



29 February 2012

Ministry of Finance
Sweden
Minister for Finance

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Greenpeace Nordic

Bo Forsberg
Diakonia

Carl Piper
Heaven or Shell

Reinhold Pape
Air Pollution and Climate Secretariat

Mark Fodor
CEE Bankwatch Network

Gunilla Hallonsten
Church of Sweden

Håkan Wirtén
WWF Sweden

Thank you for your letter dated February 15 regarding the European Investment Bank's (EIB) lending to energy projects where you make suggestions for the upcoming review of the EIB energy policy.

I welcome a review of the EIB energy policy, updating it with developments in EU energy and climate action policies since 2007. It is important to ensure an open and transparent process involving all relevant stakeholders to facilitate a balanced EIB decision on a revised EIB energy policy.

EIB's policy for energy lending is based on EU's energy policy goals: security of supply, competitive energy prices and environmental sustainability. In its lending, EIB shall also contribute to other EU goals such as regional convergence, social cohesion and economic development. This implies that there may be projects eligible for EIB lending where there are conflicts of interest between different EU goals. EIB can thus not promote only one EU goal and must adapt to changes in EU policy. In this context, the Swedish government has strongly advocated that EIB lending should contribute to environmental sustainability and to the EU climate change goals. It is now time to substantially increase EIB's focus on climate change and to increase EIB's climate action target.

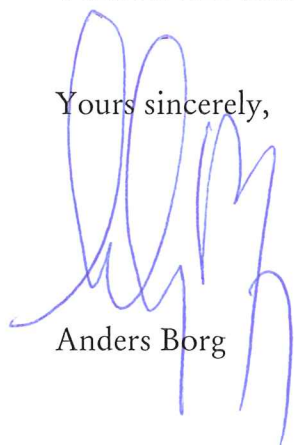
EIB lending to renewable energy and energy efficiency are central to EIB energy lending. According to EIB data, the share of EIB lending to renewable energy and energy efficiency has increased from below 30% of total energy lending in 2008 to almost half of EIB energy lending in 2010. The increase in lending to both renewable energy and energy efficiency has been around 200%. This can be compared with a decrease in lending to coal-fired power stations and it is now reasonable to further restrict EIB lending to these projects. EIB should not commit any future lending to new coal-fired power stations in the more wealthy EU countries. Coal-fired power projects should only be eligible in those EU countries where there is a very strong case for economic development.

The trend in EIB energy lending indicates a welcome shift away from heavy-polluting fossil fuel projects to an increase in lending to renewable energy and energy efficiency. It is the intention of the Swedish government to strongly pursue its support of renewable energy and energy efficiency in the upcoming review of the EIB energy policy.

EIB lending outside of the EU is governed by EU external policies. Some of the EIB external lending has included lending to fossil fuel projects, justified by security of supply concerns and by the goal to promote economic development leading to poverty reduction. This may also be the case in future EIB-projects. The Swedish government has promoted that EIB should increase its relative lending to support renewable energy and energy efficiency also outside of the EU, including in the Eastern Partner countries.

EIB has an important task to contribute to the implementation of EU policy, including ambitious EU climate change goals. I will continue to work for EIB making an ambitious contribution.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Anders Borg', written over the typed name.

Anders Borg