Issues Note

Leaders' dialogue: Global Alliances for Sustainability and Competitiveness

Open and fair partnerships are a crucial part of the **Green Deal Industrial Plan for the Net-Zero Age**, which combines the aims of competitiveness and the transition to climate neutrality. The relationships between the EU and the US, the increasingly contentious stance of China and the rising India will in large part determine the success of a global plan to fight climate change. Together, these four territories account for 60% of all emissions.

After President Ursula von der Leyen described the EU geopolitical strategy as 'de-risking' and following G7 discussions, the European Commission will shortly present an economic security strategy that is set to provide further detail. US National Security Advisor Jake Sullivan on 27 April 2023 quoted the President when he described a modern industrial and innovation strategy to be pursued with partners around the world. At the heart of global alliances, the EU proposed a Trade and Technology Council (TTC) with the US in 2021. The ministerial meeting concluded on 31 May 2023 re-committed to joint leadership in upholding the rules-based order, in particular with a view to the challenges posed by climate change. Also in May 2023, the EU introduced the TTC format with India in a first meeting, including joint work on Green and Clean Energy Technologies.

Regarding competitiveness in the semiconductor sector in particular, both the EU and US have introduced legislation to support industry, the CHIPS and Science Act of 2022 in the US as well as the European Chips Act that political agreement was found on in April 2023. Both aim to incentivise public and private investments in manufacturing facilities for chipmakers and their suppliers.

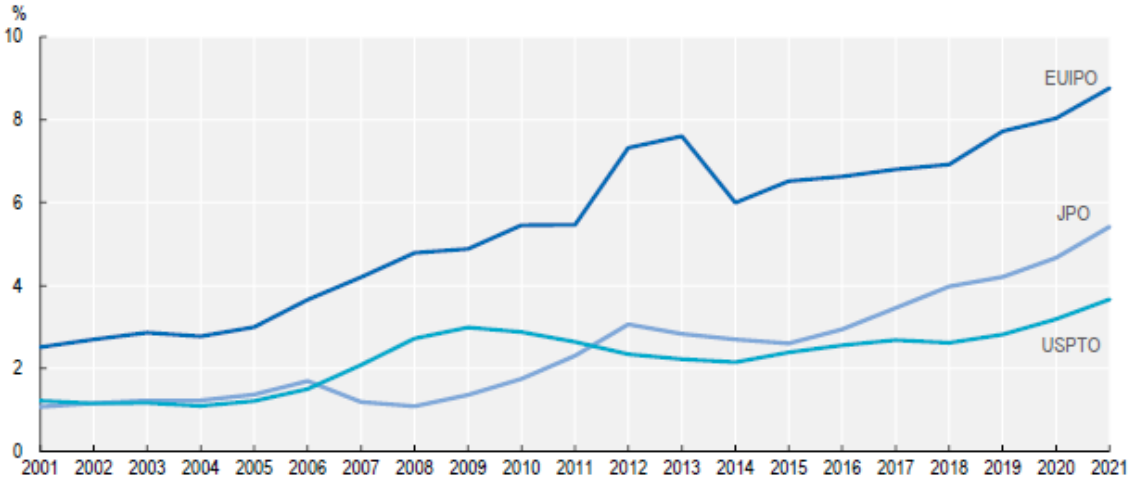
In multilateral alliances, the Organisation for Economic Cooperation and Development (OECD) was founded as a beacon of the post-war world order with a title that portends what it sets out to do: it enables greater economic welfare through joint action. Its Ministerial Council concluded on 8 June underlined the importance of the net-zero transition combined with socio-economic policy action. The recent OECD Net-Zero+ Report sets out steps to build resilience to the impacts of climate change as well as economic implications and fairness.

Questions for discussion

1. *What stance does the EU need to take vis-à-vis its global partners? What joint strategy promises most success with regard to China in particular?*

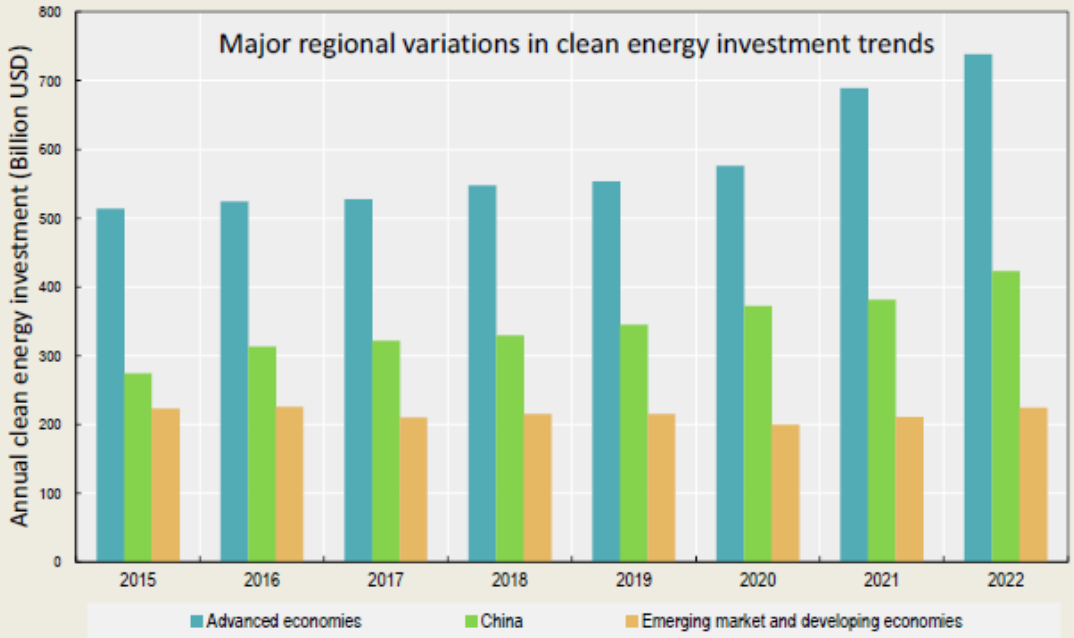
2. *How can we fight climate change without compromising on the principles of fair competition and open trade? How can trade policy and international partnerships strengthen European competitiveness and the green transitions?*

Figure 7.2. Trademark filings in climate-related goods and services, 1995-2018



Source: OECD, STI Micro-data Lab: Intellectual Property Database, http://oe.cd/ipstats, December 2022.

Figure 10.3. Trends in annual clean energy investment by region



Source: Figure based on (IEA, 2022[20]). (OECD, forthcoming, 2023[21]).

Source: OECD Net Zero+ Report, May 2023