

E-PAPER

Trump 2.0, green transition, and transatlantic climate action

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Published by Heinrich Böll Foundation, February 2025

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Note: This e-paper is an updated version of the publication «US elections and European cohesion: Scenarios for Green Transitions and Transatlantic Climate Action» from October 2024 that contained scenarios for both a Harris and a Trump 2.0 administration.

Introduction

The Biden administration has been arguably the greenest in US history, yet it will be followed by one of the least climate-friendly presidents. Donald Trump is expected to end climate measures and focus on domestic fossil fuel production in the name of energy independence or dominance.

Climate protection is a global issue and the previous Trump presidency, like the George W. Bush presidency before that, demonstrated how difficult it is to make global progress without US support. Transatlantically, too, meaningful progress on climate action will be hard. Though European leaders initially struggled with the Biden administration's linkage of industrial policy with the green transition through the Inflation Reduction Act (IRA), which sparked fear of being on the losing end of a subsidies war, the Trump administration's abandonment of the climate goals the IRA pushed will bring little comfort. A Trump 2.0 administration will focus as least as much as the previous on industrial policy via tariffs.

An ambitious EU-US coalition is not just important for transatlantic climate initiatives, but also at a global level. Here, too, a stark contrast can be seen between COP meetings with joint, ambitious US-EU leadership and those in which the US obstructed or pulled out of the process altogether. To limit global warming to 1.5-2 degrees Celsius, as the Paris Agreement requires, global greenhouse gas (GHG) emissions must peak by 2025 at the latest, and decline by 43% by 2030. Climate damage already increasingly occurs, meaning that concrete climate finance commitments for mitigation, adaptation, and loss and damage in the Global South are gaining urgency. Ambitious mitigation and climate finance commitments are primarily the responsibility of industrialized countries per the Paris Agreement's Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC) principle, and will falter without united EU and US leadership.

Donald Trump has a clear record of dismantling domestic climate protections and walking away from international agreements. He has repeatedly questioned the validity of climate change (once claiming it was «created by and for the Chinese in order to make US manufacturing non-competitive», which he later said had been a joke). While one might hope IRA's emphasis on domestic manufacturing would appeal to a Trump 2.0 administration, Trump's campaign statements and the Heritage Foundation's project 2025 provide strong evidence that he would try to dismantle big parts of it, weaken the Environmental Protection Agency, and once again pull the US from international agreements such as the Paris Agreement.

As of January 5, cabinet nominations support the assumption that a next Trump administration will focus on building US fossil-fuel dominance and eschew restrictive climate goals. Elon Musk, currently a top advisor to Trump and tapped to co-lead a new Department of Government Efficiency, might seem an outlier in the incoming administration as

CEO of EV company Tesla. But Musk has been far from a consistent advocate of transitioning away from fossil fuels, instead emphasizing technical solutions and the free market over governmental climate action to cut carbon emissions. Trump's nominee for Secretary of State, Marco Rubio, would lead climate negotiations for the United States. He has consistently rejected policies to curb fossil fuel use. Elise Stefanik, who has been nominated to be U.N. Ambassador and, in that role, would be the US voice for climate discussions at the UN, previously criticized Trump's withdrawal from the Paris Agreement, but in the meantime, has become a Trump loyalist and consistent supporter of fossil fuel expansion.[1] Nominees chosen to lead the Environmental Protection Agency and the Interior Department, Lee Zeldin and Doug Burgum, respectively, are also fossil-fuel friendly. As such, the incoming US administration will be consistently pro fossil fuels and anti-climate agenda. Some commentators hold out hope it will have some interest in domestic build-out of green-tech, especially in the context of competition with China. Limited bipartisan cooperation on hydrogen, critical raw materials, and carbon capture might be possible.

But, of course, there are actors on each side of the partnership. Unlike in 2016, leaders across Europe should be better prepared for a second Trump administration. Given this context, this paper explores how the EU and its member states could adjust their climate policies based on expected Trump administration positions regarding two key elements of global climate action, and possible European responses along the variables of unity and decisiveness.

