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# The Future of the EU– US Trade and Technology Council

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# The Future of the EU-US Trade and Technology Council

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# Summary

The US–EU Trade and Technology Council (TTC) was launched in 2021 as a forum to promote transatlantic cooperation and navigate trade tensions emerging from the use of new technologies. It was a signal of intent from the Biden administration to reaffirm the transatlantic relationship and rebuild relations on trade, following disputes over steel and aluminum tariffs under the first Trump administration. The TTC also functioned as a space to draw attention to the growing link between climate and trade agendas, as leaders on both sides pursued more ambitious climate agendas. However, after six ministerial-level meetings held over the course of four years, the forum is widely seen as having delivered only limited progress to date.

Following the re-election of Donald Trump to become the 47<sup>th</sup> US President from January 2025, it is unclear whether the TTC will continue to exist and, if so, in what form. The President-elect has stated that he will increase tariffs significantly if he is elected – referencing tariff increases of 10–20% on all imports and 60% on imports from China.<sup>1</sup> This would have significant consequences for the EU: the US is the EU’s largest export market.<sup>2</sup> The European Commission has already publicly communicated that they are preparing retaliatory measures and have flagged possible concessions, suggesting that they hope to negotiate a deal to avoid the stated tariff increases.<sup>3</sup> Trade Commissioner-designate Maroš Šefčovič has also signaled openness to continued cooperation with the US and an offer to “revamp” the TTC.<sup>4</sup>

While there is considerable uncertainty over how this will play out, it is clear that the future of the TTC will hang on the outcome of any eventual negotiations. The challenges presented by renewed tensions over tariffs also suggest that maintaining a continued platform for regular EU–US dialogue over trade could be more important than ever, even if the space for cooperation is diminished. If the TTC can be restructured to suit a new phase of the EU–US relationship, it could emerge with a central role to address the challenges that the EU and US must meet together, including on the intersection of climate and trade.

1 Politico, 15 November 2024, [EU warned to prepare for early Trump tariff action](#)

2 Eurostat – Statistics explained, last updated August 2024, [International trade in goods](#)

3 Politico, 21 October 2024, [EU’s game plan for Trump trade war: ‘Hit back fast and hard’](#)

4 Euronews, 8 November 2024, [EU Commission plans to continue tech standardisation work with US](#)

## Possible scenarios for the future of the TTC

This paper explores three scenarios for the future of the TTC:

- **Cooperation** – Resolving disagreements through compromise.
- **Coordination** – Accepting different approaches to common goals.
- **Chaos** – Conflict and withdrawal from the TTC, leading to its collapse.

These scenarios were presented and then revised at two workshops convened by E3G and the Heinrich-Böll-Stiftung in Washington D.C. and Brussels, bringing together stakeholders from think tanks, academia, business associations, and policymakers.

This paper unpacks these scenarios and outlines the risks and benefits they would present for climate ambition. It takes stock of the existing EU–US relationship on trade and climate, outlining current priorities around embedded carbon, carbon border measures, green subsidies and critical raw materials and assesses which of these we may see being taken forward in the next phase of the transatlantic partnership. This paper focuses on climate outcomes under the trade components of the TTC. The technology workstreams are not within the scope of this paper.

We find that, through an emphasis on security and collaboration, the TTC can help mitigate catastrophic impacts of climate change, for a safe climate for all. However, to ensure its future, the TTC must demonstrate a business case for greater economic partnership between the EU and US, to justify the compromises necessary to keep it going.

Moreover, external actors must push to keep the TTC alive and ensure that it delivers greater benefits for climate action. Civil society can support by shaping the agenda for the next phase of the TTC, for example as a joint mandate delivered by civil society organizations on both sides of the Atlantic.

These efforts can draw on the evident strengths in how the TTC operates and how it can develop. Additionally, there are several areas where the TTC can productively focus its efforts in the coming years.

## Operational strengths and opportunities for the TTC

The TTC is an important platform for open dialogue at the political level and provides regular channels of communication between administrations to discuss contentious issues, which could be particularly crucial under the new political circumstances.

The TTC can further strengthen the transatlantic relationship, by drawing a clear link between shared decarbonization and national security objectives, for example the possibility of improving energy security through lower imports of fossil fuels from geopolitical adversaries.

