



TRANSrisk

TRANSITION PATHWAYS AND RISK ANALYSIS
FOR CLIMATE CHANGE POLICIES

Policy Briefs



Policy Brief #6

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Could the Paris Agreement enhance the United Kingdom's climate change strategies in a post-Brexit context?

At a glance

Thematic area:

Climate Change, Greenhouse Gases Mitigation, United Kingdom Policy

Key Words:

Brexit, Paris Agreement, Climate Change Strategies

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Priority Issue:

Brexit

Target Audience:

United Kingdom Policy Makers, Investors and Stakeholders embedded in the United Kingdom's Greenhouse Gases Mitigation Strategies

Key Points

- 1 Brexit may significantly hamper the United Kingdom efforts in tackling Climate Change, as the UK's climate action to date has taken place largely within a framework established by the European Union.
- 2 The Paris Agreement may serve as a compensation tool for negative Brexit effects.
- 3 Synergies between Brexit and the Paris Agreement may lead to a renewed framework of actions, policies and strategies for the United Kingdom on Climate Change and beyond.



1 Summary and Conclusions

The UK is due to leave the European Union (EU) in March 2019; a process dubbed 'Brexit'. Much of the framework around the UK's climate mitigation efforts has been agreed at an EU level, and there are few doubts about the potential impacts on UK strategies for climate mitigation.

In 2015 a new international climate agreement was signed, known as the 'Paris Agreement' (PA). The agreement was signed by the EU on behalf of its member states - including the UK - and supersedes the Kyoto Protocol.

Our research used a stakeholder survey to examine the possible impacts of both Brexit and the Paris Agreement on the UK's climate mitigation strategies, as well as their possible interactions. As for this last element, whilst Brexit is seen as a threat, it may also offer unexpected opportunities for a significant increase in the UK's climate ambitions, especially when coupled with implementation of the Paris Agreement.

Based on the survey's results, we identified two main categories of linkage between Brexit and the PA: **contrasting interactions** and **synergies**. For contrasting interactions, our results suggest that Brexit could possibly hamper the UK's consistent alignment to the PA ambitions, or alternatively that the PA could possibly mitigate Brexit's adverse effects on the UK climate mitigation strategies. These contrasting interactions may therefore hold a dual nature, which is difficult to predict.

Our most interesting conclusions relate to the synergies between Brexit and the PA and can be summarised as follows:

- A post-Brexit UK would possibly enjoy multiple advantages from its new independent position inside the international framework on climate change, and in relationship with the PA.

- The Brexit/PA interaction could become an opportunity for the UK to autonomously define its climate ambitions and related strategies, establishing new economic and strategic alliances and ultimately reaffirming and enhancing its climate leadership.
- With the UK being able to design its own Nationally Determined Contribution (NDC), this may become the tool for revising and updating the 10-year-old National Climate Act, adapting its provisions to the new international framework on climate change.
- The traditional UK interest in international finance, and the need to substitute the EU-ETS with a UK-based reliable alternative, could stimulate the UK's active participation in the ongoing debate around the operationalisation of the market and the finance mechanisms of the PA (Article 6).
- Careful management of this combination between Brexit and the PA could make the UK's climate mitigation strategies one of the key drivers of opportunities for the UK's economic, social and environmental future.
- Ultimately, political interest will play the key role in deciding how interaction between Brexit and the PA defines the UK's climate mitigation strategies over coming decades.

This work was carried out under the auspices of TRANSrisk, an H2020 funded research project examining risks and uncertainties in low carbon transitions. In many ways, both Brexit and the Paris Agreement underline the importance of understanding these risks and uncertainties: they both have profound impacts on the UK's climate mitigation activities, yet neither were widely predicted when TRANSrisk started work in September 2015.



2 The Survey

Between April and July 2018 we surveyed 100 relevant UK and non-UK actors who directly or indirectly operate in climate change mitigation. Stakeholders included academics, civil servants, managers and analysts from various sectors, e.g. universities, research centres, think tanks, consultancy firms, equity and investment companies, energy utilities, national and international public bodies, specialised media and non-governmental organisations.