The two specific issues we examine are

- Green (Industrial) Domestic Policies
- International Climate Agenda

We first present the likely positions of a Trump administration on these issues, based on published positions, expert analysis in two workshops, and informed assumptions where necessary. Following this, we plot out three different European responses to US policies:

1. **Strong:** A united and decisive approach
2. **Split:** A deeply divided approach, some decisive actors, others hedge
3. **Stuck:** A united in indecision approach, where the EU holds together, but lacks the ability to act effectively.

1 What Trump's Cabinet Picks Say About Climate Change - The New York Times

A brief overview of outcomes:

Table 1: Green (Industrial) Domestic Policy

EU	Strong	Split	Stuck
US	US abandons green goals, except as they apply to market protections from China. EU achieves the beginnings of a robust, coordinated green industrial policy, balancing US alignment with strategic autonomy.	US abandons green goals, except as they apply to market protections from China. Inter-EU divisions prevent decisive movement, growth remains sluggish, high energy prices persist, and ambitions for 2030 climate targets stall while anti-green and anti-EU sentiment grows.	US abandons green goals, except as they apply to market protections from China. Despite lofty Commission plans, funding fails to materialize. Growth remains sluggish, high energy prices persist, and ambitions for 2030 climate targets stall while anti-green and anti-EU sentiment grows.

Table 2: International Climate Agenda

EU	Strong	Split	Stuck
US	US abandonment of goals hinders global progress. But EU leadership ensures global agenda keeps moving, albeit at a decelerated rate.	Nearly all transatlantic coordination on strategic green-tech policies has disappeared, and inter-EU divisions keep the bloc from shaping global climate agenda.	The road to COP30 is beleaguered by acrimonious geopolitics, nonetheless face-saving agreement keeps global climate policy on life-support.

1. Green (Industrial) Domestic Policies

1.1. Trump 2.0: pro tariff, anti-climate-goals

The incoming Trump administration is expected to dismantle the IRA, particularly its more progressive, environmental justice oriented elements. This will be limited by the fact that the IRA has a strong legal basis and appropriates funds for the next ten years, and by the fact that Republican states hugely benefit from the IRA's stimuli - both economically, and local Republican politicians, touting new jobs and economic growth, also politically. Republican Speaker of the House Mike Johnson stated that "you've got to use a scalpel and not a sledgehammer, because there's a few provisions in there that have helped overall." In administration guidance, though, based on Trump campaign statements and the Heritage Foundation's Project 2025, the expectation is that any kind of environmental/climate justice, diversity, equity and inclusion (DEI), and other social measures (such as labor protection) will be cut out as much as possible or simply not implemented. Under the guise of «technological neutrality», renewable energy stimuli will be opened up to include fossil energy sources wherever possible, and given to large, administration-friendly corporation rather than more progressive community projects. Overall, the protectionist elements of the Bill are likely to be strengthened, the environmental parts weakened, and support for fossil fuels put in wherever possible. Trump's threats to put in place 10-20% across the board tariffs, combined with a generally more aggressive, unpredictable stance towards Europe, place immense strain on transatlantic relations and coordination.

1.2. Scenario strong EU response: More coordinated EU green industrial policies paired with international liberalization

In 2025, with Trump's re-election reshaping US trade policy and renewed fears of EU deindustrialization, the EU takes decisive steps to reinforce its green industrial base. Facing potential US tariffs on EU goods and heightened protectionism, the EU seeks strategic autonomy and alignment among member states. The European Commission pushes forward with the Green Deal Industrial Plan, mobilizing resources from an extended Recovery and Resilience Fund and allocating over €100 billion for green technology investment in the new Multiannual Financial Framework.

The EU, unified and with a strong Commission, takes a transactional approach towards the Trump administration, offering a few politically more than macro-economically important concessions (such as the steel tariffs) in exchange for waiving the planned blanket tariffs. This creates disagreement in the Trump administration and particularly Congress, with the Republican party splitting into traditional free trade and populist isolationist factions. This

opens the door for the EU to try to extract economic concessions while maintaining its strategic autonomy.

To counter the influx of Chinese green-tech products, the EU expedites state aid rule flexibility, allowing targeted subsidies for sectors like EVs, solar, and hydrogen. Germany and France lead in creating a coordinated approach, culminating in the expansion of InvestEU and European Investment Bank resources, with eased restrictions enabling larger loans for sustainable infrastructure. The EU also completes capital market reforms, harmonizing national rules on insolvency, thus enhancing financial resilience.

