SCOMM

119:12

Alaska State Legislature

Official Business
Phone: (907)465-2689
Fax: (907)465-3472

State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

SPONSOR STATEMENT

HJR 33 – U.N. TREATY ON CLIMATE CHANGE

In December 1997, the United Nations Framework Convention on Climate Change met at Kyoto, Japan and adopted a treaty which, if ratified by the U.S. Senate, would commit the United States to reducing our carbon dioxide levels to seven percent below the levels of 1990. If the U.S. Senate ratifies this treaty, the United States would be placed at a considerable economic disadvantage to many other countries with no assurance that these efforts would substantively impact global warming.

In spite of the lack of sound scientific evidence supporting the conclusion that carbon emissions are a major contributing factor to global warming, the Kyoto treaty sets very tough standards for the United States and other industrialized countries to meet. However, the treaty exempts 129 developing nations. China, Mexico, India, Brazil and South Korea are among the many nations exempted from the treaty requirements. Not considered by the Framework Convention were the rapidly increasing greenhouse gas emissions of the exempted developing countries. As early as 2015, these countries are expected to surpass emissions of the United States and other countries included under the more strict applications of the treaty.

Forcing a reduction in our carbon emissions would no doubt result in more government regulation, and, potentially, imposition of carbon production permits, rationing and taxes on consumer carbon emissions. These actions would result in sharply increasing the costs of production and in the loss of many jobs.

Finally, the charge to the United Nations Framework Convention on Climate Change was to address the greenhouse gas emissions problem on a global basis. The Kyoto treaty fails to do this. While the United States should make every effort to do its part to address the global warming problem, the burden should not fall disproportionately on our shoulders while other countries are exempted from responsibility.

Your support for this message to the U.S. Senate would help ensure that the Kyoto treaty is not ratified.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HJR 33

Revision Date:
Title: UN Treaty on Climate Change
Sponsor: Phillips
Requester: WTR

Dept. Affected
BRU
Component
Component Serial No.

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES [ ]						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

THERE IS NO FISCAL IMPACT

Prepared by Donald M. Riehle **Phone** 907-465-3438

b\) House World Trade & State/Federal Relations **Phone**

Date April 7, 1999

Policy Statement of the Energy Council on The Kyoto Protocol

Background

In March 1995, nations who had ratified the 1992 Rio Treaty on global climate met in B Germany and agreed to set legally binding limitations on greenhouse gases for time period 2000. The negotiations on this agreement culminated in Kyoto, Japan in December, 199 the adoptions of the "Kyoto Protocol."

There are two key issues with the Kyoto Protocol. One is the fact that the binding limitati greenhouse gases cannot be met in the United States without a dramatic reduction in the fossil fuels. The second is the distinction between industrialized and developing nations a continuing lack of commitment by developing nations to address greenhouse gas emis Without wide involvement of developing as well as industrialized nations, the potenti competitive advantages and disadvantages clearly exists. This concern was addressec resolution adopted by the U.S. Senate in June, 1997 (Senate Resolution 98) which recomm that the U.S. refrain from signing any agreement in Kyoto that would harm the U.S. ecc and would not impose commitments equally on industrialized and developing nations.

The Kyoto Protocol failed both of these tests, because no limits, even voluntary limits, are on the developing nations, potentially leading to the transfer of jobs and industrial develo from the U.S. to developing countries.

Recommendation

The Energy Council believes that the nation's opposition to adoption of the Kyoto Pr should be made clear and unequivocal.

The Energy Council urges the President not to sign the Kyoto Protocol. Should The Pre sign the Kyoto Protocol, he is urged to promptly submit the treaty to the United States Sen its timely consideration. Finally, the United States Senate is urged to reject the pro protocol and any other amendment to the Kyoto Protocol that does not impose commit equally on industrialized and developing nations or that does not conform fully with U States Senate Resolution No. 98.

The Energy Council further requests that the agencies of the federal government refrain promulgating regulations intended to implement the Kyoto Protocol prior to its ratificati the United States Senate.

Disposition

This policy statement adopted unanimously by the Energy Council on June 24, 1998 sh transmitted to the President of the United States, Speaker of the United States Hou Representatives, Majority Leader of the United States Senate, Congressional delegations ar presiding officers of both Houses of the state legislature of the Energy Council's member s Secretary of State, Secretary of the Department of Energy, and Administrator o Environmental Protection Agency.

Lori Cameron, Secretary

Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
(907) 276-0700 Fax: (907) 276-3887 e-mail: Resources@akrdc.org

Founded 1975

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Governor Tony Knowles

April 8, 1999

Representative Gail Phillips
Alaska State House
State Capitol
Juneau, AK 99801-1182

Dear Representative Phillips:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I would like to express our support of HJR 33, urging the United States Senate to oppose ratification of the treaty developed at the United Nations Framework Convention on Climate Change.

As you are aware, pressure to ratify the treaty is based more on politics than science. In fact, ratification of this treaty is likely to place American industry at a competitive disadvantage with regard to our global competitors. Until the supposed benefits of ratification are justified by sound science, the treaty should not be adopted.

It is our understanding similar resolutions have been introduced and passed the legislatures of several other states. We appreciate your willingness to take a leadership role on this issue for Alaska and we urge HJR 33's immediate passage.

Thank you for the opportunity to comment. Please contact me if I can be of additional assistance.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Tadd Owens

Tadd Owens
Projects Coordinator

Alaska State Legislature

RECEIVED
MAR 29 1999

Official Business
Phone: (907)465-2689
Fax: (907)465-3472

State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

DATE: **March 26, 1999**

TO: **REPRESENTATIVE RAMONA BARNES** Ramona
CHAIR, WORLD TRADE & STATE/FEDERAL RELATIONS

FROM: **REPRESENTATIVE GAIL PHILLIPS** Gail

RE: **HJR 33 - REQUEST FOR HEARING**

Attached are copies of a resolution I recently introduced (HJR 33) and my sponsor statement. This resolution urges the U.S. Senate not to ratify the treaty prepared by the United Nations Framework Convention on Climate Change in Kyoto, Japan.

The House Special Committee on World Trade & State/Federal Relations is the first and only committee of referral in the House, and I would appreciate your scheduling it for a hearing at your earliest convenience.

Thank you.

GP:jmj

Enc. HJR 33
Sponsor Statement

HOUSE JOINT RESOLUTION NO. 33

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES PHILLIPS, Green

Introduced: 3/26/99
Referred: House Special Committee on World Trade and State/Federal Relations

A RESOLUTION

Urging the United States Senate to decline to ratify the treaty from the United Nations Framework Convention on Climate Change adopted in December 1997 at Kyoto, Japan.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, in December 1997, the United Nations Framework Convention on Climate Change met in Kyoto, Japan, and adopted a treaty that would commit the United States to reducing carbon dioxide emissions to seven percent below 1990 levels; and

WHEREAS the claim that global warming is due to increased levels of carbon dioxide has not been scientifically proven, and scientists are continuing to investigate and debate this claim; and

WHEREAS the convention on climate change intended to address climate change on a global basis; and

WHEREAS 129 developing nations, including China, Mexico, India, Brazil, and South Korea, are exempt from the restrictions of the Kyoto treaty, putting the United States at a severe competitive disadvantage in the global economy; and

WHEREAS the adoption of the Kyoto treaty may lead to government control of

industry through the imposition of carbon production permits, rationing, and a tax levy on consumer carbon emissions, resulting in sharply increased costs and the loss of thousands of jobs in the United States;

BE IT RESOLVED that the Alaska State Legislature urges the United States Senate to decline to ratify the Kyoto treaty adopted by the United Nations Framework Convention on Climate Change under its present terms; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the Congress to enact legislation prohibiting the adoption of an executive order or regulation that attempts to implement any provision of the treaty.

