

PART III. NATIONAL REPORTING GUIDELINES FOR CSD-14/15 THEMATIC AREAS

C. INDUSTRIAL DEVELOPMENT

Government focal point(s): Aphrodite Korou

Responding ministry/office(s): Department for Trade and Industry

Decision-Making: Strategies, policies, programmes and plans, legislation, policy instruments and the regulatory framework; involvement of Major Groups

- Major elements and targets of national industrialization strategy or plan.
- Process of development of the strategy, including multi-stakeholder participation.
- Consideration of environmental and social aspects in the design and follow-up of national industrialization plan.
- Policies to promote open markets such as reduction of quantitative restrictions and tariffs on imports and promotion of exports.
- Efforts to reduce administrative procedures and costs related to business start-up and operation. (e.g., one stop/single access registration, reduction of capital requirements, creation of industrial parks).
- Efforts to promote investor confidence, including protection of intellectual and other property rights, dedicated commercial courts and efforts to promote speed in the resolution of commercial disputes.
- Nature of regulatory approach to environmental issues. Use of command and control as well as economic instruments to enforce legal requirements.
- Efforts to integrate environmental aspects into industrial operations such as requiring environmental impact assessments for licensing or permitting as well as other policies which might support this goal.
- Policies to promote voluntary approaches by industry including corporate social responsibility and environmental stewardship.
- Policies to restructure and improve the operation of state enterprises

UK Action

- Process of development of the strategy, including multi-stakeholder participation.

Corporate Social Responsibility (CSR) In March 2005 the UK Government published its International Strategic Framework on Corporate Social Responsibility. The framework underwent a number of informal multi-stakeholder consultation exercises between March 2004 and March 2005. The international strategic framework sets out the overall objectives, priorities, and main lines of the UK Government's approach towards the international dimension of CSR. The framework, essentially, helps to ensure approaches that deliver practical outcomes in the business contribution to Sustainable Development and encourages relevant international and inter-governmental institutions to be actively engaged in CSR including the need to avoid duplication and build on the strengths and competencies of such institutions.

There has been a substantial amount of interest in the international framework, with an increasing number of organisations keen to see the framework developed and implemented. HMG are in the process of determining the best route for implementation.

Sustainable Consumption and Production (SCP). The 2002 World Summit on Sustainable Development (WSSD) set new global commitments on sustainable consumption and production. The Government followed this with a UK framework – “Changing Patterns” (<http://www.defra.gov.uk/environment/business/scp/changing-patterns.pdf>) . The 2005 UK Sustainable Development Strategy <http://www.sustainable-development.gov.uk/publications/uk-strategy/uk-strategy-2005.htm>) sets out how this is being taken forward:

- Better products and services that reduce the environmental impacts from the use of energy, resources or hazardous substances.
- Cleaner, more efficient production processes, which strengthen competitiveness; and
- Shifts in consumption towards goods and services with lower impacts.

A revised basket of ‘decoupling’ indicators was published in April 2005 to monitor the extent of ‘decoupling’ the link between increasing economic growth and environmental damage. <http://www.defra.gov.uk/environment/statistics/scp/index.htm>.

- Policies to promote open markets such as reduction of quantitative restrictions and tariffs on imports and promotion of exports.

DTI and the Department for International Development (DFID) have a shared Public Service Agreement (PSA) target to: “Ensure that the EU secures significant reductions in EU and world trade barriers by 2008, leading to opportunities for developing countries and a more competitive Europe” (White Paper on Trade and Investment, July 2004 www.dti.gov.uk/ewt/whitepaper.htm)

The UK is working through the European Union in the World Trade Organisation to:

- Extend an open and rules based multilateral trading system.
- Improve market access for developing countries.
- Reduce the level of trade distorting subsidies, particularly in agriculture and fisheries.
- Promote mutual supportiveness of trade liberalisation, environmental protection and sustainable development.
- Minimise any negative impacts of trade liberalisation for developing countries.

The Technology Partnership Initiative (TPI), is administered by the Environmental Industries Sector Unit (EISU), who work to promote the UK Environmental Goods & Services industry to international markets. The TPI was set up in response to calls from developing and rapidly industrialising countries for help from established industrial nations to assist with the transfer of technology, in order that they might address the economic impact of meeting the sustainable development agenda. The TPI provides information on new and appropriate technologies (including cleaner technologies). TPI supports a programme of seminars in markets and incoming delegations visiting the UK as well as other initiatives.

Link: <http://www.eisu.org.uk/eisu/index.html>

- Efforts to promote investor confidence, including protection of intellectual and other property rights, dedicated commercial courts and efforts to promote speed in the resolution of commercial disputes.

