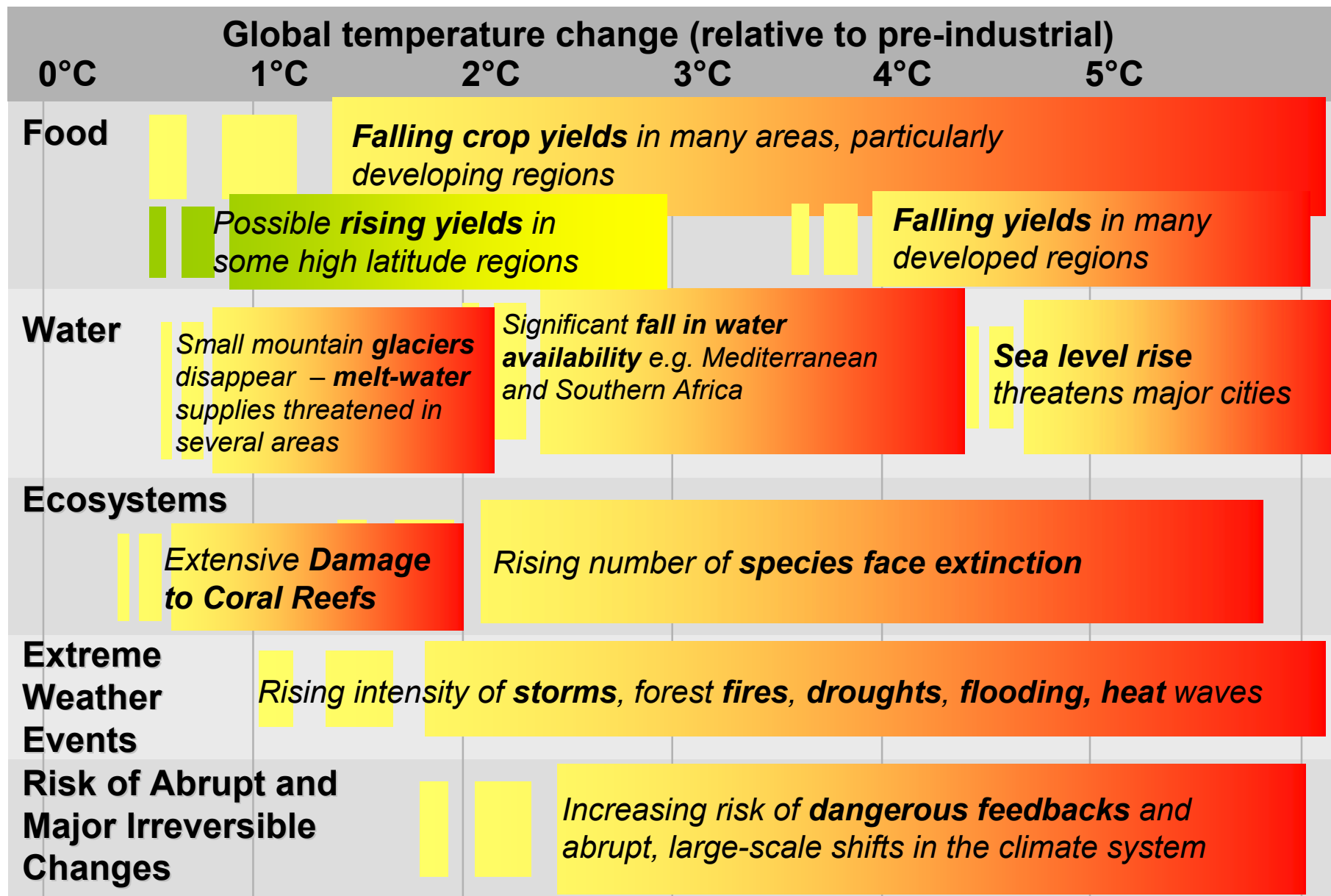




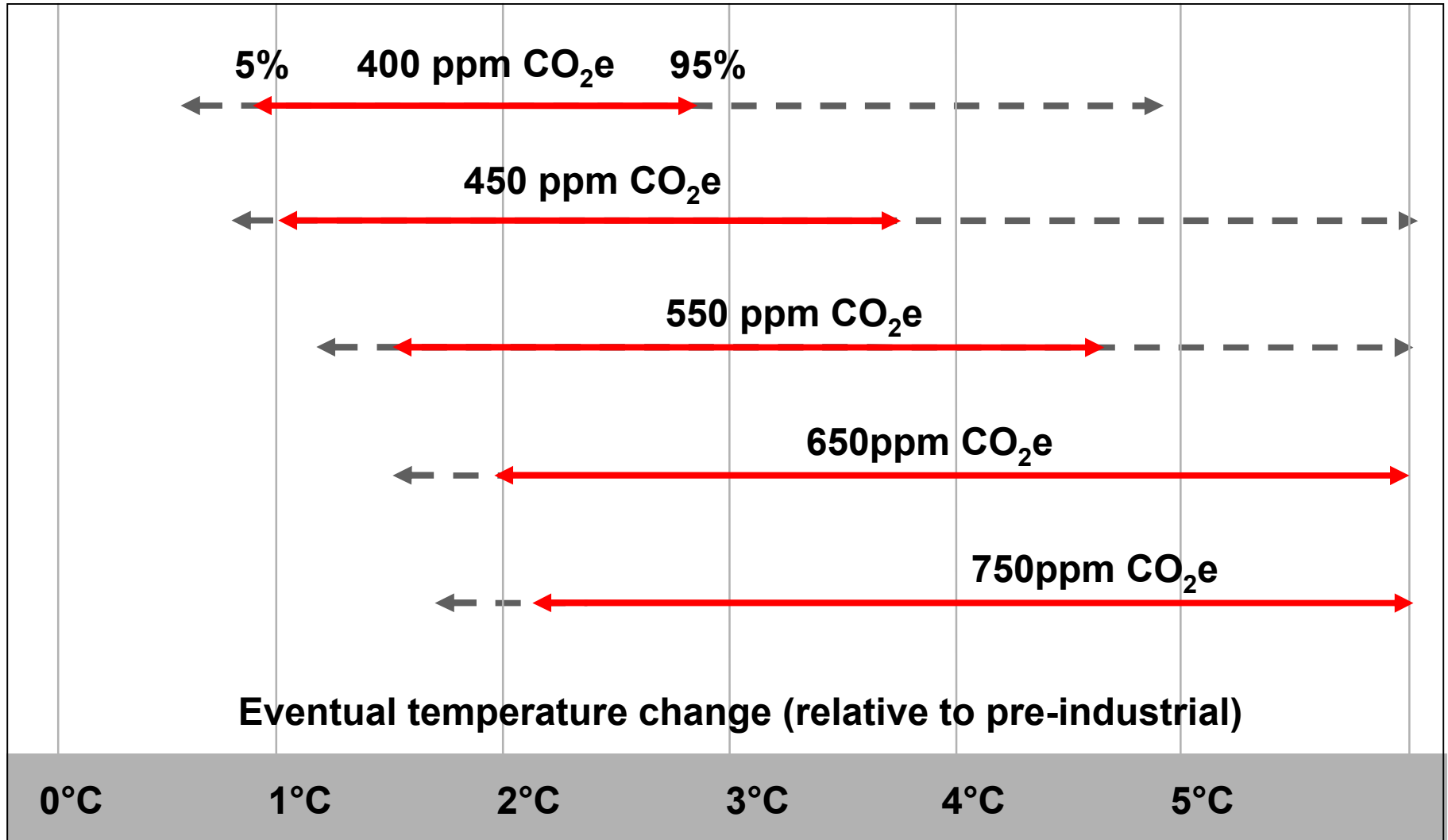
**STERN**  
**review**  
**ON THE ECONOMICS**  
**OF CLIMATE CHANGE**

