G7 Leaders should end not just coal, but also oil and gas finance in 2021

On June 11-13, World Leaders will gather at the G7 summit. There, they plan to adopt an agenda to *"build back better from coronavirus and create a greener, more prosperous future"*. We, the undersigned economists, believe that this means decisively shifting finance out of fossil fuels, and into clean alternatives worldwide. We welcome the decision taken last month by G7 Environment Ministers to end international finance to coal-fired power in 2021. We call on G7 Leaders to go further and shift their finance out of all fossil fuels in 2021.

According to the IEA's recent Net Zero scenario, which gives a 50% chance to limit global warming to 1.5°C, "there is no need for investments in new fossil fuel supply beyond 2021". This applies not only to coal, but also oil and gas. Research co-authored by the UN Environment Programme shows that oil and gas production needs to decline by about 4% and 3% respectively every year between 2020 and 2030. Even if coal were phased-out overnight, the emissions from oil and gas fields already under development would push the world beyond 1.5°C, into catastrophic climate change. Due to carbon lock-in and path dependency, further investments in oil and gas would undermine achievement of the Paris Agreement's goals.

Continued investments in fossil fuel infrastructure create increased risks of stranded assets, unfunded clean-up, job cuts, and shortfalls in government revenue, as competition with cheaper and cleaner alternatives grows and demand for fossil fuels declines. Renewables are becoming the cheapest energy source in most parts of the world. Since 2015, solar power has become the cheapest form of electricity in history and the cost of electric vehicle batteries has more than halved. A report last year showed that green recovery packages would create more jobs, deliver higher short-term returns per dollar spent and lead to increased long-term cost savings, by comparison with traditional fiscal stimulus.

As G7 members inject historic levels of public money into the economy in response to Covid-19, they can take advantage of the tremendous investment opportunities in clean energy and promote a just and equitable transition away from all fossil fuels. We urge G7 Leaders to take this opportunity.

Yet, between 2017 and 2019, the G7 still provided USD 86 billion in public finance for fossil fuels, of which 88% went to oil and gas. This is more than three times their support for clean energy over the same period. Canada, Japan, and the United States were the largest, providing USD 32, 30, and 9 billion, respectively, in public finance for fossil fuels. Japan's resistance to limiting fossil fuels weakened last month's G7 Environment Ministers Statement. While G7 members eventually agreed to end coal finance by the end of 2021, this deadline should also apply to oil and gas.

The UK has already taken important steps on ending not just coal, but also oil and gas finance. In March, it adopted a new policy that put an immediate halt to new finance for fossil fuel projects overseas. It is the first major economy to take this step. As this year's G7 and COP26 host, the UK is in a unique position to live up to its commitment to turn this individual policy into a collective one.

The urgency of the climate crisis requires that 2021 be a turning point to end investments into fossil fuels. This presents G7 members with both a clear task and an opportunity. Ending new fossil fuel finance will free up billions a year to invest in clean energy, just transition measures and increased support for the clean energy transition in low- and middle-income countries. This will in turn help create the jobs needed to build the greener and more prosperous economy the G7 strives for.

Alain Grandjean
President, Fondation Nicolas Hulot

Alain Karsenty
Senior Researcher, CIRAD

Alan Kirman
Professor, Ecole des Hautes Etudes en Sciences Sociales, Paris

Anaïs Henneguelle
Assistant Professor in Economics, Université Rennes 2

Anders Fremstad
Assistant Professor, Colorado State University

Andrew Simms
Co-Founder, New Weather Institute

Anitra Nelson
Honorary Principal Fellow, Melbourne Sustainable Society Institute

Ann Pettifor
Director, Policy Research in Macroeconomics, PRIME

Anthony Underwood
Associate Professor, Dickinson College

Antoine Monserand
Université Sorbonne Paris Nord

Anu Muhammad
Professor of Economics, Jahangirnagar University

Arianna Briganti
Vice President, NOVE Onlus

Ashok Khosla
Dr, Chairman, Development Alternatives

Barbara Hogenboom
Dr, Professor of Forensic Business Studies, University of Amsterdam

Berly Martawardaya
Lecturer, Department of Economics, University of Indonesia & Research Director, Institute for Development of Economics and Finance (INDEF)

Beth Stratford
University of Leeds

Birte Strunk
The New School

Blanca Tena Estrada
Student Assistant, University of Kassel

Bruno Dorin
Researcher, Cirad

Carol Osler
Martin and Ahuva Gross Professor of Financial Markets and Institutions, Brandeis University

Catherine Boemare
Research Engineer, CIRED, EHESS

Christian Kerschner
Dr, Assistant Professor, Modul University Vienna

Clair Brown
Professor, University of California Berkeley

Claude Henry
Professor of Sustainable Development, Sciences Po Paris and Columbia University

Danielle Hirsch
MSc, Both ENDS

Denis Dupre
Enseignant-chercheur en éthique, finance et écologie, Université de Grenoble-Alpes

Dirk Bezemer
Professor in Economics, University of Groningen

Dirk Schoenmaker
Professor, Erasmus University Rotterdam

Eban Goodstein
Dr, Director, MBA in Sustainability at Bard College

Elena Hofferberth
Dr, University of Leeds

Emilie Rademakers
Dr, Assistant Professor, Utrecht University

Eric Pineault
Professor, Institute of Environmental Sciences, UQAM

Evan Friedman
Assistant Professor, University of Essex

Friedemann Polzin
Dr, Professor, Utrecht University School of Economics (U.S.E.) and Sustainable Finance Lab (SFL)

