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Running up that hill - A New Start for Transatlantic Climate Policy

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1. Introduction

The four years of the Donald Trump presidency are drawing to a close. It took some time for the results of the election on 3 November 2020 to come in, but finally it became clear that there would be no second term – candidate Joe Biden will move into the White House on January 20. The transfer of power is overshadowed by the storming of the US Capitol by Trump supporters on 6 January 2021, an event that will have far-reaching consequences for American politics in the years to come. The gruelling, controversial election campaign made clear the significance of these election results for both American and international climate policy.

With Biden's victory, the USA can again take its place as a driving force in international climate policy and pick up where it left off after the successful negotiation of the Paris Agreement under the Obama administration. This is supported not only by the climate protection plan published by the new president during the election campaign, but also by the initial statements and staffing decisions after the election victory. At the same time, the elections reveal a country that is increasingly divided; the decisions required for ambitious climate policy cannot simply come from the White House. The Democrats were also able to emerge victorious from the runoff elections for two Senate seats in Georgia, so that they now have a quasi-majority in the Senate.

The situation prompts the question: What can Germany and the EU do to make strategic use of this new start? Germany and the United States face similar challenges. The years to come will require far-reaching transformations that will meet with decisive resistance in coal regions or certain branches of industry (e.g. the automotive sector). As a result, it is necessary that the transformation agenda address questions of justice (in the social design of the transformation) as well as existing strategy in the field of energy policy in the US – which, under the guiding principle of 'energy dominance', has had a major impact over the past four years.

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2. The outcome of the US election

Contrary to many forecasts, the results of the presidential and congressional elections in November 2020 revealed a comparatively narrow victory for Democratic candidate Joe Biden in the race for the White House. The narrow gains in the races for the US Senate resulted in a stalemate between the Republicans and Democrats, thanks to the victories of the two Democratic candidates in the by-election in the state of Georgia on 5 January 2021. The new Vice President Kamala Harris, who also serves as Senate President, will have the tie-breaking vote. In the US House of Representatives, on the other hand, the Democrats suffered losses and the 2022 midterm elections could change the majority there to favour the Republicans once more. The fact that more than 70 million voters voted for Donald Trump represents a deep social division in the country. The incumbent received almost 10 million more votes than in the 2016 election (also due to the high voter turnout).

Regionally, this split is visible along the traditional territories of the Democratic and Republican parties. The Democratic Party dominates the east and west coasts of the country; the Republicans control the interior. Individual swing states like Arizona, Georgia, Pennsylvania or Wisconsin again proved decisive in reaching the magical threshold of 270 electoral college votes. Biden's victories in these individual states prevented Trump from being re-elected.

However, if one looks at the overriding preferences of individual social milieus for the incumbent and his challenger, unexpected developments emerge in some cases. For example, with regard to gender or race (voters with an African American or Hispanic background, for instance), the preferences for the Democratic candidate were not always as clear as expected. The Democrats experienced losses of 4 percentage points among African American voters; Florida revealed significant losses among voters with Latin American backgrounds.¹ In fact, Florida serves as a great example of how small changes in the electorate can affect the chances of success in an entire state – and possibly the country, as well.

On the other hand, the question of age turned out to be very relevant when it comes to party preferences for climate and energy policy. A survey of party supporters across three age groups in the late summer revealed that millennials and younger people are most likely to be open to action in this area – particularly with regard to the promotion of renewable energies. This stands in opposition to the fundamental rejection of ambitious climate policy by the Republican Party.² This is perhaps the best place to start to overcome the split in climate policy.

The election results in individual swing states like Arizona and Georgia ultimately suggest that the extent of the climate crisis and the chances of the energy transition can play an important role in the political competition, even if more precise election evaluations are required.³ In Arizona, severely affected by extreme heat, drought and forest fires – the epitome of the American climate emergency – the state went to the Democrats in the presidential election for the first time in ages. In other, more conservative states like Nevada or New Mexico, gubernatorial elections in November and ambitious laws related to renewable energy make clear that broad groups of voters in a more conservative spectrum accept the climate crisis and the overall social potential of sustainable solutions.⁴

¹ See Dethlefsen, Knut and Knut Panknin 2020: *Blaue Mauer statt blaue Welle* ('Blue Wall instead of a Blue Wave'). Washington, DC: FES.

² See Pew Research Center 2020: [How important is climate change to voters in the 2020 election?](#)

³ The actual impact of climate change on voting decisions is extremely complex. Analyses in Arizona, for example, point in the same direction, but even NGOs are cautious in this regard. See <https://www.sierraclub.org/sierra/climate-voters-are-coming>.

⁴ See Buchsbaum, Michael L. 2020: [Not presidential: Down-ballot victories propel clean energy advances](#).

3. (Inter-) national climate policy – what can we expect under the new majority situation?

3.1. *The independent variable* – the President: US re-entry into the Paris Agreement

The return to the Paris Agreement

President Donald Trump's strongest move in climate policy on the global scale was the withdrawal from the Paris Agreement of 2015. Although predecessors in the White House had rejected international climate policy, climate denial as a problem has never been so strong – even in the face of the clearly visible effects of the climate crisis in America itself. According to all statements made by President-elect Joe Biden and his entourage, Biden will immediately reverse the withdrawal from the agreement – not an internationally binding treaty – after taking office on 20 January 2021. Formally, re-entry within 30 days requires only a letter from the new administration to the United Nations. The Senate does not have to be involved. This only represents a first step, however. Joe Biden has announced that he intends to hold an international summit with the largest emitters of greenhouse gases within the first hundred days of his term of office in order to generate new momentum for international climate policy.⁵

Design of a new national determined contribution (NDC)

The US withdrawal from the Paris Agreement on 4 November 2020 also rendered invalid the submitted national determined contributions (NDCs). Like most other countries, however, the USA is required to submit a new or expanded NDC to the UN Climate Change Conference (COP26) in Glasgow in November 2021. The climate plan presented during the election campaign can serve as a starting point for achieving the key pillars of an ambitious 2030 target and climate neutrality by the middle of the century. This ranges from the announcement that the country will be climate-neutral by 2050 and the electricity sector will be decarbonised by 2035 to the sustainable development of the transport sector (see Section 4 for details). Formally, there is no need for approval from the Senate, but it will be practically impossible to implement the required legislative framework without coordination with Congress.⁶ From a transatlantic perspective, this new climate contribution represents an essential point of contact for joint political initiatives in order to embark on an ambitious path by 2030 – which, if possible, could not be reversed by a new administration in four years. It must also go beyond the contribution submitted by the Obama administration, which is not considered sufficient from a climate protection perspective (reduction of 26% to 28% in 2025 compared to 2005).

