Relationship Reset: EU-UK Collaboration on Climate and Energy

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CLEAN AIR TASK FORCE

Introduction

Four years on from the United Kingdom's (UK) withdrawal from the European Union (EU), the window for a new era of collaboration is opening. With a change of Government in the UK, and a new European Commission, there is an opportunity to re-energise the relationship on climate and energy.

Both the EU and the UK have legally committed to reach carbon neutrality and taken major steps to develop and implement the framework needed to ensure the transition. As they move towards the same goals, there are opportunities for collaboration and knowledge sharing that have the potential to both speed up and reduce the cost of the transition for both parties.

The EU and the UK face similar challenges where cooperation will continue to be useful. Russia's invasion of Ukraine and its geopolitical weaponisation of energy have made diversification of energy supplies and partners a necessity for the EU. Despite policy challenges following the UK's departure, energy policy ties have remained robust and demonstrated their importance and potential during the energy crisis, when the UK significantly increased its energy exports to the EU.

Furthermore, as international competitiveness and growing inflation have taken centre stage in the political debate, the EU and the UK could work together to develop coherent policies to address climate, economic, and social needs, with a decarbonisation approach that marries energy security and climate, and delivers on long-term economic prosperity.

The relationship between the EU and the UK is complex, and efficient cooperation on net zero will require comprehensive coordination across a broad range of topics. This report outlines potential areas for enhanced collaboration, and identifies key recommendations to reinforce energy security and strengthen climate action.

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Summary

- Recent elections in the EU and the UK have the potential to enhance political willingness to cooperate. Faced with similar challenges and ambitions, climate and energy policy can provide a strong basis for enhanced collaboration into the future.
- Post-Brexit, the relationship has been guided by the EU-UK Trade and Cooperation Agreement (TCA). The TCA's provisions on energy and climate are limited, and progress in areas of cooperation has been slow.
- The TCA's energy provisions will expire on 30 June 2026, providing an opportunity to expand the existing provisions to strengthen the terms of the relationship and remove barriers to successful cooperation.
- Developing a new partnership on climate and energy will require balancing the UK's will to remain outside the EU single market or customs union, and the EU's cautiousness about the UK not 'cherry picking' its engagement.
- A joint statement by the European Commission and the UK Government on furthering climate action and clean energy cooperation would provide a strong signal globally and strengthen the EU and UK's international leadership.
- The EU and the UK should work towards a comprehensive energy and climate agreement that covers a broad range of topics including industrial decarbonisation, methane emissions reduction, carbon capture, removal and storage, clean hydrogen, nuclear energy, fusion energy, and cross-border trade.
- Establishing regular climate and energy dialogues at both official and ministerial level, such as through a Green Alliance, would provide an opportunity to discuss the global context, share knowledge and resolve common challenges.
- An EU-UK Clean Power Dialogue could facilitate collaboration on a shared options-based approach, focused on the broad range of technologies that will be required to reach net zero.
- Both the EU and the UK have placed a strong focus on industrial policy for the new legislative term. As they develop new policies, there are growing opportunities for collaboration on the design and implementation of their respective industrial plans.
- Tackling methane emissions is one of the fastest, most cost-effective, and impactful actions the EU and the UK can take to address the energy and climate crises. Both the EU and the UK should continue to take action on methane, building on the EU's Methane Regulation and leading the charge in international fora.

- Both the UK and the EU see a strong role for carbon capture and storage to achieve their net zero goals. But access to storage sites before 2030 remains a critical bottleneck for capture projects in the EU, and Brexit has meant that the UK's storage capacity can no longer be used by CO2 emissions from EU-based sources. The EU and the UK should explore near and longer-term measures to address the barriers to cross-border transport and storage of CO2, including linking the UK ETS with the EU ETS.
- Carbon dioxide removal will be crucial to achieve the EU and the UK's climate neutrality targets and will provide the only viable path to net-negative emissions beyond that point. Sharing best practices in policy design and jointly working on demonstration of carbon removal technologies can provide tangible proof of feasibility, effectiveness, and potential challenges before scale-up.
- The EU and the UK see a role for clean hydrogen in meeting their decarbonisation targets. Collaboration on the development of an approach to hydrogen based on emissions reduction, and on hydrogen standards and certification will help to ensure hydrogen is traded on a level playing field and limit risks of carbon leakage.
- Following the UK's departure from the EU, the UK left the European Atomic Energy Community (Euratom) but signed a separate agreement with Euratom to ensure continued cooperation on the safe and peaceful use of nuclear energy. The EU and the UK should collaborate to identify gaps and challenges in their nuclear supply chains and to address these through developing solutions and skills.
- Fusion is an advanced energy source with the potential to generate vast amounts of clean, zero-emissions power globally. The EU and the UK should work together to establish mechanisms that allow for cooperation to speed up and optimise the development of fusion as a commercial technology.
- Being so close geographically and part of the same market for decades makes trade an essential component of any future partnership. To facilitate trade of low-carbon electricity and other low-carbon products, the EU and the UK should open a dialogue focused on priority goods for their decarbonisation and path to net zero.
- Geopolitical fragmentation and conflict, accelerating economic competition, and a shifting political landscape for climate have all disrupted global climate action and compromised the durability of climate policies in recent years. In this context, close collaboration between the UK and the EU will be even more powerful and important to safeguard progress and create new areas for international collaboration.
- Annual dialogues on climate diplomacy would enable Ministers and officials to coordinate their positions and identify strategic engagement priorities, ensuring that multilateral cooperation can progress effectively.

The basis of the relationship

The new UK Prime Minister (PM), Sir Keir Starmer, has made a reset in Britain's relations with Europe a key priority. However, thus far the PM has primarily focused on EU Member States, such as Germany, where the two countries recently launched work on a bilateral cooperation treaty. Broader political signalling towards the EU is yet to be translated into a substantial plan and constructive negotiations. While the EU will likely be reluctant to reopen the EU-UK Trade and Cooperation Agreement (TCA), which has not yet been fully implemented, the Commission stressed in 2023 the importance of strengthening energy relations with the UK. However, collaboration on climate and energy cannot be considered in isolation – the TCA was agreed as a result of trade-offs across all aspects of the EU and the UK's post-Brexit relationship. It should therefore be expected that concessions in other areas may be needed to re-establish the partnership.

After almost 50 years in the EU, UK and EU energy markets have become deeply interlinked, with electricity interconnectors and gas pipelines connecting the UK with France, the Netherlands, Belgium, and Ireland. The UK's exit from the EU's internal energy market, with some exceptions for Northern Ireland, has therefore resulted in the development of a new, more restricted relationship.

