

businessGreen

Remain competitive in this fast-changing economy

START YOUR FREE TRIAL

SUSTAINABLE THINKING

Editor's BLOG

The news and views from the editor of businessGreen

Politics

# Green economy must act now in pursuit of Best Case Brexit



James Murray  
@James\_BG  
13 April 2017

0 Comments



A brutal Brexit hangover looms for the green economy, unless Ministers can deliver the policy stability and vision the UK requires

Like a bon viveur after a big night out, whenever the green economy faces a challenge it can always comfort itself with the knowledge the pain is temporary and the good times will soon start to flow again. This reassuring narrative - for the green economy at least, if not for the ageing party animal - has the added bonus of being true.

Over the past decade the global and domestic green economy has faced many setbacks, but nothing has dented the fundamentals that drive its era-defining progress. The full-spectrum attractiveness and demonstrable viability of clean technologies, coupled with the existential environmental and health risks inherent to high carbon infrastructure make the transition to a low carbon economy all but inevitable.

## RELATED ARTICLES

- Green economy must act now in pursuit of Best Case Brexit
- Green Brexit: What next?
- Could Cameron's parting gift to the green economy secure his climate legacy?
- How might post-Brexit environmental policy fare under BEIS?

This is the first and last thing to remember when considering the very real challenges presented to green industries and sustainable business models by Brexit. As the Article 50 negotiations play out, clean energy and transport technologies will continue to accelerate pass the point where they undercut polluting incumbents; the public will continue to demand clean air, safe water, and action on climate change; and businesses and governments around the world will continue to invest in the low carbon transition.

In these hugely important respects, nothing was changed by the vote to leave the EU - over the long term the green economy will continue to grow and clean technologies will become the norm. There are even credible scenarios under which Brexit aids, rather than hampers, this much-needed transformation of the British economy.

So why is everyone so worried? Why do the vast majority of people you talk to in the green economy believe Brexit presents a major threat to their hopes and aspirations?

The fact is the green economy's resilience is offset by the daunting timelines it is battling against. As President Obama used to say, "there is such a thing as being too late on climate change". For post-Brexit Britain, there is such a thing as taking too long to build the promised land of a modern, competitive, independent, low carbon economy. Even if it is only moderately mis-managed - and there is potential for much worse than that - Brexit threatens to drastically slow green economic progress. We could spend a decade driving with the brakes on, just at the point when we should be accelerating our electric vehicle into the fast lane.

**BusinessGreen's fortnight long series** on the implications of Brexit for the green economy has explored several formidable realities, none of which will be easy for political and business leaders to resolve and all of which could slow the low carbon revolution.

The first reality, which many of the leading Brexiters seem insistent upon ignoring, is the extent to which the complexity of exiting the EU is off the charts. To paraphrase Jerry Seinfeld on marriage, Brexit is like a game of chess, except the board is flowing water and the pieces are made of smoke.

Every topic we explored - **trade, immigration, farming, habitats, chemicals, emissions trading, product standards, energy, air quality, the circular economy** - revealed myriad challenges and countless scenarios, ranging from the manageable to the catastrophic. Legislation covering everything from pollinator protection to e-Waste cannot simply be transposed into UK law and locked in stasis, regardless of what the government hopes the Great Repeal Bill will achieve. Questions of jurisdiction, enforcement, regulatory authority, trade rules, and future policy reforms arise from all angles. Every regulation, policy or trade term impacts businesses in ways that only become obvious when you throw them all up in the air. The idea all of this can be satisfactorily resolved inside two years is optimistic, fanciful, or delusional, depending on how rude you want to be.

This mind-bending complexity means the number of potential scenarios defies most attempts at corporate planning. There are simply too many questions to document them all. Which policies will be retained? Which targets will be kept? How will environmental rules be enforced? Which agency will businesses have to report to? What will they have to report? And then there are the big political questions: Will there be a new trade deal? How much sovereignty is the UK willing to concede to get one? What happens if the talks collapse? Who will hold the whip hand in the UK's post-Brexit government?

The inability of anyone to answer these questions and the dawning realisation they could remain open for years to come is fuelling the economic risks associated with Brexit and providing an unwelcome taste of the choppy waters that could await over the horizon.

Like cutting subsidies for renewable energy, the impact of Brexit on the economy was always going to come after a lag. We are now starting to see the first worrying signs investment plans could start to catch up with the new reality.

No one wants to be a naysayer and few businesses had gone public with their Brexit concerns, even before Whitehall rumours emerged of public affairs professionals being told access to ministers would be denied if their employers were publicly downbeat about Brexit prospects. But behind closed doors industry sources talk of stalled investment as businesses take the entirely sensible precaution of waiting to see how Brexit pans out.