COPIES of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and president of the U.S. Senate; the Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; the Honorable Trent Lott, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Alaska State Legislature

Official Business
Phone: (907)465-2689
Fax: (907)465-3472

State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

SPONSOR STATEMENT

HJR 33 – U.N. TREATY ON CLIMATE CHANGE

In December 1997, the United Nations Framework Convention on Climate Change met at Kyoto, Japan and adopted a treaty which, if ratified by the U.S. Senate, would commit the United States to reducing our carbon dioxide levels to seven percent below the levels of 1990. If the U.S. Senate ratifies this treaty, the United States would be placed at a considerable economic disadvantage to many other countries with no assurance that these efforts would substantively impact global warming.

In spite of the lack of sound scientific evidence supporting the conclusion that carbon emissions are a major contributing factor to global warming, the Kyoto treaty sets very tough standards for the United States and other industrialized countries to meet. However, the treaty exempts 129 developing nations. China, Mexico, India, Brazil and South Korea are among the many nations exempted from the treaty requirements. Not considered by the Framework Convention were the rapidly increasing greenhouse gas emissions of the exempted developing countries. A early as 2015, these countries are expected to surpass emissions of the United States and other countries included under the more strict applications of the treaty.

Forcing a reduction in our carbon emissions would no doubt result in more government regulation, and, potentially, imposition of carbon production permits, rationing and taxes on consumer carbon emissions. These actions would result in sharply increasing the costs of production and in the loss of many jobs.

Finally, the charge to the United Nations Framework Convention on Climate Change was to address the greenhouse gas emissions problem on a global basis. The Kyoto treaty fails to do this. While the United States should make every effort to do its part to address the global warming problem, the burden should not fall disproportionately on our shoulders while other countries are exempted from responsibility.

Your support for this message to the U.S. Senate would help ensure that the Kyoto treaty is not ratified.

Policy Statement of the Energy Council
on The Kyoto Protocol

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Representatives, Majority Leader of the United States Senate, Congressional delegations ar
presiding officers of both Houses of the state legislature of the Energy Council's member s
Secretary of State, Secretary of the Department of Energy, and Administrator o
Environmental Protection Agency.

Lori Cameron, Secretary

ALEC

Memo

To: Chris

From: Brian

Date: 3/02/99

Re: Kyoto Model Bill

Kyoto Protocol Act
Summary of State Activity

The following states have passed Kyoto Legislation (*text attached)

AL H J Res 72/ S J Res 23 (1998)
AZ HM 2001 432R (1998)
CO SJR 023 (1998)
IL S J Res 42* (1997)
IN SCR 20 (1998)
KY SB 300* (1998)
MI H Con Res 70* (1998)
PA S Res 134* (1997)
SC H B 4761/ S B 1132* (1997)
SD H Con Res 1004 (1998)
UT S J Res 9* (1998)
VA S J Res 58* (1998)
WV H Con Res 3 (1998)
WY H B 171* (1999)

Legislation has been introduced in these states although it is yet to be adopted.

AL HB 465 (1998)
IL HB 2940 (1998)
WV HB 4228 (1998)
DE HR 49 (1998)
OH H Con Res. 35 (1997)
MO SCR 4 (1999)
MS HB 890, SB 2760 (1999)

06-04-99A09:57 CFMD

People for the USA

March 30, 1999

The Honorable Gail Phillips
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Phillips:

I want to congratulate you for introducing HJR 33, "Urging the United States Senate to decline to ratify the treaty from the United Nations Framework Convention on Climate Change adopted in December 1997 at Kyoto, Japan."

My organization, ***People for the USA*** is comprised of over 26,000 members throughout the western United States, who make their living producing the nation's natural resources. We also have 51 affiliate organizations with over 200,000 members. All of these groups are united in their opposition to the Kyoto Treaty.

If Alaska passes their resolution, they will join other western states, such as Arizona, Colorado, Utah, Idaho, Wyoming, Nevada and Montana, which have either passed similar resolutions or are in the process of doing so.

The goal of the Kyoto Treaty and it's supporters is to drastically reduce our use of fossil fuels, regardless of whether there is any sound science to support the treaty. A Kyoto Treaty clearly is not in Alaska's best interest.

Again, I commend you Representative Phillips for introducing HJR 33 and urge your fellow legislators to pass this resolution during this session.

Sincerely,

Jeffrey P. Harris
Executive Director

P.O. Box 4345, Pueblo, CO 81003 ♦ PH: (719) 543-8421 ♦ FAX (719) 543-9473 ♦ e-mail: pfw@usa.net

711 H Street, Suite 600
Anchorage, Alaska 99501

DRVEN CORPORATION

April 7, 1999

Representative Gail Phillips
House of Representatives
State Capitol
Juneau, AK 99801-1182

Subject: HJR 33 "Alaska Resolution Opposing the Kyoto Treaty"

Dear Representative Phillips,

Please consider this letter my strong support for the HJR33, a resolution opposing ratification of the treaty from the United Nations Framework Convention on Climate Change.

This so-called accord is a prime example of politically driven pseudo science: the ratification and implementation of which would cause severe economic difficulties for both US citizens and business with no demonstrable benefit to the global environment.

I can not express too strongly my personal, as well as my professional, opposition to ratification of this treaty.

Thank you for your leadership in pressing for passage of HJR 33.

Respectfully,

R.B. Stiles
President

American Petroleum Institute

Global Climate Change

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NOTABLE QUOTES

LINKS TO OTHER GLOBAL CLIMATE INFORMATION

The Clinton-Gore Administration has committed the nation to a binding international agreement on reducing emissions of greenhouse gases. The U.S. Senate, however, has not yet ratified the "Kyoto Protocol." The United Nations plan, as currently designed, would impose enormous costs on Americans personally and significantly harm the U.S. economy. The UN plan lacks a sound scientific basis and offers the prospect of little environmental benefit.

In December 1997, U.S. negotiators approved the "Kyoto Protocol" for reducing greenhouse gases in the environment. The agreement requires that by 2008-2012, U.S. emissions, including those of carbon dioxide, be 7 percent lower than they were in 1990. In reality, because the U.S. economy has grown significantly since 1990 and will continue to grow, carbon dioxide emissions would have to be cut by more than 30 percent from levels expected in 10-14 years.

The bulk of greenhouse gases are natural in origin (water vapor, the most abundant, accounts for 97% of all greenhouse gases; another is carbon dioxide that is exhaled by every living being) but a portion are the result of human activity, including the combustion of oil, coal, and natural gas. That fraction is the target of the Kyoto Protocol. Realistically, in the short term the only way to achieve a 30 percent reduction in emissions is to drastically reduce the consumption of energy.

The Oil & Gas Industry And Climate Change

Global climate change is an issue requiring serious inquiry and analysis. Although the U.S. oil and gas industry has some doubts about the level of certainty in the scientific research to date, the industry favors taking action now to address potential climate change. Most of our companies have in place voluntary programs to reduce carbon emissions and improve energy efficiency. These programs make perfect sense.