The outstanding US contribution to the Green Climate Fund (GCF)

For many developing and emerging countries, the announcement by US President Donald Trump that he would no longer pay contributions to the GCF was almost more extreme than the exit from the Paris Agreement. Of the USD 3 billion committed funds for the GCF, USD 2 billion was still outstanding at the time the payments were suspended. In addition, like other countries, the USA must also comment on the further replenishment of GCF funds between

⁵ See Fiona Harvey 2020 : US to hold world climate summit early next year and seek to re-join Paris accord. [The Guardian online](#), 14 December 2020.

⁶ See Susan Biniarz 2020: Returning to Paris: The next US 'NDC'. [Columbia Law Blog](#).

2020 and 2023.⁷ The expectations of the international community are clearly aimed at the new President Joe Biden reasserting the obligations of his predecessor President Barack Obama. Joe Biden refrained from making statements in this regard, both in the election campaign and in the aftermath of the election, but the settlement of this climate debt can be found in his climate plan.⁸ For international credibility, however, it is not just the funds for the GCF that are important, but also an expanded commitment to international climate finance. This can include support for the Adaptation Fund as well as the climate-friendly orientation of further financing instruments in the development sector (e.g. multilateral development banks) and a re-establishment of USAID's work in conflict prevention and climate policy. As far as international climate finance is concerned, Congress has prevailed over the President on certain budget lines in recent years, continuing support for the Global Environment Facility (GEF) and the Intergovernmental Panel on Climate Change (IPCC), for example. In principle, a blockade in Congress is not to be expected in this regard.⁹

Role of the new government team

The President-elect has already named key government offices and posts in the field of climate and environmental protection. Ex-Secretary of State John Kerry is to become a climate envoy – a function that has not yet been established in US governments. As the head of the State Department, Kerry not only played a role in the successful conclusion of the Paris Agreement in 2015. During his time as Secretary of State, he placed a strong focus on the foreign and security policy implications of climate change and – together with Germany and other G7 partners – made this a focus of the G7 foreign ministers. In his role as climate envoy, John Kerry will also serve on the National Security Council. With this, Biden is emphasising the importance of the climate crisis as a threat to national security.

The appointment of Janet Yellen as future Secretary of the Treasury could prove to be even more ground-breaking in setting the decisive green course for the American economic system. The economist and former Chair of the Federal Reserve Board (2014-2018) is an advocate of climate protection and, in her role, could create new momentum for the reduction of climate-damaging subsidies and the expansion of green investments.

Other nominations in the new start essentially indicate a serious U-turn in climate policy for the USA. It is said that Michael Regan will run the environmental protection agency (EPA) – badly shaken under President Trump. Regan, who earned a name for himself in environmental protection in North Carolina, would be the first African American to head the agency. The nomination of Deb Haaland, Representative from New Mexico, to run the Interior Department is a strong signal that the new administration will address critical concerns of Native Americans. Haaland would be the first representative of this group to take that role. Finally, the nomination of environmental law specialist Brenda Mallory to head the Council on Environmental Quality illustrates the new environmental ambitions. The African American served as a lawyer for the EPA for several years and most recently worked at the Southern Environmental Law Center, which advocates classic environmental protection issues such as clean air and water protection.¹⁰

Jennifer Granholm is also expected to provide new momentum for the Energy Department. As Governor of Michigan from 2003 to 2010, Granholm acquired relevant experience in the transformation of the economy in that financially troubled state, offsetting the decline of the

⁷ See also David Waskow, Yamide Dagnet, Joe Thwaites and Taryn Fransen 2020: [How Biden Can Make the US a Global Leader on Climate Action](#). Washington, DC: WRI.

⁸ Biden will recommit the United States to the Green Climate Fund, fulfilling America's pledge and enhancing our security by helping developing countries better manage the adverse effects of climate change, including conflict, migration, and state fragility. See <https://joebiden.com/climate-plan/>.

⁹ See Joe Thwaites 2020: 2020 Budget Shows Progress on Climate Finance, But US Continues to Fall Behind Peers <https://www.wri.org/blog/2020/01/2020-budget-shows-progress-climate-finance-us-continues-fall-behind-peers>.

¹⁰ See BBC: 'Joe Biden says "no time to waste" as climate team unveiled' <https://www.bbc.com/news/world-us-canada-55382209>.

American automotive industry, for instance, a major industry in that state. An advocate of alternative energy, she relied heavily on incentives for the sustainable restructuring of the energy system when designing that transformation.¹¹ Granholm also launched her own plan for increased environmental justice in Michigan.¹² In her new role, she will have to deal with the crisis in the fossil fuel-based industries (coal, fracking) as well as the implementation of a transformative energy transition policy – a demand of many in the democratic camp, especially supporters of Bernie Sanders. Original reports that Ernest Moniz, Secretary of Energy during Obama's second term and a supporter of traditional energy policy, would take this post were met with criticism.¹³ Jennifer Granholm will face the challenge of building the bridge between an energy policy based on energy dominance on the one hand and decarbonisation on the other – an undertaking that also has a strong impact on the country's foreign policy self-image.

All in all, the staff considerations that have been made public up to this point demonstrate that climate and sustainable energy policy will become a pillar of the new president's agenda. Thanks to the new Democratic majority in the senate, making these nominations a political reality should be a much easier process. To what extent it will be possible to make an offer to involve traditional industries and relevant trade unions in the far-reaching changes, however, is less apparent from the staff selections.

The idea of a national climate council

One major innovation could be the idea of establishing a National Climate Council to clarify the need for ambitious climate protection in the various departments and demand a coherent climate narrative from the government that positions climate protection as a national and social mandate – much more strongly than in the past, including during the Obama presidency. This idea was put forward by the *Climate 21 Project* initiative, which includes scientists and various members of Biden's transition team and is led by Tim Profeta (director of the Nicholas Institute for Environmental Policy Solutions at Duke University in North Carolina).¹⁴ It remains to be seen, however, in which form the relevant considerations could actually be implemented.

