

Environmental Goods and Services (EGS) - Core Script

Environmental Industries Sector Knowledge Team

The Environmental Industries Sector Knowledge team which is jointly funded by Defra and DTI, is part of the Manufacturing, Materials and Environment unit. It is part of DTI's Business Relations Directorate.

The team is charged with raising the profile of the sector and establishing an effective 2-way communication channel between Government and business, with the aim of developing a more favourable policy framework for the Environmental Industries. What we hope to achieve is better communication between the industry and Government both in developing new regulations and the way in which they are implemented in the UK.

Services offered by the team include:

- flagging up areas/opportunities where the EGS sector might be able to provide the solutions to overcome environmental problems
- contributing evidence to Regulatory Impact Assessments and consultations
- market intelligence about the Environmental Goods and Services sector
- help with stakeholder engagement and consultation of EGS sector stakeholders (including advice on how to present questions, e.g. consultation formats)
- help with engagement with leading trade associations, regional development agencies, their EGS clusters and the Devolved Administrations

Market Intelligence:

- Globally the sector was estimated to be worth \$548bn in 2005, and is expected to grow by 45% by 2015 with world markets growing to \$688 billion by 2010 and just under \$800 billion by 2015.
- The UK environmental goods and services (EGS) sector is already a dynamic and growing industry.
- In 2002, it was estimated the sector had a turnover of £16billion and employed around 170,000 people.
- Data gathered in 2004 showed that companies identifying themselves as working in the environmental technology sector had a turnover of around £25 billion, and account for around 400,000 jobs in some 17,000 companies.
- Projections suggest that the UK EGS market will grow from £25 billion in 2005 to £34 billion in 2010 and on to £46 billion by 2015. Employment will grow by at least 100,000 over the same period.

Policy Support:

- Stern report points to the importance of investing in environmental technologies now: "...we face a challenge of investing 1% of our GDP now, or 20% in 20 years time..."
- Growing the strength and capabilities of the EGS industry, both nationally and internationally, is the key to the UK maintaining and enhancing its position in worldwide environmental markets and realising the benefits and jobs it can create,

whilst at the same time helping meet increasing domestic and international environmental challenges.

- Greater use of environmental and resource efficient technologies, eco-design and sustainable practices in the wider economy will also help make UK firms more competitive in global markets, helping to preserve UK jobs.
- Social enterprises (which often operate commercially) are very strong in the recycling sector. Many offer training and employment to disadvantaged groups, such as long-term unemployed, prisoners or those with learning difficulties. They often sell refurbished goods to low income families at reduced prices.
- Skills shortages are a key barrier in the sector, both in terms of good scientific and management skills, and on installation and maintenance of new technologies.
- EU Directives provide new opportunities for diversification and transfer of skills for the UK workforce. E.g. one manufacturer used to make gear boxes for automotive use and the workforce are now being re-deployed to make gear boxes for wind turbines.
- Countries that transpose directives in a timely, robust manner can give their domestic EGS industries a competitive advantage, allowing them to move up the learning curve faster than other international competitors, developing solutions first, which may then be exported to those countries which lag behind. Delays in implementing regulations can have the opposite effect.
- Scientific understanding has a strong influence on the EGS sector. The UK is punching well above its weight and gives excellent value for money from its research budget. The UK is ranked first in the G8 on efficiency measures. This scientific knowledge must also be nurtured for the UK to retain its position.

Ministerial statements about the environmental industries:

Tony Blair, Prime Minister:

"...we need to develop the new green industrial revolution that develops the new technologies that can confront and overcome the challenge of climate change..."

14 September 2004

Gordon Brown, Chancellor of the Exchequer:

"...environmental care and job creation advance together...At least 100,000 new jobs for British people...."

Labour Party Conference, 25 September 2006

"...Tackling climate change is an opportunity for Britain to create thousands of new jobs. And our new institute to investigate new environmental technologies will start with a budget of £550 million and I can also confirm a second enterprise capital fund focused on innovative green technologies...."

Pre-Budget Report, 6 December 2006

David Miliband, Secretary of State for the Environment:

"...Climate change is a serious threat but also a business opportunity. There are jobs and wealth to be created in reducing greenhouse gas emissions, as there are in tackling other environmental problems..."

"In a world where energy and carbon emissions are constrained, every business must take resource productivity seriously as a source of competitive advantage. Every industry should become an environmental industry – and environmental principles must permeate beyond traditional environmental sectors..."

Launch of Commission on environmental markets and economic performance, 8 November 2006

Alistair Darling, Secretary of State for Trade and Industry:

"The whole world must move to a low carbon economy. This green industrial revolution presents the opportunity for new goods, new services, new capital markets and new jobs. We need to harness the opportunities to make sure British business leads this revolution..."

Launch of Commission on environmental markets and economic performance, 8 November 2006

"...'Climate change is one of the greatest challenges we face. And while it presents great uncertainties, it also provides huge opportunities."

2007 Global Entrepreneurship Monitor (GEM) Forum, 11 January 2007

Margaret Beckett, Foreign Secretary and former Secretary of State for the Environment:

"Clean-tech is going to be a massive market...Those who move into that market first – first to design, first to patent, first to set the technology standard, first to sell, first to invest, first to build a brand – have an unparalleled chance to make money,"

Tom Delay, Chief Executive, The Carbon Trust:

"Delivering low-carbon products into the hands of consumers will not only reduce energy bills and enhance corporate and brand reputation, but will open up new revenue streams and increase brand loyalty, if properly communicated."

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