

**Policy Paper**

US back in climate business:  
implications for global climate  
action

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## President Biden's green revolution

One of the first moves of President Joe Biden upon his inauguration in January 2021, was to officially bring the United States back among the signatories of the Paris Agreement.<sup>1</sup> He has also announced his intention to get the US on track to becoming carbon neutral by 2050 and to fully decarbonize its power sector by 2035. In order to do so, he aims to implement an unprecedented \$2 trillion climate investment plan, known as the American Jobs Plan, which will enable the US to “finally address the climate crisis as a nation”<sup>2</sup>, curb wealth inequality, strengthen US competitiveness and allow “transformational progress” by bolstering investments in clean energy and electric vehicles while gradually phasing out cars that run on fossil fuels and slashing fossil fuel subsidies. Among the other executive orders signed in the first 100 days of his presidency, worthy of mention are the order revoking the permit for the Keystone XL pipeline and the order announcing a temporary moratorium on new leases allowing drilling on federal land.<sup>3</sup> Furthermore, on 22 and 23 April, Biden will host a Leaders Summit on Climate<sup>4</sup> with the aim to galvanize efforts by the major economies – responsible for approximately 80 percent of global emissions and global GDP – to tackle the climate crisis and strengthen their cooperation.

In terms of investment, the new plan provides \$174bn for the deployment of electric vehicles, to subsidise production and sales as well as to establish

a network of 500,000 charging stations across the country by 2030 (six times the current number of stations). To make alternatives to driving more attractive, \$165bn will be spent on modernising public transport and rail networks. And \$180bn will be ploughed into fundamental scientific research, much of it climate-focused. Instead of taxing carbon, which Biden fears would be politically unpopular, he has proposed a national clean-energy standard to force the reduction in emissions through direct governmental regulation.

The President's plan is a reminder of three core concepts: standards, investments, and justice (SIJ), at the centre of virtually every climate plan released over the past years, including the EU Green Deal. Gina McCarthy, the White House national climate adviser, claims that “if we really want to build back millions of good-paying union jobs, jobs that were threatened during the pandemic, then this is the future for us”.<sup>5</sup> Large clean-energy investments are seen as a boon for organised labour and racial equality.

With the world's second largest emitter back in business and ready to pursue an active climate leadership, what geopolitical implications can we expect? What impact will it have on the EU's climate and foreign policy? Will other major economies such as Russia or China follow suit?

<sup>1</sup> UN Climate Change, “United States of America: Acceptance”, 20.01.2021, <https://treaties.un.org/doc/Publication/CN/2021/CN.10.2021-Eng.pdf>.

<sup>2</sup> The White House, “Background Press Call by a Senior Administration Official on the President's American Jobs Plan”, 30.03.2021, <https://www.whitehouse.gov/briefing-room/press-briefings/2021/03/31/background-press-call-by-a-senior-administration-official-on-the-presidents-american-jobs-plan/>.

<sup>3</sup> The Economist, “Joe Biden's climate-friendly energy revolution”, 20.02.2021,

<https://www.economist.com/briefing/2021/02/20/joe-bidens-climate-friendly-energy-revolution>.

<sup>4</sup> The White House, “President Biden Invites 40 World Leaders to Leaders Summit on Climate”, 26.03.2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/26/president-biden-invites-40-world-leaders-to-leaders-summit-on-climate/>.

<sup>5</sup> The Economist, “The bumps ahead for Joe Biden's plan to decarbonise America”, 10.04.2021, <https://www.economist.com/united-states/2021/04/10/the-bumps-ahead-for-joe-bidens-plan-to-decarbonise-america>.



## Implications for global climate action

Recently, sharp divisions among the major global emitters have emerged at a series of meetings organised to make progress on climate change. India's Minister for Power and Renewable Energy, Raj Kumar Singh, criticized the carbon cutting plans of richer countries, calling long-term net zero targets "pie in the sky".<sup>6</sup> China, meanwhile, declined to attend a key climate event organised by the UK in sight of the future COP26 as a result of the deterioration of diplomatic relations over human rights concerns.<sup>7</sup> Against this backdrop, the Biden Administration's Leaders Summit on Climate is crucial to scaling up global climate ambition. By the time of the Summit, the US will announce an ambitious 2030 emissions target as its new Nationally Determined Contribution (NDC) under the Paris Agreement, and has invited other countries to do the same.

Globally, there is a vast gap between the emissions reduction targets being promised and the policies in place to achieve them. On 26 February 2021, a new NDC Synthesis Report<sup>8</sup> was published by the secretariat of the United Nations Framework Convention on Climate Change. The report highlights that, although some progress has been made, the current levels of climate ambition are not

on track to meet the Paris Agreement goals and, specifically, the safety threshold of temperature increase by 1.5 °C, beyond which the world would face irreversible climate damage. The Paris Agreement, unlike the Kyoto Protocol, lacks an executive and sanctioning "Compliance Mechanism" and relies on the good faith of its Parties. This was agreed to satisfy the US' desire to limit binding commitments at the domestic level and thus avoid the need to obtain the consent of the Senate<sup>9</sup> for the ratification of the Agreement, which would have prevented the country's accession.

