



The US Withdrawal from the Paris Agreement

Implications



COUNTRIES THAT JOINED THE PARIS CLIMATE AGREEMENT

■ Ratified (146) ■ Signed (48) ■ Not signed/Withdrawing (3)



SOURCE: UNFCCC NOTE: Denmark's agreement excludes Greenland. Map is updated as of May 31, 2017.

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null (Skye Gould/Business Insider)



The atmosphere as global commons

- Climate change is an issue of the management of the global atmospheric commons.
- Successful commons management requires **cooperation, predictability and reciprocity** among all the affected parties, in this case all of humanity.
- Any non-cooperation will inevitably lead to a ‘tragedy of the commons’ scenario, where the quality and productivity of the commons is progressively degraded, and the very survival of all of humanity is threatened.
- Cooperation and reciprocity entails some congruence between the self-interest of individual nations and the collective interest of all nations.
- The Paris agreement is premised on the notion of ‘enlightened self-interest’, i.e. that nations will continue to pursue their self interest in so far as such self-interest contributes to the global common good, and will abandon self-interest in cases where pursuit of individual national goals will harm the global common good, and in turn have negative consequences for the nation.



The Paris Agreement

- The principal aim of the Paris agreement is to reduce GHG emissions.
- This will be achieved through different actions in different countries, based on low-emission and climate resilient development pathways.
- Climate actions will entail **shifting energy systems in all sectors of economic activity away from fossil fuels to greener and more efficient energy systems.**
- Both public and private investments are crucial for the achievement of the goals of the Paris agreement.
- Investments must therefore be made consistent with the goals of the Paris Agreement.

