

## Kyoto Protocol Will Cut Europe's Economic Growth

By Mathew Carr, Bloomberg News Service

Nov. 7 (Bloomberg) -- The Kyoto Protocol, an agreement between nations to reduce the output of greenhouse gasses blamed for global warming, might cut the size of the German and U.K. economies together by about 40 billion euros (\$47 billion) in 2010, a lobby group found in a study.

Kyoto might cut Germany's economy by 18.5 billion euros, or 0.8 percent, in 2010, according to a study commissioned by the International Council for Capital Formation, a group that promotes tax reduction and job growth. The study assumes a widening of an existing emissions-trading regime. The U.K.'s economy will be reduced by 18.5 billion euros, or 1.1 percent, and Spain's by 26 billion euros, or 3.1 percent, the same year in order to meet Kyoto targets, the study found.

Kyoto will boost power prices by 26 percent and natural gas prices by 41 percent across Germany, the U.K., Italy and Spain, the agency said in an e-mailed statement about the report. Spain may have 611,000 fewer jobs because of its requirement to curb energy consumption, the statement said.

Governments may abandon targets when the economic damage becomes apparent, said Margo Thorning, the ICCF's managing director. "The cost of the protocol way exceeds the benefits," she said today by telephone. The ICCF is part funded by trade associations, insurers and oil and gas companies, Thorning said.

The study, including forecasts by economic research company Global Insight Inc., assumed the European Union emissions trading regime was expanded to include households and the transport industry, the statement said.

Germany, the U.K., Italy and Spain each would lose 200,000 jobs in 2010 because of Kyoto, the study found.

Complying with Kyoto by buying credits from developing nations would also hurt Europe, the study found. For instance, there may be a "wealth transfer" of almost 4 billion euros to developing nations from Italy by 2010 if that nation buys credits from projects that curb emissions, according to a presentation on the ICCF Web site.

For a presentation on the study, click <http://iccfglobal.org/pdf/ICCF-Slovenia-Oct2005.pdf>

--Editor: King