

European Investment Bank expected to approve loan on day of summit to mark second anniversary of Paris deal.

The EU's bank has come under fire for moves towards approving a €1.5bn (£1.3bn) loan for a gas pipeline from Azerbaijan to western Europe as the French president, Emmanuel Macron, prepared to host a climate change summit in Paris.

Campaigners said the European Investment Bank, which is expected to support the transadriatic pipeline with one of its largest ever loans on Tuesday, was acting against the EU's climate change commitments.

The bank has been privately urged by the EU's climate and energy chiefs to approve the loan because the project's backers "need to urgently secure adequate funding" as they enter a capital-intensive construction phase.

But opponents of the plan said that approving the loan on the second anniversary of the Paris climate deal being agreed would be an affront to Europe's efforts to curb carbon emissions.

"The EU, which considers itself a climate action champion, simply cannot afford its financial arm, the EIB, supporting any component of the southern gas corridor," said Xavier Sol, the director of Counter Balance, an alliance of European NGOs.

The timing is sensitive for Macron, who has convened a special summit in Paris on Tuesday to explore ways of financing projects to tackle climate change.

The TAP is the westernmost section of the southern gas corridor, a series of pipelines transporting gas from the Caspian Sea to Europe.

The Brussels-backed project nearly a decade ago as a way of reducing the bloc's reliance on Russia, which is the biggest supplier of the EU's gas imports.

The names of the energy firms behind the project have changed over the years as companies bought and sold their stakes. Today the pipeline consortium consists of BP, Azerbaijan gas firm Socar, Italy's Snam, Belgium's Fluxys, Spain's Enagás and Switzerland's Axpo.

Hundreds of miles of land have been cleared in Greece and Albania for the pipeline, and about 2,000 olive trees in Italy are due to be temporarily moved for construction. The project is described as 60% complete, and the hope is for first gas supplies to pass through it in 2020.

While the size of the EIB loan means it is significant for the project, industry sources claimed that the pipeline's completion does not hinge on the finance.

Critics have focused not just on the environmental impact of the pipeline, but human rights issues in Azerbaijan, which is producing the gas.

“Granting such loan, especially after Azerbaijan’s membership in the extractive industries transparency initiative had been suspended in March over its government’s continued crackdown on media and civil society, means the EIB is turning a blind eye to gross human rights violations,” said Sol.

One energy expert said that while the criticisms were valid, on balance the project should be supported, because it would bring more competition to Europe’s gas supplies, be a significant job creator and squeeze out dirtier energy sources.

“There is actually room for gas demand growth in south-east Europe, albeit to back out coal and at times fuel oil from power generation, but also in other parts of the energy economy, notably space heating, and industry,” said Dr Tim Boersma, an expert on global natural gas markets at Columbia University.

Boersma said the benefits did not negate human rights issues, but the shared interests that Europe and Azerbaijan would have over gas trade could help dialogue about concerns. He also pointed out that some reports have suggested Russian gas could end up being delivered through the pipeline, which would undermine the effort to diversify supply.

A spokesperson for the TAP said: “There is a strong market rationale for our project. Europe needs new sources of natural gas to meet its long-term demand, fuel economic recovery and diversify energy supply.

“Gas - as the cleanest fossil fuels - will continue to play a key, strategic role in the energy mix for decades to come. Therefore, we remain confident that TAP will secure external funding for the project.”

The EIB said it could not comment before its board meeting on Tuesday.

Source: theguardian