

Dear [REDACTED]

Thank you for your letter dated 8 May, enclosing correspondence from your constituent, [REDACTED] about the cost of the Government's climate change targets.

The costs of meeting our Carbon objectives are set out in the *Carbon Plan* document published last year. This showed that the impact of DECC's low carbon policies on growth over the next decade or so, is likely to be almost zero. The Treasury analysis that was done for this document estimates that the average change in the annual GDP growth rate of approximately -0.05% is implied.

We are pursuing our policies because they tackle climate change and provide a secure energy system. They do not have a significant impact on growth. However, a failure to act to tackle climate change globally could reduce the level of global GDP by 5-20% in the second half of this century, as set out in the independent Stern Review.

The Coalition commitment is to "increase the proportion of tax revenue accounted for by environmental taxes" and not to an increased taxation burden overall. The Chancellor is responsible for tax policy and has signalled significant reductions in corporation tax, one of many measures being taken to make the economy more competitive. The Government has already demonstrated that it is alert to the balance of environmental taxation and competitiveness in industries specifically affected by the low carbon transition. For example, in the Chancellor's Autumn Statement we announced a package of measures for Energy Intensive Industries jointly funded by DECC, the Department of Business, Innovation & Skills (BIS) and the Treasury (HMT).

For further information, [REDACTED] can visit:

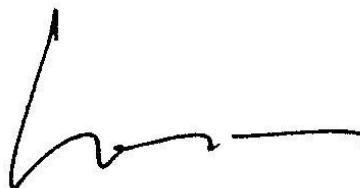
[http://www.decc.gov.uk/en/content/cms/tackling/carbon\\_plan/carbon\\_plan.aspx](http://www.decc.gov.uk/en/content/cms/tackling/carbon_plan/carbon_plan.aspx).

As regards why the UK should be taking action, climate change is a global issue that demands a global response – and all countries need to be part of the solution. The UK works through the European Union, the G8, and the UN Framework Convention on Climate Change to find ways to reach global agreement on addressing this issue.

At the international climate change talks in Durban last December, over 120 countries formed a coalition behind the EU's high ambition proposal of a roadmap to a global legally binding deal to curb emissions. African states together with a range of least developed countries and small island states vulnerable to rising sea levels joined with the EU to put forward a timetable which would see the world negotiate a new agreement by 2015 at the latest, covering all countries for the first time. It is difficult to imagine how the EU could have made a case for such global action in the absence of credible action at home, including in the UK.

I hope this response is useful.

Yours ever,

A handwritten signature in black ink, appearing to read 'Gregory Barker', with a stylized flourish at the end.

**GREGORY BARKER**