

PM call with Prime Minister of Vietnam: 26 October 2021

Press release

Prime Minister Boris Johnson spoke to the Prime Minister of Vietnam, Pham Minh Chinh.



The Prime Minister spoke to the Prime Minister of Vietnam, Pham Minh Chinh, today ahead of COP26.

They discussed Vietnam's leading regional role on addressing climate change, and the Prime Minister encouraged the Vietnamese government to commit to net zero by 2050 and to continue to take steps to phase out the use of coal power and end deforestation by 2030.

The leaders noted the growing strength of the relationship between the United Kingdom and Vietnam and committed to deepening our strategic partnership further, including on defence and security.

Prime Minister Pham Minh Chinh welcomed the recent support from the UK on COVID-19 vaccines and medical equipment. They agreed to continue working together to address the global pandemic and to increase trade and investment between our two countries, building on the UK-Vietnam Free Trade Agreement and the UK's planned accession to the CPTPP trade bloc.

The Prime Minister looked forward to welcoming Vietnam to Glasgow for COP26, and to driving global action on climate change together.

Published 26 October 2021

Veterinary Products Committee is looking to appoint seven new members

News story

Applications are invited for new members to the VPC.



The Veterinary Products Committee (VPC) is looking to appoint seven new members in the following specialist areas:

1. SQP (large animal)
2. Veterinary surgeon (equine)
3. Veterinary surgeon (poultry)
4. Molecular biologist/geneticist
5. Parasitologist (food animal species)
6. Risk analyst
7. Physician

Members receive £148 for each meeting attended and an additional £76 for preparation time.

Meetings are held at the [Veterinary Medicines Directorate](#) (VMD) offices in Addlestone, Surrey or online.

The VPC schedules three regular meetings a year (February, May and October typically); it may occasionally be necessary to hold ad hoc meetings.

Further information on the VPC is available on its [website](#) and from the secretariat: Chris Abbott c.abbott@vmd.gov.uk or tel: 01932 338353.

Please contact Chris Abbott c.abbott@vmd.gov.uk for details of how to apply. The closing date for applications is noon on 17 November.

Published 26 October 2021

United Kingdom – Chile Trade Dialogue Ministerial Joint Statement

News story

The annual UK- Chile Trade dialogue took place on 25 October 2021



1. Minister for Trade, Penny Mordaunt MP welcomed the Chilean Minister for Trade, Rodrigo Yañez to London for the annual UK- Chile Trade dialogue, on 25th October 2021.
2. Both Ministers agreed on the importance of free and fair trade in helping our economies bounce back stronger from the global pandemic, including looking for a greener, more sustainable path to long term growth and prosperity. To this end, Ministers looked forward to further collaboration at COP26 and the upcoming MC12.
3. Ministers welcomed the modernisation roadmap agreed at the recent Association Council. This will further enhance the thriving trading relationship between Chile and the United Kingdom. They committed to continuing to remove barriers to increased trade and further reduce red tape to help business better utilise our existing trade agreement.
4. To this end, they agreed to extend the use of digital certificates for exporters from UK to Chile and Chile to UK. This will save business time and money. They tasked officials to explore further ways of using technology to reduce business burdens, including fresh initiatives in digitisation and certification to be presented to the next UK-Chile Association Committee.
5. Ministers commended our aligned approach to using trade data effectively

and requested that a formal commitment to facilitate deeper data exchange be prepared ahead of the next Association Committee. This will support our joint efforts to maximise the impact of our trade agreement and support its greater use by business.

6. Minister Mordaunt welcomed the approval by Chilean authorities of 16 Export Health Certificates to UK companies wishing to export agricultural products to Chile. The UK will be the first European country able to enter some of these markets, especially in relation to genetic material. This will provide opportunity to companies across all regions of the UK, supporting our world leading agricultural and science sectors.
7. Ministers highlighted the importance to the UK and Chile of continuing to develop our trade relationship to meet the demands of an increasingly competitive world. Ministers agreed that ensuring the speed of the AA Chile-UK modernisation roadmap was important to maintain and enhance bilateral trade.
8. In this context, Ministers asked that the ad hoc modernisation working group, agreed at the Association Council, meet in early 2022 to develop a timeline for the planned bilateral work on investment, and explore future opportunities in services trade. Ministers reiterated the importance of upholding gender equality and promoting the role of women in trade.
9. Ministers welcomed Chile and the UK's ambitions to be leaders in the new global economy. They agreed to work together to develop the UK and Chile's positions as world leaders in digital economy and financial services, and to deepen co-operation in health and in green technologies.
10. Minister Mordaunt welcomed Chile's role as an original member of CPTPP and looked forward to working together to continue to promote rules based international trading systems that drive innovation and spread prosperity.
11. A week away from COP26, Ministers endorsed the need to reflect global climate priorities in the bilateral relationship. They emphasised the role of trade in addressing the challenges of climate change and agreed to discuss how the UK and Chile could further enhance trade and investment on green energy, particularly on green hydrogen.
12. Finally, Ministers highlighted the deep and longstanding trading relationship between our two proud nations, and their joint desire for this to be strengthened in the future. The first fruits of this should

be measures to enhance and modernise our relationship in goods, digital economy and financial services, to create new opportunities for business. The Association Committee will assess progress on these measures in 2022.

