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Leaving the Paris Agreement Could Cripple American Businesses

[Jeff McDermott](#)

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Adopted in 2015, the historic Paris Agreement brought together 195 nations to ambitiously address the impacts and causes of climate change. Donald Trump is now considering withdrawing from it, which would not only have ramifications on new energy technology efforts, but on American economic progress.

Pulling out of the Paris Agreement means the country won't have to reduce its carbon emissions, which means it won't have to invest in new wind, solar, or energy-efficiency technologies. But those technologies are where the job growth is. Solar jobs—which require lots of people to put panels on roofs—grew 25% last year, while wind jobs grew 32%, according to the U.S. Department of Energy's [2017 U.S. Energy and Employment Report](#). Those two industries now employ nearly a half million Americans. Coal mining is mostly done by machine, and now employs just 74,000 people, a decline of 39% from 2009. Because coal mining is largely mechanized, those jobs are not coming back even if we burn more coal. Wind and solar are where the jobs are, and if we don't have to reduce emissions, they won't grow as fast.

In communications, defense, and other industries, America has created jobs and enormous wealth by leading in technology advancement. It makes no sense for the Trump administration to throttle new energy technology—wind and solar, batteries for electricity storage, smart grids, and electric vehicles, among others.

If America walks away from the Paris Agreement, it will walk away alone. According to the International Energy Agency, the other 194 signatory countries believe in climate change and, collectively, will invest \$7.4 trillion from 2016 through 2040 in new energy technologies—a large and fast-growing market. The U.S. should encourage new energy technology for American jobs, tax

revenue, and profits. What purpose does it serve for America to double down on 20th-century energy technology, like coal and gas, when the rest of the world is committed to a future with 21st-century technology? The Trump administration should embrace economic policies that put America first.

Countries are rapidly adopting new energy technology, and it's all thanks to cost. World Bank data shows that in 1990, there were 11 million cell phones globally. Today, there are more than 7 billion. Why? Cellular technology scaled and became cheaper, and the market expanded.

This is happening right now with new energy technology. According to Bloomberg New Energy Finance (BNEF), in 1990, the cost to manufacture solar modules was \$7.57 per watt. By 2016, the cost had plummeted nearly 95% to \$0.41 per watt, and is set to decline further. Similar cost declines are true for [onshore wind power](#), and [lithium ion batteries](#), which enable solar and wind energy to be stored. Wrap these technologies up with cheap sensors, cloud-based software, and smart meters, and America can build a low-carbon, digitized, resilient, and economic electricity system.

If America does not build these new energy technology systems, it will lose its competitive advantage to countries that will build them. The International Energy Agency projects that from now until 2040, over 75% of all investments in global power generation capacity will be new energy, with fossil fuels only 25%. Similarly, Bloomberg New Energy Finance projects that electric vehicles will account for 35% of all light-duty vehicles sold in 2040.

America has the best research universities, entrepreneurs, and venture capitalists in the world. But if it doesn't have the necessary deployment markets at home, its technology and manufacturing jobs will go overseas. If America embraces new energy technology, it can become a dominant engine of innovation and manufacturing excellence, and create hundreds of thousands of jobs. Fighting the cost curve of new technology is a foolish battle.

So what are the Republicans in Washington doing? Whenever threatened by these new energy opportunities, the old industry incumbents (in this case, coal-burning utilities and the fossil fuel industry) turn to politicians to thwart new technology. In the current 2018 budget plan, Trump proposes to [slash funding](#) to the Department of Energy's Advanced Research Projects Agency-Energy (ARPA-E) by 93%. Rick Perry, the head of the DOE, [recently ordered](#) a study on the impact of intermittent renewable energy on the electricity grid, which is largely anticipated to serve as a justification for the DOE to take an anti-renewable position. At the Environmental Protection Agency, administrator Scott Pruitt is considering walking away from the fuel economy standards—which were set forth to make America less dependent on foreign oil—and dismantling key protections to clean air and water.

It does not have to be this way. In the 1980s, President Reagan did not heed the landline telephony incumbents when they tried to limit the ability of cellular companies to compete with them; instead, he encouraged new technology. [Apple \(AAPL, +0.16%\)](#), [Qualcomm \(QCOM, +1.36%\)](#), and others would certainly not be global leaders if the federal government had obstructed new cellular technology in the '80s. Similarly, Trump's administration should not give in to the fossil fuel industry or damage the growth of new energy technology today.

Thankfully, Republican governors and state legislatures are embracing new energy technology. Gov. Rick Snyder (R-Mich.), Gov. John Kasich (R-Ohio), and Gov. Bruce Rauner (R-Ill.) recently signed bipartisan compromises that advance new energy technology in their states, and several bipartisan new energy deals are working their way through the [Nevada State Legislature](#) right now. These states are encouraging new energy technologies because their voters want them.

Which brings us back to Paris. The Trump administration cannot stop global growth in new energy technology by leaving the Paris Agreement. But by leaving the agreement and damaging U.S. deployment, the Trump administration will cripple American businesses' long-term ability to compete in the large and rapidly growing new energy technology market created by the other 194 signatory countries. Will it be America first? Or old energy lobbyists first, and America last? President Trump must decide.

[Jeff McDermott](#) is the managing partner at Greentech Capital Advisors and the former joint global head of investment banking at UBS.