



Research

The Paris Agreement: To Stay or Not to Stay?

PHILIP ROSSETTI | APRIL 26, 2017

Summary

- The U.S.' pledge under the Paris Agreement is more burdensome relative to baseline projections than the pledges of other major emitters. Three of the six major emitters assessed can *increase* their emissions under the Paris Agreement relative to their projected emissions.
- Withdrawing from the Paris Agreement, or ignoring it, could be damaging to U.S. influence in future negotiations, particularly on issues where international governmental bodies influence global regulatory practices (Ozone, aircraft standards, hydrofluorocarbons, etc.)
- The U.S. remaining in the Paris Agreement, but revising its pledge to be more consistent with other major emitters' as well as achievable under President Trump's policies, would be the best policy to preserve U.S. influence while minimizing burdens.

Introduction

The White House [Press Secretary](#) promised that President Trump would reach a decision on whether to stay in the global emissions deal known as the [Paris Agreement](#) (PA) before the G-7 summit on May 27th. The right policy for the president on the PA has been hotly debated by all sides; conservatives have been notably split on how to approach the challenge. The reality is that the previous administration committed the nation to a very ambitious target. There is no way for President Trump to achieve his promises on deregulation *and* have a full-throated endorsement of the PA without an alternative climate policy. President Trump must decide the U.S.' new position on the PA, and how best to avoid the potential consequences.

