

The Paris Climate Agreement 101

Without a Focus on Free-Markets, Paris Benefits China, Not the Climate

President Biden signed an Executive Order rejoining the United States to the Paris Climate Agreement on January 20, 2021. Many immediately praised this saying that it put us back on track to lower emissions and lead the world again; however, the agreement largely fails to reduce emissions and address climate change. Instead, it gives countries like China political cover to continue building polluting power plants at record pace with no accountability. The U.S. can and must lead on the international stage when it comes to climate change, rather than obstruct it.

The U.S. is already leading in emissions reductions through technology innovation. If policymakers are serious about addressing climate change, they should unleash innovation by investing in research, reducing taxes for businesses, streamlining regulatory barriers, exporting our clean energy technology, and engaging in clean free trade with the international community.

Facts vs. Myths

- Being part of a global agreement like the Paris Agreement will automatically address climate change and [reduce](#) carbon emissions. **MYTH**
- The United States had the world's largest energy-related [emissions reductions](#) in 2019 and now the largest total reduction since 2000, even without the Paris Agreement. **FACT**
- It is possible for the U.S. to meaningfully reduce domestic and global emissions, and provide global diplomatic leadership, with bilateral and multilateral [trade deals](#) that focus on scaling technological innovation with like-minded countries. **FACT**

Problems with Paris

- **The Paris Climate Agreement lacks accountability.**
 - Developed nations that are part of Paris are [failing to meet](#) their emissions goals.
 - Developing nations now admit that their greenhouse gas emissions will [continue to rise](#) past their peak target date of 2030.
 - It gives [China](#) a political and public relations pass to continue saying one thing while doing another.
- **It hurts American middle-class families. It hurts American middle-class families.** The Paris Climate Agreement goals, if implemented as proposed by President Obama, would [result](#) in an average income loss of \$20,000 for a family of four and an aggregated GDP loss of over \$2.5 trillion.

Markets vs. Mandates

- Market forces, not mandates, are unlocking ways to make [sustainability profitable](#).
- The U.S. is [the world leader](#) in emissions reductions, having slashed carbon emissions [12 percent from 2005-2019](#), and doing so without being part of the Paris Agreement.
- The private sector, including even [big oil producers](#), have set their own net-zero emissions reduction goals and are making [significant investments](#) in clean energy.
- Over-regulation and heavy-handed government mandates have made it very difficult for companies in the U.S. to deploy zero emission technologies, such as the more advanced small modular nuclear reactors.

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If We Must Be a Part of the Paris Agreement...

- Focus on an innovation-based approach. Rejoining the Paris Agreement shouldn't stifle the success that America is already having at reducing emissions, nor should it be used as an excuse to impose new, burdensome, and costly regulations on the American economy. Invest in innovation, reduce barriers, and allow the free market to work.
- Reduce barriers to the export of American clean energy to the rest of the world. Countries like China and India need American-made clean energy technology to reach their [Nationally Determined Contributions](#) (NDCs). Countries should be incentivized to innovate and export technology solutions, not mandated and penalized through a top-down and onerous global agreement. Clean free trade, the process of removing tariff and non-tariff barriers to environmental goods and services, would hugely scale clean energy access across the world.
- The United States, through the [Department of Energy](#), is already engaged in many bilateral trade agreements that address the environment, such as research partnerships, conservation restoration projects, and wildlife protection initiatives. We can exercise enormous influence through bilateral trade deals that both stimulate economic growth and protect the environment. A trade deal, for instance, could expand access for American markets to Brazil as long as they agree to [protect the Amazon rainforest](#).

In Summary

- The United States should demonstrate leadership on the global stage when it comes to climate change; however, it should do so by setting the stage for an innovation-led approach that can be replicated easily by other countries, rather than a heavy-handed regulatory one. Lower taxes, regulatory streamlining, R&D support, and strong economic growth are climate plans that every country should want to sign up for.
- Ultimately, top-down, heavy-handed global approaches rarely allow for innovation. What we need, with or without a Paris Agreement, is for creative market forces to be allowed to work. It's the fastest path to decarbonization at scale.