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Good morning.

First of all, thank you all for coming and thank you to the Green Alliance for helping bring us together today. It's an event I am very pleased to be involved with and I am very pleased to be joined by the Business Secretary and the Environment Commissioner.

Now the CBI has worked hard over a number of years to show leadership on climate change and on energy making the case for investment and driving business opportunities. We now want to do the same with the much broader issue of resource efficiency.

Not because it's a nice to do, but because there's a business case for acting, and a threat to our growth prospects if we don't. We're interested in resource efficiency because it affects the bottom line.

The recent McKinsey report showed the scale of the resource efficiency problem – and the size of the opportunity.

Real-terms commodity prices have increased 147 per cent since the turn of the century. This has been a significant contributing factor to our current economic predicament. The OBR forecast said the current economic situation is in part a result of rise in global energy and agricultural commodity prices.

Demand for commodities is set to soar. There'll be three billion more middle-class consumers by 2030. The rise in demand for steel alone will grow 80 per cent between now and then.

And of course most of our resources are finite, even if how and why we use them can change radically.

But there's good news too. McKinsey's figures suggest there are resource productivity improvements already available that would meet nearly 30 per cent of demand for resources in 2030. The total value to society of this – including the market value of the resources saved – would be \$2.9trn in that year.

Add in a \$30 per tonne price for carbon and remove energy, agriculture and water subsidies and this rises to \$3.7trn. These are serious sums.

And the CBI's done its own work too, and today we're publishing a report, *Made to last: creating a resource-efficient economy*. It's our call for a constructive dialogue between government and industry on this critical issue.

We think there are three steps to take.

The first is to recognise that resource efficiency is central to our future economic prospects. We're already seeing the issue gain traction, so it's hardly a leap into the unknown. There's a wealth of good practice out there, driven by existing commercial activity and understanding of risk.

You can see some best practise examples in our report. Philips looking beyond energy efficiency to their materials, doubling the recycled materials in their products by 2015. Ford quickly adjusting its build schedules to keep its supply chain balanced in response to the Japanese earthquake. Dow Corning recovering waste acid for raw material manufacture.

And that National Industrial Symbiosis programme which establishes profitable links between companies who recover, reprocess and reuse materials.

The second step is to establish a shared understanding of what we really mean by resource efficiency. There's no place in business for woolly terminology, no matter how well meant. That means we don't want targets set before we understand what those targets are for and are meant to achieve. We must not set the cart before the horse.

Get the definitions right and we will get momentum. Rush ahead of ourselves and we'll alienate businesses who - perfectly reasonably – aren't at the same stage in their development.

What we want is to support the development of consistent indicators to help measure resource efficiency. The EU's new resource efficiency roadmap is a start, but we have to consider the world outside our borders too. Just as with tackling carbon emissions, we need an approach that takes account of where resources come from – and where they are being consumed.

The final step is to tackle the policy and market risks that can hold back investment in resource-efficient products and services.

Given our economic circumstances, it is private capital that will have to fund progress.

And what we hear from those looking to invest, is that unlocking this capital is frustratingly within our grasp, but we're not there yet. Businesses need, above all else, for policy certainty, consistency and clarity, over the long term.

And resource efficiency is an issue business needs to play a part in solving. Better use of resources means lower costs and more capital available for investment and research and development elsewhere. It will help rebalance us towards a sustainable, more productive economy.

We're looking both to the UK business secretary and to the EU commissioner to give us the policy framework in which we can best manage the opportunities and risks.

And this has to be done with a view to boosting growth. Environmental regulation doesn't have to be a burden for business. Framed correctly, environmental goals *can* help our economic goals – help start new companies and generate new jobs and enrich all of us. It is not some sort of binary choice – go green *or* go for growth. The CBI continues to believe you need to be green *and* grow. At the front of our mind should be how we can use this agenda to increase our competitiveness, deliver growth and ensure security of supplies well into the future.

Businesses can be the innovators and implementers here, and not least those fast-growing small and medium sized businesses, who have the potential to deliver so much of the growth in the years ahead.

The business community wants to be a step ahead of the game, and with government right behind us, I believe it will be.

Thank you very much.

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