



Business seeks action on climate change

Business leaders from 14 top UK companies have met with Prime Minister Tony Blair to demand tougher action on climate change. Meanwhile, the Aldersgate Group, launched in June, is pressing the case for regulation to deliver eco-efficiency.

The business group, with Tesco, Shell, Anglian Water and Vodafone among its members, was brought together by the Business and the Environment Programme.

In an open letter to the Prime Minister,¹ they seek "bold leadership" and a long-term policy framework to give confidence for investment in low-carbon solutions.

Ambitious national climate policies could deliver UK economic benefits by stimulating innovation and improving energy efficiency, they say. The UK is well placed to be a world leader in low-carbon technologies, from carbon sequestration to carbon financing, but only "if domestic policies provide strong incentives."

The executives see the EU emissions trading scheme as central to creating the right business environment. They want the government to set targets for 2025 and encourage other countries to take part by expanding the role of the Clean Development Mechanism.

They also call on the government to set a "challenging" cap in the second phase of the EUETS at the upper end of the 5-8MtC range proposed in the UK's draft national allocation plan in March (ENDS Report 375, pp 40-41).

Other proposals floated by the group include:

● **Support for R&D:** In the short-term a price for carbon will not be sufficient to trigger a step change in technology. The government should foster innovation by supporting early-stage low-carbon technologies like hydrogen storage and wave power, and developing markets through public procurement.

● **Commercial sector:** The group backs expanding climate change agreements and developing a new UK emissions trading scheme for businesses not covered by the EUETS. A recent study suggested this could save up to 1.3MtC a year, but the government has given the idea a cool reception (ENDS Report 376, p 45).

The companies would also like to see incentives to encourage energy efficiency in the commercial sector such as enhanced capital allowances for equipment and reduced business rates for efficient buildings.

● **Green products:** Ambitious EU legislation is needed for domestic appliances, "to drive the market as a whole towards best practice in energy efficiency for electrical products." The group also wants tax breaks for such products, and more demanding building regulations.

An assessment of the impacts of the EUETS published in June by WWF concluded that it will not damage the competitiveness of European companies or cause job losses.² The study, by the Centre for European Economic Research in Germany, reviewed existing research.

Emissions trading is by far the most cost-effective means of meeting the EU's emission targets and saves up to €79 billion compared with alternative measures such as taxation or direct regulation, it found. Compared with taking no action to curb

emissions, the EUETS results in only "modest losses" and these are spread across a range of sectors. Productivity in the cement and steel industries would fall by less than 0.5%.

However, the study suggests that the current scheme is not strict enough to provide a major incentive to innovate.

Also in June, a group of business representatives, NGOs and regulatory bodies came together to launch the Aldersgate Group,³ which aims to raise awareness of the case for "better, smarter regulation which will help manage the transition to a more eco-efficient economy in the UK and beyond."

The Aldersgate Group has corporate members including BT, WS Atkins, Enviro, United Utilities and Sita, alongside a broad range of NGOs, think-tanks and government agencies. Its chairman is Adrian Wilkes, who also chairs the Environmental Industries Commission.

Lord Whitty, former environment minister, and Dinah Nichols, former head of environmental protection at the Environment Department (DEFRA), are also members.

In its prospectus, the group states that:

- ◆ Long-term economic success depends on a healthy environment and the sustainable use of natural resources.
- ◆ At company level, good environmental performance and efficient use of resources make good business sense.
- ◆ Environmental regulation presents new business and employment opportunities.
- ◆ Policy appraisals and regulatory impact assessments should be balanced and objective.
- ◆ Better regulation means having a regulatory environment which is proportional, accountable, consistent, transparent, targeted, efficient and effective. ■

DOWNLOAD at endsreport.com/downloads

☞ 1. *The corporate leaders group on climate change:*

Agenda for action

☞ 2. *The impact of the European emissions trading scheme on competitiveness and employment in Europe*

☞ 3. *Green foundations: better regulation and a healthy environment for growth and jobs*