Executive orders: Presidential decrees as a (last) resort in politics

The prospect of enforcing guidelines in a policy field like climate protection by decree as the American president may be tempting – especially given that, after Trump's anti-climate efforts, there is considerable need for correction. There were reports of discussions among Democrats in the summer of 2020 regarding actions the president could take in the event of a successful election (declaration of a climate emergency to redistribute public funds; the blockade of pipeline projects; import ban for fossil fuels; the introduction of a tax on the import of carbon-intensive goods). However, this use of executive orders has always been viewed with great reservation in the political culture of the USA, precisely because it undermines the system of checks and balances.¹⁵ Accordingly, the potential here is also limited because there given the threat of further poisoning of the political climate; Joe Biden would be acting against his declared goal of reconciliation and unity. From this perspective, these decrees should primarily be seen as a last resort and other approaches should be pursued in order to implement climate policy decisions that cannot be easily reversed (see Sections 3.2 and 4.1).

¹¹ See <https://www.aa.com.tr/en/americas/us-biden-to-name-heads-of-energy-climate-departments/2079098>.

¹² See Lesley Clark 2020: [Jennifer Granholm's the pick to lead DOE](#). E&E news, 16 December 2020

¹³ See Bill McKibben 2020: [Learning How to Talk; What Climate Activists Must Do in the Biden Era](#). Yale Environment 360.

¹⁴ See Jeff Tollefson 2020: Can Joe Biden make good on his revolutionary climate agenda? <https://www.nature.com/articles/d41586-020-03250-z>.

¹⁵ See Barry G. Rabe 2020: [The limitations of a climate change presidency](#).

3.2. The dependent variable: At least 2 years without ‘divided government’ in the US Congress

The sustainable realignment of US climate policy will largely depend on whether the new President Biden will be able to reach agreements with Congress. Previously divided, Congress now has a majority in both chambers thanks to the victory of the Democratic candidates in the by-elections in Georgia. Despite losses in the House of Representatives, the Democrats still have more seats than their political opponents. In the Senate, the division of the country is clearly reflected in the achieved stalemate. The victory in the by-elections for both Senate posts, which became necessary in the state of Georgia, can also be seen as a confirmation of the new US president and meets the voters’ wish to overcome political blockades. In central votes, for which a simple majority is sufficient, the vote of Vice President Kamala Harris will now be decisive – overcoming the phenomenon of divided government – dominant in recent decades – for at least two years. In the mid-term elections in 2022, however, both chambers of Congress could fall back to the Republicans. In addition, conservative representatives among the Democrats (e.g. Joe Manchin in the coal state of West Virginia) could refuse to pursue an ambitious climate policy. Here also climate policy initiatives must, if possible, gain approval across party lines so as not to be stopped again in two years. As the composition of the Senate’s bipartisan Climate Solutions Caucus, which has been in place since 2019, shows, some Republican senators could play a role here. Members include, for example, Lisa Murkowski (Alaska), Rob Portman (Ohio) or Mitt Romney (Utah), who represent very different regions of the United States.¹⁶

Green stimulus packages with or against the Republican Party?

One obvious step is to consider climate issues in investments to revive the economy as a result of the pandemic. In December 2020 – probably due to the election results in November – funds were approved for a long-blocked economic stimulus package that provides considerable incentives to promote alternative energy.¹⁷ The pressure on Republican representatives in the Senate to not create opposition here is likely to increase, making approval across party lines conceivable in the coming months.

Joe Biden’s prospect of a new, comprehensive economic stimulus package being geared towards green could create a major emphasis. The research association Climate Action Tracker has calculated that a green stimulus package worth USD 1.7 billion could lead to a reduction in US emissions of 75 gigatons of CO₂ over the next three decades. Globally, this would be comparable to avoiding a temperature increase of 0.1 percent by the end of the century. To the extent that regional interests (e.g. in the link between energy security and jobs) are also a factor for Republican Senators or conservative Democratic Senate members, a rejection of the corresponding budget drafts would involve considerable political risks.¹⁸

Even in the event that Republicans in the US Senate regain their majority in 2022 and continue their blockade, the new president can also start various large-scale, well-funded initiatives to promote green infrastructure in the field of renewable energy supply or sustainable mobility. In addition, the administration has the option of shaping the desired climate policy focus in individual policy fields and the corresponding departments.

For example, the Department of the Interior can promote offshore wind projects at the federal level through permits or other financial incentives, while the Department of Energy can tighten energy efficiency standards in various areas (e.g. household appliances). Above all, however,

¹⁶ See the Climate Solution Caucus website, <https://www.coons.senate.gov/climate-solutions-caucus>.

¹⁷ Allan Marks 2020: [Big Stimulus For Clean Energy: Covid Relief Bill To Include Bipartisan Support For Green Tax Credits](#). Forbes.

¹⁸ See Climate Action Tracker 2020: [USA](#).

the Treasury Department under Yellen can initiate financial regulations with partners in the financial sector in order to adequately reflect the financial implications of climate change in the relevant portfolios.¹⁹

Essential, climate-friendly standards for the private sector such as a Clean Energy Standard would not have been enforceable with a Republican majority in the Senate; now, they represent a conceivable approach, whereby, as mentioned above, conservative Democrats would also have to be won over. The use of executive orders (see above) – for example if there was another majority in the Senate in 2022 – could not only intensify the opposition in the Republican Party, but also meet resistance from moderate Democrats. In addition, such regulations can ultimately be overturned by the now highly conservative US Supreme Court.

3.3. *The unknown variable: Developments at state level post-election*

Climate protection activities at the state level represent an unknown variable, given that the effect of climate protection is sometimes difficult to measure. As a variable for more climate and environmental protection, the state level is constitutive for the political system of the United States. Many policy solutions and innovations are first designed and implemented at this level before becoming a standard in American politics. During the presidency of Donald Trump in particular, it was at this level of action that climate protection initiatives continued in the USA.

