

## U.S. Withdrawal from Paris Accords Leaves Another Vacuum in Global Leadership



By [Luke Disney](#) , Executive Director, INSEAD Social Innovation Centre

**The Paris Agreement is not yet dead, but no other nation currently has the clout to take leadership.**

Donald Trump’s announcement that he is withdrawing the United States from the Paris climate accord has predictably resulted in shock and uncertainty. The president described the accord as “the latest example of Washington entering into an agreement that disadvantages the United States to the exclusive benefit of other countries, leaving American workers...to absorb the cost...”

His message was not new. As in his [inaugural address](#), Trump reiterated his position that America’s international commitments were unwelcome and unfair costs, rather than strategic investments in the country’s future.

It was also not the first vacuum Trump has left. In his first days in office, he withdrew the U.S. from the Trans-Pacific Partnership (TPP), a trade agreement sought by countries bordering the Pacific Ocean. Some, such as Japan, had already made significant concessions to get U.S. buy-in.

### **Big shoes to fill**

The resulting power vacuum as a result of the withdrawal from the Paris Agreement was immediately obvious, as other countries attempted to fill the U.S.'s shoes. China, which sees the transition to renewable energy as a strategic objective, attempted to enlist European support for its position as the new world leader in the fight against climate change, but trade issues **prevented them** from establishing a formal joint position.

Germany, which will host the upcoming G20 summit, has been trying to create a "19-1" coalition of leaders to isolate the U.S. and its stance on climate change. However, it seems that other countries do not yet see German guidance as a **substitute** for American leadership.

India has also presented its credentials for consideration. On a recent state visit to France, Indian Prime Minister Narendra Modi assured his counterpart, French President Emmanuel Macron, that **India** would continue to provide leadership in securing the Paris climate agreement objectives. However, with India heavily dependent on the **Green Climate Fund** - which, in turn, is heavily dependent on American financing - and its desire to keep on good terms with the U.S. make it unlikely for India to emerge as a true independent leader on climate change.

The U.S. withdrawal from the Paris Agreement has made it clear that not only is the U.S. serious about its intent to step down as global leader, but also that there is, at the moment, no other country capable of stepping up to take on this role.

### **Not dead but injured**

The big question is will the Paris climate accord collapse like a house of cards now that the U.S. has decided to join Nicaragua and Syria on the side lines? The good news is that this is unlikely.

In the lead up to Trump's announcement, China and the European Union reiterated their commitment to the Paris accord and promised to take up the mantle of **global leadership** in the fight against climate change. Politicians

in some countries may follow the U.S.'s lead if they see potential domestic political advantages. But most major greenhouse gas emitters like Australia, Canada, China, the EU and India seem unlikely to walk away from their commitments and the accompanying economic opportunities. If anything, they seem to be **doubling down** on their commitments.

Will businesses and communities in the U.S. abandon their plans to transition away from the carbon economy in droves? No. Within hours of Trump's announcement, an impressive and growing list of American companies and states made public statements about their intention to continue, if not increase, their efforts to lower greenhouse gas emissions. The U.S. political system gives individual states a broad range of policy tools to influence environmental impacts. **Majorities in every state** – red and blue – are in favour of taking action against climate change. Whether it's California's ongoing efforts to increase fuel efficiency standards or New York's investments in renewable energy, the most populous states will continue to march to their own (green) tunes when it comes to the environment. Similarly, major American companies, like Apple, Google, and even **Exxon**, as well as their investors, know which end is up when it comes to climate science. They are well aware of the growing risks of remaining dependent on fossil fuels and the emerging opportunities in the green economy.

Will investments in renewable energy innovation drop precipitously? Not likely. India and China are the leading players in renewable energy industry. Faced with unsustainable levels of air pollution in its major cities, China's massive commitment to rapidly transitioning away from the carbon economy is both understandable and unwavering. Facing similar (negative) incentives, India's Energy Minister recently announced that by 2030 **neither petrol nor diesel cars** would be sold in the country. Of course, the U.S. is also an important player when it comes to innovation in renewables. Companies like Solar City, General Electric and even the **U.S. military** are hotbeds of innovation when it comes to green tech. It is unlikely that they will be willing to relinquish these roles. Instead, innovators like Elon Musk, whose company Tesla recently merged with Solar City, have taken rapid action to distance themselves from **Trump's decision**.

Will greenhouse gas emissions in the U.S. – the world's second biggest emitter – take a massive jump due to renewed (government) investments in fossil fuel industries? Probably not. For all Trump's talk of a new dawn for "clean coal" and a resurgence in (dirty) heavy industry there are few real

signs of real potential for growth in these areas. Yes, there will be some temporary signs of hope for America's beleaguered coal miners. But American power companies are turning away from coal and towards renewables spurred on by the wishes of major corporate customers, like GM and Microsoft. Even in the heart of U.S. "coal country" politicians and power company executives in the states of West Virginia, Kentucky and Wyoming have trouble seeing [an economic future for coal](#).

So, it is unlikely the Paris Agreement will collapse. Major U.S. businesses and states will continue their transition away from the fossil fuel economy. The renewable energy sector will continue to grow, and U.S. companies will continue to play a significant role in this growth. The future of the American economy does not look coal powered.

So what has changed?

The true significance of the Trump announcement is much broader than climate change. It marks a seismic shift in geo-politics. For more than 70 years the U.S. has sought to shape international relations. In doing so it has, directly or indirectly, influenced the lives of almost everyone alive on the planet today. In withdrawing from the Paris climate accord, Trump has sent a clear message to the rest of the world: "The U.S. is withdrawing from our role as unelected (but de facto) global leader."

The withdrawal from the Paris accords is arguably the first clear demonstration of the refusal of the U.S. to lead.

The impact of this new power vacuum may not be felt in terms of the fight against climate change. At least not in the immediate future. But the larger implications are sure to be felt by almost everyone on the planet when it comes to getting nations in line with global initiatives like climate change or trade. However, if historical record is anything to go by, transitions in geo-political leadership are seldom smooth. In this respect, the U.S. withdrawal from the Paris Agreement and the TPP are significant symptoms of a shock that will likely be felt across the entire international system.

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