PRICEWATERHOUSECOOPERS

Press Release

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REDUCING THE RISK OF SEVERE ADVERSE EFFECTS FROM GLOBAL WARMING IS BOTH FEASIBLE AND AFFORDABLE, SAYS PRICEWATERHOUSECOOPERS

But the case for bold, early action is now more urgent. Ahead of the G8 Summit in Japan, the report calls on governments to demonstrate the political will to combat global warming through a 'Greener Growth + CCS' strategy that could halve global carbon emissions by 2050 without significantly reducing economic growth.

London, 3 July 2008 - The scale of the challenge posed by global warming has grown even greater since an earlier PricewaterhouseCoopers report on this topic in 2006, thanks to higher projected economic growth in China and India. The updated 2008 report concludes that the cost of pursuing a 'business as usual' approach would be a more than doubling of global carbon emissions from energy use by 2050, leading to an accelerating rise in atmospheric concentrations of carbon dioxide and a severe risk of adverse climate change effects on future generations.

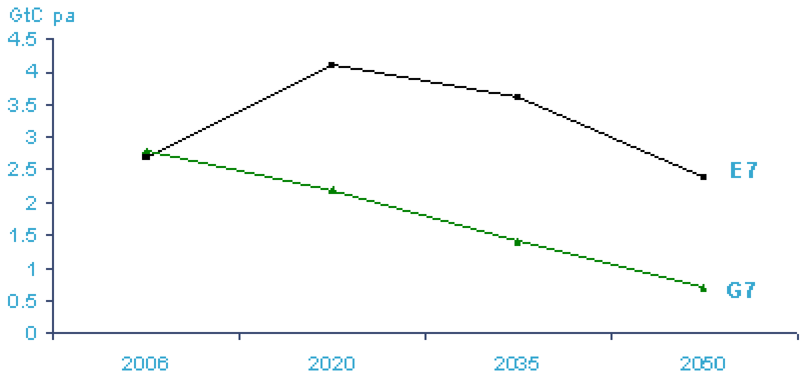
But the adoption of a 'Greener Growth + Carbon Capture and Storage (CCS)' strategy, as outlined in detail in the report, would be technologically feasible without excessive economic costs – provided action is taken early enough across a broad range of fronts including energy efficiency, renewables and CCS.

The report says that what is required to reduce the risks of adverse climate change to acceptable levels is a reduction in global carbon emissions to only around half of current levels by 2050.

For the advanced G7 economies, this requires a reduction in carbon emissions by around 80% relative to current levels by 2050 *(see chart below)*

For the E7 emerging economies, it involves mitigating the growth of emissions up to around 2020 and then aiming for reductions in emissions after that date.

G7 and E7 carbon emissions projections in Greener Growth + CSS (carbon capture and storage) scenario



Source: PwC model projections for Greener Growth +CCS scenario

Note : E7 = China, India, Brazil, Russia, Mexico, Indonesia and Turkey; G7 = US, Japan, Germany, UK, France, Italy and Canada

This scenario requires significantly increased energy efficiency in all sectors of the economy, greater use of renewables and nuclear power, carbon capture and storage, and other low carbon technologies and techniques - as well as reducing deforestation. The report notes that higher oil and gas prices should help to incentivise the move to greater energy efficiency and use of renewables, although it has also highlighted other issues such as the trade-off between increased biofuels production and affordable food. Putting a price on carbon emissions through an appropriate combination of global carbon trading and carbon taxes is also critical.

John Hawksworth, Head of Macroeconomics at PricewaterhouseCoopers and the main author of the report, said:

“We estimate that the costs of halving global carbon emissions by 2050 should be no more than around 3% of world GDP. This is broadly equivalent to sacrificing around a year of global GDP growth between now and 2050. In other words, reaching the same level of GDP in 2051 as might otherwise have happened in 2050.”

Richard Gledhill, Head of Climate Change Services at PricewaterhouseCoopers, added:

“The key requirement now is for governments in all of the major economies to demonstrate their joint political will to establish a well-functioning global carbon market that puts a price on carbon emissions. This will send the right economic signals to private sector investors and consumers needed to deliver the new technologies and changes in behaviour required to combat global warming.”

Note:

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