The American Petroleum Institute opposes U.S. adoption of the Kyoto Protocol in its present form with legally binding mandates and timetables. Given the unique legal and regulatory system in place in the United States, the codification of "stretch goals" for emissions reductions under the current Kyoto Protocol would be ruinous. In the U.S. system, unlike that of virtually every other country, there is no regulatory or legal flexibility, so "stretch goals" cannot be accommodated. API stands firm in asking for an open debate on the consequences to our economy of the Protocol.

Before the Kyoto Protocol can have the force of law in the United States, though, the U.S. Senate must ratify it. In Congress, there is considerable opposition to its provisions, for a number of reasons.

The Kyoto Protocol is based on interpretations of scientific reports by representatives of the governments which participated in writing the climate change treaty -- formally the Framework Convention on Climate Change. The U.S. Administration claims that a consensus in the scientific community justifies limitations on energy use, but UN science reports and others clearly demonstrate significant uncertainties about the extent, causes and implications of global warming. Climate scientists themselves do not agree on many aspects of this debate. There is no imperative for

immediate targets and timetables for large decreases in energy use and emissions.

Another sticking point: The Kyoto Protocol requires the United States and other industrial countries to take drastic actions to reduce emissions, while developing countries – which within 50 years will produce the bulk of world greenhouse gas emissions resulting from human activities – are not required to commit to reducing their greenhouse gas emissions. Without participation by developing countries -- including such future economic powerhouses as India, China, Mexico, Brazil, South Korea and Pakistan -- the impact of any actions by the U.S. and other developed countries would be small.

Another issue is the inadequate understanding of the economic impacts of reducing energy use so drastically The Administration claims there will be very little impact on consumers – about $100 per household -- but the Administration has refused to make public the analyses which lead to that conclusion. Private sector economists who have analyzed the Kyoto Protocol's effects on the U.S. economy have issued reports showing that Americans would be hit hard.

The High Cost of the Kyoto Protocol

A study now confirms that the Kyoto Protocol would cost the average American family of four more than $2,700 annually. The findings—released by the economic forecasting firm WEFA, Inc.—confirm that the Protocol's impact on Americans will be significant. According to WEFA:

- The Protocol jeopardizes 2.4 million American jobs in mining, energy, manufacturing, agriculture and service industries.
- Family incomes would be reduced by $2,700 as the cost of all goods—including food, energy, medicine and housing—rise sharply and paychecks get slimmer.
- Energy and electricity prices would double, and the price of gasoline would rise by 65 cents per gallon.
- The value of goods and services Americans produce would be $300 billion lower in 1992 dollars.
- America's competitiveness would be damaged because developing nations would compete against the United States without raising energy prices to meet greenhouse gas targets.
- State tax revenues would be cut by $93.1 billion because fewer people would be working and paying taxes.

Dr. Janet Yellen, who chairs the President's Council of Economic Advisers, says the Protocol would cost the average family only $100 a year, but she has refused to make public her underlying analysis. Economists at Charles River Associates used the Administration's model and its unrealistic assumptions to reproduce the study. Once three key assumptions were made more realistic, they found that the Protocol would actually cost American consumers 10 times more than the Administration estimates.

WEFA's study confirms the Charles River analysis and is consistent with what others have reported. The U.S. Energy Information Administration says business and industry will have to pay 35 percent more for electricity. Yale University's Dr. William Nordhaus, who was chairman of the President's Council of Economic Advisers in the Carter Administration,

says the price of gasoline would go up by 50 percent.

For the Executive Summary of the WEFA analysis, click here.

To read press reports on the WEFA study, click here.

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Updated: Thursday, November 26 1998 08:13:18

WEFA

Global Warming:
The High Cost of The Kyoto Protocol

Executive Study

Executive Summary

Unemployment Rate in 2010:		
State	Base	Kyoto
Alaska	7.20	8.51
Alabama	3.63	6.33
Arkansas	4.72	6.13
Arizona	3.03	5.73
California	6.10	7.73
Colorado	3.75	5.32
Connecticut	5.48	6.97
Delaware	4.71	5.64
Florida	4.97	6.56
Georgia	3.92	5.48
Hawaii	6.55	8.15
Iowa	5.07	6.29
Idaho	3.92	5.28
Illinois	3.38	6.06
Indiana	3.65	6.15
Kansas	4.21	5.39
Kentucky	4.60	7.10
Louisiana	6.35	8.85
Massachusetts	4.32	5.50
Maryland	4.71	5.92
Maine	5.31	6.37
Michigan	3.80	5.54
Minnesota	3.45	4.93
Missouri	4.04	5.55
Mississippi	5.86	7.94
Montana	6.04	9.94
North Carolina	3.95	6.14
North Dakota	2.78	3.66
Nebraska	3.09	4.82
New Hampshire	4.39	6.12
New Jersey	5.15	7.84
New Mexico	7.26	8.68
Nevada	4.64	6.48
New York	6.24	7.76
Ohio	3.92	5.74
Oklahoma	3.83	5.41
Oregon	5.47	6.63
Pennsylvania	4.65	6.37
Rhode Island	4.57	5.27
South Carolina	5.48	6.99
South Dakota	3.23	4.81
Tennessee	5.41	6.61
Texas	5.21	6.32
Utah	3.09	3.89
Virginia	4.23	5.06
Vermont	4.12	4.79
Washington	5.35	6.76
Wisconsin	2.59	4.71
West Virginia	4.87	7.09
Wyoming	5.45	8.29
U.S.	5.43	6.95

In Washington, DC and throughout the nation, elected officials and key leaders are debating whether the Kyoto Protocol, an international treaty negotiated by the Clinton Administration that would legally bind developed countries to reduce their greenhouse gas emissions, should be signed and ultimately ratified by the US Senate. By the terms of the Protocol, the US would have to reduce its emissions 7% below 1990 levels by late next decade. And, unless developing countries agree to binding emissions targets, a competitive imbalance would be created between industrial and developing nations.

Meeting the goal of the Kyoto Protocol would be a daunting task. In 1997, carbon emissions from the energy sector, the majority of greenhouse gas emissions, exceed the goal established at Kyoto by 16%. By late next decade, WEFA projects that carbon emissions would exceed the goal by at least 37%. Due to population increases, on a per capita basis, the required reduction would exceed 50%.

WEFA has analyzed the economic consequences to the U.S. of achieving the Kyoto target through domestic actions. These consequences would be severe, a result that others analyzing even less onerous targets also have reported. These include the U.S. Department of Energy, leading academic institutions, and other independent consulting firms. Meeting the Kyoto target would:

- **Nearly double energy and electricity prices,** and raise gasoline prices an additional 65 cents per gallon.
- **Cost 2.4 million US jobs and reduce US total output $300 billion (1992$) annually,** 3.2% below baseline GDP projections, an amount greater than the total expenditure on primary and secondary education.
- **Harm U.S. competitiveness,** as developing countries will not need to raise energy prices (or product prices) to meet mandatory greenhouse gas targets.
- **Reduce the average annual household income nearly $2700,** at a time when the cost of all goods, particularly food and basic necessities, would rise sharply.
- **State tax revenues would be reduced by $93.1 billion** due to job and output loses attributable to lost US competitiveness in the global market and higher energy costs.