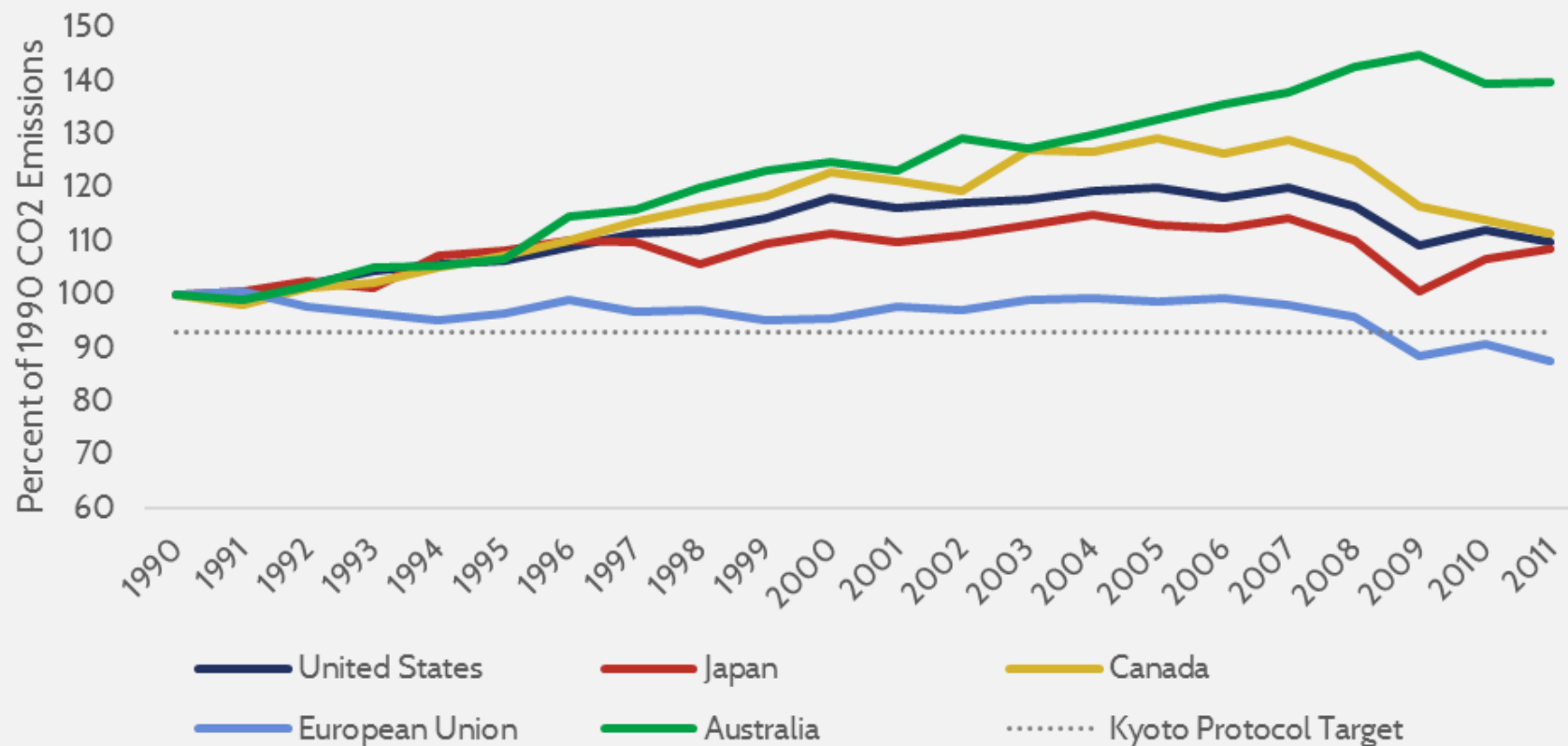


USA commitments under the Paris Agreement

- U.S. is among the top two emitters of greenhouse gases (with China)
- The US pledged \$3 billion to the Green Climate Fund
- Is a leader in the world economy and in technological innovation.
- Thus the withdrawal will not only entail the potential impacts of USA GHG emissions on the global environment, but also the implications of the withdrawal of USA support to the financing of climate actions in the developing world.

