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Export credits to coal drive climate change, fuel human rights impacts in South Africa

Despite its pledge to have the world's most ambitious climate policy, Sweden alongside other EU states has helped bolster the global coal industry through export credits benefiting domestic companies. Apart from serious climate implications, this support has severe consequences for human rights and has contributed to locking countries such as South Africa into coal dependency, a new Swedwatch investigation finds.

Swedwatch's report [Up in Smoke: Human rights and environmental impacts of export credits to coal. The case of South Africa](#) was compiled in collaboration with the Swedish Society for Nature Conservation and Afrikagrupperna. It examines the role of Swedish, French and German Export Credit Agencies (ECAs) in facilitating South Africa's expanding coal sector and calls for an immediate halt of all new export credits for the coal industry – as well as a shift of export credits away from all fossil fuels and toward renewable energy.

“Swedish and European support to this industry has contributed to devastating impacts on local populations who suffer from polluted air and water, serious health problems and abysmal living conditions near the coal power plants,” said Nils Resare, lead researcher of the report. “Sweden has set a date to end the export support for coal by the end of this year but, at the same time, tripled the export guarantees since 2019.”

In the last decade, Sweden, France and Germany have contributed extensively to South Africa's coal industry, contrary to their commitments under the Paris Agreement to avoid dangerous climate change. This expansion could not have happened without state-backed export credits: loans, guarantees and/or insurance which allow domestic companies to engage in export deals involving considerable financial risk.

The support has also indirectly contributed to severe impacts on human rights. In the research for the report, Swedwatch visited the Mpumalanga province, home to some of the world's most polluting coal-fired powerplants. In interviews, community members, human rights and environmental defenders and health experts expressed grave concerns regarding the industry's effects on health, water and livelihoods. Some pay a particularly heavy price.

“Small scale farmers are being forced and displaced from their land and livelihoods to give space to coal mines which is undermining their food sovereignty,” said Louise Lindfors, Secretary General, Afrikagrupperna. “This research also makes evident that women and girls are disproportionately affected and face the added risks of sexual exploitation in coal districts.”

South Africa is struggling to meet its domestic energy needs and is heavily dependent on coal power – the world’s single largest contributor to climate change. Although the ultimate responsibility of creating a just transition away from coal rests with the South African government, other actors – notably European ECAs – must play a positive role by shifting finance flows to renewable energy sources. It is not enough to simply halt the credits as France has done or to commit to halting them as Germany and Sweden recently announced.

“Sweden and France, and to some extent Germany, have made decisive steps towards ending the support to the coal industry. Now it is time for these governments to take the next step by shifting export credits away from all fossil fuels and towards renewable energy, in South Africa and other fossil fuel dependent countries,” said Karin Lexén, Secretary General at the Swedish Society for Nature Conservation.

“It is also crucial that Sweden and all exporting states are more transparent about state supports to fossil fuel-related industries.”

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