

Briefing Paper: UK Low Carbon Industrial Strategy

March 2009

Background

In recognition of the findings of the Stern report and committing to targets in reducing carbon emissions, the UK government has enacted a strategy to initiate a transition to a low-carbon economy.

Summary

UK government led by the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department of Energy and Climate Change (DECC) launched a consultation on the paper 'Low Carbon Industrial Strategy: A Vision'. This vision was launched at a high-level conference on 6 March 2009 in collaboration with the CBI and TUC. The prime minister, Lord Mandelson, business secretary, and Ed Miliband, energy and climate change secretary delivered keynote speeches.

The vision wants to ensure business and government are acting to secure full benefits from moving to a low-carbon economy. It proposes that moving to a low carbon economy and the opportunities that may arise could support the UK economy in recovery following the economic downturn and ensuring long-term growth. Government calls for a "new industrial activism" to bring together cross-departmental policies in order to allow companies access to infrastructure, skilled labour, R&D and investment opportunities to move to low carbon.

The paper outlines four key areas that the final strategy will cover:

- Energy Efficiency

Government suggests cheap and simple actions in increasing energy efficiency and reducing business costs. The paper states that greater resource efficiency would make the UK a more attractive business destination and would create tens of thousands of jobs for businesses in the energy efficiency sector.

Government proposes two objectives: to facilitate a comprehensive step change in business and public sector action on energy efficiency; and to ensure the UK provides the skills base to bring new energy efficiency technologies to market.

Government poses the following consultation question: *What are the main barriers in the UK to business and the public sector realising the full benefits of energy efficiency?*

- Energy infrastructure

The paper says the final strategy will include the government's approach to upgrading the electricity grid to ensure it has the capabilities to respond to new forms of energy and can provide appropriate ways in which electricity is transmitted and distributed in light of the move to low carbon vehicles.

Government proposes the creation of central heat generation, supplying homes and businesses at a lower carbon cost.

Government poses the following consultation question: *What are the key opportunities for UK business in moving to a new energy infrastructure?*

- Making the UK a global leader in low carbon vehicles

Government's ambition is for the UK to be a leader in low carbon transport, giving particular attention to the development and manufacture of low carbon automotive technology.

Government highlights the support pledged to encourage take-up of ultra-low carbon vehicles and says that support given to the automotive sector in the downturn is in recognition of its importance in securing its position as a world leading low carbon industry.

Government stresses the need to remove barriers to private sector investment, the need for commitment to low carbon vehicle R&D, the need for leadership in public procurement and the appropriate measures to ensure the UK is a leading location for demonstration.

Government poses the following consultation question: *What is the best way for Government and business to work together to secure a world leading position for the UK in low carbon transport?*

- Making the UK the leading destination for low carbon businesses

The paper says "strategic thinking" is needed from government around public procurement, public policy, the UK's regulatory environment, infrastructure R&D facilities, and skills to make the UK an obvious international destination for low carbon industry.

Government recognises the need for investment in skills to work with new low carbon technologies or processes. The final strategy paper will set out how government will work with employers and skills partners such as the Sector Skills Councils to stimulate demand, support innovation and creating a framework for improving skills.

Government poses the following consultation question: *How do we build the infrastructure, skills and research base we need to make the UK the world's foremost destination for low carbon investment?*

Timeline and next steps

A website has been set up to work as a forum for stakeholders to engage in the consultation on the government's strategy paper - <http://interactive.berr.gov.uk/lowcarbon>. The website will be live during March 2009 with BERR and DECC intending to review contributions in April. Government is expected to pull together feedback and issue its final Low Carbon Industrial Strategy in summer 2009.

The final strategy will be issued following the publication of the NAIGT's recommendations in May. SMMT will work closely with BERR to provide input into the formation of the government's strategy and make sure the strategy takes full account of the NAIGT's recommendations.

Government has also set up a [Low Carbon Business Opportunities Unit \(LCBO\)](#) within BERR to support businesses in light of the government's strategy on moving to a low carbon economy.

For the consultation document, supporting papers and further details:
<http://www.berr.gov.uk/whatwedo/sectors/lowcarbon/lowcarbonstrategy/page50105.html>

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