Patent Office

Protection of IPR - The UK has a statutory framework that protects patents, trademarks, designs and copyright. The UK is party to all the main international intellectual property conventions and agreements.

Dedicated IPR courts - Caters for the needs principally of medium and small size firms in litigating patents, registered designs and certain other cases involving similar rights. It is the form of choice for the litigation of IP cases at County Court level in England and Wales (it has no jurisdiction for Scotland).

Improving the speed and cost of the resolution of commercial disputes – The Patents Office works to create an environment facilitating the effective enforcement of intellectual property rights. The Patents Act 2004 has made changes to the Patents Act 1977 to provisions in the area of enforcement of patent rights to facilitate the settlement of disputes prior to launching legal proceedings.

The 2004 Act gives powers for the Patent Office to issue non-binding opinions as to validity or infringement of a patent, which will come into force in late 2005 or early 2006.

The Patent Office provides a copyright tribunal for hearing disputes concerning copyright licences, together with hearings to resolve disputes relating to patents, trademarks and registered designs.

Tackling IP Crime - The Patent Office has set up an IP Crime Group comprising national agencies such as the National Criminal Intelligence Service, Assets Recovery Agency, Customs and Excise, Crown Prosecution Service, local enforcement agencies such as trading standards organisations, and commercial interests from brand owners to the creative industries to develop a new national strategy for dealing with IP crime. This has resulted in the development of the first National IP Crime Strategy which was published 10 August 2004.

- Efforts to integrate environmental aspects into industrial operations such as requiring environmental impact assessments for licensing or permitting as well as other policies, which might support this goal.

Offshore Oil and Gas - Considerable progress has been made in developing a comprehensive and effective environmental regime for the management of the UK's offshore oil and gas activities. Of particular significance is the Government's Strategic Environmental Assessment of the entire UK Continental Shelf, which will be completed by 2007. This will leave us well placed to make sensible and informed decisions on future offshore oil / gas / windfarm developments. It will also ensure that a balance is struck between the economic development of the UK's energy resources and effective environmental protection.

Offshore installations are regulated by the UK and environmental standards / controls derived from three principle sources: UK national concerns, OSPAR, and EU Directives. These allow for the development and implementation of regulations which specifically address the environmental impact of emissions / discharges from offshore platforms. **Annex A** attached provides details on the key legislative measures that are already in force and those that are pending.

A key feature of the UK's offshore environmental legislative regime is the effective relationship that has been developed with stakeholders. Notwithstanding the legal requirement to consult statutory bodies prior to regulatory measures being introduced, or new offshore activities proceeding, the UK also consults more generally (via specific Forums) with key stakeholders such as other Government Departments / Agencies, the offshore industry and environmental Non Governmental Organisations (NGOs) on a variety of environmental related topics (i.e. emerging legislative proposals, research and other national issues).

Through existing measures and the continuous development of the offshore legislative framework, the UK is well placed to meet continuing challenges for the offshore sector.

Further information:

Department of Trade and Industry's oil and gas website - <http://www.og.dti.gov.uk>

DTI's SEA website – <http://www.offshore-sea.org.uk/site/>.

UKOOA Sectoral Sustainability Strategy

<http://www.ukooa.co.uk/issues/sustainability/introduction.htm>.

- Policies to promote voluntary approaches by industry including corporate social responsibility and environmental stewardship.

The UK Government takes a voluntary approach to **Corporate Social Responsibility (CSR)** and seeks to gain company engagement through a framework that stimulates companies to voluntarily raise their performance in addressing their social and environmental impacts. CSR in the UK therefore goes beyond minimum legal compliance, but uses a light touch interventionist approach where appropriate. The government's CSR strategy for advancing voluntary engagement is to promote activities that bring economic, social and environmental benefits, to work in partnership with various sectors to generate interest in the area, and to encourage innovative approaches and good practice.

The government promotes the business benefits of CSR. Many businesses have found that by engagement in CSR, they can improve their competitiveness through, for example: a better reputation with customers, improved staff motivation, better ability to recruit employees, exploiting new market opportunities and use it as a criterion for risk management. We promote CSR by showcasing these benefits and providing a framework for allowing companies to tailor their CSR policies to suit their own business functions and products.

