

## News from Brussels

### GLOBAL CLIMATE POLICY IN TIMES OF TRUMP

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**The US' withdrawal from the Paris Agreement called the long-term framework for efficient technologies into question. In the long run, however, the Trump effect may be limited.**

By Frederike Krebs

It took Donald Trump only 102 characters to topple global climate policy. "I will be announcing my decision on the Paris Accord over the next few days. Make America great again!" the US President tweeted on May 31. A few days later, he confirmed what everybody had already been expecting: the US would withdraw from the

Climate Change Agreement. A shadow of doubt fell on the long-term prospects of a global energy efficiency movement for countries and industries.

#### Companies depend on reliable political frameworks

America's political U-turn also caused uncertainty for mechanical engineering companies. With its innovative capacity, the industry can provide the future technologies needed to implement ambitious climate protection measures. However, companies require stable political framework conditions. Investments in the development of future-oriented climate technologies, their introduction into the market and their dissemination will only take place if attractive long-term prospects for the economy are created.

Accordingly, VDMA clearly supports the Paris Agreement and its long-term goals towards a low-carbon economy. Climate change is a global challenge that does not stop at national borders. Therefore, the burden must be shared globally in order to master the transition towards a cleaner future without distortion of competition between countries. With the withdrawal from the Paris Agreement, Donald Trump places the competitive advantage of the US above global long-term interests. This is not only irresponsible towards the environment and future generations, but also detrimental to the global economy.

Today, companies raise the question: What is the Paris Agreement still worth? And what is next in global climate policy?

#### COP21 - a breakthrough in global climate policy

On December 12, 2015, the world seemed unified in its determination to finally address climate change in a coordinated approach. During the UN Climate Conference (COP21) in Paris, the Climate Change Agreement was reached, covering the period from 2020 onward.

Its central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 °C. The Paris Agreement requires all parties to put forward their best efforts through "Nationally Determined Contributions" (NDCs) and to strengthen these efforts in the years ahead. This includes requirements that all parties report regularly on their emissions and on their implementation efforts.

The Paris Agreement opened for signature for one year on April 22, 2016 in New York at the UN Headquarters. The European Union signed the Agreement that day. The Paris Agreement took effect on November 4, 2016. This was 30 days after the conditions were met - ratification by at least 55 countries

accounting for at least 55 percent of global greenhouse gas emissions, the so called “double threshold”. Since then, more countries have ratified and continue to ratify the Agreement. At the moment, 164 of 197 parties at the convention have ratified.

### **How important is the Trump factor?**

These figures show that the global trend towards an ambitious climate policy is strong - and most countries still seem determined to act. At the G20 summit in Hamburg, 19 heads of state reaffirmed their commitment to the Paris Agreement as “irreversible” and pushed for a “swift move towards its full implementation”. At the same time, they “took note” of the decision of the United States of America to withdraw from the Paris Agreement.

This view is broadly supported by the business community. In a joint statement, the B20, the business complement to the G20 talks, considered the U.S. decision to pull out of the Paris Agreement as “very short-sighted and irresponsible”. VDMA also warned that the US withdrawal would harm the economy: “The reduction of greenhouse gas emissions can take place in parallel with economic growth if companies can confidently plan investment in efficient technologies,” VDMA's Executive Director Thilo Brodtmann said. “President Trump calls this prospect into question, and is thus delaying the further development of a state-of-the-art and environmentally friendly industry.”

### **Trump factor is difficult to predict**

In terms of climate, economics and politics, it is therefore difficult to predict the effect Trump has on the Paris Climate Agreement, since resistance is mounting even in the US. Federal states, cities, businesses, colleges and universities have reaffirmed their support for the Paris Agreement through collaborations including the “We Are Still In” declaration, the Climate Mayors coalition of cities and the U.S. Climate Alliance group of states.

The initiative “America’s Pledge on climate change”, launched by Californians Governor Jerry Brown and Michael Bloomberg, will compile and quantify the actions of states, cities and businesses in the United States to reduce their greenhouse gas emissions. The initiative will present a game plan for raising support and influence when it comes to non-partisan actors reducing US emissions consistent with the goals of the Paris Agreement.

### **Next steps: achieving further implementation**

In fact, countries continue to push forward the implementation of the Paris Agreement - with or without the US. Every five years, each country submits its National Determined Contribution (NDC), each of which must be more progressive than the last. While countries are not legally bound to meet the targets in their NDCs, they are required to take action “with the aim of achieving” their goals.

The “Facilitative Dialogue 2018” will focus on the long-term emission reduction goal. Every five years the parties “take stock” by assessing the progress made towards meeting the purpose of the Paris Agreement. They “recognize adaptation efforts of developing country parties, review the adequacy and effectiveness of adaptation and support provided for adaptation and review the overall progress made in achieving the global goal.”

### **Taking decisive action**

At the next climate Conference of Parties (COP23) in November 2017 in Bonn (Germany), under the presidency of Fiji, the parties will focus on the further implementation of the Paris Agreement to prompt the international community to take decisive action. Key issues for the Fijian presidency are to establish of a “rule book” on the implementation process of the Paris Agreement, which should be approved by the next Climate Change Conference in 2018, and to boost global climate financing for developing economies. This is of special interest to the mechanical engineering industry since a great effort should be made towards the engagement of the private sector.

There are signs that an internationally coordinated approach, and therefore a key requirement for reliable investment in climate protection technologies, remains possible even without the US. It is crucial for the industry that the long-term climate policy is not further undermined. Modern mechanical engineering can contribute to the fight against climate change - but the development of efficient technologies requires a political framework that can't be unraveled by a tweet. ■

**Further Information**

VDMAimpulse | UN Climate Change Conference COP23 | VDMAimpulse 05-2016: "How the Paris Agreement can save the business climate, too"

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