EU-UK Trade and Cooperation Agreement

The TCA, which has been applied since 1 January 2021, guides the EU-UK relationship on climate and energy. The TCA's objectives are to facilitate trade and investment in energy and raw materials and to support security of supply and environmental sustainability.

The TCA contains several provisions to support collaboration on energy issues (Title VIII). The provisions primarily focus on market competition and non-discrimination (Article 303), electricity trading arrangements (Article 312), and cooperation between operators (Article 317) (including to ensure security of supply and infrastructure planning) and regulators (Article 318). There are specific measures to facilitate the development and interoperability of energy infrastructure connecting the UK and the EU (Article 314), to share risks and best practice, and develop frameworks for cooperation relating to security of supply (Article 315).

Many of the provisions are focused solely on renewable energy, with agreement to cooperate in the development of offshore renewable energy, building on the North Seas Energy Cooperation (Article 321). This includes the creation of a specific forum for technical discussions focused on offshore grid development and the renewable energy potential of the North Seas region, including sharing information on the support framework and finance, new technologies, and rules, regulations, and technical standards. Article 323 commits the two Parties to cooperate on the development of international standards, but these relate only to energy efficiency and renewable energy.

The TCA's energy provisions will end on 30 June 2026 (although they may be extended annually beyond that date, to 31 March 2028 at the latest) and are therefore expected to be reviewed in 2025. Whilst the Commission has stated that the review of the TCA will not be a revision of the provisions, a new Government more open to collaboration may provide an opportunity to strengthen the terms of the relationship and remove any barriers to successful cooperation. The provisions within the TCA regarding the development and interoperability of energy infrastructure, as well as cooperation on offshore renewable energy, could be expanded to recognise the need for cooperation on carbon capture, transport, and storage, as well as the potential development of infrastructure for hydrogen. Cooperation through NSEC could also be extended beyond offshore renewables to maximise the potential of the North Sea, particularly for carbon capture and storage, building on the agreement established between the UK and Germany.

Furthermore, Article 323 regarding cooperation to develop international standards relating to energy efficiency and renewable energy could be expanded to include cooperation on standards on clean hydrogen and carbon removals, both of which the EU and the UK are currently developing independently.

There are far fewer provisions in the TCA related to climate (Chapter 7 of Title XI) than to energy. These provisions commit the EU and the UK to effectively implement the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement (Article 393), and primarily focus on reaffirming commitment to achieving economy-wide climate neutrality in 2050, the EU and UK's respective 2030 climate targets and preventing regression from these targets (Article 391), and striving to increase ambition. The Parties also agree to cooperate on carbon pricing, including giving serious consideration to linking their respective systems (Article 392). In the three years since the TCA was first implemented, however, little progress has been made on linking the EU and UK Emissions Trading Systems (ETS). The Parties could build on the article referring to cooperation on carbon pricing and the linking of the ETS to address current barriers to the transport and storage of CO2.

The other climate-related provisions of the TCA focus on the role of trade and investment in taking action on climate change, and commit the EU and the UK to remove obstacles particularly relevant for climate change mitigation and adaptation, such as renewable energy (Article 401). They agree to work together to strengthen cooperation on trade-related aspects of climate change policies, both bilaterally, regionally and at the multilateral level, including to ensure implementation of the Paris Agreement through for example, low-carbon technologies, sustainable and climate-resilient infrastructure development, and emissions monitoring. The TCA does not include any specific mechanisms or platforms to coordinate action on energy and climate or drive further joint EU-UK ambition.

Table 1. Options to enhance the existing provisions of the TCA

Energy - Title VIII		
Article	**Existing provisions**	**Potential enhancement**
312	Electricity trading arrangements	Advance on a new trading arrangement, potentially re-coupling GB auctions for cross-border trade with the EU at the day-ahead timeframe
314	Development and interoperability of energy infrastructure connecting the EU and the UK	Recognise the need for cooperation on carbon capture, transport, and storage, as well as the potential development of infrastructure for hydrogen
315	Frameworks for cooperation relating to security of supply	Establish regular climate and energy dialogues at both ministerial and official level
321	Cooperation in the development of offshore renewable energy, building on the North Seas Energy Cooperation	Extend cooperation beyond offshore renewables to maximise the potential of the North Sea, particularly for carbon capture and storage
323	Cooperation on the development of international standards relating to energy efficiency and renewable energy	Expand to include cooperation on standards for clean hydrogen and carbon removals
Climate - Chapter 7 of Title XI		
392	Cooperation on carbon pricing including consideration to linking their respective systems	Implement by linking the two systems and addressing current barriers to the transport and storage of CO2

Other forums for collaboration

Post Brexit, the UK, the EU, and its Member States have also sought other forums for collaboration. The North Seas Energy Cooperation (NSEC) is a forum for North Seas countries (Belgium, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Sweden and the European Commission) to cooperate on clean energy infrastructure within the region. The UK signed a memorandum of understanding (MoU) with NSEC in December 2022 to cooperate on offshore renewable energy, which enables the UK to attend some meetings, but as a non-EU / European Economic Area (EEA) country this is limited.

The UK has also sought agreements with individual member states, such as the UK-Germany partnership to enhance cooperation in renewables, share knowledge and expertise to improve the exploration of carbon capture and storage (CCS), and strengthen regional and global energy security. The partnership also incorporates a Joint Declaration of Intent to advance hydrogen technologies and international trade in hydrogen. Furthermore, the recent declaration on deepening and enhancing UK-Germany relations identifies industrial transformation, energy security, climate and nature policy, and technology research and innovation as key priorities for cooperation.

Whilst high-level engagement has been limited, informal collaboration at official level between the European Commission and the UK Government has continued, although to varying extents depending on the topic. On climate in particular, officials have continued to collaborate, especially in multilateral settings such as the UNFCCC, where the relationship was boosted by the UK's hosting of COP26.

Recommendations

Expand the energy provisions of the TCA to:

- Recognise the need for cooperation on CCS and clean hydrogen.
- Extend cooperation through NSEC to include CCS.
- Expand cooperation on international standards to include clean hydrogen and carbon removals.
- Address current barriers to the transport and storage of CO_2.

Future framework for collaboration

Building on the EU and the UK's successful history of collaboration on climate, there are clear opportunities to re-ignite the relationship. A strong partnership would also have global benefits by building a cohesive approach for ambitious action across the world. However, finding a way forward will require a balancing act between the UK's will to remain outside the EU single market or customs union, and the EU being careful about the UK not 'cherry picking' specific topics and programmes to join.

A joint statement by the European Commission and the UK Government on furthering climate action and clean energy cooperation would be a positive starting point, providing a strong signal globally and helping to strengthen the EU and UK's international leadership on climate following the elections. The statement could position climate within the broader geopolitical reality that both parties face, where energy security, climate, and long-term economic prosperity are increasingly interlinked.

