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25 Years is Enough: Stop Euratom Loans

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In the coming months Euratom and the pro-nuclear factions within the European Union face a key test of their political support. The European Commission is currently preparing a proposal for the further extension of the Euratom Loan facility, which awards loans to enable the construction of nuclear facilities, inside and outside the EU. The final decision on extending the facility, by an estimated 2 billion Euro, rests with the Council of Ministers and requires the unanimous support of Member States. The Austrian Government has a foreign policy objective of a nuclear free Central and Eastern Europe and more recently the Parliament has passed a resolution opposing any increase in the loan ceiling. Consequently, the Austrian Government is expected to initially oppose the proposal, but are unlikely to resist pressure from all other Member States. Despite requiring unanimity the facility's approval will therefore depend on how many of the other countries in the Union back the Austrian position. Given the vocal support for nuclear power by Commission Vice-President Loyola de Palacio, the decision on the loan facility offers an important opportunity for non pro-nuclear Member States to exert some influence and restore the balance in EU energy policy.

The loan facility is a core part of the activities of Euratom. Euratom is one of the founding Treaties of the EU and despite the democratisation of other EU institutions remains unreformed, undemocratic and required to *'create the conditions necessary for the development of a powerful nuclear industry'*. The vote by the Council of Ministers (in this case the ECOFIN) is the only opportunity for elected officials to determine the future for Euratom loans, as once the European Parliament is excluded from any decision on Euratom loans and the specific project approvals is only taken by the Commission.

After a gap of over a decade, Euratom loans were awarded during 2000 for the upgrading and life extension of two Soviet designed VVER 1000 reactors at Kozloduy in Bulgaria and for the completion of two more VVER 1000 reactors in Ukraine, Khmel'nitsky 2 and Rovno 4 (K2R4). These combined projects required Euro 893 million from the Euratom facility.

On the basis of these projects the Commission have put forward the arguments that the Euratom loans can be used to increase the safety of reactors or facilitate their early closure. However, there

are no projects being prepared for Euratom loans that justify these claims. The only project under active review is for the completion of the Cernavoda 2 reactor in Romania. This is of Canadian design and is being built under license by the Romanian nuclear industry and in full co-operation with the Canadian designers. A similar agreement was undertaken for the completion of unit 1, funded by Canadian, Italian and Romanian sources. Furthermore, the Accession partnership agreement with Romania does not call for changes in operation or design of this reactor. The expected cost of completion of Unit 2 is 750 million Euro, the Euratom Loan applied for 50% of this. As a mechanism to repay the loans, it is expected that Romania will export some of the electricity produced by the reactor.

The Romanian Government has already said that it wants to complete the three other part built reactors on the Cernavoda site. Furthermore with construction started but then abandoned at reactors in Bulgaria, Czech Republic, Russia, Slovakia and Ukraine the Western nuclear construction industry remains optimistic that Eastern Europe can offer them a life-line in otherwise barren market. The Euratom loan facility will help the nuclear industry achieve its dream.

In the EU there are no new reactors under construction, the most recently completed in early 2000. Seven Member States - Austria, Denmark, Greece, Ireland, Italy, Luxembourg and Portugal - do not have nuclear power. In Belgium, Germany, Netherlands and Sweden, political agreements have been reached to limit the life of the existing reactors. In the UK, a closure schedule has been drawn up for over half of the country's reactors, while in France the lack of future construction plans halt any long term future for the industry. Only in Finland is there any proposal to construct a new reactor, but even here its future is far from secure.

This was one of the reasons why the remit of the loan facility was changed in 1994 to allow lending to countries that are not Members of the EU. As stated the Commission makes the decisions on individual Euratom projects, and Member States are not given an opportunity to voice an opinion. However, projects co-financed by the European Bank for Reconstruction and Development (EBRD) does require individual Member States to give their approval. In the last such project to receive approval for Euratom funding, K2R4 in Ukraine (which despite being given provisional approval in December 2000 remains frozen), only six countries (Finland, France, Greece, Luxembourg, Portugal and UK) voted in favour of the project in the EBRD, while the rest voted against it or abstained.

As the extension of Euratom Loans requires the unanimous support of Member States, a similar voting pattern by Member States as seen in the EBRD would result in the abandonment of the loan facility. However, we cannot take it for granted that this 2.0 billion Euro subsidy for the nuclear industry will be abandoned. We must act soon to stop this outdated subsidy. 25 years is enough.

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