Withdraw from Paris by Withdrawning from the U.N. Framework Convention on Climate Change

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Abstract

President Donald Trump is expected to make a decision about U.S. withdrawal from the Paris climate agreement after the May G7 summit. The Paris agreement is a costly and ineffective approach to global warming, and both the diplomatic costs of leaving and the benefits of staying have been exaggerated. There are two paths for withdrawal. Withdrawing only from the Paris agreement would take several years, but if the U.S. withdrew from the United Nations Framework Convention on Climate Change (UNFCCC), it could exit the Paris Agreement in only one year. Pulling out of the UNFCCC is the quickest path to removing America from a costly, unworkable, and ineffective agreement that President Trump correctly said should be cancelled.

President Donald Trump campaigned on the unequivocal promise to withdraw the United States from the Paris climate agreement. Since his inauguration, however, senior officials within the Administration have been debating about whether to withdraw or stay in the accord while altering the commitments made by the Obama Administration. Members of Congress are similarly divided on the issue, with some urging the Trump Administration to remain in the Paris agreement, some urging withdrawal, and still others advocating remaining in the agreement provided the Trump Administration is able to secure changes in U.S. implementation plans.

The bottom line: The Paris agreement is a costly and ineffective approach to addressing global warming. Both the diplomatic costs of leaving and the benefits of staying have been exaggerated and are overwhelmingly outweighed by the economic costs of complying with President Barack Obama’s commitments under the agree-

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ment, the likely diplomatic fallout from trying to renegotiate those commitments, and the legal risks of failing to withdraw while implementing President Trump’s domestic energy agenda. President Trump should demonstrate leadership and keep his promise to withdraw from Paris by exiting from the entire United Nations Framework Convention on Climate Change (UNFCCC).

The Significant Economic Costs of the Paris Commitment

In March 2015, the Obama Administration committed the U.S. to reduce carbon dioxide emissions by 26 percent to 28 percent below 2005 levels by the year 2025 in its nationally determined contribution to the Paris agreement. Its submission to the U.N. was intended as a “pathway from 2020 to deep, economy-wide emission reductions of 80 percent or more by 2050. The target is part of a longer range, collective effort to transition to a low-carbon global economy as rapidly as possible.” The Obama Administration’s package of domestic regulations to reach these targets includes regulations on electricity generating units, vehicles, and oil and gas activities, as well as funneling billions of taxpayer dollars toward green energy.

There are immediate and obvious compliance costs associated with climate change regulations, and many of these costs will drive the price of energy higher. Higher energy prices will have significant adverse impacts throughout the U.S. economy. Businesses have the choice of passing higher energy costs on to consumers through higher prices or absorbing the costs. As prices rise, consumers purchase less, and the cumulative result is a contracted economy with lower incomes, less economic growth, and higher unemployment with trillions of dollars of lost income. If businesses absorb the costs, that takes away resources from new hiring and new investment. Policies adapted from domestic regulations emphasized in the Paris agreement will affect many aspects of the American economy. As a result of the plan, one can expect that by 2035, there will be:

- An overall annual average shortfall of nearly 400,000 jobs;
- An average annual manufacturing shortfall of over 200,000 jobs;
- A total income loss of more than $20,000 for a family of four;
- An aggregate gross domestic product (GDP) loss of over $2.5 trillion; and
- Increases in household electricity expenditures of between 13 percent and 20 percent.

Another concern is that regulations on new and existing power plants designed to favor green energy over gas, oil, and coal will undermine energy diversity and the reliability of electricity for consumers and businesses. Particularly vulnerable to higher prices is America’s energy-intensive manufacturing base. The ultimate impact of climate change regulations both in the U.S. and abroad will be to shrink the global economy, reducing the resources available to Americans and people in other countries for the protection and improvement of their respective environments.

The Negligible Environmental Benefits of Paris

Some argue that the negative economic impact of America’s commitment to the Paris Protocol is necessary to reduce manmade greenhouse gas (GHG) emissions as an “insurance policy” for the planet.

2. Ibid.
4. Ibid.
Global efforts through a venue like the U.N. supposedly are the best way to solve a global problem and help countries with fewer resources to adapt. While supporters acknowledge that the agreement is imperfect, they argue that the Paris agreement is a good starting point and that the U.S., as the second largest emitter of greenhouse gases, has an obligation to participate.

