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GCC: GOVERNMENT STUDY A DOSE OF ECONOMIC REALITY

WASHINGTON, October 9, 1998 – A new report by the U.S. Department of Energy's Energy Information Administration injects a dose of reality to the Administration's analysis of the economic effects of the Kyoto Protocol, according to the Global Climate Coalition.

"This study is a wakeup call for American workers and their families," GCC Chairman Connie Holmes said. "It's a reality check for those who claim that the Kyoto Protocol will have only a modest impact on America."

The EIA findings for the year 2010 are significantly different from those presented to Congress in several hearings by Council of Economic Advisers Chair Janet Yellen. For example, EIA estimates the average household's energy costs will jump by between \$335 and \$1,740 annually, compared with the Administration's estimate of \$70 to \$100. EIA projects gasoline price increases of between 14 cents and 66 cents per gallon, compared with the Administration's estimate of no more than 5.5 cents. EIA estimates the nation's Gross Domestic Product will decline between \$61 billion and \$397 billion, compared with the Administration's estimate of \$1 to \$5 billion.

Holmes said other independent economic studies from several groups, including labor organizations, show similar harsh economic projections. "This EIA analysis verifies our doubts about the Administration's claims of modest economic impact. Even if the Administration is successful in obtaining an international agreement to trade emissions, the costs will be high."

Outside analysts and industry experts have called many of the Administration's assumptions "wildly optimistic." Further complicating matters, European Union negotiators thus far have taken a hard stance to limit international emissions trading and the developing countries are refusing to participate. These are both elements the Administration relies heavily on to reduce costs.

The Global Climate Coalition is an organization of trade associations and private companies established in 1989 to coordinate participation in the scientific and policy debate on global climate change.