

News & Intelligence

INTERVIEW: Former Lord Mayor wants London at centre of \$100 billion green bond market

15 Mar 2016

London has the potential to be a major international green bond hub, the city's former Lord Mayor Sir Roger Gifford told Clean Energy Pipeline today.

Sir Roger, the Lord Mayor of London in 2012/13, was named Chair of the Green Finance Initiative (GFI) after it was launched in January. The project aims to place London at the heart of the global green bond market. Sir Roger is also the UK head of Swedish bank SEB.

"It's something I've been talking to the City about for at least two years," he said. "When I was Lord Mayor, we talked quite a bit about green bonds. Now we felt it was the right time to do it following the decisive messages that came out of COP 21, including that the finance sector also needs to make a response."

With backing from the Department of Energy & Climate Change (DECC) and the Treasury, the GFI hopes to bring together the UK financial market and infrastructure investors and introduce a climate-friendly thinking into investments. In terms of the UK's infrastructure needs, this issue has become "pressing".

"From a market point of view, now is a very good time in terms of bringing people together and having those discussions about what green financing looks like," Sir Roger said.

He is aiming for London to be at the centre of what could be a \$100 billion green bond market. However, he wants these bonds to have more of a greater global impact, where \$53 trillion of investment in low-carbon energy supply and efficiency is needed by 2035 to ensure global targets are achieved.

"It will depend where they're issued and what sort of bonds it is," Sir Roger said. "If it's just another massive CNY 5 billion Chinese domestic issue, it's less convincing than if it's an international issue to international investors from London."

"The [recent \$1.5 billion] Apple bond was a very domestic issue. What we want to see is the international market grow. It might be for projects in Africa or the Gulf, or indeed the rest of Europe, but that's what we would like to see grow."

Sir Roger explained that key indicator of success would be an increased number of green bond issues on the London Stock Exchange. Yet another measure of success would be a change in attitude from investors in London, the key drivers of the market.

"If we saw the investment community in the UK developing specific parameters around green finance investment, that would be significant," he said. "Major banks are already issuing here but we haven't put focus around it and it's by putting focus we can do something more defined."

Sir Roger said he has had between 30 and 40 meetings with investors since the GFI's launch in January, citing some "very high" interest. He expects a number of major issuers to come to the market in the near future. He has even had interest from companies not in the infrastructure of green space at all.

"Everyone is aware that this is a coming force," he said. "Every chairman of every FTSE 100 company has it on his radar now, which he didn't four or five years ago."

"The green finance agenda brings together society's needs with the finance industry in a responsible fashion, something missing since the crash of 2008."

Sir Roger also insisted that the GFI wants to work with other financial hubs such as Frankfurt and Luxembourg to help with its international impact.

"We want to develop the whole concept of green finance from London, but let's have everyone at the party," he said.

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