

Speech: Economic Secretary speech: Green Finance Summit

I'm delighted to address you all this morning for the second annual Green Finance Summit.

Ladies and gentleman – no one doubts the strength of the public will to fight climate change.

In such a time of friction and division, it comforts me to know this cause unifies our country across party political lines...

...as it continues to stand as one of the greatest challenges of our age.

How we manage our relationship with our oldest partner – the natural world – will be the test of our times.

As we know, up until recently, government and philanthropy have driven the debate and funded the growth of green finance.

But there is only so far that this approach can take us...

We have witnessed over the past 25 years a deeper – and genuine – engagement by the private sector in green finance...

...through the development of sophisticated financial instruments...

...and innovations to mobilise green capital.

All of this has helped propel the UK to the forefront of the global green finance market...

...with almost \$25 billion of green bonds listed in London in seven currencies...

During my tenure as Economic Secretary to the Treasury, I am determined to push this agenda...

...for responsible capitalism...

...and for leveraging market forces to tackle the challenges we face as a collective.

Today I want to speak to you about three things.

Firstly – to take stock of how we arrived at the status quo.

Secondly – my vision for the future of green finance – one that is sustainable, mainstream, and culturally embedded.

Finally – how the work of the recently announced Green Finance Institute will be crucial in achieving this vision.

While I understand that there may be an increased number of political cynics in the room – which is not necessarily surprising given current events...

...I want to reassure you that this government's commitment to stimulating a robust environment for green finance...

...is not mere political pageantry or a passing fad.

I am proud that the UK was at the forefront of setting a legislative mandate for combatting this challenge through the 2008 Climate Act.

But for too long, tackling climate change has been left to government, with the private sector largely left by the wayside...

...and as a believer in the sanctity of the free market...

...I am glad to see it taking a long-awaited place at the table...

...rising to meet the burgeoning appetite of markets and investors...

...to embrace green finance and responsible investing.

But green finance has yet to reach its full potential...

...as I believe it is largely untapped.

The conversation has been dominated by a few specific areas, such as green bonds.

And whilst there will always be a place for them, more lies further afield...

...in the breadth, and depth of global capital markets.

New instruments are gaining traction.

Take green loans, now accessible to a greater range of entities, and the emerging green mortgage market.

And the capacity for green securitisation is enormous.

It unlocks institutional investor capital to smaller projects that otherwise would be excluded from accessing capital.

Green funds are emerging from the fray with retail funds in particular becoming more engaged.

And of course this is being led, as ever, by a growing investor and consumer appetite.

A recent survey by Eon found 54% of UK consumers would definitely consider taking out a green loan to fund home energy efficiency improvements, with nearly a fifth citing energy efficiency as the most important factor when choosing a property.

A 2017 survey by Morgan Stanley's Institute for Sustainable Investing found that 86% of millennials are interested in sustainable investing.

Such demand will no doubt see an increasing number of asset managers and lenders broadening their offer on green products.

The figures will speak for themselves: at the end of 2017, only 17% of Europe's sustainable investment funds were categorised with an environmental focus.

By the end of this year, we expect this number to have risen substantially, along with increased allocations of investments dedicated to fighting climate change.

As the needle shifts from fringe to mainstream, from curiosity to permanent action...

...I think we will continue to see a growth in product offering.

We may have solved the financing needs of the Paris agreement, but we are not here to discuss this today.

We are here to discuss how much further we need to go.

My vision for the next twelve months and beyond is an explosion of the momentum ...

... to the point where 'green finance' becomes simply – 'finance'.

We are seeing this happen.

For example, most of the top European insurers are committed to divesting from coal – pulling out a staggering USD 20 billion of investment.

Long-term climate change risks have been pushing pension funds to take action on their investment choices.

And the global green bond market continues to exceed expectations – the market is up 78% on 2016 to reach \$155 billion of issuances.

Just yesterday I celebrated the largest green bond listing on the London Stock Exchange, of \$1.58 billion, by the Industrial and Commercial Bank of China, the world's largest bank.

While green and sustainable equity capital raised at the London Stock Exchange rose at a rate of 197% year-on-year.

And the Green Finance Taskforce, members of whom I welcome today, published a landmark report in March to help set the trajectory for UK green finance policy.

I want to quote a line from the report which I think cuts to the nub of the issue:

“the sheer scale of capital required dictates that this cannot be driven through either public or private sectors working alone...we need an international alignment of interests, incentives and policies”.

The momentous challenge facing us all requires a fundamental change of thinking...