In the longer-term, the EU and the UK should work towards a comprehensive energy and climate agreement that covers a broad range of topics related to the climate and energy transition, as set out below. This agreement should seek to resolve any barriers to cooperation, promote investment in clean technologies and infrastructure, align regulatory approaches, and enhance international cooperation. An agreement on energy and climate would likely need to form part of a wider agreement to enhance UK-EU collaboration in other areas.

The EU and the UK should also re-establish governance arrangements to facilitate collaboration on climate and energy issues going forward. Regular climate and energy dialogues would provide an opportunity to discuss the changing global context and create a forum for knowledge-sharing and problem-solving where necessary. Officials could meet quarterly, with Ministers convening twice a year to not only resolve any outstanding issues, but to keep energy and climate high on the political agenda.

A Green Alliance, similar to those that the EU developed with Japan in 2021 and Canada in 2023, to deepen cooperation and further align on energy, climate, research and innovation, climate financing, and global climate action, could be a first step towards a renewed UK-EU partnership on climate and energy.

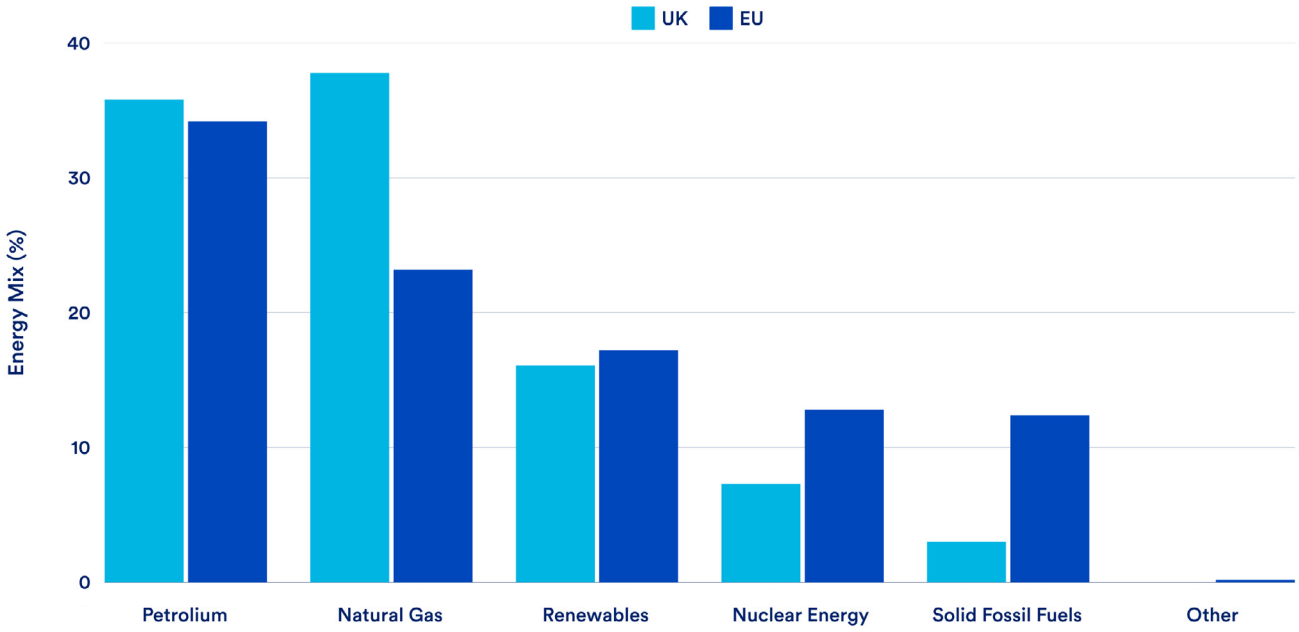
Recommendations

- Release an EU-UK joint statement on climate and clean energy cooperation to re-establish the EU and UK's strong partnership and international leadership on climate.
- Work towards a comprehensive energy and climate agreement to resolve barriers to cooperation, promote investment, align regulatory approaches, and enhance international cooperation.
- Establish regular climate and energy dialogues both at official and ministerial level to facilitate knowledge-sharing and problem-solving where needed, and to keep climate high on the political agenda. A Green Alliance could be a first step towards a renewed UK-EU partnership on climate and energy.

Pursuing an options-based strategy

The world's energy consumption is projected to increase by 50% by 2050, necessitating a substantial rise in energy production, while at the same time cutting emissions. Currently, both the EU and the UK are far from achieving a decarbonised energy system, with most of their energy consumption coming from unabated fossil fuels. The EU and the UK will have to replace existing fossil fuel-based energy and electricity while at the same time expanding capacity to meet the expected growing demand.

Figure 1: Energy consumption sources from the EU (source) and from the UK (source).



Renewable energy sources like wind and solar are essential to this transition. Europe, along with the rest of the world, will need to build as many renewables as possible. To complement renewables, future clean energy systems will also require a mix of clean firm power (power sources that generate electricity on-demand, regardless of the weather or the time of day, with minimal emissions) and storage technologies to reliably decarbonise at least cost. Taking an options-based approach also mitigates transition risks by having options to minimise the needed infrastructure buildout and land-use while simultaneously increasing reliability. Providing non-weather-dependent controllable clean energy can address seasonal variability.

The key challenges with renewable energy are its weather-based seasonal variability (**Figure 2**), the uncertainty of its generation output (**Figure 3**), and the required infrastructure buildout (**Figure 4**). A system relying heavily on wind and solar would need to account for prolonged periods of low generation, spanning days or even months, and be reliable and resilient in the face of uncertain daily, weekly, seasonal, and annual generation output. Currently, the EU and the UK compensate for this by relying on unabated fossil fuels. While one option is to overbuild wind, solar, and storage capacity without clean firm options, this approach has been shown to be extremely costly and would require significant amounts of land.

