How Much Would it Cost to Close the Paris Emissions Gap?

**The Paris Pledge**

At the 2015 Paris climate talks, the Obama Administration committed the United States to cutting economy-wide greenhouse gas emissions between 26% and 28% below 2005 levels by 2025, without putting sufficient policies in place to meet that goal.

**Mind the Gap**

Existing policies would only get only about one-third of the way to the Obama Administration’s target, leaving nearly two-thirds of the commitment unaccounted for. (Assumes withdrawal of EPA power plant regulations, which account for 13% of the target.)

**Getting to Paris from Here**

This study was undertaken to assess the impacts of closing that emissions gap, with particular emphasis on the industrial and manufacturing sectors.

**Economic Impact**

Meeting the Obama Administration’s Paris pledge through new industrial regulations will raise energy costs, leading to:

- slower economic growth;
- lower demand for goods and services;
- fewer jobs in manufacturing and other industrial and non-industrial sectors; and
- lower household income.

**THE BOTTOM LINE**

The harmful economic impacts of closing the gap will be felt nationwide, but especially in manufacturing states. Any benefits also would be limited because up to one-third of the emission reductions achieved by industry would be offset as domestic production and jobs “leak” overseas. This would lower U.S. export levels and result in a significantly larger share of U.S. demand for industrial products being met by imports.


### Impacts on the U.S. Economy

<table>
<thead>
<tr>
<th>Sector-specific impacts</th>
<th>GDP loss: $250 billion</th>
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<tbody>
<tr>
<td>Household income: reduced by $160</td>
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<td>Iron &amp; Steel production: reduced by 19%</td>
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**Total U.S. Economic Impacts in 2025**

- **GDP loss**: $250 billion
- **Household income**: reduced by $160
- **Manufacturing job losses**: 440,000
- **Total job losses**: 2.7 MILLION