...keep our ambitions limited to short-termism...

...or seek to hit targets or arbitrary timelines.

It is incumbent that whilst aiming for tangible results...

...we support an organic shift in the rationale of the market.

It is not enough that markets simply react to investor appetites.

A sustainable and long-term shift in mindset needs to happen...

...and the market needs to realise green finance is critical for long-term strategies.

This cultural pivot must happen at an institutional level – and it is already in train.

Because there is no doubting that the social impetus to transition to a low-carbon economy is there.

The whole market must now be brought along in parallel.

This calls for collaborative action...

...between governments, between public and private, and between sectors of our economy.

We have already seen so many successful advancements in this regard...

...from Barclay’s new green mortgage, offering consumers finance that aligns with their values...

... to international central banks forming a network to “green” the global financial system.

Executed well, green finance will not only help achieve our climate targets...

...but support long term economic resilience...

...and ensure the continued vitality and relevance of financial services.

Which is why the Chancellor’s announcement last month of the new Green Finance Institute is so important.

As he set out at Mansion House, we are working with the City of London to fund a permanent centre to champion green and sustainable finance.

The Institute will capitalise on the UK's inherent strength: a magnet for capital and expertise.

My goal for this new venture is fourfold:

One – to provide strengthened purpose and branding to UK green finance.

The Institute will stand as a quality mark, a sign of the UK's green finance expertise under one unified brand.

Two – to demonstrate our international leadership.

We already lead the world in this market, from attracting over \$24 billion in international green bonds, to ensuring we remain partner of choice on green finance for some of the world's biggest economies.

Three – driving innovation

As I set out earlier, it is not enough to live on the successes of the past...

... in order to ensure this market continues to grow, we must keep innovating.

Building on such strengths as FinTech and local currency finance.

And finally – setting the future agenda

The Institute will be a focal point for government-industry collaboration, working together to open up to new markets and drive forward future policy.

That's why this morning I'm delighted to announce the City of London are establishing an Advisory Board to set out the shape and strategy of the Institute...

...which will be chaired by, Sir Roger Gifford...

...who brings his extensive experience in green finance to the role.

Members of the Board will be drawn from our domestic firms, as well as international financial leaders..

Because it's not enough for the UK to lead...

... we need to make sure we're taking everyone along with us...

...as we explore the opportunities this country voted to explore as Global Britain.

To conclude this morning., I want to share a quote with you:

"The...benefit of knowledge obliges you to act ethically. Complacency is not illegal, though it may be equally disastrous".

Here was Churchill – speaking of the threats faced by Britain and the world in 1940 by a different kind of enemy.

From his immortal oratory, I couldn't help but draw an analogy with the threat we now face.

We all know too much about what faces us – and responsibility is the natural corollary.

I am reassured by the ambition...

...of government – as a steward of the environment...

...and of a body politic – committed to the climate.

But it is by reaching for the invisible hand of the market...

...that green finance can endure...

...and sustain itself for the benefit of the collective good.

Thank you very much indeed.

[Guidance: Hinkley Point C: wider benefits realisation plan](#)

Hinkley Point C will provide low carbon electricity to 6 million homes; beyond this there are many wider benefits from this large infrastructure project during its 10 years of construction.

This wider benefits realisation plan sets out what these benefits are and how they will be delivered.

[Corporate report: UK Co-ordinating Body Annual Report:2017 to 2018](#)

UK Co-ordinating Body Annual Report 2017/18

This Annual Report outlines the UK Co-ordinating Body's constitution, objectives and performance indicators, and its performance against Business Plan targets.

It also gives information of the UK Co-ordinating Body's:

- resources, staffing and structure
- corporate governance and risk management
- harmonisation and competent authority activity
- management board membership
- governance statement

The report has details of the UK Co-ordinating Body groups, including:

- Paying Agency Director's Forum (PADF)
- Paying Agency Co-ordination Board (PACB)
- Accounts and Finance Working Group (AFWG)
- Information and Technology Working Group (ITWG)
- United Kingdom Accreditation Compliance Committee (UKACC)

[Press release: Lift off for electric planes – new funding for green revolution in UK civil aerospace](#)

- UK to be at forefront of next revolution in electric and hybrid planes – benefiting passengers and the planet
- £343 million government and industry investment for research and development and productivity improvements to transform the future of civil aerospace and continue the UK's status as a pioneering aerospace nation
- the government launches negotiations with industry on a new Aerospace Sector Deal, as part of the modern [Industrial Strategy](#)

The UK's world-leading aerospace sector will be propelled into a new era of cleaner, greener flight through industry and government investment, the Business and Energy Secretary announced today at the 2018 Farnborough International Airshow.