Thankfully, there are exceptions to the rule and some green investment will continue to flow. But for recycling and waste firms it is difficult to green light projects until they know what will happen to post-2020 recycling targets. Across the energy sector investment decisions rest with the government's much delayed decision on post-2020 clean energy funding, while plans for new interconnectors will be shaped by how the Brexit deal handles the EU's Energy Union. Investment in ultra-low emission vehicles is continuing to ramp up, driven by global trends and **government funding**, but biofuel firms await clarity on what will happen to EU targets. Meanwhile, many businesses, **like UK solar developer Solarcentury**, will be watching the UK-EU trade talks closely, knowing a bad deal may require them to consider their position as a UK-headquartered operation.

There are reasons to hope this uncertainty-induced green investment slowdown can be more than offset by a pre- and post-Brexit jumpstart in consumer confidence and the government's now crucial Industrial Strategy, but the risk remains its effects will start to be felt soon.

More happily, there are also reasons to hope a Best Case Brexit will come to pass. Any investment hiatus could be minimised by a confident government that does not allow Brexit to consume it and makes early and bold decisions on the post-2020 policy framework for clean energy, green transport, energy efficiency, waste, air quality, farming, and many other areas. Action in these areas is not fully beholden to the Brexit talks, and new measures are urgently required across the board to comply with the UK's domestic Climate Change Act.

Assuming they are up to scratch, the long awaited Clean Growth Plan, 25 Year Plan for Nature, Air Quality Plan, and Industrial Strategy could resolve a lot of the problems the UK's green economy currently faces. Fears of a post-Brexit torching of environmental standards could similarly be swiftly alleviated by clearer signals from Theresa May that she is serious about delivering on her promise to maintain a "deep and special partnership" with the EU.

You can see how securing a trade deal that addresses the issues of freedom of movement or the European Court of Justice will be difficult, but on environmental issues at least the path to a desirable outcome for all parties is so obvious it says a lot about current levels of political dysfunction that it has not already been fully mapped out and endorsed by Westminster and Brussels.

Both the UK and EU want to build a prosperous low carbon economy and deliver on the Paris Agreement. Both have populations that want clean air, water, and habitats and support clean technologies. The EU wants the UK to adhere to existing environmental and climate change standards to guard against free-riding by British firms. The UK wants a trade deal with the EU and has voters who overwhelmingly want to keep or strengthen those self-same environmental standards. What the hell is standing in the way of the swift agreement of an environmentally progressive trade deal that maintains current protections, while allowing a post-Brexit UK to then push for more ambitious green goals? As **Dustin Benton of Green Alliance asks**, what is stopping us emulating California's relationship with the US, establishing the UK as a hub of clean tech innovation and pioneering environmental policy that our neighbours then follow?

The answer, of course, is two things are stopping us. The fact nothing is agreed in these negotiations until everything is agreed - including the seemingly intractable and incompatible red lines the two sides have set out - and politics. Politics is stopping us. Ideological, reckless, outdated, 20th century politics.

Our series has confirmed yet again that while the Best Case Brexit could materialise, so too could the Worst Case Brexit.

There are countless triggers that could scupper the talks and lead to the UK crashing out of the EU without a trade deal, ranging from seemingly inconsequential rules about washing machines to the very consequential issue of the rights of EU and British citizens.

Thanks to the madness that has manifested itself in parts of the once conservative and unionist Conservative and Unionist Party this staggeringly high risk scenario is the desired outcome for many of the leading Brexiters. They are now busy deploying precisely the same dubious arguments about control that helped win them the referendum to try and limit Downing Street's negotiating hand and increase the chances of a chaotic Brexit (while happily promoting the loss of sovereignty that would come with any US trade deal as A Good Thing - a glaring inconsistency, the motivations for which are best not thought about too deeply).

In the wake of the UK storming out of the EU these self-same politicians are poised to try and push through a blitz of deregulation that would hamper the green economy for a generation and send shares in landfill operators, fracking firms, and coal plants soaring. It wouldn't be pretty, it would be in clear defiance of the public's wishes, and it would make little economic sense. But we cannot say it hasn't been widely advertised by many of the key players in the Brexit camp. The Trump protocol applies: Believe people when they tell you what they intend to do.

The challenge then for green businesses is how to navigate this interlocking legislative complexity, economic uncertainty, and political risk? How to win a game of chess played on flowing water?

