

# Why investors will dump big oil companies for solar stocks in 2021

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In a bid to ride on the momentum swirling in favour of the renewable sector, most investors are recommending that one of the best ways to make money in 2021 is to bet against the fossil-fuel industry and buy renewable-energy stocks.

Big and small investors are beginning to move their assets away from fossil-fuel producers and toward renewable energy companies, amid the rise of Environmental, Social and corporate governance (ESG) screens and socially conscious investing, a trend which will further accelerate after President-elect Joe Biden resumes office on Wednesday, January 20, 2021.

Big investors like BlackRock Inc., the world's largest asset manager, overseeing \$7.8 trillion, have said they plan to take into account corporations' disclosures of environmental risks, including carbon footprints.

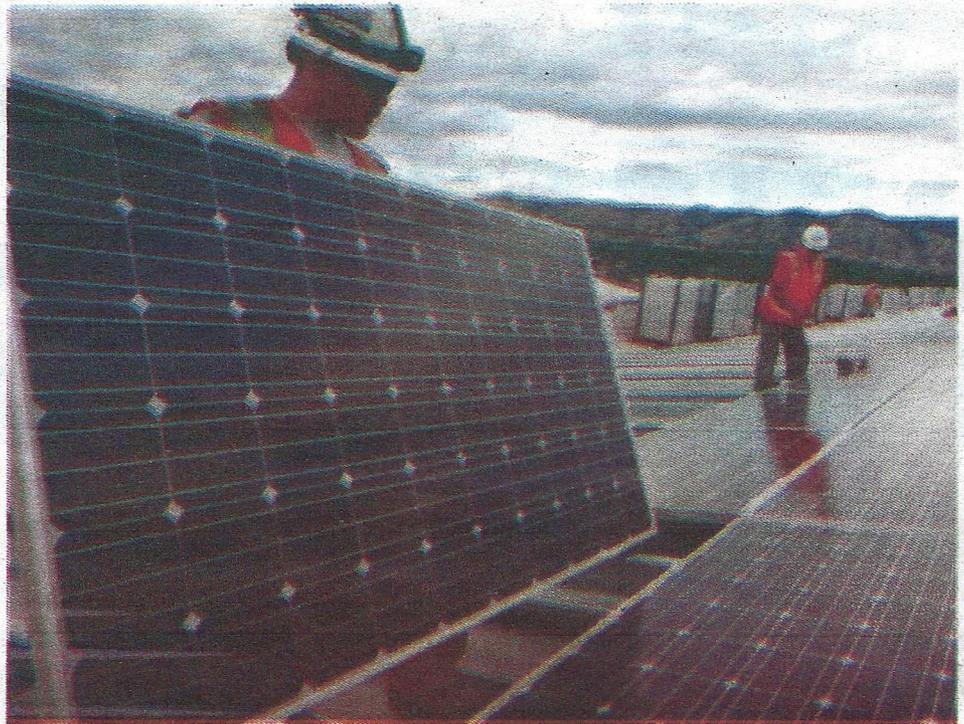
Small investors are also not left out; in the third quarter, they put \$80.5 billion in the sector globally, a 14percent increase from the previous quarter, according to America's financial services firm, Morningstar.

"It's just a sign that renewables are going to be a faster-growing, more affordable solution. There's just no denying that anymore," Sunrun co-founder and CEO Lynn Jurich told CNN Business.

Here are four key reasons why solar stocks have been tipped to continue outperforming under Biden.

## Rejoining the Paris Climate Accords

Biden has already pledged to rejoin the Paris Climate Accords, which President



Trump officially pulled out of the day after the election. While to many this move may seem strictly symbolic, it represents an important return of the United States to the centre of the climate change debate and a renewed commitment to moving toward clean energy along with the rest of the world.

This will encourage companies around the country to invest in research-and-development activities that could spark innovations in the clean energy sector.

## Reduction in fossil-fuel subsidies

For years, the fossil-fuel industries have insisted that renewable energy industries be forced to compete on a level playing field while ignoring the approximately \$20 billion a year they get from the government in both direct and indirect subsidies. Biden has pledged to

reduce and/or eliminate these fossil-fuel subsidies, finally giving solar and other renewable energy sources an opportunity to challenge the hegemony of the oil, gas and coal industries.

## Eliminating solar tariffs

One of the Trump administration's most frustrating decisions was to impose additional tariffs on solar modules and inverters that the industry imports from China and elsewhere.

One of the first things President-Elect Biden should do is order the International Trade Commission to evaluate these tariffs and decide if they are still appropriate, given the damage they have done to the downstream solar industry in this country. Reducing or eliminating the tariffs on solar modules and inverters would have tremendous positive effects on solar de-

velopment.

## A job-creating stimulus plan

As the U.S. economy continues to recover from its COVID-19-induced recession, it's likely that Congress and the president will put together a multi-trillion-dollar relief package, similar to the one that lifted the economy out of its doldrums following the 2008 economic crisis. In addition to direct relief to workers, it could invest in rebuilding the country's crumbling infrastructure, including investments in clean energy.

Such direct investments would help create well-paying jobs in industries like solar, wind, geothermal and other renewable energy sources. They would also encourage companies to invest in their employees and regain some of the job losses that came under the destructive policies of the past four years.

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