The survey aimed to clarify perception of Brexit-related uncertainties and risks for UK climate mitigation strategies, filling what appears to be a gap in the wider Brexit debate. For example, the UK's Green Growth Strategy published in November 2017 devotes less than two pages to Brexit.

Stakeholders responded to a written questionnaire of six questions, three of them concerning Brexit and three focused on the Paris Agreement (table 1 shows the questions).

Table 1: Survey's questions

	Survey Question
1	Do you think Brexit will have any impact on UK climate mitigation strategies? Why?
2	Do you think Brexit will have any impact on the UK's plans for deploying new nuclear generation? Why?
3	Do you think Brexit will have any impact on UK plans for the deployment of renewable electricity generation? Why?
4	Do you think the Paris Agreement will have any impact on UK climate mitigation strategies? Why?
5	Do you think the Paris Agreement will have any impact on the UK's plans for deploying new nuclear generation? Why?
6	Do you think the Paris Agreement will have any impact on UK plans for the deployment of renewable electricity generation? Why?

The answers to the questions 1 and 4 are explored in this policy brief.

3 Brexit impact on the UK climate change mitigation strategies: uncertainties and risks

A large majority (70%) of respondents thought that Brexit would have an impact on UK climate change mitigation. More details on this unsurprising result were provided in the 184 reasons interviewees provided to illustrate their response (most interviewees provided multiple reasons), 33 of which referred to an absence of impact against 151 that supported a possible impact.

In the 'no impact' category, the majority (24) reasons referred to the UK's solid background in the field of climate change policy, with special reference to the pioneering Climate Change Act (2008). Further to this, several reasons stated that the PA would serve as a compensation tool for Brexit-related effects on UK climate change strategies.

For the much larger 'impact' category, we arranged the 151 reasons into four main groups, three of which are clearly negative and one that envisages a positive effect. These are shown in figure 1.

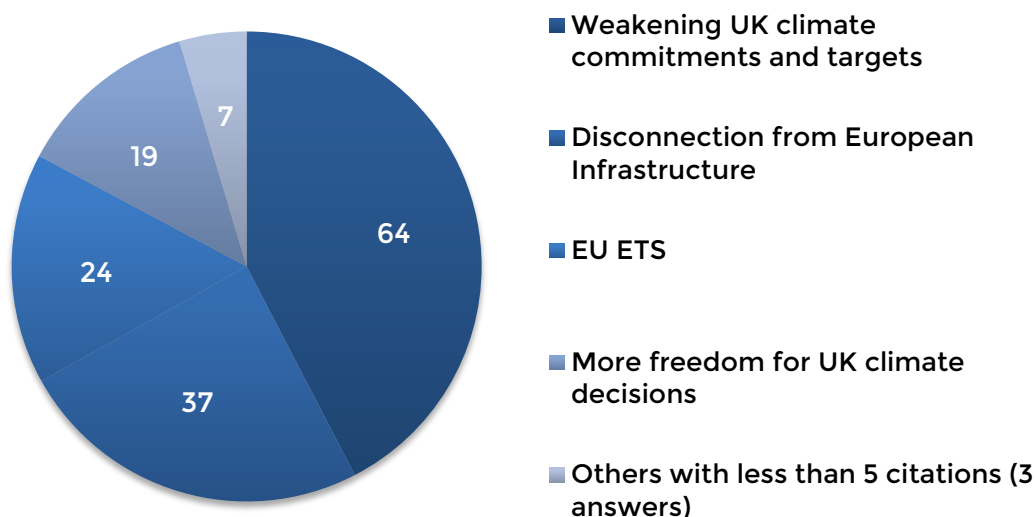


Figure 1: Main Brexit impacts as registered between responses to question 1

The positive category relates to Brexit providing greater freedom for UK to decide its own mitigation strategies and actions. 16% of those who raised this greater freedom linked the opportunity to the Nationally Determined Contribution (NDC) that the UK would submit under the PA as an independent signatory. As a member state of the EU, the UK has been bound to a common NDC. An additional 10% of responses in this category stated that greater freedom could allow the UK to create new alliances and partnership, without the restrictions of EU ties.