The sharp rise in energy prices would reduce economic growth opportunities. Compounding this effect is the loss of competitiveness the industrialized countries would suffer, as developing countries would not raise energy prices to meet greenhouse gas reduction targets. Although developing countries argue that full responsibility for mitigating the risk of global warming rests with industrialized countries, developing countries exempted themselves from emission limits because they recognize the role energy plays in their economic development.

The Administration has argued that new technology can drastically reduce the costs of implementing the Kyoto Protocol, and that international permit trading, sinks and other market-based mechanisms mentioned in the Protocol also will lower costs. WEFA has carefully assessed the ability of technology to reduce costs over the time period in question. Without very powerful price incentives, such rapid technology improvement is

extremely unlikely. Hence, technology implementation does not invalidate the estimates determined through this analysis. As for permit-trading and other international market mechanisms, the Kyoto Protocol leaves all such instruments undefined, to be worked out in the future among the parties. Further, according to the Protocol, they are to be supplemental to indigenous efforts, not primary mechanisms to reach country targets. And finally, there is great hostility on the part of many countries to their use. For these reasons, WEFA does not ascribe significant savings to them.

The high cost estimates reported would only be justified if catastrophic climate change were imminent.

As global warming may be gradual and largely due to natural causes, measures that more closely link economic cost to the still-potential threat of very long-term global warming may be more appropriate.

The high cost estimates reported would only be justified if catastrophic climate change were imminent. As global warming may be gradual and largely due to natural causes, measures that more closely link economic cost to the still-potential threat of very long-term global warming may be more appropriate. Such measures include encouraging voluntary actions, supporting academic research and educational programs on climate, and investing in the development and deployment new energy technologies.

Key results of this study of meeting the Kyoto target through intra-country tradable permits are:

Energy prices would double

The estimated costs of achieving the Kyoto target are high at both the national and state level because, without carbon limits, the economy, population and energy use are expected to grow steadily. Reducing energy use to 1990 levels within 10 years or more requires sending very powerful price signals through the economy. WEFA's analysis has determined that a $265 per metric ton of carbon (1992$) would be required. When added to energy prices, consumers would see an increase of 65 cents per gallon of gasoline and nearly a doubling of natural gas and electricity prices for businesses.

Energy Price Impact
of Limiting Carbon Emissions to 93% of 1990 Levels by 2008-2012
(Percent Difference from Baseline)

	2010	2015	2020
Carbon Permit Fee ($96/metric ton)	**$265**	**$310**	**$360**
Consumer Impacts			
Home Heating Oil	73.2	83.7	95.4
Natural Gas	65.7	78.3	94.3
Electricity	55.7	65.7	72.9
Motor Gasoline	47.5	53.6	60.2
Difference. Cents Per Gallon (96$)	59.1	68.1	78.2
Business Impacts			
Commercial Establishments			
Distillate Fuel Oil	98.3	112.0	127.3
Natural Gas	76.3	89.9	107.5
Electricity	60.2	71.3	79.4
Industrial Facilities			
Residual Fuel Oil	184.5	210.9	240.1
Natural Gas	118.6	135.5	156.4
Electricity	87.7	98.3	105.1
Trucking and Rail			
Diesel	56.2	64.4	73.6
Difference, Cents Per Gallon (96$)	68.3	78.8	90.7

Consumers would see price increases in excess of 55% for electricity and 70% for home heating oil by 2010.

Commercial establishments, including hospitals and schools, as well as industrial facilities, would see electricity price increases of 60% by 2010.

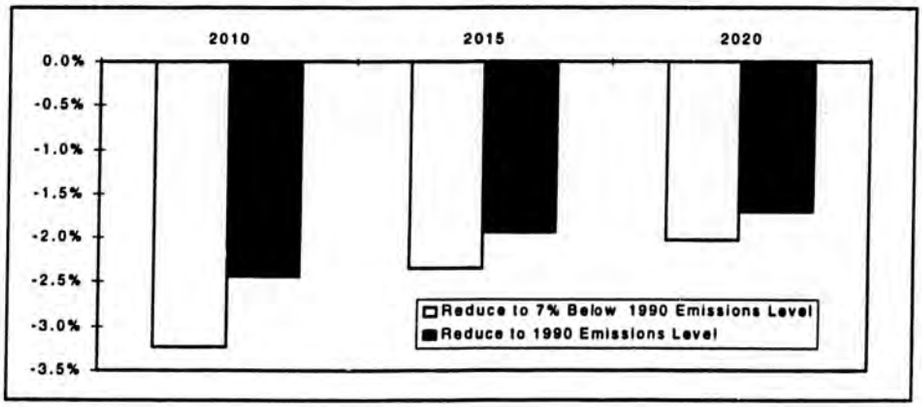
Truckers and railroads would see their fuel costs rise by nearly 70 cents per gallon by 2010.

Economic consequences would be severe: The U.S. would lose $300 billion in real GDP

The results paint a picture of a less prosperous 21st century America.

These powerful price signals result in premature retirement of capital stock, less capital for business investments, and less disposable household income as prices climb for electricity, gasoline, heating oil and air conditioning. As a result, the growth in GDP would be substantially slower, there would be a sharp rise in unemployment, salaries and wages would be lower, and prices for basic necessities such as food, medical care and housing would be significantly higher.

Percent Difference from Baseline GDP



Some workers would lose their jobs through a weaker economic environment.

All workers would face a slowing in their real wage growth as more workers compete for fewer jobs.

Job losses would exceed 2.4 million; wages would be lower

Implementing the Kyoto Protocol would have a devastating impact on workers. Some workers lose their jobs through a weaker economic environment while other workers lose relatively high paying manufacturing jobs and find only lower wage service jobs. All workers face a slowing in their real wage growth as more workers compete for fewer jobs. Hence, though the government compensates workers — through a refund of the fees collected to consume carbon-based energy resources — for their increased energy expenditures, total real disposable income falls due to reduced employment.

Families would suffer as the loss in aggregate income per household exceeds $2700

On a per household basis, the cost of signing the Kyoto Protocol results in an average real GDP loss in 2010 of $2,728 per household.

Real GDP Loss per Household	
2010	$2,728
2015	$2,083
2020	$1,876

Low and moderate income families would be hardest hit.

Low and moderate income families would be squeezed: higher costs, lower wages, fewer jobs.

Low and moderate income families would be hurt

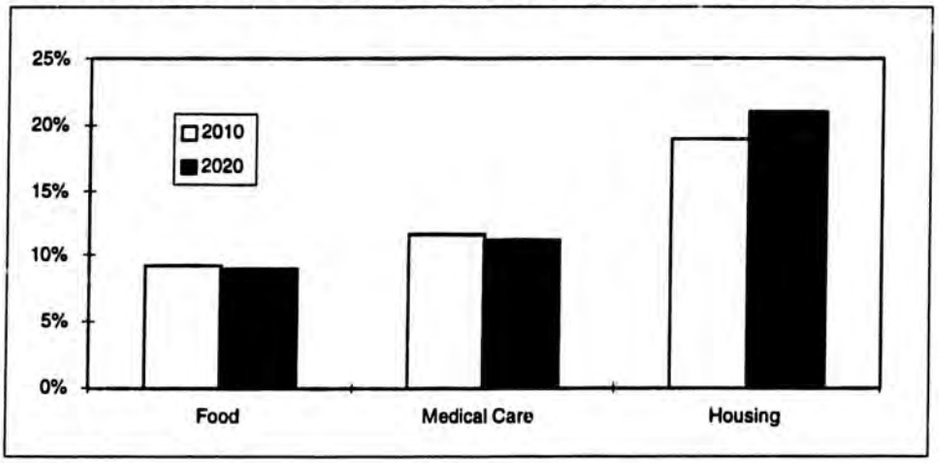
Low and moderate income families would be the ultimate losers under a carbon limits regime. Energy use is pervasive: all commercial activities require the use of energy, and energy is a necessity for households. Low and moderate income families spend a significant share of their income on basic necessities including energy. Raising energy prices would present an enormous hardship to these families. In combination with a weaker economy where workers are competing for less-well-paying jobs, families are projected to see a large rise in costs and a reduction in income.

