

[Ms Angela Eagle](#)

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Let me start by saying that it's a pleasure to be here in Slovenia.

As Joan and Malcolm have made clear, in the UK we see climate change as an issue that we need to deal with across national borders, and across the boundaries within our Governments.

The fact that all three of us are here today shows the way that the UK is doing that, and I'd like to talk about why climate change has to be a priority for my Department, the Treasury – which is the UK's finance ministry.

I think there are three reasons.

Firstly, as Joan mentioned, Nick Stern's report on the economics of climate change last year showed that if we do nothing, the costs of climate change could be between 5% and 20% of global GDP. That's similar to a World War, or the Great Depression – but this time it would be permanent, not temporary.

As a finance minister, that's something I can't ignore.

Secondly, as the debate moves from whether we need to respond to climate change to how we do it, I want to make sure that we're responding in a way that doesn't damage our growth – in a way that means taking full advantage of the opportunities presented by the transition to a low carbon economy – essentially showing that we can be green and grow.

In the UK, and increasingly around the world, we believe that the way to do that is to give carbon a price, so that emissions are reduced where the costs are lowest – it's a simple, market-based approach and very important in minimising the economic impacts of action. There are many different policy options that can help us reduce emissions but unless we stick to the most cost-effective policies one recent study suggested we could almost double the cost of action.

Emissions trading is crucial to a genuinely cost-effective approach. We're strong supporters of the EU Emissions Trading Scheme, and we want to see it strengthened, with limits that tighten over time to create scarcity; we want to see it expanded, to cover more sectors and gases; and we want to see it linked up with schemes in other countries – because climate change is a global problem that demands a global response, which means a global carbon market.

That won't be easy – but if we can get it right then it could have a real impact in reducing emissions. And it can also create an opportunity – which is the third reason for me to be interested in climate change.

Making businesses and individuals pay the real cost of their emissions, by pricing carbon, will increase demand for ways of reducing emissions – and so incentivise new investment in clean technology and energy efficiency.

Already the annual turnover of the environmental goods and services sector is more than \$50 billion in the UK. By 2015 we expect that to roughly double, creating at least 100,000 jobs.

While purchasing energy-efficient goods and services are the most cost-effective measures that we as consumers can take to reduce our emissions, the market for these goods is still not growing at the rate that we would expect to see – partly because energy-efficient options are often still more expensive than their inefficient alternatives. As a finance ministry we have supported a number of initiatives to strengthen signals to consumers about the benefits of these goods. Most recently French colleagues and we have called for a reduced rate of VAT for these goods as a means of encouraging consumers to switch into energy-efficient models. So, three reasons for the Treasury to be involved, and for me to be here today alongside Joan and Malcolm.

Climate change is an economic challenge, as well as an energy and an environmental challenge. And for all of those reasons, it's an urgent challenge. I certainly welcome today's conference, bringing people together from different nations to talk about these issues –and particularly about the key role of developing energy-efficient products and influencing consumer purchasing decisions.

I also welcome Slovenia's determination to continue to move this issue forwards during their presidency of the EU from January – and I, and my colleagues, are very grateful for the opportunity to be here and to speak to you all today.