



Firms must justify investment in fossil fuels, warns Mark Carney

Outgoing Bank of England governor says financial sector cutting back too slowly on investing in oil

**Carney: firms ignoring climate crisis will go bankrupt
The polluters driving the climate emergency**

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Mon 30 Dec 2019 07.31 GMT

The outgoing governor of the Bank of England, Mark Carney, has said all companies and financial institutions must justify their continued investment in fossil fuels, and warned that assets in the sector could end up “worthless”.

In an interview with BBC Radio 4’s Today programme being broadcast on Monday, Carney said that although the financial sector was starting to cut back on investment in oil and gas companies, the process was not moving quickly enough.

Carney, who will focus on his new role as UN special envoy for climate change and finance after he steps down from the governorship in the new year, agreed to appear on the programme for an edition edited by the climate crisis campaigner Greta Thunberg, one of several guest editors on Today over the holiday period.

Carney has been one of the most vocal central bank governors on the need for the financial sector to do more to transition towards a zero-carbon economy.

He told the programme that the climate crisis was a “tragedy on the horizon” and that more extreme weather events were inevitable. “By the time that the extreme events become so prevalent and so obvious, it will be too late to do anything about it,” he said. Political leaders had to “start addressing future problems today”.

On the issue of whether investors should be divesting from companies in the fossil fuel sector, Carney said fund managers would “have to make the judgment and justify to the people whose money it ultimately is”.

When pressed on whether pension funds should divest from oil and gas companies even if the returns were attractive, he replied: “Well that hasn’t been the case but they could make that argument. They need to make the argument, to be clear about why is that going to be the case if a substantial proportion of those assets are going to be worthless.”

He warned: “If we were to burn all those oil and gases, there’s no way we would meet carbon budgets. Up to 80% of coal assets will be stranded, [and] up to half of developed oil reserves. A question for every company, every financial institution, every asset manager, pension fund or insurer: what’s your plan?”

The Bank of England has said assets worth up to \$20tn (£16tn) could become worthless very quickly if the financial sector and business do not make a smooth transition towards a zero-carbon economy.

In his interview, Carney urged climate change deniers to drop their opposition on the issue, saying: “We can’t afford on this one to have selective information, spin, misdirection.”

One such sceptic is the former Daily Telegraph editor Charles Moore, who guest-edited Today on Saturday and included in his programme a feature questioning the global consensus on the climate crisis. Complaining about how much internal opposition there had been to this item being included, Moore accused the BBC of “climate change alarmism”.

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