

Cleantech Invest comments from Los Angeles on President Trump's decision to withdraw US from the Paris Agreement

President Donald Trump has decided to lead the US out of the Paris Agreement. Even if Trump hinted they may come back, this is a big deal, and it is important for us to understand its ramifications on the US as well as global scene.

Cleantech Invest Chairman of the Board Lassi Noponen reports from Los Angeles:

"The Trump Administration has decided to exclude the US from the Paris Agreement on climate change. This is not great news, but it was not so unexpected either.

The United States has traditionally been less keen on multilateral co-operation than Europe, so this decision can be seen in light of this tradition. Having said that, of course a large part of the media and population are very disappointed by President Trump's decision, but this is not the end of global or American action on climate change.

We have to keep in mind that the United States has a federal system of government and while international treaties like the Paris Agreement are enacted and adhered to on a federal level, a lot of regulation happens at the state, county and even city levels. I am writing this from California, and I can assure you that action on climate change is still very much front of mind in this state in particular.

A positive out of this bad news is that a US departure from the Paris Agreement should galvanize the environmental movement even more and spread its mission into the US mainstream population like never before. As citizens begin to realize that they have to take matters into their own hands (protesters across the United States have already been marching on the streets for science) it is plausible that exiting the Paris Agreement will even have a positive impact in the long run. Igniting the passions of a new and larger breed of environmentally aware citizens and consumers can be a big positive from this, but there are still some lingering concerns.

When it comes to the current administration's environmental policy, the biggest worry among cleantech specialists in California is that there is a risk of the federal government restricting the level of environmental standards the states themselves can impose. This would be a dramatic departure from previous administrations both Democrat and Republican. While previous administrations, especially Republican, have favoured the states setting any standards they choose, the Trump Administration may break the mold on this. California has traditionally had very tight environmental standards that the rest of the US has most often later adopted. If this system is changed and the states are unable to set higher environmental standards than the federal government then a dramatic change for the worse will be established.

Fortunately, we are now at a point in history where clean technologies are not only in large part cheaper than their traditional counterparts, but they have become mainstream solutions where scale-up is done more rapidly and effectively than before. Growth in the cleantech sector is no longer driven by regulations but by consumers and companies demanding these technologies. These consumers are unwilling to go back to more polluting solutions. Also, corporates are global citizens too, who need adapt to a wider audience than the federal policy of one country. A good example of this is the recent vote by Exxon shareholders, who voted against Exxon's management on corporate disclosure on climate change.

Therefore, the US departure from the Paris Agreement may have less significant implications in the US than pessimists might predict. We have reason to believe that even public investments involving many clean technologies will continue but they will be branded as 'infrastructure' investments to toe the line of the current administration's themes.

In any event, California is a special case, the 'Comeback State'. On the brink of bankruptcy just a couple of decades ago, California has grown into the 6th largest economy in the world, not by remaining complacent or moving with the tide, but by becoming the epicentre for change in just about everything (including the battle to stop climate change). No one believes that California would slow down its vast efforts of battling climate change.

Whether you agree or disagree with the current political landscape, change is happening. Protesters across the United States usually marching against war or famine, have recently been on the streets for science, women's rights, and healthcare. While Trump's voter base moves into retirement homes, these protesters are just coming out of college. So, I would not count the United States out just yet in the fight against climate change."

At Cleantech Invest, we predict that the withdrawal of the US from the Paris Agreement is likely to get an overwhelming response of unity from the rest of the world. We are going to see new leaders step up to fill the vacuum created by the Trump Administration. In fact, we are already seeing it in places like Africa, China, Germany, the Nordics and in California, which also happen to be places where our portfolio companies are the strongest. This is a setback for global action on climate change, but we are optimistic that the best is still yet to come.

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Cleantech Invest in brief

Cleantech Invest is a Nordic accelerator with investments in growth companies that solve global challenges. The portfolio companies are active in energy- and resource efficiency as well as decentralized renewable energy and are based in Finland, Sweden and Germany. The company management consists of company builders and investors who have been active within the cleantech space for over a decade. The company is

listed on First North Finland under the ticker CLEAN and on First North Stockholm under the ticker CLEAN A.

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