We are Still In: Sub-national emissions trading, 100 percent renewables and more

One impressive example of this is the emissions trading systems on the two coastal strips (Regional Greenhouse Gas Initiative [RGGI] on the east coast and the Western Climate Initiative of California and Canadian provinces, which also included other individual states in the past). In response to the resignation of President Trump, ten states have joined the diverse *We are Still In* initiative, which is committed to implementing the Paris Agreement in lieu of the American government. Its members also include numerous companies and some 300 cities and counties.

The votes held parallel to the presidential election at the state level (including gubernatorial elections, votes on individual legislative initiatives) show that the new US government can rely on a trend at the local level that seeks at least to further promote the necessary expansion of renewable energies. In Nevada, for example, voters reaffirmed an amendment to the law that provides for a renewable target of 50 percent by 2030 – as well as a confirmation of Governor Steve Sisolak's plan to switch to 100 percent renewable energies by 2050. One of the most prominent climate protection governors, Jay Inslee, was re-elected in Washington State. The Democrat strives to make the power grid climate-neutral by 2030 and align it to 100 percent renewables by 2045.

A total of thirty states currently use a renewable portfolio standard (RPS), which obliges companies to provide a certain proportion of the power generated from renewable energy. Nine of these federal states are aiming for 100 percent by 2050 at the latest.

¹⁹ See Jeff Tollefson 2020: Can Joe Biden make good on his revolutionary climate agenda? <https://www.nature.com/articles/d41586-020-03250-z>

4. New alliances, new ambitions – a transatlantic climate initiative

The realignment of American climate policy can provide urgently needed momentum for international climate protection as well as the transatlantic relationship. This will require new or renewed alliances as well as direct discussions about how climate policy can be geared more towards increasing ambitions. The various forms of climate policy momentum identified in Chapter 3 are systematically listed in the following overview. Climate diplomatic initiatives such as the re-entry into the Paris Agreement and the timely organisation of a meeting of major emitters can take place regardless of possible internal political resistance. Emphasis through federal investments in climate protection and climate-friendly programmes in public procurement, as outlined by Joe Biden in the election campaign, should also be politically feasible.

However, the probability with which these will be tackled in the first hundred days or at the beginning of the presidency remains uncertain. That stated, six weeks after the election, the movements show that the strong climate policy orientation in leading government functions can create good conditions for implementing a whole-of-government approach in American climate policy.

The focus of Joe Biden's climate policy in the election campaign/ programme

- **Re-entry into the Paris Agreement upon taking office.**
 - **Organisation of an international forum for major emitters (within 100 days of taking office).**
 - Objectives: Climate neutrality in the USA by 2050 and decarbonisation of the electricity sector by 2035 ('100% clean energy economy and net-zero emissions no later than 2050').
 - **Federal investment of \$1.7 trillion over the next ten years (with expected leverage of an additional \$5 trillion from sub-national and private sector investments).**
- Furthermore, among others:
- **Leverage public procurement (\$500 billion strong) to support 100% clean energy and zero-emission vehicles.**
 - Limits for methane pollution from new and existing oil and gas facilities.
 - **Ensure that all government-owned infrastructures, facilities and buildings become more efficient and more climate-friendly.**
 - Reduction of GHG emissions in the transport sector – primarily through the consistent implementation of the Clean Air Act and the development of comprehensive new consumption standards for vehicles as well as their complete electrification.
 - **Public companies publish what climate risks they are exposed to, what GHG emissions arise along their value chain.**

(Bold type = very likely implementation, as Congress cannot prevent it or only with great difficulty)

4.1. The return of the US to international climate policy: Possible entry points for increasing ambitions

The success of the Paris Agreement will be put to the test in 2021. At the climate summit in Glasgow (COP26), which is postponed to next November, final questions about the **international use of carbon markets** have to be clarified (negotiations on Article 6) in order to complete the set of rules for implementing the Paris Agreement. There were blockades related to this at the last two climate conferences; greater involvement on the part of the USA in finding a solution designed to preserve environmental integrity and transparency can overcome this resistance. A negotiated solution can lead to cooperative climate protection projects between contracting states and as a result (ideally) to stronger ambitions for the overall regime.

The discussion about a **long-term climate finance target**, which is to start in Glasgow, harbours some potential for conflict as a unique, future-oriented question. In essence, it is about determining how further growth will be designed after the commitment of 100 billion US dollars per year from 2020 onwards. Here, too, early coordination with the United States as to whether it is also willing to make and increase its contribution to international climate finance can help to make the negotiations more dynamic.

Above all, however, stands the question of whether the major emitters are willing to substantially increase their **national determined contributions (NDCs)** in order to meet the ambitions of the Paris Agreement. Close transatlantic cooperation can help send a clear signal to the climate community. In this respect, the fact that China (by 2060) as well as South Korea and Japan (by 2050), like the EU and the USA, have already announced that they will make their economic systems climate-neutral can have a positive effect. As a result, the upcoming, updated NDCs should clearly show how comprehensive transformation processes can be initiated by 2030. The overriding question here is how, in addition to sector-specific levers, overarching control approaches like **systematic carbon pricing** (including **emissions trading systems or a border adjustment** for imported goods from regions without corresponding climate protection requirements) or **targeted investment in development innovations such as (green) hydrogen** can be included.

Complementary to these actions in the context of the implementation of the Paris Agreement (and above all with regard to the NDCs), sectoral decisions that must have an impact by 2030 can be pushed forward at the international level – for example at the **G7** (2021: UK Presidency; 2022: German Presidency) and the **G20 levels** (2021 Italian Presidency; 2022 India). In this regard, a (renewed) attempt to implement an initiative to **abolish subsidies for fossil fuels** at the G20 level could be particularly interesting. A corresponding goal can be found in Biden's election programme and transatlantic impulses for such an initiative could trigger significant momentum.²⁰

The return of the USA to the Paris Agreement can also be expected to provide further positive motivation. Before Donald Trump took office, it was precisely the USA that promoted the **integration of climate change into the foreign and security policy discourse**. This American role was sorely missed in the UN Security Council, where the USA practically failed to get involved in the debate on climate change and security initiated by Germany in July 2020. USAID's proactive role in setting up programmes at the interface between climate adaptation and conflict prevention was also drastically scaled back under the Trump administration – at the expense of strengthening resilience and stabilisation in conflict-ridden regions, which are and will be in many cases significantly affected by the consequences of climate change (availability of water and food, effects of extreme weather events). It should be mentioned here that, in the international section of his climate plan, Joe Biden argues that meeting international

²⁰ See <https://joebiden.com/climate-plan/>

commitments to climate finance can also contribute to stabilization and conflict prevention in fragile contexts and to the management of migration.

