Trump's Corporate Bailout Spurs $100 Billion Fossil Fuel Borrowing Binge

By Public Citizen
Global Research, October 01, 2020
Public Citizen 30 September 2020

Region: USA
Theme: Global Economy, Oil and Energy

Trump Administration's Corporate Bailouts Aided Failing Fossil Fuel Companies; Stands in Contrast to Lack of COVID-19 Assistance for Ailing American Families

***

Oil and gas companies have issued nearly $100 billion in new bonds since the Trump administration's COVID-19 corporate bailout began in March, a new report released today by Friends of the Earth, Public Citizen and BailoutWatch found.

The analysis found that at least $99.3 billion in new bonds have been issued since the Federal Reserve and the U.S. Treasury Department undertook a taxpayer-backed rescue of corporate debt markets. The oil and gas industry, which entered the crisis in dire shape, has responded to the Trump administration's intervention with record new borrowing.

Report highlights include:

- A total of 56 oil and gas companies have issued $99.3 billion of debt in U.S. markets since the Federal Reserve began its bailout of corporate debt markets in late March. Some said they might fail without the fresh financing.
- The Fed has purchased debt from a total of 19 oil and gas companies. Those companies have sold debt investors more than $60 billion in new bonds since the Fed's intervention began, representing about 60% of energy debt issuance in that period. Of those 19 companies, 12 have received downgrades of their short-term debt, long-term debt, credit or default ratings from major credit rating agencies since March.
- Oil and gas companies incorporated in the U.S. have issued $129 billion in new bonds this year, according to Bloomberg data. This tally is a record for the year to date going back at least a decade. The first three quarters of 2020 represent the highest level of energy debt issuance for that period since at least 2010. This surge in borrowing was made possible by the Fed's promise to purchase large quantities of corporate debt.
- Of the 122 new bond issuances reviewed, 93 will be used at least in part to pay down or refinance a specifically named existing debt such as commercial paper, revolving credit lines or other bonds. At least 15 companies are issuing new bonds to replace existing bonds that had higher coupon rates.

"When consumers take on too much credit card debt, they can be forced into bankruptcy and face financial ruin. But when the oil and gas industry accumulates too much debt, it gets a bailout on the backs of taxpayers," said co-author **Alan Zibel,** research director of Public Citizen's Corporate Presidency Project. "This bailout is an unprecedented rescue of a dying industry. Instead of bailing out climate-destroying fossil fuel companies, we must assist small businesses, local governments and individuals facing dire financial straits."

"Big Oil is exploiting COVID-19 to go on an unprecedented borrowing binge, and the Trump administration is to blame," said co-author **Lukas Ross**, program manager with Friends of the Earth. "Polluters are getting a $100 billion lifeline, while most Americans are being left behind."

"Fossil fuel companies are still headed for a financial cliff, but this bailout handed them a bit more road," said co-author **Dan Wagner**, editor of BailoutWatch. "This is prolonging the life of the fossil fuel industry at a time when it needs to be phased out for communities and the climate."

Read the full report here and access the full list of bond issuances here.

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

The original source of this article is Public Citizen

Comment on Global Research Articles on our Facebook page

Become a Member of Global Research

Articles by: **Public Citizen**