

Dear Sir Nicholas Stern

With great pleasure we have noticed that you are collecting evidence for the review of the economics of climate change. Attached please find some articles which might be relevant to this topic.

Please do not hesitate to contact me if you should have any further queries.

Sincerely Yours

-

Prof. Dr. Claudia Kemfert

German Institute for Economic Research
Head of Department Energy, Transport and Environment
Professor of Environmental Economics at Humboldt University

Koenigin-Luise-Straße 5
D-14195 Berlin

Tel: +49 30 89789-663
Fax: +49 30 89789-113 or -9663

E-mail: ckemfert@diw.de

<http://www.diw.de/english/dasinstitut/abteilungen/evu/index.html>

Deutsches Institut für Wirtschaftsforschung
- Abt. Energie, Umwelt, Verkehr -

Königin-Luise-Straße 5
D-14195 Berlin

Tel: +49 30 89789-663
Fax: +49 30 89789-113

Humboldt Universität zu Berlin

Sitz: Spandauer Straße 1, Raum 112

Telefon: +49 (030) 2093-5770

Fax: +49 (030) 2093-5775

E-Mail: kemfert@wiwi.hu-berlin.de

Postanschrift: Humboldt-Universität zu Berlin
Spandauer Straße 1
10178 Berlin

Stern Review on the Economics of Climate Change: Terms of reference and call for evidence announced

The Chancellor announced on 19 July 2005 that he had asked Sir Nicholas Stern to lead a major review of the economics of climate change, to understand more comprehensively the nature of the economic challenges and how they can be met, in the UK and globally.

The Terms of Reference for the review have now been announced and are annexed to this Press Notice. A call for evidence has also been issued.

The review will be taken forward jointly by the Cabinet Office and HM Treasury, and will report to the Prime Minister and Chancellor by Autumn 2006. It takes place within the context of existing national and international climate change policy.

The announcement of this review is a further demonstration of the importance which this Government attaches to the issue of climate change, and follows its decision to make climate change a priority for the UK Presidencies of the G8 and EU.

Sir Nicholas is Head of the Government Economic Service, and has also been appointed today as Adviser to the Government on the economics of climate change and development. He said:

"I am delighted to be taking on the challenge of conducting this review of the economics of climate change. Climate change is one of the most serious issues facing the world in the 21st century. In order to tackle it whilst also promoting a dynamic, equitable and sustainable global economy, we will need to have a deep understanding of the economics of this complex problem. That is what I hope this Review can achieve"

Call for evidence

Sir Nicholas is today asking interested stakeholders in the UK and the rest of the world, including academic, private sector, scientific, NGO and other experts, to submit evidence to the Review. Evidence on all areas relevant to the Terms of Reference will be welcomed. The deadline for evidence to be submitted is 9 December 2005.

Submissions should be sent to the review team at:

callforevidence@sternreview.org.uk

Submissions may be published unless a specific request is made for them to remain private.

Notes for Editors

1. The joint HM Treasury-Cabinet Office team will conduct a comprehensive review of the evidence with a focus on implications for policy, as set out in the Terms of Reference. This will include a careful study of analytical issues which are key to policy, including: the treatment of climate change mitigation as an international collective action problem; the appropriate modelling of growth and demand; the dynamics of cost and technological change over time; the treatment of impacts and externalities on developing and developed countries, including adaptation and distributional issues; the role of different incentive structures, institutional arrangements and distributions of responsibilities, costs and finance; the treatment of uncertainty and risk; and the treatment of intertemporal valuations. An assessment of existing economic models will also form part of the analysis.
2. The findings of the Review will contribute to the ongoing international assessments and discussions about the future of climate change policy, including the Dialogue on Climate Change, Clean Energy and Sustainable Development announced at Gleneagles; the negotiations under the United Nations Framework Convention on Climate Change; and the forthcoming IPCC Fourth Assessment Report.
3. The Review will be conducted in the context of the Government's existing energy policy commitments as set out in the Energy White Paper, and will draw on the analysis work carried out for it. The Review will provide evidence and analysis that will feed into the government's continuing development of energy, climate change and international development policy at the national and EU levels, including the work announced by the Prime Minister on bringing forward proposals on energy policy next year.
4. The announcement of this Review does not affect the process for the Climate Change Programme Review, which has a shorter-term focus and which will report later this year.
5. The review website is www.sternreview.org.uk. Media enquires should be directed to Vicki Bakhshi at 020 7270 6280.
6. A separate press notice has been issued on Sir Nicholas Stern's role as Adviser to the Government on the economics of climate change and development.

Annex: Terms of Reference for the Stern Review

The terms of reference of the review are to:

Examine the evidence on:

- The implications for energy demand and emissions of the prospects for economic growth over the coming decades, including the composition and energy intensity of growth in developed and developing countries;
- The economic, social and environmental consequences of climate change in both developed and developing countries, taking into account the risks of increased climate volatility and major irreversible impacts, and the climatic interaction with other air pollutants, as well as possible actions to adapt to the changing climate and the costs associated with them;
- The costs and benefits of actions to reduce the net global balance of greenhouse gas emissions from energy use and other sources, including the role of land-use changes and forestry, taking into account the potential impact of technological advances on future costs; and
- The impact and effectiveness of national and international policies and arrangements in reducing net emissions in a cost-effective way and promoting a dynamic, equitable and sustainable global economy, including distributional effects and impacts on incentives for investment in cleaner technologies.

Consult with key stakeholders, internationally and domestically, to understand views and inform analysis.

Based on this evidence, provide:

- An assessment of the economics of moving to a low-carbon global economy, focusing on the medium to long-term perspective, and drawing implications for the timescales for action, and choice of policies and institutions.
- An assessment of the potential of different approaches for adaptation to changes in the climate.

Assess how this analysis applies to the specific case of the UK, in the context of its existing climate change goals.

Produce a report to the Prime Minister and Chancellor by Autumn 2006.