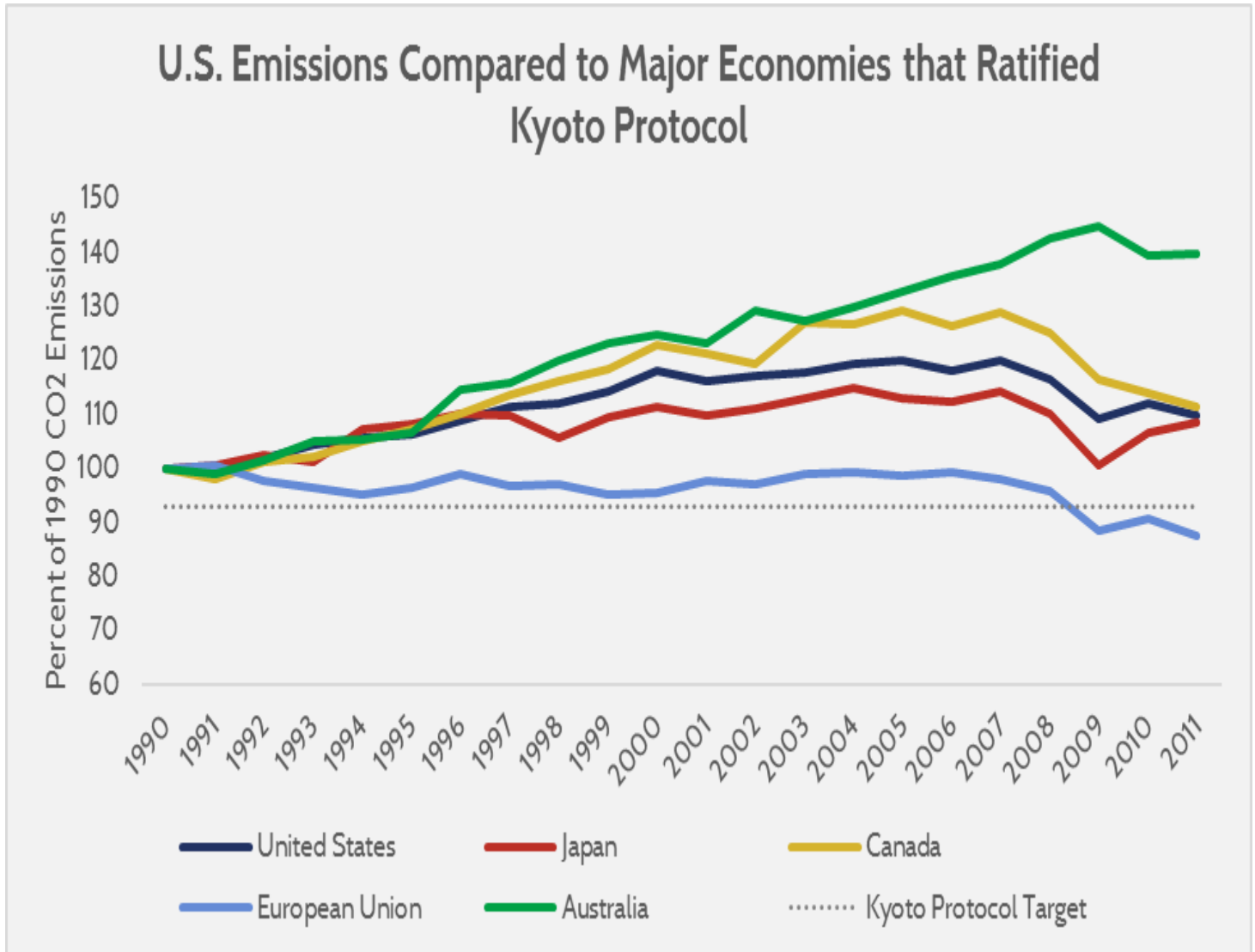
Understanding the Paris Agreement

Despite the PA being so highly reported on, there is a surprising lack of focus on the mechanics of the agreement and how it fits into the U.S.' broader foreign policy. The common narrative is that the U.S. and other countries are committed to a deal that enforces emissions reductions, but as it is with any international agreement, the details are most important. In understanding the PA, and what the impacts of policy related to it are, there are some key nuances:

- The PA does not impose any emissions goals on participants. All emissions targets, including the U.S.' [26-28 percent target](#) (by 2025, relative to 2005 levels), are self-determined.
- There is no enforcement provision in the PA. Any nation that fails to comply with the PA is expected to draft a plan to get back on track to achieving their targets, but there are no sanctions, penalties, or direct consequences from failing to comply.

- The PA is “non-binding.” In lay terms, the deal makes no changes to a country’s laws, and thus does not require acceptance by domestic legislative bodies to be considered as in effect. As such, the PA does not carry the full force of law, and no U.S. entity is required to undertake any new burdens to comply with it.

With this context, it is obvious that the PA is a very weak international accord—but this was by design. The prior global climate agreement, known as the [Kyoto Protocol](#), was a failure. The Kyoto Protocol attempted to use harsh enforcement provisions to ensure that participating nations would achieve a goal of 7 percent reduction in emissions. This goal only applied to developed nations, while developing nations like China and India were given a pass. The uneven distribution of burdens led to the U.S. never adopting the protocol, and of the nations that did promise emissions cuts, only the EU (which negotiated as a bloc) was compliant.



Source: AAF estimates based on World Bank data.

The inequitable treatment of the Kyoto Protocol, as well as the penalties for failure, discouraged participation—especially from the big emitters, whose participation was most needed for the agreement to achieve any meaningful reduction in global emissions. The Paris Agreement sought to remedy this by banking

on international relations theories that the net value of compliance would be better with weaker targets and more participating nations. Under the same ideas, the inverse can also be true, an agreement garnering big concessions from a few key nations can be better than broader, weaker compliance requirements.

The PA's self-determined targets, as well as lack of enforcement provisions, means that there is no benefit from nonparticipation. Many nations adopted modest goals that can be achieved without new policy, and are still considered participatory and compliant.

The true strength of the PA relies on "norms," which in this context is the idea that nations will accede to global expectations on minor issues in order to ensure participation in bigger ones. The concept is not without merit, and is the bedrock for nuclear nonproliferation and human rights policies. The EU has been especially successful in employing norms on human rights, making it a requirement for former Soviet states to join the EU (and the reason for westernized economies and governments in those areas). The ideology for the PA is similar, and participating nations may be less inclined to make deals on unrelated policy issues with nations they view as free-riding on their climate investments.

