

The Paris Agreement Renegotiation and Updating

**afterthought by
Bård Harstad (UiO)**

It is the Economy, ...

**The Market is Efficient; the Outcome is Optimal
... in the Absence of Market Failures:**

- **Market Power**
- **Asymmetric Information**
- **Externalities**
- **Public Goods**

Prisoner Dilemma

- We are all better off if we all contribute, but
- It is individually rational to not contribute

- Repeated interaction
 - Self-enforcing agreement

- ✓ Requires observability
- ✓ Transparency
- ✓ Credibility

Basic Principles of Negotiations

- I'm willing to contribute *if* you contribute
- “conditional on...”
- ...if I trust that you will...

Treaty Scorecard

- 1. Conditional contributions/offers**
- 2. Sticks (sanctions) on non-compliers**
 - or carrots for contributors
- 3. Consistency**

Treaty Scorecard

1. Conditional contributions/offers

2. Sticks (sanctions) on non-compliers

- or carrots for contributors

3. Consistency

Each Party's successive nationally determined contribution will represent a progression beyond the Party's then current nationally determined contribution and reflect its highest possible ambition

Treaty Scorecard

1. Conditional contributions/offers

2. Sticks (sanctions) on non-compliers

- or carrots for contributors

3. Consistency

Each Party's successive nationally determined contribution will represent a progression beyond the Party's then current nationally determined contribution and reflect its highest possible ambition

Treaty Scorecard

1. Conditional contributions/offers

2. Sticks (sanctions) on non-compliers

- or carrots for contributors

3. Consistency

Each Party's successive nationally determined contribution will represent a progression beyond the Party's then current nationally determined contribution and reflect its highest possible ambition

Treaty Scorecard

- 1. Conditional contributions/offers**
- 2. Sticks (sanctions) on non-compliers**
 - or carrots for contributors
- 3. Consistency**

Hopes for Revision

- 1. Automatic updating of commitments**
(according to pre-determined formulas)
- 2. Relaxing the unanimity requirement**
- 3. Sticks or carrots**

ECON 101

Global Demand = Global Supply

ECON 101

Global Demand = Global Supply

ECON 101

Global Demand = Global Supply

ECON 101

Global Demand = Global Supply

If Paris works, regulating supply has no consequence

If Paris might fail, regulating supply \approx insurance