

Budget 2011: Business leaders call for action on green growth to create jobs and reduce the deficit

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UK is losing momentum to emerging economies in green sectors

Aldersgate Group report sets out a green growth strategy to reduce the budget deficit and create jobs

United Nations study calls for investment of 2% of global GDP in the green economy

An influential group of businesses, NGOs and MPs today urged the Chancellor to set out a comprehensive green growth strategy in next month's Budget.

This would help reduce the budget deficit and drive a dynamic economic recovery by increasing output and creating jobs.

A new report, to be published next week by the Aldersgate Group, finds that governments around the world are implementing plans to attract global investment in environmental technologies and the UK is losing momentum in this green economy race. Examples of green growth strategies include China's new Five Year Plan that seeks to underpin a 'clean revolution' in its economic development and India's National Action Plan on Climate Change that is projected to stimulate US\$1 trillion of investment over the next decade.

The report warns that the UK economy risks being left behind unless the Government implements urgently a green growth strategy. The strategy must include a strong policy framework to address market failure across the economy combined with a concerted push to support those sectors that have competitive advantages. This must extend beyond traditional environmental industries to sectors such as automotive and construction and will be vital to deliver the Prime Minister's vision for 'economic dynamism'. Failure to act will mean investment flowing to more attractive markets, leaving the UK at a disadvantage for years to come.

This coincides with a comprehensive study by the United Nations, published today, that analyses how a global investment of 2% of GDP in the green economy could unleash economic growth and positive social outcomes, while keeping humanity's planetary footprint within sustainable boundaries. It challenges the myth of a trade off between environmental investments and economic growth and predicts that green investments will produce a higher rate of GDP growth over a six year period.

Peter Young, Chairman of the Aldersgate Group, said: **"The Chancellor has promised a 'budget for growth' but we believe this must be a 'budget for green growth'. The UK needs an explicit strategy to take advantage of**

the global shift to a green economy; driving jobs and exports. Cuts alone will not deliver a competitive economy.”

“The comprehensive green economy report by the United Nations debunks any myth that we must choose between greening or growing. We can and must do both. The most successful and progressive businesses are already showing the way and no one can afford to be left behind.”

“The UN report also finds that there are more jobs in the green economy than the brown economy. Acting early will be a massive driver for job creation and can provide the foundations to drive a dynamic economic recovery”.

Richard Evans, President of PepsiCo UK and Ireland and Aldersgate Group member, said: **"The UK needs a simpler and more ambitious policy framework so that businesses take the lead in the low carbon market. This must include a robust carbon price and incentives to spur innovation. To be a growing and green economy, we need to tax what we burn and not what we earn - the forthcoming budget can start this shift."**

Tim Yeo MP, Chair of the Energy and Climate Change Select Committee and Aldersgate Group member, said: **“Britain’s best chance of resuming satisfactory economic growth is to seize the opportunities for leadership in green technology. Those countries which move swiftly to low-carbon energy, low-carbon transport and a low-carbon built environment will enjoy a huge first-mover advantage during the next two decades.”**

“Britain’s intellectual leadership of the climate change issue, its resourceful workforce and its outstanding record of innovation all equip it well to be one of the world’s pioneers in green growth. This Budget is a chance for the Chancellor to play his role in making this the greenest Government ever.”

Brendan Barber, TUC General Secretary, said: **"To drive jobs and green growth, we would urge the Government to commit Budget 2011 to the creation of a Green Investment Bank (GIB), operational within a year and well capitalised. The GIB is vital to drive the £110 billion of new investment required for green energy infrastructure and jobs by 2020. The GIB should operate as an accountable public body, ensuring that it invests in the national interest."**

The Aldersgate Group report, *“Greening the Economy: A strategy for growth, jobs and success”*, argues that the entire economy must be made more sustainable with greater prioritisation given to energy efficiency and technological innovations for improving the processes of established industries. This must:

- Ensure that prices reflect environmental realities;
- Adopt a regulatory approach that prioritises long-term value;

- Embed sustainability across public policy;
- Incorporate a lifecycle approach to waste management;
- Address climate and resource risks; and
- Enable a socially just transition.

The most effective way to stimulate green investment is on a sectoral basis due to the large number of specific barriers and solutions that each sector faces. This will be crucial to deliver the Prime Minister's vision for a new economic dynamism that seeks to create the right framework for business investment. It will drive growth in those industries where Britain enjoys competitive advantages, making it easier for new companies and innovation to flourish.

In each priority area, the Government must provide long-term policy frameworks with a different combination of market pull and supply push interventions. This approach, for example, has helped to drive Germany's renewable energy sector, make Silicon Valley a centre for technological innovation and build South Korea's high tech manufacturing base virtually from scratch

Aldersgate Group members are: ACCA, AXA Investment Managers, Bank of America Merrill Lynch, Biffa, BT, CIWEM, eftec, the Environmental Industries Commission, Knowledge Transfer Network, Friends of the Earth, Green Alliance, Herbert Smith, the Institution of Civil Engineers, IEEP, IEMA, IPPR, Jaguar Land Rover, Johnson Matthey, L&Q, Microsoft, MITIE, National Grid, Onergy, PepsiCo UK and Ireland, Reed Elsevier, RSPB, SKM Enviros, Smartest Energy, Speechly Bircham, Sustain, The Co-operative, TUC, UK CEED, UK GBC, Veolia Environmental Services, Willmott Dixon Group, Woodland Trust, WWF and WYG.

Individual Aldersgate Group members include Andrew George MP, Barry Sheerman MP, Caroline Lucas MP, Ian Liddell-Grainger MP, Martin Horwood MP, Michael Meacher MP and Tim Yeo MP.

The Aldersgate Group is an alliance of leaders from business, politics and society that drive action for a sustainable economy.

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