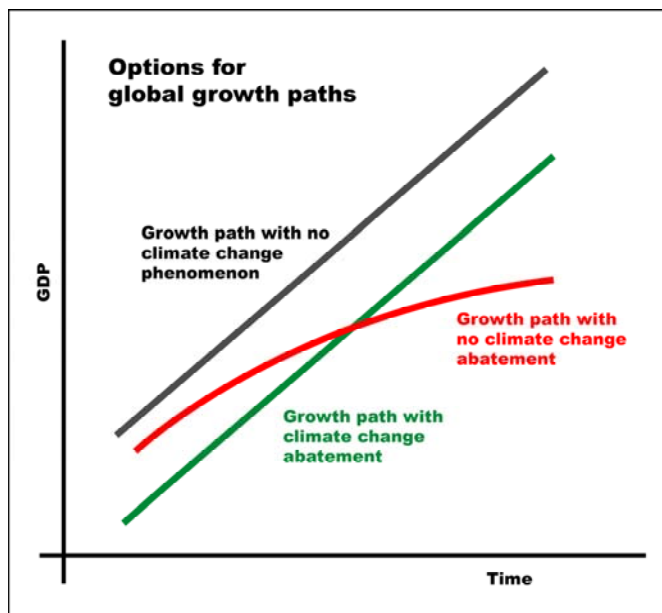


## The economics of climate change, from the Stern Review

- Fighting climate change is fundamentally linked to the health of the global economy
- The effects of climate change could leave to global economic recession. The longer governments delay, the more costly climate change will be. The costs of climate change, averaged over time, over the regions of the world and across a wide range of scenarios, are equivalent to a loss in average world consumption of up to 20% per year<sup>4</sup>.
- Immediate action to cut carbon dioxide (CO<sub>2</sub>) emissions is economically justified because catastrophic climate change could cost up to twenty times more than investing in CO<sub>2</sub>-cutting measures now
- A investment of one percent of the world's GDP now in technologies to reduce emissions would be enough to keep CO<sub>2</sub> levels stabilised at 550 parts per million. These costs are not trivial in absolute terms, but they will not disrupt economic growth. It should be noted, however, that a 550 ppm greenhouse gas concentration will not be enough to stabilise global warming to below 2°C over pre-industrial levels.
- This cost/benefit estimate does not even take into account the added economic benefits of reducing emissions, for example reduced health costs because of reduced air pollution. This could be equivalent of a saving of one percent of the world's GDP.



Left: This graph illustrates the main findings of the Stern report: Unmitigated climate change will cost the global economy far more than any action to fight it. In fact, not fighting climate change will lead to a global recession.

<sup>4</sup> Stern report, by leading economist Sir Nicholas Stern and commissioned by the UK government. If you need to answer any questions about how Stern arrived at his estimates, this Frequently Asked Questions document is very helpful: <http://www.hm-treasury.gov.uk/media/7CF/61/FAQ's.pdf>