

UK set to double investment into climate tech in 2022, bucking trend of overall UK tech investment downturn

In the midst of COP27, Tech Nation has published its Climate Tech Report 2022 to shed light on the state of UK climate tech

UK is a world leader in climate tech

Tech Nation's Climate Tech Report 2022 has revealed that international investment into UK climate tech companies has almost doubled, rising from \$4B in 2021 to \$7.5B so far in 2022.

While the trend is increasing for the UK and on a global level, this is not the case for all countries. Investment in the US, Germany and Sweden seems to be slowing down; receiving \$2.1B, \$4.4B and \$2.2B less investment in 2022 so far (compared to 2021) respectively.

The UK is on track to see climate tech companies raising nearly \$20B per year by 2030.

The UK is second only to the US for the number of companies working to address the climate crisis, with over 5,200 climate tech companies in the UK to date (compared with 14,300 in the US).

The UK has 8 climate tech ‘unicorns’; Octopus Energy, Newcleo, Depop, ITM Power, Ceres, OVO Energy, Smart Metering Systems (SMS plc) and Vertical Aerospace. The UK has a further 19 future climate tech companies on their way to becoming unicorns, currently valued between \$250M – \$800M, showing a healthy pipeline of climate pioneers in the UK.

The UK now needs to focus on enabling ‘gigacorns’ to thrive; a new term used to describe commercially sustainable companies that can remove a gigaton of carbon from the environment each year.

R&D spending must be protected for continued climate tech innovation

However, the UK’s climate tech ambitions are dependent on policy to fuel continued innovation. Amidst concerns that R&D might be cut, Tech Nation is urging the Government that R&D funding must be protected to help drive us towards net zero, and an innovation-led economic recovery.

A report from the IPPR suggests the UK lags £62B behind in R&D, with investment falling by a fifth since 2014 and with the UK now placing just 11th in the OECD in terms of total R&D investment as a percentage of GDP, well behind countries like Austria, Switzerland and the USA.

Gerard Grech, Chief Executive at Tech Nation, comments: “It is imperative we match the rhetoric ambition of making the UK a ‘forward facing, science superpower’ with the R&D commitment needed to achieve this. COP27 focuses the mind.

Tech Nation also urges that policies such as the government’s ten point plan for a green industrial revolution, which promises more investment into the UK’s Net Zero tech companies, are not only followed but prioritised, in order to see further growth in UK climate tech.

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Climate tech companies are crucial to driving down carbon emissions across the world

Tackling the climate crisis has become a top priority for the majority of developed countries across the world. Globally, the quantity of emerging technology companies tackling the climate crisis has increased nearly 4 times by over 35,000 companies since 2010, to reach 44,595 in 2022.

The emission reduction potential of technologies leveraged by the 44,000+ climate tech companies applying 191 different technologies across the world is predicted to surpass 2019 emissions in 2033. It is also predicted to grow to 1.4x the levels by 2050, equalling 599,000 million metric tonnes of CO₂e per year.

Tech Nation's Climate Tech Report 2022 also reveals that technologies combating energy have the highest cumulative emission reduction potential, with one emerging 'top five' technology being algae engineering; utilising algae to create biofuel, bioplastics and carbon sequestration.

As the Climate Tech Report 2022 emphasises, the contribution climate tech companies must play to help the planet reach net zero emissions is undeniable – and we must ensure investment into these technologies continues to increase.

With COP27 ongoing, it is clear that although the tech sector is promising – much more must be done. Tech Nation points out that 40% of emission reduction targets are relying on the deployment of technologies which are not yet commercially deployed on a mass scale.