

Delivering an inclusive green recovery for UK industry

The UK Government aims dramatically to reduce the carbon emissions from industrial activities, while maximising advantages for UK industry from the global shift to clean growth. Yet the last 18 months have seen a substantial economic down-turn and decreased ability of companies to invest as the COVID-19 pandemic has led to a fall in production output, exports, and turnover growth across many industries.

Recognising the twin challenges of decarbonisation and economic recovery, the Government has committed to a “Green Industrial Revolution”, the centre-piece of which is delivering four low-carbon clusters by 2030. To achieve this, £1 billion of funding has been made available over the period to 2025 to facilitate the deployment of Carbon Capture, Use and Storage (CCUS) in two industrial clusters by the mid-2020s, and a further two clusters by 2030, which together should capture 10 MtCO₂ per year by the end of the decade. The Government also pledged a Net Zero Hydrogen Fund to support low-carbon hydrogen production, providing £240 million of capital co-investment out to 2024/25, with the aim of developing 5GW of low-carbon hydrogen production capacity by 2030, delivering 42TWh of hydrogen per year.

According to the Committee on Climate Change, under a net-zero pathway, industrial emissions will need to reduce from their current level of 105 MtCO₂ to around 10 MtCO₂ by 2050. However, as highlighted by the Industrial Decarbonisation Strategy, almost half of the UK’s manufacturing emissions come from “dispersed sites” that lie outside the major industrial clusters. The Strategy also illustrated that the deep decarbonisation options available to these dispersed sites will be highly dependent on the extent to which hydrogen and CCUS infrastructures expand beyond the clusters.

It is therefore clear that industrial decarbonisation policy in the UK will need to be significantly expanded and strengthened over the coming years if emissions are to put on a pathway consistent with net zero by 2050. As the CCC urged in their Sixth Carbon Budget report “Government must move from the current piecemeal approach to a comprehensive transition support framework”. Furthermore, this needs to be done in a way that does not drive UK industry overseas and opens up new opportunities for UK businesses to sell materials and products based on low-carbon production processes.

This dialogue session will critically discuss the UK’s current approach to industrial decarbonisation and what more needs to be done to deliver an inclusive green recovery. Topics to be covered include:

- Is the government right to focus initially on supporting hydrogen and CCUS to decarbonise the energy intensive industrial clusters?
- What other technologies and policies will be needed to decarbonise energy-intensive industry?
- How can industry outside the industrial clusters decarbonise and what additional support is needed?
- What role is there for policies to support markets for low-carbon goods and services and to promote resource efficiency?
- What will be the impact on industrial competitiveness of making the necessary emissions reductions?
- What will be the economic and social implications for the heavily industrialised regions of the UK?
- What more is needed to deliver a truly inclusive green recovery for industry?

Panellist will be drawn from a range of backgrounds and career stages including from academia, government, industry and the third-sector.