The TTC's greatest strength so far has been its flexibility, but it could gain further effectiveness through more streamlined processes to reduce the administrative burden.

By maintaining an open and flexible structure, the TTC can serve as a forum to anticipate future policy issues and share best practices to maintain the momentum needed to deliver a green global economy and achieve net zero by mid-century.

## Suggested focus areas for the TTC's work

The best opportunities to drive progress under the TTC are in areas where both sides are already mostly in agreement or have shared interests, such as de-risking supply chains and reducing non-market excess capacity. However, this limits the scope for progress given increasing divergence in US and EU positions on green industrial and trade policy.

The EU and US are unlikely to align on standards or tariff measures due to their different regulatory regimes and policy positions, but there are opportunities to use the TTC to facilitate collaboration on interoperability of different measurement approaches to embedded carbon in traded goods, or on green public procurement, or on coordinating support for the climate transition in third countries.

A contested but viable field for further work under the TTC is around diversification of clean technology supply chains away from China or other dominant market players.

# Taking stock of the TTC

## Purpose and format

The Trade and Technology Council was established in 2021 as a forum for the US and EU to work together to:

- “ensure that trade and technology serve our societies and economies, while upholding our common values
- strengthen our technological and industrial leadership
- expand bilateral trade and investment”.<sup>5</sup>

The establishment of the TTC signaled intent for closer transatlantic cooperation on climate and trade issues, in the context of an increasingly challenging multilateral environment and a rise in unilateral measures.<sup>6</sup>

The TTC consists of ten working groups, all of which have some relation to climate issues, such as securing supply chains, export controls cooperation, and technology standards cooperation. One working group addresses climate front and center: Working Group 2 “Climate and Clean Tech”.

Biannual meetings of the TTC were chaired by high level US and EU officials, including US Secretary of State Antony Blinken, US Trade Representative Katharine Tai, and the European Commission’s Executive Vice Presidents Valdis Dombrovskis and Margrethe Vestager. In addition to the six ministerial meetings held between 2021 and 2024, the TTC also served as a more regular bilateral channel of communication and diplomacy through its working groups.

5 European Commission, April 2024, [Factsheet: EU–US Trade and Technology Council \(2021–2024\)](#) .

6 Congressional Research Service, last updated November 2024, [U.S.–EU Trade and Technology Council: Background and issues](#)



## Failures of the TTC

In the three years since the TTC's inception, the transatlantic relationship has faced increasingly challenging geopolitical circumstances, including the aftermath of the COVID-19 pandemic, the Russian invasion of Ukraine and the resulting rise in concerns over resilience and security.

In addition to these broader challenges, the EU and the US also found themselves directly affected by climate policy changes in their respective jurisdictions. The US raised concerns about the EU Carbon Border Adjustment Mechanism and how this measure would affect US industrial producers. The EU, in turn, raised concerns about local content, assembly and sourcing requirements introduced in the US Inflation Reduction Act. Tensions over these measures contributed to a situation where many key outcomes for transatlantic green trade policy have failed to materialize. This includes a Global Arrangement on Sustainable Steel and Aluminum and an agreement on critical raw materials.

The TTC was originally envisioned to be a consultative dialogue, allowing for continued discussion on complex and interrelated issues. But with such a broad scope of topics being discussed in one forum, many of the TTC's objectives became unachievable due to competing ambitions within the council. Attempting to tackle so much under one umbrella has therefore also contributed to the difficulty in progressing outcomes.

Additional criticisms of the TTC were that the forum failed to consistently or formally engage stakeholders, and that working group structure was too wide in coverage to make significant progress between ministerial conferences.

## Successes of the TTC

Despite leaving many outcomes unrealized, the TTC also saw some successes. Within the dedicated working group on climate and clean technology, the EU and US launched the Transatlantic Initiative on Sustainable Trade (TIST), a more surgical sub-pillar of this working group.

Launched at the third TTC ministerial meeting, the TIST aimed to promote an integrated and resilient market for clean technology and green goods. This included measures to align green standards, public procurement rules facilitating the deployment of green goods, and measures to improve supply chain transparency and traceability.<sup>7</sup> The TIST has taken valuable steps to involve stakeholders in policy discussions, hosting a side-event around the vision of a green transatlantic marketplace. The TTC also delivered a joint EU-US catalogue on best practices for green public procurement.

