

# International Climate Diplomacy after the Trump Election Victory

Germany and the EU Should Intensify Their Outreach to Climate Allies

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The election of Donald Trump as the new US president heralds difficult times for international climate policy. The US together with the EU was the key driver of the Paris Agreement in 2015. The new president will end climate policy cooperation with China, and with other emerging and developing countries. Moreover, he has announced plans to reverse the climate-policy legislation which is needed to implement the US climate targets. This will undermine the trust many countries have increasingly put in the US as a credible climate policy partner who is serious about tackling global warming. German and EU negotiators know this challenging situation from the years after the Bush administration's withdrawal from the Kyoto Protocol in 2000.

In light of the enormous push for international climate policy cooperation over the past three years, Germany and the EU need a comprehensive new climate diplomacy strategy to deal with the fallout of the US turnaround. First of all, they need to prevent a chain reaction at the international level by pushing, together with their key partners, for the Paris Agreement to be implemented. Second, they will have to pay more attention to how they interact with the new US representatives joining the negotiations as well as with the new US administration. And third, they should limit the damage to climate diplomacy and action by cooperating even more closely with US states and non-state actors.

From 2013 onwards, President Barack Obama set out a comprehensive climate policy agenda (*Climate Action Plan*), under which US emissions were to be reduced and international climate cooperation stepped up. The US turned from a sluggish participant into a key player in the UN climate negotiations, which at the time were preparing the Paris Agreement (see SWP Comments 34/2014). Secretary of State John Kerry

started an unprecedented roll-out strategy: via a tireless climate diplomacy effort, the US moved the reluctant Indian government towards more cooperation, overcame the long-standing stalemate that kept China from international climate policy commitments, and merged further bilateral initiatives towards a successful outcome at the Paris climate talks.

At the national level, the Obama admin-

istration used the president's executive authority, which allows for signing an international treaty even without the consent of Congress if that treaty's content does not exceed national legislation. In order to bring such legislation forward, the administration built on the 1970 Clean Air Act.

### **Backlash against the Paris Agreement**

The Trump victory is a severe backlash against these processes, in particular because the Paris Agreement is merely the beginning of a comprehensive international climate regime that should become effective from 2020 onwards (see SWP Research Paper 4/2016). If the US as the world's largest historical polluter were to pull back in 2017, let alone even actively undermine the international negotiations, it would be very difficult to prevent diplomatic casualties. These could include some of the more reluctant countries dropping their support for the UN process, which they demonstrated by submitting intended nationally determined contributions (NDCs) in 2015. The US has announced emission reductions of 26 to 28 percent by 2025 as compared to 2005 figures. The US share of global greenhouse gas emissions in 2015 was 15 percent.

Moreover, the Obama government has supported developing countries in Africa and Asia as well as the Green Climate Fund with unprecedented amounts of money and made further climate finance announcements. Given that the US Congress is traditionally highly critical of foreign aid, the new US administration will move to stop these commitments as quickly as possible.

### **Trump's agenda? "A Chinese Hoax"**

US president-elect Donald Trump has only expressed his view on climate change on a few occasions, when he has claimed that there is little scientific evidence for it. In late November he declared himself open-minded on the issue. Given that his "America First" concept favours a far-reaching

withdrawal of the US from its foreign policy commitments, and given that Trump blames China for the economic decline of the US, there is little doubt that the intensive climate policy cooperation with China is going to end, which was key for ending the bilateral deadlock on global climate protection in 2014. For his national climate and energy agenda, the new President will be supported by Congress and the Senate, both of which now have a Republican majority. He has announced his intention to undo the regulations of the Obama administration, which include plans to reduce CO<sub>2</sub> emissions from coal-fired power plants (Clean Power Plan), methane emissions, and efficiency standards, e.g. for fuels. The powerful Environmental Protection Agency (EPA), which is in charge of driving the regulations forward, is supposed to be reorganised and its regulatory power significantly curtailed. For this agenda, Trump chose Myron Ebell from the conservative Competitive Enterprise Institute as a member of the transition team. Ebell is an outspoken climate sceptic.

More precise plans for Trump's energy policy are laid out in his "America First Energy Plan". In order to reinforce the US's status as an energy super power, he plans to foster drilling for gas and oil using fracking. Contrary to some of Trump's statements, however, the US is already independent of oil and gas imports. The reversal of federal energy regulations is intended to help increase the production of fossil fuels, a move supported by many Republicans. Trump has nominated Mike McKenna, a long-standing fossil-energy lobbyist, to his energy policy team. Little is known so far about his renewable-energy agenda: Trump's only remarks have been anecdotal and based on false figures, e.g. on returns on investment. It is widely anticipated, though, that the Trump government will terminate federal tax breaks for renewable investments.

The promotion of jobs in the coal industry, many of which have been cut over the past decade, was a key feature of Trump's election campaign. Electricity from coal-

fired power plants has become uncompetitive due to the shale-gas revolution, which has led to a 50 percent increase in US gas production since 2005, followed by falling gas prices and increasing gas-based power production. Coal mines were forced to close due to the falling coal price, for which even the higher coal exports were unable to compensate. In addition, further EPA regulation for coal plants has become costly, like its enforcement of laws phasing out mercury emissions. A promotion of gas drilling would further undercut the coal industry's competitiveness. Investors will thus not follow up on Trump's coal-revival rhetoric.