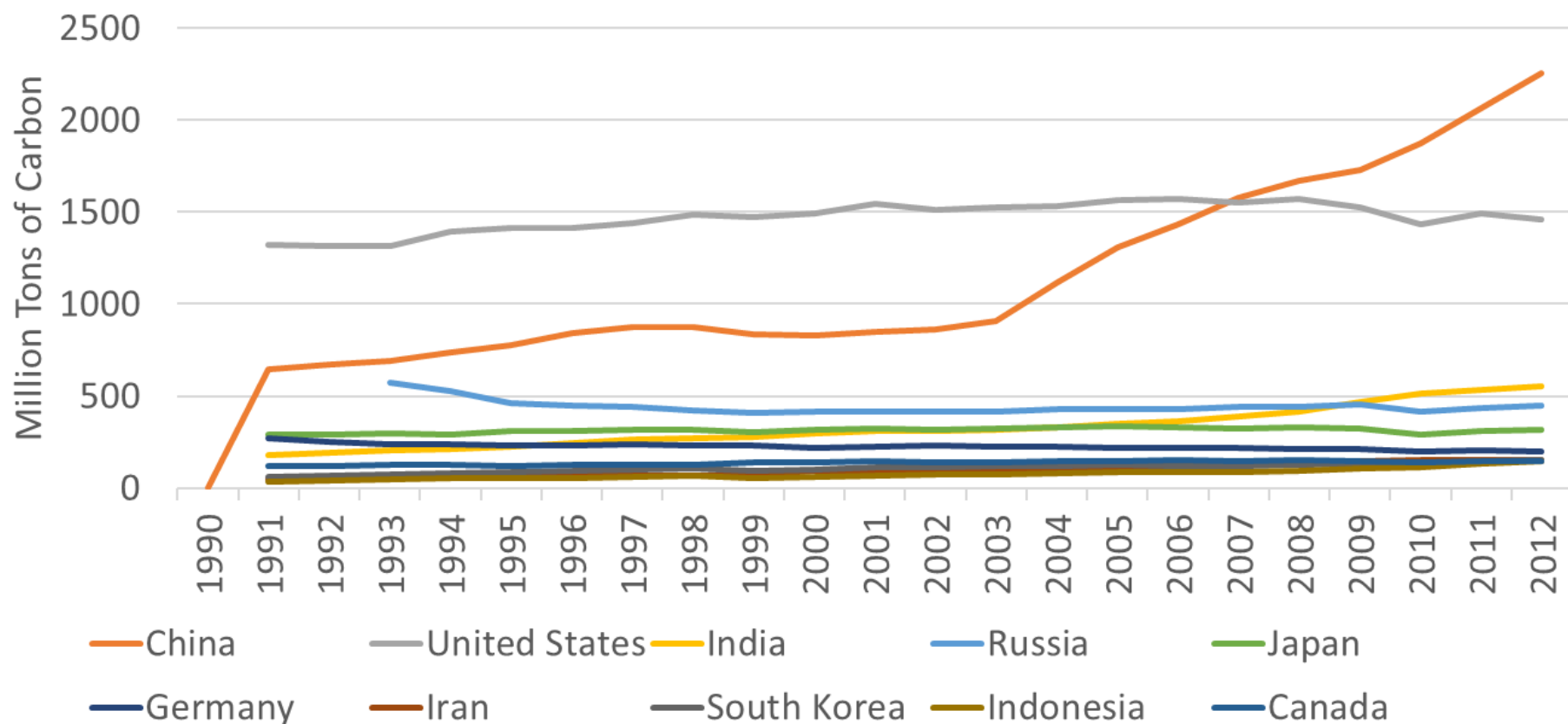


U.S. Emissions Compared to Major Economies that Ratified Kyoto Protocol





Carbon Dioxide Emissions from Fossil Fuel Burning in Top Ten Countries, 1990-2012





Paris Agreement: Strengths

- The PA allows for countries to adjust their emissions targets relative to the actions of other countries.
- Through the ratchet up mechanism, countries can assess their own NDCs and put in place mechanisms to increase their own ambitions.
- This in turn should encourage other countries to act, in their own self-interest, to increase their contribution to the atmospheric commons.
- The Paris agreement also allows countries to negotiate multilateral agreements outside of the agreement without requiring a renegotiation of the entire deal.
- Thus in the long term the agreement provides a framework for incremental climate actions which will ultimately deliver the temperature goal based on the normative expectations that all countries will increase the ambitions of their climate actions.



Paris Agreement weaknesses

The Paris agreement recognized as a 'weak' agreement:

- The absence of emissions targets. All emissions targets are voluntary and self-determined.
 - Countries choose their own starting baseline,
 - determine the time it will take to start reducing emissions, and
 - determine the amount of reductions that they will aim for.
- The agreement is completely voluntary:
 - no enforcement mechanism to ensure that countries comply with their commitments,
 - no provisions for sanctions for non-compliance.
- Because the agreement is non-binding, it does not have a requirement that countries domesticate it into national legislation.
 - Thus it may or may not carry any weight in national legislation and therefore may not require national entities to comply with it.
 - In the case of the USA, no national entity is required to undertake any new burdens to comply with the agreement.



Key Questions

The intended US withdrawal from the Agreement raises a fundamental question regarding the Paris Agreement itself.

- Can a nation that is historically responsible for a significant proportion of carbon concentrations in the atmosphere for several decades be allowed to simply walk away from its responsibilities?
- Stated differently, if the principle of Common but Differentiated Responsibilities and Respective capabilities is no longer the principle undergirding the global climate governance framework, can such a framework be expected to resolve the climate challenge?
- What can be done by the rest of humanity?