Figure 2: Mean solar and wind power across a grid covering the landmass of Germany from 1980–2018 (source)

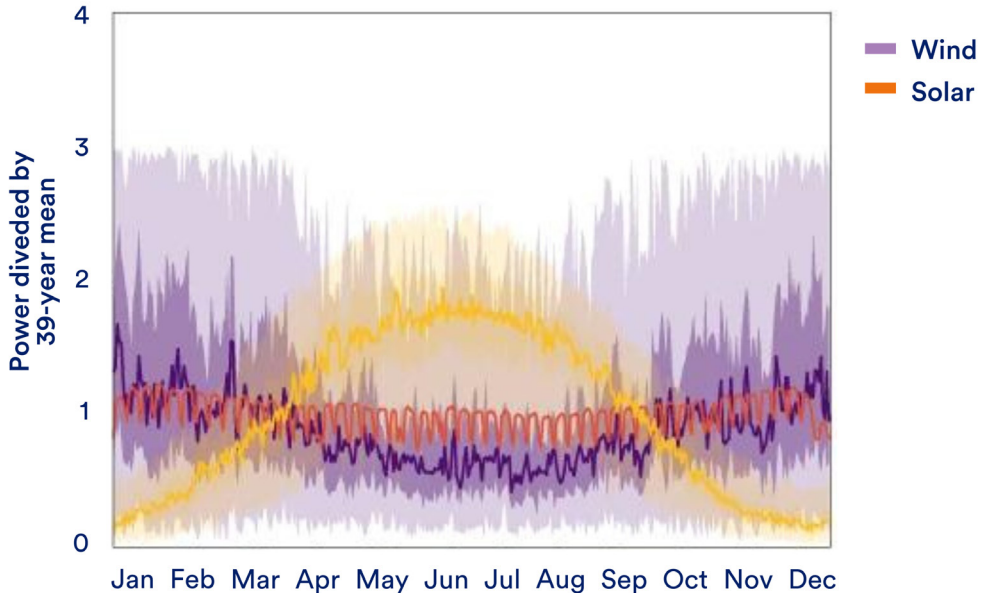
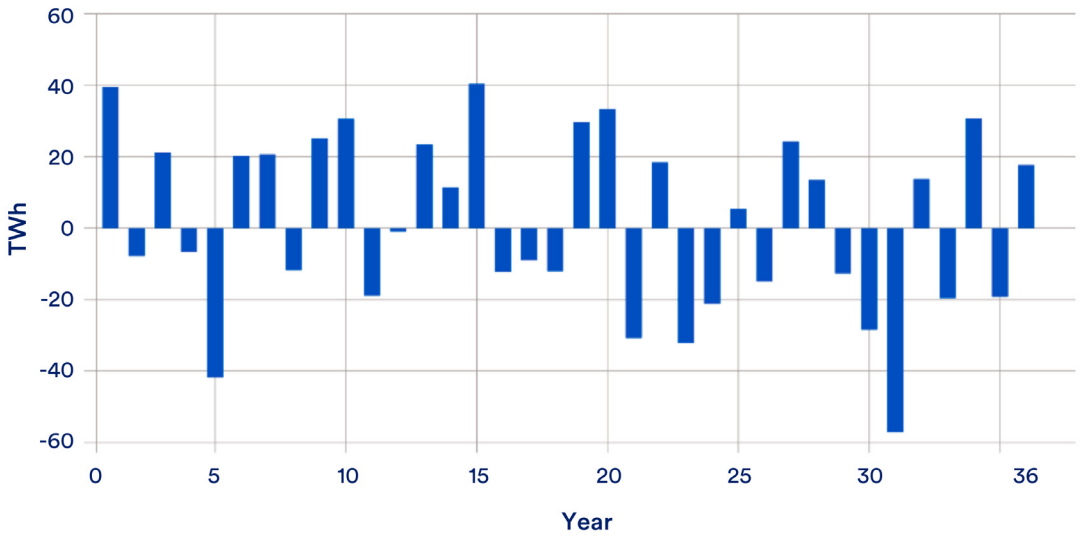


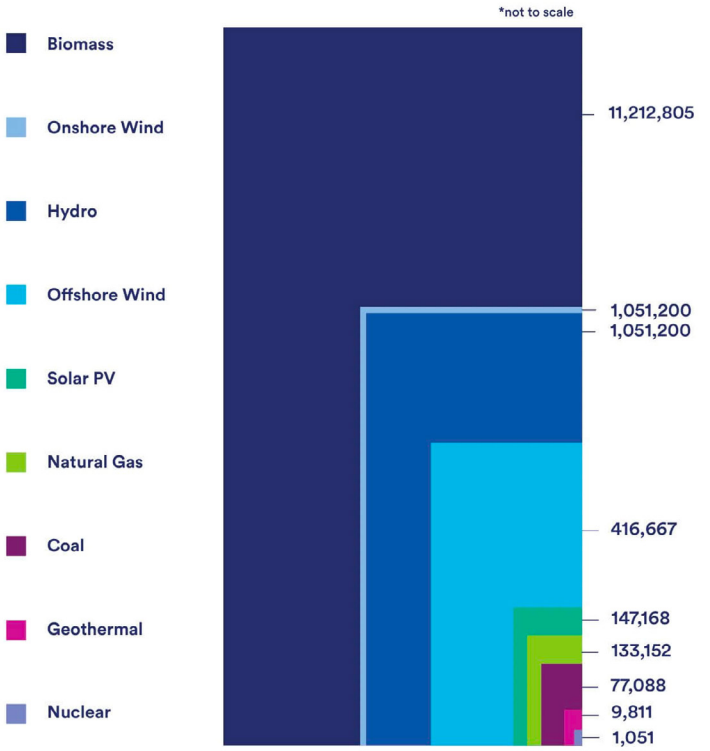
Figure 3: Figure of annual uncertainty of renewable generation in the UK. The difference between demand and wind plus solar supply, based on actual hour-by-hour weather data in the years 1980–2016, scaled to average 570 TWh/year over 37 years, with 80% wind and 20% solar. (source)



The land-use and infrastructure implications of scaling up renewables like wind and solar are also significant. Wind and solar require significant amounts of land per energy generated compared to clean firm technology options, like nuclear energy or geothermal. Europe has limited available land with competing demands for its use (such as urbanisation, agriculture, carbon sequestration and conservation values) and local opposition to new renewable projects is on the rise. Therefore, the land efficiency of energy production, along with cost and climate impact, must be considered. Moreover, not all technically viable sites for clean energy development are practically or realistically feasible, making suitable locations increasingly hard to find. Renewables also require significant amounts of transmission to ensure clean energy is delivered from windy and sunny regions to load whereas clean firm options can reduce this need by being built closer to demand. As such, including clean firm energy-dense options to complement renewables can mitigate the risks of land use competition and lower infrastructure requirements.

As a result, an options-based approach will be essential to manage risks and barriers to decarbonisation, in addition to developing wind and solar at an unprecedented rate. For Europe to achieve a fully decarbonised energy system that is reliable, affordable, and sustainable, a diverse mix of energy sources will be required. Clean firm power could play a vital role in this mix and can help ensure seasonal reliability at a lower cost, providing generation that is consistently available and not dependent on weather conditions.