From the total investment, £255 million – supported by the Aerospace Technology Institute (ATI) and UK Research & Innovation (UKRI) – will go towards 18 new research and technology projects, including the development of cleaner and greener hybrid aircraft. To support small and medium-sized companies, £68 million of the funding will be made available to increase research and development opportunities, with £20 million to drive improvements in long-term productivity across the sector.

The projects will not only help maintain the UK's existing strengths in aerospace but also position the UK as a world leader for some of the most technologically advanced aircraft that will transform the face of aviation including electric aircraft, hybrid-electric propulsion systems, and future materials for aircraft manufacturing.

A major beneficiary of the latest research and development funding is the revolutionary E-Fan X project. The project brings together Airbus, Rolls-Royce and Siemens to develop a flying electrical demonstrator which will form the foundation for future electrical aircraft and help the aerospace sector to manufacture cleaner, quieter aircraft and grow the industry sustainably. Rolls-Royce's ACCEL project will also lead a UK programme to accelerate the electrification of flight which will contribute to the UK's aim to cut emissions through its [Clean Growth Strategy](#).

Business and Energy Secretary Greg Clark said:

The UK has a rich heritage in civil aviation as the home of the jet engine and the wings factory of the world. Technology is driving revolutionary changes in aviation that have not been seen since the 1970s and today's investment is foundational to the future of commercial aviation and ensuring the UK remains at the cutting-edge of the sector. This revolution in civil aerospace will bring significant benefits to UK industry, passengers and the environment.

Through our modern Industrial Strategy, we are working with industry to lead the world as we embark on this journey into the new age of air travel.

This funding will also support a number of projects on the next generation UltraFan® aero engine, led by Rolls-Royce, which will contribute to their biggest shift in engine architecture since the 1970s. It will transform flight, setting new benchmarks in fuel efficiency, CO2 reductions and significant cut backs in engine noise.

Aviation Minister Baroness Sugg said:

The development of quicker, quieter and cleaner aircraft will transform the UK's transport market and open up new and more sustainable ways for passengers to travel between our cities and regions and across the globe. Developing innovation, technology and skills is a core part of the government's Aviation Strategy and this funding will help us to ensure that the UK aviation sector continues to be a world leader in this area.

Backing our world-leading aerospace sector, the Business and Energy Secretary also announced the start of formal negotiations for an Industrial Strategy sector deal that will further increase business investment in the UK, with discussions expected to conclude before the end of the year. The deal will:

- explore investment opportunities around electrification and high-value design
- raise productivity levels in the supply chain
- and boost skill levels in the sector

The latest wave of projects to win the competitive funding underlines the significant importance of the £3.9 billion joint research and development funding commitment in the sector as part of the Industrial Strategy.

The government also welcomed the completion of Bombardier and Airbus' Joint Venture; a partnership that will support the development and manufacture of structures for the A220 jet at the Bombardier facility in Belfast.

Notes to editors

Further information about BEIS' Farnborough commitments.

Research and development investment

Projects supported by joint government and industry investment include:

Airbus, Rolls-Royce, Siemens

- E-FAN X (ELECTRIFICATION), £58 million project

A partnership between Airbus, Rolls-Royce and Siemens to develop a flight demonstrator for hybrid-electric propulsion for commercial aircraft. Hybrid-electric technology will deliver improved environmental performance that is cleaner, quieter and introduce re-evaluations of the entire design of aircraft.

Rolls-Royce

- series of projects on ULTRAFAN®, and ACCEL, worth a total of £70 million

4 projects on engine technologies for UltraFan involving multiple partners including universities and smaller companies. A new generation of aircraft engine that aims to transform flight, setting new benchmarks in efficiency, environmental performance and precision engineering. ACCEL is intended to accelerate the adoption of electrical technology in aviation through the design build and flight test of a high performance electric powertrain.

Bombardier

- Competitive Composite Manufacturing Process (CoCoMaP), FANTASTIC (Nacelle) and OptiComp (Wing project), £32 million project

3 research projects exploring more efficient manufacturing processes, new technology for engine covers (nacelles) and the application of composite material to large aerospace structures, such as wings and fuselage. All 3 projects will be led by Bombardier Belfast (Shorts).