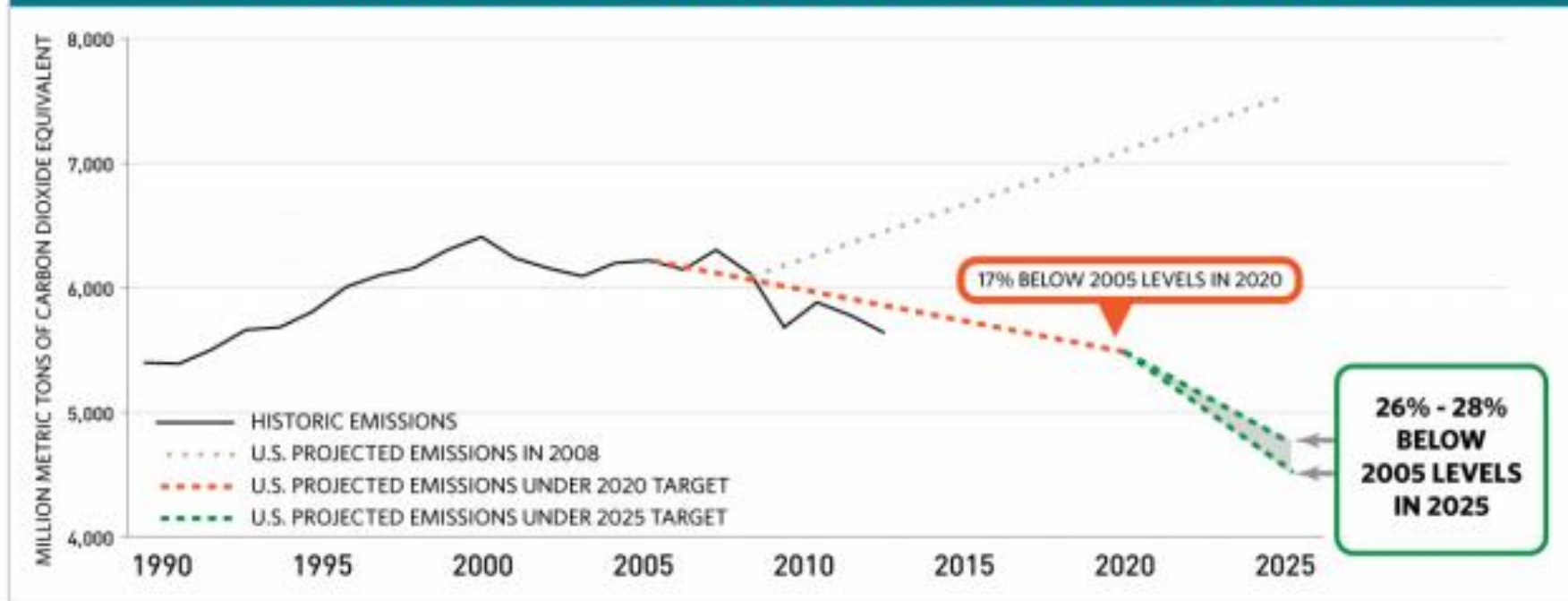


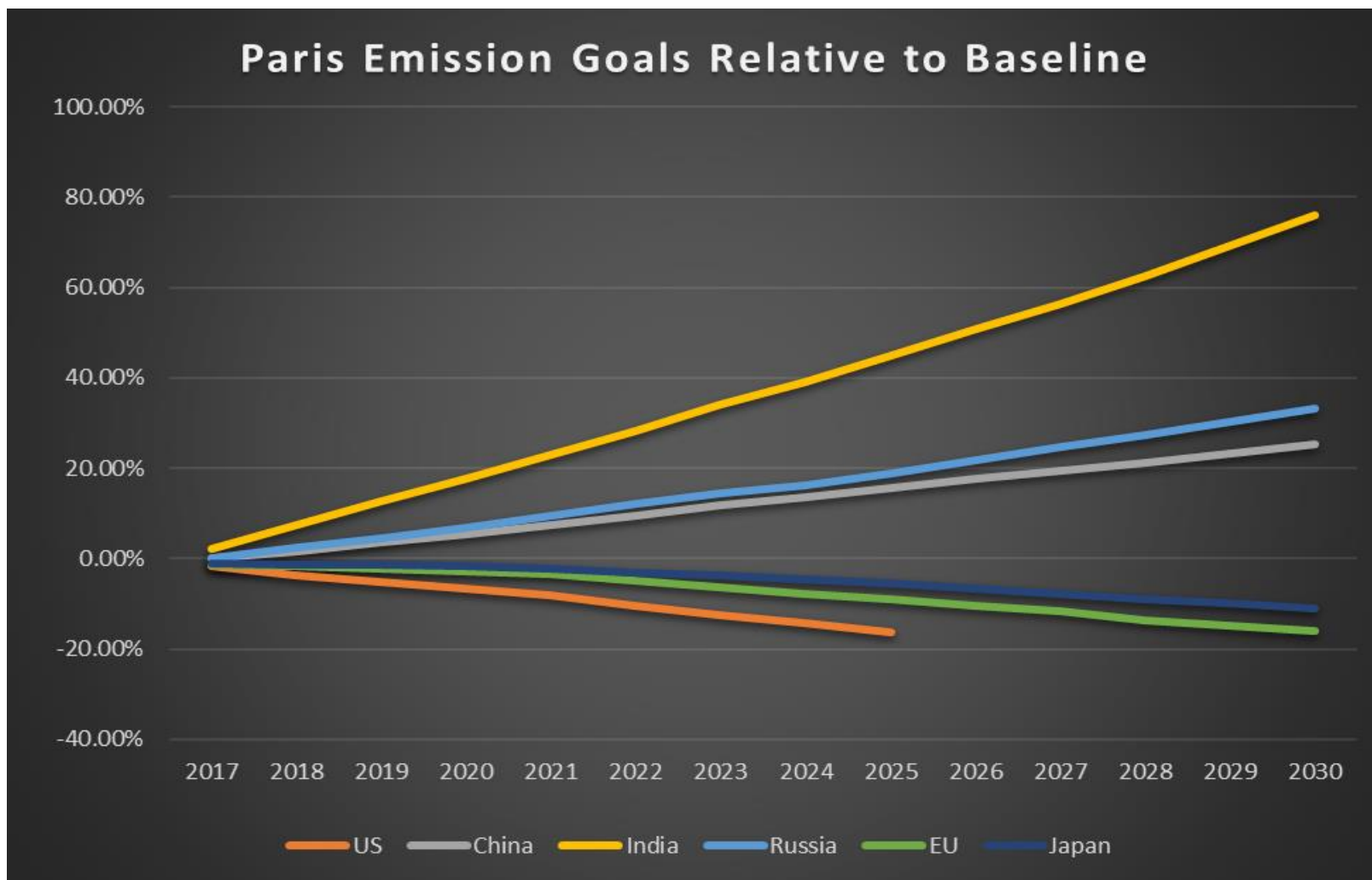
Reasons for Withdrawal

- The US withdrawal from the Agreement is informed, at least in part, by the powerful interests of the fossil fuels lobby seeking enhanced profits from their investments in fossil fuels.
- The Trump administration undertook to roll back "job-destroying" environmental regulations and to save fossil fuel jobs.
- Despite global efforts to shift the sustainable development trajectory towards cleaner energy systems, vested fossil fuel interests remain dominant in policy in many countries (developed and developing).
- The US has great difficulty crafting public policy to control private interests in climate change.
- Trump's decision lays bare this basic truth and calls for scholarly engagement to understand what this new found position of strength of the private sector, means for global climate policy



U.S. EMISSIONS UNDER 2020 AND 2025 TARGETS







Public Policy vs. Market Mechanisms

- A key feature of the Paris Agreement is that the transition to a low carbon and climate resilient society will be **policy-driven**.
- The Kyoto Protocol provided for a largely **market driven solutions** to climate change, based on creating carbon offsets through pricing and other trading mechanisms.
- The NDCs, however, are based on the primacy of national planning processes and integration of climate actions into national development programmes.



US Fossil Fuel Interests: Oil and Gas

- Due to recent supply growth, the US has become the world's largest producer of oil and gas.
- This supply growth has been driven in part by advances in horizontal drilling and hydraulic fracturing technology, allowing oil and gas producers to access previously unreachable reserves.
