Key Challenges for China and the US: Climate and Security

Melanie Hart
With Trump deciding to pull out of the Paris climate accord, China is poised to lead the world on climate issues. It does not have to be this way.

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Despite some rhetorical bombast, US security policy in Asia so far under President Trump has been fairly consistent with past administrations.
Giving China Leverage: Climate, Energy and Trump’s Retreat
By Melanie Hart

Global warming imperils all countries, the US and China perhaps most of all. This is one reason why the 2015 Paris Agreement represented such a breakthrough in terms of global co-operation. But with President Donald Trump pulling the US out of the deal while pushing fossil fuels, China is poised to lead the world on climate issues. It does not have to be this way, writes Melanie Hart, who sees hope as a group of US state and municipal leaders look to stay the climate course through local efforts — including reaching out to China.

THE UNITED STATES and China share many common interests on issues of energy and climate. Those commonalities emerged in the late 2000s when renewable-energy technologies became commercially viable and shifted the energy landscape from a zero-sum competition over limited fossil-fuel resources to an infinitely expandable pie. Renewable energy — combined with mounting scientific evidence about the risks from a warming climate — provided a roadmap for the US and China to leverage their combined market power and diplomatic heft to shift the global community toward a more sustainable development path. In 2015, that joint effort contributed to the Paris agreement, a breakthrough diplomatic success that brought all nations — both developed and developing — under a single global climate agreement for the first time.

President Donald Trump is now backing away from that success. The 2016 US presidential election did not change what is at stake for the US, which still faces grave national-security risks from a warming climate. The prevailing scientific evidence still makes clear that those risks are man-made and can be slowed, and at least partially reversed, with sound policy. As of 2017, US renewable energy sectors are still booming and demonstrating that policies to address climate change can be powerful job and growth drivers.

What has changed is that, unlike his predecessor, Trump is not focused on broad US national interests. Instead, his administration is formulating energy and climate policy to further the financial interests of a relatively narrow subgroup: fossil-fuel industries, particularly coal. In a US-China context, this strategy pulls US federal government policy-making in a direction that is no longer aligned with China’s. While China is tightening coal policy, investing in clean energy technologies and playing a leading role in UN climate change discussions, the Trump administration is taking steps to undermine the global climate effort.

At the presidential level, the energy and climate arena is therefore unlikely to produce game-changing US-China agreements under Trump’s leadership. Energy co-operation will continue — fossil-fuel co-operation is of particular interest to the new administration — but will be limited in scope. At the sub-national level, however, we will likely see a new wave of dynamism. US states and cities see direct benefits from clean-energy job creation and direct losses from climate-induced rising seas and extreme weather. As the Trump administration disengages the federal government from international engagement on climate change, US governors and mayors are stepping in to fill the gap. Indeed, US states and cities that support the Paris Agreement represent nearly 50 percent of the population, 54 percent of GDP and 35 percent of emissions. Many are keen to work collaboratively with Chinese partners to share best practices, expand commercial co-operation and keep the multilateral climate effort on track. In the near term, these sub-national engagements are unlikely to substantially impact broader US-China relations, but over the longer term, they are likely to have a deep and lasting impact on the policy trajectories of both nations.

TRUMP’S DISENGAGEMENT
In the early years of the Barack Obama administration, Trump appeared to support climate action. In December 2009, in the run-up to the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen, Trump joined a group of high-profile US business leaders calling for Congress to pass comprehensive climate legislation. However, when the Republican Party pivoted against climate action in 2010 — a move driven primarily by fossil fuel lobbying — Trump went with them. By 2011, Trump was issuing tweets claiming “scientists have manipulated data on global warming” and “global warming has been proven to be a canard repeatedly over and over again.” In 2012, Trump took his claims a step further, tweeting that “the concept of global warming was created by and for the Chinese in order to make US manufacturing non-competitive.”

As president, Trump is turning climate skepticism into US policy. In June 2017, Trump announced his administration’s intention to withdraw the US from the Paris climate agreement despite the fact that many US businesses — including the biggest American oil companies — and seven in ten American citizens opposed the decision. The Trump administration also appointed a climate skeptic to head the US Environmental Protection Administration — the agency leading domestic US climate policy implementation — and is systematically removing information on climate change from US federal government websites.

