

Report Part Title: Climate and Energy

Report Title: Reinventing Transatlantic Relations on Climate, Democracy, and Technology

Report Author(s): Erik Brattberg

Published by: Carnegie Endowment for International Peace (2020)

Stable URL: <https://www.jstor.org/stable/resrep27698.5>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



Carnegie Endowment for International Peace is collaborating with JSTOR to digitize, preserve and extend access to this content.

The transatlantic relationship needs to evolve in order to stay relevant in the twenty-first century.

The transatlantic relationship needs to evolve in order to stay relevant in the twenty-first century. This paper proposes practical steps that the United States and the EU can take during the first year of the new Biden administration in the three areas listed above; more ambitious, longer-term objectives for transatlantic cooperation and upgraded EU-U.S. institutional ties; and suggestions for how to manage anticipated disagreements in a constructive way.

Climate and Energy

During the past few years, transatlantic cooperation on climate and energy issues has generally been poor, with some notable exceptions.

The EU has a long-standing track record in tackling climate change with strong leadership in international climate diplomacy, ambitious emission-reduction targets, investments in renewables and energy efficiency, and innovative solutions such as the Emissions Trading Scheme. Under President Ursula von der Leyen, the European Commission has reaffirmed its climate commitments. As part of the proposed European Green Deal and the new 2030 and 2050 climate targets, it seeks to make the EU climate-neutral by 2050 and has proposed a [European Climate Law](#) that would make this objective legally binding. Even amid the coronavirus pandemic and despite skepticism from certain member states, climate action has remained at the core of EU policymaking. In July 2020, EU leaders agreed on a massive economic-policy package that contains a substantial climate piece. [Thirty percent](#) of the EU budget over the next seven years has been reserved for investments in a green transition. This is in addition to a significant part of the union's new €750 billion (\$890 billion) pandemic [recovery fund](#). The final budget approved by EU leaders and the European Parliament in December 2020 enshrines into law the ambition of cutting carbon emissions by at least 55 percent by 2030 compared to 1990s levels. The EU's climate agenda over the next four years will be shaped by attempts to reconceptualize the European economy to incentivize sustainability and promote the efficient use of resources.

The United States has pursued a strikingly different path following the Trump administration's approach that denies the reality of man-made climate change and perceives a trade-off between the environment and the economy. Trump has repeatedly [expressed skepticism](#) of climate change and [rolled back climate policies](#) and environmental regulations introduced under former president Barack Obama, most notably ones that aim to reduce carbon emissions. In line with an America First

approach to foreign policy, in November 2020 the United States left the [Paris Climate Agreement](#), which Trump said put an unfair burden on industrialized economies relative to developing ones. Trump also [slashed spending](#) on federal programs for advancing clean energy and [mounted legal challenges to California's](#) forward-looking regulations on gasoline-powered automobiles.

Despite this, the United States still made progress on [reducing its overall climate emissions](#) over the last four years, mainly thanks to phasing out coal energy as well as several states expanding wind and solar power capacity and achieving energy-efficiency gains. As a result, about 20 percent of domestic energy production is today comprised of renewables. The coronavirus pandemic is expected to intensify this trend as a result of federal stimulus funding for green-energy projects and cheaper access to capital to invest in clean-energy technologies.

Moreover, while the federal government has undercut many climate efforts, several states and cities have joined forces to take action against climate change. Shortly after Trump announced his intention to pull the United States out of the Paris Climate Agreement, twenty-four states and Puerto Rico formed the [U.S. Climate Alliance](#) to support and implement policies that advance the goals of the climate agreement. These states [represent](#) 55 percent of the U.S. population, 40 percent of U.S. greenhouse-gas emissions, and a \$11.7 trillion economy. Other notable subnational climate initiatives in recent years include [America's Pledge](#), [We're Still In](#), and [Climate Mayors](#). However, the lack of a federal climate agenda and coordinated actions has clearly limited what can be achieved at the state and local level.

As a result of the diverging U.S. and EU approaches during the Trump administration, transatlantic cooperation on energy and climate issues has fallen short over the past four years. There are some notable exceptions, however. For instance, cooperation on regulatory issues pertaining to sustainability such as offshore wind has continued between the U.S. Department of the Interior and the EU. The regular EU-U.S. Energy Council—which brings together the U.S. secretaries of state and energy with the EU high representative for foreign affairs and security policy and commissioners for energy and environment—was last convened in [July 2018](#), and was accompanied by the first-ever business-to-business summit on liquefied natural gas. The Trump administration has been actively engaged on energy security issues in Central and Eastern Europe, including as part of the Three Seas Initiative. New forms of [cooperation between subnational U.S. climate initiatives](#) and their European counterparts have also sprung up, at least partially making up for the lack of cooperation between European capitals and the U.S. federal government.