These arguments are Pollyannaish. Compliance with Paris will cost the global economy trillions of dollars over the next 80 years but will have minimal real-world impact on global warming. Specifically, the Massachusetts Institute of Technology’s Joint Program on the Science and Policy of Global Change projects that the Paris Agreement would avert a mere 0.2 degrees Celsius of warming by the year 2100.

Further, developing countries, from which most future emissions are projected to come, have ineffective or in some cases downright dishonest commitments. For instance:

- India has pledged to reduce its emissions intensity, or cuts in the ratio of CO₂ emissions to GDP. The ratio will go down so long as CO₂ emissions rise less rapidly than GDP, but CO₂ emissions will continue to increase.

- China has repeatedly falsified its coal-consumption, CO₂ emissions, and air-monitoring data even as it participates in the Paris Protocol.

- According to a December 2015 report from the Climate Action Tracker, it is expected that 2,440 coal-fired power plants will be constructed by 2030, the vast majority in developing countries. As an example, China and Pakistan recently began a $3.5 billion joint venture to mine lignite coal deposits in Pakistan that are intended to generate 1.3 gigawatts from coal power plants.

Moreover, the likelihood is slim that developing countries will make meaningful emissions cuts when they are also addressing such imminent crises as energy poverty and other types of environmental pollution that have a more obvious and immediate impact on health or quality of life. Under the Paris agreement, nationally determined contributions are nonbinding, so there are no formal repercussions for failing to meet pledges. Unlike America and the rest of the developed world, developing countries are less likely to be criticized or to face repercussions if they fail to fulfill their commitments if that failure is said to be necessary to meet other development goals.

Adding to the confusion, many have conflated President Obama’s climate regulations and commitments with progress on other environmental issues. For instance, advocates have argued that without the Clean Power Plan, the U.S. will backslide on air quality, Americans’ public health will be threatened. The reality is that even before the Clean Power Plan, U.S. laws and regulations required coal-fired power plants to install scrubbers that significantly reduce the pollutants like soot and chemicals that have...
adverse public health impacts and environmental costs. Overall, the pollutants known to cause harm to public health and the environment have been declining for decades: Aggregate emissions of six common pollutants decreased 69 percent from 1970 to 2014.12

The Myth of Maintaining American Competitiveness

Since November 2016, roughly 1,000 businesses and investors have urged the President to remain in the Paris agreement.13 In an open letter, they wrote, “Implementing the Paris Agreement will enable and encourage businesses and investors to turn the billions of dollars in existing low-carbon investments into the trillions of dollars the world needs to bring clean energy and prosperity to all.”14

Business support for international climate agreements is nothing new, nor is it surprising, even if that support comes from industries like coal or oil.15 Established industries often see regulations as a tool to increase compliance costs for foreign or smaller competitors that lack the familiarity or resources to deal with onerous requirements.16 In either case, the consumer loses as a result of the higher costs incurred from energy-restricting policies. To note just one example, as the Cato Institute’s Tim Carney writes, “Enron was a tireless advocate of strict global energy regulations supported by environmentalists. Enron also used its influence in Washington to keep laissez-faire bureaucrats off the federal commissions that regulate the energy industry.”17

Businesses pledging support may hope for opportunities to secure preferential treatment through the Green Climate Fund or another domestic or international funding stream. Representative Kevin Cramer (R–ND), for example, sent a “Dear Colleague” letter outlining conditions for remaining in the Paris agreement. The letter urged taxpayer funding to “commercialize cleaner technologies to help ensure a future for fossil fuels within the context of the global climate agenda, including support for the deployment of highly efficient and low emission coal, as well as carbon capture, utilization, and storage technologies, in global markets.”18

The U.S. experience with carbon capture and sequestration technologies has been fraught with taxpayer-funded boondoggles. For example, after spending hundreds of millions of tax dollars, the Administrations of both President George W. Bush and President Barack Obama terminated the FutureGen project, a carbon dioxide–free coal power plant begun in 2003 but shelved because of cost and schedule overruns. Southern Company’s Kemper Plant in Mississippi, a stimulus handout recipient, has been plagued with delays and cost overruns. The estimated cost, initially projected at $2 billion, now stands at $6.1 billion, making it the most costly coal-fired electricity generating unit in U.S. history and causing Moody’s Investors Services to downgrade Mississippi Power’s ratings in March 2017.19

Government support and subsidies did not secure the future of these companies. These examples demonstrate the futility of government efforts to ensure a future for any energy source, whether fossil fuel or a renewable source. Price signals, competition, and the market will determine the world’s energy future. If the momentum for green energy and a low-carbon

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14. Ibid.
energy future is as promising and profitable as these businesses say it is, they should not need public dollars to leverage their investment. Opportunities to capture market share to meet the world’s energy will exist with or without the Paris agreement. The innovative technologies that penetrate the market without help from the taxpayer will be the most robust, economically sustainable ones.

