# Norway blazes trail by pulling huge sovereign fund out of coal

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Norway's decision to remove coal assets from its sovereign wealth fund is expected to affect between 50 and 75 international companies

Norway's parliament voted Friday to pull its sovereign wealth fund—the world's biggest—out of coal, in what is seen as a major victory for environmentalists.

The parliament voted unanimously that the fund—worth almost 7,000 billion kroner (793 billion euros, $890 billion)—must sell its holdings in mining and power companies that generate more than 30 percent of their output or revenue from coal.

The decision had been expected, after parliament's finance committee reached a compromise on the issue on May 27.

The move is expected to affect between 50 and 75 international companies, representing holdings of 35 to 40 billion kroner, according to finance ministry calculations.

However, environmentalists say the effects could be even more wide-reaching, with some estimates talking of 122 companies representing 67.2 billion kroner.

The stakes will have to be sold by January 1, 2016. The names of the companies affected have not been disclosed. The fund has shares in more than 9,000 companies overall.

According to a study done by a coalition of non-governmental organisations, the measure will affect 35 US companies, a dozen Chinese companies, eight from Japan, German energy giants EON and RWE, Britain's SSE, India's Reliance Power, Italy's Enel, Spain's Endesa, Portugal's EDP, South Africa's Sasol, South Korea's Korea Electric Power, Sweden's Vattenfall and Denmark's Dong.

The law will not automatically affect all mining and power companies that fall under the 30-percent coal rule. The future projects of those companies will also be taken into account in the sovereign fund's decision whether or not to divest. Steel producers will not be affected.

Given the size of the Norwegian fund, the step is seen a major victory for the international campaign to end the use of highly-polluting coal, six months ahead of an international climate conference to be held in Paris in December.

Norwegian coal miners in Svalbard, on March 9, 2012

"This could influence the way other big investors view coal as an investment," said Marianne Marthinsen, an opposition Labour member of parliament.

"The rest of the world is taking note of this decision."

Norwegian MPs also pointed out that their decision was not just a response to climate change, but also based on financial considerations: coal assets are bound to plunge as climate change efforts increasingly call for coal use to be reduced.

## Coal's days numbered?

For Truls Gulowsen, the head of Greenpeace Norway, the parliament's decision will "most likely" be followed by others.

The Church of England, financial groups like French insurance company Axa, and Oxford and Stanford universities have also recently announced plans to either divest from coal or reduce their holdings.

"Coal has always posed a problem from a moral point of view because of its effects on the climate. Now, even its profitability is under pressure," Gulowsen told AFP.

"I think and I hope that coal's days are numbered."

Coal giants Anglo American, BHP Billiton and Glencore will however not be affected by the Norwegian decision, because their other mining activities are so massive that their coal businesses represent less than 30 percent of their overall revenues.

"Collectively, the big three produced 364 million tonnes of coal last year, and when burned, this coal generates CO2 emissions that are over 16 times as high as Norway's total annual greenhouse gas emissions," lamented Heffa Schuecking of the German NGO Urgewald.

Some people in Norway have called for parliament to go further and withdraw the sovereign wealth fund—which is fuelled by Norway's state oil revenues—from all fossil fuels and invest more in renewable energies.

The fund has already in recent years sold off stakes in dozens of companies involved in coal mining, oil sands, and cement production, judging that their financial model was untenable because of the environmental impact.

In a paradoxical decision linked to geopolitical considerations, Norway's government recently agreed to rescue the mining company Store Norske, which extracts coal in the pristine Svalbard archipelago in the Arctic, with a capital injection of 500 million kroner.