

Trump, the Paris Agreement and the impact on climate change policy

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Summary

US President-elect Donald Trump has wavered very little throughout his campaign in his stance on climate change - calling it a hoax and threatening to roll-back all regulations and funding supporting it. The Trump win in the midst of climate negotiations left many wondering just how far Trump would aim to take the US away from any and all climate action, including the Paris Agreement. Even with early indications seeming in favour of a strong Trump reversal - a Republican Congress and legal room to exit Paris - there may be stronger forces at play, both at home and abroad.

Will we always have Paris?

It seems pretty clear that US President-elect Donald Trump will not be making climate change a priority of his administration. Trump has called climate change a hoax, threatened to lift moratoria on drilling on federal land and roll back the Obama Clean Power Plan. His 'America First Energy Plan' is heavy on hydrocarbons, including strong support for coal and fracking. What these domestic choices mean for the wider multilateral climate change policy process is obviously important and the immediate focus has been on whether Trump would pull the US out of the Paris Agreement, and with what consequence.

The Paris question is probably a red herring. While there are ways that the US can pull out of the Paris Agreement, the likelihood of Trump investing political capital in such a gesture seems slim. Exit from the Paris Agreement would be provocative but confrontational and, for all the symbolism, delivers little new room for manoeuvre for a Trump administration. If he wishes, Trump can simply ignore the US' nationally determined contribution (or 'NDC'), which is the plan it has filed as part of its Paris contributions, because the Paris Agreement has no enforcement mechanisms. Countries could unilaterally decide to 'penalize' the US for not meeting its commitments - France has already threatened to impose a carbon tax on US goods (something it cannot do unilaterally without EU support). But such actions would shine a light on

implementation issues that other Paris signatories may not appreciate.

Money could, however, be more of a material issue at the US international level. Trump could easily call an immediate halt to all international aid for climate change programmes, which currently accounts for about a quarter of US aid spending worldwide. This does not require Congressional approval or significant bureaucracy. Would the diplomatic costs of this justify the symbolism? It is hard to say, but at the very least, we can assume this US funding priority has reached a high watermark. On the wider question of US Paris participation, it is probably a choice between high profile renunciation and a drawn-out act of obfuscation, and failure to meet US commitments. The latter looks more likely.

Back home

The far bigger issue is a domestic energy policy built on coal and weakened environmental oversight. Trump's 'America First Energy Plan' pledges support for the coal industry, hints at a gutting of the US Environmental Protection Agency (EPA) and calls for rolling back four Obama executive actions, including the core NDC US commitments in the Clean Power Plan. There is much debate on just how easy it will be for Trump to do this. Some of it is embedded in executive orders that can be rescinded by the White House. But other policies would require bureaucratic dismantling, and still others require

Congressional approval for reversal. Trump has wide Republican support on his side, but faces a Democrat filibuster in the Senate - if Republicans don't do away with the filibuster altogether. He also faces environmental litigators who are seasoned by eight years of battles with the Bush administration on attempts to roll back Clinton policy.

There are a number of things to recall here. The first is that the US federal system means that Trump is not fully in control of what happens in the US on energy and other greenhouse gas intensive sectors. One only has to look to California to see the evidence of states' authority in choosing to adopt aggressive programs to reduce greenhouse gas emissions. California is not an anomaly on this issue - 37 US states provide incentives for purchasing more fuel efficient cars and the majority of states have renewable energy portfolio requirements or goals in place. Many of these states have had these policies in place through Republican and Democratic presidencies alike and are unlikely to change course even if Trump attempts to implement incentives geared towards more polluting options. Conversely, it's more likely that many of these states - especially Democratic led states - may decide to ramp up clean energy programs and emissions caps to send a message to the administration

This links to a broader point about the Trump energy plan. In part because of a growing set of incentives, but also because of a sharp falling unit cost for renewables, the economics are simply not on the side of coal. Try as he might, Trump is unlikely to be able to change the course of a 30-year decline. It is unlikely that plans already in place in the US based on the attractive pricing of natural gas, solar, and wind would be completely abandoned even if incentives are cut. At the same time, many other countries are already indicating that they will stick to their climate commitments and ramp up investments in clean energy. China, which represents more than 30 percent of expected solar and wind capacity growth through to 2030, has already reaffirmed its plans to pursue a leadership role in this space. Demand created by China, the EU and India alone is almost certainly enough to encourage US companies to continue investing in these technologies.

Two views from Morocco

The initial response from the Marrakech COP22 Summit to the Trump win was one of heavy gloom. However, delegates quickly rallied together in reaffirming their commitments, illustrating that the Paris Agreement and the consensus that it represents has finally become bigger than any one country or national policy, even that of the US.

The last time that Morocco hosted an international climate conference in 2001, when the Kyoto Protocol was awaiting implementation and the US Republican President, who had just come into power, had signalled no intention of honouring the commitment made by the previous Democratic President. Though superficially similar, the difference that 15 years has made was apparent in the way delegates in Marrakech in 2016 ultimately shrugged off the prospect of a US shift in policy.

The EU is likely to remain relatively firm in its patronage of the multilateral process and has already started discussing the idea of ramping up emissions cuts to make up for potential US failure on emissions reductions. Moreover, China is present and vocally committed in a way it was not in 2001 or for much of the subsequent decade. Confronted with a domestic environmental crisis, in 2015, China invested \$102bn in renewables, more than the US and EU combined. In 2016, it has cancelled coal plants with a combined capacity of the UK's entire fleet. These domestic choices, coupled with Paris' lack of real enforcement mechanisms, have allowed Beijing to show 'leadership' (and enjoy the symbolism of showing it in the US' absence) - sufficient to keep momentum in the Paris process, even without Washington.

Another key difference with 15 years ago is the strong support which has been built directly from the private sector, who are advocating for greater action - including commitments by over 365 companies, many American and many large multi-nationals like Mars and Dupont - who are ready to move forward in line with US previously made commitments even if Trump takes the US officially out of the agreements. Add to that commitments from 7,000 urban mayors representing 8 percent of the world's population.

In sum, the most important point about Trump and climate change may not be what he does or does not do, but how much is already out of his hands. There is no question that Trump can, and probably will, shake up the Obama landscape on energy domestically and this is likely to prompt some reassessments of investment cases in both hydrocarbons and renewables. But in the US market, the drive of state-level policy will probably continue to push in the other direction, as will the market as unit prices continue to fall.

Beyond the US, what the international decarbonisation agenda has most in its favour is the extent to which Paris has ultimately become a collection of national policy choices with an overlay of international cooperation. With individual

states collectivising their growing commitment that climate action means lower risks, better jobs and more resilient growth, and indicating little need for Washington's global clout to make progress look tenable - combined with continued action on the part of individual US states and companies to reduce emissions - US national 'leadership' on the climate agenda may simply prove nice but not necessary for the near-term. The next showdown with Washington will come in 2018, when upgraded Paris commitments will be sought. But there is time for climate advocates to work with a Trump administration to highlight the opportunities for job creation and competitiveness. Some have already suggested calling COP 2018 the 'Jobs COP' in a hopeful attempt to woo the US into engagement. While the exact position that Trump will take on climate over the next four years remains uncertain, the combination of global and domestic factors at play mean that, at least in the short-term, the impact on emissions will not be significant. If Trump's change in stance on other issues provides us any guidance on his longer-term approach to climate change - the spectrum of options is wide open.

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