What Are the Real Risks of Leaving Paris?

Some of those who recognize the failings of the Paris agreement and support reversing domestic regulations nonetheless argue that it is better to remain in the agreement so that the U.S. can continue to have a seat at the table. According to this argument, remaining in the agreement poses no threat because the carbon dioxide reduction targets are not legally binding and there are no financial repercussions for failing to meet those commitments. However, they believe that withdrawal could have damaging diplomatic ramifications and cede leadership to other countries.

In reality, the risks are both notably substantial and very different.

Paris will do little to address global warming, but its costs could undermine efforts to bolster U.S. military spending. As noted, compliance with Paris will result in almost no reduction in projected warming even if every country meets its carbon dioxide reduction targets, but it will cost the global economy trillions of dollars over the next 80 years, including trillions in lost economic growth for the U.S. As reported in the 2017 Index of U.S. Military Strength, insufficient resources and overuse have depleted America’s military, directly undermining readiness. This situation poses a direct threat to our national security. President Trump correctly identified increased defense spending as a priority, but the pressure of entitlement spending will make this goal difficult to achieve—and it will be made even more difficult by weaker economic growth if the U.S. abides by the commitments made under Paris.

Staying in creates legal complications. Under the Paris agreement, the U.S. has pledged to meet strict targets on greenhouse gas emissions that most likely would not be met under the Trump Administration’s current energy agenda. Reportedly, White House counsel Don McGahn has questioned whether the terms of the Paris agreement “allow any country to reduce its emissions targets.” European countries have assured the U.S. that revising U.S. commitments downward is permissible under the agreement while at the same time threatening that the U.S. would be vulnerable to legal and economic retaliation if it left the Paris agreement. According to one European official:

Legally and economically, the United States would be much more vulnerable outside of Paris than in.... Being outside a major multilateral environmental agreement like the Paris agreement leaves a country more vulnerable to trade-related measures from countries that are inside the agreement.

Why this should be the case is unclear. What legal vulnerability does leaving the accord by using the document’s own withdrawal procedures create? Similarly, if the Paris agreement is nonbinding, what legal impediment is the U.S. violating?

Presumably, the trade-related retaliation would hinge on the decision by the U.S. not to implement reductions outlined in the U.S. commitment and the resulting economic and/or environmental damage that would result, but the Trump Administration

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appears intent on abandoning those commitments whether or not it stays in the Paris accord. It seems unlikely that the symbolic but substanceless participation of the U.S. would lead the Europeans and other countries to forego economic action if they saw it as harming their industries or interests.

The more immediate concern, however, is domestic legal action to block the Administration’s energy policies. Reportedly, McGahn has argued that “staying in the Paris deal creates a legal opening for climate advocates to use the courts to challenge Trump’s efforts to undo Obama’s climate regulations for power plants.”

Perhaps seeking to ease White House concerns, a recently leaked Sierra Club internal memo states that a legal challenge to actions by the U.S. to lower its commitments under Paris “would be extremely difficult to prevail on the merits.” Nonetheless, such a challenge is all but inevitable, and it takes only one sympathetic judge to impede executive actions for months. Even if environmental activist lawsuits fail in court, Heritage Foundation legal scholar Alden Abbott notes that:

[S]uch challenges would absorb scarce public resources and cause delay in implementing sound environmental policies, while creating unwarranted public confusion as to the international “legality” of the administration’s actions. Furthermore, continued U.S. membership in the Paris Agreement might be cited as an extra public policy “plus factor” in challenges to environmental regulatory reforms, based on federal administrative law, rather than on the agreement. Such a “plus factor” theory would have no basis in law, but it would further complicate defense of the administration’s actions.

It would be prudent to address potential legal impediments to implementing the President’s energy agenda preemptively by withdrawing from the Paris accord.