7 American-German Institute, September 2023, [Goeconomics and a sustainable global order](#)

The TTC has been most successful in delivering outcomes on technology. At all six TTC ministerials, achievements on technology were announced including joint principles on AI, semiconductors, investment screening and export controls, initial conversations on the AI code of conduct, and an agreement for a common vision on 6G and agreement for collaborative research at the last TTC ministerial in April 2024. Similar outcomes have not been observed in the trade space.

The TTC also effectively provided a forum for coordinating responses to global geopolitical issues, such as Russia's invasion of Ukraine and the aftermath of the COVID-19 pandemic. It facilitated coordination on sanctions against Russia, demonstrating its role in addressing urgent international challenges.



# Emerging trends in US and EU trade and climate policies

## Measuring embedded carbon

Reaching an agreement on how to measure and verify the emissions content of goods is perhaps the most important transatlantic challenge to address. The EU is developing methodologies for its product-based Carbon Border Adjustment Mechanism (CBAM), linked to its long-established but facility-based Emissions Trading Scheme (ETS). The US does not have a carbon border adjustment and has just recently started a pilot to develop a methodology to calculate carbon intensity.<sup>8</sup> Without either a common methodology for measuring embedded emissions or a tool permitting interoperability, discussions on questions such as carbon border adjustments are difficult, if not impossible, to resolve.

Additionally, the absence of an agreement on carbon accounting methodologies has fundamentally undermined the climate credibility of many of the negotiations taking place in the TTC. Without a definition of what is “green”, and how to measure carbon content, it becomes difficult to promote cooperation on reducing emissions. The importance of a common methodology for measuring embedded carbon has been acknowledged as a priority for the working group on climate and clean technology since the first TTC ministerial statement.<sup>9</sup>

## Carbon border adjustment mechanisms

In May 2023, the EU’s CBAM entered into force. Designed to be an international extension of its Emissions Trading Scheme, the mechanism places a duty on imports in emissions intensive sectors such as steel and aluminum, designed to accelerate the decarbonization of heavily traded commodities. This scheme will be applied to countries that do not have a carbon price or have a lower price than that of the EU.<sup>10</sup> The fee is calculated based on the emissions intensity times the volume times the average EU ETS price minus – where applicable – the domestic price on carbon. The EU CBAM does not currently recognize

8 U.S. Department of Energy, 25 September 2024, [DOE announces pilot project to calculate the emissions intensity of certain industrial products](#)

9 The White House, 29 September 2021, [U.S.–EU Trade and Technology Council inaugural joint statement](#)

10 E3G, 2021, [US perspectives on carbon border adjustment mechanisms](#)

non-price-based approaches to decarbonization in determining the fee imposed on imported goods. Countries such as the United States that incentivize decarbonization solely through regulation and fiscal incentives can therefore only lower their CBAM fee by reducing the carbon intensity of their goods.

Despite some proposals, and some state-level carbon pricing schemes, the prevailing view is that federal domestic carbon pricing is not likely to be politically viable in the US in the near term. This has caused tensions in the transatlantic relationship and has undermined other negotiations such as those for a Global Arrangement on Sustainable Steel and Aluminum (GASSA, see below).

## Green subsidies and local content requirements

Since 2008, the resurgence of industrial policy in the EU and US – fueled by rising economic nationalism and climate change concerns – has led to significant shifts in industrial subsidy trends. This movement aims to incentivize the production of low-carbon goods, while also bolstering domestic industries, enhancing security, and reducing reliance on unpredictable trading partners amid growing geopolitical tensions.

The US's Inflation Reduction Act (IRA) and the EU's Green Deal Industrial Plan are at the forefront of this movement, with estimated subsidies respectively in the order of \$380bn and €835bn over 2022–2031.<sup>11</sup> The IRA represents a monumental investment package providing large-scale climate and energy subsidies, but it has been highly controversial due to its local content requirements, which limit access to some IRA tax credits. The EU considers this a violation of WTO rules but has nevertheless sought to get access to some credits through the attempt to negotiate a Critical Minerals Agreement with the US.<sup>12</sup>

These subsidies, primarily targeting renewable energy and clean technology, are deemed essential for advancing the green transition by lowering the cost of low-emission goods. The US argues that their domestic subsidies will lead to higher production volumes and therefore lower the unit costs, leading to a cheaper and faster global transition. However, subsidies also risk distorting trade and investment by redirecting supply chains to the US and reducing opportunities for third countries.

