

Briefing for CBMNet Event “Social and Political Challenges for the Bioeconomy”

8th December 2016

Developing the UK Bioeconomy:

- Through the various types of bio-based activities, the bioeconomy generates around £220 billion contribution to the British economy;
- As a joint venture between government and stakeholders, including sector councils, a bioeconomy strategy is being developed to enable the UK to be a world leader by unblocking opportunities, ‘joining-up’ supply chains, and through better use of existing assets and infrastructure.

Current Contribution

The whole bioeconomy, comprising transformative, upstream and downstream elements provides around 5.2 million jobs in the UK. This is 13.6 per cent of total national gross value added and is approximately equal to the construction and financial services industries combined. (See Fig 1 at end.). The sector also contributes to investment approximately £17 billion in gross fixed capital formation, of which over 30 per cent is investment in R&D.

Outlook

Government commissioned (via the BBSRC) a review of the size of the bio economy opportunity [Evidencing the Bio Economy}. This report concluded that the output of the British bioeconomy could grow by 14 per cent over the years ahead – from £52 billion in 2013 to £59 billion in 2030. (Source: Office for National Statistics and Capital Economics)

Regional

The bioeconomy contributes proportionately more to regional economies away from London and the South East. The contribution is highest in Scotland, but also significant for Northern Ireland, Wales, Yorkshire and the Humber and the East Midlands. So this high growth sector is essential in rebalancing our economy and investing in all of our communities.

Innovation

The United Kingdom is one of the leading nations in bio economy innovation. The UK is particularly strong in bioeconomy-related fields such as organic chemistry, biotechnology and pharmaceuticals and medical technology and bio analysis. Our challenge is to harness that innovation and grow new businesses here in the UK.

A UK Bioeconomy Strategy for 2017

During the past year, officials have been working with five Sector Councils – for chemical industries; industrial biotechnology; synthetic biology; medicines manufacture; and agri-food technology - to develop a coherent bio economy strategy for the UK. These five areas will all have a stake in a growing bio economy. By establishing value chains across sectors and by driving for coherence of Government policy across Whitehall Government seeks to enhance and accelerate developments to make sure we are achieving our potential across the bio economy.

Digital is often referred to as the Fourth Industrial Revolution. We see the game changing advances possible through the bio economy as a different side to that new industrial revolution and with as significant as the digital revolution.

BEIS is rebooting industrial strategy and the bio economy represents a real opportunity to develop something new and significant in that landscape.

Autumn Statement

We have seen encouraging recognition in specific references to bio tech and industrial biotechnology in the Autumn Statement. Some relevant AS announcements are:

Research and Innovation

An additional £2 billion per year for research and innovation by 2020/21. Innovation support will be targeted at those areas with greatest growth potential and where the UK has a key role and unique expertise. Money will begin to flow in 2017 through the Industrial Strategy Challenge Fund and we expect to be ready with advanced business cases for support before Budget 2017.

Funding of £120 million will be provided until 2020/21 to incentivise university collaboration in tech transfer and in working with business.

A continuation of the Science and Innovation Audits: 8 consortia selected for SIA Wave 2 including NE (York) for Bio economy.

British Business Bank (BBB) will invest an additional £400m in venture capital funds to unlock up to £1bn of new investment in innovative companies looking to scale up.

The Autumn Statement confirms the arrangements for the Northern Powerhouse Investment Fund. The British Business Bank will make its first investments from the Northern Powerhouse Investment Fund [in early 2017] to support local SMEs.

Industrial Strategy

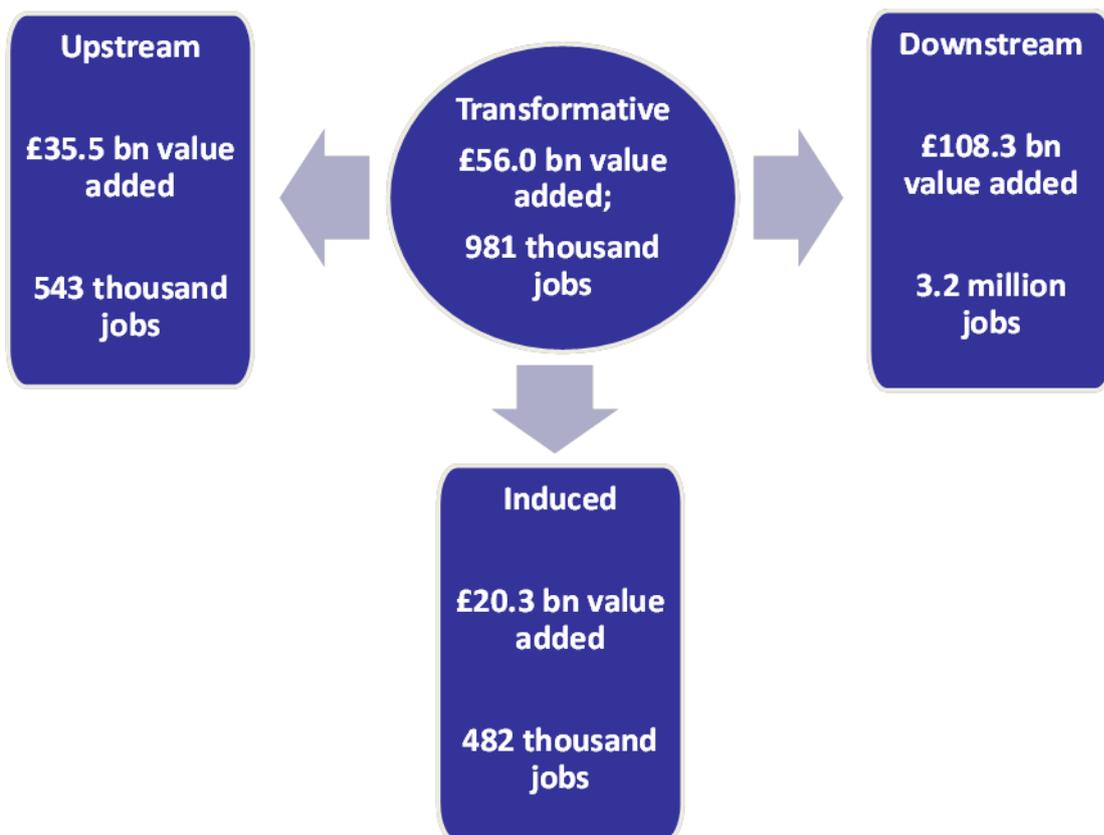
The Industrial Strategy Green Paper just published makes specific reference to the bio economy. This means we are in a good place to set out our stall for a new

public/private strategy focussing on specific challenges and couched in terms of a “sector deal” – or more accurately a set of sector deals embracing agri-food tech; industrial biotechnology; synthetic biology; chemistry; and medicines manufacture.

We are working towards publishing a strategy in mid-2017 – roughly coincident with the next Industrial Strategy announcement (White Paper). To that end a **Bio economy Strategy Call for Evidence** has been launched and can be found on GOV.UK. Please take some time to give us your views.

Fig 1

Gross value added and employment from the bioeconomy in the United Kingdom, 2014



Source: Capital Economics and the Office for National Statistics