



**WWF** *for a living planet*

**WWF Northern Ireland**  
2<sup>nd</sup> Floor, 7 Exchange Place  
Belfast, Northern Ireland  
BT1 2NA

tel: 028 9033 2869  
fax: 028 9033 3401

northernireland@wwf.org.uk  
[wwf.org.uk/northernireland](http://wwf.org.uk/northernireland)

NI Economic Strategy Consultation,  
Room 124,  
DETI,  
Netherleigh  
Massey Avenue  
Belfast  
BT4 2JP

Reference: Northern Ireland Executive consultation on priorities for sustainable growth and prosperity

24<sup>th</sup> February 2011

Dear Sir/Madam,

WWF Northern Ireland welcomes the opportunity to respond to this important consultation.

### **General background**

The consultation notes in paragraph 1.1., page 5 that

*“The Northern Ireland economy has historically under performed across a range of economic indicators as highlighted by the continued gap in living standards with the rest of the UK”*

In light of this, WWF Northern Ireland would like to suggest a different approach is needed to economic development in Northern Ireland, based on the principles of sustainability fleetingly referred to on page 23 of the document. While WWF Northern Ireland welcomes the stated acceptance that the principles of sustainability will cut across all aspects of the strategy, there is no reference to the principles of sustainability that will apply and/or how they will be applied and by whom. As such, this seems little more than a superficial reference to sustainability rather than a reflection of genuine integration of true sustainability in the proposed model(s) of economic development. WWF Northern Ireland suggests that a much greater emphasis on sustainability and the potential for green jobs is needed for Northern Ireland for a number of reasons, not least economic ones. The potential in Ireland for both wind power and growing biomass is amongst the greatest in Europe, yet in terms of the development of both wind power and biomass, Northern Ireland lags behind most other European countries. Our European neighbours are creating and maintaining many more jobs and generating much greater levels of income out of natural, renewable resources for which we have much greater potential. Northern Ireland really is squandering potentially valuable resources and opportunities, an approach which is intrinsically inefficient and bad for our development. On the basis that a significant, and likely increasing, contribution to overall economic development will be ‘green’ in nature, it is likely that Northern Ireland will only fall further behind and be even more disadvantaged unless Northern Ireland grasps the opportunities that exists for the green jobs that will result from the development of a low carbon economy.

WWF Northern Ireland regards the development of a low carbon economy as the most important area for development of the Northern Ireland economy. WWF Northern Ireland believes strongly that energy has the potential to be the most important influence on Northern Ireland’s economic development in the medium to long term, both in terms of the opportunities that can be grasped and the obstacles that could hold us back.



President: HRH Princess Alexandra,  
the Hon Lady Ogilvy KG, GCVO  
Chair: Ed Smith  
Chief Executive: David Nussbaum

WWF Northern Ireland is part of WWF-UK, charity registered in England number 1081247 and in Scotland number SC039593 and a company limited by guarantee registered in England number 4016725.  
VAT number 733 761821  
Printed on recycled paper

In addition to the environmental, social and moral reasons, there are sound economic reasons why Northern Ireland must move to a low carbon economy. Probably the outstanding issue for Northern Ireland is that it remains overly reliant on imported fossil fuels, which provide approximately 99% of our primary energy needs<sup>(1)</sup>. This also means that much of the huge potential that exists for renewable based energy generation and job creation in Northern Ireland is not being developed, while more progressive economies are already moving towards a low carbon future with the added benefit of large numbers of ‘green’ jobs created by the new and expanding renewables industries. In the 1970’s Denmark was in a similar position to the one Northern Ireland is currently in, as it was reliant on imported fossil fuel from the Middle East for 99% of its energy supply. Following the oil crisis of the early 1970s Denmark moved to tackle this problem and is now self sufficient in energy with about 30% of all its energy supplied by renewables. Given WWF Northern Ireland has long been calling for the development of a long term energy strategy for Northern Ireland, it is significant that on 24<sup>th</sup> February 2011, Denmark announced its Roadmap 2050, a long term energy strategy which outlined how Denmark could be well on its way to complete independence of fossil fuels by 2050. This long term planning is exactly what Northern Ireland needs. In 2006, Sweden, where 26% of all the energy consumed came from renewable sources, as compared to the EU average of 6%) outlined its aim to be oil free by 2020<sup>(3)</sup>. Concerned about its 90% reliance on imported fossil fuels, in May 2009 the Ideas Foundation in Spain produced “A new energy model for Spain”<sup>(4)</sup> which

*“proposes a new energy model for Spain, free of CO<sub>2</sub> emissions and of nuclear energy by 2050, with the capacity to satisfy 100% of energy demand through renewable sources”*

