

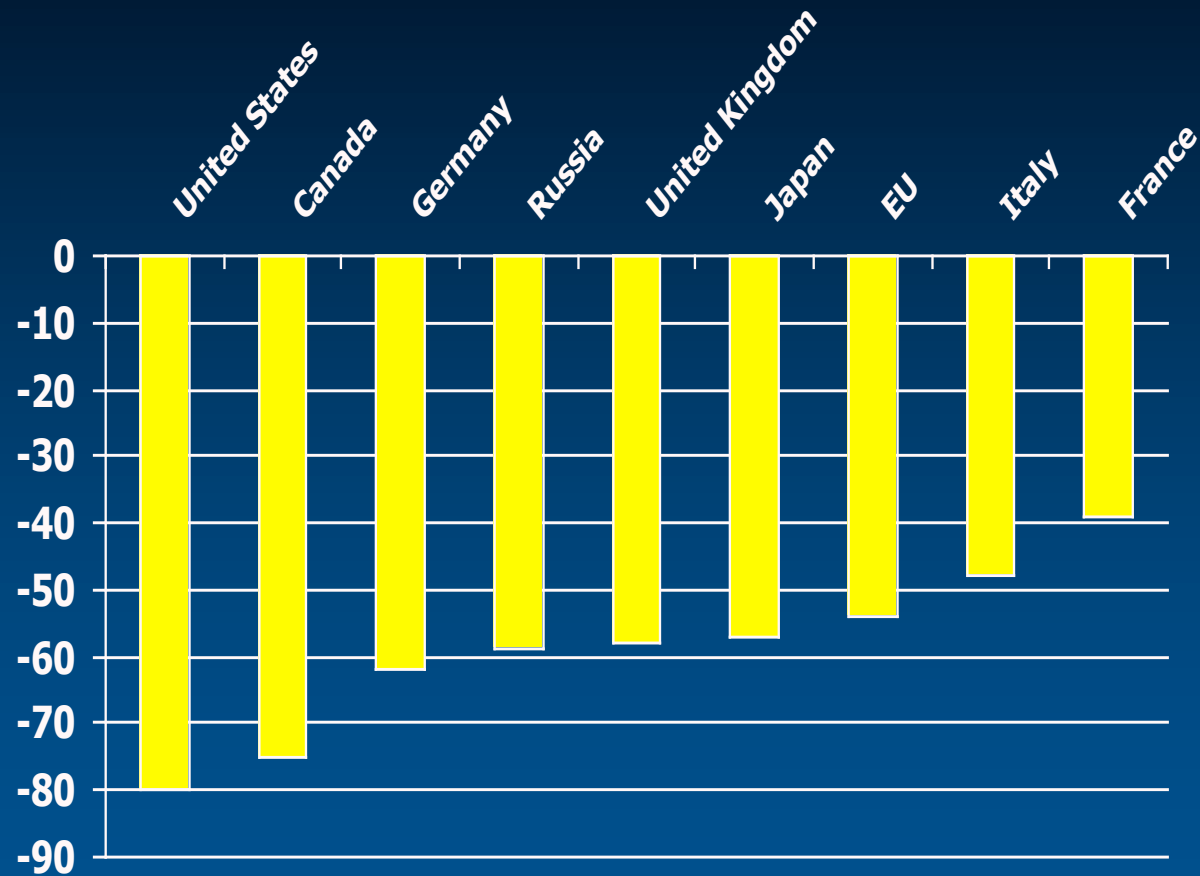
Climate Change Policy And Global Economic Development