At the November 2017 UNFCCC Conference of the Parties in Bonn — the annual summit meeting where representatives from nearly 200 nations gather to advance global action on climate change — the Trump administration hosted a forum promoting coal use, a move that drew international condemnation and ridicule. Less than a year into Trump’s first term, his administration has effectively shredded US government credibility on climate change and ceded its global leadership role, thus creating an opening for Beijing to expand its own influence. The same day Trump announced

his administration’s intention to withdraw from the Paris agreement, Chinese Premier Li Keqiang stood shoulder-to-shoulder with German Chancellor Angela Merkel and promised the international community that China would continue moving to uphold its own international responsibilities. While Trump White House officials promoted dirty energy at the UNFCCC talks in Bonn, Chinese envoy Xie Zhenhua said China was prepared to serve as “a guardian of multilateral processes” to keep international progress on track.1

Beijing has substantial credibility on climate. Whereas the US is now at risk of failing to meet its Paris targets, China is likely to over-deliver. However, the problem is that China wants to hold on to the old bifurcated UNFCCC model where developed nations follow stringent rules, and developing nations — including China — follow more lenient ones. The Paris agreement was a major breakthrough because it applied the same common standards to all nations. Negotiations are still under way over how the agreement will be implemented, however, and China and India are both looking for opportunities to bifurcate implementation. This was an issue last month in Bonn. UNFCCC delegates are currently discussing how to set up the transparency mechanism for the Paris agreement, which will include standards for measuring and reporting on national emission-reduction progress.

China and India are pushing for more lenient reporting requirements for developing nations; meanwhile, US career diplomats — who remain engaged in the negotiations given that the US cannot formally withdraw from the agreement until 2020 — are pushing for a framework that would require all nations to provide high-quality data so the international community can more accurately track and verify how all nations, including China, are performing. Unfortunately, the Trump administration is undercutting US leverage at a critical moment and increasing the odds that China and India will prevail.

With the US falling back, strong Chinese leadership is preferable to no leadership, but ceding leverage to China will reshape the multilateral process in ways that will directly impact the US and the global climate effort for decades to come.

PIVOT FROM RENEWABLES TO FOSSIL FUELS

The Trump administration’s America First Energy Plan calls for the US to ramp up fossil fuel extraction and increase the consumption and export of oil, natural gas and coal. The White House plan does not mention clean energy, despite the fact that renewables are currently the biggest US energy-jobs driver and best suited to meet many of the plan’s stated objectives. The administration’s goal is to shift the US regulatory playing field in ways that favor fossil fuels over cleaner technologies. For example, the administration aims to roll back domestic US policies that support renewable energy development — such as the consumer tax credit for purchases of electric vehicles — and weaken regulations governing fossil-fuel extraction.

This domestic policy pivot from renewables to fossil fuels is directly impacting US-China energy co-operation. Trump has demonstrated a personal interest in exporting fossil-fuel resources to China, particularly coal and natural gas. In May 2017, when the US and China announced a set of initial commitments the two nations were making under the so-called 100-Day Action Plan to improve commercial relations, that list included a statement that the US “welcomes China, as well as any of our trading partners, to receive imports of LNG from the United States” and “companies from China may proceed at any time to negotiate all types of contractual arrangements with US LNG exporters, including long-term contracts.”4 During November’s US-China presidential summit in Beijing, US and Chinese business leaders signed three memorandums of understanding on natural gas: a preliminary US-to-China LNG export deal between Cheniere Energy Inc. and China National Petroleum Corporation; a preliminary shale-gas development deal for China Energy Investment Corporation in West Virginia; and a preliminary deal in which Sinopec, the Bank of China and China Investment Corporation in west Virginia; and a preliminary deal in which Sinopec, the Bank of China and China Investment Corporation would invest in Alaskan LNG pipeline infrastructure and bring Alaskan LNG to China.

