

Fourth Carbon Budget Review

Committee on Climate Change call for evidence

20th August 2013

The Aldersgate Group, an alliance of leaders from business, politics and society, firmly believes that the fourth carbon budget is essential to drive growth, jobs and competitive advantage, whilst meeting our legally binding climate change targets.

For example, Government figures show that the UK's low carbon sector is performing strongly, increasing its global market share over the last year and generating a trade surplus of £5.2bn.¹ In this context, the decision to review the fourth carbon budget is a major disappointment. Much of the success of our low carbon sector can be attributed to the policy stability provided by the Climate Change Act, which sets out clear targets and staging posts for the decarbonisation of our economy.

It is vital that the Government accepts the advice of the Committee on Climate Change on the fourth carbon budget to ensure that the UK maximises the economic benefits of the transition to a low carbon economy. The UK is operating in a fiercely competitive low carbon race and businesses and investors have repeatedly cited policy risk as a barrier to investment in the UK.² The CBI reports that "if we can't be sure that the policies of today will be the policies of tomorrow, investors will simply spend their money elsewhere."³

The Committee on Climate Change has identified the least-cost pathway to decarbonisation of the UK economy. It proposes a 42% reduction over the next twenty years. The implication of adopting this target will be the need for a 62% reduction between 2030 and 2050. It is clear that emission reductions cannot be 'back ended' any further for a cost-effective and realistic route to the 2050 target.

The Aldersgate Group calls on Government, without delay to accept the fourth carbon budget, which will be the foundation for growth, jobs and competitive advantage in a resource constrained world.

¹ BIS (July 2013) *Low Carbon Environmental Goods and Services (LCEGS) Report for 2011/12*

² Alstom, Areva, Doosan, Gamesa, Mitsubishi Power Systems, Siemens and Vestas wrote to Ed Davey in a letter reported in The Telegraph (8th October 2012) "Businesses threaten to withdraw investment if Government does not go green enough."
<http://www.telegraph.co.uk/news/politics/9593184/Businesses-threaten-to-withdraw-investment-if-Government-does-not-go-green-enough.html>

³ John Cridland writing in the Foreword of CBI's publication (July 2012) *The Colour of Growth*