The most reported negative impact group was the risk of the UK reducing its climate targets, pledges and objectives. The detailed reasons supporting this view, showed a split between those focused on the economic fallout of Brexit and those more focused on political impacts. Economic threats include both budgetary and economic constraints related to Brexit costs, and cuts in climate pledges aimed at stimulating national economic growth. Political risks were seen mainly in the views of the incumbent UK government and Brexit supporters, both of whom are seen as less concerned about climate change.

The second largest negative impact group relates to disconnection from the EU climate infrastructure, including the loss of research and development collaborations and access to common markets. Respondents expressed concern on the possible capability loss for UK industry, whilst also stressing the risk of a backlash against British technological innovation. A significant portion of UK-based research and innovation is based upon strategic alliances with other EU institutions, centres and firms, often with the support of EU funds and incentives. Identifying alternative resources to support innovation ambitions may be difficult.

Finally, the third negative impact group concerned disconnection from the EU Emissions Trading Scheme (EU-ETS). Whilst this may have adverse effects on UK climate mitigation strategies, several respondents thought the impact would be more neutral, as it would allow the UK to set up its own emissions trading scheme (possibly linked to the EU-ETS). Nevertheless, the key role played by the EU-ETS led to several concerns among the interviewees, at least in the short to medium-term.

In conclusion to the analysis of question 1 results, it is important to underline that, regardless their answers, more than 30% of respondents expressed various degrees of uncertainty concerning Brexit impacts. The natures and magnitude of these impacts will mainly be defined by choices made by policy-makers and/or investors, meaning that Brexit per-se is unlikely to have clear direct impacts on climate mitigation in the UK.

Most likely, key UK climate mitigation stakeholders would determine its impact through strategies and decisions in a post-Brexit context. The role of political and economic factors as co-drivers for UK mitigation strategy recurs all over the survey, both in opposition and in combination with Brexit and the PA. Understanding these factors is the key for creating a reliable understanding of future scenarios.

4 The Paris Agreement impact on the UK climate change mitigation strategies: uncertainties and risks

The UK's Green Growth Strategy (2017) cites the PA more than 20 times, yet, no comprehensive review of the PA's most likely impacts on the UK climate mitigation strategies has been carried out to date. With three questions focused on the PA, our survey attempted a clearer understanding of such impacts. Question 4 in particular concerned the PA impact on UK climate mitigation strategies.

Once again, the majority of respondents (74%) unsurprisingly agreed that the PA would have an impact on UK climate mitigation strategies. 89 out of 100 provided reasons for their answers (104 in total due to some multiple responses), with 23 reasons referring to the absence of an effect and 81 possible effects. This latter group was organised into four categories, as shown in figure 2.

