World Energy Council
CONSEIL MONDIAL DE L'ENERGIE
To promote the sustainable supply and use of energy for the greatest benefit of all
Comitato Nazionale Italiano
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Mandated Greenhouse Gas Emission Cuts Reduce Italian Economic Growth and Employment

A new study of the impact of the Kyoto Protocol and the additional greenhouse gas (GHG) reduction targets being discussed for the post-2010 period by the internationally-known consulting firm, Global Insights (www.globalinsightcom) concludes that meeting the targets will slow economic growth and reduce employment in Italy. The study, released today at a forum co-sponsored by the World Energy Council and the International Council for Capital Formation, concludes that meeting Italy's Kyoto target of a 6.5 % reduction in GHG's by 2010 could reduce employment by 25,000 jobs and GDP levels by 0.5 or more. Further, the additional emission cuts (70% reduction from 1990 levels by the year 2050) being discussed for the post-2010 period would reduce employment by almost 200,000 jobs and GDP by almost 2.0 by 2020. By 2025, the negative impacts on GDP are even larger (see figure below).

The study's findings are likely to be a conservative estimate of the economic impacts on Italy of mandated emission reductions because the report assumes that Italy will meet 43 percent of its required emission reduction for 2010 (or 30.9 million metric tonnes of carbon equivalent) with no additional costs to the Italian economy. Meeting the balance of the emission cuts (53.0 mt-CO2 equivalent) through increases in general taxes to pay for the purchase of emission credits depresses consumer spending, industrial production, and job growth.

Impact of Kyoto and Additional Reductions on GDP in Italy
(% change from trend case)