Published 26 October 2021

[Future funding for nuclear plants](#)

What is a Regulated Asset Base (RAB) model?

The Nuclear Energy (Financing) Bill will introduce a Regulated Asset Base (RAB) model as an option to fund future nuclear projects.

A RAB model is a tried and tested method, typically used in the UK, to finance large scale infrastructure assets such as water, gas and electricity networks.

Under this model a company receives a licence from an economic regulator to charge a regulated price to consumers in exchange for providing the infrastructure in question.

The model enables investors to share some of the project's construction and operating risks with consumers, significantly lowering the cost of capital which is the main driver of a nuclear project's cost to consumers.

This charge is set by the independent regulator, who will ensure that any money spent is done in the interest of users. For a nuclear RAB, suppliers will be charged as the users of the electricity system toward the cost of the construction of the nuclear project, and the economic regulator will be Ofgem.

What does this mean for consumers and their bills?

The RAB model will require consumers to pay a small amount on their bills during the construction of a nuclear project. These payments will avoid the build-up of interest on loans that would ultimately lead to higher costs to consumers once the plant is in operation.

For example, a project starting construction in 2023 will at most add a few pounds to typical consumer bills during this Parliament and on average less than £1 per month during the full construction phase of the project.

However, overall, the lower cost of financing the project is expected to lead to savings for consumers of at least £30 billion on each project.

How does this differ from other schemes to fund nuclear projects?

The RAB model differs from the Contract for Difference (CfD) approach that was used to finance Hinkley Point C. With the Hinkley CfD, the developer agreed to pay the entire cost of constructing the plant, in return for an agreed fixed price (often referred to as the 'strike price') for electricity output once the plant is online. This is ultimately funded by consumers, who will pay the difference between the wholesale electricity price and the final strike price, but consumers will not start paying until the power station is up and running.

In contrast, the RAB model shares the cost with consumers from the start, reducing the amount of interest owed on loans. This ensures the burden on consumers is much lower over the life of the plant whilst helping to attract private sector investment into nuclear projects.

Unlike a CfD where construction risk sits with the developer, a RAB model will enable some level of risk-sharing between investors and consumers, while also maintaining the incentive on the private sector to minimise the risk of cost and schedule overruns. This will help to lower the cost of capital – a key driver of overall project costs.

In their report following the conclusion of the Hinkley Point C negotiations, the National Audit Office noted that an approach where consumers take on more of the project risk could achieve better value for money.

What's wrong with the existing Contract for Difference mechanism?

The deal on Hinkley Point C in 2016 was the right deal for the right time. It was the first nuclear project to be built in the UK for a generation, using a reactor technology being built in the UK for the first time, by a developer which could finance the project on its balance sheet. When Hinkley Point C was being negotiated there were also no projects using the new technology operational anywhere in the world. The deal ensured that consumers won't pay a penny for any construction overruns and until the station generates electricity. However, the CfD places the entire construction risk on developers, and ultimately led to the cancellation of recent potential projects, such as Hitachi's project at Wylfa Newydd in Wales and Toshiba's at Moorside in Cumbria.

Since then, the RAB has been proven a credible model to construct large, single asset projects – as proven at Thames Tideway Tunnel. It is an attractive alternative to CfDs as it reduces our reliance on individual, overseas developers. For nuclear new build projects, the risk sharing in construction between consumers and investors in a RAB could significantly drive down the cost of capital and result in a cheaper project.

Is the RAB model value for money?

Ultimately, having nuclear power will deliver an electricity system that is lower cost for consumers than if we relied on intermittent power sources alone. The RAB model will also make new nuclear projects cheaper.

Our analysis has shown that using the RAB model should produce a cost saving for consumers of between £30 billion and £80 billion compared to funding it through a Hinkley Point C style CfD scheme.

This translates to a saving of more than £10 per year for an average domestic dual fuel bill throughout the life of the nuclear power station, which can operate for 60 years, compared to a CfD.

Nuclear power has a key role to play in Britain's future electricity mix. In the longer term, we are working to protect consumers and businesses by reducing our reliance on fossil fuels and exposure to volatile global gas prices. The only way to strengthen our energy security is to generate clean power in this country, for this country.

Has RAB been used before?

Yes. A RAB model allows a company to charge consumers to construct and operate new infrastructure. Most recently, it was used to successfully finance the construction and operation of the Thames Tideway Tunnel in the water industry and Heathrow's Terminal 5.

[New finance model to cut cost of new nuclear power stations](#)

- New finance model to help cut the cost of new nuclear power projects in Britain, saving consumers more than £30 billion on each new large-scale station
- legislation will encourage a wider range of private investment into new nuclear projects, reducing Britain's reliance on overseas developers for financing new nuclear projects
- large scale nuclear power is the only technology available to provide continuous, low carbon electricity and has key role to play in reducing UK's dependency on fossil fuels and exposure to volatile global gas prices

A new funding model to attract a wider range of private investment into new nuclear power projects, cutting the cost of financing them and reducing the cost to consumers, has been set out by the Business Secretary Kwasi Kwarteng today (Tuesday 26 October).

