Paris Climate deal: The New Phase

Why in news?

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- US has made a decision to walk out of the Paris agreement.
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- The clear consequence of US decision to withdraw from the landmark Paris accord is that, the global climate agenda would be pushed to the back burner.
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What is the importance of the issue?

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- The ‘domino effect’ is forcing a few other countries to follow suit.
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- During 2010-15, the US significantly increased its climate-related spending and outward investment in developing countries.
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- It committed nearly $15.6 billion on bilateral programmes for promoting clean energy, sustainable infrastructure and land use.
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- The proposed budget cuts by the Present administration could dry up the endowment of the Green Climate Fund (GCF), set up in 2010, as a part of an international pledge to mobilise $100 billion from advanced to the poorer nations by 2020.
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- The US committed $3 billion and till date has transferred only $1 billion to GCF, which currently possesses a kitty of $10.3 billion.
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- Moving ahead, the EU (European Union) and China, have rightly stepped in to fill up the leadership vacuum and counter the voices seeking to slow the fight against global warming.
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- Both these powers are largely seen as the only viable diplomatic alternative

to the US leadership, as the world wrangles over how to build on its commitments to the Paris accord.
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What is the greener status of China?

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- In 2016, China signed the historic deal with the US for clean energy partnership and, cooperated with them to lead the Paris summit to fruition.
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- China has suspended construction of 103 new coal-fired power plants, and announced plans to invest more than $360 billion into renewable energy by the end of the decade.
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- According to the People's Bank of China, the country will need $600 billion a year to realise its dream of a "Green economy".
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- China's green credit, as it stands today, is almost 10 per cent of the total banking sector portfolios.
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- The Chinese government has already mobilised massive policy and fiscal support, to enable sustainable mobility and urban infrastructure and put in place the framework for a robust domestic carbon market.
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- The cooperation between EU and China marks a turning point in climate negotiations and global diplomacy.
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- China and the EU need to act together and significantly intensify their political, technological, economic and scientific cooperation on climate change and clean energy.
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- Perhaps we are on the verge of experiencing a multipolar, collective leadership forcing the world to look beyond the Western alliance that dominated the scene for long.
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What are the Emerging possibilities for India?

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- As the US withdraws, who will drive innovations and technological progress for low-carbon growth becomes a big question.
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- US' scepticism on climate change provides an opportunity for countries like India and China to act on their common interests for climate change.
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- India has always practised smart climate diplomacy, To stay on course on its INDC pledge, the government needs to accelerate the pace of important reforms and mainstream climate change in public policy and investment decisions.
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- The looming challenges over Brexit, cross-border migration and, rising threats of terrorism make it difficult for EU to lead a globally coordinated effort on climate change.
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- However, ultimately, it is both India and China's intent to formulate and pursue common goals, accept sensible compromises between competing interests, and support poorer, climate-vulnerable countries.
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- The development of the transparency framework will be an essential part of the negotiations in the coming years.
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What is the way forward?

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- In the Multipolar World, without a stronger political alliance wiser diplomacy and superior statesmanship, the coalition between countries will at best be limited to technical cooperation, without making substantial headway in the global climate dynamics.
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- Whoever assumes the leadership needs to do a lot of homework, The Paris Agreement only sets out the broad contours of procedures and requirements the details are still to be formulated
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- To enable the global stocktaking of national efforts and make the five-yearly review process a powerful tool, transparency and MRVs (Measuring, Reporting and Verifications) are essential
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- US decision will temporarily cut the flow of multilateral climate finance in developing countries.

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- But in the long term it will shift the focus on ‘crowding in’ and catalyse private investments.
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- Innovative instruments (climate bond, social impact bond, catastrophic risk insurance, etc.), will provide new flows, greater efficiency and effective development impact.
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Source: Business Line

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