Timo Leiter February 20th, 2025

Trump's executive orders and the fight against climate change

President Trump's orders to leave the Paris Agreement and "terminate the Green New Deal" will have far-reaching consequences in the United States and globally. Ensuing geopolitical shifts and power gaps are likely to benefit China. ***Timo Leiter*** *writes about the implications for climate governance, climate finance and greenhouse gas mitigation.*

The executive orders signed during Donald Trump's first days in office have eliminated over 70 of the Biden administration's climate and energy initiatives. Litigation and responses from industry, state governments and Congress, together with the reactions of other major powers, will determine whether the objectives of the Paris Agreement remain in sight.

This radical change of environmental policies is likely to bring geopolitical consequences, creating a power gap likely to benefit China. The implications are many for climate governance, climate finance and greenhouse gas mitigation.

Here are Trump's main executive orders affecting climate and energy:

Executive orders
Withdrawing from the Paris Agreement:
• "Withdrawal from the Paris Agreement and any attendant obligations";
• "Immediately cease or revoke any purported financial commitment made by the US under the UNFCCC"
• "The U.S. International Climate Finance Plan is revoked and rescinded immediately"
Terminating the Green New Deal:
• "All agencies shall immediately pause the disbursement of funds appropriated through the Inflation Reduction Act of 2022 or the Infrastructure Investment and Jobs Act"
Blocking clean energy:

Executive orders
• Excluding US coastal waters from wind energy leases and reviewing all existing leases
• Eliminating the "social cost of carbon" calculation from any federal permitting or regulatory decision
Promoting fossil fuels:
• Simplified permitting processes, including for pipeline infrastructure; expediting approvals of liquified natural gas export projects
• Revoking environmental protection, including in national parks such as in Alaska
Axing support for electric vehicles:
• "Eliminating the "electric vehicle (EV) mandate" (…) and removing regulatory barriers to motor vehicle access"
• No tax breaks or subsidies for EVs
• No more funding for EV charging stations

The implications

Here are some likely implications of these orders for climate governance, climate finance and greenhouse gas mitigation.

Climate governance

An immediate consequence of leaving the Paris Agreement is that the US will no longer be obliged to prepare a national climate action pledge in the form of a 'nationally determined contribution' (NDC) or a "biennial transparency report" (BTR) about its implementation. The Biden administration submitted both documents on 19 December 2024, but the Trump administration's orders indicate it will simply ignore them.

Legally, the withdrawal from the Paris Agreement "only takes effect upon expiry of one year from the date of notification" (Article 28), which means the US is still bound by the provisions of the Paris Agreement until January 2026. However, the executive order states that "the United States will consider its withdrawal from the Agreement to be effective immediately", which is a violation of international law.

For global climate governance, the exit of the US (for the second time) has its implications. Since the US is the largest historic emitter of greenhouse gases, other countries might feel unfairly burdened by its inaction. For example, Indonesia's climate and energy envoy recently questioned why Indonesia should still implement its emission reduction target.

However, two factors reduce the likelihood of other countries also leaving the Paris Agreement. **First**, developing countries are only eligible for financial support including from the Green Climate Fund if they are a Party to the treaty. This acts as a powerful incentive not to withdraw, especially since the adaptation finance gap continues to grow. **Second**, practically all governments (except for the Trump administration, Argentina's president Milei, Iran, Libya and Yemen) recognise that climate change is a serious threat that has to be addressed.

A collapse of international climate governance would worsen climate risks for every country. Insiders including the UK's Special Representative for Climate Rachel Kyte therefore expect the Paris Agreement to prevail.

Other countries abandoning their efforts to reduce the emission of greenhouse gases is not the only implication of the US withdrawal from the Paris Agreement. A shift in influence over the United Nations' climate change negotiations is taking place. Traditionally, the US and China were seen as the two major powers that critically shaped its outcomes, including the architecture of the Paris Agreement. The US withdrawal creates a power gap that others will fill.