Commodities such as food, medical care, and housing would be nearly 10% more expensive by 2020.

The cost of all necessities would rise substantially

Throughout the forecast period, food, medical care, and housing continue to become more expensive under the carbon stabilization case. By 2020, food is nearly 9% more expensive, medical care is roughly 11% higher, and housing is nearly 21% higher than the base case.

Inflation in the Prices of Food, Medical Care, and Housing: Percent Difference 7% Carbon Limitation Case and Base Case



The most severely impacted industries would be energy producing industries, industries that produce energy-intensive products, and industries that depend on export sales or face strong import competition.

As the imposition of carbon limits is not borne equally by all countries, U.S. exports would be relatively more expensive on world markets.

Every state would suffer output and job losses

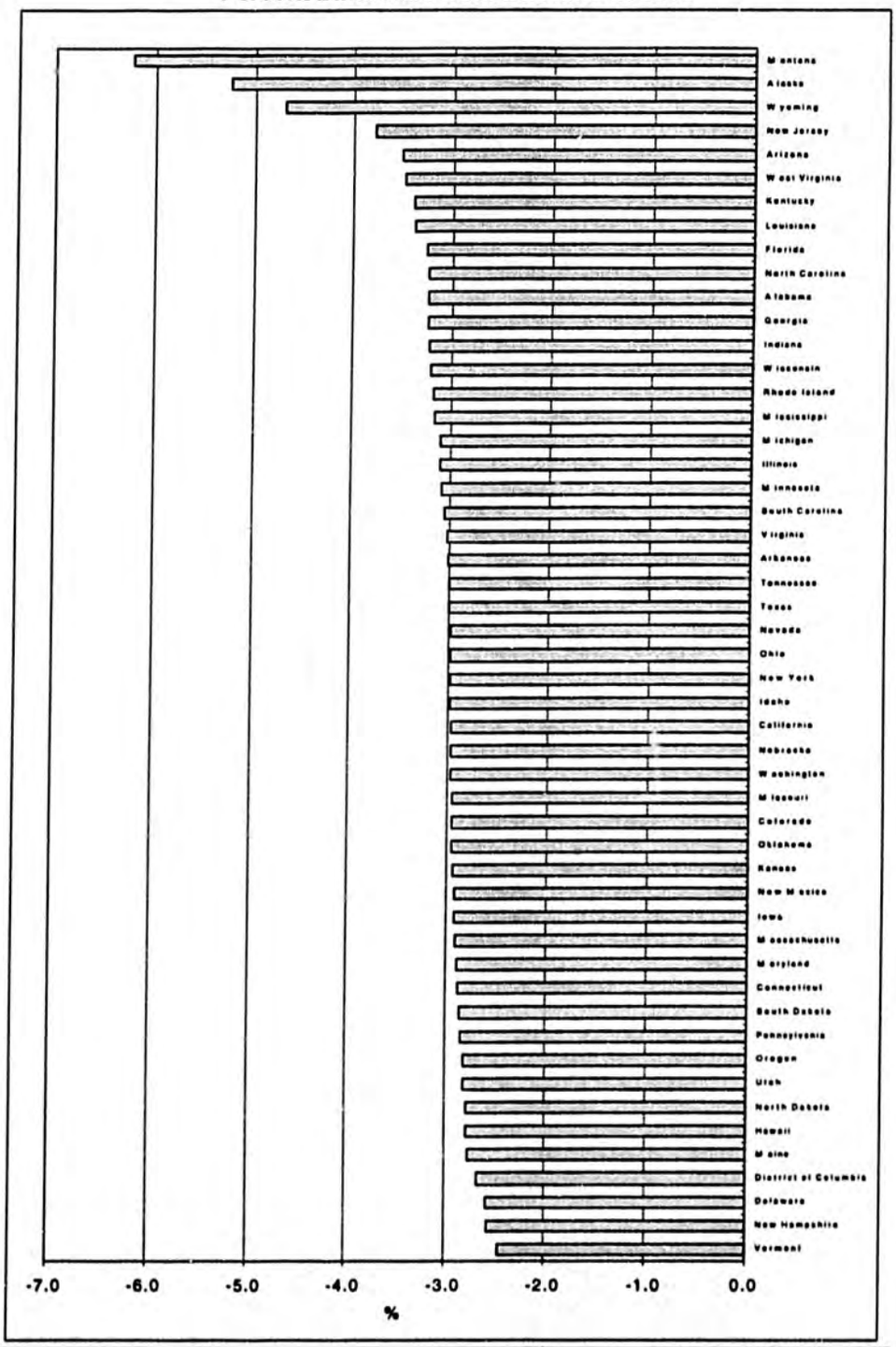
The most severely affected industries would be energy producing industries, industries that produce energy-intensive products, and industries that depend on export sales or face strong import competition. Because the imposition of the carbon target and permit system is not borne equally by all countries (the developed economies of the OECD face comparable energy price increases, but the developing countries do not) U.S. exports are relatively more expensive on the world market. As a consequence, real exports are lowered dramatically, while imports are increased substantially, affecting:

- the chemicals and paper industries, which are both energy-intensive and already subject to stiff price competition from new producers in developing countries,
- the textile and apparel industries, which have difficulty competing on price due to higher U.S. labor rates, and

- the computer and electronic products industries, particularly from imports. (It is worth noting that the trade deficit in this area would escalate dramatically under the carbon emission limitation case.)

As a result, all states would suffer output and job losses that would persist as long as developing nations exempt themselves from the similar constraints on carbon emissions.

Real Gross State Product:
Percent Difference from Baseline in 2010



Proponents of ratifying the Kyoto Protocol offer a rejoinder to WEFA's analysis: 1) technology can greatly reduce the cost to the US economy; and 2) several conceptual mechanisms in the Protocol – such as sinks and international emission trading – can reduce the economic impact on the US. In response:

The Kyoto Protocol's Call for Early Action Reduces the Role Technology Could Play in Mitigating the Risk of Global Warming

Implementing the Protocol would require significant reductions in energy use.

The Administration has argued that the economic cost estimates from WEFA, the Energy Information Administration, and other independent firms and academics are overstated. Relying on its own technology assessments, the Administration concludes that substantial technological progress is available with little or no price incentives.

WEFA, through its on-going assessments of energy technology and analysis of the aggregate performance of the economy in improving energy use, comes to a different conclusion. Substantial improvements in energy-efficiency, particularly in newly restructured electric power markets, are included in WEFA's baseline. Further efficiency gains would be increasingly expensive. The extraordinary efficiency gains required for achieving the Kyoto target would only occur in response to extraordinary price incentives.

