

Revisiting the international coal phase-out movement: Beyond the pro- or anti- coal dichotomy¹

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Summary

Based on the recognition of the mounting international pressure for the “shift away from coal,” especially in Europe, there are growing voices in Japan calling for the country to review the role of coal-fired power generation plants and related policies on investment, lending, and public assistance. However, there are also views that the specific meaning and impacts of “international pressure on coal” have not been scrutinized fully.

Against this backdrop, this paper conducted a review of the: 1) conceptual background and the development of international discussions on the shift away from coal; 2) major countries’ basic stance on coal; and 3) details of statements on coal-related divestments by government-affiliated and private-sector financial institutions, as a way to explore the significance of “international pressure against coal”.

Underpinned by growing momentum for the measures against climate change and the development of discussions focusing on the risks of coal-related businesses in the transition to a low-carbon society, there emerging countries, not limited to Europe, that are championing the shift away from coal. However, the appeal and influence of this movement is limited, in the light that their coal demand are typically negligible while major coal consuming countries do not necessarily follow the movement. Given the growing energy demand in Asian countries, the United States and Australia have indicated their support for the use of high-grade coal and deployment of technologies for improving efficiency of coal-fired power generation plants, while mitigating environmental burden associated with coal use.

In the financial sector, there have been a number of statements made reviewing their coal-related investment and lending policies. However, the details of these statements vary, and it is premature to grasp these statements as an “withdrawal from coal businesses” unconditionally. It should be noted that those policy statements often envisage realistic approach by indicating enabling conditions for the development of high-grade coal and efficiency improvements in existing coal-fired power generation

¹ This paper contains the subsequent trends and author’s opinions based on the Japan Oil, Gas and Metals National Corporation (JOGMEC) contract research report called “Trends of Environmental Issues including Global Warming and Impact Assessment on the Coal Business” (FY2017 Overseas Coal Development Assistance Program Overseas Coal Development Advancement Research) from March 2018.

plants in developing countries, while calling for acceleration in investment in renewable energy at the same time.

In considering the direction of coal in domestic as well as international policy arena, it is important for Japan to respond based on the actual meaning and impacts of “international pressure” for the shift away from coal, keeping in mind the importance of countries where coal production and consumption have significant weights will further increase.

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