The Nuclear Energy (Financing) Bill will use a model known as the Regulated Asset Base (RAB) to fund future nuclear power stations in Britain – a tried and tested method that successfully financed other infrastructure projects, such as the Thames Tideway Tunnel and Heathrow Terminal 5.

The RAB model will reduce the UK's reliance on overseas developers for financing new nuclear projects by substantially increasing the pool of private investors to include British pension funds, insurers and other institutional investors.

Under the existing mechanism to support new nuclear projects – the Contracts for Difference (CfD) scheme – developers have to finance the construction of a nuclear project and only begin receiving revenue when the station starts generating electricity. This led to the cancellation of recent potential projects, such as Hitachi's project at Wylfa Newydd in Wales and Toshiba's at Moorside in Cumbria.

Under the new RAB model, consumers will contribute to the cost of new nuclear power projects during the construction phase – but overall consumers are expected to save more than £30 billion over the project's lifetime on each new large-scale nuclear power station compared with existing funding mechanisms. Initial contributions will give private investors greater certainty through a lower and more reliable rate of return in the early stages of a project, lowering the cost of financing it, and ultimately helping reduce consumer electricity bills.

Along with other government policies, including those set out in the Net Zero Strategy, such as on energy efficiency, average household energy bills in 2024 will still be lower than if no action was taken to reduce emissions.

Business and Energy Secretary Kwasi Kwarteng, said:

In light of rising global gas prices, we need to ensure Britain's electricity grid of the future is bolstered by reliable and affordable nuclear power that's generated in this country.

The existing financing scheme led to too many overseas nuclear developers walking away from projects, setting Britain back years. We urgently need a new approach to attract British funds and other private investors to back new large-scale nuclear power stations in the UK.

Our new model is a win-win for nuclear in our country. Not only will we be able to encourage a greater diversity of private investment, but this will ultimately lower the cost of financing new nuclear power and reduce the costs to consumers and businesses.

Currently, approximately 16% of the UK's electricity generation comes from nuclear power and the RAB model will play an important role in attracting private investors to back new large-scale nuclear power stations, working alongside renewables on an increasingly low-carbon electricity grid. RAB

could also be used on new nuclear technologies, including Small Modular Reactors designed and manufactured in the UK.

Nuclear power has a key role to play in Britain's future electricity mix as the UK works to reduce its reliance on fossil fuels and exposure to volatile global gas prices. Authorities including the United Nations Economic Council for Europe and the International Energy Agency have both stressed the importance of developing new nuclear capacity, alongside more renewables, to meet the doubling in demand for electricity in the decades ahead, as well as the UK's legal commitment to reach net zero by 2050.

Energy Minister Greg Hands said:

This legislation will help us build the new nuclear power stations we need to ensure a resilient, low-carbon electricity system for future generations. The only way to strengthen energy security is to generate clean power in this country, for this country.

This finance model will also support the UK's thriving civil nuclear industry, which currently employs 60,000 in high skilled jobs and help create thousands more as we level up opportunities across the whole country.

The National Audit Office recommended that the government assess new funding models to attract investment in nuclear while reducing costs for consumers. The government consulted on the use of a Regulated Asset Base (RAB) model for nuclear in the summer of 2019, establishing that RAB was a credible model for large-scale nuclear projects.

Ultimately, having nuclear power will deliver an electricity system that is lower cost for consumers than if the UK relied on intermittent power sources alone. The RAB model will also make new nuclear projects cheaper.

A large-scale project funded under this scheme will add at most a few pounds a year to typical household energy bills during the early stages of construction and on average less than £1 per month during the full construction phase of the project.

However, overall, the lower cost of financing the project is expected to lead to savings for consumers of at least £30 billion on each project. This translates to a saving of more than £10 per year for an average domestic dual fuel bill throughout the life of the nuclear power station – which can operate for 60 years – compared to the existing CfD scheme.

The government's Energy White Paper also committed to bringing at least one new large-scale nuclear project to final investment decision during this Parliament, subject to all relevant approvals. In December 2020 ministers announced the start of formal negotiations on Sizewell C and those negotiations are ongoing.

Nuclear power has played a key role in the UK's energy system since opening the world's first commercial nuclear power station, at Calder Hall, 65 years ago. The UK has one of the strongest and closely regulated nuclear power systems in the world, ensuring the safety and security of its plants.

There is a thriving nuclear industry within the UK that can support future deployment through the transfer of skills and knowledge from the workforce and apprenticeships at Hinkley Point C (HPC), nuclear services and projects based in Barnwood, Gloucestershire, welding manufacturing centres in Glasgow that can grow from long-term nuclear energy contracts, and the initiative led by Rolls-Royce to develop a Small Modular Reactor designed and manufactured in the UK.

This announcement follows last week's [Net Zero Strategy](#) which set out a £120 million towards the development of nuclear projects through the Future Nuclear Enabling Fund. There remain a number of suitable sites, including the Wylfa site in Anglesey.