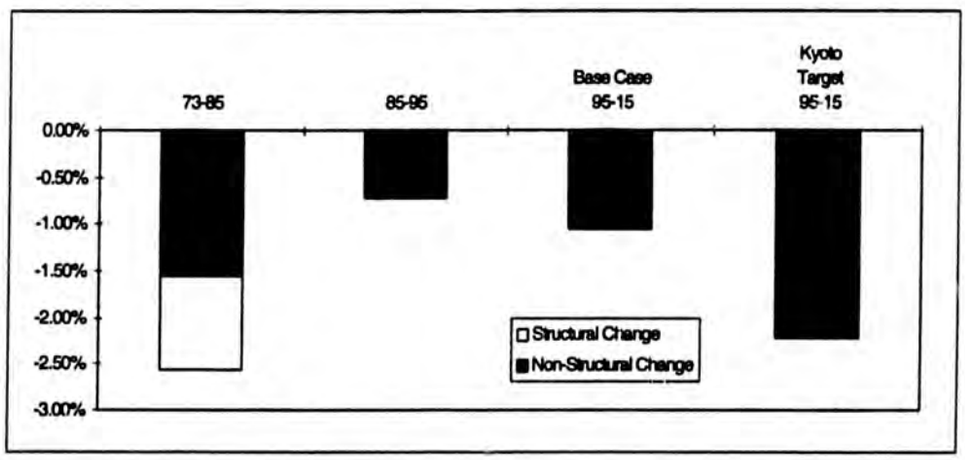
Any carbon permit fee must be high in order to provide the economic incentive for dramatic improvements over a base case, which already includes many technology advances and lower carbon emission estimates.

The carbon fee has to bring about a large reduction in the demand for energy services, major improvements in energy efficiency, as well as improve the opportunity for substitution of low carbon and non-carbon emitting fuels. The required change in energy efficiency to meet the goal is unprecedented. As shown in the chart, energy use per dollar of real GDP would need to improve at a rate in excess of 2.0% per year. Historically, the only period that experienced a similar rate of energy improvement was the late 1970s and early 1980s -- and nearly half of that improvement is attributable to structural changes in the economy (the loss of energy intensive well-paying manufacturing jobs overseas.) Without price incentives, the goal would not be reached.

Historically, the only period that experienced a rate of energy improvement similar to the one needed to meet the Kyoto target was the late 1970s and early 1980s.

Nearly half of that improvement is attributable to structural changes in the economy (the loss of energy intensive well-paying manufacturing jobs to overseas competitors.)

Compound Annual Growth Rates in the Energy to GDP Ratio (Quadrillion BTU/Billion 1992$)



Trading, Sinks And Other Mechanisms

Measures not included in WEFA's analysis are international emission trading, sinks, the inclusion of an additional three gases, and mechanisms for promoting technology transfer.

While the Kyoto Protocol includes provisions that have been touted by its proponents as a means for alleviating the cost of complying with the Protocol's goals, these measures have not been tested and have been heavily discounted in WEFA's analysis. These provisions are currently only conceptual or have very uncertain implications for meeting the target. Measures not included in WEFA's analysis are international emission trading, sinks, the inclusion of an additional three gases, and mechanisms for promoting technology transfer (Joint Implementation and the Clean Development Fund).

However, these "market based" mechanisms are undefined in the Protocol and hence have to be negotiated by a large number of UN nations, many of whom have expressed open hostility toward such ideas. Further, the Protocol itself indicates these may only be supplemental to a country's internal programs. And finally, most are limited in scope--emissions trading, for example, won't involve the developing nations--, have no history in international relations, will be costly and difficult to administer, and may conflict with existing GATT or other agreements. For these reasons, it is premature at best to assume costs can be significantly reduced by these measures.

The Kyoto Protocol Is Not the Only Option

WEFA believes that a better climate strategy would be to match policy actions to an evolving understanding of climate science.

As the present study and the work of others make clear, the Kyoto Protocol forces policymakers to decide whether they are willing to risk the economic well being of their nation. From both economic and risk-assessment viewpoints, WEFA believes that there is a better climate strategy; namely to match policy actions to an evolving understanding of climate science; to increase investments in technology (should it prove necessary to substantially reduce fossil fuel use); and to gradually retire existing capital stock.

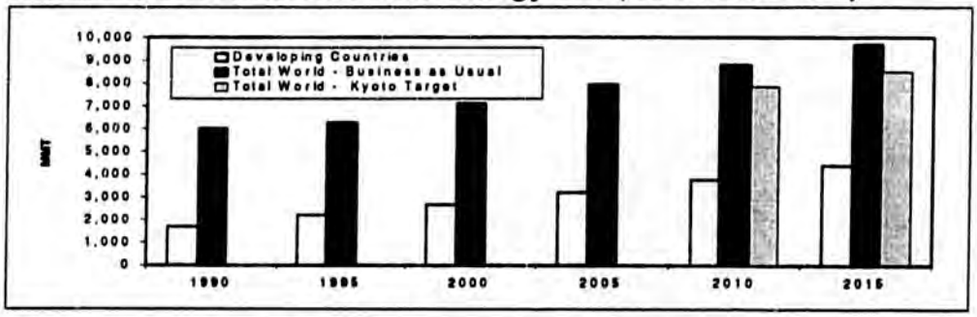
The developing economies of the world will not meaningfully participate in a greenhouse gas emission reduction or limitation program *until* technological alternatives exist that provide an equal or better opportunity for economic growth than is offered by fossil fuels.

Further support for investing in a technologically based solution is evident from the chart below. It is the developing countries that are the principal contributors to annual global emission increases. Driven by their expanding economies and their rising populations, the less developed economies of the world will emit more emissions than the industrialized economies by 2015. The reduction in carbon emissions that would result from the developed economies fully meeting their targets under the Kyoto Protocol would not significantly affect the annual global emissions. The developing economies of the world will not meaningfully participate in a greenhouse gas emission reduction or limitation program *until* there are technological alternatives that provide equal or better opportunities for economic growth than is offered by fossil fuels today.

The principal contributors to GHG emission growth are the emerging economies.

Reducing carbon emissions from participating industrialized countries by 5% would not substantially impact global emissions.

Global Carbon Emissions from Energy Use *(Million Metric Tons)*



Source: Energy Information Administration, *International Energy Outlook 1997*

American Petroleum Institute

Climate Change Economic Analysis In the News

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The Kyoto Protocol will carry what *The Oil Daily* on June 10, 1998, described as "a painfully high price tag for U.S. citizens." The economic forecasting firm WEFA, Inc. on June 9 said a new analysis of the Protocol, the United Nations document addressing the issue of global warming signed in December 1997 in Kyoto, Japan, would impose new costs of $2,700 a year on a typical family of four while causing the loss of 2.4 million jobs and $300 billion in annual economic output, *The Oil Daily* reported, noting that WEFA's study differs from what the Clinton Administration's Council of Economic Advisers has predicted. "The primary difference is that the White House assumes unrestricted global trading of emissions permits – something bluntly and repeatedly rejected by developing nations and strongly opposed by European governments."

Among other reports in the press:

The Denver Post – "Study says greenhouse-gas pact will be costly"

The United States would lose 2.4 millions jobs and $300 billion in gross domestic product if it reduces if greenhouse gases as a proposed international pace calls for, a new study says, the *Denver Post* reported in its June 9 edition. It went on to say that the study sees state tax revenues dropping by $93.1 billion and energy prices soaring if the U.S. lowers its greenhouse gas emissions – which are blamed for global warming – to 93 percent of 1990 levels by the year 2008.

