial institutions that continue channeling money to coal plant developers are actively working against the Paris Climate Goals and ruining our chances for a livable future," said Schuecking.