United States Supports OECD Deal on Prohibiting Official Export Financing for Unabated Coal Power

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Today, the U.S. Department of the Treasury announced that the United States joined other OECD Participants to the Arrangement on Officially Supported Export Credits in agreeing on new disciplines that prohibit export credits for all new unabated coal power generation technology. Only carbon capture, utilization, and sequestration technology, or "CCUS," qualifies as abatement. This arrangement also constrains export credit support for existing coal fired power plants to only pollution or carbon emission abatement equipment, which also must not extend the useful lifetime or capacity of the facility.
"The Treasury Department commends the decision at the OECD to end international export credit support for unabated coal power," said Treasury Climate Counselor John Morton regarding the decision. "We have worked closely with partners to achieve this agreement because actions like these are vital to tackling climate change and reaching the goal of net-zero emissions by 2050. The Department will continue to work with countries throughout the world as they transition towards cleaner and greener sources of energy."

Burning coal is one of the largest sources of carbon dioxide emissions globally and ending export credit financing of unabated coal is crucial for the decarbonizing of the power sector. The new prohibitions build on the 2015 coal power-financing restrictions and close off the remaining avenues for OECD export credit agencies to support unabated coal power, consistent with our international obligations. With these new disciplines in place, OECD countries can redirect attention to supporting appropriate financing in areas like clean energy technology, climate mitigation, and other non-fossil fuel intensive sectors.

This decision is a significant step to implement President Biden's Executive Order on Tackling the Climate Crisis at Home and Abroad and complements Treasury's recent issuance of fossil fuel energy guidance for multilateral development banks. It also helps fulfill commitments from the June G7 Summit, in which Leaders stressed "that international investments in unabated coal must stop now and … committ[ed] now to an end to new direct government

support for unabated international thermal coal power generation by the end of 2021," including through export finance.

More broadly, this decision is a diplomatic achievement for the international community in advancing climate solutions and aligning our actions with the goals of the Paris Agreement. These new export credit disciplines should be fully implemented this month and were unanimously supported in principle by the Participants, which include Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom, and the United States.

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