

## Climate Change: What Does Withdrawing from the Paris Agreement Mean for Businesses?

The overall purpose of the Paris Climate Change Agreement was to reduce carbon emissions and to stabilize greenhouse gas concentrations in the global atmosphere, in order to limit the yearly global temperature increase to below two degrees Celsius (per year). The onus to reduce GHG emissions and achieve the temperature reduction goals was on developed, industrialized countries (such as China, the United States and the European Union). These countries were expected (and required) to assist developing countries to build clean, climate-resilient energy sources. The Paris Agreement also established a fund to assist developing countries to address climate change.

The Obama Administration committed the United States to reducing carbon emissions by 26 to 28 percent by 2025. However, because the Obama Administration never submitted the Paris Agreement to Congress, it never became law in the United States. Further, the Paris Agreement itself does not contain any specific standards and/or goals for individual companies, nor does it contain any penalty provisions for failure to achieve the above-stated, country-wide, goals. That means, while our country had previously committed to these planned reductions, and the Paris Agreement certainly contained many potentially important federal policy implications, it never got to the rule-making/regulation creation/law-setting stage. It was a voluntary agreement. Therefore, it did not yet have any direct or reasonably articulable impact upon companies (and their carriers), for purposes of predicting/evaluating enforcement actions and/or litigation exposure. (Therefore, like the Kyoto Agreement in the past, even if there is an attempt by an expert to use the Paris Agreement as some sort of "standard" (by an expert for plaintiffs in litigation), it should likewise be successfully attackable on motion to exclude/bar such "evidence.")

As of now, this change does not mean that the Environmental Protection Agency will stop regulating all greenhouse gas emissions. The Clean Power Plan has nothing to do with whether the U.S. remained in the Paris accord. The Clean Air Act is still in place. Although any of these standards could be changed over the next few years.

**Comment:** By withdrawing from the 2015 Paris Agreement, the United States is now no longer subject to its specific standards. It is important to note, however, that President Donald Trump's decision to withdraw from the Paris Agreement is not immediately effectuated. That is, there is a rather lengthy and complicated process to withdraw which can take up to three to four years to fully accomplish. So again, the immediate impact of President Trump's decision (with respect to businesses and their carriers) is not yet fully clear. However, we will continue to monitor the progress of all of this and will provide updates on significant changes, as they occur.

For more information, please contact Richard S. Ranieri at [rranieri@wglaw.com](mailto:rranieri@wglaw.com) or 973.242.2230, or Frederick W. Brown at [fbrown@wglaw.com](mailto:fbrown@wglaw.com) or 215.972.7902.