

## Press Release

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# Scotland should help the world to avert both climate and economic crises

Scottish Environment LINK have today published 'Scotland and the Carbon Bubble' – a report investigating the dangers of the carbon bubble (the systematic over-valuation of fossil fuel reserves in the face of climate risk) and how it might affect Scotland. The report concludes that:

- Capitalisation of the fossil fuel extraction industry is largely based on the world's known reserves of oil, gas and coal - and the assumption that they can all be extracted and burned. Most of our financial institutions have invested heavily in these industries on that basis.
- At the same time, scientific evidence points, with ever greater clarity, to the fact that if we extract and burn even a fraction of those reserves, we will face "*catastrophic climate change*" according to the UN's International Panel on Climate Change.
- It is becoming starkly apparent that this situation is unsustainable - in both environmental and economic terms.
- It is essential that we move away from fossil fuel usage, but if we are not very careful in the way we do so – nationally and globally – there is a very serious risk of yet another huge crisis for the world's economy.
- As the transition to a low carbon economy requires that the majority of known fossil fuel reserves stay in the ground, there is a need to understand and minimise the negative impacts on our economy of 'unburnable' fossil fuel reserves becoming 'stranded assets'.
- While there has been no comprehensive assessment, it is clear that Scotland is deeply involved in fossil fuel extraction and financial services, and so is very vulnerable if we don't succeed in deflating the bubble.
- We should be asking questions now, across the Scottish political community, about how we and the world prepare for a fossil fuel free future – and how Scotland can contribute to, and benefit from, deflating the carbon bubble.

LINK commissioned the report as part of our work in coming to a greater understanding of the economic drivers of our society and their impact on the natural environment.

**"This report alerts us to the double dangers of continuing to rely on fossil fuels – of environmental crisis if we don't divest from them; and of economic crisis if divestment happens in an un-managed way.**

**“When investors catch up with the reality of a low carbon future, the bubble could burst with knock-on consequences for the whole economy.”** said Matthew Crighton, convener of the LINK's Economic Taskforce.

**“It's now time for Scottish government and business leaders to show some real leadership. We must grasp the opportunities to deflate the bubble and set out a pathway to develop a sustainable future. Scotland is in a strong position to make a serious contribution to finding answers to the questions raised here which require serious local and international action.”**

**ENDS**

**For further information, contact:**

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### **Editors' Notes**

(1) Scottish Environment LINK is the forum for Scotland's voluntary environment community, with over 30 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. LINK is a Scottish Charity (SC000296) and a Scottish Company Limited by guarantee (SC250899). LINK is core funded by Membership Subscriptions and by grants from Scottish Natural Heritage, Scottish Government and Charitable Trusts.  
[www.scotlink.org](http://www.scotlink.org)

(2) The full paper is available on the LINK website <http://www.scotlink.org/>

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