Parties are in fact free to determine the level of their NDCs, according to their responsibilities and capabilities. While they are obliged to prepare, communicate and maintain them, they are not obliged to actually reach the objectives of the NDCs. Article 4.2 of the Paris Agreement reads: "*Each Party shall prepare, communicate and maintain successive nationally determined contributions that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions*".<sup>10</sup> The first sentence indicates a norm of *hard law* (as demonstrated by the use of the word "shall") and the second a norm of *soft law* ("aim of achieving"). This Article is symbolic, as it represents a compromise between two conflicting views: on one side that of many Parties, including the European Union and the small island states, which during the negotiations

<sup>6</sup> Climate Home News, "India calls out rich nations for setting net zero goals over robust short-term targets", 31.03.2021, <https://www.climatechangenews.com/2021/03/31/india-calls-rich-nations-setting-net-zero-goals-robust-short-term-targets/>.

<sup>7</sup> BBC News, "Climate change: China absent from key UK meeting", 1.04.2021, <https://www.bbc.com/news/science-environment-56584575>.

<sup>8</sup> UN Climate Change, "Nationally determined contributions under the Paris Agreement. Synthesis report by the secretariat", 26.02.2021, [https://unfccc.int/sites/default/files/resource/cma20\\_21\\_02E.pdf](https://unfccc.int/sites/default/files/resource/cma20_21_02E.pdf).

<sup>9</sup> Secretary of State John Kerry, "Interview With Chris Wallace of FOX", 12.12.2015, <https://2009-2017.state.gov/secretary/remarks/2015/12/250595.h>

<sup>10</sup> [tm](https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XXVII-7-d&chapter=27). Secretary of State John Kerry, referring to the Agreement, states that: "it doesn't need to be approved by Congress because it doesn't have mandatory targets for reduction, and it doesn't have an enforcement-compliance mechanism".

<sup>10</sup> UNFCCC, "Paris Agreement", in *Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015. Addendum. Part two: Action taken by the Conference of the Parties at its twenty-first session, Annex to Decision 1/CP.21, Adoption of the Paris Agreement, FCCC/CP/2015/10/Add.1, 29.01.2016, p. 23, Art. 4.2, https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg\_no=XXVII-7-d&chapter=27*.



had argued that they wanted to make the implementation and the realization of the contributions legally binding, thus imposing an obligation of result; on the other, the strenuous opposition from the US, China and India which, along with others, did not wish to submit to legally binding result obligations.<sup>11</sup>

## The global green race

Governments around the world increasingly view acting on climate change in terms of an economic race. Experts have argued that, where industrial interests are involved, “competition will prevail over cooperation”.<sup>12</sup> The President of the European Commission, Ursula von der Leyen, has responded to this argument by saying that, when it comes to green economy, competition is good.<sup>13</sup> Nowadays, we can see how the so-called “green race” is reshaping geopolitics. Is it likely that countries that do not embrace the green transition will eventually be left behind? Olafur Ragnar Grimsson, the former President of Iceland and chair of the Global Commission on the Geopolitics of Energy Transformation, says that, gradually, “the power of those states that were big players in the world of the fossil-fuel economies, or big corporates like the oil companies, will fritter away.”<sup>14</sup> With the US back in business, other major economies, like the EU, China and Russia, need to step up their pledges in order not to lose their competitiveness.

After years of standing up to Donald Trump’s unilateral withdrawal from the Paris Agreement, Europe has no intention of being sidelined in climate

diplomacy. In December 2020, the EU committed to an updated goal to bring greenhouse gas emissions down to at least 55 per cent of their 1990 levels by 2030<sup>15</sup>, which is more ambitious than the previous pledge of 40 per cent. The EU and its Member States must now ensure that this new target is implemented, bringing the bloc on track to reaching carbon neutrality by 2050. The delivery of the “Fit for 55 Package”, expected to be unveiled in June 2021, will be crucial for Europe’s pledge to become the first carbon-neutral continent by 2050 and give it a real chance to compete with the US.

The renewed US’ climate leadership should also pull other major economies, such as China and Russia, to follow suit and embrace the low-carbon transformation. China, the world’s greatest emitter of greenhouse gases, has pledged to reach carbon neutrality by 2060. The country, apart from being the number one world polluter, is at the same time the number one investor in both solar and wind power: it produces more than 70 per cent of all solar photovoltaic panels, half of the world’s electric vehicles and a third of its wind power. It is also the biggest battery producer and controls many of the raw materials crucial for clean-tech supply chains, such as cobalt, rare earth minerals and polysilicon, a key ingredient in solar panels.<sup>16</sup> However, in order to reach the pole position in the green race, more climate effort is yet to be achieved by China. Russia, instead, has seen very little structural changes in its electricity system over the last five years and the growth in wind and solar capacity has been extremely limited. Although in 2020 fossil fuel

<sup>11</sup> L. Rajamani, “The 2015 Paris Agreement: Interplay Between Hard, Soft and Non-Obligations”, in *Journal of Environmental Law*, Vol. 28, No. 2, 2016, pp. 353-354.

