





ECONOMIC HARDSHIP



A THREAT TO OUR NATIONAL SOVEREIGNTY



INDUSTRY TECHNOLOGY & VOLUNTARY ACTIONS

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“This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but for American ingenuity and creativity.”

President Clinton, April 22, 1993

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SEVERE WEATHER



DEVELOPING COUNTRY PARTICIPATION



MANDATES VS. VOLUNTARY ACTIONS

- Voluntary action is already lowering greenhouse gas emissions while scientists still debate the potential human impacts on climate.
- Implementing rules to cut our energy use up to 40% – as the Kyoto Protocol requires – will cost more than \$1 trillion, according to a 1998 study by WEFA, Inc.
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 - Access to leading-edge information
 - Greater return on economic investments



ECONOMIC HARDSHIP

Nearly every study projects economic harm to the strong U.S. economy if the Kyoto Protocol enters into force:

- DOE's Argonne National Lab Study concluded that policy restrictions on six energy-intensive industries – chemicals, petroleum refining, paper, iron and steel, aluminum and cement – in developed countries, but not their less developed trading partners, would result in significant adverse impact. The main effect of the policy would be to redistribute output, employment and emissions from developed countries to developing countries that are not required to participate.
- WEFA, Inc. estimates that the Kyoto Protocol will result in:
 - Total annual output reduction of \$300 billion or \$2,700 per family
 - Loss of more than 2.4 million jobs
 - A competitive advantage for advanced developing countries that are not required to participate
 - Sharply higher prices for gasoline (65 cents per gallon) and gas and electricity (double)
- Charles River Associates estimates the Protocol will cause price increases for natural gas (46%), electricity (23%) and heating oil (45%). Energy consumption will need to be reduced by about 30%.
- CONSAD Research estimates that by the year 2010, more than 3.5 million jobs will be lost, mostly in the aluminum, chemicals, mining, paper, petroleum and steel industries. CONSAD estimates a loss of \$359 billion in Gross Domestic Product (GDP). Energy prices will rise by 59% causing an \$87 billion reduction in disposable income, or \$875 per household.

Two additional studies produced by the Administration predict a milder impact, but they are grounded in assumptions that:

- (1) currently do not exist
- (2) will be very difficult to implement
- (3) may never occur.

- The DOE five national labs study concludes a national investment in energy efficiency and clean technologies can reduce U.S. emissions and produce energy savings that roughly will equal costs. The study concludes that emissions reductions can be achieved through technology improvements without increasing the nation's energy bill.
- The President's Council of Economic Advisors Chair, Janet Yellen, has said that the Kyoto Protocol will have a "modest" impact on the economy. Claiming assumptions such as efficient international trading schemes and complete developing country participation, the analysis projects increases of only 2-4 cents in gasoline prices, and a total cost per family of only about \$100 per year.

After months of delay, Yellen finally released her economic analysis, which showed this modest impact. When released, it was heavily dependent on international trading of emissions permits, a provision strongly opposed by many European countries and environmental groups.



A THREAT TO OUR NATIONAL SOVEREIGNTY

The Kyoto Protocol on global climate threatens U.S. sovereignty and security.

As the largest user of energy in the United States, our Armed Forces could be devastated by forced reductions in energy output.

An energy reduction of only 10% – smaller than the Kyoto Protocol demands – would:

- Downgrade U.S. Army readiness and require six additional weeks to prepare and deploy.
- Result in the loss of more than 210,000 flying hours per year by Air Force pilots.
- Cut 2,000 steaming days per year for deployed U.S. Navy ships, canceling bilateral and multilateral exercises.

The treaty will open the door for hostile nations to hamper U.S. military operations because unilateral action is not exempt from greenhouse gas limits agreed to in Kyoto.

Every action could generate international controversy over whether or not the U.S. military is violating the Kyoto Protocol.

- In response to this shortcoming in the treaty, the U.S. House of Representatives voted 413-0 to exempt military actions from the treaty. But the treaty language cannot be changed until it takes effect.

- In February, an influential group of foreign policy experts wrote President Clinton encouraging a thorough review of the diplomatic practices of the Kyoto treaty. The signers include:
 - Former Secretaries of Defense Frank Carlucci, Casper Weinberger and Dick Cheney.
 - Former Secretaries of State Al Haig and Lawrence Eagleburger
 - Former UN Ambassador Jeanne Kirkpatrick and several other ambassadors and officials

The letter says the Kyoto Protocol:

1. Threatens American sovereignty even if the U.S. never officially signed.
 2. Hamstrings American military operations around the world.
 3. Usurps the authority of elected officials, creating an international "Climate Change Secretariat."
- At a global climate conference held by the U.S. Chamber of Commerce, former Carter Secretary of Energy James Schlesinger said the Kyoto accord was a serious risk to the sovereignty and security of the United States.
 - "The Senate should demand a blanket exemption for all military operations. Our national security deserves no less."

*Former Secretary of Defense
Casper Weinberger*



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- Oil producers have cut emissions of carbon by more than one million tons through process improvements.
- Television and VCR manufacturers are producing more efficient products that reduce energy use and save consumers millions of dollars per year.
- Electric utilities will have reduced greenhouse gas emissions by 47 million tons through efficiency and process improvements by 2000.
- The aluminum industry has forged agreements to reduce greenhouse gases by 40-60% by 2000.
- The steel industry expects to reduce emissions through more effective utilization of materials,

improving current processes and developing new technology. They have already reduced energy consumption by 45% since 1975.

- Chemical manufacturers are promoting cost-effective efforts to reduce emissions.
- The cement industry, with continuous casting, has maintained production while reducing energy use by nearly 30%.

