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Corporations Are Weighing the Costs and Benefits of the Global Climate Accord

by Ken Silverstein

President Trump's ambivalence about whether the United States should take an active part in the global climate talks is giving an opening to certain groups to potentially undermine the accord.

That's according to a new analysis from Corporate Accountability International, which produced a report called "INSIDE JOB: Big Polluters' lobbyists on the inside." The thesis here is that fossil fuel interests are intentionally trying to undercut the climate talks.

"Industry interference a major obstacle to climate progress," says the report. "2016 was the hottest year ever recorded. Natural disasters—such as floods, earthquakes, and hurricanes—occurred at record-topping rates, leaving \$175 billion of damage in their wake ... Despite what major fossil fuel corporations may insist about their support for the Paris Agreement, these corporations have consistently used their presence at the (United Nations) to weaken policy rather than strengthen it."

The group specifically cites the World Coal Council and the US Chamber of Commerce. However, both of the organizations say that they are there to represent the interest of their stakeholders. For example, the coal council says that its aim is to get national governments to fund such advanced coal technologies as carbon capture and sequestration, emphasizing that coal will have a central role in energy markets for well into the future.

Corporate Accountability International said that the ones trying to undercut the talks are those fossil fuel companies based in the developed world, which include the United States, the members of the European Union and Australia. But companies such

as Berkshire Hathaway Energy, Calpine Corp., Exelon Corp., General Electric, PG&E Corp., Royal Dutch Shell and Siemens AG are among those voicing support for the talks.

What would be a company's reasoning for being in favor of leaving the agreement, or to be against it?

"Among the worries would be the potential higher costs of doing business, the greater challenges of complying, the concerns about receiving directives from a 'non-US' regulatory body or the uncertainty about how to guarantee uniform, global adherence to the agreement," Allegro Development's Chief Strategy Officer Michael Hinton said, in an email interview.

"With regard to being in favor of staying in the agreement, the argument would be that, even if there are higher financial costs, it's the responsibility of corporations to be on the side of protecting the environment and to pursue new technologies that may produce considerable economic benefits," he adds. Allegro is a maker of commodity management software for power and gas utilities.

If the United States stays in, how will that affect those same end users? What is the true financial and business impact to companies?

"If the US stays in, some companies may find that new operational burdens will increase their cost of doing business. By how much? It's extremely difficult to quantify in advance, but in isolation, it may be significant if a given company has a significant deficit in terms of compliance," says Hinton.

"However, what shouldn't be a surprise is that, if the US does stay in," he adds "corporations will look for ways to ease their overall expense structure and lobby Washington for aid. That could be in the form of some other type of regulatory relief or via tax law changes that could mitigate the financial effects of Paris."

The corporate world is, of course, not uniform in its approach to the global climate talks. Some businesses manufacture software, for example, while others build cars or develop oil, gas or coal. Businesses generally get the fact that the trend toward a low-carbon future is unstoppable. That means they have figured out the best way to negotiate is to remain at the table — not to be isolationist or obstructionist.

Using the same logic, the United States should keep its commitment to the global community and remain involved — especially so because much of corporate America has come out in favor of the talks, saying that the end-result will not just produce a better environment but also a better economy.