

Coal in Indonesia: Société Générale Pulls Out of Financing, Crédit Agricole Under Pressure to Follow

By [Friends of the Earth](#)

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Paris, France, January 3, 2017 – In a move welcomed by Friends of the Earth France, Société Générale has confirmed that it will not finance the Tanjung Jati B 2 (TJB2) coal plant project in Indonesia. It has become the second French bank, following a decision from BNP Paribas in 2015, to withdraw from the controversial TJB2 project that would heavily impact the climate and the health of Indonesians. Friends of the Earth France is now calling on Crédit Agricole to also withdraw from TJB2 financing as well as from the Cirebon 2 coal plant project in Indonesia to help prevent potential impacts at both projects and to ensure that the bank respects the commitment it made only in October last year to end its financing of all new coal-fired power plant projects around the world.

Société Générale's commitment in October 2016 to no longer finance new coal-fired power plant projects entered into force on January 1 this year, thus the bank is no longer able to finance the TJB2 project in Indonesia. [1] The project, which would be incompatible with a 2°C climate pathway and which one study has suggested may lead to the premature deaths of 1200 people [2], failed to reach financial closure before the beginning of 2017 in order to guarantee the participation of Société Générale, one of six banks – including Crédit Agricole also – which has been considering finance for the project.

Lucie Pinson, Private finance campaigner for Friends of the Earth France, commented:

“Following pressure for its involvement in an array of coal projects after the adoption of the Paris Agreement, Société Générale committed in October 2016 to end its financing for all new coal-fired power plant projects all around the world. However, as it wanted to spare its relations with its clients who are promoting the Tanjung Jati B 2 project, the bank had given them until December 2016 to complete the financing. As the project is enduring further delays, Société Générale is now obliged to disassociate itself from the group of funders in order to respect its commitment from October.”

Friends of the Earth France learned in January 2016 from an article published in the financial press that Société Générale and Crédit Agricole had joined the group of funders to the TJB2 project following the withdrawal of BNP Paribas. Also reported a few months later was the involvement of Crédit Agricole in a second coal-fired power plant project in Indonesia, Cirebon 2, which is proving to be even more controversial than TJB2 and is currently facing legal challenges. [3]

Lucie Pinson continued:

“Unlike the other French banks, Crédit Agricole is still involved in not one but two new coal power plant projects in Indonesia. To end up as the last French bank directly financing new coal-fired power plants would be an extremely bad legacy, and we call on Crédit Agricole to withdraw immediately from both Tanjung Jati B 2 and Cirebon 2. In October 2016, the bank committed, just the same as Société Générale, to no longer fund new coal-fired power plant projects anywhere in the world. As new year’s resolutions are still fresh in the air, it’s crucial that Crédit Agricole still respects the promises it made in 2016.”

At the end of December, Crédit Agricole published a new policy on coal-fired power plants which enacted the October commitment not to finance new power plants and also outlined that it would no longer support companies which generate more than 50% of their electricity from coal. Friends of the Earth has analysed this policy and also published a study on the compliance of Cirebon 2 with Crédit Agricole’s social and environmental commitments. The conclusion of the analysis: if the new policy is weak and insufficient to meet the climate targets, financing Cirebon 2 would be a clear violation of the Equator Principles of which the bank is a signatory [4].

For more information, contact:

Lucie Pinson, Private finance campaigner, Friends of the Earth France,
Email: lucie.pinsons@amisdelaterre.org

References

(1) See the Friends of the Earth France and BankTrack press release published following the undertaking by Société Générale and Crédit Agricole not to finance new coal-fired power plant projects around the world:

http://www.banktrack.org/show/article/coal_in_indonesia_societe_generale_pulls_out_of_financing_credit_agricole_under_pressure_to_follow

(2) See the press release published by the Friends of the Earth France and Greenpeace on the occasion of the general meetings of Crédit Agricole and Société Générale: ‘Indonesia, the climate test for Crédit Agricole and Société Générale’, available at:

<http://www.amisdelaterre.org/Indonesie-le-test-climatique-du-Credit-Agricole-et-de-la-Societe-Generale.html>

(3) See the ‘Project Finance International article’ on Tanjung Jati B 2:

<http://www.pfie.com/french-banks-support-tjb2/21231277.article>; also the ‘Project Finance & Infrastructure Global’ article on Cirebon 2:

<https://ijglobal.com/articles/99000/banks-mandated-for-indonesias-cirebon>

(4) Voir le communiqué de presse et accéder aux analyses :

<http://www.amisdelaterre.org/CLIMAT-Credit-Agricole-annonce-un-nouvel-engagement-mais-va-toujours-au-charbon.html>

See the press release and link to the analysis:

<http://www.amisdelaterre.org/CLIMAT-Credit-Agricole-annonce-un-nouvel-engagem>

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