

and acceptance of the role that economic wealth plays in improving the human and environmental condition. In juxtaposition most environment ministers often buy into the 'trade, commerce and more people mean pollution', ideology and objectives. This is certainly the tenor of the Kyoto accord.

2. Competing with the USA:

For the EU Kyoto is a significant attempt to lessen its economic disparity with the USA. The EU is the world's largest economic area and is in the process of adding 10 new members to its ranks. However its productivity rate is about 50 % of that of the USA [1.2 % vs. 2.5 % or higher],⁷⁵⁸ its per annum growth has in the past decade been consistently 50 % of that of the USA, and it suffers from serious labour, pension, welfare and regional rigidities. Its workforce participation rate is only 62 % vs. 74 % in the USA further constraining its financial base and its people work far fewer hours than the average American.⁷⁵⁹ This economic disparity is in part a case of European rigidity and social engineering. Part of it as well is due to the lower energy costs in the United States which stimulates investment, production, travel and consumption. Further non renewable energies in Europe are highly taxed and coveted by governments as a revenue source. This excess taxation renders an important cost input to be uncompetitive in Europe.

On the whole, both public domain and survey data suggest that EU energy prices are significantly higher than US energy prices. Public domain data⁷⁶⁰ provide a reliable indication of relative EU/US prices, though their absolute levels are somewhat overstated due to the discounts granted to large consumers.⁷⁶¹ Some key differences in the energy structure would include

- Refined product prices are linked to crude oil prices and are not very different around the world. Non-refundable taxes (0% in the USA against 19% on average in Europe; 14%) and transport costs account for the higher prices observed in Europe of about 20-30%.

- There is an unregulated market of natural gas in the USA, where prices tend to trend consistently with oil prices, but are significantly lower than fuel oil prices on an equivalent thermal basis. In Europe, the price of gas tends to be more directly linked to the price of fuel oil, by formula, and generally carries a premium on fuel oil prices. Pre-tax prices are 10-20% higher in Europe. Taxes on natural gas are around 8% in Europe and 3% in the USA.
- In electricity there is a hybrid competitive power market in the USA, compared to the monopolistic structure in continental Europe. Pre-tax prices are on average some 60% higher in the USA. In general there are no taxes in Europe (with some exceptions) and approximately a 3% tax on average in the USA.
- In agriculture the heavier feedstock used in Europe requires a greater unit energy consumption in utilities (by some 20%), and agricultural energy efficiency is lower. In general terms the overall cost of energy is higher in Europe. In spite of higher energy prices, industrial and agricultural energy efficiency (i.e. the inverse of the consumption of energy per tonne of product) is significantly lower on average in Europe.
- In general industrial plants are bigger or newer in the USA. The more rapid turnover of assets in the USA—made possible by higher profits—leads to a broader application of up to date, more energy efficient technologies. This factor is paramount in accounting for the lower levels of energy efficiency observed in Europe. Energy taxes are therefore counter-productive, as they retard rather than accelerate progress in energy efficiency.

Though the EU is less energy efficient in many ways than the USA, it charges the United States with irresponsible environmental degradation and resource usage and especially oil usage. The United States, with only four percent of the world's population, produces 20 percent of greenhouse gas emissions but it also accounts for 25 percent of global GDP. The rest of the world produces 80 percent of greenhouse gases, with the largest share coming from nations such as