Figure 4: The land use of different energy sources measured in olympic sized swimming pools (source)



Comparing the EU and the UK, the UK Government already takes an options-based approach and is considering a broad range of technologies to meet its net zero target. The UK's new Government has also committed to deliver a zero-carbon electricity system by 2030, by massively expanding renewables deployment, but also by including technologies such as CCS, hydrogen, or nuclear energy. By comparison, the EU has focused on a more limited number of options. It has a binding renewable energy target for 2030 to a minimum of 42.5%, but no target for low-carbon technologies. Brussels has given limited attention to key sources of clean firm power such as geothermal energy or Small Modular Reactors (SMRs), although a shift was observed at the end of the previous legislative term and may continue in the new term. In her Political Guidelines for the Next European Commission 2024-2029 and in her mission letter to the Energy Commissioner, Commission President von der Leyen mentioned the need for a technology-neutral approach, potentially opening the door for a more diverse technological portfolio.

An EU-UK Clean Power Dialogue would allow for coordination and exchange of best practices. By exploring a shared options-based approach, the EU and the UK could create a comprehensive framework to collaborate on the broad range of technologies that will be required to reach net zero, and on the alignment of regulatory frameworks. It could also encourage cross-border cooperation and investment in clean technologies, ultimately accelerating the transition to a low-carbon economy in Europe.

Recommendations

- Collaborate on the development and implementation of an options-based approach, supporting a broad range of technologies and ensuring the inclusion of clean firm power in decarbonisation planning.

Developing a green industrial strategy

Climate policies have sparked concerns around industrial competitiveness in a context of growing international competition. Other countries such as China and the US have offered financial support to their industries that cannot be matched by all European countries, raising concerns about unfair competition.

European climate ambition has substantial industrial implications and will require policy support to prevent companies from losing their competitive edge, while ensuring climate goals are met, and the European socio-economic model protected. The industrial issue is indeed, at its core, a social one. The steel sector, for example, supports 2.5 million jobs in the EU, while the cement sector employs around 36,000 people directly and is linked to 13 million jobs across various sectors due to the importance of cement production. Recent closures at the Port Talbot steelworks in the UK will result in the loss of 2500 jobs.

With the EU gradually phasing out free allowances in its Emissions Trading Scheme (ETS) and the UK setting an industry cap on free allowances under the UK ETS, industries should be incentivised to decarbonise to avoid facing a carbon price. However, for this mechanism to work as intended, it is crucial to equip the industries with the tools necessary to decarbonise at an affordable cost. Otherwise, they will risk facing higher costs, and potentially putting these costs onto consumers or moving production out of Europe before they are able to decarbonise. Carbon pricing must work hand-in-hand with industrial policy to ensure that industries in Europe can decarbonise at a reasonable cost within reasonable timeframes.

Both the EU and the UK have placed a strong focus on industrial policy for the new legislative term, with the announced Clean Industrial Deal in the EU and the development of a new green industrial strategy in the UK. As they are both developing new policies, there are growing opportunities for collaboration on the design and implementation of their respective industrial plans. The EU and the UK should also ensure strong collaboration on the assessment of their supply chains, which are closely connected, and on access to raw materials. They should first identify capability gaps and competitive advantages, and then develop comprehensive plans to address the identified issues.

Similarly, skills capacity assessment and development could be an area of strengthened cooperation. Skills are crucial in ensuring the long-term competitiveness and sustainability of industries in an increasingly complex and rapidly evolving global economy. As industries undergo significant transformations in line with the green transition, the need for a workforce equipped with the right skills will become more pressing both in the EU and the UK. Beyond that, it could also be useful to strengthen collaboration and alignment on specific technologies and infrastructure, such as CCS or clean hydrogen.

In the Net-Zero Industry Act (NZIA), the EU announced its intention to conclude Net-Zero Industrial Partnerships covering net zero technologies. These partnerships should be mutually beneficial and support sustainable investments and technical assistance. They should also support the diversification and resilience of the EU's supply chain for net-zero technologies, enhance information sharing, and support access to the global clean energy market. As the NZIA was only recently adopted, these partnerships are still a nascent idea, but this framework could offer an opportunity for the EU and the UK to strengthen their relations on key technologies.

Recommendations

- Establish dialogue and cooperation on the development and implementation of industrial policies, potentially through the Net-Zero Industrial Partnership.
- Work together to identify gaps in supply chains and challenges to access to raw materials and develop plans to address these issues.
- Ensure close collaboration on skills capacity assessment and development to support the transformation of industries in line with the green transition.

Tackling methane emissions

Tackling methane emissions is one of the fastest, most cost-effective, and impactful actions the EU and the UK can take to address the energy and climate crises. Action on methane emissions can slow global warming, improve energy security, and deliver economic benefits. It also provides an opportunity to demonstrate global leadership, by building on the commitments both the EU and the UK made under the Global Methane Pledge, where signatories committed to collectively reduce global methane emissions by at least 30% by 2030, from a 2020 baseline.

In 2024, the EU officially adopted its first ever rules on reducing methane emissions in the energy sector. The Methane Regulation introduces new requirements for the oil, gas and coal sectors to measure, report and verify methane emissions, and to put in place mitigation measures to avoid such emissions, including detecting and repairing methane leaks and limiting venting and flaring. It also puts forward landmark obligations on methane emissions from imports of oil, gas, and coal into the EU, known as a Methane Import Standard.

These obligations will be implemented in a phased approach, with data and reporting obligations starting first in May 2025. From January 2027, importers will be required to demonstrate that imports meet the same Measurement, Monitoring, Reporting and Verification (MMRV) standards as those adopted in the EU. This means that the UK should adopt its own comprehensive MMRV framework, which would pave the way for unfettered access to the EU market.

Finally, from 2030, importers must show that all fossil fuels produced outside the EU meet maximum emissions intensity limits. The European Commission will put forth the methodology for calculating methane intensity in 2027 and the limits in 2029, providing a valuable opportunity for the UK and EU to work together to design how the standard will be measured and implemented.

The EU and the UK played key roles in the launch of the Global Methane Pledge at COP26. The new Commission and new Government should build on this success and work together to incorporate methane mitigation as a priority of climate diplomacy in international fora, particularly at the COP, G7 and G20. This could include collaborating to set ambitious methane reduction targets and financing goals for multinational bodies like the G7 and G20. They could both demonstrate leadership at home and share expertise to develop robust Methane Action Plans, following the lead of Finland, Sweden, and the Netherlands, to outline clear objectives and policies across the energy, waste, and agriculture sectors, and fulfil their commitments under the Global Methane Pledge.

Furthermore, the UK and EU could support the mobilisation of international finance for methane mitigation by leveraging their significant shareholder positions in multilateral development banks to champion methane abatement projects and provide support through concessional loans and grants. The UK and EU should also leverage their bilateral aid to lower-income countries to target projects that have both development and methane benefits. This could be complemented by renewed UK-EU efforts to financially support grant-based bilateral and multilateral methane reduction programmes, such as through the Climate and Clean Air Coalition (CCAC).