More exciting voluntary advances are on the horizon:

- Automakers are making progress on hybrid vehicles that will go 80 miles on a gallon of the cleaner-burning gasoline being developed by the oil industry.
- Steelmakers are perfecting an ultra-light steel autobody that will further increase energy efficiency without jeopardizing safety or comfort.
- The coal industry is working with government to find efficient ways to recover energy from the methane in mines.
- Utilities and forest products companies are implementing reforestation programs in the U.S. and abroad to remove millions of tons of carbon dioxide from the atmosphere.

These and other voluntary programs are meeting important environmental challenges without imposing burdensome new rules on the economy. They bring out the best in our people: innovation, cooperation, flexibility and opportunity.



SEVERE WEATHER

Severe weather and global warming have almost nothing to do with each other. Even this year's El Niño – a natural phenomenon that occurs roughly every seven years – has nothing to do with global warming.

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Historical evidence from earlier centuries calls into doubt claims of a relationship between El Niño and global warming.

- “It cannot be determined from current evidence whether El Niños are becoming more frequent or more severe because of global warming.”

National Oceanic and Atmospheric Administration (NOAA) report (May '98)

- UN scientists say there is “no causal link” between severe weather, El Niño and global warming.

(IPCC Second Assessment Report, '95)

- IPCC Chairman Robert Watson acknowledged “significant scientific uncertainties” regarding whether global warming is occurring.

(House Small Business Committee testimony, July '98)

- IPCC contributor John Christy, an atmospheric scientist who works with NASA, said the recent fixation on extreme weather is misleading.

(House Small Business Committee testimony, July '98)

- 35 states recorded their all-time high temperatures before 1940, prior to the alleged period of human-induced warming.

(Christy, July '98)

- While ground data show a slight warming, satellite and weather balloon data – generally considered more accurate – show a slight cooling.

(Christy, July '98)

- Is this the hottest period in 600 years? Maybe, but prior to 1400, the earth's temperature was much warmer than today.

(Michaels, Christy, Moore, July '98)

- A 1998 study on hurricanes by Florida State University has shown global warming is not leading to an increase in hurricane activity. Mark Bove, FSU Center for Ocean-Atmospheric Prediction Studies, regarding the notion that global warming is causing more hurricanes: "We looked at the available data and saw no trend yet to support that fear." *(AP, July '98)*

- "We will witness stunning feats of hypocrisy. Every natural calamity – tornado, hurricane or flood – will be attributed shamelessly to climate change."

Rep. John Dingell (D-MI) June 11, 1998

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ATMOSPHERIC TEMPERATURE MEASUREMENTS

Weather balloon trend (Angell/NOAA)	-0.07° C per decade
Unadjusted satellite trend	-0.04° C per decade
Weather balloon trend (Parker, UK Met Office)	-0.02° C per decade
Adjusted satellite trend (Spencer and Christy)	-0.01° C per decade

SURFACE MEASUREMENTS

Sea/land surface temperatures (UK Met Office)	+0.15° C per decade
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DEVELOPING COUNTRY PARTICIPATION

Developing countries continue to actively oppose their own inclusion in the Kyoto Protocol, claiming binding emissions reductions would harm their economies.

The Administration has demanded “meaningful participation” from developing countries before submitting the treaty to the U.S. Senate, although it has never fully defined the term.

- 134 so-called developing countries are exempt from the Kyoto Protocol, including industrial competitors like China, India, Mexico, South Korea, Brazil, Argentina, and Chile. World finance centers like Singapore and Hong Kong are also exempt.
- Developing countries will account for 75% of the increase in greenhouse gas emissions between 1990 and 2020.
- By 2010, developing countries will surpass the United States and other developed countries in greenhouse gas emissions.
- **The United States Energy Information Administration** concluded in March 1998 that the Kyoto Protocol would slow the growth of greenhouse gas emissions only modestly. Carbon dioxide emissions would grow 32% above 1990 levels by 2010 – slightly less than the 44% growth that would occur without the treaty – because of the growth of emissions in developing countries like China, Mexico and India.

- In recent UN talks in Bonn, developing countries refused to include a discussion of their participation in the Protocol on the agenda for the next major UN negotiating session in Buenos Aires in November 1998.
- In Kyoto, the Chinese said they will not agree to binding emissions reductions this year, next year, in 2010 or in 2050.
- Developing countries are also bickering among themselves. Smaller developing countries feel larger nations like China, India and Mexico will benefit from technology deals and emissions trading while they will be left behind.
- Many experts say that without developing country participation, American companies will be encouraged to move plants to developing countries where they will not be required to meet tougher, mandatory emissions reductions.
- Jobs will migrate overseas to developing countries and the global environment will not benefit.
- “The fact is, without developing countries you don’t have a treaty. Why would we do this kind of damage to our economy, competitiveness and national sovereignty, if in fact you are not going to get results.”

*Senator Chuck Hagel (R-NE)
April 22, 1998*



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- Voluntary programs let the marketplace dictate the best way to meet environmental goals. That ensures:
 - Access to leading-edge information
 - Greater return on economic investments
 - Increased public awareness and recognition
- Government, society and the environment benefit from voluntary programs. A UN Environment Directorate report on industry voluntary programs said voluntary agreements:
 - Are flexible policy instruments to achieve environmental objectives in a manner which best suits the economic circumstances of companies
 - Encourage industry-led initiatives to address environmental objectives
 - Encourage cooperation between industry and government
 - Achieve energy and environmental objectives faster than regulations

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