

UK-France Business Forum – Clean Grow Sub-Group

INTERIM REPORT

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Members of the Sub-Group

- Alice Williams, Vice-President of Strategy, Schneider Electric (Chair)
- Aurelien Badin, Director – Multinational Corporate Coverage EMEA, BNP Paribas
- Jean-Luc Guiziou, Managing Director, Total Energies
- Charley Roberts, Senior Policy Advisor - International Climate Policy, CBI
- Christophe Bellynck, Corporate Development Director, Veolia
- David Lutton, Interim Managing Director, French Chamber
- Geoff Skingsley, Chairman, L’Oreal UK
- Kevin Braund, Managing Director, Gleeds
- Jeremie Joos, Finance & Strategy Expert - Partner, KPMG
- Marine Avisse, Corporate Development Executive, Veolia
- Nathalie Lemarcis, Managing Director, Société Générale

Clean Growth Problem Statement

At the launch of the UK-France Business Forum in July, climate action was recognised as an area where France and the UK are well aligned, and in which business partnerships could have a role in realising COP ambitions and strengthening of UK-France trade and investment.

Members of the sub-group noted the significant complexity of the topic, as well as the limited time and available resources to contribute meaningfully to the debate.

Two areas were identified as priorities: the transition to renewable energy and cross-border ecosystems to support the circular economy.

Energy transition and decoupling from Russian hydrocarbons are common challenges. Both governments have discussed advancing bilateral cooperation, in particular on energy, and stated a belief that renewable and nuclear energies are part of consistent strategies to achieve energy transition and strategic autonomy.

The group was asked to consider looking beyond energy transition and net zero to the wider issue of the circular economy and the increasing demand for recycled plastics. While businesses on both sides of the Channel had set themselves ambitious targets on the use of recycled plastics, there is a significant gap in supply to meet demand.¹ The rate of increase in demand is significant.² While this gap threatens corporate targets, it also creates opportunities. French expertise in waste management coupled with UK supply of plastics from milk and juice packaging offers significant potential.³

¹ (E&T editorial staff, 2022)

² (Worford, 2022)

³ (Ellen MacArthur Foundation, 2021)

In both cases the common blockage to investment is regulation and consents. In addition, there remains uncertainty over the extent to which the UK regulatory framework will diverge from the EU which hampers businesses developing a cross-border approach to investment.

The sub-group proposed creating cross-border taskforces in renewable energy and the circular economy to bring together the operators and representatives of relevant authorities in both countries with the objective of sharing best practice and coordinating a regulatory and consent approach that would support cross-border investment.

It was noted that access to an adequately skilled workforce is a critical enabling lever in both renewable energies and the circular economy. Therefore, improving the flow of labour mobility between the UK and France would complement accelerating investment in clean growth.

Mission Statement

The UK-France Business Forum is an apolitical grouping tasked with identifying how promoting cross-border partnerships and investment can be used to accelerate clean growth on both sides of the Channel.

The sub-group concluded that it would be useful to articulate the barriers and opportunities and subsequently develop a recommendation around the necessary regulatory environment to unlock investment. Labour mobility was outside the scope of this sub-group.

Two areas of focus were identified:

- (1). Unlocking business investment in the transition to renewable energy
- (2). Unlocking business investment in the circular economy

This report contains the initial findings of the sub-group, but recognises further work is required to validate its findings.

Evidence Gathering

Alice Williams relocated to the US in December 2022 and stepped down as chair. David Lutton, Interim MD at the French Chamber, has stepped into the role temporarily until a new chair is identified at the next meeting of the Forum.

In the period since the first meeting of the Forum in July 2022, the sub-group has:

- Met online on 26.10.2022 and 11.01.2023
- Consulted with policy specialists at Confederation of British Industry (CBI)
- Undertaken desk-top research and collected supporting evidence from sub-group members

Areas requiring further development include:

- Robust evidence the strong appetite for investment in renewables through case studies and investment levels in green projects

- A comparative analysis of the strengths and weaknesses of the UK and France in the renewables supply chain demonstrating how a bilateral approach could help both countries achieve their net zero targets and address energy security and resilience
- A deep dive into the regulatory landscape covering recycled plastics to determine the level of divergence along with case studies

(1). Unlocking business investment in the transition to renewable energy

Energy transition and decoupling from Russian hydrocarbons are common challenges. Both governments have discussed advancing bilateral cooperation, in particular on energy, and stated a belief that renewable and nuclear energies are part of consistent strategies to achieve energy transition and strategic autonomy.