Gail Blattenberger
Associate Professor Merita, University of Utah

Gaylor Montmasson-Clair
Senior Economist, Trade & Industrial Policy Strategies (TIPS)

Geoffrey Clarke
Dr, Lecturer in Economics, Brandeis University

Gilles Rotillon
Professor in Economics, Université Paris Nanterre

Gunseli Berik
Professor, University of Utah

Guppi Bola
Co-director of Decolonising Economics

Henri Sterdyniak
Economist, Les Economistes Atterrés

Herman Wijffels
Dr, Professor, Utrecht University

Igor Shishlov
Dr, PhD in Environmental Economics, Perspectives Climate Research

Inge Røpke
Professor, Aalborg University

Irene van Staveren
Dr, Professor of Pluralist Development Economics, Erasmus University Rotterdam

James K Boyce
Professor, University of Massachusetts Amherst

Jason Hickel
Dr, Economic Anthropologist, Royal Society of Arts and London School of Economics

Jeffrey Sachs
University Professor, Columbia University

Jens van 't Klooster
Postdoctoral Fellow, KU Leuven

Jeroen C.J.M. van den Bergh
Dr, Professor, Univ. Autonoma de Barcelona & Vrije Universiteit Amsterdam

Jesper Jespersen
Dr, Professor, Roskilde University

Jim Stanford
Dr, Economist and Director, Centre for Future Work

John Quiggin
Professor, School of Economics, University of Queensland

Jonas Van der Slycken
Dr, Ghent University

Jørgen Lindgaard Pedersen
Assistant Professor Emeritus, Technical University of Denmark

Josh Ryan-Collins
Dr, Head of Finance and Macroeconomics and Senior Research Fellow, UCL Institute for Innovation and Public Purpose (IIPP)

Juliet Schor
PhD in Economics, Professor in Sociology, Boston College

Karl Behrendt
Elizabeth Creak Chair in Agri-Tech Economic Modelling, Professor, Harper Adams University

Kate Raworth
Senior Teaching Associate, University of Oxford

Keroboto B. Za'Ngoti Ogutu
Dr, Chair Energy & Prosperity post-doctoral fellow in Mathematics of Macro-economic, Department of Mathematics and Physical Sciences, School of Science, Dedan Kimathi University of Technology, Nyeri, Kenya

Kerstin Hötte
Dr, Oxford Martin Fellow, University of Oxford

Kimon Keramidas
MSc, Energy Analyst European Commission, Joint Research Centre

Knut Einar Rosendahl
Professor, Norwegian University of Life Sciences

Lukas Peter
Dr

Lynda Gagne
Emeritus Professor, University of Victoria

Mark Campanale
Founder & Executive Chair, Carbon Tracker Initiative

Mark Paul
Assistant Professor of Economics and Environmental Studies, New College of Florida

Mark Stelzner
Assistant Professor of Economics, Connecticut College

Markus Krecik
Dr, Free University Berlin

Maxime Combes
Economist, Author of "Let's get out of the fossil age! Manifesto for the transition" (Seuil)

Maximilian Krahé
Dr, Research Assistant, Institute for Socio-Economics, University of Duisburg-Essen

Michael Jacobs
Professor, SPERI, University of Sheffield, U.K.

Michael Pirson
Associate Professor of Management, Global Sustainability, and Social Entrepreneurship, Fordham University

Michel Husson
Economist

Miklós Antal
Dr, Ecological Economist, University of Natural Resources and Life Sciences

Mohammad Jabbar
Independent Agriculture and Food Policy Adviser/Consultant

Nader Habibi
Henry J. Leir Professor of the Economics of the Middle East, in the Crown Center, and Senior Lecturer in the Department of Economics, Brandeis University

Neva Goodwin
Co-director, Global Development and Environment Institute at Tufts University

Nick Fitzpatrick
Manager at Frontier Economics, Nova University

Noni Makuyana
Co-Director, Decolonising Economics

Óscar Carpintero
Associate Professor of Economics, University of Valladolid

Peter Newell
Professor, University of Sussex

Philippe Delacote
Research Director, INRAE

Philippe Quirion
Dr, Senior researcher, CNRS

Quentin Perrier
Dr, PhD in Environmental Economics

Rens van Tilburg
Director, Sustainable Finance Lab the Netherlands

Reyer Gerlagh
Professor of Environmental Economics, Tilburg University

Richard Denniss
Chief Economist, Australia Institute

Richard Wilkinson
Professor Emeritus, University of Nottingham Medical School

Rick van der Ploeg
Professor of Economics, University of Oxford

Robert Costanza
Vice-Chancellor’s Chair in Public Policy, Crawford School of Public Policy at the Australian National University

Robert Freund
Theresa Seles Professor in Management Science, MIT Sloan School of Management

Roebyem Anders
Social Entrepreneur, Founder Sungevity International, Stichting Schooldak en Huurdakrevolutie

Steve Keen
Professor, Institute for Strategy, Resilience & Security, University College London

Sunanda Sen
Former Professor, Jawaharlal Nehru University, New Delhi

Tapen Sinha
Dr, ING Comercial America Chair Professor, Instituto Tecnológico Autónomo de México (ITAM), Mexico and Chennai Mathematical Institute

Tate Soller
Policy Advisor - Economist, Department of Jobs, Precincts and Regions

Thimas E. Weisskopf
Professor Emeritus of Economics, University of Michigan

Thomas Steiner
Director, FluxusTime

Thomas Sterner
Professor of Environmental Economics, University of Gothenburg

Thure Traber
Dr, Chief Economist, Energywatchgroup

Tom Kompas
Professor, University of Melbourne