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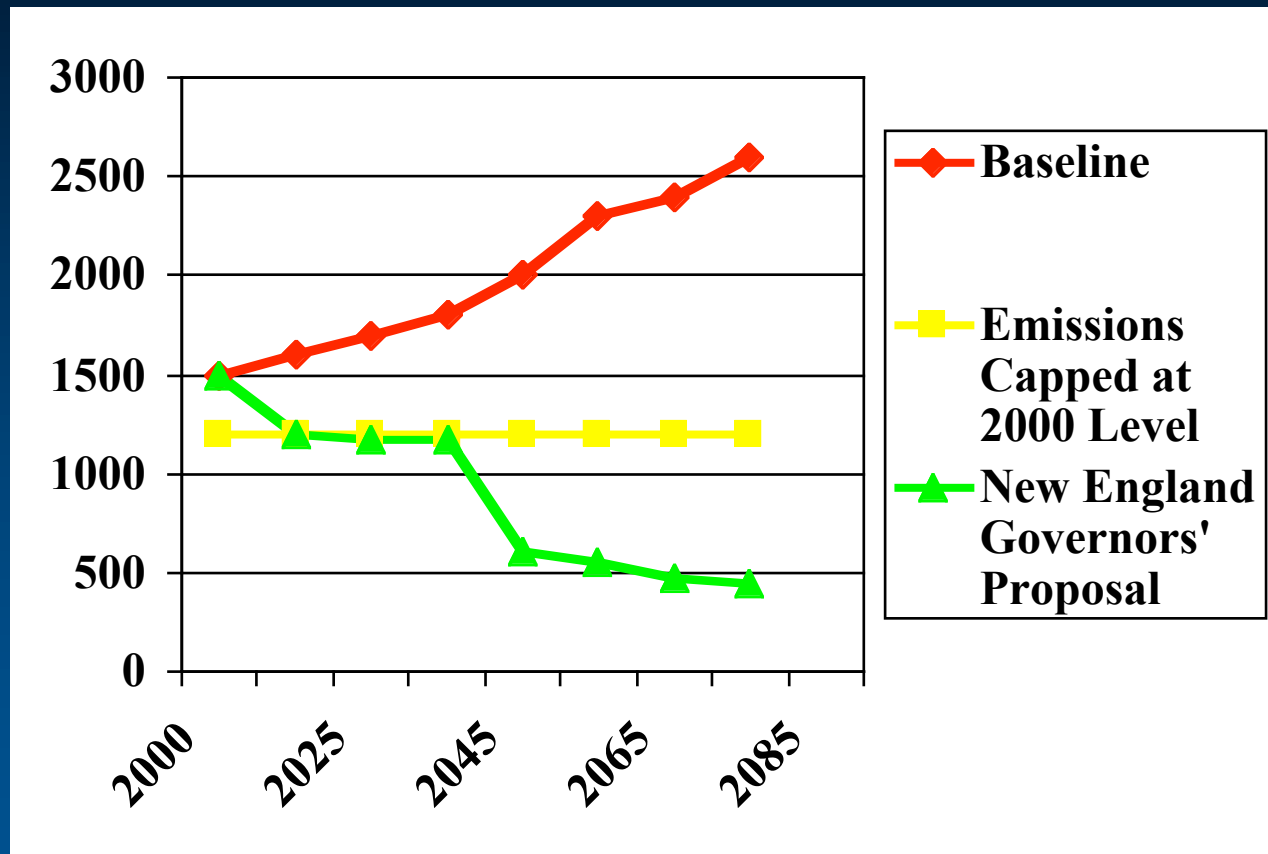
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CO2 Reductions Required by 2050 Under 550 PPM Scenario



U.S. Carbon Emissions Under the Baseline Forecast and Under Alternative Emission Reduction Targets



Economic Impact of Mandatory CO₂ Reductions on the U.S.

Energy Prices Rise	<u>2010</u>	<u>2020</u>
▪ household electricity	31%	43%
▪ gasoline	23%	31%
▪ natural gas for industry	55%	82%

Job Losses	250,000	610,000
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Household Income Falls	\$1300	\$2300
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▪ **State and Federal tax receipts decline.**

▪ **Low income and elderly bear large burden due to higher energy costs.**

If Eleven Northeast States “Go it Alone,” How Do They Fare?

▪ Energy Prices Rise	<u>2010</u>	<u>2020</u>
▪ household electricity	35%	39%
▪ gasoline	39%	44%
▪ natural gas for industry	110%	120%
▪ Job Losses	192,000	218,000
▪ Household Income Falls	\$2600	\$3000
▪ State tax receipts falling \$2.9 billion.		
▪ Low income and elderly bear a large burden.		

Where Does Europe Stand on Actually Complying with Kyoto?

- European Union is projected to be 7.5% above the 1990 emission levels by 2010.
- EU leaders realize they cannot reconcile goals of increased EU industrial competitiveness as well as tighter future targets for GHG emission reductions.
- EU policy-makers are beginning to worry about the additional steps required to meet the targets including the impact of emission trading schemes on industry.
- Recent credible analyses of impact on EU economies has shifted terms of the debate.