Another complicating factor has been the misalignment in approaches when it comes to tackling Chinese non-market practices. While the US has taken robust steps to decouple from China in strategic sectors, including a duty of up to 100% on Chinese EVs, the EU has taken a more moderate approach, reflecting both a different approach to trade more broadly and in terms of cooperation with China in particular.

11 Bruegel, February 2023, [How Europe should answer the US Inflation Reduction Act](#)

12 Congressional Research Service, April 2024, [Proposed U.S.–EU critical minerals agreement](#)

To ensure effective subsidization and minimize trade tensions, better transatlantic coordination is needed. With the US and EU being two of the world's biggest subsidizers, the transatlantic relationship can be an incubator for more coordination of industrial policy globally. The TTC has lacked a focus on coordinating industrial policy, but these issues have played a central role in key negotiations such as the GASSA.

## Global Arrangement on Sustainable Steel and Aluminum

The challenge of competing objectives is illustrated by the negotiations for a Global Arrangement on Sustainable Steel and Aluminum (GASSA). The negotiations find their origin in the 2018 steel and aluminum tariffs applied by the US. However, there were two other key objectives to these negotiations besides reducing tariffs on imports from the EU: incentivizing decarbonization of high-emissions sectors and combatting Chinese and other non-market overcapacity.

Aside from the difficulties in balancing these objectives, there was a fundamental misalignment in how the GASSA would function. While the US wanted to introduce a tiered system of tariffs based on carbon intensity, coupled with criteria to exclude non-market excess capacity from countries like China, the EU remains a defender of a rules-based international trading system which prohibits discrimination, and therefore rejected this approach.

The negotiations were further complicated by the US interest in getting the EU to recognize a non-price-based approach to carbon accounting as it relates to the EU CBAM, and the EU's interest in addressing the local content requirements to the tax credits under the IRA. The negotiations have stalled without a clear path for a resolution in sight.

## Critical raw materials

Critical raw materials (CRMs) play a crucial role in the clean technologies essential for achieving the green transition, particularly for the EU and US which are both aspiring manufacturing hubs but lack a domestic supply of CRMs or access to a resilient supply chain. As the world intensifies its efforts to decarbonize economies, the demand for these materials is rapidly increasing – creating significant import dependencies.

Currently, the EU and US rely heavily on imports from third countries. China dominates approximately 60% of global production and 85% of processing capacity of key minerals such as cobalt, lithium, and rare earth elements.<sup>13</sup> It is also the sole supplier of heavy rare

13 German Marshall Fund, August 2023, [China's role in critical mineral supply chains](#)

earth elements to the EU.<sup>14</sup> This dependency is viewed as a strategic vulnerability, prompting both regions to seek strategies to reduce reliance on China.

Although there are some untapped mineral reserves within the EU and US, the lack of processing infrastructure emphasizes the need to establish robust and sustainable supply chains with other countries, to diversify away from China. In this context, the EU has been seeking Strategic Partnerships to enhance cooperation with third countries on raw materials. These partnerships are designed to integrate raw material value chains, identify joint projects, and promote research and development while maintaining high environmental, social, and governance (ESG) standards.<sup>15</sup> However, they do not include market access provisions and are not binding. Similarly, the US has secured a raw materials agreement with Japan, an agreement mainly aimed at ensuring access to the IRA's electric vehicle tax credit requirements, which also does not include market access commitments.

The EU and US have been negotiating a bilateral EU–US Critical Minerals Agreement to ensure EU access to IRA tax credits. However, in October 2023, these negotiations stalled over concerns over US inspections of mines and processing centers. No agreement was reached at the last TTC meeting in April 2024. On the plus side, the EU and US are both part of the Minerals Security Partnership, established in 2022, and its linked Minerals Security Partnership Forum, a plurilateral initiative to boost public and private investments in raw materials supply chains.

With most issues related to transatlantic clean trade unanswered, there remains plenty on the agenda for future TTC sessions. The TTC's next iteration is, however, yet undetermined.

