

UK FORUM FOR THE ENVIRONMENTAL INDUSTRIES (UKFEI)

House of Commons Reception: 21st November 2006

Thank you for inviting me here today.

I am pleased to see such a wide range of representatives here this afternoon, including so many Parliamentary colleagues – shows how broad and important the issues are.

I would also thank the UKFEI for organising this reception and Barry Sheerman for hosting what is a timely event.

Climate change and wider environmental issues are taking an unprecedented prominence.

The Stern Review has provided a firm, international focus on the economics of climate change. Climate change is no longer simply an environmental policy to be dealt with by environment ministers. It is a security issue, a social issue, an energy and transport issue, and above all an economic issue.

As Sir Nicholas Stern has said so clearly, the choice is simple and stark: invest 1% of our GDP now, or face a cost of up to 20% of world GDP later.

We need to develop new ways of doing business now that are less harmful to our planet.

We can deliver a strongly growing economy with high employment levels and at the same time cut our greenhouse gas emissions. In fact we're already doing it. We are on target to double our Kyoto target.

Therefore, developing a thriving UK Environmental Goods and Services sector is essential if we are to achieve our climate change goals.

Today the sector has an estimated turnover of over £25 billion. A new report produced by Defra and DTI estimates that turnover will increase to over £34 billion by 2010, and £46 billion by 2015. I am optimistic that growth will be even faster.

The sector currently has around 17,000 companies, employing 400,000 people in the UK. The Treasury have estimated that a further 100,000 jobs could be created over the next 10 years.

But we must go further...

Every industry must be an environmental industry. Just as environmental issues are moving out of the confines of environmental ministries, so too should environmental principles spread beyond traditional environmental sectors.

A good example of this is contained in a recent report from the International Energy Agency. They concluded that every \$1 spent on more efficient electrical equipment and appliances (such as television sets and set-top boxes) avoids more than \$2 in investment in new power generation.

For our part, we have established the **Commission on Environmental Markets and Economic Performance**, with members drawn from business, NGOs, academia, trade union and public sector organisations. It will report to Government next spring with recommendations on how to further stimulate sectors that can make a significant contribution to both economic productivity and the environment.

This is a challenge to all of us. We must work together: recognising and building upon the valuable work being done regionally to foster innovation and accelerate sustainable growth.

That is why I believe that UKFEI and those who work with it have a leading role to play in ensuring that all of the regions of the UK maximise the benefits this sector has to offer to help make the UK the best place in the world for environmental innovation.

That is why I am here today. To acknowledge the huge contribution you make, and to celebrate your 5th anniversary.

Through your membership you are able to provide a forum for open discussion and exchange of ideas and best practice. To encourage regions to raise their game to the level of the best.

But there is much more you can do.

I would like to set out four key challenges where I believe you can play a leading role in helping Government deliver its climate change agenda:

Firstly, to help us communicate more effectively with businesses and their networks. We need to understand the barriers they face, and how we can create a more business friendly policy framework to achieve our climate change objectives.

Help us by gathering evidence – case studies – which illustrate both barriers and the successes and opportunities.

Secondly, you need to widen your partnerships and networks. Take your message into the mainstream.

You need to forge new links with other environmental support bodies, particularly those funded by government. Help your own RDAs and Devolved Administrations realise the links between good environmental practice and economic prosperity. Use your knowledge and expertise to help them delivery more effectively.

And you must go beyond this, and link into traditional business networks. Show wider industry why good environmental practices make good business sense.

Thirdly, you can help address the skills gap. We know that there are already shortages of technical environmental specialists, and those who could use their skills in this sector. **You** need to work with training providers to fill these gaps and adopt far more innovative approaches to ensure your regions attract and retain the graduates of tomorrow.

Without the skilled workforce we won't be able to implement radical changes and innovations, your companies won't flourish and UKplc will have missed a very valuable market opportunity.

Fourthly, you must ensure that the sector's profile remains high on local agendas. Indeed, all of us here today have a part to play in this. The UKFEI must ensure that RDAs and Devolved Administrations see the opportunities and, again, use your knowledge to encourage them to develop effective support.

But that also means developing and resourcing your activities too!

I know it can be difficult for some regions to find the time and resources to commit to forums such as the UKFEI, but I would urge all of the UK's regions to play a full role, and to support their UKFEI members.

If UKFEI can meet these challenges, you will be making a significant contribution to a more sustainable future, with thriving businesses creating new, innovative opportunities for the UK.