

The Future of the North Sea

How to maximise the contribution of the North Sea to Net Zero and Levelling Up

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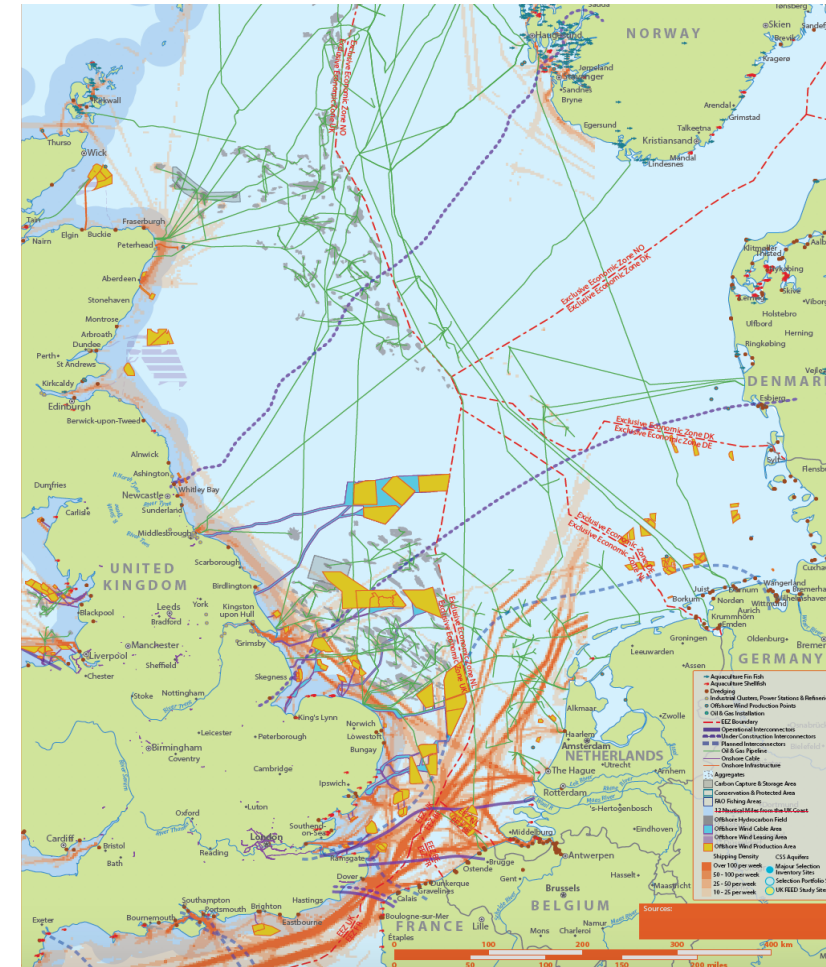
<https://policyexchange.org.uk/publication/future-of-the-north-sea>



The North Sea will be strategically central to meeting Net Zero.

Meeting Net Zero by 2050 means growing the North Sea's low-carbon industries.

Sector	Potential by 2050
Offshore wind	Up to 10 times more. 50% of UK electricity
Carbon Capture, Utilisation and Storage	Storing a fifth of today's emissions.
Low-carbon hydrogen	Demand 20 times higher than today.

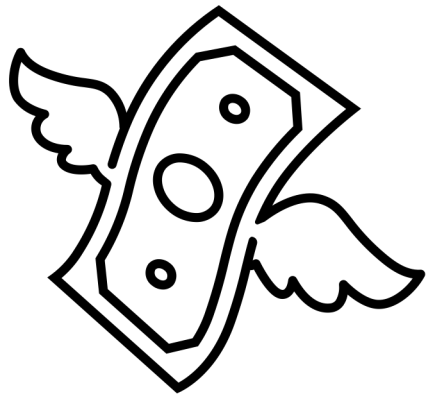


Economic Map of the North Sea, 2020

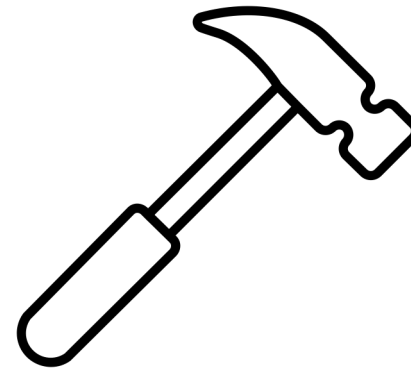
A digital version of this map is available [here](#)

Maximising returns from the North Sea could unlock significant economic benefits.