With the coming change in administration, there is a significant opportunity to upgrade transatlantic cooperation on climate and energy, as Biden is expected to be far more active on these issues, creating more potential synergies between the United States and the EU. He called climate change an urgent

Transatlantic climate efforts should initially focus on areas where they are likely to continue current cooperation or achieve new practical results in the short term.

crisis and has proposed an [ambitious climate agenda](#), consisting of [\\$2 trillion](#) in green stimulus spending over the [next four years](#) in order to boost renewable power, reduce carbon emissions, and create new jobs in a green economy. Additionally, Biden has pledged to achieve the goal of carbon neutrality of the power sector by 2035 and net-zero greenhouse-gas emissions of the entire U.S. economy by 2050 while also reversing Trump roll-backs. He has pledged to restore U.S. global climate diplomacy leadership through efforts such as convening a [climate world summit](#) to directly engage the leaders of the major greenhouse-gas-emitting countries and has appointed John Kerry to serve as his climate envoy.

On the other hand, Biden has been inconsistent [over whether as president he will support the Green New Deal](#) proposed by Democrats in the House of Representatives in 2019. Moreover, he is unlikely to be able to pursue wholesale change in the U.S. approach to climate and energy given the role of Congress. If the Republicans control the Senate, this would likely mean that many of the domestic climate investments he has proposed would be dead on arrival. Yet in some areas where independent regulatory agencies can take action, such as setting tougher environmental, social, and governance (ESG) standards, Biden will be able to take action without Congress. Finally, some aspects of Biden's [Buy American](#) domestic agenda could also lead to roadblocks for transatlantic cooperation and reduce the concessions the new U.S. administration would be willing to make in the climate and energy space.

Transatlantic cooperation on climate and energy is essential. While the cooperation between subnational groups that began in the last four years will continue, the return of U.S. engagement and leadership on global climate issues by the Biden administration would boost the chances for shaping a joint transatlantic strategy and for the United States and the EU to lead international efforts to fight climate change. Their efforts should initially focus on areas where they are likely to continue current cooperation or achieve new practical results in the short term. While climate and energy are likely to be key topics for a transatlantic reset during the Biden administration, a reappraisal of their relationship in this space is needed to figure out where they have competitive advantages that they can collectively leverage (see box 1).

Recommendations for a Transatlantic Climate Agenda

- **Jointly shape more ambitious global climate targets:** With Biden pledging to rejoin the Paris Climate Agreement, there is ample opportunity for the EU and the United States to work together in international climate diplomacy. An immediate priority must be for them to coordinate their positions as they negotiate ambitious new emissions targets ahead of the upcoming United Nations Climate Change Conference (COP26) summit in Glasgow in November 2021. As an important part of the global community's efforts to fight climate change, the United States must rejoin the Green Climate Fund and fulfill its responsibilities when it comes to providing climate finance. Moreover, given that Washington disengaged from climate discussions in the G7 and G20 contexts under Trump, the G7 summit that will be hosted by the United Kingdom and the G20 summit that will be hosted by Italy in 2021 should both include a clear commitment to combating climate change in the joint communiqué. Another opportunity for more EU-U.S. climate diplomacy is how to make better use of the annual Ministerial on Climate Action or the Clean Energy Ministerial.
- **Adopt a common approach to a carbon border adjustment tax:** The EU's idea to implement a carbon border adjustment tax by 2023 as part of the European Green Deal and to avoid climate leakage could have wide-ranging implications inside and outside of Europe. The U.S. response has so far been [critical](#), but there may be more transatlantic synergy on this evolving issue with the Biden administration. If the transatlantic partners can agree among themselves and then bring others into a "[carbon free trade zone](#)," a considerable part of the global economy could become subject to such new trade rules fostering a low-carbon economy. However, much depends on whether Congress would be supportive and how the World Trade Organization as the ultimate decider would respond.
- **Jointly engage China and India:** Global progress on climate change is only possible with two of the current major emitters, China and India, on board. Engaging them should therefore be a key focus for the transatlantic partners. Biden has expressed interest in reengaging China on climate issues, something that Trump took off the agenda. Washington and the EU should now jointly engage China as part of a trilateral climate dialogue ahead of COP26. With China's recent announcement that it will aim for a carbon-neutral economy by 2060, there is potential for joint climate action while at the same time [setting out clear redlines](#) and not shying away from criticizing Beijing on issues like its investment in new coal power plants. A related issue will be to push for reform of the World Trade Organization to ensure that its legal framework better takes into account environmental and social standards for global trade. Finally, the United States and the EU should engage with China to ensure that its Belt and Road Initiative promotes sustainable

connectivity that respects environmental standards while also being willing to present more high-standard alternatives to third countries as part of a new joint EU-U.S. connectivity initiative.

