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TOKYO — The British government has proposed to Hitachi Ltd. that London backstop all loans to cover a new nuclear power plant in the country to be built and operated by a subsidiary of the Japanese firm.

The Japanese government had been planning to guarantee the loans. However, London has signaled its willingness to up its financial commitment to the project with the debt guarantee, after Hitachi had called for increased support. With the move, Hitachi is expected to approve continued investment in the plant within the month.

On May 3, Hitachi Chairman Hiroaki Nakanishi met with British Prime Minister Theresa May in London to discuss UK government backing for the plant. It appears British officials indicated they would provide backing for the project including loan guarantees, and urged Hitachi to move ahead.

Hitachi, which bought the UK nuclear station development operation in 2012, plans to have the plant up and running in the mid-2020s. According to a source close to the project, it is expected to cost about 3 trillion yen (about 20.2 billion pounds, or \$27.4 billion). The financing structure being considered would see 2 trillion yen of that covered by loans from British and Japanese financial institutions, with the remaining 1 trillion yen invested by Hitachi and both national governments.

Japan's three megabanks plus the government-backed Japan Bank for International Cooperation are set to provide loans for the project. Initially, the financing from the big banks was set to be guaranteed by the wholly Japanese government-owned Nippon Export and Investment Insurance body. However, in late April the British

government apparently suggested to Hitachi that the UK was willing to cover loans for the plant issued by both Japanese and British financial firms. Just before this, Hitachi had told London that it may pull out of the project if Britain was not ready to up its support.

Under the loan guarantee, any nuclear plant project investment losses due to accidents or other causes may ultimately have to be covered by Britain's public purse. While the move does not directly lessen Hitachi's own risk as compared to the Japanese government guaranteeing the debt, London stepping in to cover losses should the project fail provides more assurance of continuing British support.

(Japanese original by Ryo Yanagisawa and Takayuki Sakai, Business News Department)