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# ENERGY COOPERATION BETWEEN THE EU AND US

## THREE PRIORITIES FOR ACCELERATING THE CLEAN ENERGY TRANSITION

JONATHAN HELD & MARIA PASTUKHOVA

EU–US cooperation on the clean energy transition can strengthen economies and energy security on both sides of the Atlantic and in third countries. Recent European concerns over the potential impact of the US Inflation Reduction Act on the EU’s clean technology industry have elevated transatlantic clean energy diplomacy to the highest political level. This briefing identifies opportunities to expand clean energy cooperation through existing diplomatic forums and initiatives.

The following three priorities stand out as areas for cooperation:

### 1. Energy security and resilience

- > Prioritise energy demand reduction, energy efficiency, and clean energy in forums and initiatives focused on energy security cooperation.
  - **Relevant forums and initiatives:** EU–US Energy Council, Partnership for Transatlantic Energy and Climate Cooperation, Task Force for Energy Security, Three Seas Initiative
- > Rally international organisations and diplomatic events around clean energy delivery to ease global energy markets. Areas of focus this year include:
  - **COP28:** Committing to phase out all fossil fuels, building on cooperation at COP27.
  - **G7, OECD:** Recommitting to achieve net zero power sectors by 2035 among G7 members, setting out delivery roadmaps, and working to extend this target to additional OECD members.



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- Fully delivering on the Glasgow pledge to align public support with the clean energy transition and away from the unabated fossil fuel energy sector.

## 2. Trade and investment

- > Extend work on aligned rules and standards to include additional energy transition technologies. For example: aligned rules and standards on appliance and equipment energy efficiency, decarbonisation of heavy industry, and supply chains and material recycling.
  - *EU–US Energy Council, Trade and Technology Council*
- > Ensure partnerships with third countries aimed at developing clean energy supply chains support human rights, environmental standards, and local value creation.
  - *Minerals Security Partnership, Trade and Technology Council*
- > Collaborate to fill research and innovation gaps for key clean energy solutions, such as long-term energy storage, industrial decarbonisation, and advanced smart-grid technologies.
  - *EU–US Energy Council, Mission Innovation, Trade and Technology Council*

## 3. Capacity building and knowledge exchange

- > Strengthen coordination of technical assistance and macroeconomic support for energy transitions in third countries by launching a coordination group to guide strategic support for international partners.
  - *EU–US Energy Council, Energy Transition Council, US Net Zero World Initiative*
- > Exchange and demonstrate best practices for integrating a high percentage of renewables and other clean technologies in energy systems by initiating a transatlantic dialogue that includes officials and agencies at the regional, state, and local level.
  - *Clean Energy Ministerial, EU–US Energy Council, G7, Mission Innovation*
- > Share strategies and lessons learned for clean energy workforce development and achieving a just transition for workers and communities as part of advancing cooperation on just transition issues.
  - *EU–US Energy Council*



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## How the Inflation Reduction Act changed transatlantic clean energy diplomacy: the case for strengthened cooperation

As the world's first and third largest economies and each other's largest trading partners, the US and EU play a significant role in shaping the scale and speed of the global clean energy transition.<sup>1</sup> The European Green Deal<sup>2</sup> and US Inflation Reduction Act (IRA)<sup>3</sup> will have international spillover effects. On the positive side, the two sets of policies demonstrate leadership and domestic implementation of international climate commitments. EU and US investments in clean energy deployment and supply chains can also reduce the cost of clean technologies broadly.<sup>4</sup> Passage of the IRA had the added effect of centering clean energy at the heart of discussions on economic modernisation and global competitiveness, pushing the topic to the highest political level.

