



International Council for Capital Formation

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Kyoto: Should Russia Ratify?

BRIEFING AT WORLD CLIMATE CHANGE CONFERENCE REVEALS ECONOMIC COSTS OF CURRENT AND FUTURE EMISSION TARGETS

Dr. Margo Thorning, Managing Director of the International Council for Capital Formation (ICCF), will today (1st October) deliver her paper: "Kyoto and Beyond: Economic Impact on Developed Economies" as part of the Corporate Carbon Strategies Panel at the World Climate Change Conference (WCCC) in Moscow.

Dr. Thorning has been invited to the WCCC to present her research on the economic costs of Kyoto emission reduction targets as well as those which will be proposed for the second and subsequent commitment periods. These economic costs will be much greater than is generally understood.

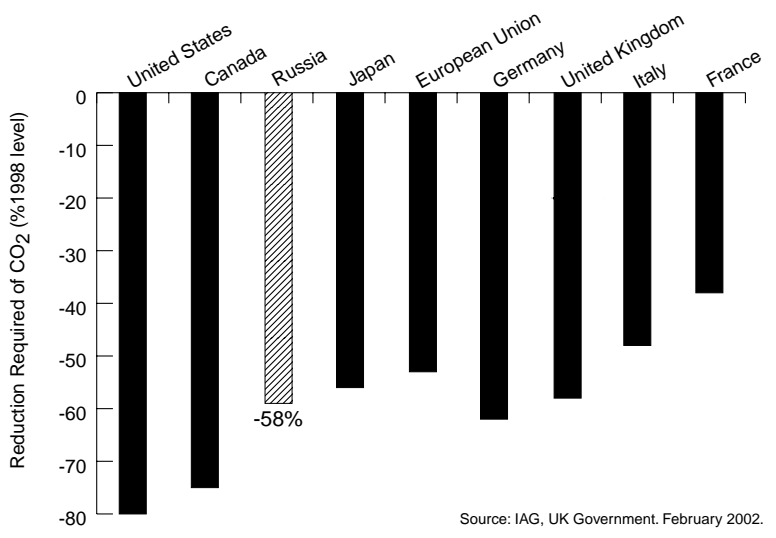
Dr. Thorning will demonstrate that only macroeconomic models, which truly assess the overall economic costs of meeting emissions targets over the entire economy, should be used by Governments to evaluate the impacts of Kyoto Protocol implementation and the resultant limitations on carbon fuels. Such models suggest that Kyoto and additional targets in the post 2012 period will cause GDP losses between 1.5% to 2.0% for the EU as a whole and larger losses for selected countries.

POST-2012 CARBON EMISSION TARGETS

Despite the current lack of specificity regarding policies to prevent the projected growth in emissions between now and 2010, more stringent greenhouse gas emissions targets will be proposed for the years after the Kyoto Protocol's first compliance period (2008-2012).

For example, the February 2002 report by the Interdepartmental Analysts Group for the UK government considers the implications of a 60 percent reduction in CO₂ emissions from 1998 levels by 2050 in the UK. The report notes that aiming for

Figure 1: CO₂ Reductions Required by 2050 Under 550ppm Scenario (1998 Base Year)



global stabilization at 550 ppm could imply very large cuts against a 1998 base by Russia, Germany, Canada, and the USA. (See Figure 1.) Russia's target is a 58% reduction in CO₂ by 2050.

By signing the Kyoto Protocol, Russia will put its economy on a path of sharply reduced emissions and energy use as targets get tighter in the second and subsequent commitment periods. Such energy use cuts are likely to depress Russian economic growth as is predicted for EU economies in ICCF's research.

“Russia needs to think seriously about ratification of the Kyoto Protocol on this basis and use models that will accurately assess its economic impact. Unless proper analysis is carried out, Russia will incur serious economic damage as it continues its difficult transition from a command to market economy,” Dr. Margo Thorning said.

NOTES TO EDITORS:

■ THE INTERNATIONAL COUNCIL FOR CAPITAL FORMATION is a unique European think tank in its focus on public policies to promote saving and investment in the private sector. The ICCF brings the message to policymakers, the media, and the public around the globe that economic strength and stability depend upon well-thought-out economic and environmental policies to promote capital formation.

■ Dr Thorning will be available for interview throughout the conference. To speak to her, or to obtain a copy of her paper, please contact +1.202.468.0903 or mthorning@iccfglobal.org.

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