



CLARENCE HOUSE

3rd October, 2007

*Dear Mr. Markey,*

I just wanted to write and thank the Select Committee on Energy Independence and Global Warming for giving my Corporate Leaders Group on Climate Change the opportunity to give evidence. The Group much enjoyed meeting Speaker Pelosi and members of the Committee when they visited London earlier this year and could not be more pleased to be in front of you today represented by Mr. Neil Carson, Chief Executive of Johnson Matthey P.L.C. and Mr. Alain Grisay of F.&C. Asset Management, accompanied by Mr. Craig Bennett, Facilitator of the Group.

Without delaying proceedings too much, I thought it might be helpful if I introduced the Corporate Leaders Group and said something about its work. It was established in May 2005 under the auspices of my Business and the Environment Programme and brings together business leaders from major United Kingdom and international companies who are united in their belief that there is an urgent need to develop new and longer-term policies for tackling climate change.

I know that this Committee does not need me to tell you anything about the serious threat which climate change poses to humanity. The three recent reports of the Fourth Assessment of the Intergovernmental Panel on Climate Change (I.P.C.C.) emphasized in the starkest terms how the impacts of climate change will fall disproportionately upon developing countries and the poor. Furthermore, The Stern Review on the Economics of Climate Change concluded that failure to mitigate the phenomena could result in a global economic depression equivalent to the two World Wars and the Great Depression combined.

But what I find particularly striking is the latest science, as reported in the I.P.C.C. Fourth Assessment, on how the biosphere is likely to respond to just a couple of degrees or so of warming. As permafrost thaws and rainforests become drier, there is a real danger that these carbon "sinks" will become new sources of greenhouse gases.

The United Kingdom Government's then Secretary of State for the Environment and now Secretary of State for Foreign and Commonwealth Affairs, Mr. David Miliband, put it very well when he commented earlier this year that "the science has only gone in one direction since 2000, which is to say that the situation is more grave and that the need to reduce greenhouse gas emissions is more urgent".

Against this context, the work of my Corporate Leaders Group is crucial in demonstrating that tackling climate change is the way to ensure economic security for the longer term and that it can be done in a way that does not limit the aspirations for growth of rich or poor countries. What is particularly encouraging about the Group's approach is its determination to work with Governments in a genuine partnership. I am delighted that since it started it has been a major contributor to the development of climate policy by the then Prime Minister of the United Kingdom and is now engaged in a similar way with the President of the European Commission. If I might say so, it is a source of great encouragement to all of us that a sister organization has recently been established in the United States of America and my Corporate Leaders Group is working increasingly closely with the U.S. Climate Action Partnership.

Fundamental to my Group's belief is that investing in a low-carbon future should be a strategic business objective for industrialized countries such as the United Kingdom and the United States of America. But the members recognize that all too often the private sector and Governments find themselves in a 'Catch 22' situation in which Governments feel limited in their ability to introduce new climate change policy because they fear business resistance, while companies are unable to invest sufficiently in low carbon solutions because of the absence of long-term policies. To overcome this, the Group is calling on Governments to set strong policy frameworks, including market mechanisms and ambitious mandatory targets, to provide business certainty and create a step-change in the development of low-carbon goods and services.

As I am sure you can imagine, in advance of the 13th Conference of the Parties to the U.N. Framework Convention on Climate Change in

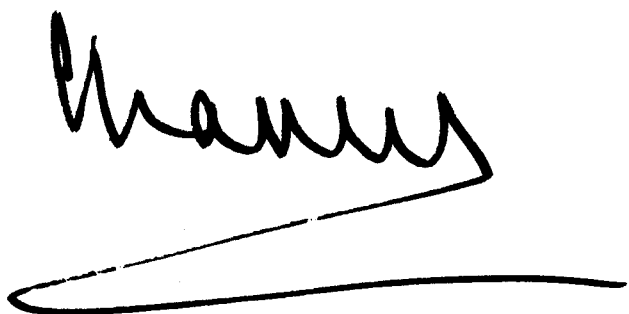
Bali in December, the Group is particularly focussed on the need to express its support for an international, legally-binding U.N. agreement to reduce global greenhouse gas emissions. It is the Group's belief that such agreement is the only way to provide business with the certainty it needs to increase investment sufficiently in low-carbon technologies, and with the certainty that the threat of climate change will be adequately addressed.

I have been following with the greatest attention the most recent policy evolutions in key industrialized countries. To secure the future for generations to follow, I hope that the boldest possible targets can be set, together with the policies needed to implement them – otherwise how can we expect developing countries, such as India and China, to take action? The legally-binding targets that will be put in place in the United Kingdom through the Climate Change Bill, together with those being put in place in the State of California – and steps being undertaken in numerous other states and cities in the United States – are evidence of how policy-makers in both our countries are moving to address this problem.

A challenge of the magnitude of climate change requires a coordinated response, based on actions across every sector of society, and the business community is going to be critical in achieving this. The companies which are members of my Corporate Leaders Group are playing a highly strategic role – essentially helping to create a political space in which effective policies can be introduced and global progress can be achieved.

I very much hope that the hearing this week will be productive and that members of my Corporate Leaders Group will be able to work with members of the Select Committee on Energy Independence and Global Warming in the future to develop further policy responses to this most pressing of problems.

This brings you my warmest good wishes.

A handwritten signature in black ink, appearing to read "Tony Blair", with a long horizontal flourish underneath.