



**Business
briefing**

Recommendation from the Committee on Climate Change that the UK should aim for a net zero emissions target by 2050

This briefing analyses the advice from the UK government's advisory panel, the Climate Change Committee (CCC), which has recommended that the UK aims for a net zero target for greenhouse gas emissions by 2050.

• The significance of net zero as a project • Costs and benefits

The net zero target is immensely powerful as a tool to clarify the nature and implications of responding to the climate challenge. This is something that the CLG has argued for a while, but has been borne out by the Committee analysis. For example, net zero means that discussions about sequencing and selecting different decarbonisation options are much clearer. We need to urgently move forward with ambitious approaches in every sector of the economy. Narrow, siloed approaches will not deliver the system-wide change required. Decarbonising the UK economy can only be achieved if it is treated as a high-level cross-government priority; the corner stone of the country's economic strategy.

Notably there is a key role for HM Treasury identified by the Committee. While the overall economy-wide costs of decarbonisation are eminently affordable there will be significant costs in some sectors and parts of the economy and there will be upfront investments that take a while to payback with benefits. Only the Treasury can provide the necessary effective leadership on managing the fiscal and distributional issues that arise.

Finally, early adoption of a net zero target is immensely significant internationally. The UK has derived huge credibility from passing the Climate Change Act and the resulting successes in reducing emissions, whilst growing the economy. This has added to the impact of our diplomacy in support of international climate ambition. If the UK were to follow the Committee's advice in the next few months it will be genuinely trailblazing – the first G20 country to make a specific, national commitment to that level of ambition.

The estimated cost of delivering the net zero goal as modelled in the report is around 1-2% GDP. This is approximately the same cost forecast in 2008 when the climate change act was introduced - for achieving 80% reductions in GHG by 2050. Innovation brings down the costs of climate action – steady committed action appears to be consistently more affordable than we estimate.

In modelling the costs and benefits of action the Committee has not directly economically modelled various wider benefits likely to arise from climate action – such as cleaner air quality, better waste management, more comfortable homes, reduced exposure to volatile fossil fuel prices, a better managed natural environment, etc. While quantifying these benefits may be difficult, they are all real and significant in scale. In many ways the 1-2% of GDP figure should not just be seen as the cost of decarbonisation, but the cost of securing a huge set of broader benefits for the UK and the world.

• Priorities for action

The Committee's advice will include a number of priorities for early action. The proof of UK ambition and effectiveness on climate will need to demonstrate swift progress on these fronts as much as establishing a new headline target. They include:

- A strategy for decarbonising domestic heat. Since abandoning the commitment to zero carbon homes and the failure of the Green New Deal, the UK has been failing to advance efforts to ensure that UK homes are modern, comfortable and decarbonised. This must be an urgent priority.



- Ensuring the UK's plan for electric vehicles is sufficiently ambitious. The UK government has made strong rhetorical commitments to ensuring the UK is a leader on electric vehicles. The Committee's advice supports the case that it needs to be much more ambitious if it is to do so.
- Advancing action on the UK's industrial strategy, increasing ambition for decarbonisation including further action on CCS and the Hydrogen economy. This is a key area where the potential for action is seen as much greater than before. We have recently

published a major piece of analysis on how there are multiple [pathways to net zero for industry](#) that can inform this area.

- A strategy for land-use and agriculture. This is a major area that has not seen sufficient focus but is unavoidable in a net-zero world. The UK needs to look carefully at land-use across agriculture, carbon sinks, climate resilience and other needs and develop a joined up strategy.

The Prince of Wales's Corporate Leaders Group

The Prince of Wales's Corporate Leaders Group (CLG) brings together executives from a cross-section of European industry to accelerate progress towards a low carbon, sustainable economy. Through cross-fertilisation of ideas and influential conversations with policymakers and peers, the CLG advocates forward-looking solutions that build a resilient and prosperous future.

The CLG is convened by the University of Cambridge Institute for Sustainability Leadership (CISL).

The CLG is a founding member of the We Mean Business coalition.

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