4.2. Possible starting points for transatlantic cooperation

As it turns out, there are a number of entry points in Biden's possible climate agenda for creating new transatlantic motivation for multilateral cooperation. These are not limited to the field of international climate policy, but also affect areas such as development cooperation or trade, which must be more closely aligned with the requirements of a world that is affected by climate change. What does this mean in relation to specific transatlantic initiatives? Against the background of current discussions in German and European climate policy, the following areas, among others, can be considered:

4.2.1. Carbon pricing and border adjustment mechanisms

Carbon pricing is gaining popularity in more and more countries as a means to provide targeted incentives for greenhouse gas reductions (GHG reductions). In Europe, this applies mainly to the sectors that are not covered by the EU emissions trading system. The success of such measures, which in North America are also being pursued at the provincial level in Canada (British Columbia), for example, depends to a large extent on embedding them in an overall climate policy framework.²¹ In addition, examples such as that of Switzerland show that it is helpful to cushion the burden of higher prices by reducing prices in other sectors (e.g. health). The logic, which can also be attractive for the Biden administration, lies in the financial burden of climate-damaging behaviour and the targeted use of these funds, e.g. for environmental or socio-political issues. A border adjustment tax represents a special form of such pricing. It relates to imports and is directed outwards in order to compensate for potential competitive disadvantages vis-à-vis international competitors in the course of one-sided climate policy. A kind of climate duty on products of the steel or cement industry is conceivable here, but end product taxes in the broad field of goods and services are also an option.

If the European Commission, France or Germany take the option of a border adjustment, this would be understandable given the level of ambition in climate policy. The USA would first have to establish an ambitious national framework in order to justify requirements for foreign products. In the end, a joint transatlantic initiative to introduce a CO₂ border adjustment could pave the way for the worldwide establishment of politically feasible prices for CO₂. Various proposals for the introduction of a price on carbon, which is flanked by a border adjustment for foreign competitors, have already been tabled in the American Congress. A significant increase in the ambition of the American climate targets for 2030, including the establishment of sectoral carbon pricing, could form the basis for pursuing a corresponding demand across the Atlantic. With regard to American domestic politics, the establishment of such a transatlantic 'carbon club' could have a positive effect.²² It should also be noted, however, that a border adjustment tax on carbon-intensive products does not lead to new market barriers for developing countries.²³

²¹ See Conway, Darragh; Johannes Ackva, Axel Michaelowa, Barbara Hermann, Constanze Haug, Aglaja Espelage, Dennis Tänzler and Stephan Hoch 2019: [Tipping the balance. Lessons on building support for carbon pricing](#). Berlin/Amsterdam/Freiburg: adelphi/Climate Focus/Perspectives Climate Group.

²² See William Nordhaus 2015: [Climate Clubs: Overcoming Free-Riding in International Climate Policy](#). In: American Economic Review, Vol. 105, no. 4, April 2015, 1339-70.

²³ See also Weko, S., Eicke, L., Marian, A., and Aperi, M.: The Global Impacts of an EU Carbon Border Adjustment Mechanism, IASS Policy Brief, November 2020, Potsdam, DOI: 10.2312/iass.2020.055

4.2.2. Promoting a green hydrogen economy

Germany in particular has experienced a great deal of hype about the role of hydrogen as a component of a diversified energy supply. This could become appealing if governments are able to address sectors in which climate protection is difficult and with the use of climate-friendly energies. In the colourful spectrum of hydrogen, there is talk of green hydrogen. German and Europe are limited in their potential to produce this type of hydrogen; as a result, it is necessary to seek out partnerships with production countries in addition to research collaborations. The latest research suggests that the USA has considerable potential to become a major producer of green hydrogen – not only in the traditionally innovative states like California, but also in Texas, where a strong wind energy industry (including offshore) offers considerable potential for green hydrogen. Export to Europe via the Gulf of Mexico would be an obvious option there.²⁴

Since President Biden is striving for climate neutrality by 2050, a common understanding of the possible role of hydrogen in a climate-neutral economic system could be an essential component of a forward-looking transatlantic agenda. In addition to exporting German know-how, this also includes possible joint demonstration projects and further exchange opportunities ‘along the entire hydrogen value chain’.²⁵ In addition to the targeted connection with the political discussion of how the USA and Europe can achieve climate neutrality by the middle of the century, the possible joint design of sustainability criteria for green hydrogen also plays a role.

4.2.3. The establishment of a regulatory framework to promote green financial markets

There are also significant expectations for a new American administration in terms of support for green financial markets. The new president could set a course that would not be easily reversed in four years – as could be the case with a carbon tax, for example. Transatlantic cooperation on global green financial standards is promising, through the adoption of the green bond standards planned in the EU, for instance. In this regard, American investors will primarily be concerned with regulatory security in order to find stable framework conditions for the continuous growth of green bonds in the US market. The US government’s climate policy ambition could also be used to encourage it, like other countries, to issue green bonds.

Another important point of reference concerns the discussions about the publication of relevant company information regarding climate risks and the specific contribution to the emission of greenhouse gases. The debate in Europe also has its counterpart in the USA – for example, when it comes to creating transparency in order to enable companies and investors to make well-founded decisions on how to position themselves in a climate-sensitive manner. From the European side, the conceptual considerations and discussions that are carried out in the context of the EU taxonomy can be brought into closer cooperation with the USA. In this regard, it could also be interesting that the US Federal Reserve recently recognized climate change as a risk to financial market stability. In alliance with other central banks, these actors, which have so far been underrepresented in international climate policy,

²⁴ See Raffaele Piria, Franziska Teichmann, Jens Honnen, Jakob Eckardt 2021: [Wasserstoff in den USA, Potenziale, Diskurs, Politik und transatlantische Kooperation](#). Berlin: adelphi.