To mitigate US pressures, the EU strengthens supply chain resilience for critical minerals and components and the circular economy, fortifying alliances with like-minded partners, including Canada and Japan. It takes up the leadership role left by the US and presses forward with negotiating the Global Plastics Treaty, and with Berlin and Paris' diplomatic outreach to Beijing, the EU navigates trade relations cautiously, securing minor concessions that prevent a full trade war. Meanwhile, the EU is able to finalize the trade agreement with Mercosur and India.

In late 2026, the EU has achieved the beginnings of a robust, coordinated green industrial policy, balancing US alignment with strategic autonomy. With a strengthened internal market, harmonized financial regulations, and cohesive support for green industries, the EU stands more resilient against external pressures.

1.3. Scenario split EU response: EU faces US tariffs, pulled into different camps

As Trump's administration ramps up tariffs and protectionist measures in 2025, EU divisions deepen over how to respond. Unable to muster a strong coordinated approach to Trump's tariff threats, countries bilaterally seek to gain exemptions for their key export industries, with minor success. Furthermore, the Trump administration raises China-focused tariffs and strict measures are taken against trade partners who might be conduits to Chinese goods. Inner-EU divisions grow, among member states and between member states and a Commission that wants to be tougher on China, as Germany cements its status as the most China-friendly big EU power. Instead of banding together, member states scatter, some seeking to align with Trump on protective industry policies, while others grow more China-friendly. National political pressure further contributes to this development: Germany's 2025 election increases campaigning by the CDU and FDP against European green transition targets and measures. French leaders, failing to build a EU coalition, and Visegrad group leaders cozying up to Trump, openly criticize Berlin's dealings with Beijing, fueling anti-German sentiment in these countries.

The Recovery and Resilience Fund expires, and member states clash over future climate funding. With Germany, the Netherlands, and other fiscally conservative nations blocking proposals for new EU-wide climate investments, climate goals become fragmented. Domestic right-wing, populist wins further erode support for ambitious EU climate goals and investments. National subsidies continue, but with stark disparities, reducing overall effectiveness and increasing economic inequality within the EU.

By late 2026, nearly all transatlantic coordination on strategic green-tech policies has disappeared, and inner EU divisions keep the bloc from acting decisively abroad. Europe's growth remains sluggish, high energy prices persist, and ambitions for 2030 climate targets stall. Within Europe, anti-EU sentiment spreads, driven by public frustration over economic stagnation and the perceived failure of green policies. Internal divisions over China and green industry strategies sharpen, leaving the EU vulnerable to external pressures and diminishing its influence on the global stage.

1.4. Scenario stuck EU response: EU maintains current level of unity rhetorically, but action stalls

Facing an adversarial US administration with a zero-sum mindset, uninterested in transatlantic coordination or cooperation on trade and green industrial policy, the EU flounders. It continues its rhetoric on the importance of international coordination of green transition implementation and dialogue through climate clubs and forums such as the TTC. It is unable, however, to fill the leadership vacuum left by the US with anything more than rhetoric.

Within the EU, the uncertainty brought by an unwilling partner across the Atlantic is intensified by several factors. First, approaching national elections in various member states, most notably Germany in 2025, leave politicians (particularly in the European Parliament and the European Council) unwilling to make compromises or take any decisions that might be unpopular in the short term. Secondly, given that without the US as a reliable NATO partner EU countries have to ramp up their defense spending, conflict over EU spending intensifies, and pushback against ambitious green industrial policy and climate spending grows.

By late 2026, transatlantic coordination on green trade and industrial policy exists in name only. Member states' indecisiveness and risk averseness has left the EU clinging to the strategy it employed vis-a-vis the Biden administration, while circumstances have changed radically. Internally, the EU's ineffectiveness leaves it vulnerable to increasing anti-EU sentiment. Externally, the EU's and US' absence from the world stage open the door for other actors, such as China.

2. The International Climate Agenda (G7 and COP)

2.1. Trump 2.0: An anti-climate, tough on China agenda

A Trump administration is sure to pull out of the Paris Agreement and to obstruct any kind of G7 climate discourse. His strong «America first» narrative and railing against any kind of foreign aid mean that not just climate finance, but any kind of development cooperation in the Global South is on the chopping block. As China-hawks dominate Trump's foreign policy team (Rubio, but also National Security Advisor Mike Waltz), the US will resist any global goals that hamstring the United States or could advantage Beijing.

