

EU-US Trade and Technology Council

Position paper



Clean Air Task Force
Stationsplein 45 4th Floor
3013 AK Rotterdam
Netherlands

The EU and the US together account for 42 percent of both global GDP and global trade in goods and services. In the context of climate change and the need for a rapid economic transformation, the transatlantic partners can leverage this joint market power to set commonly agreed standards for clean energy production and pave the way for a global green transition.

The EU-US Trade and Technology Council (TTC) can serve to build on the EU-US energy and economic security, align long-term visions, and ensure clean technologies are scaled up rapidly, not only to decarbonise the transatlantic economy but to create a blueprint framework for abundant and affordable clean energy. It is crucial participants of the TTC seize the opportunity to address the need for long-term transatlantic decarbonisation efforts and ensure third countries are able to benefit from this increased cooperation. Longevity is key. For the TTC to provide lasting results, stakeholders beyond the current EU and US administrations, need to be contributing to building and implementing a common vision.

The next frontier: Vision for Innovation

While the US Inflation Reduction Act brought turmoil to the relationship, it has exposed a key weakness of the ongoing transatlantic dialogue – the lack of cooperation on clean technology. With clean technologies at the centre of the green transition for both the EU and the US, it is crucial that decarbonisation plans are aligned and discussed. A long-term vision and cooperation beyond the context of the current energy crisis are needed in order to strengthen the relationship and provide global gains.

In the past decade, both [the UN and the IEA have](#) underlined the importance of adopting transformative climate policies which will support the roll out of clean technology. Thus, due to the need to compress clean technology deployment timelines to mitigate climate change, the role of governments has extended beyond just early-stage investments in R&D, and now encompasses the support and de-risking of investments in clean technologies, as well as the reduction of costs throughout the innovation and commercialisation process.

As a result of pre-existing policies, the EU and the US have developed different approaches to supporting industrial decarbonisation and clean technology roll-out. The EU has emphasised the **role of patents** and is highly successful in the early research stages and has brought offshore wind and solar to scale, while the US has extensive experience **commercialising and scaling up** next generation technologies. To be able to lead the global green transition, it is crucial that the transatlantic dialogue addresses the need to exchange best practices and support the entire lifecycle of green technologies.

To deliver a realistic transatlantic vision, policymakers must establish cooperation on a **diverse set of technologies and approaches to decarbonise industries**. It would be too risky for the steel, cement, or transportation sectors to be dependent on only one decarbonisation pathway. **Cooperation to increase availability of multiple decarbonisation options, including electrification, carbon capture, and hydrogen to provide high temperature heat**, would give industry flexibility and resilience to changing markets, supply chain disruptions, or other unforeseen challenges.



Clean Air Task Force
Stationsplein 45 4th Floor
3013 AK Rotterdam
Netherlands

A recipe for scaling up together:

Transparency and innovation

To make clean energy available and affordable on a global level, the EU and the US need to align their policy frameworks so that they support technologies from the lab to commercialisation and **harvest early commercialisation cost reductions**. This is particularly important against the backdrop that most of the energy growth and new energy infrastructure development will be happening in the global south. Wide adoption of clean technology will bring significant mitigation benefits and avoid energy system path dependencies which compromise overall progress. However, developing countries will only embrace these techs if they are cheap and help them do the same or more than they would otherwise do with conventional counterparts. Especially important is not only **harvesting the power of joint research** (eg on fusion) but also adopting policy instruments on both sides of the Atlantic which will bridge the gap between R&D and Deployment to drive cost reductions and allow commercialisation. These kinds of policies will work on the supply side of the equation and ensure clean technologies are available on a large scale. Initiatives such as **'The clean energy incentives cooperation'** are going to be instrumental for increasing transparency, building trust and understanding not only the way public money is spent but also the private **investments attracted** due to de-risking finance. Industry and stakeholders are going to need this transparency to make sound investment decision and **understand the role and the scale of existing projects and how they can help drive the cost down**. Furthermore, creating the **Green Technology Alliance** mentioned in the **Transatlantic agenda for global change**, would be a crucial step for ensuring businesses and stakeholders on both sides of the Atlantic can support this long-term vision.

Standardisation

Beyond aligning incentives, the EU and the US can contribute to driving global decarbonisation by working on **standardisation of projects and manufacturing**. The greater the standardisation and factory production, the more rapidly will new energy technologies be deployed. Standardised engineering design plans can significantly reduce engineering costs and accelerate project construction times — particularly when supported by strong supply chains. In addition to **aligning project standards**, standardised manufacturing can also minimise labour cost overruns, weather delays, and other scheduling challenges that cause construction expense to balloon. For technologies that do not require intricate “industrial complex-level” work at individual locations, is going to be crucial to increase the fraction of the final zero-carbon product that is standardised and manufactured off site. A good example is solar PV and wind power for which the industrial engineering systems inherent in factory production drive down cost, unwanted variation, and risk.

By addressing the need to have joint standards the EU and the US will set the stage for more effective roll-out of clean tech and will create a blueprint for like-minded countries to adopt similar project and production standards which will reduce risks of supply chain disruptions and boost production of clean tech. Furthermore, increased standardisation will lead to increased deployment which will reduce the marginal cost of emissions reduction. Standards should be developed inclusively, with emerging markets and developing countries, to ensure their contributions.

Global cooperation to meet demand



Clean Air Task Force
Stationsplein 45 4th floor
3013 AK Rotterdam
Netherlands

To secure the demand for clean energy, recognising and leveraging the power of **green public procurement** would be key. In the EU public authorities spend around 14% of GDP on public procurement and in the US government procurement typically comprises 10 percent to 15 percent of the country's GDP. Coupling procurement with aligned due diligence and sustainability standards will guide businesses to source sustainably and will provide stability and predictability. Sourcing standards, however, need to be supplemented by a thorough understanding of existing natural resources and the expected shift in global demand brought by increased demand for clean technologies. Creating sustainable industries will require natural resources which remain scarce in certain parts of the world and technologies which are not yet largely available and partner countries will need as well to reach their own decarbonisation goals. To ensure the efforts of the TTC benefit other partner countries and emerging markets, both the EU and the US need to incorporate evidence-based approach to not only source sustainably but also to recognise the energy needs of third countries in the light of the industrial transformation. Therefore, strengthening dialogue with other countries, mapping natural resources and diversifying the pathways for the decarbonisation of different sectors would be key for driving the transition.

It is crucial for policymakers to adopt a common approach to standardisation and energy production to yield long-lasting results so that businesses will have the opportunity to align efforts and scale up green tech together, thus reaping the benefits of the joint EU-US market power and transforming the partnership into an intellectual powerhouse.