Government support towards SCP include:

- **SCP Task Force** –this is a new government initiative bringing together a network of business expertise to work with government to make progress on consumption and production challenges. The task force will develop ideas for practical action on key aspects of SCP.
- **Sustainable Design Forum** – this is a new forum, bringing together expertise to champion and educate in eco-design in addition to promoting best practice tools and approaches that can be adopted by designers. There are a wide range of initiatives already in place in the area of eco-design. The Forum will explore how to build on this work to better integrate sustainability considerations into product design.
- **Coherent 'product policy'** – this will be given a greater priority, through developing and publishing a set of measures for taking forward integrated product policy.
- **Integrating sustainability** more strongly into DTI's package of support for business and innovation e.g. through R&D best business practice and Innovation and Growth Teams (IGTs) in key areas such as materials
- A new **Sector Sustainability Challenge** to support selected collaborative projects focused on taking forward sectoral or supply chain initiatives to put SCP into practical action. This will include underpinning activities to promote sectoral sustainable development best practice and providing grant support for sectoral associations that need help with audits, strategy development and scoping collaborative SCP projects.
- From April 2005, landfill tax receipts will fund the new **Business Resource Efficiency and Waste Programme (BREW)**. Over the next three years, £284 million of funding will be targeted to benefit business.

- **Envirowise** – programme sponsored by DTI and Defra designed to encourage business to adopt best practice in environmental techniques, focussing on cost-effective cleaner technology and waste minimisation, leading to combine cost savings and environmental gains.
- **The Carbon Trust** – an independent company funded by government whose role is to help the UK move to a low carbon economy by helping business and the public sector reduce carbon emissions now and capture the commercial opportunities of low carbon technologies.
(<http://www.thecarbontrust.co.uk>)
- **WRAP** (Waste and Resources Action Plan) – a not-for-profit company supported by funding from DTI and Defra and the devolved administrations. It was founded in 2001 in response to the Government's waste strategy. It is working to promote sustainable waste management by creating stable and efficient markets for recycled materials and products.
- Implement a package of measures to tackle barriers to the commercialisation of environmental innovations identified by the business-led Environmental Innovations Advisory Group by March 2006.

Capacity-Building, Information and Research & Technologies

- Attempts to include sustainability components in planning of industrial location and infrastructure (e.g., industrial siting, wastewater and waste management in industrial zones or parks).
- Policies or programmes to promote research and development (R&D) on and the transfer of cleaner technologies.
- Programmes to promote the concept of sustainability within industry as well as in higher education including business and engineering schools.
- Policies to promote R&D to increase productivity in key industrial sectors.
- Policies to facilitate licensing and sale of technologies resulting from government programmes or funding.
- Policies to promote cooperation between the industrial sector and the R&D community.
- Programmes to make available “best practice” information (including environmental and social aspects) to industry sectors as well as to promote information exchange between enterprises.

UK Action

- Policies or programmes to promote research and development (R&D) on and the transfer of cleaner technologies.

The UK Government's 10-year Science and Innovation Investment Framework, published July 2004, set out a commitment to support businesses investing in new and emerging technologies through the Technology Strategy and Programme. The overall aim is to increase R&D investment by UK business and place the UK at the heart of a global knowledge economy.

Link: [http://www.hm-](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_science.cfm)

[treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_science.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_science.cfm)

The Technology Programme is designed to stimulate innovation in the UK economy through higher levels of research and development (R&D) and knowledge transfer. The Technology Programme comprises 2 business support products:

- Collaborative Research & Development and
- Knowledge Transfer Networks

Over the period 2005-2008, £370m is available to businesses in the form of grants to support research and development in technology areas critical to the growth of the UK economy. £50m of this has been contributed by DEFRA (Department for Environment, Food and Rural Affairs) through their Business Resource Efficiency and Waste (BREW) programme and will be directed at projects that will increase the sustainability of businesses.

With a specific focus on sustainability, 28 projects have been awarded £21m to develop technologies that will aid environmentally friendly transport and renewable energy (Link: http://www.dti.gov.uk/technologyprogramme/successful.html#_Toc93199527). A further £10m is about to be offered to projects that assist with Waste Management and Minimisation (link: http://www.dti.gov.uk/technologyprogramme/prev_comps.html), and we are currently seeking proposals for £20m that enable businesses to meet the challenge of a Zero Emissions Enterprise. This is aimed at moving UK business away from disposing waste to landfill, to minimizing or eliminating waste initially through improved resource efficiency.

More broadly, sustainability has been included as a project selection criterion for all projects in the Technology Programme and therefore DTI or its partners will not support projects that have a relative negative environmental or social impact.

Links:

www.dti.gov.uk/technologyprogramme

www.dti.gov.uk/innovationreport

http://www.dti.gov.uk/technologyprogramme/pdfs/zero_emission.pdf

- Programmes to promote the concept of sustainability within industry as well as in higher education including business and engineering schools.