Hope for the best, plan for the worst is as good a mantra as any. Businesses need to consider now what they would do if the UK does find trade barriers erected across the Channel by a Brexiteer government set on creating a low regulation tax haven.

Alongside such contingency planning it is critical not to freeze like a rabbit in the Brexit headlights. No regrets investments need to be prioritised. Investing in saving energy, developing attractive green products, diversifying energy sources, reducing fleet running costs; these are moves that make sense under any Brexit scenario. In some areas policy uncertainty is crippling, in many other areas it is no excuse for inaction.

Where policy instability does have an impact it is crucial all businesses push the government as hard as possible to recognise Brexit is not everything. There are several important domestic decisions Ministers could and should have taken already. Keeping up the pressure to deliver the Clean Growth Plan, Air Quality Plan, Plan for Nature, and Industrial Strategy is essential and could unlock billions of pounds of investment just at the point when a UK economy edging to a post-Brexit future needs it most.

Arguably the biggest long term threat from Brexit is the opportunity cost - the things political and business leaders could have been getting on with if they were not dealing with the biggest peacetime challenge the UK has faced in modern history. Green businesses need to help ministers ensure this opportunity cost is as low as possible.

Finally, and most importantly, green businesses and their allies need to keep winning the argument in favour of the low carbon economy. This is not an argument you win once and then move on from, even if you have delivered the technologies that will dominate the 21st century and an international accord codifying your victory. You have to win it over and over again, each time facing down the same tired old arguments about climate scepticism or red tape or technological transformation or environmental risk.

The arguments in favour of continued EU membership might have been lost by the narrowest of margins, but the arguments about the obvious benefits of a continued close relationship with our nearest neighbours and the value of a shared commitment to tackling shared environmental challenges and seizing shared clean tech opportunities need to be won. Just as the arguments in favour of a rapid transition to a modern low carbon economy need to be pushed at every turn in both the Brexit negotiations and the UK's post-Brexit re-invention.

The green economy will win out in the long-run, the priority now is to make any post-Brexit hangover as short as possible. Delivering on that priority would really be something to celebrate.



Topics Politics Policy Legislation Investment Brexit European Union In-depth Low Carbon Economy

## MORE FROM EDITORS BLOG

Green economy must act now in pursuit of Best Case Brexit

Vampire arguments that put growth before green are no way to secure a prosperous post-Brexit Britain

Banks and Farage v Lucas and Bartley: The fight for the future of British politics?

Green Brexit: What next?

What the Brexit talks can learn from the Paris Agreement

Choked by Brussels? Angered by energy-saving? Who are the Brexiters trying to kid?

## MORE ON POLITICS

Politics  
Three reasons that we are not lines on graphs

Politics  
ClientEarth challenges government over Clean Growth Plan delay

Politics  
Losing the spark? What Brexit means for UK energy

Politics  
G7: Climate statement stalled, but US backs fossil fuel subsidy phase out

Policy  
Report: Draft plan for nature accused of offering 'empty words'

Politics  
Vampire arguments that put growth before green are no way to secure a prosperous post-Brexit Britain

Politics  
Reports: Foreign Office prepares for 'scaled down' climate work

Infrastructure  
It is time to show North Sea oil and gas some tough love

## MORE NEWS

Renewable UK's Bahzad Ayoub exclusively reveals growth trends for the European offshore wind market  
Wind | 18 APRIL 2017

London Assembly calls on Mayor to look at bottle-for-cash return schemes and more tap water points to combat waste problem  
Policy | 18 APRIL 2017

UK's Climate Change Committee publishes recommendations for how Wales should account for emissions and set carbon budgets  
Legislation | 18 APRIL 2017

Peer-to-peer handmade items marketplace claims its NYC head office is now one of the largest, greenest buildings in the world  
Buildings | 18 APRIL 2017

0 Comments | BusinessGreen

1 Login

Recommend | Share | Sort by Best

Start the discussion...

Be the first to comment.

## ALSO ON BUSINESSGREEN

1 comment - 8 days ago  
Scottish Scientist — It's daft to pay wind farms to stop producing energy. Instead, the National Grid should fine wind farms for supplying power when ...

1 comment - 25 days ago  
Hi. Thank you for the article. I have a question, you are talking about RISEMAP as a new initiative, but in the screenshot you shared it says ...

1 comment - 5 days ago  
PCAH — Is the Prime Minister aware that the most lethal air pollution is routinely discharged from all the UK's nuclear sites? Will she act to enforce the ...

1 comment - 22 days ago  
Martin Lauchenaier — https://www.bilderberg.org/... read this interesting book... it might challenge your worldview dramatically.