The potential economic opportunities offered by moving to a low carbon economy have been clearly identified by many studies. For example, a 2005 study by the European Trade Union Confederation<sup>(5)</sup> (ETUC) emphasised the link that exists for job creation linked to climate mitigation and adaptation and predicted a 1.5% increase in employment over the next 10-20 years resulting from CO<sub>2</sub> emissions reductions policies. According to a WWF report on the potential for low carbon jobs in Europe,<sup>(6)</sup> there are a total of 3.4 million direct green jobs in Europe at present, with in the order of an additional 5 million indirect jobs. This total (of 3.4 million) is made up of close to 400,000 direct and indirect jobs in renewable energy, some 2.1 million direct jobs in efficient transportation and a highly conservative estimate of over 900,000 direct jobs in energy efficiency goods and services. This compares favourably with the 2.8 million jobs in polluting industries (mining, electricity, gas, cement and iron and steel sectors) and the likely trend is for jobs in the renewable/green sector to expand whereas employment in the extractive and polluting industries is likely to continue to decline.

In addition, it has been estimated that 27 EU countries could save \$100 billion a year by 2020 through energy efficiency measures<sup>(7)</sup>.

At a UK level, the Carbon Trust<sup>(8)</sup>, found that there is the potential to create more than half a million jobs (564,000) in renewables in the UK with between 8,470 and 33,124 jobs, in a sector that could be worth almost £1 billion (£989M) in Northern Ireland alone. Though wind power will continue to be the dominant renewable energy source in Northern Ireland, tackling climate change needs a multi faceted approach and other options such as bioenergy and marine renewables have a role to play. According to the Carbon Trust, the UK could generate up to £70 billion for the economy and almost 250,000 jobs in offshore wind and wave power<sup>(9)</sup>. A 2009 report by IWEA and Deloitte<sup>(10)</sup> found, in order to provide the 7,800 MW of wind power needed on the island to meet the current renewable energy targets, the Irish wind energy sector will involve approximately €14.75 billion of investment, of which €5.1 billion will be retained in the Irish economy by 2020 (€4.3 billion in the Republic of Ireland and €786 million in Northern Ireland).

Now is the time to start making the decisions necessary to invest in a low carbon economy, as the CBI have argued<sup>(11)</sup>

*“We must not allow the global economic crisis become an excuse for inaction on climate change”<sup>(12)</sup>*

Similarly a HSBC evaluation<sup>(13)</sup> of the various economic stimuli packages around the world highlighted the benefits of tackling climate change and noted that amongst the arguments for a low carbon stimulus

*“The low-carbon economy can also be a job rich economy at a time of soaring unemployment, particularly through enhancing building efficiency, either via retrofit or new construction, and improving mass transit.”*

The International Energy Agency has made it clear that current energy consumption rates are unsustainable, as illustrated by the following statement in the 2008 World Energy Outlook (p37) .

*“The world’s energy system is at a crossroads. Current global trends in energy supply and consumption are patently unsustainable – environmentally, economically and socially. But that can – and must – be altered; there’s still time to change the road we’re on”*

It seems clear, therefore, that there is a pressing need to find alternatives to this unsustainable system and in particular, to oil. According to the BP Statistical Review of World Energy 2008 there is only 41.6 years supply of oil left, at current rates of consumption, but global oil consumption rose 1.1% in 2007. Then here is the issue of peak oil, which may already be upon us. A report by Uppsala University<sup>(14)</sup> concluded global oil production has already peaked and that

*“It is unlikely that future world crude oil production will ever return to the levels seen in 2008”*

The net effect of the (im)balance between supply and demand for oil is that oil price and consequently the price of energy based on or derived from oil, is likely to rise in the future. This was acknowledged by DETI in the consultation on the draft SEF 2009, paragraph 2.1. on page 8,

*“Energy will become increasingly expensive as fossil fuel resources decline”*

This was also acknowledged by the Minister for Enterprise Trade and Investment in November 2009<sup>(15)</sup>

*“The cost of inaction on renewables now would lock us into potentially even higher costs over the long term. The era of low energy prices is over.”*

The volatility in oil price has a major impact. In July 2008 oil reached an all time high of \$147 a barrel before dropping back to under \$40 a barrel by the end of the year. The impact of this volatility was highlighted by the Economist Dr. Shimon Awerbuch of the University of Sussex, UK who said<sup>(16)</sup>

*“Oil price spikes between 2000 and 2005 cost the EU EUR 400-700 billion, which is more than the estimated total investment needed to meet the EU target of 20 per cent renewables by 2020,”*