The Detroit News – "Job losses tied to warming treaty"

The global warming treaty pushed by the Clinton Administration would spike Michigan's unemployment rate a steep 1.5 percentage points and push gasoline prices up nearly 65 cents a gallon, according an updated economic study released by the highly regarded economic forecasting firm, WEFA Inc. The *Detroit News* reported June 10 that WEFA economists said Michigan stands to lose 96,500 jobs, almost half of them in manufacturing. The loss of employment would lead to a 5.5 percent unemployment rate -- compared with the 3.9 percent rate from March – and a $3-4 billion decline in tax revenues from the state.

Houston Chronicle -- "Global warming pact would hit economy"

Harris County would lose 45,000 jobs by 2010 if the United States were to sign on to the global warming treaty agreed to last year in Kyoto, Japan, according to an analysis by WEFA, Inc., the *Houston Chronicle* reported in its June 10 edition. For Texas, the Kyoto agreement would mean the loss of 124,600 jobs, including 60,400 manufacturing jobs. Nationwide, WEFA calculates the typical American family of four would spend $2,700 a year in higher costs for fuel, food and manufactured products, including 65 cents a gallon more at the gasoline pump.

Financial Times – "Greenhouse gas treaty to impose 'heavy costs'"

Reporting the WEFA study, the *Financial Times* in its June 10 issue said that the study's conclusions contrast strongly with an analysis published earlier this year by the White House. That analysis argued that the costs of implementing the Kyoto agreement would be largely offset by benefits to consumers stemming from the planned deregulation of the electricity industry. It put the impact at between $70 and $110 per household. The

Financial Times went on to say that Mary Novak, senior vice-president at WEFA and author of the study said premature retirement of capital stock and lower disposable incomes would result in real GDP loss of $2,728 per household by 2010.

Omaha World-Herald – "Warming treaty faulted in new study"

Iowa would lose 21,600 jobs and the average Iowa family would pay an additional $772 in energy costs by 2010, according to the WEFA analysis, the *Omaha World-Herald* said June 10. The Herald quoted Nebraska Senator Chuck Hagel saying that "Nobody wants to leave children a dirty environment, but the Kyoto Protocol is absolutely the wrong way to go." Hagel added: "This treaty is all pain and no gain."

Arizona Daily Star – "Warming pact called big economic threat"

"Something from Japan is coming to stomp on the Arizona economy, and it's not Godzilla," the *Arizona Daily Star* wrote June 10. It said the WEFA study showed the loss of 102,300 Arizona jobs by 2010 because of higher energy costs and reduced economic activity. Phoenix, one of 20 cities selected for analysis, would suffer 68,000 job losses by 2010, and the cost of implementation to an Arizona family of four would be $1,572. Arizona's manufacturing sector would be harmed by more than the U.S. average, with the loss of 12,500 jobs forecast.

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Updated: Thursday, November 26 1998 07:22:50

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Congressional Viewpoints

U.S. Senate Speaks Out on Climate Negotiations

In late June 1997, President Clinton met in Denver with the leaders of the G-7 countries and Russian president Boris Yeltsin to discuss, among other things, progress in negotiations on an international climate agreement. Just before the meeting, members of the United States Senate, under the leadership of Senators Robert Byrd (D-W. Va.) and Chuck Hagel (R-Neb.), co-sponsored a Resolution expressing their concerns and reservations about United States policies in negotiations on changes to the Framework Convention on Climate Change. The senate approved the resolution 95-0 on July 25, 1997.

Among the key points made by the senators: **"the exemption for Developing Country Parties is inconsistent with the need for global action on climate change and is environmentally flawed."**

They also said: **" the proposals under negotiation, because of the disparity of treatment between Annex I Parties and Developing Countries and the level of required emission reductions, could result in serious harm to the United States economy, including significant job loss, trade disadvantages, increased energy and consumer costs, or any combination thereof."**

The text of the resolution follows.

Senate Resolution 98

- Expressing the sense of the Senate regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the United Nations Framework Convention on Climate Change.

Whereas the United Nations Framework Convention on Climate Change (in this resolution referred to as "Convention"), adopted in May 1992, entered into force in 1994 and is not yet fully implemented;

Whereas the Convention, intended to address climate change on a global basis, identifies the former Soviet Union and the Countries of Eastern Europe and the Organization for Economic Co-operation and Development (OECD), including the United States, as "Annex I Parties," and the remaining 139 countries, including China, Mexico, India, Brazil, and South Korea as "Developing Country Parties";

Whereas the "Berlin Mandate" calls for the adoption, as soon as December 1997, in Kyoto, Japan, of a protocol or another legal instrument that strengthens commitments to limit greenhouse gas emissions by Annex I Parties for the post-2000 period and established a negotiation process called the "Ad Hoc Group on the Berlin Mandate";

Whereas the "Berlin Mandate" specifically exempts all Developing Country Parties from any new commitments in such negotiation process for the post-2000 period;

Whereas although the Convention, approved by the United States Senate, called on all signatory parties to adopt policies and programs aimed at limiting their greenhouse gas (GHG) emissions, in July 1996 the Undersecretary of State for Global Affairs called for the first time for "legally binding" emissions limitation targets and time-tables for Annex I Parties, a position reiterated by the Secretary of State in testimony before the Committee on Foreign Relations of the Senate on January 3, 1997;

Whereas greenhouse gas emissions of Developing Country Parties are rapidly increasing and are expected to surpass emissions of the United States and other OECD countries as early as 2015;

Whereas the Department of State has declared that it is critical for parties to the Convention to include Developing Country Parties in the next steps for global action and, therefore, has proposed that consideration of additional steps to include limitations on Developing Country Parties' greenhouse gas emissions would not begin until after a protocol or other legal instrument is adopted in Kyoto, Japan in December 1997;

Whereas the exemption for Developing Country Parties is inconsistent with the need for global action on climate change and is environmentally flawed; and

Whereas the Senate strongly believes that the proposals under negotiation, because of the disparity of treatment between Annex I Parties and Developing Countries and the level of required emission reductions, could result in serious harm to the United States economy, including significant job loss, trade disadvantages, increased energy and consumer costs, or any combination thereof. Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the United States should not be a signatory to any protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change in 1992, at negotiations in Kyoto in December 1997, of thereafter, which would—

(A) mandate new commitments to limit or reduce greenhouse gas emissions for the Annex I Parties, unless the protocol or other agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period, or

(B) would result in serious harm to the economy of the United States: and

(2) any such protocol or other agreement which would require the advice and consent of the Senate to ratification should be accompanied by a detailed explanation of any legislation or regulatory actions that may be required to implement the protocol or other agreement and should also be accompanied by an analysis of the detailed financial costs and other impacts on the economy of the United States which would be incurred by the implementation of the protocol or other agreement.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Rep. John Dingell Speaks Out

John Dingell, Democrat of Michigan, is widely viewed as one of the most influential members of the House of Representatives. For many years he was chairman of the powerful Energy and Commerce Committee, on which he is now the ranking minority member. On June 10, Congressman Dingell spoke to the National Energy Resources Organization in Washington. The following is excerpted from his remarks.

Rep. Dingell on 6/10/97:

"If the administration continues on its current course, it will face a very hard road indeed in trying to live up to the obligations it apparently is planning to take on in Kyoto next December."