Both the EU and the UK will need to implement measures to tackle agricultural methane emissions, which make up 53% and 40% of their total methane anthropogenic emissions respectively. This could include the development of effective incentives to promote the use of existing best practices and technologies to mitigate methane emissions in agriculture, such as methane suppressing feed additives. They should also collaborate to develop and share new technologies and practices, such as accelerating the development and introduction of cattle breeding programmes to reduce the production of methane. Other levers such as policies that lead to improved animal health and reduced mortality, improving the performance of grazing systems, and improving manure management practices that decrease production of methane or capture methane emitted should be considered. The EU and UK should lead a discussion on mobilising finance towards methane abatement in the agriculture sector, both to incentivise uptake of best practices and to develop new technologies.

Recommendations

- Share knowledge on the development of the EU Methane Regulation to support the UK's regulatory development, and work together to design how the forthcoming methane intensity standard will be measured and implemented.
- Collaborate to set ambitious methane reduction targets and financing goals for multinational bodies, such as the G7 and G20.
- Share expertise to develop robust Methane Action Plans that outline clear objectives and policies across the energy, waste, and agriculture sectors.
- Support the mobilisation of international finance for methane mitigation by leveraging shareholder positions in multilateral development banks, or increasing financial support to global methane initiatives.
- Collaborate to develop and share technologies and best practices for tackling agricultural methane emissions, as well as strategies to mobilise financing to incentivise their uptake.

Facilitating the deployment of carbon capture and storage

Both the UK and the EU see a strong role for carbon capture and storage (CCS) to achieve their net zero goals. The UK Government is targeting 20-30 million tonnes of CO_2 captured and stored by 2030, and 50 million tonnes by 2050, whilst the EU's Industrial Carbon Management Strategy aims for an annual CO_2 injection capacity of at least 250 million tonnes per year in the European Economic Area (EEA) by 2040. This comes in addition to the EU-wide target set out in the Net-Zero Industry Act to establish 50 million tonnes of annual CO_2 storage capacity by 2030.

The Carbon Management Challenge - a joint effort and call to action by countries worldwide to accelerate the deployment of carbon capture, removal, use, and storage technologies – can provide a strong framework for collaboration between the EU and the UK. The UK has developed strong policy mechanisms to support the delivery of its CCS targets, particularly for the development of industrial clusters, which can provide a useful example for Member States as they examine how best to build and manage the extensive new infrastructure required for the transport and permanent storage of CO_2. As the first commercial projects are developed, knowledge sharing can help highlight positive successes, and identify areas for improvement and possible solutions to problems faced.

Achieving the EU's storage capacity targets will depend on a significant increase in efforts to assess and develop Europe's considerable potential. There is increasing consensus that captured CO_2 will need to travel freely around Europe, as not every industrial facility will have access to suitable geology for CO_2 storage within its own country. Some countries may have more storage capacity than emissions to store, and maximising the choice of storage sites available to each emitter can help drive down costs and reduce the impact of any one site being unavailable.

Access to storage sites before 2030 remains a critical bottleneck for capture projects in the EU, and all options will therefore need to be considered. The UK is estimated to have storage potential of over 70 Gt because of the huge capacity of the North Sea. The UK also currently has over 40% of total licensed capacity in Europe. It can therefore play an important role in supporting the EU to meet its storage targets.

The EU plans to establish a new investment atlas of potential CO_2 storage sites, which should provide project developers and Member States with clarity on how they can best meet their storage needs. Member States are encouraged to contribute geological data to this effort and – importantly – to acquire new data where necessary. The UK could contribute its data to these efforts and become a member of the platform.

However, the UK's exit from the EU has meant that its huge potential storage capacity can no longer be used by CO_2 emissions from EU-based sources within the ETS framework. Currently, emitters in the EU ETS who store their CO_2 in a site located in the EU are exempted from the need to surrender allowances under the EU ETS. This is the same for UK emitters in UK sites under the UK ETS. However, an EU emitter is not currently permitted to surrender allowances under the EU ETS if its CO_2 is stored in the UK. As a result of this invisible barrier across the North Sea, EU plans for rapidly scaling CCS are largely ignoring the UK's storage potential.

Many EU emitters will therefore face much longer CO_2 transport chains and have fewer storage options available to them – increasing costs and reducing project resilience. Equally, many UK storage sites currently under development will depend on imported emissions to establish their economic viability. The EU and the UK should explore near and longer-term measures to address the barriers to cross-border transport and storage of CO_2. This could include a formal declaration of cooperation, Memoranda of Understanding between key EU Member States (such as France, Germany, Belgium, Ireland) and the UK, alongside revisions to both the EU and UK ETS to acknowledge storage sites permitted in other jurisdictions. In the longer-term, linking the UK ETS with the EU ETS would allow industrial emitters to make use of the UK's vast geological storage capacity, and has the potential to reinforce the carbon price and provide a stronger signal for low carbon investment across Europe.

Recommendations

- Increase collaboration on CCS by sharing lessons learned and seeking to resolve shared challenges, building on the framework of the Carbon Management Challenge.

Near-term:

- Agree a formal declaration of cooperation between the EU and the UK on cross-border transport and storage of CO_2.
- Agree Memoranda of Understanding on cross-border transport of CO_2 between key EU Member States and the UK, to address the current regulatory barriers.

Long-term:

- Address the barriers between the EU and UK ETS system to ensure the potential use of storage sites permitted in other suitable jurisdictions.
- Evaluate whether the EU's 'Principle of Equivalence', which recognises regulations of an equivalent standard in third countries, could be used to address the cross-border transport and storage of CO_2.
- Consider linking the EU and UK Emission Trading Schemes to reinforce the carbon price and provide a stronger signal for low-carbon investment across Europe.

Supporting the scale up of carbon removals

Carbon dioxide removal (CDR) will be crucial to achieve the EU and the UK's climate neutrality targets and will provide the only viable path to net-negative emissions beyond that point. Whilst CDR is often seen as a future necessity, reaching the required scale will demand immediate action in developing CO_2 transport and storage infrastructure, establishing consistent policy frameworks, supporting research, development, and demonstration, and creating reliable incentive schemes to meet anticipated demand at net zero.

The absence of long-term policies for industrial carbon removals is a significant obstacle to their necessary deployment in Europe. Industrial carbon removals face several challenges, including low technology readiness levels (TRL), relatively high costs, limited demand, and long lead times. Effective policy interventions are essential to overcoming these barriers.

To successfully deploy industrial carbon removal technologies like bioenergy with carbon capture and storage (BECCS) and direct air capture with carbon storage (DACCS), the EU and the UK will have to implement robust policy interventions and financial incentives to accelerate deployment and reduce costs. The UK has developed business models for Greenhouse Gas Removals (GGRs) and Power BECCS, while EU Member States Denmark and Sweden have developed their own deployment programmes. Both the UK and the EU are also considering the integration of GGRs/CDR into their compliance markets to drive demand, which presents an opportunity for both jurisdictions to share learnings and best practices in policy design.