The Corporate Social Responsibility (CSR) Academy was launched in July 2004 and is used as a way of promoting and mainstreaming CSR principles across business and in higher education. The Academy is a virtual organisation made up of a competency framework which establishes core skills and characteristics to integrate CSR within organisations; a website which highlights CSR principles, current training activities and Academy developments, and a training and development map for signposting people to higher education courses covering CSR.

The Academy has been well received by business and education sectors. The CSR Academy's focused objective is to embed CSR skills and competencies into the life cycle of managers across the business functions. The Academy has had a very successful start since its launch in July.

1. The website is receiving 44, 000 hits month on average and an Academy website programme and news section has been launched and is experiencing considerable traffic and trade press interest
2. 80 large companies have attended the two initial master classes and increasing numbers are using the framework.
3. Between July and the end of October over 1000 downloads of the framework were registered. A new 'how to guide' to the framework is being developed as a complementary publication. Further mast classes have been arranged for 2005.

4. There are a series of workshops for SMEs around the country - with an additional six event sponsored by Barclays. The Academy has also affiliated with European Academy for Business in Society

- Policies to facilitate licensing and sale of technologies resulting from government programmes or funding.

Knowledge Transfer Partnerships (KTPs) enable business to draw on knowledge and skills residing in the UK's knowledge base (universities etc) and use it for business benefit. They enable the transfer of knowledge and understanding into business and the spread of good practice. The 'knowledge base' involvement enables researchers to study the effects of their research and enables the development of new research ideas and themes. KTP projects are part funded by government with the balance from the company partner. There is no specific drive for sustainability projects, however some are put forward by industry.

Currently there are 25 KTP projects in 'Clean Technology'. The subjects are diverse and range from ways to reduce volatile organic emissions to waste water treatment and ground reclamation / regeneration.

Link: <http://www.ktponline.org.uk>

Patents Office – Intellectual property (IP) plays a vital role in the knowledge transfer environment and the Patent Office has been involved in various and diverse initiatives aimed at promoting effective and appropriate use of IP by knowledge transfer professionals.

Following the publication of the Baker Report "Creating Knowledge Creating Wealth – Realising the economic potential of Public Sector Research Establishments", the Patent Office published guidelines to promote more effective utilisation, management and exploitation of intellectual property generated in publicly funded research.

Following on from the Lambert Review of Business-University Collaboration in December 2003, the Lambert Working Group (WG) on Intellectual Property (IP) was set up in May 2004 to produce model collaborative research agreements for voluntary use by industry and universities.

- Programmes to make available “best practice” information (including environmental and social aspects) to industry sectors as well as to promote information exchange between enterprises.

Corporate Social Responsibility - The DTI supports a range of organisations, including Business in the Community and the Small Business Consortium. These act as an information sharing resource for businesses, large and small.

Last year the Small Business Consortium launched its small business journey website and toolkit which helps Small and Medium Sized Enterprises to develop their CSR practices and is a valuable focal point for sharing best practice amongst the SME community.

Business in the Community runs a series of campaigns to support business in improving its impact on society. 700 member companies subscribe to BitC, with a further 1600 participating in its programmes and campaigns. It operates through a network of 98 local business-led partnerships, as well as working with 45 global partners. The UK Government has been a strong supporter of BitC for a

number of years, with different departments supporting campaigns and activities, which help to advance their own policies and practices.

Innovation and Growth Teams (IGTs) - are government / business initiatives, primarily driven by industry. They have been established for a number of sectors including in chemicals, automotive, pharmaceuticals, materials and electronics.

- **Materials IGT** – looking at Sustainable Consumption and Production and is looking to embrace ‘Product Stewardship’.
- **Electronics IGT** – highlighted the requirement for electronics to incorporate Sustainable Development principals into future practices in light of forthcoming legislation e.g. WEEE, RoHS, EuP. (<http://www.dti.gov.uk/industries/electronics/eigt.html>)
- **Envirowise** offers a bespoke service to electronics companies, which includes providing consultants to address design and manufacturing techniques and provide practical advice on how products and processes could be improved in relation to Sustainable Development techniques and design for the environment. (<http://www.envirowise.gov.uk/envirowisev3.nsf/key/electronics>)
- **National Metals Technology Centre (NAMTEC)** – a key objective is aimed at waste minimisation and optimum use of resources. (<http://www.namtec.co.uk>)

Other Links:

Automotive IGT – http://www.autoindustryco.uk/automotive_unit/aigt

Aerospace IGT – <http://www.aeigt.co.uk>

Financing

- Measures to promote competition in domestic financial sector.
- Measures to facilitate access to credit by non-state industrial enterprises, notably by SMEs.
- Measures to strengthen long-term financing for infrastructure and industry.
- Programme to promote transparency in financial markets such as credit rating systems, private and public credit registry systems.
- Policies to provide legal protections to creditors.
- Programmes or policies that serve to integrate specific environmental and social concerns into lending practices.
- Measures to ensure adequate resources for clean-ups of contaminated and degraded sites.

