



Business, Energy and Industrial Strategy, and Environmental Audit Committees

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Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury

Via email

26 June 2020

Dear Chancellor,

The UK's post-crisis economic recovery package presents a major opportunity to accelerate investment on climate adaptation and cutting emissions to net zero. This is necessary to avert an even greater future national and global crisis caused by climate change. Crucially, it will also spur innovation, create jobs and bring substantial economic benefits to the UK and the wider world.

The pandemic has shown that prompt Government action on scientific warnings is crucial. Regarding climate change, we are already seeing profound impacts from the 1°C global temperature rise experienced to date.ⁱ Droughts, floods and other extreme climate-related events have increased both around the world and in the UK. Climate scientists are telling us we only have a short window of opportunity to keep global temperature rises to a manageable level. The Intergovernmental Panel on Climate Change (IPCC) has warned that time is running out to achieve the Paris Agreement goal of limiting average global temperature rises to 1.5°C.ⁱⁱ Emissions trends put the world on course to exceed 1.5°C by 2030.ⁱⁱⁱ To achieve net-zero and meet the Paris Agreement commitment to limit global warming to 1.5°C, emissions must be put on a rapid downward trajectory this decade. Any further delay increases the risk of failure to meet this target and means that deeper, faster and more costly cuts will be required in future.^{iv}

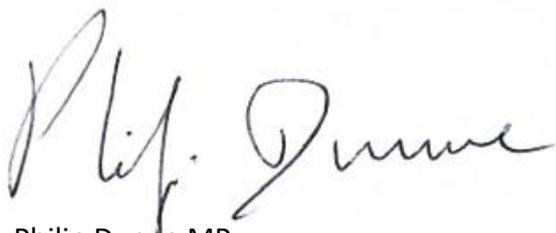
The Environmental Audit Committee has heard the international post-crisis stimulus spending is likely to dwarf existing spending on climate change.^v If recovery packages are not aligned with net zero, then the world's nations could end up investing in carbon-intensive energy, transport and industrial infrastructure projects that lock us into high carbon pathways for many years to come. This would be a historic mistake.

Putting net-zero at the heart of the UK's economic recovery from the pandemic will deliver benefits that can help stimulate local economies, level-up communities across the UK, and improve public health and wellbeing. Many of the actions required to upgrade and decarbonise our transport, housing and energy infrastructure are likely to be win-wins.^{vi} Investing in shovel ready projects in areas such as home energy efficiency will create jobs, grow supply chains and deliver energy and cost savings in the longer term. There is evidence that such an approach would be supported by the public: 79% of the members of Climate Assembly UK 'strongly agree' or 'agree' that the Government's economic recovery efforts should be designed to help achieve net-zero.^{vii}

In 2021 the UK will be hosting COP26 and will also hold the G7 Presidency. This presents a unique opportunity for the UK to lead the world in the green recovery, and demonstrate how ambitious environmental standards and climate-proofed infrastructure can deliver greater prosperity and wellbeing for all. We welcome Alok Sharma's repeated statements, as both COP26 President and the Business Secretary, that the Government intends to deliver a green and resilient recovery, and that the 2021 Summit provides a forum for the world to unite in this aim. To have credibility in this role the UK will need a stimulus package that is firmly aligned with our carbon budgets and the 2050 net zero target. The UK has shown leadership setting the net-zero target into law and much progress has been made on reducing emissions from electricity generation with a strong suite of policies driving progress.^{viii} But, as the latest progress report from the Committee on Climate Change shows, the UK is still far from being on track to achieve net zero and a step change is needed in policies on transport, home energy efficiency and industrial emissions.^{ix} It has also identified a worrying 'resilience deficit' with a 'dearth of climate adaptation planning in Government' leaving us vulnerable to the range of climate risks the UK faces.^x The Committee on Climate Change has further advised that it is not enough to target only reductions in territorial emissions; for the UK to genuinely deliver on net zero, and to protect and grow our industrial base at the same time, the Government must also formally address consumption emissions. This is a key opportunity to provide the investment and innovation needed to help UK heavy industry to decarbonise further and faster and strengthen its competitiveness in the process.

The decisions made in the coming months - and throughout this Parliament - on infrastructure and investment will be critical in determining whether the UK is resilient to the coming changes in the climate and can lead the world in forging an innovative net zero economy. Stimulating the development of low-carbon technologies and solutions would secure the UK's leadership role on climate change. Our committees are embarking on inquiries on *Post-Pandemic Economic Growth* and *Greening the post-COVID recovery*, which will look at how to align our post-pandemic economic stimulus package with the UK's climate and environment goals. We look forward to sharing with you our findings in due course.

Yours sincerely



Philip Dunne MP
Chair, Environmental Audit Committee



Darren Jones MP
Chair, Business, Energy and Industrial Strategy
Committee

ⁱ IPCC, *Global Warming of 1.5 C. An IPCC Special Report on the impact of global warming of 1.5: Chapter 1*, 8 Oct 2018

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- ii IPCC, [*Special Report on the impacts of global warming of 1.5°C: Headline Statements from the Summary for Policymakers*](#), 8 Oct 2018
- iii IPCC, [*Special Report on the impacts of global warming of 1.5°C: Headline Statements from the Summary for Policymakers*](#), 8 Oct 2018
- iv UN Environment Programme, *Emissions Gap Report 2019 Executive Summary*, 26 Nov 2019
- v *Environmental implications of COVID-19* EAC hearing 21 May 2020
- vi *Environmental implications of COVID-19* EAC hearing 21 May 2020
- vii Climate Assembly UK, [*Interim Briefing: Covid-19, recovery and the path to net zero*](#), 23 June 2020
- viii Committee on Climate Change, *Reducing UK emissions Progress Report to Parliament*, 25 June 2020
- ix Committee on Climate Change, *Reducing UK emissions Progress Report to Parliament*, 25 June 2020
- x Committee on Climate Change, *Reducing UK emissions Progress Report to Parliament*, 25 June 2020