Given the nascent stage of the industrial carbon removal sector, successful deployment and technology optimisation will depend heavily on supporting research and development efforts. As the UK is part of Horizon Europe, the EU and the UK could work jointly on pilot projects and demonstrations of various removal technologies.

In addition, to deploy carbon removals at scale, the conditions for an efficient and transparent CO_2 market will need to be created. The current separation between the UK and EU ETS poses a challenge, as it prevents EU industries from leveraging the UK's substantial CO_2 storage potential. It also limits the ability of removals that utilise geological storage in the UK to be used by EU emitters in any potential future linkage of these trading systems. The relevant authorities should work towards creating a unified European market for carbon removal, CO_2 transport, and storage.

The EU also recently adopted the Carbon Removal Certification Framework (CRCF), creating the first EU-wide voluntary framework for certifying carbon removals, carbon farming, and carbon storage. The detailed methodologies are currently being developed by the European Commission. Ensuring compatibility between the EU and the UK carbon removal certificates would allow for seamless use and trade across both regulatory regions. The UK should consider aligning with the EU's methodologies, as this would not only reduce the regulatory burden of developing new frameworks from scratch but also ensure that both the UK and EU systems can function together efficiently if linked in the future. This alignment would maximise the effectiveness of CO_2 storage and GGRs across Europe.

Recommendations

- Share learnings and best practices in policy design for industrial carbon removal technologies.
- Jointly work on pilot projects and demonstration of carbon removal technologies to provide tangible proof of feasibility, effectiveness, and potential challenges before scale-up.
- Align the UK and EU ETS systems to ensure that CO_2 can be transported and stored by EU emitters in the UK.
- Align on carbon removal certification methodologies to allow for seamless use and trade across both regulatory regions.

Defining the role of clean hydrogen in decarbonisation

Both the EU and the UK see a role for clean hydrogen in meeting their decarbonisation targets. The EU is targeting 20 million tonnes of renewables-based hydrogen supply – from domestic and international production sources – by 2030, including 100 GW electrolyser deployment and 50 hydrogen valleys (local industrial or transport clusters where hydrogen supply feeds local demand) under construction or operational across its 27 Member States. The UK's ambition for clean hydrogen production is for up to 10 GW by 2030, with 6 GW of this from electrolysis. While the UK has been implementing a technology-neutral approach for hydrogen production that is focused on emissions reduction, the EU has so far only acknowledged the role of "low-carbon" hydrogen[1] in the transition and, in practice, support is only directed to the development of "renewable" hydrogen. The EU could therefore learn from the UK's clean hydrogen approach by ensuring support to any hydrogen production based on real emissions reductions merits.

Energy-intensive industries and segments of the heavy-transport sector will need clean hydrogen to decarbonise their operations. These sectors of the economy face few, if any, alternative energy-efficient or cost-effective decarbonisation options. Given the significant volume of clean hydrogen required to decarbonise these hard-to-abate sectors, Europe will need to focus on the greenhouse (GHG) gas emissions merits of producing hydrogen, rather than on colours, enabling the fastest possible decarbonisation.

As renewable hydrogen production is unlikely to meet Europe's growing demand before renewable electricity becomes more abundant, prioritising the use of scarce renewable electricity for hydrogen production before the grid is fully decarbonised may be counterproductive. Alternative production methods like steam methane reforming with installed carbon capture facilities could play a role to bridge the supply gap and utilise existing assets often co-located in or near to industrial hubs.

In addition, for industries such as refineries and petrochemical plants, low-carbon hydrogen produced with carbon capture may be essential due to their technical needs. Due to internal system processes, some hydrogen is produced as a by-product and utilised back into the facility. This hydrogen will be difficult to replace with external sources without disrupting the value chains. Additionally, refineries generate off-gases that are currently used for high-temperature heating. Decarbonising these gases by converting them into low-carbon hydrogen may be a crucial pathway for the industry, as demonstrated by ongoing projects like the Stanlow Refinery in the UK and the H-vision project in the Netherlands.

As available clean hydrogen will initially be limited across Europe, the EU and the UK should work together to ensure that all available supply is prioritised to sectors with limited energy-efficient or cost-effective decarbonisation alternatives, and to replace where carbon-intensive hydrogen is used today. Implementing an approach that ensures that limited or no political barriers across different European geographies will enable the available clean hydrogen to reach the 'no regrets' demand hubs across the continent. No-regrets applications for clean hydrogen include crude oil refining, ammonia production, methanol production and steel manufacturing. The EU and the UK should cooperate on the identification of priority sectors to ensure consistency in the deployment of clean hydrogen.

Moreover, as the EU is adopting its methodology for lifecycle assessment of GHG emissions for renewable and low-carbon hydrogen, and the UK has developed its own low-carbon hydrogen standard, cooperation will be important to develop a comprehensive global trade articulated around comprehensive standards.

The EU methodology applies a more comprehensive well-to-wheel approach, covering full lifecycle emissions from hydrogen production and transportation, whereas the UK takes a well-to-gate approach that only covers production. The UK could therefore expand the emissions included in its methodology to match that of the EU

1 Low-carbon hydrogen has a specific definition in the EU: fuel generating 70% greenhouse gas emissions savings compared to fossil. In the UK, low carbon hydrogen is used to refer to all hydrogen with lower emissions compared to fossil. For this paper, 'clean' hydrogen refers to all types of low carbon hydrogen.

to ensure that any consumed clean hydrogen is truly low carbon. Both the EU and the UK are also planning to develop a certification process. Collaboration and harmonisation of certification schemes will be important to ensure that truly low carbon is produced (reducing the risk of carbon leakage) and traded on a level playing field, with each side supporting one another in their supply needs (where possible) as the European clean hydrogen market develops. All certification schemes in Europe should also transition from voluntary to mandatory to support the development of a truly low carbon market.

Finally, hydrogen deployment will require the support of strong policy mechanisms. The UK is establishing industrial clusters, which co-locate industry with CCS and hydrogen production, whereas the EU is focusing on hydrogen valleys. The EU could learn from the UK's approach, broadening its focus beyond hydrogen to establish industrial valleys that also incorporate CCS.

The UK and the EU could also share best practices on the development of their respective business models. The UK has developed a Hydrogen Production Business Model and is in the process of developing new business models for hydrogen transport and storage infrastructure. The EU Hydrogen Bank intends to develop a business model for hydrogen, supporting initially the purchase of hydrogen through an overall 3 billion EUR investment from the EU's Innovation Fund, but has only included renewable hydrogen production in the scope. The EU could learn from the UK's approach to transport and storage, as support will be needed across the entire value chain, including for deployment and infrastructure development.