14 Euractiv, 14 March 2023, [A transatlantic opening on green industrial policy?](#)

15 T&E, November 2023, [EU strategic partnerships for a resilient and sustainable supply of raw materials](#)

# Scenarios for the TTC

In June 2024, the European Union held its elections for the European Parliament, a process which launches a new policy cycle and configuration of the Commission, the Council and the Parliament. On 5 November 2024, the US elected Donald Trump to become the 47<sup>th</sup> President from January 2025, with potentially significant impacts on EU–US cooperation over the next four years. With the prospect of universal tariffs on the table,<sup>16</sup> EU–US economic cooperation could face headwinds with global ramifications as the EU and US make up the world’s leading trade and investment space. Given the propensity of the US President-elect to make deals, this might not yet be the last we see of the TTC. The European Commission, at least, appears open to continuing its cooperation with the US under the TTC, but is unsure about the American commitment.<sup>17</sup>

Through our two expert workshops, we explored future scenarios for the TTC, spanning the space from close cooperation, through competition, to dissolution or chaos.

## Scenario 1: Cooperation

### *Resolving differences through compromise*

In the cooperation scenario, we see a clear desire on both sides to overcome divisions and frictions through compromise. Since neither side has complete ownership of the TTC, all decisions rely on both the US and the EU agreeing and endorsing measures and programs. Cooperation would therefore require both sides to move beyond their comfort zone and trust the other to reciprocate.

The cooperation scenario goes further than simply assuming that the EU and the US agree on climate action as a priority – in fact, both parties must see greater benefits in a coordinated effort than in a solitary race.

A cooperation scenario could take several forms:

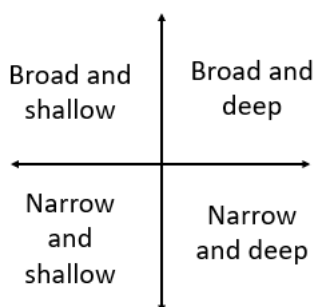
1. Cooperation focusing on specific sectors only.

16 Tax Foundation, 6 November 2024, [Revenue estimates of Trump’s universal baseline tariffs](#)

17 Euronews, 8 November 2024, [EU Commission plans to continue tech standardisation work with US](#)

2. Cooperation focusing on specific parts of the cleantech value chain, such as R&D, transition minerals, developing lead markets, or global expansion.
3. Shallow cooperation, focused just on information sharing.
4. Deep cooperation, leading to the creation of joint standards and a transatlantic green marketplace.

This could result in any of the following combinations:



For example, broad and shallow cooperation could cover all components of the cleantech value chain but limited to levers such as sharing best practices and political messaging. On the other hand, narrow and deep cooperation could involve focusing on a limited selection of clean technology sectors but with more deliberate action to facilitate cross-border investment and boost supply chain resilience.

Depending on the level of ambition on both sides, the cooperation scenario would require a complete overhaul of the structure of the TTC, moving beyond ad-hoc working groups to include permanent staff and infrastructure, standing committees and dedicated resources. This would be neither fast nor easy and would require a revised mandate and an ambitious commitment at principals' level.

A cooperation scenario could also lead to the TTC moving more towards the Climate Club format, opening opportunities to merge workstreams together under one initiative, essentially growing from a bilateral to a plurilateral forum. Without such a merger, the deep-cooperation TTC could amount to a de-facto EU–US trade agreement, especially if it included market access terms, which would entail questions of legal footing and compatibility. While the EU might, in principle, be open to a quasi-trade agreement, the US may not be inclined towards a traditional trade and investment agreement.<sup>18</sup>

As such, the cooperation scenario was not considered to be likely, unless the EU can make a compelling case to link the cooperation to US geopolitical and national security objectives.

18 Center for Strategic & International Studies, 29 October 2024, [Can the United States have a trade policy without market access?](#)

This setting would be less in the spirit of “Team Transatlantic” and more from an “America First” perspective, which leads us to our second scenario.

## Scenario 2: Competition

### *Accepting different approaches to some common goals*

The competition scenario would be closest to the current version of the TTC, with both sides accepting differing approaches but with broad agreement on some common goals. This could result in different degrees of cooperation and competition:

- **Coordinated competition:** the EU and US are competing against each other in the clean technology race but coordinating with respect to China and other third parties. This could include cooperation on supply chain diversification or aligning on measures relating to non-market competition in cleantech sectors.
- **Cooperative competition:** this would require both sides agreeing on the need for reciprocity, recognizing each other’s standards and measurement frameworks as functionally equivalent and sufficiently aligned to enable free and open competition between the EU and US.

