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Potential Implications of U.S. Withdrawal from the Paris Agreement on Climate Change

On June 1, 2017, President Trump announced his intent to withdraw the United States from the Paris Agreement (PA), an international accord to address climate change over the coming century. In a December 2018 meeting of the Parties, an official U.S. statement reiterated the intent to withdraw “absent the identification of terms that are more favorable to the American people.”

Congress may wish to consider implications of the President’s intent in several dimensions: foreign policy, economic, environmental, and legal.

What Is the Paris Agreement?

The PA exists under the United Nations Framework Convention on Climate Change (UNFCCC). The United States ratified the UNFCCC in 1992 with the advice and consent of the Senate. In 2016, President Obama accepted the PA without requesting the Senate’s advice and consent; the Department of State took the view that the PA contained no substantive, legal obligations for the United States beyond those already required by the UNFCCC. Currently, the PA has 184 Parties—governments that have ratified or accepted the agreement, including the United States—out of 195 Signatories. Of the top 20 emitting nations, only Iran, Russia, and Turkey are not Parties.

Under the UNFCCC, the United States and the then-industrialized Parties listed in “Annex I” took on specific commitments for greenhouse gas (GHG) mitigation, financial resources, reporting, and review. The PA modified the UNFCCC bifurcation of commitments between Annex I and developing country Parties to establish a single, common set of obligations for all Parties (with flexibilities for the least capable). For example, China agreed in the PA to the same binding commitments as the United States.

Under the PA, all Parties must submit “Nationally Determined Contributions” (NDC) every five years, but the content is not binding. An NDC must identify how the Party intends to abate its GHG emissions, initially to 2025 or 2030, depending on the time frame each nation chooses. Each nation voluntarily decides its NDC. As such, all PA emissions targets, including the U.S. target, are voluntary and nonbinding.

The UNFCCC requires GHG and other reporting and review, differentiated by types of Parties. The PA makes an enhanced transparency framework applicable to all Parties. The PA contains cooperative compliance mechanisms but not formal sanctions. Incentives for compliance include “name and shame” processes: Parties that do not meet their pledges may incur diplomatic and public opinion penalties. For example, the European Union has a policy not to sign trade pacts with countries that are not parties to the PA.

Variety of GHG Pledges in Selected NDCs

United States: Reduce GHG emissions to 26-28% below 2005 levels in 2025.

China: *Inter alia*, by 2030, peak carbon dioxide (CO₂) emissions; lower its CO₂ emissions per unit of gross domestic product (GDP) by 60-65% below 2005 levels; and increase the non-fossil-fuel share of energy consumption to around 20%.

European Union: Reduce GHG emissions by at least 40% compared to 1990 levels.

India: *Inter alia*, reduce GHG emissions per unit of GDP by 33-35% by 2030 from the 2005 level and reach 40% of its cumulative installed electric capacity from non-fossil-fuel sources by 2030.

Mexico: Reduce GHG and black carbon emissions by 25% below business-as-usual projections by 2030, and up to 40% under some conditions, implying a net emissions peak in 2026. Reduce GHG emissions per unit of GDP by around 40% from 2013 to 2030.

Countries have long negotiated over what would constitute a “fair” distribution of effort under the UNFCCC. The strength of the U.S. NDC compared with those of other countries can be viewed from various perspectives (see **text box**): To illustrate, under the NDCs, China’s GHG emissions could grow to 2030, while U.S. GHG emissions would fall. Nonetheless, China’s GHG emissions per person would remain well below those of the United States, and China would reduce its emissions per unit of GDP more than the United States.

Withdrawal Procedure

The Department of State notified the U.N. Secretary General that the United States would provide formal notification of withdrawal “as soon as it is eligible to do so.” Under Article 28 of the PA, this would be November 4, 2019. Withdrawal may take effect one year later—on or after November 4, 2020. In the meantime, the United States remains a Party to the PA (unless, following customary international law, the other Parties agree to allow an earlier exit).

In the meantime, the U.S. delegation continues to participate “in order to ensure a level playing field that benefits and protects U.S. interests,” according to the Department of State.

Foreign Policy and Diplomacy

The President’s announcement was viewed generally by observers as consistent with the Administration’s “America First” approach to foreign policy. Although the Administration has arguably sent mixed signals about its specific foreign policy intentions, some of these signals appear to reflect, among other things, a skeptical approach toward multilateral organizations and multilateral

agreements and a transactional approach to alliances and international agreements.

