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Blog

CAPX: Britain is leaking carbon – here's how to stop it

By Team JP (<http://johnpenrose.org/wp/author/seamless/>) on July 28, 2022 in Best Brexit (<http://johnpenrose.org/wp/category/national-campaigns/best-brexit-national-campaigns/>), Low Cost Britain (<http://johnpenrose.org/wp/category/national-campaigns/low-cost-britain/>), National Campaigns (<http://johnpenrose.org/wp/category/national-campaigns/>), Newspaper Articles (<http://johnpenrose.org/wp/category/newspaper-articles/>), UK Productivity & Growth (<http://johnpenrose.org/wp/category/national-campaigns/productivity-and-growth/>)



Everybody says that getting to net zero is essential for saving the planet, and they're right. But how do we get there without driving up already-spiralling energy bills even further? And how do we bring the rest of the world along with us at the same time too? There's no point in Britain being the lonely voice of virtue if huge economies like India, China and USA are still belching

carbon into the atmosphere: the planet will still boil if they do. Nor does it make sense for British businesses and consumers to pay sky-high energy prices when other countries' bills are miles lower. That just puts UK firms at a huge competitive disadvantage, moving jobs offshore and leaving British families shivering when everyone else is warm and cosy instead.

International treaties like COP26 can make a big difference of course, by prodding and cajoling other countries into action so the whole world moves towards net zero together. But a convoy only moves at the speed of its slowest ship and, in the meantime, we shouldn't have to wait for other countries to catch up. There's more we can do to level the playing field for hard-pressed British businesses and consumers, without abandoning those all-important net zero plans in the process.

The answer is to focus on 'carbon leakage', by paying far more attention to all the carbon that's already gone into making every box, carton and crate of goods which we import into the UK. There's no point in cutting the UK's carbon footprint if all we're doing is shutting UK factories that emit carbon and importing the same goods from identical factories that have emitted the same amount of carbon somewhere else. That's leakage, and it means the planet is no better off at all, but British jobs, skills and investment have been sacrificed for zero environmental gain.

Even worse, if we import goods from foreign factories that have lower environmental standards than our own, the amount of carbon that's been emitted may actually be higher than if we'd made it here at home. And that's before we allow for all the carbon emissions of shipping it to the UK in ships or planes that burn dirty fuel too.

We've been leaking carbon like this for years. Energy-intensive manufacturing industries like construction, steel, aluminium or ceramics have been complaining about soaring energy prices for decades, and have been steadily moving factories and jobs offshore to places where their bills are lower. Our sky-high energy costs are a permanent millstone around the neck of British manufacturing which make our exports less competitive and give foreign imports a huge price advantage. It's a key factor behind the long, slow decline of Britain's industry. And the effects on hard-pressed household consumers are just as bad too: everyone is struggling to cope with fast-rising bills, and levels of food poverty are rising fast.

How do we plug all these holes so Britain doesn't leak so much carbon? With a 'Carbon Border Adjustment Mechanism', which prices in the carbon that's been emitted by those foreign factories, and the ships and planes that moved the imports to the UK too. Dirty foreign manufacturers with low environmental standards and high emissions would pay higher prices to bring their goods into the UK, while clean ones here or abroad would pay less.

It would let British manufacturing firms compete on a level playing field against high-polluting foreign firms using cheap and dirty fuels for the first time in a generation. It would be great for levelling up, because UK manufacturing jobs, skills and investment are more concentrated outside London and the southeast. It would be better for our planet, because we'd have stopped kidding ourselves that we can get to Net Zero by gutting British firms to push our carbon emissions offshore.

And, last but not least, it would mean the Chancellor could axe all the hated fuel duties and green levies on our energy and petrol bills, because the Carbon Border Adjustment Mechanism would make them all obsolete overnight. That would really be something to celebrate...

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