²⁵ See Piria et al (FN 24).

can significantly advance the contribution of the financial systems to dealing with climate risks as well as increasing green investments.²⁶

These three possible initiatives outline the contours of a transatlantic area of action and trade, which also sends a clear signal to China of how to reconcile decarbonisation, investment and trade. Europe can take the first steps towards this goal with the American government by systematically shaping the Green Deal in its external relations.

4.3. Momentum for transatlantic cooperation: *Berlin, Brussels and beyond*

From a German and European point of view, the playing field of transatlantic cooperation will require much more differentiation in order to actually be able to enter into dialogue with a divided America and to meet the ambitious demands of international climate policy. An approach based on the division of labour of existing initiatives can be helpful here, but it is also important to open up new paths, especially if Germany and Europe seek dialogue with climate deniers in the USA.

EU-US cooperation

The EU Commission has already announced that it wants to set up a renewed transatlantic dialogue that is also specifically dedicated to green issues. In terms of climate policy, the EU must be taken at its word in order to make this agenda as concrete and ambitious as possible. This can also be initiated through a technical discussion on individual market-oriented instruments and start with emissions trading, carbon pricing or a border adjustment tax – but must be systematically expanded to include other sector perspectives (building sector, transport, agriculture). The questions of the systematic exchange on the development of a green hydrogen economy as a component of climate neutrality and the establishment of green financial markets can also be initiated on a European basis and therefore require the activation of various general directorates beyond DG CLIMA and ENER (e.g. DG FISMA, which is responsible for sustainable finances).

The overriding objective must be to promote comprehensive transformation agendas while at the same time taking into account the specific regulatory requirements at the various political levels. In concrete terms, this means that, in the context of the two crises of the century (climate change and pandemic), initiatives ideally contribute both to economic recovery and the systematic addressing of the climate crisis. The current guiding principle of a green deal by the EU Commission offers a wide range of implementation options for this.

Expansion of the Transatlantic Climate Bridge

Since 2008, the BMU and AA have taken part in the transatlantic discourse on climate and energy with the climate bridge – along with the German embassy in Washington, the consulates general in various regions of the USA, various mediators from politics and society as well as political foundations. The idea is to bring together different partners from both sides of the Atlantic in order to develop the potential for cooperation and common learning curves – for example, with a view to cooperation on a sub-national level:

²⁶ This also applies to the non-partisan Commodities Futures Trading Commission, which also published a report in 2020 presenting the climate risks as well as corresponding financial policy solutions, see Climate-Related Market Risk Subcommittee 2020. Managing Climate Risk in the U.S. Financial System. Washington, D.C.: U.S. Commodity Futures Trading Commission, Market Risk Advisory Committee.

- **Cooperation between individual states**

Baden-Württemberg and California offer an example of increased political cooperation. Both states, which are also members of the Under2Coalition, formed the partnership in 2018. Its focus includes climate protection, energy, the environment and transformation in transport. This complements the efforts of the German federal government (especially the Federal Ministry of Economics), which maintains an exchange with California on individual issues like energy policy. Corresponding climate policy alliances could also be established in other partnerships between German and American states. Partnerships between Rhineland-Palatinate and South Carolina or Hesse and Wisconsin focus on higher learning, for example.

- **City cooperation**

There are now a large number of cities involved in climate policy on both sides of the Atlantic. Initiatives such as the Covenant of Mayors or the Under2Coalition contribute to global networking, and the German government has established another partnership for increased climate policy exchange by hosting the International Conference on Climate Action (ICCA) in Heidelberg in 2019 (Partnership for Collaborative Climate Action, PCCA). In the transatlantic context, there have been complementary exchange formats promoted in part by the Transatlantic Climate Bridge. City partnerships (sister cities) such as Hamburg and Chicago or Berlin and Los Angeles are ideal for this purpose, as are meetings between different cities, such as those initiated in Chattanooga (Tennessee) to expand renewable energies.²⁷

In the past, sectoral dialogues have also been initiated between, for example, **farmers from both countries**. Many transatlantic networks still exist at this level, as well as exchanges in **business and science**.

While the Transatlantic Climate Bridge has become rather quiet in recent years, there are also special signs to keep in mind from 2020: In parts of the USA like California and Arizona, there was a climate emergency in the summer and it is the **younger generations** in particular who are calling for decisive change in climate and energy policy. With regard to the Democratic Party, these social forces such as the **Sunrise Movement or the Climate Justice Alliance** have not rallied behind the party establishment candidate Joe Biden, but largely his main competitor, Bernie Sanders. The situation is similar with the **Black Lives Matter** movement; the political protests significantly shaped (socio-) political debate during the election campaign. In view of the fact that racist discrimination also affects the population that is particularly vulnerable to the negative effects of climate change and fossil energy production, there are high expectations for the handling of both issues. The possible installation of an **environmental and climate justice department in the Department of Justice** is a signal that the new president will be active in this regard.²⁸

For sustainable progress in climate policy, these initiatives are just as important as building bridges in the camp of clearly climate-sceptical segments. The **youth arm of evangelical Christians**, for example, is in favour of a proactive climate policy.²⁹ This is in contrast to the strictly negative or denial attitude of the main segment of the evangelical spectrum. Here, and in other parts of the younger generation of voters in the republican spectrum, greater opportunities for exchange must be created as part of the **transatlantic educational cooperation** – e.g. with a view to the state cooperation described above or the use of parliamentary partnership programmes.

²⁷ See Transatlantic Sister Cities Dialogue: <https://wutcana.wordpress.com/2011/12/12/berlin-and-energy/>

²⁸ See Brian Kahn und Dharna Noor 2020: How Biden Can Ensure Every Federal Agency Is Fighting Climate Change <https://www.ecosystemmarketplace.com/articles/how-biden-can-ensure-every-federal-agency-is-fighting-climate-change/>

²⁹ See <https://yecaction.org/>

5. Conclusions and recommendations

5.1. Expectations of a realignment of climate policy in the USA

How can we classify the potential that results from the US election at the individual levels of action? How do we establish a socially stable climate protection narrative in the USA? In view of the storming of the Capitol on 6 January 2021, these questions may, at first glance, take a backseat to the act of violence – promoted by President Trump – against the heart of the American politics. However, such a delay would in no way do justice to the nature of the global climate crisis. The climate policy agenda essentially represents a transformation agenda that, on the one hand, is dependent on overcoming the division in American society, visible with all its might on January 6. On the other hand, it is precisely this development process that can lead to a common climate narrative in American society and contribute to overcoming the division at least in part through a successful and inclusive transformation. This requires creative will, patience and a comprehensive dialogue about justice.

