Analysis of Challenges of Paris Agreement on Climate Change after United States’ Withdrawal

Dr. Pradeep S.Chauhan
Department of Economics (UC)
Kurukshetra University, Kurukshetra, Harayna
136119  INDIA

Abstract: The present study analyses the challenges of the US decision to withdraw from the Paris agreement. The United States has been instrumental in concluding a successful agreement in Paris and accelerating the ratification process for the early entry into force of the agreement. The current administration does not intend to meet the previous commitment to reduce its CO2 emissions by 26% to 28% in 2005. The position of the US government has prompted decision makers around the world to reaffirm their commitment to implementing the Paris agreement. This is fertile ground for the European Union (EU) to play a key role in the long process of implementing the promises made in Paris. Given the reluctance of the United States to participate in global efforts, the EU needs to strengthen its strategic partnerships with other major emitters such as China or India. How the key players will deal with the arising situations, that is the one of the objectives of this paper.

Keywords: Climate Change, Paris agreement, EU, CO2 Emissions, UNFCCC.

I. Introduction

At the climate change conference in Paris in December 2015, an agreement was reached which contains goals and mechanisms for responding to climate change and binding obligations for all Parties. The Paris Agreement is the result of negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and goes beyond the Kyoto Protocol, which only committed a limited number of Parties to reduce their greenhouse gas emissions. The Paris Agreement sets a long-term goal of limiting the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels, and of pursuing efforts to limit this temperature increase to 1.5 degrees C. It also includes the goal to increase the ability to adapt to the adverse impacts of climate change and to make finance flows consistent with a pathway towards low greenhouse gas emissions. In order to achieve these goals, the Paris Agreement requires all Parties to undertake efforts towards reaching global peaking of greenhouse gas emissions as soon as possible and towards achieving a balance between anthropogenic emissions by sources and removals by sinks in the second half of the 21st century. Parties choose the efforts and measures themselves (the so-called Nationally Determined Contributions), but the Paris Agreement provides for a mechanism of assessing progress and increasing global ambition over time by a regular “global stocktake”. In addition to climate change mitigation, the Paris Agreement aims at enhancing adaptive capacity, strengthening resilience and reducing the vulnerability to climate change. The Agreement also acknowledges the importance of addressing loss and damage associated with the adverse effects of climate change. The Agreement contains comprehensive provisions on support to be provided to developing countries, which includes finance, technology development and transfer, and capacity-building. In order to ensure that such support and actions are transparent, the Agreement contains a number of reporting provisions.

II. Will the Paris Agreement keep its spirit?

The US withdrawal from the Paris climate agreement was not a surprise. President Trump has his own view of skepticism about climate change; he once claimed that global warming was a hoax invented by the Chinese, and promised to revive the coal industry on many occasions. The man he has chosen to head the Environmental Protection Agency (EPA), Scott Pruitt, filed 14 lawsuits while previously serving as Attorney General of Oklahoma, challenging the EPA regulations, including the Clean Power Plan (CPP). If so, the decision announced on June 1, 2017 to withdraw from the Paris agreement is in keeping with the promise that President Trump made as a presidential candidate to cancel the agreement. At the announcement, President Trump justified his decision by saying that the Paris agreement would result in the loss of 2.7 million US jobs by 2025, including in the coal and manufacturing industries and benefit others. country to the detriment of the United States.
III. The Paris Agreement under UNFCCC
The President Trump proposed in his 2018 'America First' budget to eliminate the Global Climate Change Initiative (GCCI), which was used by his predecessor to direct money to the UNFCCC. The US currently provides 20% of the UNFCCC's annual budget. The GCCI also contributes to financing the Intergovernmental Panel on Climate Change (IPCC), which provides policymakers with scientific assessments on climate change, its impact and future risks. The IPCC has been experiencing difficulties in attracting funding in recent years, gathering only $43 million from donor countries and various UN bodies, including the UNFCCC, compared to more than $7 million in 2013. This raises particular concerns as the scientific information provided by the IPCC has been an important driver for political action. Lastly, the GCCI also delivers funds to the Montreal Protocol, the international treaty designed to phase out substances that deplete the ozone layer.8 On 15 October 2016, 197 countries, including the US, agreed to cut the production and consumption of hydrofluorocarbons (HFCs) by more than 80% over the next 30 years in order to reduce temperature changes in 2100 by an estimated 0.5°C.9 It remains uncertain whether the US will follow through on this commitment.

IV. Some immediate reactions in US after withdrawal from the Paris Agreement
In a paper published in Nature attempting to bring together previous findings of climate change for the economy, researchers from the University of California at Berkeley and Stanford estimated that there would be serious consequences for the global economy if climate change continues at its current pace. If future adaptation mimics past adaptation, unmitigated warming is expected to reshape the global economy by reducing average global incomes roughly 23% by 2100 and widening global income inequality, relative to scenarios without climate change.10 While these effects would be different in different countries around the world, the researchers estimated that US GDP between 2016 and 2099 would be 36% lower if climate trends continue, compared to a world with more stable temperatures. This isn't to say that the other nations in the Paris accord couldn't mitigate these effects, or that Trump couldn't undertake other measures to decrease carbon emissions. In addition to the macroeconomic effects, Trump said that the move would help to preserve jobs at power plants, coal mines, and other fossil-fuel-generating industries. While there are still a large number of workers in the traditional fossil-fuel industries according to the Department of Energy, the number of Americans employed in energy-efficient and renewable-energy jobs is also huge. For instance, 1.1 million Americans work in electric-power generation through traditional fossil fuels, but renewables follow closely with 880,000 employees. Additionally, from a long-term economic perspective, shifting toward renewable energy would likely be more beneficial for job growth. The Department of Energy said the renewable sector is booming with solar employment growing by 25% and wind-generation employment growing by 32% in 2016. Add on the fact that 2.2 million people are employed in the "the design, installation, and manufacture of Energy Efficiency products and services," and it's clear that combatting climate change is a big employment driver for the US. Morgan Stanley equity strategist Eva Zlotnicka said the job losses in fossil fuels would likely accelerate regardless of Trump's policies.
"As we've noted, economics is still driving, not regulation," said Zlotnicka in a note to clients after Trump's announcement. "Our energy commodities team's fundamental analysis of power generation economics shows that longer term coal cannot compete with natural gas or renewables (even on an unsubsidized basis)." Given much of this research, a large number of business leaders spoke out against Trump's rumored decision before his announcement.
Twenty-eight major US companies — including Apple, Gap, Facebook, Google, Microsoft, and Morgan Stanley — took out a full-page advertisement in The New York Times asking Trump to stay in the Paris agreement. Both Exxon Mobil and Conoco Phillips, two of the largest energy companies in the world, have also expressed support for the Paris accord.
General Electric CEO Jeff Immelt tweeted his disappointment after Trump's announcement. "Disappointed with today's decision on the Paris Agreement," Immelt said. "Climate change is real. Industry must now lead and not depend on government."