**Paris elevates the distant, uncertain risk of global warming over the immediate, known risk of energy poverty.** The presumption of the Paris agreement is that greenhouse gas emissions from human activity (particularly the burning of fossil fuels) are predominantly responsible for and will lead to significant increases in average global temperatures. Though the climate is changing—as it has always changed—it is not clear that the threat is as imminent and catastrophic as proponents of global warming claim.

In fact, significant discrepancy exists between temperatures measured by satellites and those measured by land-based stations, leading to questions about data reliability.

Moreover, climate models upon which these dire predictions are based have a poor predictive record. Specifically, the models have consistently predicted increases in temperature that are faster than has been observed in the real world. Until the models can predict the climate accurately, costly action to mitigate projected warming is premature. By contrast, energy poverty is a clear immediate concern, and the role that fossil fuels have played in making peoples’ lives easier, healthier, and cleaner is undeniable. Restricting the use of carbon dioxide–emitting conventional fuels will impede growth in industrialized nations and in developing nations where more than a billion people are without access to dependable power.

**Leaving Paris and withdrawing from the U.N. Framework Convention on Climate Change protects congressional prerogatives.** President Obama misused the U.N. Framework Convention on Climate Change as a way to avoid the Senate’s advice.
and consent on the Paris Agreement as established in Article II, Section 2 of the Constitution. President Obama argued that the Senate’s approval was not necessary because the U.S. signed onto the UNFCCC in 1994. The Administration, however, made serious international commitments and should have submitted the agreement to the Senate as a protocol “containing targets and timetables” as was promised to the Senate before ratification of the UNFCCC.

To fulfill a promise made in the context of the Paris agreement, President Obama also provided $1 billion to the Green Climate Fund (GCF) without authorization from Congress. For many developing countries, the promise of assistance through the GCF was instrumental in securing their support for the Paris agreement. If the U.S. remains a participant in Paris, future Administrations would be under pressure to allocate billions of additional taxpayer dollars to this purpose.

Under the terms of the Paris agreement, the U.S. cannot send notice of its withdrawal until three years after the agreement entered into force (i.e., three years after November 4, 2016). The process of withdrawal then takes one year. Thus, withdrawal from the Paris agreement alone would occur in November 2020 at the earliest.

A faster path would be to withdraw from the UNFCCC. Under the terms of the Paris agreement, any government withdrawing from the UNFCCC “shall be considered as also having withdrawn from this Agreement.” The process for withdrawing from the UNFCCC requires one year, which accelerates the process considerably. Moreover, departure from the UNFCCC would prevent future Administrations from using that framework to avoid getting the Senate’s advice and consent in the treaty process.

Other governments will be upset about President Trump’s energy policy regardless of whether the U.S. withdraws from the Paris agreement. Withdrawing from the Paris agreement would be met with consternation from foreign leaders, but so would remaining in the agreement while ignoring or repudiating U.S. commitments that are inconsistent with President Trump’s energy policy. Thus, the U.S. will be criticized either way. The choice is between criticism of greater volume in the short term if the U.S. withdraws or criticism that, while sustained, is of lower volume over the next four to eight years.

History provides some lessons. Despite strong pressure from the U.N. and European governments, President George W. Bush did not agree to ratification or implementation of the Kyoto Protocol, whereby 37 industrialized countries committed to legally binding GHG cuts. Although criticism was loud, the Bush Administration was able to overcome it and work with other governments on numerous international issues of mutual concern. The same would hold true for President Trump’s repudiation of Paris.

The United States is and will remain a global superpower. Other countries have a multitude of security, economic, and diplomatic reasons to work with America to address issues of mutual concern. Withdrawal from Paris will not change that. In fact, it might help future negotiations if other governments know that the U.S. is willing and able to resist diplomatic pressure in order to protect American interests. If other nations choose to enact policies that cause economic hardship for their citizens in return for little to no environmental impact, that is their choice, but it is ridiculous to equate following them down this counterproductive path with “leadership.”

Conclusion

Both the costs of leaving the Paris agreement and the benefits of staying as argued by proponents are inflated. Withdrawing does not preclude the U.S. government from studying climate science, understanding any potential risks associated with climate

change, and working with other nations through informal arrangements to take appropriate steps. Pulling out of the UNFCCC is the quickest path to removing America from a costly, unworkable, and ineffective agreement that President Trump correctly said should be cancelled.

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