ABSTRACT

There is a need to focus on energy policies following the Kyoto Protocol, which has established the need to find out linkages between energy consumption and economic performance in the countries of the world. This study aims to find out the relationship between energy consumption and real GDP using the panel data for the G-7 countries namely Italy, Germany, United States of America, United Kingdom, France, Canada and Japan. Using econometric tools like panel unit root test, and panel cointegration, an attempt is made to find out the causal effect of GDP on energy consumption and vice versa.