- It is also supported by generous national subsidies at federal and state levels.
- Offshore exploration activity in the US's Alaskan Arctic waters, particularly by Shell, underscores the drive to find new and harder-to-reach fossil fuel reserves across the US



US Fossil Fuel Interests: Coal

- US coal production fell below 900 million metric tons in 2013 for the first time in two decades
- Market capitalization of the top four US coal producers has declined from \$22 billion 2010 to \$1.2 billion in mid-2015, (The Economist, 2015).
- Coal-fired power is being crowded out by natural gas and, to a lesser degree, new renewables.
- Dozens of coal-fired power plants were also being shut due to local and national advocacy efforts as well as forthcoming regulation relating to air pollution and climate impacts (Grunwald, 2015).



Support for Fossil Fuel

- Fracking made available cheaper gas, which has been replacing coal as the main energy source for electricity generation.
- Support for fossil fuels has been a consistent feature of successive US administrations.
 - E.g. subsidies to oil (as to fracking) actually increased during Obamas tenure.
- Observed reductions in coal were thus due to economic considerations and were not as a result of ideological fossil fuel public policy change.



Fossil Fuel Subsidies

- Fossil fuels continue to dominate policy and practice in both the developed and developing worlds.
- Fossil fuel subsidies in developed countries have actually increased post the Paris agreement.
- Inefficient fossil fuel subsidies (IFFS) have several impacts
 - encourage wasteful consumption
 - distort energy markets
 - impede investment in clean energy sources,
 - place a strain on public budgets, and
 - incentivize unsustainable infrastructure investments.”