The challenge will be for the IRA to spark – and not stall – transatlantic cooperation that had increased following the end of the Trump administration and following the Russian invasion of Ukraine. International cooperation will be critical to accelerating the global energy transition.<sup>5,6</sup> However, the IRA's domestic content requirements introduced potential challenges for the EU–US trade relationship – and beyond. Because certain incentives under the IRA depend on clean technologies being manufactured in the US (or countries with a free trade agreement with the US), EU leaders have expressed concern that the law will steer companies away from investing in European industry.<sup>7</sup> The recently proposed Net-Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA) represent a response by the European Commission to further develop the EU's own clean energy value chains.<sup>8</sup> The two sides launched a Task Force on the

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<sup>1</sup> European Commission, [EU Trade Relations with the United States](#) (webpage, accessed March 2023)

<sup>2</sup> The 2030 Climate Target Plan will reduce the EU's greenhouse gas emissions at least 55% below 1990 levels by 2030. European Commission, [2030 Climate Target Plan](#) (webpage, accessed March 2023)

<sup>3</sup> The Inflation Reduction Act and other enacted policies will reduce US energy-related carbon dioxide emissions 38% below 2005 levels by 2030. US Energy Information Administration, 16 March 2023, [Annual Energy Outlook 2023](#)

<sup>4</sup> World Resources Institute, 9 September 2022, [The International Implications of the Inflation Reduction Act](#)

<sup>5</sup> Intergovernmental Panel on Climate Change, March 2023, [Synthesis Report of the IPCC Sixth Assessment Report](#)

<sup>6</sup> International Energy Agency, October 2021, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#)

<sup>7</sup> E3G, 13 December 2022, [The Inflation Reduction Act \(IRA\) and the EU](#)

<sup>8</sup> E3G, 16 March 2023, [The EU Propels a Daring Yet Risky 'Made in Europe' Cleantech Plan](#)



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Inflation Reduction Act and subsequently the Clean Energy Incentives Dialogue to ensure both sets of policies are mutually reinforcing.<sup>9</sup>

Dialogue over the IRA and NZIA/CRMA can pave the way for closer and more effective transatlantic clean energy cooperation. However, this cooperation should not be limited to resolving trade concerns over the IRA. A range of established forums and initiatives can be used to develop a deeper, better-aligned transatlantic partnership to accelerate the clean energy transition globally.

## Strengthening clean energy cooperation through existing platforms

The EU and US already cooperate on energy diplomacy across a range of established forums and initiatives, predominantly at the ministerial and working group level (*see Annex for an overview of forums and initiatives*). These platforms provide a foundation for both sides to deepen cooperation in the post-IRA/post-NZIA era.

Many of the existing cooperation forums are already tackling issues central to the new transatlantic context. The EU–US Energy Council is the leading forum for energy cooperation, and has working groups focused on energy policy, security, and technology. However, a step change is needed to enable the energy transition on both sides of the Atlantic to become a key driver of energy security and economic resilience.

Specifically, there is scope for a stronger approach to embedding the clean energy transition across the following three areas:

### 1. Energy security and resilience

- > **Prioritise energy demand reduction, energy efficiency, and clean energy in forums and initiatives focused on energy security cooperation.** Energy security was a key area of transatlantic cooperation before Russia’s invasion of Ukraine, and centered largely on fossil fuel supply and infrastructure development.<sup>10</sup> However, clean energy and energy efficiency represent tools

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<sup>9</sup> European Commission and The White House, 10 March 2023, [Joint Statement by President Biden and President von der Leyen](#)

<sup>10</sup> Energy Council, 3 December 2014, [Joint Statement EU-US Energy Council](#)



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that are often less expensive and more resilient compared to fossil fuels, especially given the global energy crisis and the EU's aim to reduce its dependence on fossil fuel imports.<sup>11</sup> EU–US energy cooperation should reflect this shift and focus established initiatives on a fast ramp-up of clean energy-based power generation, electrification of key sectors, clean heating, and energy efficiency measures in buildings and industry. For example, gas projects have dominated the energy projects planned by the US-backed Three Seas Initiative (3SI) involving Central and Eastern European countries.<sup>12</sup> By prioritising clean energy and energy efficiency as core elements of 3SI, the EU–US Energy Council, and the Task Force for Energy Security, among other initiatives, member states and the US can improve energy security and accelerate decarbonisation.

