



COVID-19: What about green investments?



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The public health crisis caused by the COVID-19 outbreak has hit the world amid the climate change crisis and, according to the latest Government updates, we must now prepare for a prolonged period of low economic activity. But what are the actual implications for climate change and green investments?

It is probably still too early to determine whether the COVID-19 pandemic has a positive or negative effect on climate change, or whether it has hardly any effect at all. Multiple factors will determine the impact of the corona crisis on the global economy, including oil price volatility, shortage of raw materials and supply chains, national lockdown, etc. Will the corona crisis result in an economic decline of such magnitude that green investments will fall down the agenda?

On a very simple practical level, it is perhaps possible to assume that a crisis like the current COVID-19 pandemic will have a positive impact on the climate in the short term solely on account of the slowed-down activity resulting from reduced air traffic, and particularly in China, where images from NASA's Earth Observatory show a sharp decline in emissions since the start of the outbreak (Danish article can be found [here](#)). Also, the corona crisis may cause a real change in general behaviour that may bode well for the climate.

However, the situation is much more complex, and according to the International Energy Agency (IEA), there is a risk that the corona crisis may slow down the transition to green energy sources unless there is clear political focus on this and political will to back the progress made so far (read more [here](#)).

Denmark's green transition has been made an even higher political priority by the establishment of "Denmark's Green Future Fund" under the Finance Act 2020. Also, the European Central Bank (ECB) announced earlier this year that the ECB's bond-buying programme will focus on green bonds (read more [here](#)). It will be interesting to see whether the ECB will maintain this focus to some level for the investments announced to be made as part of

the 750 billion Euro emergency package launched by the ECB to help mitigate the impact of the coronavirus outbreak (Danish article can be found [here](#)).

We at DLA Piper are hopefully looking forward to seeing even more green projects. We are ready to assist with investments as well as financings. We have experience of both investing in and financing different green projects such as wind farms and power plants (water and biomass) and have the relevant competencies within this area.

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