

Sustainable Finance Press Review – 06th– 10th December

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06/12/21

EURACTIV – EU nuclear renaissance financed by US and Russia?

- ***The US and Russia play a major role in financing the update of some Member States' nuclear fleet, especially in Central and Eastern Europe.***
- Russia finances nuclear with loans, e.g. €10 bn to HU for a new plant build by RU state owned enterprise Rosatom.
- The US gives out free money to Eastern European states to build up their appetite for nuclear via the "Nuclear Futures Package.", e.g. \$2 million to RO and \$10 million to PL. RO should become a "SMR educational and training hub in the region"
- According to US energy Secretary Jennifer Granholm the climate crisis presents "a market opportunity for carbon-reducing technologies" such as nuclear power, teasing a \$23 trillion market by 2030 to countries in Central and Eastern Europe.

Agence Europe – Climate/Finance: for Pascal Canfin, nuclear and fossil gas should be included in EU taxonomy as transitional activities

- The MEP supports the inclusion of nuclear energy and fossil gas under certain conditions into the Taxonomy to find a compromise between EU MS. He outlined three conditions:
- 1/ a transparency mechanism obliging investors to declare the scope of the taxonomy used: "(1) without gas and nuclear, (2) with gas and nuclear, (3) without gas, (4) without nuclear"
- 2/ fossil gas: include only those plants that replace coal-fired power plants and whose direct emissions are less than 270 gCO₂e/kWh on average over the life cycle of the investment
- 3/ new gas investments are made before 2030
- Canfin (Renew Europe, FR) is chair of the European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI)
- ***Editor's note:*** "transitional activities" in the Taxonomy Regulation refer to sustainable economic activities. At this stage, the regulation does not distinguish between sustainable and transitional activities; transitional activities are a subcategory of sustainable ones.

07/12/21

Gazeta-Polska-Codziennie – Commissioner Simson's statement about nuclear energy

- Gazeta Polska Codziennie speculates that a nuclear energy is back in the game for the EU financing. Commissioner Simson said at the World Nuclear Exhibition in Paris that without rapid investments in renovations, approximately 90% of existing nuclear reactors in Europe will be closed at the time when they will be needed the most – in 2030.
- She stressed that more than ten EU member states plan investments in the construction of new nuclear power plants. Commissioner Simson noted, however, that the competitiveness of this source of energy will be determined by its costs.

08/12/21

EU Observer – EU now open to VAT exemptions for green products

- EU finance ministers agreed on a new set of rules for value-added tax (VAT). Under the new regime, 24 categories **can be** taxed at a reduced rate (5% VAT), seven categories can be exempted from the tax.
- Under the reduced TVA regime fall green initiatives, food, electricity and more broadly categories aiming at the “benefit of the final consumer and pursue objectives of general interest”.
- However, reduced rates or exemption for fossil fuels will be allowed until 1 January 2030.

Agence Europe – EU taxonomy, first delegated act to be adopted

- The delegated act on climate change adaptation and climate change mitigation (the so-called “Taxo2”) did not oppose a sufficient high opposition by Member States and was adopted after the scrutiny period lapsed on 08/12.
- A date for a complementary delegated act concerning the inclusion of fossil gas and nuclear has not been set.

09/12/21

intellinews – Latvia issues eight-year sustainability bonds worth €600 mm

- The bonds have been issued at a maturity of eight years, a fixed coupon of 0.25% and a yield of 0.263%
- The use of proceeds include both green and social projects “to support sustainable development in Latvia”
- The leading banks of sustainability bond issuance were Barclays, BNP Paribas, and Credit Agricole CIB. The bonds were purchased by more than 110 investors, mainly asset managers from European countries, with investors' total demand above €2.5bn.

POLITICO PRO – Watering down EU green bonds

- ***The SI Council Presidency proposes a compromise text due to which “15 percent of the money raised from a bond — whether by a sovereign or corporate issuer — to be used for investments beyond the scope of the taxonomy criteria”.*** The previous proposal included a threshold of 20%.
- The flexibility would apply to economic activities where detailed green criteria does not yet exist, or those where the taxonomy may not keep up with the pace of technological change or the complexity.

- That means the Commission would be tasked with coming up with a delegated act to define “innovative nature,” “complex nature” or “location” a year after the standard enters into force.

SPIEGEL – Baerbock rejects France’s plans concerning “green” nuclear power

- The new DE foreign minister underlined Paris and Berlin’s differences on the classification of nuclear power within the taxonomy during her first meeting with her FR counterpart Jean-Yves Le Drian. The topic will be further discussed at the highest political levels between President Macron and Chancellor Scholz on Friday.
- Nevertheless, Baerbock stressed the need to find a compromise with FR on this matter.

10/12/21

POLITICO BRUSSELS PLAYBOOK – GREEN ISSUES: TAXONOMY

- ***According to POLITICO the EU prepares to include natural gas and nuclear into the taxonomy. EVP Timmermans revealed that the respective proposal of a complementary DA is likely to be presented the week beginning December 20.***
- ***Timmermans said:*** “I think we need to find a way of recognizing that these two energy sources play a role in the energy transition, that does not make them green, but it does acknowledge the fact that nuclear being zero emissions is very important to reduce emissions, and that natural gas will be very important in transiting away from coal into renewable energy,”
- ***A possible compromise between the pro and anti-nuclear/ gas alliances could include restrictions and rules around the categorization of the two aging technologies*** like sunset clauses for inefficient gas power stations to make investments in gas less attractive than in renewables. On the nuclear side, the taxonomy could focus both on the development of new, cleaner reactors as well as updating the security of existing nuclear power stations. No “green” money should finance the current practice of exporting nuclear waste.
- The idea is to use nuclear and gas as “bridge” technologies, while steering investment toward renewables.

EURACTIV France – Macron presents France’s EU Council presidency priorities

- Key priorities are: a more sovereign Europe (foreign policy and defence), a reform of the Schengen zone similar to the Eurozone governance, a social Europe (employment, minimum wage directive, transparency), an industrial revival
- ***Relevant for DG CLIMA:***
- Macron wants to accelerate projects in key sectors such as hydrogen, batteries, semiconductors, and cloud computing. Concerning this several European investment plans and new industrial alliances would be launched by March.
- Initiate the legislation of the Carbon Border Adjustment Mechanism (CBAM) to preserve European competitiveness. It should include mirror clauses “which will ensure “coherence” between trade policy and climate and biodiversity preservation policy.

- The climate agenda is integrated under the incoming presidency priority of a “new European growth model”

EURACTIV– John Kerry: Carbon border tariffs are ‘a legitimate idea to have on the table’

- According to the Special Climate Envoy Kerry, carbon border tariffs are an instrument to keep the 1.5 degrees goal alive and incentivize sufficient efforts by the 35% of the world economic output, which is not on track. The space for carbon leakage must be closed to achieve the Paris objectives.
- ***The US considers implementing a carbon border in line with the EU’s CBAM proposal. John Kerry said that the US would look at such an initiative “in the near term”.***