UK Action

- Measures to facilitate access to credit by non-state industrial enterprises, notably by SMEs.

Finance markets in the UK are amongst the best developed in the world and most small businesses are able to access appropriate finance without the need for Government (HMG) support or intervention. Markets in the UK operate on a national and frequently international basis and HMG intervenes in markets only where there is a recognised market gap or imperfection. HMG does not wish to distort or displace private sector activity so, in such interventions, HMG’s approach is to work with and through private sector delivery partners, offering the minimum amount of public sector support necessary to bring about change.

Regional Venture Capital Funds - (RVCFs) are an England-wide programme to provide risk capital finance in amounts up to £500,000 to Small and Medium Size Enterprises (SMEs) who demonstrate growth potential. The funds, managed by experienced venture capital professionals, are commercially focused, making commercial returns with the first funds launched in 2001 and the final fund launched in 2003.

As at 31 December 2004 over £43.1 million has been invested in 156 SMEs by the RVCFs.

Early Growth Funds - Evidence has shown that not all businesses with growth potential are able to access the the risk capital they need, particularly where the amounts required are relatively small. This programme was developed to encourage risk funding for start-ups and growth firms. The objective, to increase the availability of small amounts of risk capital of on average £50,000.00 for innovative and knowledge intensive businesses, as well as for other growth businesses.

The funds will be able to make maximum initial investments of up to £100,000. Most funds require matched private sector investment to at least the same amount as Early Growth Fund investment.

As at 31 December 2004 over £22.5 million has been invested in 59 SMEs by the EGFs.

Enterprise Capital Funds - The Enterprise Capital Programme seeks to address the shortage of capital directed at the 'Equity Gap', i.e. the supply of funding from £500,000 to £2 million to UK-based SME's. The supply of capital for SME investments below the £500,000 level is reasonably well served by both the private sector and the public sector (e.g. business angels and Regional Venture Capital Funds respectively). Above the £2 million funding level businesses are established enough to merit the interest of the Venture Capital Trusts and other institutional investment.

The SBS is planning to finalise the bidding ECF bidding guidance and launch the programme by July 2005.

Community development finance institutions (CDFI's) - CDFIs are locally based financial institutions providing loans and other support to enterprises with viable business propositions but which are unable to access some or all of the finance they require form conventional sources. CDFI lending criteria emphasise local economic impact, employment etc. rather than applying conventional credit scoring parameters.

Over 60 CDFIs have been supported with £12m of revenue to assist with running costs and £28m of capital for on-lending for use between 2001 and 2006.

Small Firms Loan Guarantee (SFLG) - enables several thousand small businesses to obtain loans from specified high street banks and other lenders that would not otherwise be possible as they lack the necessary collateral.

The lending decision is commercial and is made by the lender, with SFLG coming into play if the lender is prepared to lend except for lack of collateral to secure the borrowing. SFLG covers 75% of the lenders exposure, with the borrower paying a 2% premium to HMG. The maximum loan is £100,000 for SMEs that are less than 2 years old; otherwise a £250,000 maximum applies, with a maximum term of 10 years. There are currently around 600 guarantees issued each month or 7,000 loans per annum.

Over 96,000 guarantees have been issued over 24 years to enable almost £4bn of lending to over 90,000 businesses.

Link: <http://www.dti.gov.uk/sflg/>

Small Business Service: <http://www.sbs.gov.uk>

Late Payment of Commercial Debt - The UK has had legislation on late payment since 1998. The Late Payment of Commercial Debts (Interest) Act 1998 came into force on 1 November 1998 and creates a statutory right to interest for late payment.

Cooperation

- Programmes to promote international cooperation in the development and diffusion of cleaner industrial technologies.
- Programmes to facilitate contact and information sharing between domestic industrial enterprises and overseas suppliers, customers, partners.
- Programmes to facilitate regional cooperation in the creation of a policy environment conducive to region-wide industrial development (e.g. harmonization of corporate tax regimes, regional trade agreements).

UK Action

- Programmes to promote international cooperation in the development and diffusion of cleaner industrial technologies.

Sustainable Consumption and Production (SCP) depends on international co-operation. Trade and services are linked across the world in complex and fast moving supply chains. International action touches on many difficult questions relating to development, trade, environment and global inequalities. The Government will work with international organisations to support and promote SCP including trade liberalisation, environmental protection and sustainable development.