**EDITED BY DAVID WILSON**

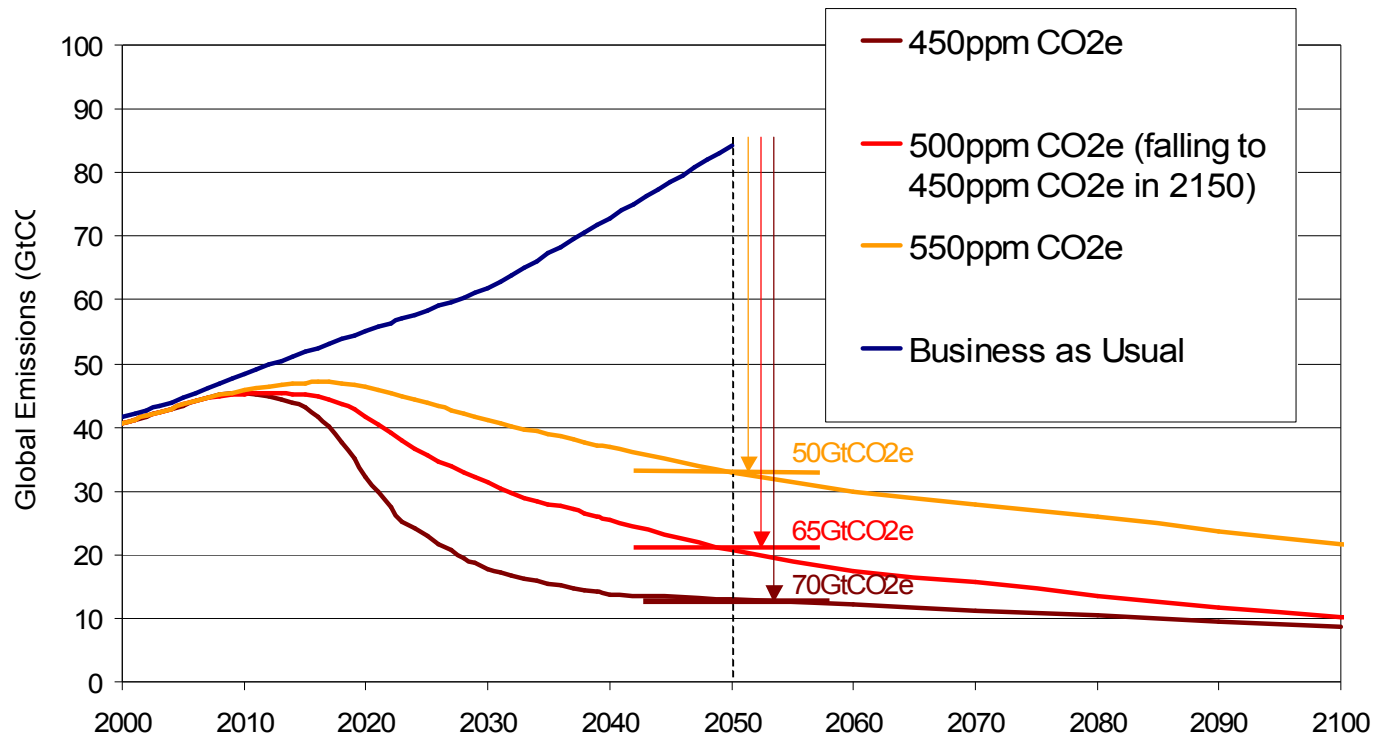
## Projected impacts of climate change



# Stabilisation and Commitment to Warming



# Economics of Stabilisation



Stabilising below 450ppm CO<sub>2</sub>e would require emissions to peak by 2010 with 6-10% p.a. decline thereafter.

If emissions peak in 2020, we can stabilise below 550ppm CO<sub>2</sub>e if we achieve annual declines of 1 – 2.5% afterwards

## Key principles of policy

### Climate change policy:

- Carbon pricing
- R,D&D
- Related market failures and behavioural change

**Consistency with other policy goals – growth and energy security**

# Mitigation Policy Instruments

- **Pricing** the externality- carbon pricing via tax or trading, or implicitly through regulation
- Bringing forward lower carbon **technology**- research, development and deployment
- Overcoming information **barriers** and transaction costs– regulation, standards
- Promoting a **shared understanding** of responsible behaviour across all societies – beyond sticks and carrots

## Conclusion from Stern analysis

- Our understanding of the **risks** of climate change has advanced strongly.
- We understand the **urgency and scale** of action required.
- We know that the **technologies and economic incentives for effective action are available or can be created**
- We are in a much better position now to use our **shared understanding** to agree on what goals to adopt and what action to take.



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