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Réseau Sortir du nucléaire > Archives > Revue de presse > **UK threatens to hit back at Austria over Hinkley Point legal challenge** 

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## UK threatens to hit back at Austria over Hinkley Point legal challenge

Source: The Guardian

https://www.theguardian.com/environment/2015/feb/11/uk-threatens-to-hit-back-at-austria-over-hinkley-point-court-action

## UK threatens to hit back at Austria over Hinkley Point legal challenge

Austrian chancellor seeks meeting with David Cameron after UK warns it will take every opportunity to damage country in spat over nuclear reactor lawsuit

**Arthur Neslen** in Brussels

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UK ministers are warning their Austrian counterparts that an arsenal of retaliatory measures will be launched if Vienna goes ahead with plans to challenge an EU state aid decision approving subsidies for new nuclear reactors at Hinkley point in Somerset.

A diplomatic cable from the Austrian embassy in London to Vienna, seen by the Guardian, says that the Foreign Office's Europe director, Vijay Rangarajan, conveyed a message that "the UK will take in the future every opportunity to sue or damage <u>Austria</u> in areas that have strong internal political effects," unless the lawsuit was dropped.

Initial measures would include: a complaint to the European Court about Austrian electricity labelling rules, pressure for Austria to contribute more to EU effort – sharing funds when it does not accept nuclear power as a "sustainable energy source", and an investigation into **whether Austria's suit violated the Euratom treaty**.

"Further steps and escalation cannot be excluded after the complaint has been submitted," the cable

Austria's chancellor Werner Faymann is seeking a meeting with David Cameron at an EU summit in Brussels on Thursday, after the foreign minister, Philip Hammond, called his Austrian opposite number, Sebastian Kurz, to protest Austria's planned court action, the Guardian has learned.

"The chancellor has made clear that Austria will not act under pressure, and will of course make use of all legal means at her disposal," a spokesman for chancellor Faymann told the Guardian. "Issuing threats is a kind of behaviour we don't want to see among partners in the EU."

The cable at the centre of the row, dated 29 January, says that Rangarajan warned of "negative effects on bilateral relations, because there would be 'strength of feeling', up to PM Cameron, and the prime minister has ordered all co-responsible members of the Government to call in the coming weeks their Austrian colleagues on the issue".

Government sources in Vienna said that they did not expect the latest British gambit to change their plans to appeal the EU state aid decision imminently.

"This is not the first intervention from the UK," one source said. "We get a cable from our embassy every two or three weeks on that subject. They are stepping up the pressure a little bit but I cannot see very much substance to those threats."

A week before the cable was sent, the Guardian reported that Faymann and his vice chancellor, Reinhold Mitterlehner, had decided to appeal against the EU decision allowing �17.6bn subsidies for Hinkley.

Stefan Pehringer, a foreign policy advisor to the government said that the suit was being launched because Vienna "does not consider nuclear power to be a sustainable form of technology – neither in environmental nor in economic terms".

Lawyers say that such an appeal <u>could take between three and four years</u>, almost certainly delaying plans for the nuclear plant to produce 7% of the nation's electricity by 2023. No final investment decision at Hinkley has yet been signed.

According to the cable, Austrian diplomats told Rangarajan that the country was not challenging the UK's right to choose its energy mix, merely the compatibility of the UK's Contracts for Difference (CfD) scheme with EU rules on state aid.

Under CfD, the nuclear plant's operator, EDF, has been guaranteed a strike-price of £92.50 per megawatt hour for electricity produced at Hinkley – around double the market rate – over a 35-year period.

The cable concludes that the UK has started "systematic preparation of counter measures to damage Austria and has today informed about the result of its first considerations".