GKN

- CO-MET (COmposite and METallic) £9.7 million

This project will help GKN develop new aerostructure components for aircraft upgrade opportunities and new programmes.

Airbus

- Future Landing Gear, £16 million project

This project aims to reduce cash operating costs by 2% through increased efficiency and reduced turn-around times.

National Composite Centre Operation Limited

- £44 million for 3 projects

3 projects with National Composite Centre, part of High Value Manufacturing Catapult, to develop new, more efficient ways of producing large composite aerostructures. The research will explore the use of new composite materials as well as the manufacturing process.

University/Research Organisations projects – total £26 million for 3 projects

- University of Oxford

Infrastructure for the University of Oxford Osney Thermo-fluids Laboratory (OSNEY Upgrade). The Oxford Thermofluids Institute is part of Oxford University's strategic investment in the UK's science base. The laboratory is a global centre of excellence for turbomachinery research which has made significant contributions to the technology of jet engines over the last 3 decades. This grant will be used to achieve a step change in capability to measure and research the cooling performance and hot stage technologies essential for the operation of high pressure (HP) turbine stages of Large Civil Engines.

- University of Sheffield

PERFORM (Disruptive Textile Technology for Aerospace Applications): Perform is a project with the University of Sheffield's Advanced Manufacturing Research Centre (AMRC), part of the High Value Manufacturing Catapult. The research will develop new composite material and efficient manufacturing processes.

- The Welding Institute Limited

OAM (Open Architecture Additive Manufacturing): the Welding Institute,

an engineering research and technology organisation, is taking the lead in the Open Architecture Additive Manufacturing (OAAM) project to demonstrate the ability to manufacture large metallic components via Additive Manufacturing (AM) (also known as 3D printing) for the benefit of UK Aerospace.

Government and industry support for SMEs

£68 million joint industry and government investment for new research and development opportunities targeted to support small and medium-sized businesses. An open competition supported by UKRI will back SMEs to carry out new research on high risk, high reward solutions that will help UK companies grow their capability for the long-term.

There will also be further rounds of the successful National Aerospace Technology Exploitation Programme to help SMEs develop new technologies. SMEs will also be able to increase their productivity through a new improvement programme that will increase their ability to win new work with new and existing customers. A new partnership between the UK and Sweden will also see the 2 countries collaborate on technological research.

Defence Enterprise Export Partnership

The Defence Enterprise Export Partnership (DEEP) is a joint government, industry and academic initiative led by the Defence Growth Partnership (DGP) to ensure that the UK generates the skilled personnel able to lead successful international defence export campaigns. The initiative will support the Industrial Strategy by driving export-led growth and ensuring that the UK retains vital skills.

[Press release: Operation CLAMPDOWN and licence blitz target illegal fishing](#)

The close season campaign was supported by nearly 500 volunteers from the Voluntary Bailiff Service (VBS), whose 'eyes and ears' coverage on the riverbank is invaluable in supporting Environment Agency Fisheries Enforcement Officers.

The volunteer bailiffs undertook 6555 man hours of patrols as part of Operation CLAMPDOWN 6, reporting 111 incidents to the Environment Agency and 34 to the police. A total of 77 intelligence logs were submitted to the Environment Agency and police.

The latest national fishing licence blitz, covering the first two weekends of the new season, checked 1461 licences and reported 88 fishing illegally

without a licence. Those found guilty of unlicensed fishing by the courts face a criminal conviction and a fine of up to £2500.

Graeme Storey, Fisheries Manager, Environment Agency said:

Environment Agency fisheries enforcement patrols continue all year round. Anyone tempted to fish illegally should know that they are likely to be challenged at any time of the day or night. With the support of our partners and the VBS there is an increased likelihood of being caught out – don't risk it.

Dilip Sarkar MBE, National Enforcement Manager with the Angling Trust said:

This is our most successful Operation CLAMPDOWN yet, with a record number of volunteers trained and available and over 70 joint patrols with the Environment Agency or police. The VBS is now making a tangible contribution to tackling illegal fishing, which is welcomed by the Angling Trust and our partners.

For more information on the Voluntary Bailiff Service and the six free Fisheries Enforcement Workshops that will be held around England this autumn, please go to the [Angling Trust's website](#).

- Enjoy fishing and make sure you fish legally
- Annual fishing licences from only £30
- It's easy to buy online. [Get a Fishing Licence](#)
- All fishing licence income is used to fund work to protect, improve and develop fisheries, fish habitat and angling.
- Go fishing – Find out about angling events, fisheries and venues so you can [go fishing](#)