

Press Release

Germany Bankrolling the Fossil Fuel Industry by at least EUR 1.7 Billion a Year

New report updates analysis of G20 public financing for energy projects
Germany decreased support for fossil fuels, leading in clean energy finance
Still, Germany continues to provide a lifeline to fossil fuel projects

Washington, D.C. | May 27th, 2020

A new report released today by Friends of the Earth U.S. and Oil Change International, which is endorsed by Urgewald, reveals **Germany provided EUR 1.7 billion (USD 1.9 billion) per year to fossil fuel projects since the Paris Climate Agreement**. In total, G20 countries have been providing at least EUR 71 billion (USD 77 billion) a year in public finance to oil, gas and coal projects. This government-backed support to fossil fuels from **export credit agencies, development finance institutions, and multilateral development banks** is more than three times what they are providing to clean energy.

Download the report “Still Digging: G20 Governments Continue to Finance the Climate Crisis”: <http://priceofoil.org/content/uploads/2020/05/G20-Still-Digging.pdf>

As Germany prepares its stimulus packages in response to COVID-19, the report ‘Still Digging’ highlights that its public finance has to date been dramatically misaligned with what is needed to avoid the climate crisis. For Germany, the report analyzes the export credit guarantees of **Euler Hermes** as well as financing provided by the state-owned bank **KfW Group, including KfW Entwicklungsbank, KfW IPEX-Bank and Deutsche Investitions- und Entwicklungsgesellschaft (DEG)**.

Euler Hermes alone has provided **USD 1 billion per year for oil and gas projects** in the evaluation period between 2016 and 2018. The KfW Group has provided **USD 716 million per year for coal, oil and gas projects** over the same period. Much of this financial support went to other European countries like the UK, Spain and France.

The authors urge Germany and other G20 governments to stop using public money to prop up the fossil fuel industry, and instead invest in a just and sustainable recovery.

“While German support for fossil fuels went down and it is the largest public financier of clean energy found in this research, there is still too much of on-going fossil finance projects. Any public support for fossil fuels is the wrong thing to do in the light of the climate crisis,” explains **Regine Richter, Energy Campaigner at Urgewald.**

“Germany continues to subsidize the fossil fuel industry even as it makes bad business decisions that hurt people and the planet,” said **Kate DeAngelis, senior international policy analyst at Friends of the Earth U.S.** *“Fossil fuel projects are already worsening the COVID-19 crisis by spreading the virus at cramped construction camps and by generating air pollution that worsens the disease’s impacts. Germany and other G20 governments have an opportunity to reflect and change their financing so that it supports clean energy solutions that will not exacerbate bad health outcomes and put workers at greater risk.”*

“Fossil fuel corporations know their days are numbered. Their lobbyists are using the COVID-19 crisis as cover to redouble their efforts to secure the massive new government handouts they need to survive,” said **Bronwen Tucker, research analyst at Oil Change International.** *“Government money must instead support a just transition from fossil fuels that protects workers, communities, and the climate — both at home and beyond their borders — in order to build a more resilient future. Instead of bankrolling another major crisis — climate change — our governments should invest in the future.”*

Utilizing data from Oil Change International’s Shift the Subsidies database, the report analyzes support coming from the export credit agencies (ECAs) and development finance institutions (DFIs), as well as the multilateral development banks (MDBs) that G20 countries control. It does not include direct subsidies for the industry through tax and fiscal subsidies which are an estimated additional EUR 73 billion (USD 80 billion) a year. **The report compares the annual average of total public energy finance provided between 2013 and 2015, the year when the Paris Climate Agreement was announced, and between 2016 and 2018.**

Some key findings:

- An overall finding: Export credit agencies (ECAs) were the worst public finance actors, providing nearly **14 times** as much support for fossil fuels than clean energy.
- Germany has decreased support for fossil fuels significantly since the Paris Agreement was made, but continues to provide a lifeline to fossil fuel projects. Germany provided at least **USD 1.8 billion to oil and gas projects** and **USD 16 million to coal projects** per year post-Paris Agreement, showing that Germany's public finance institutions are far from aligning their financing with what is necessary to limit warming to internationally-agreed 1.5°C limit. [1]
- The finance provided by **Germany's ECA Euler Hermes** for oil and gas includes support for the **Transadriatic Pipeline or the oil merchant Gunvor** in 2018 and the **Yamal LNG project** in 2017.
- Germany's **KfW Group** financed just in 2018, for example, the **Corpus Christi LNG facility in the US**, the **Puma Energy oil company in Singapore** and the **expansion of a petrochemical plant in Nigeria**.

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In addition to the authoring organizations, the report has also been endorsed by 30 NGOs from around the world, including Urgewald as the only German NGO.

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Friends of the Earth fights to protect our environment and create a healthy and just world. We speak truth to power and expose those who endanger people and the planet. Our campaigns work to hold politicians and corporations accountable, transform our economic systems, protect our forests and oceans, and revolutionize our food & agriculture systems.

Oil Change International is a research, communication, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy.

Notes:

[1] See table on page 16:

<http://priceofoil.org/content/uploads/2020/05/G20-Still-Digging.pdf>

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