The new American president has to react flexibly, both in terms of the timeline and in establishing a stable climate protection narrative. He must harness the progressive forces to implement effective climate protection policy and, at the same time, engage moderates as well as the part of US society that rejects climate protection. Bill McKibben aptly describes this challenge as follows: *'Biden's call for unity is real and important, and any plan for the future needs to be very focused on making sure that people currently building oil pipelines have something else to build instead.'*³⁰ It is critical that the president demonstrate his awareness of all social forces and, at the same time, his ability to act. The appointments announced so far in the new administration suggest that climate policy is actually being approached as an overarching task in a whole-of-government approach and that the demand for transformation is recognized (Jennifer Granholm as energy secretary, who started the processes already in Michigan following the decline of the traditional auto industry).

An obvious prioritization – also in terms of time – concerns the systematic design of economic stimulus packages based on climate protection, which guarantees the creation of jobs in the medium to long term and shapes the transition along social priorities. This approach is not fundamentally new and follows the principles of the just transition debate. The non-partisan agreement reached before Christmas on a further package of measures to stimulate the economy – which had been blocked for a long time in Congress – can be seen as a sign of an increased willingness to compromise between the parties.

The climate protection impacts must become part of an ambitious national determined contribution (NDC) with a view to the year 2030 – even if it is doubtful that a corresponding draft can actually be presented by the COP26 in Glasgow. In addition to sectoral priorities, which are already outlined in Biden's climate plan, there is also a stronger consideration of approaches to carbon pricing (including possible border adjustment actions).

Equally as important is setting the course for long-term climate policy in order to initiate the process towards a climate-neutral America by 2050, regardless of future changes in political government (e.g. 2024). Initiatives to create green financial markets and innovation programmes to build infrastructures for a more climate-friendly energy supply (e.g. through the use of green hydrogen) can serve as springboards here.

³⁰ Bill McKibben 2020 : [Learning How to Talk; What Climate Activists Must Do in the Biden Era](#). Yale Environment 360.

5.2. Perspectives from Germany and the EU

From the perspective of Germany and the EU, the new administration offers a wide range of opportunities for climate protection in the short, medium and long term. Overall, individual geostrategic issues in the transatlantic relationship will hardly change. This concerns, among other things, the attitude of the USA towards China, the demands on Germany and Europe for a higher defence contribution or the view of the Nord Stream 2 pipeline. At the same time, the tone will change dramatically – and this alone will lead to a revival of a transatlantic agenda. Climate can be a winning issue on the transatlantic agenda – that was more the exception than the rule in the last two decades.

To take advantage of this momentum, different priorities must be pursued from a German and European perspective:

- The alignment of the **economic stimulus packages to climate protection** issues – on the one hand, in the medium to long-term perspective through the promotion of **green financial markets** and, on the other hand, through the establishment of **shared innovation** in areas like **green hydrogen infrastructure** (and the systematic expansion of renewable energies) can build on the prevailing discussion in the USA about energy dominance.
- The year 2021 should also be used to close the **ambition gap with comprehensive climate protection contributions** up until 2030. The European range of experience in climate policy can be geared primarily towards **emissions trading and carbon pricing**. With a view to the way here, the joint discussion of measures can also contribute to the installation of a **CO₂ border adjustment**. Concrete proposals from the EU are expected in mid-2021, which can be introduced into the US discourse as soon as possible in order to determine a coordinated approach.
- Up until and in Glasgow in November 2021, it is possible to **create concrete momentum for negotiation** in order to overcome individual barriers (such as those related to international **mitigation cooperation**, i.e. in Article 6 of the Paris Agreement) and to develop perspectives for long-term climate finance.
- Increased transatlantic coordination on possible **instruments and incentives, also with a view to the industrial and financial sector**, can send a clear signal to infrastructure and investment programmes such as China's **Belt and Road Initiative**, which is almost blind in terms of climate policy.
- The climate protection requirements must also be systematically anchored in other key policy areas such as **development and trade policy**, thus creating a stronger global momentum (also in terms of **climate justice**). Here, a first focus can be placed on a transatlantic initiative within the framework of the G20 (Italy in 2021) to **dismantle climate-damaging subsidies in the energy sector**.

5.3. An eight-point programme for an ambitious transatlantic climate protection initiative

The following section presents an eight-point programme that specifically tries to address and connect different levels of action, target groups and issues. The order does not correspond to any specific priority.

1. Joint US-EU initiative for climate sensitive recovery programmes⁴

Focus: Overcoming the Covid-19 crisis and the targeted revitalization of the economic systems is a concern of the German federal government, the European Commission and the new US administration. While the EU Commission has already proposed a transatlantic dialogue to deal with Covid-19,³¹ the link to a green orientation is not a matter of course and must be demanded. Since coping with the pandemic poses considerable challenges for many countries, both transatlantically and globally, Europe and the USA – along with the British COP presidency – can lead the way at the climate conference or, ideally, in advance with guidelines for climate-compatible economic stimulus programmes. Ideally, Germany and the EU Commission should contact the new US administration immediately after taking office.

Timeline: Establishment in the first quarter of 2021, running at least until the end of the year or longer (preferably)

Stakeholders: Government dialogue mainly with the German government, the EU Commission, the US State Department and the UK COP Presidency with the incorporation of science and research at EU level

2. Transatlantic approaches for ambitious climate policies: Developing carbon pricing, emission trading and carbon border adjustment

Focus: All parties to the Paris Agreement are urged to formulate more ambitious climate contributions by COP26. With a view to the discussion of increasing ambitions, the comprehensive pricing of carbon (complementary to cap and trade systems) is an essential component. Demands for the establishment of measures for border adjustment taxes are gaining momentum and can, from the transatlantic perspective, serve as a possible nucleus for global pricing. Combining or installing a border adjustment makes sense in particular when a country or economic area already has a comprehensive framework for limiting CO₂ emissions (e.g. as part of the NDC). This also means that, in view of the current climate policy of the USA, a discussion is more likely to take place in the future – but this could also send a strong signal to other large emitters like China. An in-depth transatlantic discussion should also include the emissions trading systems in California and the Regional Greenhouse Gas Initiative (RGGI), which is mainly supported by the New England states and has already established a regional trading system with eleven members. The various regional approaches can serve as a stepping stone for a medium-term, comprehensive national approach. A link to the ‘Transatlantic Green Agenda’ announced by the Commission is also an option, in order to systematically ensure the connection to discussions on trade and technology.