Energy Intensity and Economic Freedom in Developing and Emerging Economies

Country	Energy per GDP (Btu per 1995 \$)	Freedom Index	Carbon per GDP (MMTC per 1995 \$)	GDP per capita (1995 \$)
Russia	75,540	5.04	1.15	\$2,500
China	36,578	5.49	0.77	\$870
India	27,053	6.12	0.54	\$495
South Africa	25,568	6.77	0.58	\$3,985
Indonesia	20,373	5.57	0.37	\$998
Poland	20,905	6.0	0.46	\$4,276

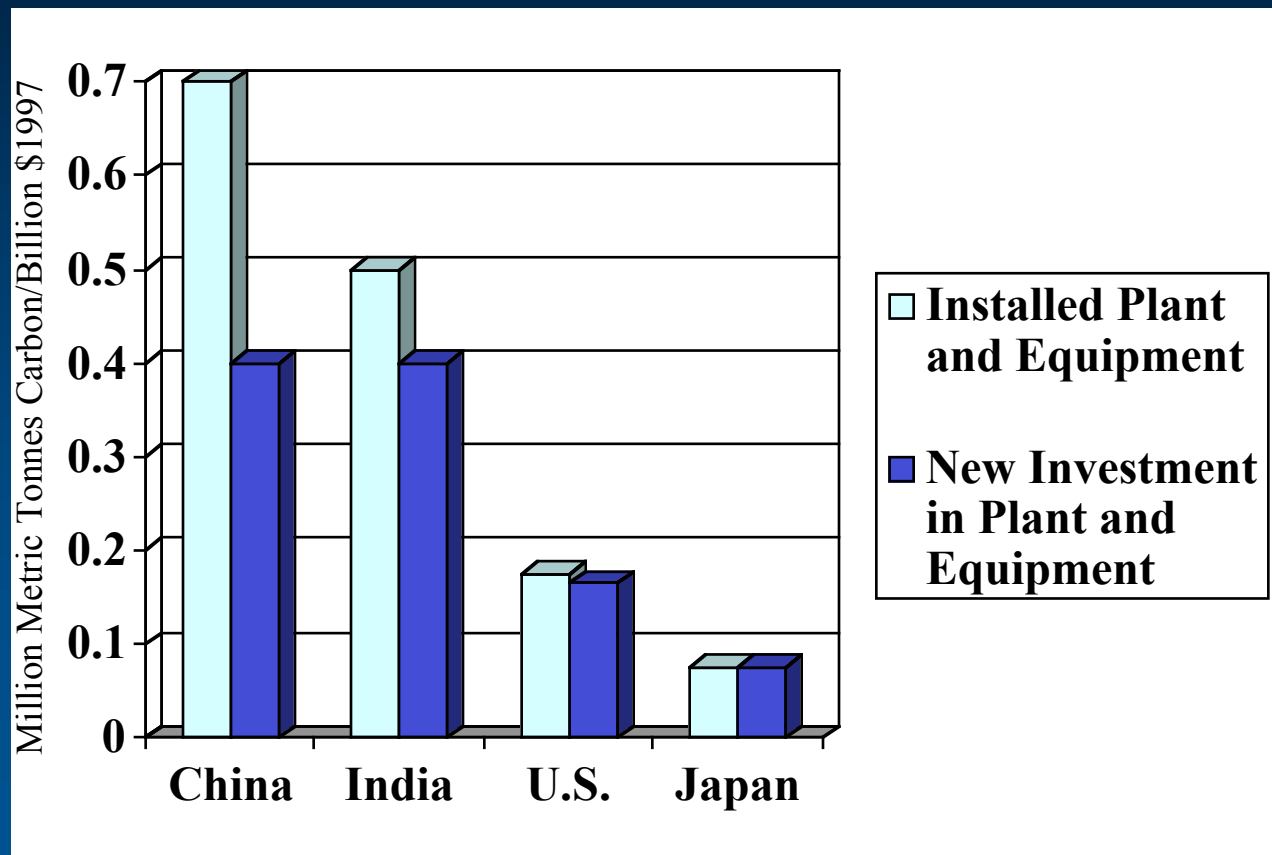
Energy Intensity and Economic Freedom in Developed Countries

Country	Energy per GDP (Btu per 1995 \$)	Freedom Index	Carbon per GDP (MMTC per 1995 \$)	GDP per capita (1995 \$)
United States	10,660	8.29	0.17	\$31,695
United Kingdom	7,336	8.23	0.12	\$22,708
Ireland	5,859	7.95	0.11	\$28,953
Germany	5,366	7.32	0.09	\$32,827
Hong Kong	4,658	8.63	0.09	\$24,281
Japan	3,858	7.06	0.06	\$44,680

Impact of New Technologies on Carbon Emissions

Carbon Emissions

Carbon Emissions Per Dollar/ Output



Practical Strategies to Address Economic Growth and Climate Change Policy

- Remove barriers to developing world's access to more energy and cleaner technology by promoting economic freedom and market reforms
- Increase R&D for new technologies to reduce energy intensity
- Develop sequestration through both natural and man-made technologies
- Promote nuclear power for electricity
- Expand bilateral cooperation with developing countries
- Promote a truly global solution