

PRESS RELEASE

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Environmental Regulation Key to Economic Recovery

Environmental regulation is essential for the economic recovery and UK competitiveness, claim a coalition of leading companies and environmental groups in a report released today. Far from presenting a crisis for environmental policy making, the challenges posed by the credit, resource and energy crunches actually reinforce the urgent need to accelerate the transition to a low-carbon, resource efficient economy, and align economic, environmental and societal benefits.

The report, *Green Foundations 2009*, published by the Aldersgate Group and launched at the House of Commons by Energy Minister Mike O'Brien, argues that a rapid transition to a greener economy, far from having been marginalised by the financial crisis, is more essential than ever for our future prosperity. The new parliamentary session is an opportunity for the government to steer the UK economy towards recovery onto a more sustainable path, both financially and environmentally.

Peter Young, Chairman of the Aldersgate Group, said: **“Far from being an indulgence that would damage competitiveness, the low carbon economy is an essential component of the economic recovery. The government must grasp this unique opportunity to reform unsustainable business practices, boost competitiveness and stimulate green jobs and wealth.”**

The report argues that:

1. The natural capital assets that lay the foundations for our economy and society should not be off-balance sheet items in a similar way to the to the risk exposures and subsequent heavy losses incurred in the banking sector during the 2008 credit crunch.
2. In response to the upward trend in energy, water, raw material and waste disposal costs, systematically addressing environmental performance is one of the most cost-effective measures businesses can undertake to boost competitiveness - which currently lags far behind major trading partners such as Germany, France and Japan.
3. While the international credit and liquidity crisis is curbing the appetite for long-term lending, the growth fundamentals for clean energy investment remain robust and an explicit industrial strategy with planned support for particular technologies is required to build the jobs and expertise of the future.
4. Keystone policy objectives such as increasing resource efficiency and decarbonising the economy will only be achieved if they are adequately reflected in price signals, both in the valuation of policy options and in the market price.
5. Businesses with strategies aimed at long-term value are demanding more regulation, so that they can address emerging challenges with certainty and provide a competitive edge.

Former Environment Minister and Aldersgate Group member, Elliot Morley MP said: **“The political will has been found to stabilise the banking crisis. Now we need that same political will to tackle the twin challenges of climate and energy security.”**

Adrian Wilkes, Chairman of the Environmental Industries Commission, said: **“Investing in the talent of the EU environmental technology industry is vital if we are to avoid climate change and ecological crises that would make today’s financial crisis seem like a tea party!”**

Neil Carson, Chief Executive, Johnson Matthey, said: **“We need urgently to harness ingenuity, technological innovation and behavioural change in ways that will enable us to make the transition to meeting our economic and social goals within the capacity of the planet. The Earth’s natural resources and ecosystems will not support ‘business as usual’ for much longer”.**

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