Timeline: 2021, immediately after Biden takes office

Stakeholders: Representatives from different jurisdictions (parliaments of EU member states, EU, US government, possibly interested individual states such as California or RGGI states such as Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont and Virginia)

3. Standards for green transatlantic financial markets

Focus: Bringing together the discussions on green financial standards that have taken place in the USA and Europe can create critical momentum for globally sustainable investments. Based on the finance ministries, questions regarding reporting obligations (climate risks, GHG emissions) as well as solutions such as issuing green bonds should be coordinated across the Atlantic in order to shape the medium to long-term orientation of the financial markets. Against the background of the discussion about the action plan on sustainable finance and the introduction of the EU taxonomy, the EU is in a good position to approach the US partners

³¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2279

around the new Secretary of the Treasury, Yellen. In addition, development organisations and banks should be involved in these discussions to phase out the financing of fossil fuels in emerging and developing economies – also as an alternative to the Chinese Belt and Road Initiative.

Timeline: 2021, immediately after Biden takes office

Stakeholders: EU Commission (DG FISMA); US Department of Treasury, other finance ministries and other representatives of the financial markets (investors, etc.), development organisations, development banks (MDBs).

4. Build a transatlantic innovation partnership on green hydrogen

Focus: One project with a long-term perspective is a green hydrogen innovation partnership between Germany and the USA. This would take up the vision of President-elect Biden for a climate-neutral America by 2050 by further expanding renewable energies – not nuclear power. This requires a common understanding of the possible role of hydrogen in a climate-neutral economic system. In addition to exporting German know-how, Germany can also aim for joint demonstration projects and initiate the discussion about sustainability criteria for green hydrogen.

Timeline: 2021 to 2024 in a first phase

Stakeholders: US Department of Energy, Federal Ministry of Economics, National Renewable Energy Laboratory (NREL) and other research and business partners on both sides of the Atlantic

5. G20 initiative to reduce climate-damaging subsidies in the energy sector

Focus: A joint approach by the G20 governments to abolish subsidies for fossil fuels repeatedly came up on the G20 agenda. A corresponding goal can be found in Biden's election programme and transatlantic momentum should be created immediately with a view to the Italian presidency in 2021. If no consensus can be found among the G20 due to remaining resistance, one alternative would be to form a limited coalition of pioneers.

Timeline: Immediately after the new president takes office

Stakeholders: German government, EU Commission together with the USA and the Italian G20 presidency

6. 'We are still in' becomes 'we are all in': Revitalise the transatlantic climate bridge

Focus: The diverse initiative 'We are Still In', which emerged in opposition to Trump, must be consolidated and brought into contact with similar forces in Germany and Europe. In addition to joint (also virtual) summits, the focus will be on the 'how' of implementing climate neutrality goals and just transition. The orientation should extend well beyond 2024 to enable an ambitious climate policy that continues beyond the results of presidential elections. This can guarantee that progressive civil society forces in the USA are involved in the climate policy discourse and that their concerns are not marginalized (e.g. Climate Justice Alliance, Sunrise Movement). It would also be conceivable to support individual regions that are strongly influenced by the upheaval (e.g. Michigan and Rhine-Ruhr) as pilot regions of a joint climate protection effort under the additional aspect of green recovery in order to specifically address existing transformation hurdles.

Timeline: 2021-2030

Stakeholders: A broad spectrum of sub-national and civil society forces (e.g. Climate Justice Alliance, Sunrise Movement, Fridays for Future) including companies, cities, individual states

7. 100 climate ambassadors programme

Focus: Anchoring the climate discourse in America – where the problem has so far been largely ignored, if not even denied – requires new paths for dialogue. The exchange between social movements (including Fridays for Future) can be brought into direct contact with the regions that have not yet dealt adequately with the problem. The parliamentary partnership programme or foundations can provide momentum here in order to initiate exchange programmes that ensure that dialogue with these population groups is sought and developed. These types of climate ambassadors can help establish a sustainable network in a targeted manner. Exchange programmes can serve to initiate joint projects among young people, which contribute to increasing the awareness of shared problems as well as developing common solutions. A corresponding programme can also take place at the European level, whereby the scope would have to be made more ambitious (1000 climate ambassadors). One partner of such an approach could be, for example, the European Cultural Foundation, which also endeavours to promote cultural exchange in the transatlantic context. To this end also the initiative of an European Bauhaus – launched by the European Commission – and linking ecological economical and cultural aspects of design, sustainability and investments can be attractive from a transatlantic perspective.

Timeline: 2021/2022

Stakeholders: Education partners, members of Fridays for Future, Parliamentary Partnership Program, European Cultural Foundation and others.

8. Initiative for climate protection and international security

Focus: International negotiations in 2021 are to include numerous issues that overlap with the preservation of environmental integrity (intergenerational justice) or social justice (intragenerational justice). How can the blockades to the development of international cooperation in the area of mitigation (Art. 6) or questions of adequate, long-term and transparent climate finance be resolved? A transatlantic exchange can help identify possible solutions. In addition to the close climate negotiations, special attention can be paid to the shared, systematic development of the topic of climate change and security. Corresponding foreign policy initiatives can go beyond the expansion of integrated risk analyses in conflict-ridden regions of the world that are particularly affected by climate change, develop specific programmes for the implementation of conflict-sensitive adaptation and secure their funding – as of yet, fragile states have found it particularly difficult to participate in international climate finance. The foreign ministries of the USA (headed by John Kerry) and Germany welcomed recommendations in this regard as part of a study 'A New Climate for Peace' financed by the G7 foreign ministries in 2015 and could – starting with the G7 – create a correspondingly expanded programme.

Timeline: 2021 and the years that follow

Stakeholders: Department of State, US AID, Federal Foreign Office, parliamentarians, members from negotiating delegations (also from developing countries), NGO representatives, representatives from foreign and security policy