Overall, international climate cooperation suffers a strong blow as US inaction and obstruction start a negative cycle of staving off contributions until others contribute («if they aren't, neither are we»).[2] The EU's relative ability to maintain a position on international climate action depends on three primary factors. First and foremost is the bloc's ability to mitigate President Trump's most destructive impulses. Mr. Trump will be disruptive one way or another. Yet, these disruptions might be managed if the President can be convinced that outcomes would boost his personal political brand. Second is the bloc's internal cohesion and its ability to quickly reconcile industrial policy without disrupting climate targets. Gridlock on green industrial policy challenges will draw considerable political bandwidth and very likely pull attention away from many other climate issues – such as international climate justice. Third is the bloc's ability to engage constructively with major partners – China or other regional powers- on favorable political terms. With these points considered it should however be noted that international climate action will face a qualitative downgrade from current dynamics under any iteration of a second Trump presidency.

2.2. Scenario strong EU position: EU keeps agenda alive, barely

In the best-case scenario of a second Trump presidency, American climate policy weakens but the EU can mitigate the worst outcomes while remaining internally cohesive enough to rally other major powers to be receptive to a climate action and climate justice agenda.

2 Even under more climate-friendly administrations, the US has seldom delivered on its climate finance pledges. The radical shift in discourse and pulling out of the process altogether, however, is expected to create significantly more of a chilling effect.

This scenario sees the US withdraw from only the Paris Agreement on Trump's first day in office, but passively remain in the UNFCCC. While this undoubtedly damages American credibility, the transatlantic relationship, and the climate agenda more broadly, the disruption to international climate policy stops there.

By avoiding any truly major disruptions, the EU quickly resolves internal disputes on green industrial policy between Germany, France, Poland, and Italy (see 1.2). In doing so, the EU has enough internal cohesion for the Commission to continue prioritizing other elements of the climate agenda – such as international climate justice. The outcomes of the German election in 2025 support this, despite a change in government, as the CDU/ CSU led coalition remains committed to key justice goals outlined in the national Strategy on Climate Foreign Policy.

Despite the EU's cohesion, Europe still struggles to fill the American gap in international climate policy, as the second American exit from Paris leaves many countries bitter. Yet, coordinated diplomacy allows the EU to garner support from a modest grouping of proactive and constructive mid-sized partners. This groups-focused diplomacy with Brazil on the road to COP30 is able to produce a meaningful outcome that China and India support. China seizes this opportunity to boost the country's perception as a leader on climate at the backdrop of American absence. While this rhetoric draws ire from an isolated Trump, COP30 is still able to produce non-negligible results.

Going into 2027, the situation for climate action is qualitatively worse than it was leaving 2024. However, a strong and proactive EU has prevented the issue from being frozen or dropped altogether, producing some progress albeit at a decelerated rate.

2.3. Scenario split EU position: Climate action in disrepair

In the fractured scenario of a second Trump presidency, American withdrawal on international climate policy and severe foreign policy decisions keep EU member states occupied as the climate action agenda is largely derailed.

In this scenario the US announces plans to withdraw from the UNFCCC on President Trump's first day in office. Treaty withdrawal takes one year, and at some point throughout this time, President Trump announces that the US will also immediately withhold funding for the UNFCCC. These events are shortly followed by efforts by Trump to force a settlement in Ukraine and a rapid reignition of US trade conflicts with China and the EU.

Facing these conditions, the EU finds itself in a perpetual state of disunified reaction to multiple ongoing crises. Jarred by a barrage of disruptions, the EU and member states

struggle to set a clear political agenda for internal problems or a common approach for EU foreign policy. In such a setting, the EU struggles to sustain momentum on the climate agenda more broadly and deprioritizes it. These ongoing disruptions feed into the 2025 German election, the winner of which all but walks away from the previous government's climate foreign policy strategy.

In such a context, the severity and nature of President Trump's actions destroy American credibility on climate action, and the lack of funding has a particularly profound impact as the UNFCCC is immediately unable to pay many staffers. With its focus largely elsewhere, the EU is fundamentally incapable of filling this gap. The combination of this breeds resentment in the international community – particularly from Brazil, which no longer has sufficient resources or political support to plan an effective COP30.

