PRESS RELEASE

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NEW WINNERS EMERGING IN GLOBAL RACE FOR LOW CARBON COMPETITIVENESS

Countries that adapt quickly to a carbon constrained world will be better able to deliver lasting prosperity for their citizens. A new report, produced for E3G and the Climate Institute (Australia), offers the first in-depth assessment and index of low carbon competitiveness amongst the G20 countries a week before key meetings of world leaders in New York and Pittsburgh. In his preface to the report, prominent UK economist Lord Nicholas Stern writes: "The global economic recovery presents an ideal opportunity for countries to shift towards low carbon growth. Countries which don't seize this opportunity will undermine their future competitiveness and prosperity."

The *G20 Low Carbon Competitiveness Report,* prepared by leading London-based economics consultancy, Vivid Economics, focuses on the G20 major economies which together account for around 75% of world GDP and nearly 70% of global greenhouse gas emissions.[i] Key findings:

- European countries (France, UK and Germany) are front-runners today in the transition to a low carbon world, thanks in part to structural economic changes in the 1990s, but some emerging economies are catching up fast.
- The US has the potential to be a big winner from the clean energy revolution but is held back by relatively carbon-intensive infrastructure and high use of energy in the transport sector.
- Japan is also relatively well-placed today, but its leadership is under threat. Since 1990 Japan's improvement in carbon productivity has been one of the lowest of all G20 countries, just ahead of Brazil and Saudi Arabia.
- South Korea is positioning itself to become a front-runner and others emerging economies (South Africa, Mexico) are leading the way in improving their carbon productivity.
- Most countries are failing to deliver the improvements in carbon productivity required to provide a fighting chance of limiting global warming below 2°C. Mexico and Argentina, followed by China, South Africa and Germany, are making the best progress on this score.[ii]

"There is a growing global consensus that our best path toward strong economic recovery is through transitioning to a less vulnerable, low carbon economy," said E3G Chief Executive Nick Mabey." The question is how fast we get there and which countries are best placed to benefit from the transition. This report makes clear that countries with strong policies to transition to low carbon technologies will be more competitive than those that cling to the status quo. The front-runners of today, like Europe and Japan, will slip behind unless they invest in the industries of tomorrow."[iii]

Climate Institute CEO, John Connor said: "World leaders gathering next week for UN and G20 Summits must increase financial and investment incentives for clean technologies in developed and developing countries. This will be critical to building an ambitious outcome in Copenhagen which could be the engine for low carbon growth for decades to come."

For comments: CEO Nick Mabey +44 (0)7949 768 771, Katherine Silverthorne +1 (202) 744-5143, Matthew Findlay: +44 (0)7739 985 292, Monica Araya: +44 (0)7883 530 792. Report will be available at www.e3g.org.

Notes for editors

There are three elements to assessing overall low carbon competitiveness: where countries are positioned now, the rate at which this is changing, and the scale of the challenge countries face. The *G20 Low Carbon Competitiveness Report* therefore compares the performance of countries along three key metrics:

- the ***low carbon competitiveness index***: measuring the current capacity of each country to be competitive and generate material prosperity for its citizens in a low carbon world, based upon each country's current policy settings and indicators;
- the ***low carbon improvement index:*** the extent to which countries are demonstrating an ability to improve their carbon productivity as they grow;
- the ***low carbon gap index:*** the difference between this rate of improvement and the rate required if that country, given its projected economic growth, is to succeed in meeting its share of the required carbon reductions for atmospheric concentrations of greenhouse gases to be stabilised at 450 ppm (parts per million) CO2-equivalent (implying a roughly 50/50 chance of limiting global warming below 2°C).

The **G20** includes Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, and United States of America. All except Argentina, Saudi Arabia and Turkey are also members of the Major Economies Forum on Energy and Climate, convened earlier this year by US President Obama.

The declaration from the **G20 London Summit in April 2009** stated: "We agreed to make the best possible use of investments funded by fiscal stimulus programs towards the goal of building a resilient, sustainable, and green recovery. We will make the transition towards clean, innovative, resource efficient, low carbon technologies and infrastructure…..We reaffirm our commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, and to reach agreement at the UN Climate Change conference in Copenhagen in December 2009."[iv]

The declaration of the leaders of the **Major Economies Forum on Energy and Climate in July 2009** stated: "Climate change is one of the greatest challenges of our time…..We recognize the scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2 degrees Celsius".[v]

On 22 September, world leaders will gather for the **UN Climate Summit in New York**, convened by UN Secretary-General Ban Ki Moon. Later that week US President Obama will chair the next **G20 Summit in Pittsburgh (24-25 September).**[vi] According to the White House, Pittsburgh was chosen to host the Summit "because of its commitment to employing new and green technology to further economic recovery and development".

Existing measures of competitiveness include the World Economic Forum's annual Global Competitiveness Report. The latest version of this report was released on 8 September ahead of the World Economic Forum's Annual Meeting of the New Champions 2009 in Dalian, China.[vii]

About E3G

Third Generation Environmentalism Ltd (E3G) is an independent, non-profit organisation operating in the public interest to accelerate the global transition to sustainable development. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. More information is available at www.e3g.org.

About The Climate Institute

Established in late 2005, The Climate Institute is a non-partisan, independent research organisation that works with community, business and government to drive innovative and effective climate change solutions. We research. We educate. We communicate. Our vision is for an Australia leading the world in clean technology use and innovation, with clean and low carbon solutions a part of everyday life throughout the community, government and business. The Climate Institute is primarily funded by a donation from the Poola Foundation (Tom Kantor Fund). More information can be found at www.climateinstitute.org.au.

About Vivid Economics

Vivid Economics is a London based economics analysis group that generates lasting benefit for business and society. We use robust economic tools to tackle critical strategy issues confronting business and government. We create solutions that enhance both our clients' interests and the common good and nurture close partnerships with our clients to deliver insights that create value for the long run. More information can be found at www.vivideconomics.com.

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[i] The performance of the EU as a whole is not covered in the report.

[ii] The analysis assumes more ambitious action by developed (Annex I) countries, consistent with the principle of "common but differentiated responsibilities and capabilities" embodied in the UN Framework Convention on Climate Change (UNFCCC).

[iii] Carbon productivity measures the ability of a country to increase economic output while reducing greenhouse gas emissions.

[iv] http://www.g20.org/Documents/final-communique.pdf

[v] http://www.whitehouse.gov/the_press_office/Declaration-of-the-Leaders-the-Major-Economies-Forum-on-Energy-and-Climate/

[vi] https://www.pittsburghg20.org/index.aspx

[vii] http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf