

'Sharing is Caring'

If you have friends preparing for Civil Services, tell them that they can also receive Updates from Shubham's IAS Coaching by sending 'Name' and 'State' through WhatsApp on 75979-00000

## 1. Why Donald Trump's Paris Agreement pullout could have worse consequences than in 2017

### Introduction



US President Donald Trump decided to withdraw the United States from the Paris Agreement again — having first done so in 2017 — through an executive order. On his first day in office, Trump also ordered an immediate revocation of all climate finance commitments made by the US.

During his inauguration speech, Trump promised to reverse some of the climate-friendly energy policies of the last few years, and reiterated his commitment to extracting more oil and gas to meet America's energy requirements.

Trump's predecessor (and successor) Joe Biden had taken the US back into the Paris Agreement in 2021. The US is the only one of the 194 member countries to have withdrawn from it. Incidentally, the US had not become a party to the 1997 Kyoto Protocol as well, having refused to ratify it after signing on to it. The predecessor to the Paris Agreement expired in 2020.

### Greater impact this time

The US is the world's second-largest emitter of greenhouse gases. The Paris Agreement's objective of keeping global warming below a certain level cannot be achieved without its full participation in the common effort to reduce emissions.

In many ways, this second withdrawal could have a more far-reaching impact on global climate action than the first. The decision has come at the start of Trump's second term and is accompanied by a slew of related decisions that threaten to dismantle the entire US climate policy.

The first withdrawal, which came six months into the Trump presidency, was rather short-lived. The US had ratified the Paris Agreement just a few months before Trump had become President. It has a provision that does not allow any country to withdraw within the first three years of ratification. There is also a one-year wait time for the withdrawal to come into effect.

So, by the time the US withdrawal became effective, it was almost time to rejoin, with Biden winning the election.

The process will be much swifter this time, and the withdrawal will come into effect next year. Trump also appears more clear about his policies, having already ordered the rollback of several energy-related policies. He has also sought an immediate review of all regulations that hinder the development of domestic energy resources, including oil, natural gas and coal.

### **Conventional energy pitch**

The production of crude oil and natural gas in the US increased during Trump's first term, though coal extraction reduced substantially. But this was largely in keeping with the overall trend in the US. Both its crude oil and natural gas production have shown an increasing trend in the last 15 years, except for a marginal dip during the coronavirus pandemic. This did not change during the Biden presidency either.

Trump has been much more explicit about drilling new oil wells and gas fields this time, as a result of which fossil fuel production could see a sharp spike in the next four years. Some earlier estimates of the impact of Trump's expected policies suggested that an additional 4 billion tonnes of emissions could be added over the next four years.

Another major implication for developing countries will be a further squeeze in funds available for climate action. Trump has ordered an immediate revocation of the US International Climate Finance Plan, an April 2021 announcement that promised to scale up US contribution to \$11 billion annually by 2024. Last year, the US claimed its preliminary estimates as suggesting that this pledge was met.

But it is not just the US government's contribution that would be affected. The US has the greatest influence on mobilising private and international finance, which forms the bulk of the money that gets channelled into climate action. Trump's policies could see this source drying up as well.

According to Trump, these measures are meant to protect American interests. In particular, the heavy concentration of the renewable energy supply chain in China makes the US extremely vulnerable to energy shocks. He has, therefore, talked about boosting the domestic production of renewable energy equipment through tariffs on cheaper Chinese equipment. Scaling up of domestic production of solar or wind energy would also result in the creation of new jobs — another important agenda for Trump.

Meanwhile, increasing the production of oil and gas, which the US has in abundance, can help in energy security and self-reliance, reducing the dependence on China while boosting employment.

### **Upshot**

The biggest irritant in this scheme of things would be the Paris Agreement requirement that the US cut down on its emissions. Trump has thus decided to do away with the agreement itself. He has long complained that international regulations on climate change have been

unfair to the US because similar restrictions are not placed on China, on account of it being classified as a developing country.

However, the fact is the US has the largest share of historical emissions, and therefore also the greatest responsibility to clean up — and it has not done even a fraction of what it is mandated to.

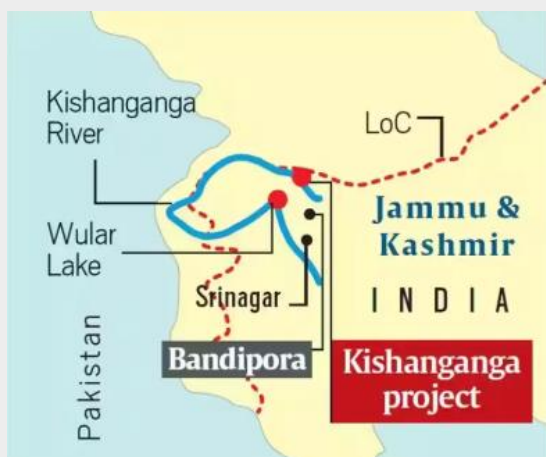
The fallout of Trump's second term on the international climate regime will be known in due course. What appears certain is that the US would be unable to meet its 2030 emissions cut targets. It is currently attempting to reduce its emissions by 50-52% by 2030 (from 2005 levels) and by 62-66% by 2035. As of now, the US is not on track to meet its 2030 emissions goal — and four years of Trump will make it almost certain that these are not achieved.

Relevance: GS Prelims & Mains Paper III; Environment

Source: Indian Express

## 2. Why Neutral Expert's decision on Indus Waters Treaty is a win for India

### Introduction



The Neutral Expert appointed by the World Bank under the terms of the Indus Waters Treaty (IWT) has decided that he is "competent" to adjudicate on the differences between India and Pakistan regarding the design of two hydroelectric projects in Jammu and Kashmir, vindicating New Delhi's long-held position.

### What is the Indus Waters Treaty?

The IWT was signed by India and Pakistan on September 19, 1960 to determine the distribution of the waters of the Indus and its tributaries. It

was signed in Karachi by then Prime Minister Jawaharlal Nehru and then Pakistan President Ayub Khan after nine years of negotiations arranged by the World Bank.

Under the IWT, India enjoys "unrestricted use" of the three "Eastern Rivers" (Beas, Ravi, Sutlej), whereas Pakistan controls the three "Western Rivers" (Indus, Chenab, Jhelum). This, in effect, gives India roughly 30% and Pakistan 70% of the water carried by the Indus River System. According to Article III (1) of the Treaty, "India is under obligation to let flow" waters of the Western Rivers to Pakistan.

### What is the ongoing dispute about?

Pakistan objects to the design features of two hydroelectric projects currently under construction in J&K — the Kishenganga HEP on Kishenganga, a tributary of the Jhelum, and the Ratle HEP on the Chenab. Although they are "run-of-the-river" projects, which generate electricity without obstructing the natural flow of the river, Pakistan has repeatedly alleged that these violate the IWT.

In 2015, Pakistan requested the appointment of a Neutral Expert to examine its technical objections to the projects. However, it unilaterally retracted this request a year later, and instead proposed adjudication by the Permanent Court of Arbitration (PCA).

## **INDUS WATERS TREATY: POINTS OF DIFFERENCE**

*Here's what the Neutral Commissioner will now decide upon*

- |   |  |
|---|--|
| ■ Whether the pondage provided in the two dams' designs meet restrictions imposed by the IWT. | ■ Whether outlets below the dead storage level are in accordance with the IWT.             |
| ■ Whether the intakes for the turbines provided in the design are in accordance with the IWT. | ■ Whether the designs of the gated spillways of each plant are in accordance with the IWT. |

India filed a separate request for the matter to be referred to a Neutral Expert. It refused to engage with the PCA mechanism, which it argues is in contravention of the IWT.

Article IX of the IWT provides for a graded three-level dispute settlement mechanism, in which disputes are first decided at the level of the Indus Commissioners of India and Pakistan, then escalated to the World Bank-appointed Neutral Expert, and only then to the PCA in The Hague.

Nonetheless, on Pakistan's insistence, the World Bank on October 13, 2022 instituted two parallel processes — it appointed Michel Lino as the Neutral Expert while also beginning the PCA proceedings. New Delhi has boycotted the latter, while continuing to participate in what it calls "Treaty-consistent" Neutral Expert proceedings.

### **Why is the Expert's decision significant?**

The Neutral Expert has held three meetings with the parties concerned. He visited the Kishenganga and Ratle projects last June.

During the Neutral Expert meetings, Pakistan submitted that the "Points of Difference" raised by India do not fall within "Part I of Annexure F" of the Treaty, effectively taking the issue outside the remit of the Neutral Expert. India, on the other hand, had argued that these fell "squarely and entirely" within the aforementioned part of the Treaty, making the Neutral Expert "duty-bound" to render a decision on their merits.

The Expert, Michel Lino, decided on the matter on January 7, before releasing a formal press note on Monday. "Having carefully considered and analysed the Parties' submissions...the Neutral Expert...finds that he should proceed to render a decision on the merits of the Points of Difference," the press note said.

This was the best outcome India could have hoped for at this stage. Lino will now hear the parties again before deciding on the merits of "Points of Differences". Notably, the PCA in July 2023 also ruled that it was "competent" to consider the matter.

### What is the future of the IWT?

Citing Islamabad's continued "intransigence" in implementing the IWT by raising repeated objections to the two projects, New Delhi in January 2023 issued notice to Pakistan seeking "modification" of the Treaty. This was the first such notice in the more than six decades of the Treaty's existence.

India upped the ante last September, by issuing Islamabad another formal notice, this time seeking the "review and modification" of the IWT. The word "review", according to experts, effectively signals New Delhi's intent to revoke and renegotiate the Treaty, which will turn 65 this year.

Sources said India's September 2024 notification highlights "fundamental and unforeseen changes in circumstances" which necessitate a need to revisit the Treaty. These include the "change in population demographics, environmental issues and the need to accelerate development of clean energy to meet India's emission targets, and the impact of persistent cross-border terrorism".

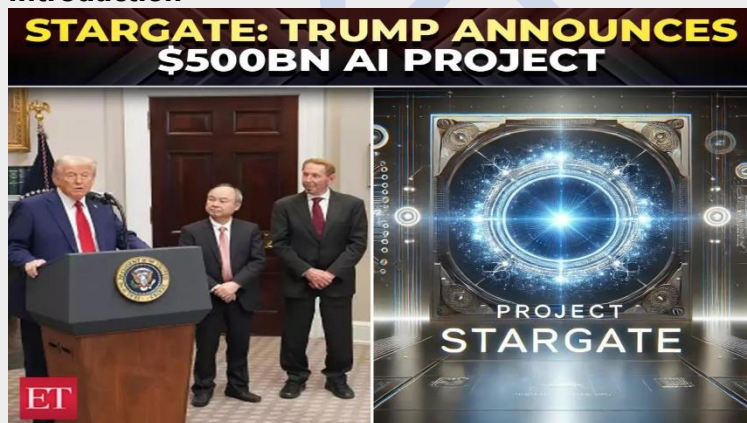
Both notices were issued under Article XII (3) of the IWT, which says "the provisions of this Treaty may from time to time be modified by a duly ratified Treaty concluded for that purpose between the two Governments".

Relevance: GS Prelims & Mains Paper II; International Relations

Source: Indian Express

### 3. What is Stargate, Trump's \$500-billion bid for global leadership in AI?

#### Introduction



Trump's 500 billion AI Infrastructure Project | Stargate Explained: Soon after being sworn in as the US President, Donald Trump made a huge announcement that could shape the future of AI. Accompanied by OpenAI CEO Sam Altman, SoftBank CEO Masayoshi Son and Oracle CEO Larry Ellison, Trump at a White House event announced

that \$500 billion would be invested to build AI infrastructure in the US under project Stargate, which will offer over 100,000 Americans jobs immediately.

Trump has dubbed it the largest AI infrastructure project in history. He said there is global competition for AI leadership, but Stargate is setting the standard.

#### What is Stargate?



Stargate is a \$500 billion initiative aimed at creating an AI infrastructure in the US over the next four years. Trump said \$100 million will be invested right away. This is an ambitious project that aims to propel the US into global leadership in AI advancements.

"This monumental undertaking is a strong vote of confidence in America's future and leadership under this administration. This project ensures that the United States will remain the global leader in AI and technology, rather than letting competitors like China gain the edge," Trump said while announcing the project.

Further, he said that in order to facilitate the project, his administration will offer support through emergency declarations, and expediting energy production to meet infrastructure needs.

Stargate would include construction of massive data centers and campuses across the US.

### **Key people of Stargate**

Japanese investment firm SoftBank, OpenAI, Oracle, and investor MGX are the key stakeholders of the project. While SoftBank will manage the financial aspect of the project, OpenAI will steer the operations. Masayoshi Son will be the chairman of the project, which will also have Microsoft, NVIDIA, Oracle, OpenAI and Arm as the technology partners. The construction of the physical centres has already started in Texas, and there are plans to expand to other locations in the US.

Son had pledged \$50 billion in US investments after Trump's last victory too, in 2016.

Stargate will make use of long-standing partnerships, such as the one OpenAI has with NVIDIA and Microsoft, including the use of Microsoft's Azure AI to train models and deliver AI products. The computing systems will be operated in close collaboration between Oracle, NVIDIA and OpenAI. The project also aims to accelerate the development of Artificial General Intelligence (AGI), a significant step in AI advancement.

Relevance: GS Prelims; Miscellaneous

Source: Indian Express