

THE MESSAGE



THE EUROPEAN GREENWASHING

The Defence Sector

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Europe has made its decision. Arms are, in fact, a necessary sector for its own survival, and therefore a sustainable one. Already in November last year, the European defence ministers issued a joint note to this effect. Since February, even Von del Leyen, the prime champion of the European energy transformation, has given her blessing to weapons, stating that two million munitions will be produced by 2025 and that investments are needed to equip a European army of its own. The possible appointment of a European Defence Minister also goes in this direction. So far so good, member states must support defence, no problem. The controversial part

Sustainable finance
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is to demand that these investments should not only be governmental, but also private. Hence, the influx of ESG, or sustainable, investments in favour of weapons.

With this move, Europe is losing its credibility. Born as a promoter of green investments, the progenitor of the European Taxonomy, hailed as the vademecum of sustainability, the Von der Leyen-led Commission first included gas and nuclear in it, after the European Parliament had branded them as unsustainable, and is now seeing to it that Defence is included in the Social Taxonomy, although there is still some resistance.

Those who believe that a more sustainable world is possible and have espoused the idea of Europe are beginning to be perplexed by these constant second thoughts, dictated by circumstances rather than initial principles and ideas. Those who have written green fund investment policies excluding nuclear, gas and weapons now find themselves displaced, confronted with funds with looser ESG rules and who have only ridden sustainability as a mere passing financial trend, those funds among them guilty of greenwashing. At this point, however, one has to wonder whether these funds are really guilty or have merely anticipated moves that Europe itself is slowly making. Is it therefore Europe itself that is becoming guilty of the same odious phenomenon?

Investment in weapons, moreover, can only reduce the funds allocated to Ecological Transition, delaying it, as well as having a negative effect on

GDP, as stated by [Greenpeace](#), which has launched a petition in Italy to stop this war trend.

And all this is happening with European companies struggling to push ahead with those projects so dear to the Transition to Zero Net Emissions by 2050, but which need incentives before technological evolution can make them autonomous. One example is [the pilot auction on green hydrogen](#) that took place last February and whose results will be announced within two months, during which the bids submitted, far exceeding the EUR 800 million made available, will be judged on price. According to the managing director of NEL ASA, one of the world's leading European companies in this technology, this could lead to [the collapse of the European green electrolyser sector](#) if these funds go to Chinese manufacturers, who benefit from lower labour costs and government subsidies. The same concern has been raised, in the biodiesel sector, by a German company, Verbio, which has been denouncing Europe for months for always allowing Chinese producers to flood the European market with [fake biofuel](#), putting not only European companies in this sector at risk, but also subsidising firms that can be defined as greenwashing. These phenomena add to the current market environment, where high interest rates hit small and medium-sized European companies investing for the future the hardest, making them unattractive to private investors, effectively driving away the capital that Europe itself had promised to attract with its laws. So while renewable energy and green hydrogen companies continue to flounder on the stock exchange, defence companies multiply



their capitalisation by multiples proportional to their investments in weapons.

If this is the Europe of Transformation, perhaps some rethinking is in order.