The actual cost to consumers of electricity from renewable sources is now often lower than that from conventional fossil fuel sources. One way of cushioning the impacts from implications of increasing oil prices and increasing volatility in oil prices is to ensure Northern Ireland reduces its reliance on fossil fuels and increases its dependence on renewables. Ofgem’s “Project Discovery”<sup>(17)</sup> concluded that in their ‘Green stimulus’ scenario where energy demand falls and there is rapid decarbonisation of the generation sector, domestic customer bills were likely to increase by 14% by 2020. However, in their ‘Dash for energy’ scenario where gas increases its share of the generation mix and renewable targets are not met, domestic consumer bills

*“rise with high and volatile commodity prices, increasing over 60% by 2016 before falling back”*

It seems clear therefore that increasing the share of energy from renewable sources could dampen the effects of fossil fuel price volatility and should actually help cushion the blow from likely price rises.

Given Northern Ireland’s over-reliance on imported fossil fuels, energy use and supply is a challenge Northern Ireland must address strategically and urgently. Apart from the economic considerations, some of which have been outlined above, the issue of climate change makes the need to move down a low carbon path all the more profound and urgent. 80% of the UK’s Carbon Dioxide (CO<sub>2</sub>) emissions comes from the production and consumption of energy. The current level of CO<sub>2</sub> in the atmosphere is 391 ppm<sup>(18)</sup>. This is very close to the upper limit of 475 CO<sub>2</sub> eq ppm (the equivalent of 475 ppm CO<sub>2</sub>) it has been predicted that the atmospheric concentration of greenhouse gases should not rise above if the

atmospheric concentration is to be stabilised at 400 ppm, as above this level runaway climate change becomes increasingly likely.

As outlined in WWF's Climate Solutions 2<sup>(19)</sup>, runaway climate change is almost inevitable without specific action to implement low carbon re-industrialisation over the next few years, with the point of no return estimated to be 2014.

As such, WWF Northern Ireland regards the development of a low carbon economy must be given much higher priority for Northern Ireland's economic development and that it is essential that decisions that will lead Northern Ireland down a low carbon path must be made now and that decisions and investments that lock Northern Ireland into a high carbon future must be avoided. In this context the fact that there is only one explicit reference to a LCE, on page 29 paragraph 4.12, is disappointing and indicative of the fact that the low carbon economy does not, in WWF Northern Ireland's opinion, have a high enough priority, despite the confirmation by the Minister in the consultation on the 2010 SEF that the overall objective, outlined on page 4, was for a

*“sustainable, low carbon energy future.”*

WWF Northern Ireland agrees that Northern Ireland must aim to have *“a sustainable, low carbon energy future”*, but achieving this will require an energy policy predicated more fully on the three principles previously advocated by DETI <sup>(20)</sup> of

- Decreasing energy demand
- Diversity of energy sources, moving away from fossil fuels to more sustainable sources and
- Decentralisation of production and supply

As was highlighted by the UNEP in February 2011<sup>(21)</sup> investing just 2% of GDP in a green transformation of (ten) key sectors can kick start a transition towards a low carbon, resource-efficient economy. According to the UNEP report

*“Greening the economy not only generates growth and in particular gains in natural capital, but it also produces a higher growth in GDP and GDP per capita. Under the GER modelling exercise, a green investment scenario achieves higher economic growth rates than a business as usual scenario within 5-10 years”*

It appears that this principle had already been understood and accepted by certain countries, which responded to the recent economic crisis by providing stimulus packages which included a significant 'green' or sustainable element. According to the HSBC <sup>(13)</sup> evaluation of the various stimulus packages around the world, 81% of South Korea's stimulus package was green, while in China 34% of the stimulus was green and in the US it was 12% and in the UK 7%. WWF Northern Ireland suggest that the difficulties Northern Ireland has competing in international markets are only likely to be exacerbated as those countries Northern Ireland will be competing with become greener and move further and faster down a low carbon path than Northern Ireland

In conclusion, WWF Northern Ireland believes that the development of a low carbon economy should be Northern Ireland's top economic priority, as a number of significant economic, environmental and social benefits are likely to accrue from such a move, whilst also offering the chance to avoid or reduce the potentially negative impacts of business as usual, and this reprioritisation should be reflected in the next phase of the consultation. Rather than continually repeating this point in response to the questions posed in this consultation, WWF Northern Ireland has only answered selected questions.

Yours faithfully

Malachy Campbell  
Policy Officer WWF Northern Ireland

**Q 1 Do you agree with the key economic challenges that are expected to influence the performance of the NI economy over the next 10 years?**

Not completely. While WWF Northern Ireland would agree that export led economic growth will continue to be important for Northern Ireland, as outlined above, WWF Northern Ireland believes a greater emphasis should be placed on developing indigenous markets and supply chains with particular emphasis on the development of a low carbon economy.