<sup>12</sup> The Oxford Institute for Energy Studies, “The Geopolitics of Energy: Out with the Old, In with the New?”, February 2021, Issue 126, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2021/02/OEF-126.pdf>.

<sup>13</sup> POLITICO, “EU jitters over US return to Paris Agreement”, 22.01.2021, <https://www.politico.eu/article/eu-jitters-over-us-climate-biden-trump-green-deal-return-to-paris-agreement/>.

<sup>14</sup> The Economist, “How the race for renewable energy is reshaping global politics”, 4.02.2021, <https://www.ft.com/content/a37d0ddf-8fb1-4b47-9fba-7ebde29fc510>.

<sup>15</sup> Council of the European Union, “European Council conclusions, 10-11 December 2020”, 11.12.2020, p. 5, <https://www.consilium.europa.eu/media/47296/101-1-12-20-euco-conclusions-en.pdf>.

<sup>16</sup> The Economist, “How the race for renewable energy is reshaping global politics”, 4.02.2021, <https://www.ft.com/content/a37d0ddf-8fb1-4b47-9fba-7ebde29fc510>.



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generation fell by 9 per cent due to Covid-19 factors, the country's share in the resource remains high, at 59 per cent (just below the world average of 61 per cent).<sup>17</sup>

## Time to build back better

The ongoing Covid-19 pandemic has pointed to the fragile balance between health, economic growth and the natural environment. Climate change, just like the pandemic, can be seen as a crisis that affects both the present and the future generations. Yet, as mentioned by Ursula von der Leyen, that while “sooner or later we will find a vaccine for the coronavirus, there is no vaccine for climate change”.<sup>18</sup> Unlike the pandemic, climate change contains an inherent irreversibility, a series of points of no return. If it beginning to prove that the 2020 fall in global CO<sub>2</sub> emissions of around 2-7 per cent compared to 2019 levels was only temporary.<sup>19</sup> Therefore, as the world economy recovers, it is imperative that it does so in a green and sustainable way.

As climate change is a “common concern of humankind”,<sup>20</sup> it is necessary to address it through international cooperation and multilateralism. The US' green revolution sets a great example in the long path towards decarbonization and it has all the tools to support a successful global energy transition. Its triumph, however, will be possible only if the US, the EU and China act jointly to make the most of the green race and use their economic clout to bring other less climatically ambitious countries, like Russia or Brazil, on board. It is also crucial to ensure that the Paris Agreement remains the indispensable

multilateral framework for tackling climate change. The “climate crisis cannot afford any delay”.<sup>21</sup> Now, more than ever, is the time to build back better.

<sup>17</sup> EMBER, “Russia”, <https://ember-climate.org/global-electricity-review-2021/g20-profiles/russia/>.

<sup>18</sup> Twitter, @vonderleyen, 13.05.2020, <https://twitter.com/vonderleyen/status/1260578816268865537>.

<sup>19</sup> Le Quéré, C., Jackson, R.B., Jones, M.W. *et al.* “Temporary reduction in daily global CO<sub>2</sub> emissions during the COVID-19 forced confinement”, in *Nature Climate Change*, July 2020, <https://www.nature.com/articles/s41558-020-0797-x>.

<sup>20</sup> UN, “United Nations Framework Convention on Climate Change”, New York, 9.05.1992, p. 1, [https://treaties.un.org/doc/Treaties/1994/03/19940321%2004-56%20AM/Ch\\_XXVII\\_07p.pdf](https://treaties.un.org/doc/Treaties/1994/03/19940321%2004-56%20AM/Ch_XXVII_07p.pdf),

UNFCCC, “Paris Agreement”, p. 21.

<sup>21</sup> E. Ueberschär, “Europe needs a Real Green Deal!”, in *Heinrich Böll Stiftung*, 20.07.2020, <https://cz.boell.org/en/2020/07/20/europe-needs-real-green-deal>.



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## About Prague Climate Talks

This policy paper serves as a background material for the Prague Climate Talks debate. Prague Climate Talks is platform for high-level discussion on the complex issue of climate change. The project is organised by EUROPEUM Institute for European Policy in cooperation with Heinrich-Böll-Stiftung Prague and under the auspices of the UN Information Centre Prague.



## About EUROPEUM

EUROPEUM Institute for European Policy is a non-profit, non-partisan, and independent think-tank focusing on European integration and cohesion. EUROPEUM contributes to democracy, security, stability, freedom, and solidarity across Europe as well as to active engagement of the Czech Republic in the European Union. EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making.

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