



Big Oil Stocks Should Not Issue Green Bonds!

Description

The **Bank of Nova Scotia** wants to lend money to oil corporations through green bonds. A task force made up of bankers, pension funds, and investors is coming together to reclassify green bonds. Should Canadians allow this?

The conversation is similar to the identity crisis that once reigned over organic food. Without proper definitions, can consumers really trust labels?

We know that oil is becoming obsolete, but these corporations could easily maintain their [grasp over our politics](#) and livelihoods if we are too lax with our classifications.

As we talk about the future of oil, we want to ask ourselves if it is wise to allow oligopolistic corporations to maintain control over our transition to clean energy. We need to restore our democracies to the free market values on which they were built.

We know what will happen if we allow Big Oil corporations access to the same financing as renewable energy enterprises. It will allow these firms to corrupt renewable energy with noncompetitive firm behaviour and the resulting market distortions. Canada will more easily encourage competitive markets with better defined financial products.

Decades of bribery and extortion at SNC-Lavalin

The long relationship **SNC-Lavalin** (TSX:SNC) has had with **ExxonMobile** and Saudi Arabia's **SABIC** is the perfect example of why we need to be cautious. What does SNC-Lavalin's strong business relationship say about its partners, ExxonMobile and SABIC?

SNC-Lavalin has a long, documented history of going to noncompetitive lengths to maintain market power. The most notable example is the case of India, where SNC-Lavalin committed multiple crimes between 1995 and 2008, including [bribery and financial fraud](#), to win hydroelectric infrastructure projects.

ExxonMobile, friendly with OPEC and Saudi oil interests, has positioned itself as an enemy of the free market. Allowing these cartels to access funds meant to create a more sustainable future would be ironic and dangerous. To build a stronger economy, we must support a competitive transition to clean energy.

Foolish takeaway

In 1995, SNC-Lavalin traded for \$2.44 on the Toronto Stock Exchange. Perhaps SNC-Lavalin's power is correlated to the movement in its stock price. Starting in 2001, the price on SNC-Lavalin stock began to soar all the way to just under \$60 in 2008.

Since then, the stock performed remarkably well until the summer of 2018, when it started a tremendous fall to the current price of \$17.04.

Special interests, as defined by incumbent wealth, does not need access to special financing, as they have already enjoyed decades of manufactured control over our energy future. The financial sector should then define green bonds in a way that ensures the viability of competitive markets.

By defining green and sustainability bonds as instruments that promote the growth of new wealth – versus abusive protection over old wealth – Canada will protect the real intent behind these financial instruments.

If Canada permits oil companies to sell green and sustainability bonds, we will have the same issue that we had in the organic agricultural market. Indistinguishable products whose labels we could not trust.

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