The Trump administration views fossil-fuel exports particularly natural gas exports to China and the rest of Asia as a lever for rebalancing the US trade deficit. In reality, the prospects for the US-China natural gas trade are overblown, and some of the deals mentioned here may not come to fruition. Some US companies are hoping Chinese investors will sign multiple long-term development deals in the US as they have done in Australia; these provide guaranteed supply, even if the price is not ideal, but, as China’s Vice Finance Minister Zhu Guangyao stated shortly after Trump departed Beijing, the Americans are much more excited about that prospect than the Chinese are.

China is willing to import at least some LNG from the US, particularly if that reduces Trump administration pressure over trade. However, from Beijing’s perspective, clean energy is the real market opportunity, and if the Trump administration has its eye on fossil fuels, that gives China more leeway to dominate the energy technologies of the future. Nearly 200 nations signed climate commitments under the Paris agreement. All of those are seeking new clean-energy technologies — the International Energy Agency expects those investments to surpass US$13 trillion by 2030 — and China is positioning itself as the dominant supplier. Globally, installed renewable energy capacity already surpasses installed...
Until 2017, US-China subnational engagement primarily existed as a subsidiary track complementing national-level engagement ... Today, local US political leaders are reaching out, not to augment what the Trump administration is already doing, but rather to balance out the administration’s lack of engagement.

The US-China Climate Alliance is a cornerstone of the US nonfederal movement to engage in the international climate effort. Launched by governors Jerry Brown (California), Andrew Cuomo (New York) and Jay Inslee (Washington State), this group is pledging to meet their share of the US greenhouse gas reduction goal under the Paris agreement, which is a 26 to 28 percent reduction below 2005 levels by 2025. The group — which includes 14 member states and Puerto Rico — makes clear that they view climate action as critical to both national security and economic growth. Together, they represent more than 36 percent of the US population, 1.3 million clean energy jobs, and more than US$7 trillion in gross domestic product. As of 2017, alliance members are already on track to reduce collective greenhouse-gas emissions 24 to 29 percent below 2005 levels by 2025. This group is bearing the rest of the nation on both emissions reduction and growth: from 2005 to 2015, this group’s cumulative greenhouse gas reductions surpassed the rest of the nation by 5 percent and its economic output beat the nation as a whole by 2 percent.

Separately, Brown and former New York City Mayor Michael Bloomberg have launched an America’s Pledge initiative to track what individual US states, cities and businesses are doing, aggregate those efforts into a cumulative measure of US progress toward its Paris commitments and share that progress with other nations to counterbalance Trump administration messaging. The international community is taking notice. When the United Nations General Assembly convened in New York in September 2017, US state governors served as the leading voices on US climate policy, not Trump administration officials. At the recent UNFCCC meeting in Bonn, US subnational leaders set up their own American pavilion to showcase US climate progress and over 100 US governors, mayors and business leaders traveled to Bonn to declare that their communities and businesses are “still in” the Paris agreement and actively working to deliver on US climate commitments. These leaders are aiming to bypass the Trump administration and send a clear signal to the international community that the administration’s statements and policies on climate change do not reflect what is actually happening across the US at the sub-national level.

Some of these politicians are also reaching out to China, and thus far, national-level leaders traveled to Bonn to declare that their communities and businesses are “still in” the Paris agreement and actively working to deliver on US climate commitments. These leaders are aiming to bypass the Trump administration and send a clear signal to the international community that the administration’s statements and policies on climate change do not reflect what is actually happening across the US at the sub-national level.

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CONCLUSION
The US-China relationship needs a dependable anchor to demonstrate concrete interest alignment and partnership. That need is particularly acute at a time when economic and security issues are defined primarily by competition and conflict, not co-operation. Energy and climate change can play that anchoring role if leveraged adeptly on both sides, but the Trump administration has chosen a different path. Sub-national engagement can provide a critical channel to continue fostering US-China technical and commercial co-operation in the near to medium term. Over the longer term, if the US federal government reverts to science-driven energy and climate policy, programs launched or maintained at the sub-national level will be ripe for political elevation.

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