Average annual national subsidies for fossil fuel production (2013–2014) (\$ million)

Country	Sub-sectors included in the calculation of average annual national subsidies a (by order of contribution)	Average annual national subsidies
USA	Upstream oil and gas; Multiple fossil fuels or unspecified; Coal mining; Oil and gas pipelines, power plants and refining; Coal-fired power	20,491
UK	Upstream oil and gas; Multiple fossil fuels or unspecified; Coal mining	9,047
France	Oil and gas pipelines, power plants and refining; Multiple fossil fuels or unspecified	125
Germany	Coal mining; Multiple fossil fuels or unspecified	2,791
Russia	Upstream oil and gas; Oil and gas pipelines, power plants and refining; Coal mining	22,812
China	Coal mining; Upstream oil and gas	3,375
Brazil	Multiple fossil fuels or unspecified; Oil and gas pipelines; power plants and refining; Upstream oil and gas	4,949
India	Coal mining; Multiple fossil fuels or unspecified; Upstream oil and gas; Oil and gas pipelines, power plants and refining; Coal-fired power	103



Multilateral development bank finance for fossil fuels, (average annual 2013 and 2014)

Institution	Fossil fuel finance (\$ million)	Percentage ownership by G20 governments
African Development Bank	254	36
Asian Development Bank	941	65
European Bank for Reconstruction and Development	968	68
European Investment Bank	3,500	64
Inter-American Development Bank	1	75
World Bank Group	3,092	54 to 79



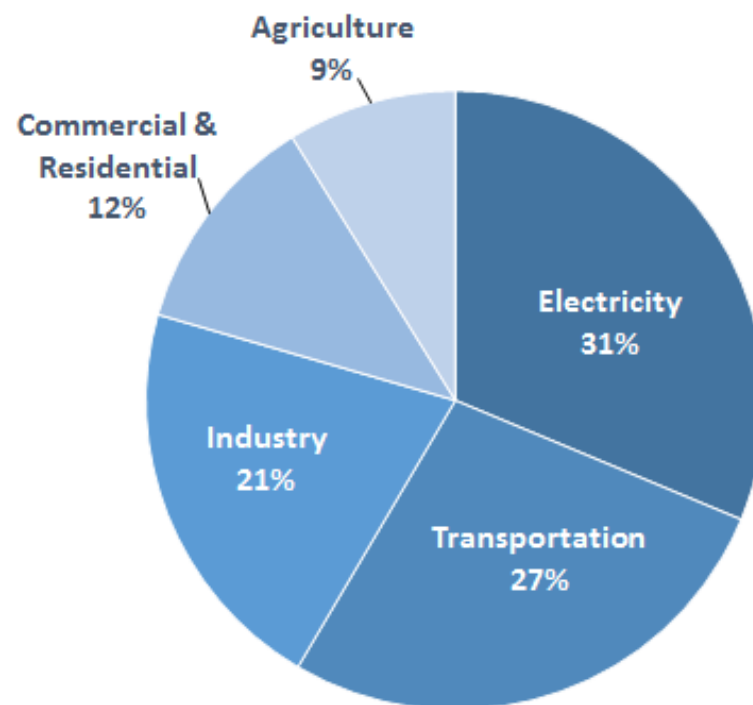
Countervailing interests

- Civil society has attempted to counter balance the private interests by proposing policies that are responsive to the public agenda of sustainable development.
- A major development, particularly in advanced economies, is the trend towards de-privatization and re-municipalization of public utilities such as energy, water, transport and health .
- The defining feature of de-privatization initiatives is the recovery of public capacity from corporations. This is significant in that



Conclusions

- The world will not be able to avoid climate change if countries continue to rely on fossil fuels for their energy needs.
- Investment must shift towards clean alternatives.
- Shifting government support away from fossil fuel production and towards alternatives is an important means to achieve this objective.
- However, the fossil fuel interests exert considerable influence over public policy in the US and other countries
- The experiences of de-privatization demonstrate the increasing significance of actions by non-state actors, subnational governments, local governments, citizens, NGOs, and enterprises in achieving the climate goals
- A key issue to be addressed in climate governance is the question of justice. This is silent in all the major global development frameworks



U.S. greenhouse gas emissions by economic sector. Source: EPA