

13 October, 2023

Rt Hon Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Open Letter: Increased Support for Greenhouse Gas Removals in the Upcoming Autumn Statement

Dear Chancellor of the Exchequer,

The UK has the potential to become a world-leader in scaling up greenhouse gas removals ('GGRs'). GGRs are needed alongside deep and rapid emission cuts across all sectors of the economy to achieve the UK's net zero emissions target. There is a considerable economic opportunity at stake, which action at this Autumn Statement could help secure. The scale of the UK's GGR sector, based on a variety of novel and existing solutions, could match the UK's water sector in terms of revenue by 2050.

However, the window for the UK to be a world-leader in GGRs is diminishing. Governments around the world are increasing support and ambition for GGR technologies by introducing policy and legislation, such as the US Inflation Reduction Act (IRA) and EU's Net Zero Industry Act (NZIA), to accelerate investment and infrastructure development in the sector. Many innovative and novel carbon removal methods are being developed in the UK, but the UK's nascent ecosystem for innovators and investors will be insufficient to attract and retain talent and businesses without the type of support appearing in other regions. As we approach the forthcoming Autumn Statement, we set out how the Government could help drive growth in this critical sector of the future.

By acting swiftly, the UK Government can capitalise on early movement on GGRs. Delivering increased support for the sector will trigger and deliver private sector investment, with UK revenues estimated to reach £2 billion by 2030 and in the tens of billions by 2050 if Government targets are achieved, according to analysis by the National Infrastructure Commission¹. Economic benefits could for example come from the export of skills and equipment.

The sector has the potential to create and support green jobs in the thousands, helping the UK transition to a green economy. Many of these newly created jobs will be based in former industrial areas and coastal regions due to proximity to industrial clusters currently being established. This would help support regional growth around the country. The UK should not lose the momentum of being a first-mover and capitalise on its unique positioning – including vast geological carbon storage potential in the North Sea – to be a leader in this global growth sector. This would create new export opportunities for skills, technology and expertise, and leverage the UK's world-leading university and innovation hubs.

¹ National Infrastructure Commission (July 2021), [Engineered Greenhouse Gas Removals](#)

We request your consideration of the following key points in your deliberations for the Autumn Statement:

1. **Provide additional research and development funding to help boost investment in research and development for GGR technologies:** following the success so far of the Direct air capture and greenhouse gas removal programme, the Government should continue to provide targeted funding to support the scale up of the most promising and innovative GGR technologies. This will enable us to accelerate the development and reduce the cost of cutting-edge solutions that can effectively remove greenhouse gases from the atmosphere.
2. **Back private investment by bringing forward revenue and market certainty:** the Government should accelerate its work on the development of business models to support investment in GGRs. A business model is critical for providing potential investors with certainty over future revenue and will therefore help de-risk this nascent sector. There may also be a case for additional funding or demand certainty from Government to help secure private sector investment. Meanwhile, the Government should also continue to explore the incorporation of negative emissions credits into the UK ETS, while ensuring the integrity of the ETS and broader decarbonisation efforts remain intact. Early clarity on these policies will help make the UK a more competitive environment for international investment in GGRs.
3. **Lead the international development of new standards for carbon removals:** the UK can further improve investor confidence in GGRs by developing robust rules for monitoring, verification and reporting of stored carbon. The international trust in the UK's regulatory regimes is an advantage we can use to both lead development of the global GGR sector, and secure early domestic investment. The UK could also use this leadership position to shape international standards, ensuring alignment, which will help build confidence in the sector and attract investment.

We firmly believe that the Autumn Statement provides an opportunity to provide more clarity on the UK's approach to attracting investment in innovative net-zero technologies. This is both a near-term growth opportunity and critical step on the UK's journey to net zero emissions. It will enable the UK to seize opportunities in a growing global market for GGR solutions, helping to secure the UK's climate targets, while simultaneously enhancing our climate leadership on the world stage.

Yours sincerely,

The undersigned