- > **Rally international organisations and diplomatic events around clean energy delivery to ease global energy markets.** Joint communication and diplomacy in support of clean energy at the G7, G20, COP28, and other forums will provide a strong signal that clean energy is the way to strengthen economic opportunity, social equity, and energy security. Accelerated delivery of clean energy represents a critical strategy for addressing the global energy crisis and easing pressure on energy markets. Areas of focus this year include:
  - Committing to phase out all fossil fuels at COP28, building on cooperation at COP27.<sup>13</sup>
  - Recommitting to achieve net zero power sectors by 2035 among G7 members, setting out delivery roadmaps, and working to extend this target to additional OECD members.<sup>14</sup>
  - Fully delivering on the Glasgow pledge to align public support with the clean energy transition and away from the unabated fossil fuel energy sector.<sup>15</sup>

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<sup>11</sup> E3G, 8 February 2022, [Transatlantic Energy Relations: The Need for a New Energy Security Narrative](#)

<sup>12</sup> Global Energy Monitor, September 2021, [The Three Seas Initiative's Failing Case for Gas](#)

<sup>13</sup> Both the EU and US are on track to reduce their reliance on fossil fuels. An E3G analysis of the EU's climate targets estimates that EU gas demand will decline 35-52% below 2019 levels by 2030: E3G, October 2022, [Are We on Track? Repowering Towards EU Gas Demand Reduction](#). The US Energy Information Administration estimates that US gas demand will decline 6% below 2021 levels by 2030: US Energy Information Administration, March 2023, [Annual Energy Outlook 2023](#)

<sup>14</sup> International Energy Agency, October 2021, [Achieving Net Zero Electricity Sectors in G7 Members](#)

<sup>15</sup> United Nations Climate Change Conference UK 2021, 4 November 2021, [Statement on International Public Support for the Clean Energy Transition](#)



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## 2. Trade and investment

- > **Extend work on aligned rules and standards to include additional energy transition technologies.** Even as the EU and US develop their own clean technology industries, aligned rules and standards will help ensure that products, supply chains, and knowledge flows can move between countries and regions.<sup>16</sup> For example, the Trade and Technology Council is progressing aligned standards for electric vehicle charging infrastructure to ensure international interoperability.<sup>17</sup> The EU–US Energy Council has committed to advancing common standards for clean hydrogen and testing and measurement of methane emissions.<sup>18</sup> Extending this work programme to additional areas – such as aligned standards for appliance and equipment energy efficiency, decarbonisation of heavy industry, and supply chains and material recycling – could enable enhanced cross-border trade and accelerate decarbonisation.<sup>19</sup>
- > **Ensure partnerships with third countries aimed at developing clean energy supply chains support human rights, environmental standards, and local value creation.** The EU and US will benefit from continued cooperation around developing secure clean energy supply chains based on aligned standards. Diversified supply chains will reduce both sides’ reliance on China, improving energy and economic security. Both sides already agreed to cooperate in this area as part of the Trade and Technology Council<sup>20</sup> and the Minerals Security Partnership.<sup>21</sup> To gain support and strengthen economic growth in partner countries, these efforts should ensure that local value creation extends beyond the lowest segments of the supply chain and avoids a race to the bottom. The recent Memorandum of Understanding between the US, the Democratic Republic of the Congo, and Zambia on developing an integrated battery supply chain offers a template for this type of partnership.<sup>22</sup>

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<sup>16</sup> International Energy Agency, October 2021, **Net Zero by 2050: A Roadmap for the Global Energy Sector**

<sup>17</sup> Trade and Technology Council, 5 December 2022, **US-EU Joint Statement of the Trade and Technology Council**

<sup>18</sup> Energy Council, 7 February 2022, **Joint Statement on the US-EU Energy Council**

<sup>19</sup> International Energy Agency, September 2022, **Breakthrough Agenda Report 2022**

<sup>20</sup> Trade and Technology Council, 16 May 2022, **US-EU Joint Statement of the Trade and Technology Council**

<sup>21</sup> US Department of State, 14 June 2022, **Minerals Security Partnership**

<sup>22</sup> US Department of State, 18 January 2023, **The United States Releases Signed Memorandum of Understanding with the Democratic Republic of Congo and Zambia to Strengthen Electric Vehicle Battery Value Chain**



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- > **Collaborate to fill research and innovation gaps for key clean energy solutions.** Although many technologies that are foundational to the energy transition are already commercially available, other technological and social innovations require continued research and innovation or would benefit from continuous learning.<sup>23</sup> The Trade and Technology Council currently supports cooperation on research and innovation related to electric mobility and critical material supply chains.<sup>24</sup> The European Commission and US Department of Energy have also supported collaboration between the EU and US battery industries to research next-generation, high performing batteries,<sup>25</sup> and both sides participate in Mission Innovation.<sup>26</sup> Coordinated research and innovation around long-term energy storage, industrial decarbonisation, and advanced smart-grid technologies, among other clean energy solutions, can help facilitate accelerated development and commercialisation.<sup>27</sup>

### 3. Capacity building and knowledge exchange

- > **Strengthen coordination of technical assistance and macroeconomic support for energy transitions in third countries.** The EU and the US are among the largest providers of technical assistance and support for a range of international initiatives that aim to accelerate the global clean energy transition. Certain initiatives, such as the Energy Transition Council and the US's Net Zero World Initiative, have overlapping mandates. To bring the benefits of the EU and US's domestic policies to partners worldwide, and to use financial and technical resources in the most efficient way, the EU and the US have an opportunity to further strengthen coordination around support for third countries. A coordination group within the EU-US Energy Council or another forum could enable both sides to jointly establish strategic priorities.
- > **Exchange and demonstrate best practices for integrating a high percentage of renewables and other clean technologies in energy systems.** The US and Germany have introduced goals to decarbonise their power sectors by 2035. As energy systems integrate a higher percentage of renewable, intermittent,

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<sup>23</sup> International Energy Agency, October 2021, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#)

<sup>24</sup> Trade and Technology Council, 16 May 2022, [US-EU Joint Statement of the Trade and Technology Council](#)

<sup>25</sup> European Commission, 14 March 2022, [European Commission and US Department of Energy Support Collaboration Between the European Battery Alliance and US Li-Bridge Alliance to Strengthen Supply Chain](#)

<sup>26</sup> Mission Innovation, [Our Members](#) (webpage, accessed March 2023)

<sup>27</sup> International Energy Agency, October 2021, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#)



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and distributed energy technologies, the EU and US will benefit from exchanging lessons learned by utilities, system operators, and regulatory authorities. The European Commission is already involved with the Green Powered Future Mission.<sup>28</sup> The US and multiple EU member states participate in multiple Clean Energy Ministerial partnerships focused on power, smart grids, and other clean energy solutions.<sup>29</sup> Together, the EU and US have an opportunity to share best practices for grid planning and grid operation, and demonstrate for third countries that a clean energy system is possible. The EU–US Energy Council could initiate a multi-stakeholder transatlantic dialogue that includes energy officials and agencies at the regional, state, and local level.

- > **Share strategies and lessons learned for clean energy workforce development and achieving a just transition for workers and communities.** Both the EU and US face shortages of skilled workers who are needed to install and maintain clean energy technologies, from electric vehicle chargers to heat pumps.<sup>30</sup> The IRA alone will create an estimated 912,000 jobs per year over the next ten years.<sup>31</sup> This demand is a challenge, but also an enormous opportunity. The EU–US Energy Council has already committed to preparing a roadmap to advance cooperation on just transition issues.<sup>32</sup> The council should follow through on this commitment by sharing lessons learned from different regions' unique circumstances, and evidence of how job growth can contribute to a just and equitable transition.

These priorities do not require new initiatives. Instead, they can be pursued by further developing or pivoting existing platforms (see Table 1 for an overview).

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<sup>28</sup> Mission Innovation, **Green Powered Future Mission** (webpage, accessed March 2023)

<sup>29</sup> Clean Energy Ministerial, **[www.cleanenergyministerial.org](http://www.cleanenergyministerial.org)** (webpage, accessed March 2023)

<sup>30</sup> S&P Global, 12 September 2022, **Skills Shortage Imperils Global Energy Transition**

<sup>31</sup> University of Massachusetts Amherst Political Economy Research Institute, 4 August 2022, **Job Creation Estimates Through Proposed Inflation Reduction Act**

<sup>32</sup> Energy Council, 7 February 2022, **Joint Statement on the US-EU Energy Council**





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Table 1: Mapping priorities onto existing diplomatic forums and initiatives.

	Priorities	Forums and initiatives
<b>Energy security and resilience</b>	Prioritise energy demand reduction, energy efficiency, and clean energy in forums and initiatives focused on energy security cooperation.	EU–US Energy Council Partnership for Transatlantic Energy and Climate Cooperation Task Force for Energy Security Three Seas Initiative
	Rally international organisations and diplomatic events around clean energy delivery. For example: <ul style="list-style-type: none"> <li>&gt; Committing to phase out all fossil fuels.</li> <li>&gt; Recommitting to achieve net zero power sectors by 2035.</li> <li>&gt; Fully delivering on the Glasgow pledge.</li> </ul>	COP28 G7 G20 OECD
<b>Trade and investment</b>	Extend work on aligned rules and standards.	EU–US Energy Council Trade and Technology Council
	Ensure partnerships with third countries support human rights, environmental standards, and local value creation.	Minerals Security Partnership Trade and Technology Council
	Collaborate to fill research and innovation gaps for key clean energy solutions.	EU–US Energy Council Mission Innovation Trade and Technology Council
<b>Capacity building and knowledge exchange</b>	Strengthen coordination of technical assistance and macroeconomic support for energy transitions in third countries.	EU–US Energy Council Energy Transition Council US Net Zero World Initiative
	Exchange and demonstrate best practices for integrating a high percentage of renewables and other clean technologies in energy systems.	Clean Energy Ministerial EU–US Energy Council G7 Mission Innovation
	Share strategies and lessons learned for clean energy workforce development and just transitions.	EU–US Energy Council



## Annex

*Table 2: Existing diplomatic forums and initiatives relevant to transatlantic clean energy and climate cooperation.*

Forum or initiative	Objective
Example transatlantic forums and initiatives that involve the EU (or a subset of EU member states) and the US	
EU–US Energy Council	Deepen coordination on strategic energy issues of mutual interest. <sup>33</sup>
Partnership for Transatlantic Energy and Climate Cooperation	Provide policymakers and civil-society stakeholders within Eastern and Central Europe with the resources and technical tools to build secure, resilient, climate-conscious energy systems. <sup>34</sup>
Task Force for Energy Security	Ensure energy security for Ukraine and the EU. Support the EU’s goal to end its dependence on Russian fossil fuels. <sup>35</sup>
Three Seas Initiative (US provides financial support)	Improve connectivity between twelve EU member states between the Baltic, Adriatic and Black seas. Develop transport, energy, and digital infrastructure connections on the EU’s north–south axis. <sup>36</sup>
Trade and Technology Council	Coordinate approaches to key global trade, economic, and technology issues and deepen transatlantic trade and economic relations based on these shared values. <sup>37</sup>
Example multilateral forums and initiatives that include the EU and US	
Clean Energy Ministerial	Promote policies and programmes that advance clean energy technology. Share lessons learned and best practices. Encourage the transition to a global clean energy economy. <sup>38</sup>

<sup>33</sup> US Department of Energy, **US–EU Energy Council** (webpage, accessed March 2023)

<sup>34</sup> US Department of Energy, **The Partnership for Transatlantic Energy and Climate Cooperation** (webpage, accessed March 2023)

<sup>35</sup> The White House, 25 March 2022, **Fact Sheet: United States and European Commission Announce Task Force to Reduce Europe’s Dependence on Russian Fossil Fuels**

<sup>36</sup> Three Seas Initiative, <https://3seas.eu> (webpage, accessed March 2023)

<sup>37</sup> European Commission, **EU-US Trade and Technology Council** (webpage, accessed March 2023)

<sup>38</sup> Clean Energy Ministerial, [www.cleanenergyministerial.org](http://www.cleanenergyministerial.org) (webpage, accessed March 2023)



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Forum or initiative	Objective
Energy Transition Council	Support collaboration with partner countries to find, coordinate, and implement solutions more rapidly, including technical assistance through the Council's Rapid Response Facility. <sup>39</sup>
G7	Address the multiple crises that are endangering the climate and environment and causing severe impacts on the planet, lives and livelihoods, and the next generations' needs around the world. <sup>40</sup>
G20	Work on a voluntary basis towards enhanced ambitions towards clean, sustainable, just, affordable, and inclusive energy transitions that leave no one behind and promote social and economic development, while ensuring energy security, stability, accessibility, affordability, and sustainability as well as eradicating energy poverty. <sup>41</sup>
Just Energy Transition Partnerships	Accelerate the decarbonisation of partner countries' economies, with a focus on the electricity system. <sup>42</sup>
Major Economies Forum on Energy and Climate	Galvanize actions that will strengthen energy security, enhance the resilience of global food security, and tackle the climate crisis. <sup>43</sup>
Minerals Security Partnership	Ensure that critical minerals are produced, processed, and recycled in a manner that supports the ability of countries to realise the full economic development benefit of their geological endowments. <sup>44</sup>
Mission Innovation	Catalyse a decade of action and investment in research, development, and demonstration to make clean energy affordable, attractive, and accessible for all. <sup>45</sup>
OECD	Work on establishing evidence-based international standards and finding solutions to a range of social, economic, and environmental challenges. <sup>46</sup>

<sup>39</sup> Energy Transition Council, [www.energytransitioncouncil.org](http://www.energytransitioncouncil.org) (webpage, accessed March 2023)

<sup>40</sup> G7 Germany, 27 May 2022, **G7 Climate, Energy, and Environment Ministers' Communiqué**

<sup>41</sup> University of Toronto G20 Research Group, 2 September 2022, **Bali Compact**

<sup>42</sup> European Commission, 2 November 2021, **France, Germany, UK, US, and EU Launch Ground-Breaking International Just Energy Transition Partnership with South Africa**

<sup>43</sup> The White House, 17 June 2022, **Fact Sheet: President Biden to Galvanize Global Action to Strengthen Energy-Security and Tackle the Climate Crisis through the Major Economies Forum on Energy and Climate**

<sup>44</sup> US Department of State, 14 June 2022, **Minerals Security Partnership**

<sup>45</sup> Mission Innovation, [mission-innovation.net](http://mission-innovation.net) (webpage, accessed March 2023)

<sup>46</sup> Organisation for Economic Co-operation and Development, <https://www.oecd.org/> (webpage, accessed March 2023)



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Forum or initiative	Objective
UN Framework Convention on Climate Change	Achieve stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. <sup>47</sup>

## About E3G

E3G is an independent climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

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<sup>47</sup> United Nations, 1992, [United Nations Framework Convention on Climate Change](#)