Let me now turn to climate change. You know that I have been skeptical of the administration's policy since the United States committed to the "Berlin Mandate" back in 1995. As you know, that agreement bound the *developed* countries to new obligations to reduce greenhouse gas emissions -- and explicitly barred negotiators from requiring any new commitments of the *developing* nations. Subsequent negotiating sessions have demonstrated how unwise this process agreement was, as the developing world repeatedly reminds our negotiators that we traded off any right to demand more from them. Standing back from these procedural concerns, I have four major criticisms of the administration's policy on climate change:

First, it has overreached on science. It is one thing to conclude, as the United Nations' scientific body did in 1995, that there is a link between human activity and climate change. It is quite another to leapfrog over the many uncertainties in the IPCC (Intergovernmental Panel on Climate Change) report and set specific emissions targets and timetables.

Second, the administration has not done its homework. Last fall, an administration witness told the Energy and Power Subcommittee that the long-promised "Analysis and Assessment" of the economic impact of future agreements would be finished by January of this year. We now are told that it may be done by late July -- a mere six months before the conference of the parties meets to discuss treaty amendments in Kyoto.

Third, against this backdrop of inadequate knowledge and preparation, official U. S. policy has shifted from supporting voluntary action to requiring mandatory action. In January, the United States proposed an international cap and trade system for greenhouse gas emissions, in spite of the fact that it does not yet know with any certainty the full extent of the problem, how to address it, or what the consequences will be for the U. S. economy.

Let me end my remarks on climate change by pointing out that any amendment to the treaty would come before the Congress in two forms: First, for Senate ratification and second, for approval of implementing legislation. If the administration continues on its current course, it will face a very hard road indeed in trying to live up to the obligations it apparently is planning to take on in Kyoto next December.

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Questions or comments?

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Expressing the sense of the Senate regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the United Nations... (Passed by the Senate)

SRES 98 ATS

105th CONGRESS

1st Session

S. RES. 98

[Report No. 105-54]

Expressing the sense of the Senate regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the United Nations Framework Convention on Climate Change.

IN THE SENATE OF THE UNITED STATES

July 25, 1997

Mr. BYRD (for himself, Mr. HAGEL, Mr. HOLLINGS, Mr. CRAIG, Mr. INOUYE, Mr. WARNER, Mr. FORD, Mr. THOMAS, Mr. DORGAN, Mr. HELMS, Mr. LEVIN, Mr. ROBERTS, Mr. ABRAHAM, Mr. MCCONNELL, Mr. ASHCROFT, Mr. BROWNBACK, Mr. KEMPTHORNE, Mr. THURMOND, Mr. BURNS, Mr. CONRAD, Mr. GLENN, Mr. ENZI, Mr. INHOFE, Mr. BOND, Mr. COVERDELL, Mr. DEWINE, Mrs. HUTCHISON, Mr. GORTON, Mr. HATCH, Mr. BREAUX, Mr. CLELAND, Mr. DURBIN, Mr. HUTCHINSON, Mr. JOHNSON, Ms. LANDRIEU, Ms. MIKULSKI, Mr. NICKLES, Mr. SANTORUM, Mr. SHELBY, Mr. SMITH of Oregon, Mr. BENNETT, Mr. FAIRCLOTH, Mr. FRIST, Mr. GRASSLEY, Mr. ALLARD, Mr. MURKOWSKI, Mr. AKAKA, Mr. COATS, Mr. COCHRAN, Mr. DOMENICI, Mr. GRAMM, Mr. GRAMS, Mr. LOTT, Ms. MOSELEY-BRAUN, Mr. ROBB, Mr. ROCKEFELLER, Mr. SESSIONS, Mr. SMITH of New Hampshire, Mr. SPECTER, Mr. STEVENS, Mr. LUGAR, Mr. REID, Mr. BRYAN, Mr. THOMPSON, and Mr. CAMPBELL) submitted the following resolution; which was referred to the Committee on Foreign Relations

July 21, 1997

Reported by Mr. HELMS, without amendment

July 25, 1997

Considered and agreed to

RESOLUTION

Expressing the sense of the Senate regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the United Nations Framework Convention on Climate Change.

Whereas the United Nations Framework Convention on Climate Change (in this resolution referred to as the `Convention'), adopted in May 1992, entered into force in 1994 and is not yet fully implemented;

Whereas the Convention, intended to address climate change on a global basis, identifies the former Soviet Union and the countries of Eastern Europe and the Organization For Economic Co-operation and Development (OECD), including the United States, as `Annex I Parties', and the remaining 129 countries, including China, Mexico, India, Brazil, and South Korea, as `Developing Country Parties';

Whereas in April 1995, the Convention's `Conference of the Parties' adopted the so-called `Berlin Mandate';

Whereas the `Berlin Mandate' calls for the adoption, as soon as December 1997, in Kyoto, Japan, of a protocol or another legal instrument that strengthens commitments to limit greenhouse gas emissions by Annex I Parties for the post-2000 period and establishes a negotiation process called the `Ad Hoc Group on the Berlin Mandate';

Whereas the `Berlin Mandate' specifically exempts all Developing Country Parties from any new commitments in such negotiation process for the post-2000 period;

Whereas although the Convention, approved by the United States Senate, called on all signatory parties to adopt policies and programs aimed at limiting their greenhouse gas (GHG) emissions, in July 1996 the Undersecretary of State for Global Affairs called for the first time for `legally binding' emission limitation targets and timetables for Annex I Parties, a position reiterated by the Secretary of State in testimony before the Committee on Foreign Relations of the Senate on January 8, 1997;

Whereas greenhouse gas emissions of Developing Country Parties are rapidly increasing and are expected to surpass emissions of the United States and other OECD countries as early as 2015;

Whereas the Department of State has declared that it is critical for the Parties to the Convention to include Developing Country Parties in the next steps for global action and, therefore, has proposed that consideration of additional steps to include limitations on Developing Country Parties' greenhouse gas emissions would not begin until after a protocol or other legal instrument is adopted in Kyoto, Japan in December 1997;

Whereas the exemption for Developing Country Parties is inconsistent with the need for global action on

climate change and is environmentally flawed;

Whereas the Senate strongly believes that the proposals under negotiation, because of the disparity of treatment between Annex I Parties and Developing Countries and the level of required emission reductions, could result in serious harm to the United States economy, including significant job loss, trade disadvantages, increased energy and consumer costs, or any combination thereof; and

Whereas it is desirable that a bipartisan group of Senators be appointed by the Majority and Minority Leaders of the Senate for the purpose of monitoring the status of negotiations on Global Climate Change and reporting periodically to the Senate on those negotiations: Now, therefore, be it

Resolved, That it is the sense of the Senate that--

(1) the United States should not be a signatory to any protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change of 1992, at negotiations in Kyoto in December 1997, or thereafter, which would--

(A) mandate new commitments to limit or reduce greenhouse gas emissions for the Annex I Parties, unless the protocol or other agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period, or

(B) would result in serious harm to the economy of the United States; and

(2) any such protocol or other agreement which would require the advice and consent of the Senate to ratification should be accompanied by a detailed explanation of any legislation or regulatory actions that may be required to implement the protocol or other agreement and should also be accompanied by an analysis of the detailed financial costs and other impacts on the economy of the United States which would be incurred by the implementation of the protocol or other agreement.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

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