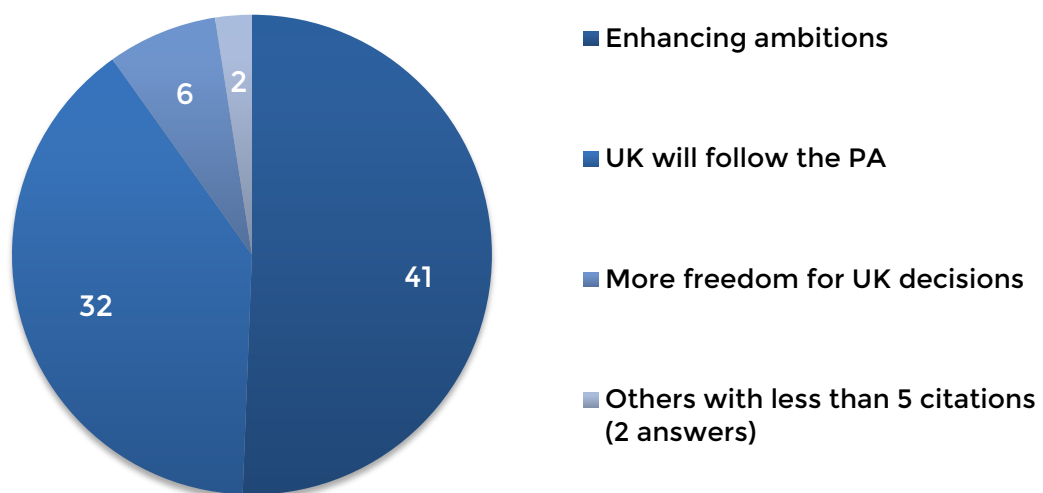


Figure 2: Main PA impacts as registered between responses to question 4

Respondents who believed the PA would have little impact focused on two factors: the consolidated climate mitigation tradition of the UK and the lack of enforcement mechanisms within the PA.

The three groups all appeared to lean towards a positive impact perspective. Interestingly, respondents tended to detail their choices by rationales that recurred across all three groups. While differing in relatively marginal aspects, these reasons - ambitions enhancement, the UK following the PA's objectives and more freedom in UK decisions on the subject - can then be better understood through a joint analysis.

The increased freedom for the UK to define its climate mitigation strategies refers to a positive effect of combining Brexit with the PA. By exiting the EU-based climate framework, the UK would enjoy an independent role in the international climate framework. Reasons related to both ambition enhancement and the UK following the PA's objectives maintain clear references to the UK's opportunity to unleash its potential under the new climate regime represented by the PA.

With 77% of the reasons provided, the 3 positively oriented groups share several details concerning their most likely development and outcomes. For instance, many respondents thought that, by granting the UK an opportunity to pursue an independent NDC, the PA would help the country gain a prominent role in the international climate change framework, moving out of the EU's shadow. They stressed the striking similarities between the PA's objectives and the UK's 10 years old Climate Change Act, which could give the country a natural leading role in the international climate change framework.

Other responses referred to the PA as a tool for establishing international alliances for UK climate-related firms and stakeholders so they could better meet their potential. Finally, several other responses identified the PA as a legal backstop against a possible weakening in UK climate targets and objectives, hence partially counterbalancing the negative Brexit effects explored in question 1. It is nevertheless important to stress that a small number of respondents addressed the risk for Brexit itself to become an obstacle to full implementation of the PA in the UK.





This policy brief is based on sections of the paper 'Why Brexit matters: A survey on the effects of Brexit and the Paris Agreement over the UK Energy and Climate Change strategies', which was submitted to the journal Energy Policy in December 2018.

MORE INFORMATION

There is more information on this work, and on TRANSrisk as a whole, on our website

www.transrisk-project.eu

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Cover Photo: Derivative of "[UN Secretary General, Mr. Ban Ki-moon meets AI Gore, NGO and Civil Society representatives](#)" by [UNclimatechange](#), used under [CC BY](#)

Page 5 Photo: "[Civil society farewell to UN Secretary-General Ban Ki-moon](#)" by [UNclimatechange](#), used under [CC BY](#)

About TRANSrisk

TRANSrisk is studying the risks and uncertainties within low carbon transition pathways, and how transitions can be implemented in ways that are **technically, economically and socially** feasible. The project's objective is to produce a new assessment framework, and an accompanying **toolbox, for policy makers**.

TRANSrisk's unique approach sees us combining **economic computer models** with **input from people working in the area of study ("stakeholders")**. Models provide a useful means of predicting the future impacts of decisions we take now, but **factors such as political opinion and public acceptability** are very difficult to predict via a purely numerical approach. TRANSrisk is using **stakeholder input** to feed our models, and is presenting the results **back to stakeholders** to see how this affects their views.

14 country case studies lie at the core of TRANSrisk's work. To fully understand the range of transition pathways our **case studies encompass the globe**, as presented in the adjoining map. In alphabetical order they are: **Austria, Canada, Chile, China, Greece, India, Indonesia, Kenya, the Netherlands, Poland, Spain, Sweden, Switzerland and the United Kingdom**.

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