V. Support of Developed Countries to Developing Countries through Green Climate Fund
The EU and its member states have been providing major financial support, spending €17.6 billion in 2015 along with the European Investment Bank (EIB), to help developing countries tackle climate change (EU,2016). The EU also deserves praise for having agreed to strengthen cooperation to promote low-emission, climate-resilient development with 79 other countries at the Bonn Conference May 18, 2017. During the conference, the EU also pledged to provide €800 million for the Pacific region up to 2020. The Paris agreement is a dynamic process that contains provisions that allow to raise the level of ambition of its Parties. It establishes an ongoing, regular process to increase action known as the Ambition Mechanism. Countries will meet every five years for a Global Stocktake of implementation and collective progress, and be required to submit updated NDCs on the basis of this stocktake. Fulfilling its pledges to be a global leader on which vulnerable countries can rely on means that the EU needs to promote the achievement of the 1.5°C target throughout this dynamic process.
The EU and its members should also ensure coherence between their development and climate policies. The 15 February 2016 Council Conclusions on “climate diplomacy after COP21” state that “the EU and Member States’ development cooperation with third countries should fully take into account the existing synergies between climate objectives and the sustainable development goals as adopted by the 2030 Agenda for Sustainable Development and other international agendas” (General Secretariat of the Council,2017). Under that rationale, the EU needs to support developing countries to implement Sustainable Development Goal 7 to “ensure access to affordable, reliable and modern energy for all” in a way that is consistent with the targets set in Paris, including members of the CVF that vowed to solely rely on renewable energy by 2050. The European External Investment Plan, which aims to stimulate private investments in developing countries, can be used to finance renewable energy, and low-carbon and energy efficient projects.

Furthermore, Trump's claims that lowering greenhouse gas emissions constitutes a competitive disadvantage and threatens economic growth are invalidated by economic realities. In fact, 33 states decoupled their growth and carbon emissions between 2000 and 2014 (Saha, Devashree & Muro, Mark 2016) and investments in renewable energy, which reached $44.1 billion in 2015, are set to continue. According to projections made by the US Energy Information Administration (EIA), even if the CPP is never implemented, the share of energy from renewable sources would still increase 3.9% a year between 2015 and 2030, compared to 0.6% for natural gas.55 This trend partly results from a decision made by the US Congress in December 2015 to extend federal tax credits for wind and solar energy projects until 2020.

These developments provide fertile ground for the EU to deepen its cooperation with US states and cities. Given California's position as a frontrunner, the EU could start by strengthening its ties through an agreement similar to the ones California has signed with countries like Mexico, Canada and China. The EU could also cooperate with the members of the US Climate Alliance in various areas, such as low-carbon technologies and low carbon mobility. The EU should furthermore act as a facilitator for the cooperation between subnational actors in Europe and the US. On this matter, the Global Covenant of Mayors for Climate & Energy initiative, which comprises a total of 7,453 cities and 9.39% of the world's population, constitutes an important platform to foster cooperation between American and European cities and enhance locally-led climate action.56 The global coalition aims to promote and support voluntary action to combat climate change and move to a low-carbon economy. Commission Vice-President Maros Sefcovic stressed that the role of the organisation and local authorities had become even more important since the US withdrawal and urged other local leaders to join the initiative (Gotev, Georgi (2017).

VI. Conclusion

The implementation of the Paris Agreement will require sustained and ambitious political action by all countries, especially now that the United States has decided to stand aside. The EU can play a leading role in the implementation of the agreement by strengthening existing partnerships and seeking new ones. It must cooperate with major emitters and other developed countries to ensure that they adopt and implement measures to decarbonise their economies in a manner consistent with the objectives set in Paris. To do this, the EU must use various international bodies, including the G20, as platforms to strengthen international climate governance. At the same time, the EU must continue to provide financial support to developing countries to help them implement climate change mitigation and adaptation projects and strengthen synergies between climate and development goals. Given that the participation of all countries is crucial to achieving the goals set in Paris, the EU must ensure that countries do not follow the example of President Erdogan and use the withdrawal of the United States as an excuse for not honoring their promises. The withdrawal of the United States has also provided a better understanding of the critical role of sub-national actors in achieving the goals set in Paris. If it is impossible to convince President Trump to remain in the Paris agreement, the EU, China and India can still encourage climate change mitigation in the United States by establishing partnerships with states like California and other States of the United States. This can be further enhanced by the American Climate Alliance and facilitates cooperation between US and European cities through the Global Covenant of Mayors for Climate & Energy initiative.

VII. References