### **The international US engagement – turning back time?**

To ratify the Paris Agreement (PA), the Obama administration bypassed the Republican-led Congress using the president's executive authority. Unsurprisingly, Republican resentment of this international deal is considerable. President-elect Donald Trump announced a withdrawal during his campaign, but afterwards retracted his unequivocal statement. Since the agreement entered into force on 4 November 2016, the US government is legally bound by it and could only withdraw by applying Article 28 PA. The withdrawal would take up to four years. During this period, the US administration would be obliged to delegate staff to the UN negotiations, unless new and different clauses were agreed for the withdrawing party. The climate target submitted by the US as its intended nationally determined contribution (NDC) is not legally binding under the PA. The only legally binding obligation is to submit such a contribution. Thus, the US is not obliged to meet its NDC.

Domestically, the US mitigation policy builds to a large extent on the Clean Power Plan. It stipulates that CO<sub>2</sub> emissions from power plants should be reduced by 30 percent compared to 2005 levels by 2030. Parts of this Plan are subject to pending lawsuits at the Supreme Court. However, the ques-

tion whether the Clean Power Plan will overcome the legal hurdles has probably become moot. Chances are very high that the Plan, which is despised by Republicans and the coal industry, will be abolished. Once a new EPA director is in office, it will become clearer whether or not the new government will extend its reversal of climate and environmental policy beyond the Obama Climate Action Plan of 2013. Abolishing the 1970 Clean Air Act is not an option, but its flexibility could be severely curtailed. It was this flexibility which allowed the EPA to class CO<sub>2</sub> as a substance harmful to health in 2009, and opened the way for Obama to base the national climate-policy regulations on the Clean Air Act.

### **An energy transition in the US states**

The next few months will show how the US's national energy and climate policy and action evolves and adds up. This will not only depend on how strongly the Republican party pushes for a federal climate-policy reversal, but also on how the US states drive forward their energy policies, for which they have full responsibility. Cities and local communities are important players as well, and could intensify their clean energy initiatives in response to the federal policy agenda. Active states are not only found on the East and West Coast (New York, California, Washington), but also include Republican-run states such as Texas and New Mexico. They have started to support investment in renewable energy production to diversify their energy markets. In Texas, a new boom in solar-energy production is on the horizon, after years of dynamic growth of wind energy. Over the past 15 years, the traditionally oil-dominated state has seen an increase in renewable power production from a mere 2 percent to 16 percent. In 2016 there were days when wind energy covered 50 percent of total power demand. In light of the decreasing cost of renewables and falling oil and gas prices, this sector is increasingly attractive to investors, in other US states as well. This trend would be damp-

ened if federal tax cuts for renewable investments were abolished.

Some US states also put energy and climate laws to the vote on 8 November. Washington State rejected the introduction of a CO<sub>2</sub> tax, with environmental groups and unions (“Alliance for Jobs and Clean Energy”) in particular being critical of the plan. They want to see a more socially balanced approach to taxation. Florida declined a proposal for a constitutional right to own and lease solar panels, mainly due to the fear that subsidies for solar energies would be cut in return. Nevada saw a vote in favour of energy market liberalisation, which potentially opens the way for more renewable energy being supplied to the grid.

### **International climate policy without the US**

In case of the US stopping its national climate policy agenda or even leaving the Paris Agreement by invoking Article 28 PA, centrifugal forces could be unleashed. For now the reactions among climate activists and progressive countries are rather defiant. China responded by requesting that the US live up to its announcements. At the Marrakesh conference (COP22) in November 2016, many participants declared that the most ambitious countries should not let the US elections get in their way and that private money would continue to seek out investment opportunities in renewables. Moreover, it was pointed out that the newly established national and UN institutions for climate and development finance would be able to compensate for the lack of US support.

Trump’s anti-Chinese campaigning will mainly translate into changes to US foreign and security policy as well as to trade and financial relations. In sharp contrast to security or economic policy issues, the US and China have been cooperating over the past few years on the climate agenda and on the Agenda 2030, which sets out Sustainable Development Goals (SDGs). With the new US government, Beijing’s most likely way forward is to stick to its climate and

regional trade policy ambitions. By keeping up its commitment to the Paris Agreement, the Chinese government could not only demonstrate its credibility, but actively fill the void left by the US, at least in part. Yet the Chinese government still lacks the diplomatic tool box to take over a leadership role. This role will need to be assumed by the EU and its member states, in particular Germany. Both the EU and Germany can leverage their latest climate policy initiatives on developing countries so as to maintain confidence in international cooperation. Moreover, the international dynamic of climate negotiations still relies heavily on the commitment of heads of state and governments. This will now be even more crucial. The next opportunity for such leadership will be the G20 summit in 2017, hosted by Germany. On this occasion, Germany and its allies could show their economic interests in setting a reliable and ambitious climate-protection agenda.

Future collaboration with the US should shift its focus to non-state actors and the US state level. First, the new rulebook for the Paris Agreement, which is still being negotiated and is scheduled for completion in 2018, could scale up the status of non-state actors. Second, Europe needs to ensure that communication channels are kept open and busy with US states, non-governmental organisations, political foundations and private business, as it did in the years after the US’s withdrawal from the Kyoto Protocol. German and EU climate diplomats should not delay entering into a dialogue with these groups on what the foreign-policy goals, climate-policy priorities and strategies could look like during the next few years. There is already a wide variety of cooperation options with US networks and initiatives, which have developed over the past two years. Well-established links such as the “Transatlantic Climate Bridge” could also be enhanced. And last but not least, the EU and Germany should turn towards their partners from emerging and developing countries to sound out the new state of affairs in international climate policy.

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