Policy Exchange analysis shows that, by 2050, fully developing the North Sea's contribution to Net Zero could generate:

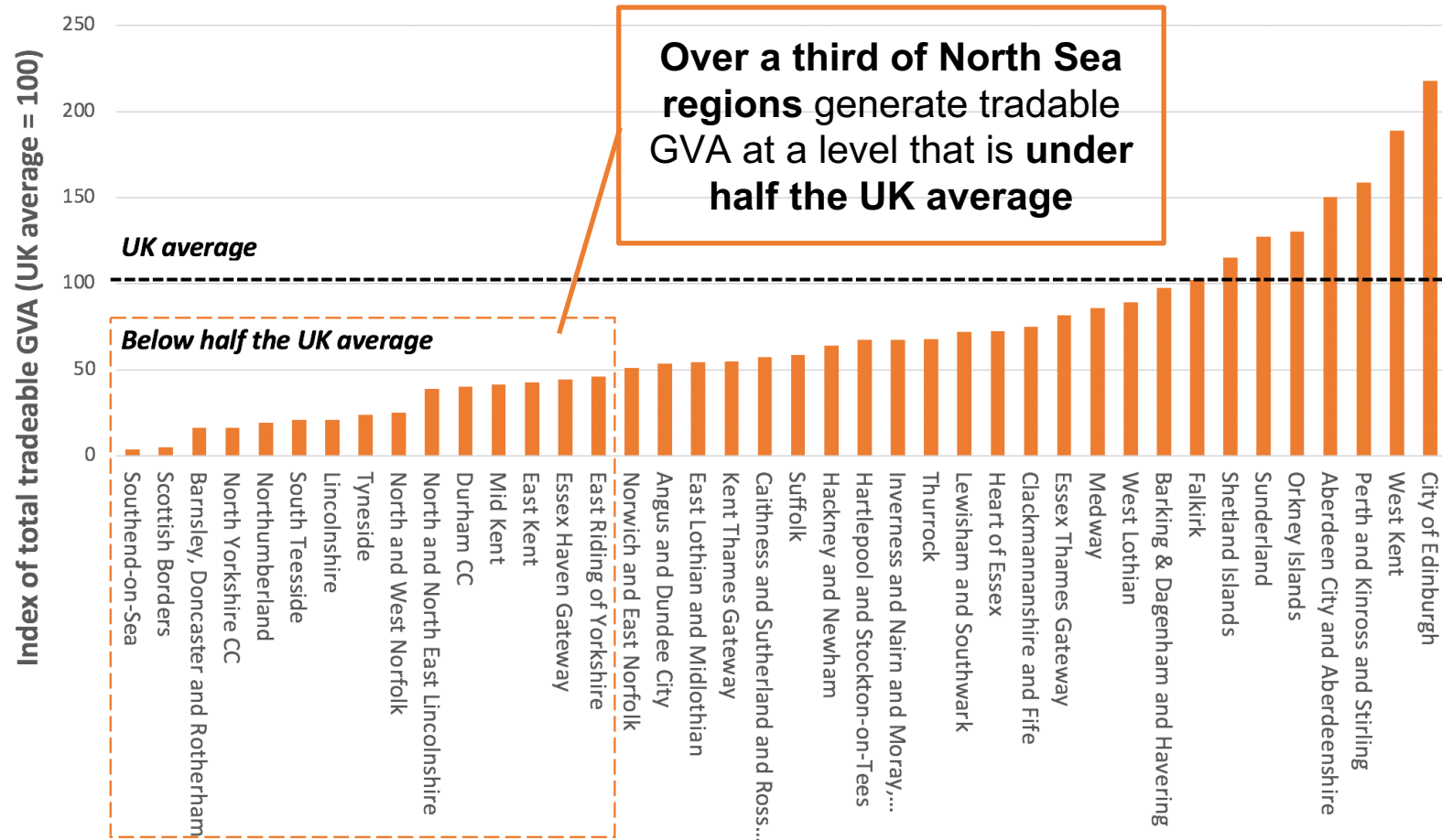


Economic activity of £20bn per year
(Gross Value Added)



A net increase of 40,000 direct jobs related to the North Sea

Developing the North Sea will help deliver the Levelling Up agenda.



