

## Low-carbon trade opportunities

The demand for low-carbon goods and services is increasing rapidly, with a turnover of £43.3 billion in 2015 for low-carbon and renewable energy companies in the UK. A low-carbon strategy for international trade agreements will maximise opportunities after Brexit.

### Policy recommendations

- Low-carbon research, innovation and skills should be made a priority issue throughout the Government's Industrial Strategy.
- Low-carbon goods and services should be a cornerstone of the UK's international trade strategy post-Brexit. The Department for International Trade (DIT) should secure a strong Environmental Goods Agreement with trading partner countries post-Brexit to support free trade in low-carbon goods, complemented by bilateral deals on key sectors not covered by the agreement.
- The Department for Business, Energy and Industrial Strategy (BEIS) should develop an effective Clean Growth Plan, consistent with the fifth carbon budget, which allows UK firms to develop expertise for the low-carbon economy, exploit the domestic market and become globally competitive.
- There is a need for further BEIS analysis on low-carbon services, and assessment of the opportunities for leveraging the UK's existing advantage in high-value services.
- UK support for developing countries' low-carbon transition, currently managed by the Foreign and Commonwealth Office, the

Department for International Development and BEIS, could be coordinated with DIT activities to advance this transition and create new low-carbon markets.

### About the research

The low-carbon sector is one of the fastest growing parts of the global economy, creating new opportunities. Meanwhile, the demand for high-carbon goods and services will increasingly be constrained by more stringent regulations and policy targets, making high-carbon investment increasingly risky.

This transformation to a low-carbon society will fundamentally change the kinds of goods and services that the private sector will need to provide in future domestic and global markets. 'Decarbonisation' requires an entire systems approach to the way countries organise electric power generation, industrial production, the built environment, transport (from vehicles and trains to shipping and aviation) and land use.

Low-carbon investments will spread out from the energy sector to the rest of the economy and be mirrored by similar investments in sectors like transport, waste, construction, industrial products, consumer goods and food services. As the markets for low-carbon technologies grow, so does the market for low-carbon services that enable these technologies. This demand creates new export opportunities for goods and services that are low-carbon.

## About the research - continued

The recent policy briefing *UK export opportunities in the low-carbon economy* outlines the opportunities and threats to the UK's international trade in low-carbon goods and services, and identifies concrete steps that the government can take to help UK firms become global leaders in low-carbon trade.

### Key points

- The global economy of the future will be low-carbon; most major economies are now pursuing a low-carbon transformation. As countries implement their pledges from the 2016 Paris agreement, there will be expanding export opportunities for low-carbon goods and services.
- The UK is at the forefront of this transition through its commitments under the Climate Change Act.
- The UK is already an effective low-carbon innovator in areas such as electric motors, electricity distribution and domestic appliances, and has the potential to export other technologies including low-emissions vehicles and batteries.
- UK industries that currently enjoy high export value – including aircraft and spacecraft, motor vehicles, and steam generators – are at risk of losing global market share to cleaner competitors in Germany, Japan and elsewhere.
- Growth opportunities in a low-carbon economy extend beyond low-carbon technologies – encompassing a wide range of sectors including transport, finance, industry, agriculture, law, retail and services.
- There are strong low-carbon opportunities in the UK's high-value services (for example, financing, climate-risk assessments, legal and consulting expertise on regulations, resource efficiency software), but they need to be better understood and assessed.

### BRIEF DESCRIPTION

A policy brief from the ESRC Centre for Climate Change Economics and Policy (CCCEP) and the Grantham Research Institute on Climate Change and the Environment explores the opportunities and threats to trade in low-carbon goods and services. It is based on an ESRC-sponsored workshop attended by representatives from the government, private financial sector, and research community, held in London in March 2017.

Maria Carvalho and Sam Fankhauser:  
*UK export opportunities in the low-carbon economy* (policy brief)

Web: [www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2017/04/Carvalho-and-Fankhauser-2017.pdf](http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2017/04/Carvalho-and-Fankhauser-2017.pdf)

### FURTHER INFORMATION

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The ESRC Centre for Climate Change Economics and Policy (CCCEP) is hosted jointly by the University of Leeds and the London School of Economics and Political Science.  
Web: [www.cccep.ac.uk](http://www.cccep.ac.uk)

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