This shift was already on full display at the COP29 climate conference in Baku last November, where the United Arab Emirates' outgoing COP president sought to position his country as a "climate leader" more reliable than the US. Who fills the gap and what their political objectives are will strongly influence the ambition level of climate action for years to come. Paradoxically, it creates new opportunities for China to gain geopolitical influence – exactly the opposite of the purported foreign policy objective of the Trump administration.

Climate finance

The Trump administration has not withdrawn from the United Nations Framework Convention on Climate Change (UNFCCC). Accordingly, and in contrast to the executive order, the US is still obliged to financially support developing countries on mitigation and adaptation (under Article 4). In strong disregard for this obligation, the Trump administration formally rescinded US$4 billion that was pledged by the Biden and the Obama administrations but had not yet been transferred to the Green Climate Fund, due to Congress being Republican-controlled. In 2024, the US provided 12 per cent of bilateral and multilateral climate finance from developed countries. This proportion is now at high risk of being eliminated altogether.

The shortfall during the first Trump presidency was offset by stronger commitments from other donors, especially France, Germany and the UK. However, the current political and fiscal climate makes it less likely that other countries could fill this gap, all while climate finance needs continue to grow. The gap in US climate finance could particularly affect least developed countries and adaptation projects that often require grant financing. During the first Trump presidency, the number of bilaterally funded adaptation projects fell sharply, from almost 250 in 2016 to just 16 new projects in 2018. The extent to which the Trump administration will block mobilisation of climate finance through the multilateral development banks, a key pillar of the New Collective Quantified Goal on Climate Finance (NCQG), is yet to be seen.

Within the US, following adoption of the Inflation Reduction Act and the Infrastructure Investment and Jobs Act in 2022, between Q3 2022 and Q3 2024 investments in clean manufacturing and clean energy totalled a record US$264 billion. An additional US$435 billion of investments by the public and private sector have been announced but not yet spent. The extent to which Trump's orders affect clean investments largely depends on the reaction of industry, customers and private funders. If they continue to expect growth opportunities and cost savings from renewable energy and higher production efficiencies, significant investments will likely persist despite the drastically changed federal policy environment. Political support at the state level will also play a decisive role. The US Climate Alliance, a bipartisan coalition of 24 governors representing almost 60% of the US economy, has vowed it will "continue America's work to achieve the goals of the Paris Agreement".

Greenhouse gas mitigation

Under the Biden administration, the US's emissions declined by 1.4 per cent in 2023 from 2022. In stark contrast, Trump's recent actions mean that the country's emissions could be up to 36 per cent higher in 2035 than they would have been under the policies of the Biden administration. This severe setback for US mitigation efforts also leads to a far higher demand for fossil fuels, which could increase US dependence on imported oil by up to 31 per cent in 2035. Average household energy bills are expected to increase by more than 10 per cent. Both effects are the very opposite of what the Trump administration says it aims to achieve.

The shortfall in climate action in the US will be compounded by a slower energy transition in developing countries, due to a lapse in US international climate finance. The de-facto liquidation of the US Agency for International Development (USAID) abruptly ends climate change projects worth almost US$0.5 billion in 2024. Even if actions by sub-national governments and market opportunities for clean energy avoid a stronger dip in US mitigation efforts, the Trump administration's actions will undoubtedly delay the peaking of global emissions and further reduce the already slim chances of limiting global warming to 1.5°C above pre-industrial levels.

Operation "damage control"

Trump's misguided policies in fact counter exactly what one of the Executive Orders calls for: to "prioritise economic efficiency, [and] the promotion of American prosperity". US consumers will pay a heavy price, and so will vulnerable communities across the globe. To contain the fallout, concerted "damage control" is needed. Mitigation efforts that enjoy bipartisan support need to be maintained, state governments need to advance a policy environment that promotes clean investments, companies need to decarbonise their operations. Congress's constitutional role in providing "checks and balances" to the executive power of the President is vital but not assured. Philanthropic organisations can help fill funding gaps in climate research and in international organisations including the UN Climate Change secretariat. The situation is bleak, but giving up is not an option.

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