Just as in the cooperation scenario, coordinated or cooperative competition can be focused on specific sectors or specific aspects of the value chain. The competition scenario is likely to evolve over time, depending on how key global competitors develop their green industrial strategies and on the wider geopolitical context.

Experts in our workshops mostly agreed that the US would be open to coordinated competition, if this delivers concrete benefits in regard to China or the EU-US trade imbalance.<sup>19</sup> As such, any agreements are likely to be ad-hoc and temporary in nature, which could also transpire into the TTC becoming volatile and unstable – leading to our third scenario.

19 Flow, 13 November 2024, [Trump trade – back to the future?](#)



## Scenario 3: Chaos

### *Conflict and withdrawal from the TTC, leading to its demise*

This scenario could see conflict and withdrawal from the TTC on both sides, with the potential for significant impacts on EU–US diplomacy.

A chaos scenario is possible either as an outcome of the new political cycle, or because of further conflict within the TTC. This could take many forms:

- Immediate discontinuation of the TTC in 2025: This would see an abrupt end to the current dialogues, damaging momentum and possibly with wide ranging implications beyond the TTC. Separate transatlantic discussions – such as the GASSA, other trade negotiations, or even the Climate Club – could theoretically persist, but the failure of the TTC to make significant progress would send a bad signal to other climate-ambitious economies. Reasons for ending the TTC could be the lack of outcomes, or a conclusion that the EU and US are no longer aligned in their objectives.
- Slow burn-out: Principals could decide to continue TTC meetings in their current design initially, with biannual meetings to begin building new relationships. However, increasing frictions over the failure to agree on the GASSA, the Critical Minerals Agreement or the approach towards China could then lead to a shrinking of the TTC’s scope and to less frequent meetings. Principals might choose to preserve the platform for specific dialogues when it is needed but otherwise invest little in its upkeep.
- Demotion of the TTC: Recognizing the many obligations of principals and the low return of past TTC efforts, the EU and US could decide to demote the forum from principals’ level to the bureaucratic level. The TTC could then work similarly to the Collaboration Platform on Agriculture (CPA), which started in 2021, with reduced political and diplomatic impact.

Demotion of the TTC to the bureaucratic level would not necessarily lead to an outcome of “chaos” but could also be compatible with the “competition” scenario – which could in some ways be one of the biggest achievements from the process so far. If demotion of the TTC means that it can be maintained as a forum for some level of transatlantic dialogue, this would not be a worst-case scenario.

The evolving political dynamics in both the EU and the US in 2025 could make the chaos scenario highly plausible.

# Outlook and recommendations

To this day, the TTC remains an important platform for maintaining an open dialogue at the political level and provides regular channels of communication between administrations to discuss contentious issues. This frequent engagement also supports relationship building between the US and EU at both the political and official level, which can help to drive longer-term success. Despite the many challenges that may lie ahead, the TTC could prove its value in providing a forum for continued exchange between the EU and US.

The incoming EU Trade Commissioner Maroš Šefčovič, a member of the European Commission since 2009, affirmed at his confirmation hearing in the European Parliament that the transatlantic bond is the most natural for the EU and that he intends to collaborate with the US by making an offer including a revamped TTC and to resolve standing disputes on steel, aluminum and protectionist elements of the IRA. At the same time, he also made clear that he would stand up for the EU's interests "if faced with disruptive scenarios".<sup>20</sup>

The TTC has the potential to further strengthen the transatlantic relationship, especially on questions of clean technology and the decarbonization of the economy, if the incoming Trump administration sees sufficient benefit in that approach. The TTC could be an important forum under the new political leadership of the European Commission and next US administration, to continue to drive progress on trade and technology cooperation between two of the world's largest markets, provided there is sufficient interest in either issue on both sides.

Regardless, adjustments to the structure and focus of the TTC could help to improve its outcomes, and wider civil society engagement could also help to set the long-term agenda and drive wider coordination on key issues.

