

Europe risks economic damage from Kyoto - study

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By Stuart Penson

LONDON (Reuters) - Europe's push to meet pollution targets agreed under the Kyoto Protocol on climate change could dent its economies and cost hundreds of thousands of jobs by 2010, according to research published on Monday.

Compliance with Kyoto's greenhouse gas reduction targets could hit gross domestic product in Germany, Britain, Spain and Italy as energy bills soar, said pro-business thinktank International Council for Capital Formation (ICCF).

"The findings of our research suggest that an alternative approach (to climate change) is urgently needed for both the developing and developed world," said Margo Thorning, Managing Director of the Brussels-based ICCF.

ICCF predicted the loss of at least 200,000 jobs in each of Italy, Germany, Britain and Spain as governments chase greenhouse gas reduction targets set out under Kyoto, which came into force in February.

Average increases of 26 percent in electricity prices and 41 percent in gas prices by 2010 were also predicted in the ICCF's study.

Germany's gross domestic product (GDP) could be reduced by 0.8 percent from base case levels by 2010, with Spain and Britain suffering reductions of 3.1 percent and 1.1 percent respectively, the ICCF said.

The United States has refused to sign up to Kyoto, saying it could damage the U.S. economy.

Thorning said the ICCF's findings supported recent comments by Prime Minister Tony Blair, who said last week that the world may need to move away from target-based climate change policies after Kyoto's first phase ends in 2012.

Later this month, United Nations talks on climate change will take place in Montreal, the first formal talks over how to approach the issue after 2012.

"A cooperative global approach to reducing emission growth is more likely to produce real emissions reductions, without damaging economic growth in the EU and elsewhere," said the ICCF's Thorning.