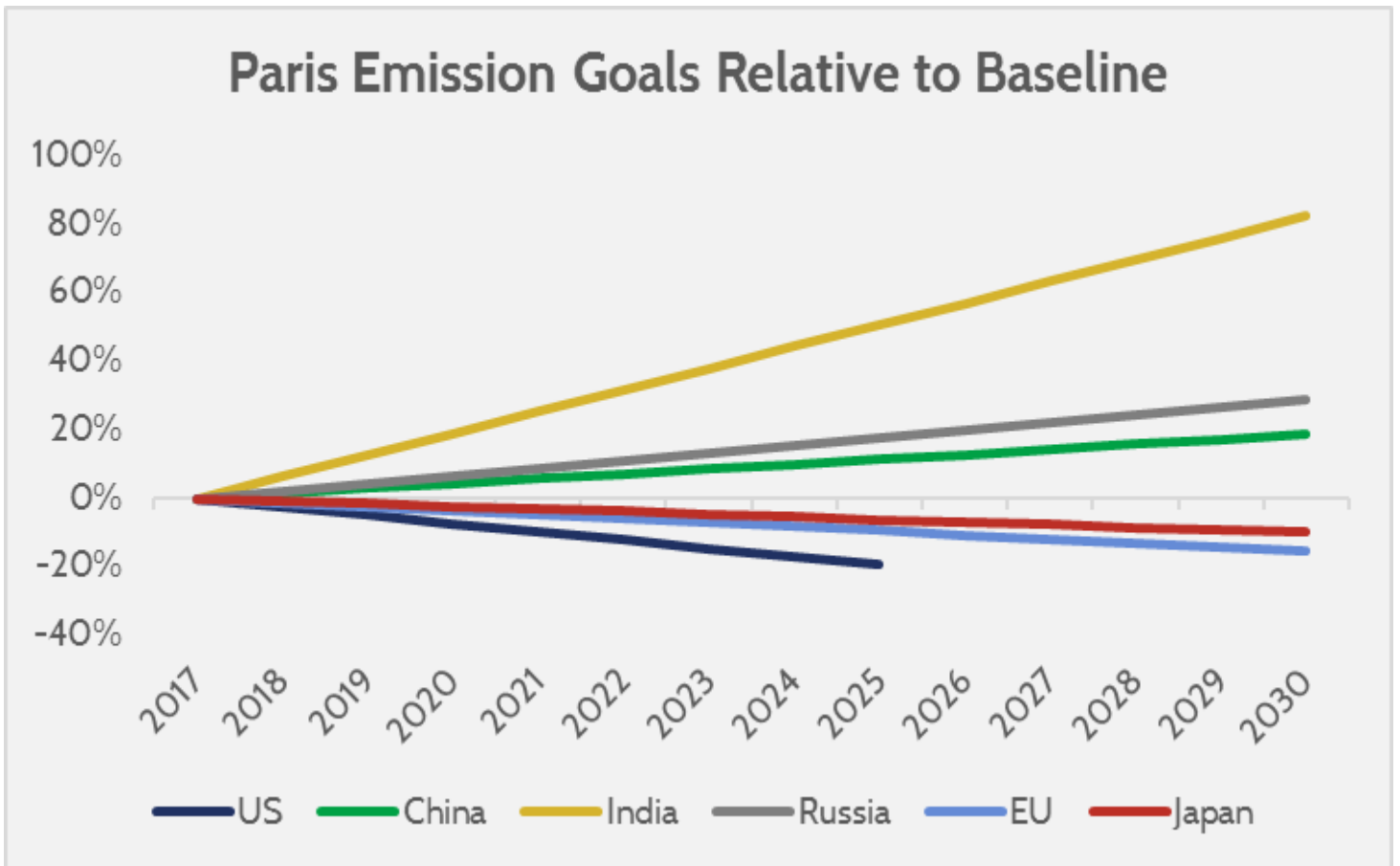
In a broader context, the PA fits into climate policy by acting as a framework that ensures transparency. In practice, the real win for the PA is that it enables countries to adjust emissions targets or negotiate outside of the agreement *without* requiring a renegotiation of the entire deal. This may seem minor, but it means that nations can engage in multilateral agreements on global climate policies while being able to exclude potential spoilers (for example, existentially threatened low-lying nations have little reason to endorse deals that only produce modest benefits).

What the PA does not do, though, is ensure that any climate goals (estimated as needed by the Intergovernmental Panel on Climate Change) are met. Even optimistic metrics that assume policy successes across the board fall far short of any temperature goals. The deal is not the end-all climate deal, and policymakers will need to keep the long-game in mind of how the PA fits into future international climate policies.