- **Better utilize the U.S.-EU Energy Council:** The EU-U.S. Energy Council is an important platform that has been underutilized in recent years. Its mandate is to strengthen cooperation on energy security, expand efficient and sustainable energy use, and mobilize joint research and development on energy-efficient technologies. A reenergized U.S.-EU Energy Council should convene early in 2021 to hammer out a more ambitious work agenda for the coming years. It could review the output of its three working groups and decide whether a more frequent sub-cabinet-level meeting would better serve U.S. and EU interests. Topics especially conducive to enhanced transatlantic dialogue include liquefied natural gas, offshore wind energy, battery technologies, and cybersecurity in the energy sector. The Energy Council could also address the European Green Deal and its implications and opportunities for expanded U.S.-EU cooperation on sustainable and renewable energy, creating a clean-energy industry and trade relationship. The two sides should also continue to explore how to best integrate the private sector more effectively in joint energy work, including by convening more business-to-business EU-U.S. energy dialogues.
- **Shape joint standards for green tech and renewables.** The EU and the United States should intensify efforts to shape joint standards around green technology and renewables. In this regard, areas such as agriculture and low-carbon fertilizers are conducive to setting new clean-energy standards. If the EU and the United States can manage to agree on shared standards, this could create the opportunity for them to become the global standard setter given the size of the transatlantic economy.
- **Joint investments in green transition.** Even though a Biden administration does not mean that competition between the EU and the United States on energy technology will vanish, there is opportunity to strengthen transatlantic cooperation on green transition. This includes investing in offshore wind and hydrogen power as an area of commercial development and deployment. Other key issues where stronger joint leadership is possible include efficiency in the building sector (which can in turn help aid economic recovery and jobs creation), methane emissions (though the EU is concerned about the current U.S. approach to methane leakage), digitization of the energy sector (including grid protection and cyber), and battery technologies. As proposed by [Franziska Brantner](#), a member of Germany's parliament, the European Commission should adopt a separate funding instrument to enable grant-making partnerships between the EU and the United States to advance a Transatlantic Green New Deal, perhaps as part of a new [U.S.-EU Clean Energy Bank](#). This would provide funding to increase public awareness of climate change and cooperation between cities and industrial actors to align climate goals and share best practices.

es. It could help address the risk that the new green agendas on each side of the Atlantic end up being protectionist and creating a source of new transatlantic tensions. The EU and the United States should also explore sustainable finance such as green bonds, sustainable finance coalitions, and collaboration between international development finance institutions to assist developing countries in their green transition. Finally, they should seek to shape regulatory cooperation in the financial sector, such as setting ESG standards in mining industry, energy storage, green finance, green energy patents, maritime transport, and other potential issues.

- **Cooperate on supply-chain issues.** On both sides of the Atlantic, there is growing concern about dependencies on foreign supplies for critical materials. The coronavirus pandemic has further raised concerns about critical dependencies on China. The EU and the United States have already announced or are thinking about new critical-mineral security strategies. This should be an area of transatlantic cooperation. Whereas the current trend is to go it alone, the EU and the United States should discuss this in the context of a transatlantic dialogue on China. In this regard, synergies could be explored between the EU's new Battery Alliance and Critical Raw Materials Action Plan and similar U.S. initiatives like the Carbon Ore, Rare Earth, and Critical Minerals (CORE-CM) Initiative. The EU and the United States should also coordinate their approaches to reducing reliance on certain Chinese-made renewable energy solutions and critical minerals and align their investment security mechanisms.
- **Continue subnational climate cooperation:** Cooperation between U.S. and EU subnational climate initiatives has expanded in recent years. Their relevance will continue during a Biden administration that is more active on the climate agenda. The United States and the EU should provide additional incentives to strengthen climate-diplomacy efforts between U.S. and European cities and regions—such as facilitating exchanges, sharing best practices, and promoting new initiatives and partnerships—and work to bring these networks into more formal policy processes.

Global Democracy and Human Rights Support

The global context for democracy and human rights has become more complicated in recent years, including a broad “democratic recession” affecting dozens of democracies across all regions, growing antidemocratic influence across borders from China and Russia, and rising illiberalism in several countries. In Europe, rollback of democratic freedoms and basic rule of law has occurred in countries such as Hungary, Poland, and Turkey. At the same time, the EU has sought to raise its profile in support for global democracy and human rights, albeit with mixed results thus far.