

New trade report argues UK should reject 'green protectionism' and harness free market to address climate crisis

A new report published today [21 July] outlines the role free trade and free-market can play in accelerating the global transition to a low-carbon economy, challenging green protectionism.

The second report by the Board of Trade – Green Trade – shows how free markets are critical to tackling climate change, enabling the free flow of information and proliferation of green technology, challenging the narrative that free trade is a threat to the environment. It also addresses green protectionism, whereby environmental aims are used as a cover to enact damaging protectionist policies.

The Board demonstrates how green trade presents a major economic opportunity for Britain that will drive high-value jobs and sustainable growth into every part of the country. The report encourages the UK to champion free trade and bring together the trade and climate agendas on the global stage.

It recommends the UK leverages its trade agenda to speed up the global green transition by:

- promoting the UK's green exports and technology overseas
- using the UK's independent trade policy to reduce barriers to green trade and tackle environmentally damaging market distortions – such as industrial subsidies
- attracting foreign investment to build the UK's green industrial base

The new report will be launched today at a Board of Trade meeting at Trades Hall in Glasgow, hosted by International Trade Secretary Liz Truss, where she will be joined by Advisers to the Board of Trade as part of a two-day visit to Scotland. The meeting comes ahead of the UK hosting COP26 in Glasgow this November.

During her visit, the Secretary of State will meet international investors, clean growth businesses and Scottish exporters who employ the latest green technology and export their products globally. This includes Mitsubishi, Scottish Power and BAE systems. She will also be hosting a fintech roundtable in Edinburgh, visiting Clydeside Distillery in Glasgow and attending a 'Made in Britain. Sold to the World' showcase of iconic Scottish exporters at an evening reception in Glasgow.

Liz Truss, International Trade Secretary, said:

The UK is a leader in green exports and this report shows how free trade, free markets and free enterprise can be leveraged to counteract green protectionist policies that hold back the global transition to a low-carbon economy.

Free enterprise is key to the UK's recovery from the coronavirus pandemic, to tackling climate change, and to securing a stronger and freer trading environment that directly supports jobs in regions and nations across the UK.

Experts predict the UK's low-carbon economy could grow by 11% per year between 2015 and 2030 – four times faster than the rest of the economy – delivering between £60 billion and £170 billion of export sales in goods and services by 2030.

By 2050, there could be more than 1.2 million full time workers directly employed in England's low carbon industries.

RenewableUK CEO Dan McGrail said:

Internationally driven competition and innovation has helped to drive down the cost of renewables, which have now become the cheapest generators of new electricity, benefiting consumers as well as tackling climate change.

The global demand for clean energy is growing and our world-leading companies offer years of expertise and cutting-edge products which we're exporting globally. As this report highlights, this demand is set to grow exponentially, generating billions for the UK economy.

Lord Mayor of the City of London William Russell said:

I am proud the UK is a global leader when it comes to innovation and mobilising the capital needed to deliver a net-zero transition.

As this report shows, green trade is now the business opportunity of the century, with the potential to create thousands of jobs and substantial returns while also benefitting our planet and future generations.

With just over 100 days to go until COP26, we have a real opportunity to spell out clearly to the world the benefits of going green, and why the UK is the place to come for sustainable finance.

Scottish Secretary Alister Jack said:

As we prepare to host COP26 in Glasgow later this year, today's Green Trade Report sets out how free trade can go hand-in-hand with achieving our net zero ambitions.

With a growing base of low carbon businesses, and home to almost a third of UK offshore wind jobs, Scotland has a lot to gain from green trade and the high-value jobs and prosperity it will create.

Emma Howard Boyd, Chair of the Environment Agency and Adviser to the Board of Trade, said:

In the last month, we have seen fatal heat in Canada, floods in Germany and a climate induced famine in Madagascar. Natural disasters have caused \$3 trillion of damage this century. Trade policy has a role in ensuring greater physical and economic resilience.

Ahead of the G7, when members confirmed their strong determination to halt and reverse biodiversity loss by 2030, President Biden and the Prime Minister said trade, when done right, can support sustainable and green growth, good jobs for workers, new opportunities for innovators and businesses, and high labour and environmental standards.

The message that green trade presents major opportunities for the UK economy is an important one and, as the report also highlights, this needs to be underpinned with ambitious environmental regulations. This report also recognises the value of using trade levers appropriately to achieve more ambitious environmental outcomes with high environmental standards.