Comparing Major Emitters' Commitments under Paris

One policy consideration relevant to the PA that is, unfortunately, absent from most discussions of it, is just how stringent the U.S.' targets are relative to baseline projections compared to other nation's pledges. The U.S. wants a 26-28 percent cut relative to 2005 levels, which on paper seems quite lax compared to the EU's 40 percent cut from 1990 levels. However, the U.S. pledge requires a cut to 5.4 billion metric tons annually by 2025, from a projected level of around 6.6 billion tons (AAF estimate based on EIA projected energy use without the Clean Power Plan), or in other words an average annual emissions cut of around 140 million metric tons. The EU target requires a cut to 3.4 billion metric tons annual emissions by 2030, from a [projected 4.1 billion metric tons](#), or an average annual cut of around 48 million metric tons. When accounting for projected emissions levels, the U.S. target is considerably more burdensome than the EU's.

When comparing the U.S.' pledge under the PA to other major emitters as a proportion of emissions permitted under baseline projections, the ambition of President Obama's target becomes clear. The U.S. voluntarily undertook a target that requires greater policy effort to achieve than even its peers. China, Russia, and India are all allowed to *increase* their emissions compared to expectations, and still be compliant with the PA.



Source: AAF estimates based on UNFCCC, EIA, IMF, WRI CAIT, and Climate Tracker data.[1]

The U.S. promised a big and fast emissions cut that was not reciprocated by its peers. The data does not support a notion that the U.S.' emission pledge is lax in comparison to its peers, and if anything, it was too optimistic. This should lend credence to the idea that there is room to revise the U.S.' climate pledge to be not only more achievable, but also more in line with the level of policy commitment the U.S. can expect to have reciprocated from other major economies.

Policy Options

When it comes to policy, the U.S. is in a difficult position. There are three realistic options that President Trump must consider: Revise the targets to be more consistent with his policies, withdraw from the [United Nations Framework Convention on Climate Change](#) (UNFCCC) (which is the only way to withdraw the U.S. from the PA before 2020), or ignore it altogether. Consider the policy implications of each choice.

If the U.S. withdraws from the UNFCCC, it will have no obligation to participate in negotiations, and it will not recognize the PA or other climate deals. On the flip side, that also means the U.S. would hold no negotiating power. If the U.S. did this, then whatever future climate negotiations take place would almost certainly result in agreements where U.S. interests are not adequately represented. Imagine, for example, the potential economic harm from the rest of the world agreeing to treaties that would weaken the demand for U.S. natural gas exports,

or adopt new aircraft efficiency standards that weaken the competitiveness of U.S. manufacturers. The U.S. is not just a powerful yes vote on such issues, it is a powerful no vote. Considering that there are no penalties for noncompliance in the PA, it seems like a poor trade to give up future bargaining power for a mostly symbolic victory.

If the U.S. does nothing and simply ignores the PA, there would be no direct repercussions—but there would be implicit consequences. The credibility of the president and his diplomats in being able to promise policy outcomes in international negotiations would be further damaged. This would incentivize negotiating parties on other international issues to seek greater concessions from the U.S., hoping that if the U.S. reverses its position further down the line, that it will get a portion of a bigger concession rather than a portion of a smaller one. With either withdrawal from the UNFCCC, or ignoring the PA, there would be a self-inflicted blow to President Trump’s credibility, and ability to secure equitable deals in negotiations (a key concern for any renewed focus on President Trump’s international trade issues).

The last, and best, option is for the president to revise the PA targets to be more realistically achievable, and consistent with projected emissions. This would minimize the burdens needed for compliance, while still maintaining credibility in future negotiations. Since President Obama’s climate pledge was based on expectations of regulatory success, rather than any quid pro quo, there is a defensible rationale for Trump to revise the targets to be closer to projected emissions (which would also make it more consistent with other developed economies’ pledges). The risk of major emitters like China, Russia, or India renegeing on their pledges is inconsequential, since their pledges already allow emissions to exceed projected levels. Thus, the U.S. has a pathway to keeping its influence in the UNFCCC without incurring inequitable burdens.

Conclusion

Although the PA has been characterized as a burdensome deal that President Obama committed his successor to, the truth is somewhat more nuanced, and just how much burden is undertaken is up to President Trump. A measured policy that revises the U.S.’ pledge to be more realistically in line with the current president’s policies could be a successful means of preserving U.S. foreign policy influence while minimizing domestic costs. This is an approach that has already been endorsed by several conservative members of Congress, and would not require the president to flip on any domestic policy pledges.

[1] Notes: For India and China, emissions allowed under the Paris Agreement are based on carbon intensity pledges applied to projected economic growth. The use of carbon sinks is excluded (Russia, India, Japan).