

## **2023 Young Leaders Conference: Key Issues in Transatlantic Relations**

### **“Achieving Net Zero: Leveraging Opportunities for Transatlantic Climate Change Solutions”**

Based on our group's professional expertise and a cross-sector evaluation of the issue, this document proposes five viable opportunities for transatlantic cooperation between now and 2035.

#### **Shifting the Mindset on Smart Grids - A Flexi Grid is a Sexy Grid:**

To accelerate the transition to a 100% renewable energy grid, we need to make flexible energy sources competitive in the current energy market. Smart grids are key to this, but require regulations that recognize the benefits of flexible energy assets (e.g. EVs, heat pumps) and pay people *not* to consume electricity. This requires a mindset shift in how our grids operate. Policy leadership needs to drive this mindset evolution on both sides of the Atlantic. How? Beginning in 2024, we propose a biannual forum between the U.S., Germany and the EU to develop guiding principles and policy tools that accelerate regional and national smart grid adoption in their unique contexts.

#### **Climate-Cash - Carbon Quantitative Easing:**

We propose a new financial instrument to create a money supply that incentivizes individuals and businesses to pursue positive climate actions, such as sequestering carbon or leaving carbon in the ground. One unit of the currency will be awarded per ton of CO<sub>2</sub> sequestered to individuals and corporations performing qualifying actions. Leading verifiers such as Verra will certify these actions. Participating central banks will cooperate to guarantee the exchange of the carbon currency at a price floor for their local fiat currency. A supranational institution such as the UNFCCC will govern all stakeholders.

#### **Establishing New Transatlantic Investment Disclosure Standards:**

Establishing a set of common sustainability financial disclosure requirements would help foster a common understanding about sustainability metrics, motivate companies to integrate concrete sustainability and net-zero strategies, prevent greenwashing and give financial institutions better information on which to base their investment decisions. This initiative, which we propose be based at the new Frankfurt-based International Sustainability Standards Board (ISSB) and furthered by close dialogue with accountants, ESG strategists and representatives from the public and private sectors. ISSB will build

out a set of quantitative and qualitative reporting standards that, with transatlantic buy-in from the U.S. government and the European Commission, will help put pressure on other countries to accept them and make them the global standard.

**"Fulbright for Climate" - Research Collaboration:**

This significant transatlantic initiative would capture shared resources while pairing much-needed talent with financial support (at scale). Top minds from the STEM (science, technology, engineering and mathematics), finance, and journalism sectors would be eligible for new exchange opportunities and research funding. By 2025, universities, U.S. National Labs, multinational conglomerates and public EU partners (HORIZON) will nominate talent and identify hubs. By 2030, this consortium of projects and talent will have access to financial backing. Fulbright for Climate unites top minds, funds ideas, leading to viable markets, stronger supply chains, and potential "Green Tech Free Trade Agreement."

**Climate Industrial Partnership:**

The U.S. and EU will found a Climate Industrial Partnership (CIP), which will provide a forum for countries to pursue aggressive decarbonization and reduce global trade distortion resulting from non-market practices — allowing members to meet agreed upon targets with their own interventions to disincentivize carbon emission. Members will agree on ambitious carbon reduction paths for industry, starting with those industries addressed by CBAM. Import tariffs will be imposed on non-members. This solution will address the free-rider problem in international climate policy while also respecting different carbon reduction strategies (e.g. no cap and trade in the U.S.). It will also reduce the risk of trade disputes between the EU and the U.S., creating an enormous transnational market for green primary products.