The assessment in the document appears to be based on the assumption that there will be little change in the nature of growth, an assumption WWF Northern Ireland would not regard as the most appropriate. WWF Northern Ireland believes that energy will become much more important as an issue in the coming years and the development of a low carbon economy will be an essential area of economic development for Northern Ireland.

As the ETI Committee recommended (Recommendation 2) in the report on the energy inquiry

*“The Executive must develop a long term energy vision for renewable energy”*

**Q 2 Are there any additional aspects that should have been included and which need addressed in the full economic strategy?**

Yes, those referred to above in our response to Q1, namely energy security and provision and the development for a low carbon economy.

**Q5 Looking ahead to 2020, do you share the Executive’s long term vision for the Northern Ireland economy?**

The vision outlined in para 3.8 sounds reasonable. However this is very general and is more focussed on the principles of how growth could be achieved, rather than specifying in which areas/sectors growth is envisaged. WWF Northern Ireland would suggest that the development of a low carbon economy be prioritised as an area for growth in the Executive’s long term vision for the Northern Ireland economy.

**Q6 Given the challenges facing the Northern Ireland economy, do you agree that promoting export-led economic growth should be the key economic priority of the Northern Ireland Executive?**

Not completely. As outlined in our response to Q1 above, while WWF Northern Ireland would agree that export led economic growth will continue to be important for Northern Ireland, as outlined above, WWF Northern Ireland believes a greater emphasis should be placed on developing indigenous markets and supply chains with particular emphasis on the development of a low carbon economy.

**Q11 Are there other themes which the Executive should consider when preparing its economic strategy?**

WWF Northern Ireland believes a greater emphasis should be placed on developing indigenous markets and supply chains with particular emphasis on the development of a low carbon economy.

## Bibliography

- (1) AEA Technology Executive Summary of a report on the assessment of the potential for bioenergy development in Northern Ireland Report to DETI October 2008
- (2) <http://www.kemin.dk/en-us/newsandpress/news/2011/sider/energystrategy2050.aspx>
- (3) <http://www.sweden.gov.se/content/1/c6/06/70/96/7f04f437.pdf>
- (4) *A new energy model for Spain Recommendations for sustainable future*. Fundacion ideas. Report available at [www.fundacionideas.es](http://www.fundacionideas.es)
- (5) European Trade Union Confederation (ETUC), Instituto Sindical de Trabajo, Ambiente y Salud (ISTAS), Social Development Agency (SDA), Syndex and Wuppertal Institute, 2005. "Climate Change and Employment –Impact on Employment in the European Union 25 of climate change and CO2 reduction measures by 2030"
- (6) WWF Low Carbon Jobs for Europe Current Opportunities and Future Prospects June 2009
- (7) <http://www.bloomberg.com/news/2010-09-14/europe-could-save-100-billion-on-power-efficiency-climate-report-says.html>
- (8) Carbon Trust Supply Chain 2008
- (9) Carbon Trust *Focus for success: A new approach to commercialising low carbon technologies*
- (10) Jobs and Investment in Irish Wind Energy Powering Ireland's Economy Deloitte and IWEA 2009
- (11) CBI *Climate change tracker 2008* available at <http://climatechange.cbi.org.uk/reports/00081/>
- (12) CBI Director-General Richard Lambert speaking at CBI's Climate Change Summit in London 2 December 2008, see [http://climatechange.cbi.org.uk/press\\_release/00091/](http://climatechange.cbi.org.uk/press_release/00091/)
- (13) HSBC *A Climate for Recovery* Climate Change Global February 2009
- (14) The Peak of the Oil Age – analyzing the world oil production Reference Scenario in World Energy Outlook 2008 published Energy Policy Volume 38, Issue 3 March 2010 pages 1398-1414
- (15) <http://www.northernireland.gov.uk/news/news-deti/news-deti-november-2009/news-deti-131109-foster-seeks-sustainable.htm>
- (16) <http://www.vestas.com/en/media/win%5Bd%5D/article-display.aspx?action=3&NewsID=1823>
- (17) <http://www.ofgem.gov.uk/markets/whlmkts/discovery/Pages/ProjectDiscovery.aspx>
- (18) <http://co2now.org/>
- (19) [http://www.wwf.org.uk/wwf\\_articles.cfm?unewsid=3407](http://www.wwf.org.uk/wwf_articles.cfm?unewsid=3407)
- (20) Invest NI *Sustainable Energy Maximising Business Opportunities from Sustainable Energy*
- (21) <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=659&ArticleID=6902&l=en>