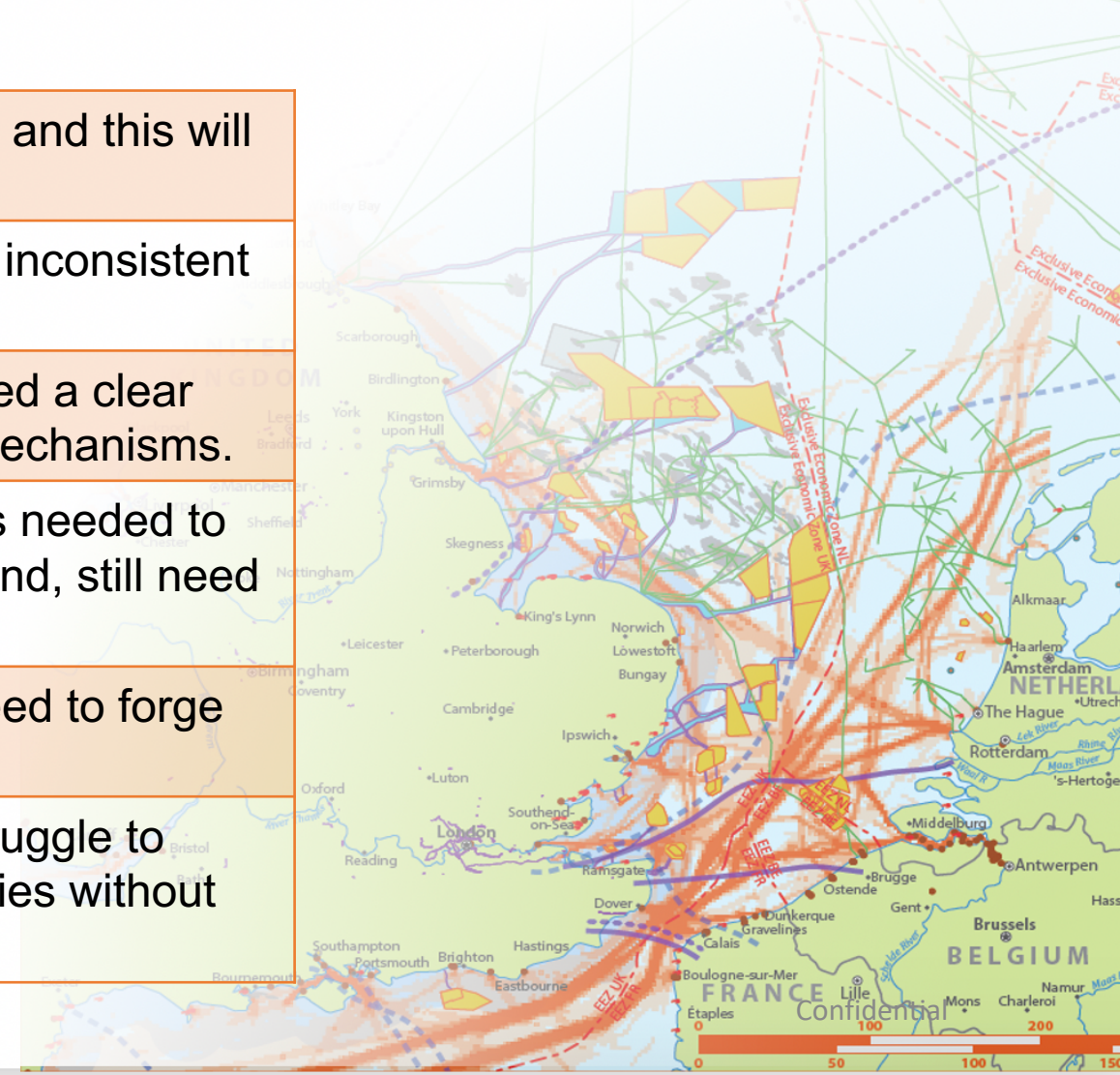
North Sea regions are some of the least prosperous in the UK.

‘Tradable’ sectors (those that export goods and services beyond the immediate area) create significant local benefits.

However, brain drain, loss of social capital, loss of political capital and other factors has eroded some areas’ ability to capture such benefits. Policy will need to address this.

Our research found six key barriers to maximising the potential of the North Sea.

1	Spatial planning: The North Sea is getting crowded and this will get worse.
2	Environmental regulation: Environmental regs are inconsistent across sectors.
3	Business Models: Key low-carbon technologies need a clear framework of regulations and government support mechanisms.
4	Investment in low-carbon networks: The networks needed to support a range of techs, e.g. hydrogen and more wind, still need development.
5	Cross-border collaboration: Brexit presents the need to forge new ways of working in the North Sea.
6	Capturing economic benefits: Many areas may struggle to keep hold of the economic benefits from new industries without reforms.



To overcome the six key barriers, the Government should:

1) Create a new 'UK Seas Authority' to coordinate development of marine activities.

4) Use 'Future Marine Scenarios' to help identify longer-term infrastructure needs.

2) Apply environmental regulations consistently across sectors and monitor protected areas properly.

5) Mandate the UK Seas Authority to work with other nations around the North Sea

3) Introduce tailored support for new low-carbon technologies like hydrogen and CCUS by mid-2021.

6) Invest in coastal communities to ensure they can capture the economic benefits of Net Zero.

The Government should deliver these recommendations within this parliament

Theme	2020	2021	2022	2023	2024
Spatial planning		Create new 'UK Seas Authority'. Amend Marine and Coastal Act 2009 to give Marine Plans more authority.		New North Sea Marine Plans used by all departments.	
Consistent environmental regulation		Publish management plans and monitoring regimes for all MPAs	Develop a standard Natural Capital approach to the marine environment		
Low carbon business models		Decision on business models for CCUS and early-uses of Hydrogen.		Final Investment Decision on first CCUS hub.	
Investments in networks			Implement changes to offshore regime for projects connecting 2025-2030.	Implement changes to offshore regime for projects connecting 2030+.	
Securing political support and Levelling Up	Appoint a Minister for North Sea Development	Introduce 'opportunity grant' with Net Zero premium + community benefits for offshore wind	Support Metro Mayors in North Sea regions		
International cooperation	Negotiate UK-EU future energy relationship, focus on electricity trading		Develop and implement new approaches to electricity trading to enable wind-interconnector hybrid projects in the North Sea.		