The TTC's greatest strength so far has been its flexibility, which is something that both sides should seek to maintain under any future scenario. However, the experts in our workshops were divided on whether the TTC should widen its scope to cover a broader range of issues or narrow its scope to explore fewer issues in more depth. Other options could include developing a supporting track alongside the TTC to facilitate dialogue between US states and EU member states, or between business leaders and other external stakeholders, to serve as a coordination hub which should help to drive transatlantic engagement outside of the Brussels and Washington bubbles.

20 European Parliament, 4 November 2024, [Hearing of Commissioner-designate Maroš Šefčovič](#)

In terms of the scope of the TTC, it is important to recognize its role as a mechanism for cooperation and collaboration – not as a negotiating forum. This means that the best opportunities to drive progress are in areas where both sides are already mostly in agreement or have shared interests, such as security and domestic manufacturing, while the ability to address trade-offs is more limited. Disagreements over issues like the GASSA and CBAM may struggle to find a resolution under the TTC, due to the divergent positions. With differing US and EU positions on green industrial and trade policy, this could also prove an even greater challenge for the TTC going forward.

In terms of issues covered under the TTC, we are unlikely to see the EU and US align on standards or tariff measures due to their different regulatory regimes and policy priorities, except for new standards for unregulated areas. However, working together on interoperability for existing standards could present an opportunity for progress, if a clear business case can be made. The TTC might rely more directly on affirmation by and engagement with the private sector. In this regard, the TTC should focus on addressing “low-hanging fruit” such as interoperability of data on embedded emissions, developing green public procurement, or coordinating support for the climate transition in third countries – all areas where transaction costs for businesses can be lowered, with significant financial benefits accruing both in the US and the EU. Diversification of clean technology supply chains away from China could be a viable path for future cooperation to achieve the US’s and EU’s shared goals of greater economic security and employment in green industries. Still, there will remain resistance among some EU member states to the TTC becoming an “anti-China” club.

Transatlantic differences on the prioritization of WTO trade rules will also remain a barrier to cooperation for the EU, unless DG Trade can find a path to delivering both objectives: walk the anti-China trail with the US while also preserving WTO rules in some fashion.<sup>21</sup> Last but not least, the TTC could serve as a forum to anticipate future policy issues and share best practices to maintain the momentum needed to deliver a green global economy and achieve net zero by mid-century, or rather deliver these outcomes as a byproduct of a stronger America and Europe.<sup>22</sup>

Yet, the structure of the TTC, with a large number of working groups and members covering many different issues (on the US side, the Departments of State, Commerce and the US Trade Representative, and on the EU side, the Commissioners for Competition and Trade) can make it logistically difficult to secure the availability of key decision makers. Revising this format to reduce the administrative burden could help make processes more efficient, something that may appeal to the next administration.

21 At the same time, the “EU” is quite multifaceted and Member States and Commission are always entirely coherent and consistent with regard to their application and interpretation of trade rules.

22 It is unlikely that the new US administration will prioritize global climate action, unless as a side-product of pursuing national interests of the US.

Whatever the future looks like for the TTC, there will be a vital role for civil society engagement in helping to deliver productive transatlantic cooperation. External actors must push to keep the TTC alive and ensure that it delivers greater benefits in terms of driving climate action. Civil society can offer support here by shaping the agenda for the next phase of the TTC, which could take the form of a joint mandate delivered by civil society organizations on both sides of the Atlantic. This should also push trade and foreign policy communities to think more internationally, rather than being focused just on domestic perspectives.

There is a strong long-term case for greater EU–US alignment in an increasingly multipolar world. However, shared values and ambition may no longer be enough to drive enhanced cooperation in an era of increasing geopolitical contest. Going forward, the TTC must be able to demonstrate a clear business case for greater economic partnership between the EU and US, to justify the compromises necessary to work together across the Atlantic. Partnership is possible if each side finds sufficient benefits in collaboration. This may require linking the TTC more closely to national security and geopolitical objectives, including addressing difficult questions such as diversifying clean technology supply chains from China. In the end, it will be up to the EU to judge how far they are willing and able to compromise to keep the goals of the Paris Agreement within reach and avoid increasing impacts of climate change, for a safe climate for all.

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## About E3G

E3G is an independent think tank working to deliver a safe climate for all. We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

Find out more at [www.e3g.org](http://www.e3g.org)

# Imprint

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