The new context that business finds itself in post-pandemic and the war in Ukraine giving rise to a global energy crisis has not shaken business commitment to climate action. Instead, members of the sub-group expressed that recent events have only affirmed the imperative of decarbonising and the need to move farther than ever before.

The current energy cost crisis has uncovered vulnerabilities across the energy system and increased the urgency of accelerating the energy transition. Businesses now recognise the importance of resilience to protect themselves and consumers against future price shocks beyond the current cost crisis. Although they must take steps themselves such as improving their energy efficiency and securing low carbon sources of power, significant investment and transformation of the national energy system is required.

Barriers to progress include:

- Pace and uncertainty of planning and consenting regimes, and in some cases a rapid pace of policy change that does not give enough time for consultation or whole systems thinking
- Upgrades to grid functioning such as flexibility platforms and automated demand-side response need to be brought in to support the future low carbon energy system.
- Lack of clarity over clear delivery pathways and interim targets with key milestones for adoption

Both the UK and France have set out overarching climate (Net Zero Strategy in the UK and Stratégie nationale bas carbone in France), and energy strategies (British Energy Security Strategy and the Energy Plan in France). However, remains policy inconsistencies and in some cases rapid policy change has created a climate of uncertainty and made it difficult for businesses to plan and invest in renewable energy projects. Additionally, there is significant lag time to get projects up and running because of the slow and inconsistent approaches to planning. This further hinders the progress towards a more sustainable energy system. The lack of clarity over clear delivery pathways and interim targets makes it difficult for businesses to understand the steps required to bring these projects to fruition.

The sub-group proposes establishing a **bilateral energy transition taskforce** bringing together operators, representatives of relevant authorities in both countries with the objective of sharing best practice on the optimum regulatory and consent approach to support cross-border investment. This

would be all the more relevant since both countries have similar goals in terms of energy transition.⁴ More specifically, both aim to develop nuclear energy and green hydrogen, an area where cooperation would be greatly beneficial for both nations.⁵

(2). Unlocking business investment in the circular economy

The group was asked to consider looking beyond energy transition and net zero to the wider issue of circular economy, and in particular the increasing demand for recycled plastics.

Transitioning to a circular economy not only reduces the human impact on the environment, it also provides economic benefits such as new business opportunities and jobs, as well as overall cost-effectiveness for businesses and consumers.

The field of waste management stood out as a particularly interesting area for cooperation. For instance, France has recently passed a law against non-food waste.⁶ The law promotes the donation, recycling, and upcycling of unsold non-food items. Experts have argued that this policy may be an interesting step to promoting the circular economy and fostering new business opportunities.⁷

The sub-group members thought there is an opportunity to create a circular economy which entails cross border flows of materials between the UK and France. The demand for recycled plastics is a good example of how enhanced cooperation would be beneficial.

Although businesses on both sides of the Channel have set themselves high goals for using recycled plastics, there is a big supply-demand imbalance.⁸ Demand is rising at a high rate. While posing a threat to corporate objectives, this gap also offers opportunity. It is estimated that Europe would need three times more recycled plastics if soft drinks manufacturers decided to switch to 100% recycled bottles,⁹ while the UK exports half a million tonnes of plastic for recycling. In other terms, there are significant business opportunities surrounding the UK's plastic supply and France's anti-waste policies which would provide a new source of recyclable plastic that would otherwise be incinerated, helping businesses meet their targets, reducing waste, and meeting customers' demands.

Regulatory uncertainty and lengthy planning and permitting processes were also identified as a blockage on the investment required to meet demand. The UK, in particular, was felt to be behind France in its approach to uniformity of collection methodology, public funding and tax policy.

The sub-group proposes establishing a **bilateral circular economy taskforce** bringing together operators, representatives of relevant authorities in both countries with the objective of sharing best practice and coordinating a regulatory and consent approach that would support cross-border investment.

⁴ (10 Point Plan for a Green Industrial Revolution, 2020)

⁵ (France Relance, 2020)

⁶ (Ellen MacArthur Foundation, 2021)

⁷ (Petit, 2021)

⁸ (Smulian, 2022)

⁹ (E&T editorial staff, 2022)

Conclusions

Businesses' commitment to clean growth endures, and there is significant potential for investment.

Promoting cross-border investment in renewables and the circular economy to unlock the growth opportunities on both sides of the Channel requires a collaborative approach to consent and planning processes to streamline to reduce the lag time for new projects and innovations.

The sub-group recommends that the UK France Business Forum write to the UK and French governments in advance of the upcoming Summit proposing cross-border taskforces in renewable energy and the circular economy, bringing together the operators, representatives of relevant authorities in both countries with the objective of sharing best practice and exchanging on the regulatory and consent approaches that would support cross-border investment.