Without sufficient support and in a generally acrimonious setting COP30 is unable to produce an agreed resolution.

Going into 2026, the US formally finishes the one-year withdrawal process from the UNFCCC. US absence leaves a financial and credibility gap within the UNFCCC more broadly – which puts climate action in a general state of disrepair, with no clear path forward.

2.4. Scenario stuck EU response: Negotiations continue, progress stalls

In the stuck scenario, a second Trump administration undermines American climate policy and utilizes an erratic and transactional foreign policy that severely disrupts the EU and its capacity to formulate a cohesive response. Robust member states can still articulate leadership on climate action and climate justice, but they ultimately lack the weight to crystalize substantive outcomes.

In this scenario, the US announces plans to withdraw from the Paris Agreement on President Trump's first day in office and commissions a 100-day review of American engagement in the UNFCCC. The latter is primarily meant as a warning; the report itself is generally inconsistent with science and is used to advance grievances that antagonize US-China relations. Threats to withdraw and freeze funding resurface and generally frustrate the climate agenda.

The more erratic and transactional American foreign policy forces Europe to prioritize favors over competing challenges. While Trump's favorable view of American LNG exports (and the image of American energy dominance it creates) gives the EU some political leverage, this only goes so far, and the EU is forced to concede on major issues – such as

being more hawkish on China. The inability to organize competing priorities fosters disunity, hampering the effectiveness of European institutions. Despite this, some more robust member states like Denmark and Sweden still articulate strong leadership on the climate agenda. On occasion, the new German government gives weight to rapidly advancing these initiatives. However, Germany, focused on its domestic politics, continues to offer as many problems as it does solutions – especially for the EU's internal politics.

In this context, the road to COP30 is beleaguered by acrimonious geopolitics. The general belligerence of the Trump administration alienates countries who resent American hypocritical climate policy. The mood sticks and the international community struggles to conceptualize a climate action agenda that excludes the biggest historical emitter. Despite this, Brazil drafts an ambitious climate justice program for COP30. The agenda garners support from several other mid-sized countries, such as Germany. Yet the agenda fails to build critical mass. Many Global South countries, like India, will not participate in measures where the US is not held accountable. Overall, this undermines any substantive provisions, which sees them diluted in the final text.

Going into 2026, some analysts would argue that COP30 was a success. However, the wording adopted remains modest at best. Such outcomes generally leave climate action in a state of limbo, if not stagnation.

3. Conclusion

Despite the increasing urgency of climate change and the undeniable need for more aggressive mitigation and adaptation efforts, and more funding for both, the domestic political challenges are daunting. This is evident on both sides of the Atlantic in our scenarios. With a Trump administration, the US will cease to be a climate leader, both at home and abroad. State and local leadership, as well as sectoral deals, might soften this blow, but are unlikely to fill the vacuum. Moreover, the scenarios reveal that it is far from certain that the EU will be able to fill the leadership gap. What the scenarios also reveal is that, when facing acute challenges, a status quo EU and a split EU end up with similar results.

In the area of green domestic policy, a Trump 2.0 scenario leaves little room for positive movement and inventive green growth coordination that would move the EU-US partnership forward and put both partners on track to meet climate targets. This becomes impossible with an indecisive or divided EU, highlighting the importance of EU leadership and continued engagement even in the face of an erratic, zero-sum partner across the Atlantic.

Unfortunately, neither we nor the group of climate experts consulted in our workshop could imagine a plausible scenario including ambitious new levels of climate finance from the EU and United States, even under a Harris administration, due to domestic political constraints. With Trump and his administration, which is consistently anti-multilateral and pro-fossil fuels, Washington will be, at best, absent from climate leadership for the next four years. Yet, the scenarios also reveal opportunities for impactful EU leadership, emphasizing that the costs of inaction and division are high. This alone is ample reason to fight for a strong EU commitment to a global climate agenda.

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Imprint

Publisher: Heinrich-Böll-Stiftung e.V., Schumannstraße 8, 10117 Berlin

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Place of publication: www.boell.de

Publication date: February 2025 (updated version)

Proof reading: Christopher Hay

Design: S. Langer, feinkost Designnetzwerk (www.feinkost-design.de)

Cover: © Depositphotos – IMAGO

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