Some observers argue that the Administration’s decision to withdraw from the PA will (1) reduce the U.S. standing in the world by making the United States an international outlier on climate change, (2) strengthen perceptions that the United States is withdrawing from its traditional position of world leadership and becoming more inward-focused or even isolationist, (3) create an opportunity for China to assume a position of world leadership on climate change and perhaps other issues, and (4) make the United States appear less reliable as a negotiating partner, which could make it harder for the United States in the future to secure foreign cooperation for addressing other issues of mutual interest or to call on other countries to abide by their commitments in other international agreements. Other observers either disagree with these arguments or argue that they are offset by gains realized for Americans under the Administration’s approach to foreign policy.

Other nations responded to the U.S. intent to withdraw largely with restrained expressions of regret; they rebuffed the President’s proposal to reopen negotiations. Despite initial concerns about the resolve of Parties to implement the PA without the United States, the most recent meeting of the Parties agreed on most of the “rulebook” for implementing the PA’s provisions. China’s Special Representative on Climate Change stated, just prior to those negotiations, that “the political influence of the American withdrawal [from the PA] was quite big.” He said that the U.S. announcement initially “affected the resolve and confidence of some other countries.” He opined that the impact of the U.S. decision has since “dissipated,” in part because of China’s pledge to meet its commitments in full. China “sent out such a strong political signal,” he said, that it helped “stabilize” international climate change efforts.

Economy and Trade

The PA was intended to lay a path to long-term transition of the world’s economies toward “deep decarbonization”—sustaining economic growth while delinking it from emissions of CO₂ and other GHGs. Such a transition is generally expected to impose near- to medium-term costs, though the magnitude and distribution would depend on policy timing and design and private investment. Trade could be affected by differences in Parties’ NDCs and policy designs. Economic and trade impacts could be adverse or positive for individual countries or businesses, and many are building this into their economic strategies.

Experts expect that deep decarbonization would initially increase costs and dislocation for many populations and businesses. Technology experts and economists expect that experience with and wider use of advanced technologies would lower the costs of key GHG mitigation options, and economies would adjust to new conditions.

Some economists believe that the costs of mitigating GHG would be less than the costs that climate change would impose on people—costs of adapting to expected climate changes and of net losses where anticipatory action does not fully mitigate adverse impacts. Optimizing policy might

seek to minimize the total net costs of mitigation, adaptation, and losses and consider distributional impacts.

The trade implications of the President’s intent to withdraw are unclear. The President’s Executive Order 13783, *Promoting Energy Independence and Economic Growth*, instructed agencies to review, and possibly rescind or modify, regulations that may obstruct energy development, including those that would reduce U.S. GHG emissions. As China, South Korea, and European and other countries enact climate change policies, they promote investment in advanced energy, materials, electronics, vehicle, and other technologies. They may initially raise costs, but over time, they expect many technologies to become commercially competitive and bring trade advantages. To date, the U.S. Congress has largely continued public funding to advance cleaner technologies, but the level of private sector research and “learning-by-doing” is uncertain with lower policy stimulus for technology end-users.

Environment

The PA contains a collective commitment to reduce GHG emissions almost to net zero in the second half of this century. The goal is to hold the GHG-induced increase in global temperature well below 2° Celsius and to try to hold it to 1.5°C. Reaching “net zero” would stabilize the rise of GHG concentrations in the atmosphere and, after a lag of many decades, end the induced climate change. The pledges made in NDCs to 2025 or 2030 are intended as the initial steps in a multi-decadal process toward the net zero goal. President Trump cited one study estimating that the initial NDCs would avoid global warming of about 0.2°C by 2100. This could be roughly 8-10% of the way to meeting the 2°C goal. Compared with a no-further-policy scenario, some of the study’s authors estimated that countries’ commitments could reduce temperature by 0.6-1.1° C. Other studies estimate larger or smaller temperature effects of NDCs, depending on assumptions about future commitments.

Long-Term Liabilities

President Trump cited “legal liability” associated with staying in the PA. This may refer to an assertion that PA obligations could prevent the federal government from rescinding or modifying its domestic regulations, such as the Clean Power Plan (CPP), which set standards for GHG emissions from existing electricity generation. In rebuttal, a former Department of State attorney who worked on the PA has opined that “if a domestic stakeholder sought to invoke the PA in a domestic challenge to withdrawing the Clean Power Plan, courts would almost certainly find that the agreement does not constrain executive branch action.” The EPA has since proposed to rescind the CPP. Thus far, references to commitments in the PA have not featured in litigation challenging the CPP or comments submitted on EPA’s proposal to revise vehicle GHG emission standards.

See also: CRS Report R44609, *Climate Change: Frequently Asked Questions About the 2015 Paris Agreement*, by Jane A. Leggett and Richard K. Lattanzio.

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