Overview

The Scottish Government is a global leader in its approach to climate change. The Climate Change (Scotland) Act 2009 set world leading targets to reduce Scotland’s 1990 greenhouse gas emissions by 80% by 2050, and an interim target of a 42% reduction by 2020, compared to 1990 levels.

In January 2017, the Scottish Government published its draft Climate Change Plan, under the Climate Change (Scotland) Act.¹ The Parliamentary scrutiny of the draft Climate Change Plan has ended and we now have the four Committee reports to consider. Alongside this, feedback from this National Economic Forum discussion will help us in finalising the Climate Change Plan.

Content

The draft Plan sets out the key steps we’ll be taking, with partners, businesses, and communities across Scotland, to transition to a low carbon future. For the first time, the Scottish Government has also published a draft Energy Strategy, which has been developed in parallel with the Climate Change Plan, and is currently out for consultation.² Together, these two documents set out the real, on-the-ground changes we’ll see as Scotland transitions to a low carbon economy.

These changes will be truly transformational. In the 2030s we expect to see dramatic reductions in emissions from all buildings through a combination of energy efficiency measures, the replacement of the majority of gas boilers with low carbon heat technologies, and business process innovations that we can shape together. The electricity system will be wholly decarbonised, and supplying a growing share of Scotland’s energy needs.

Low emission cars and vans will be widespread, freight infrastructure will feature more efficient HGVs operating from out-of-town consolidation centres, and measures such as Low Emission Zones and parking policies will reduce congestion and contribute to improved air quality. And for the industrial sector, further decarbonisation will be achieved by supporting industry to make investments in measures that will enhance productivity, improve competitiveness and realise new manufacturing opportunities in global markets. These reductions will be delivered through fuel diversification, cost saving energy efficiency and heat recovery. We will also see increased carbon sinks from peatland and forestry, and more efficient agricultural practices.

¹ A copy of the draft Climate Change Plan can be found here: http://www.gov.scot/Publications/2017/01/2768/downloads
² A copy of the Energy Strategy can be found here: http://www.gov.scot/Publications/2017/01/3414
Scottish businesses will also have a key role to play in responding to the impacts of climate change. Impacts experienced globally and domestically, including severe weather events, flooding and pests and diseases, have significant potential to cause damage to premises, disrupt supply chains and could affect business continuity. Businesses though are well placed to innovate and develop the products and services that are needed to increase resilience and adapt to the impacts of climate change. There are likely to be international and domestic market opportunities, notably including working with government and public sector clients who have statutory responsibilities to manage climate risks within investment decisions.

This transformation will be challenging for all businesses, and the Scottish Government is committed to working with business leaders and companies of all sizes to mitigate these where we can, and maximise commercial, export and job opportunities.

In 2015, the low carbon and renewable energy economy supported 58,500 jobs in Scotland, generating a turnover of £10.5bn. This accounts for 13.5% of the total UK employment in this sector (higher than population share).3

The global market for low carbon goods and services, which was already worth $5.5tn in 2014, is rapidly growing, spurred in particular by major investments in low carbon technologies in rapidly developing economies such as China, India, Mexico and South Africa. Going forwards, analysis by the International Finance Corporation indicates that the Paris Agreement will help open up $23tn worth of opportunities for climate-smart investments in emerging markets between 2016 and 2030.4 **Strengthening Scottish businesses’ areas of competitive advantage in the low carbon economy will help ensure they are best placed to capitalise on these global opportunities.**

Scotland’s Energy Efficiency Programme, for example, will support thousands of jobs, creating a substantial domestic market and supply chain for energy efficiency and renewable heat services and technologies and related expertise which can transfer to international markets. Millions of pounds should be saved in fuel bills.

Our promotion of the circular economy will also create strong economic benefits - businesses can benefit from improving productivity, opening up new markets and improving resilience in their ability to access materials, through reducing reliance on scarce resources.

**Discussion**

The benefits described above can only be realised by working together – government, businesses, communities and households must have shared ownership of the Climate Change Plan: it will touch on all our lives and build Scotland’s future economic capacity and competitiveness. We are therefore committed to working closely with business to finalise and implement these plans and secure sustainable economic growth driven by investment, innovation, exports and inclusion.

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4 International Finance Corporation (2016) [Climate Investment Opportunities in Emerging Markets](#)
In order to support this partnership approach, the Scottish Government commissioned EY to prepare a discussion paper and presentation on the transition to the low carbon economy.

This NEF session will hear from Mark Gregory (Chief Economist, EY) on the findings of this project and seek participants input in a number of areas.

**Discussion Questions**

1. What is your understanding of your company’s exposure to climate change risks?
2. What do you see as the key potential growth opportunities for Scottish businesses as Scotland and the world economy embark on a low carbon transition?
3. What are the key barriers standing in the way of Scottish businesses seizing growth opportunities at home and on global export markets?
4. Have you sought opportunities to reduce your business’ energy costs and/or identify new revenue streams available to adopt new energy efficient practices?
5. How can Scottish Government and its enterprise agencies support and guidance help your business to overcome these barriers?
6. How have you engaged with the public, supply chain and customers to demonstrate and advertise any sustainable practise you have adopted? If so, what has your experience been?