Recommendations

- Collaborate on the development of an approach to hydrogen based on emissions reduction; different production pathways will be needed to meet the expected hydrogen demand.
- Align on lifecycle emissions assessment methodologies, to ensure all emissions are accounted for.
- Collaborate on hydrogen standards and certification to ensure that hydrogen is traded on a level playing field and limit risks of carbon leakage.
- Share best practice on policy and funding mechanisms to identify the best pathways forward on the funding challenge.

Reinvigorating the nuclear energy sector

Following the UK's departure from the EU, the UK left the European Atomic Energy Community (Euratom), including the nuclear common market. Euratom provides assurances for the safe and peaceful use of nuclear energy, and the security of atomic energy supply. Euratom also covers knowledge sharing, research, infrastructure, and funding related to nuclear energy.

Euratom and the UK signed a separate agreement, distinct from the TCA, to ensure cooperation on the safe and peaceful use of nuclear energy, supported by commitments from both sides to maintain high nuclear safety standards. The agreement encompasses measures to facilitate trade and commercial cooperation, the supply and transfer of nuclear items, nuclear safety, and radiation protection.

Amongst others, it includes provisions on a regulatory framework for the safe use of nuclear energy and collaboration on research and development (R&D). The cooperation under the agreement also extends to the use of radioisotopes and radiation in agriculture, industry, medicine, and research. Furthermore, the EU and the UK agree to cooperate, maintain regular communication, and share information on environmental radioactivity levels, nuclear safety, radiation protection, emergency preparedness and response, and the management of spent fuel and radioactive waste.

Nuclear energy has received increased attention in the EU and the UK in recent years, as its role for energy security and decarbonisation was highlighted during the energy crisis following Russia's invasion of Ukraine. The UK aims to increase its nuclear energy capacity to 24 GW by 2050, with a mix of traditional large-scale power plants and Small Modular Reactors (SMRs). During COP29, the UK and several EU Member States signed a pledge to triple nuclear capacity by 2050, raising the bar on nuclear deployment globally. While the EU has not set a specific target for nuclear energy, Poland and Romania have announced their intention to build SMRs, with several other countries considering following suit. Countries with traditional large-scale power plants have also highlighted the role of this energy source in their decarbonisation plans, with both France and Czechia planning multiple gigawatt scale units in the coming decade.

Opportunities exist for the EU and the UK to collaborate on identifying gaps and challenges in their nuclear supply chains and to cooperate in developing solutions. The pan-European nuclear supply chain could bring high value jobs and bolster the economy. The EU and the UK could also cooperate further on the design and licensing of SMRs. To allow for new nuclear energy to be delivered at significantly lower cost and shorter timeframes, the industry must shift from one-off projects towards tens of units orderbooks of standardised products and thoughtfully sequenced deployment. Alignment between the EU and the UK markets on design and licensing could help speed up technology transfer across borders and develop a commercial edge over overseas vendors.

Moreover, the EU and the UK face similar challenges related to skills and R&D in the nuclear sector. In recent decades, countries' needs for new nuclear energy R&D have declined. The closure of many nuclear reactors in Europe has led to a focus on decommissioning and end of life radioactive waste management. As only a few new nuclear power plants have been built in Europe, skills development has also been limited.

R&D is crucial for SMRs and Advanced Nuclear Technologies, where for example advances in reactor materials and fuel technologies are required. To support announced SMR plans to be built on time, increased investment and learnings for nuclear R&D and skills will be needed, which could form an important area of cooperation for the EU and the UK.

Recommendations

- Coordinate on the design and licensing of SMRs to allow for new nuclear energy to be delivered at significantly lower cost and shorter timeframes.
- Bet on a limited number of reactor designs across Europe to facilitate regional orderbook building.
- Coordinate nuclear supply chain plans to maximise the European content of new nuclear power plants.
- Cooperate on skills and R&D to ensure Europe is at the forefront of nuclear innovation.

Accelerating the commercialisation of fusion energy

Fusion is an advanced energy source with the potential to generate vast amounts of clean, zero-emissions power globally. Nuclear fusion occurs when lighter atomic nuclei combine to form a heavier nucleus, which releases energy in the process. Fusion works by bringing small nuclei close enough that they fuse.

Fusion is gathering increased attention due to recent technological advancements and the increasing demand for reliable decarbonisation options. Once commercialised, fusion energy could become a key source of zero-carbon electricity in Europe. Fusion research in the UK was previously embedded in the European Fusion Development Agreement (EFDA) and EUROfusion scheme, where facilities like the Joint European Torus (JET) were exploited for the whole European programme. This allowed not only for the generation of knowledge but also the training of scientists and engineers in fusion specific issues.

So far, the European programme has mainly focused on building science-oriented experimental machines, instead of developing fusion technology oriented to build a fusion industry. Current efforts are mostly concentrated on the construction of ITER and the EU DEMO, but not on the delivery of fusion-based electricity to the grid. The UK was part of ITER and the EUROFusion programme but lost access to the project after Brexit, as it would require joining the Euratom research programme.

Post Brexit, the UK announced that it will not associate to Euratom R&T and by extension, the Fusion for Energy Programme, but instead launch the Fusion Futures Programme to support fusion sector development. This programme is focused on de-risking technological options for fusion machines as well as the creation of a fusion supply chain and workforce to attract the private sector to the UK. The UK also intends to use international collaboration to accelerate commercialisation and reduce the cost of fusion energy development for the UK and its partners, and hopes to agree a new route for collaboration with EUROfusion.

To ensure the timely development and commercialisation of fusion energy in Europe, the EU and the UK should collaborate to create a comprehensive fusion roadmap where both parties benefit from the knowledge and facilities built over past decades within the EFDA/EUROfusion programme. This should include outlining the challenges and necessary steps to build a fusion industry and exploring ways to involve the private sector. A critical milestone should be the testing of key components to build construction and operation of commercially viable fusion power plant prototypes.

Moreover, there is currently a lack of mechanisms to facilitate collaboration between UK and EU public institutions and to facilitate cooperation between the emerging private and public sector. The EU and the UK should work together to establish mechanisms that allow for cooperation to speed up and optimise the development of fusion as a commercial technology. A mechanism for compensating the public sector by the private sector for the use of publicly generated knowledge should also be clarified.

Recommendations

- Agree a new route for UK collaboration with Europe, in particular with the EUROfusion programme. This could be in the form of a partnership agreement.
- Develop a collaborative research and demonstration roadmap, outlining the challenges and necessary steps to build a fusion industry, listing available facilities and needs to speed up the development of fusion as a commercial source of energy.
- Supply chain development and workforce creation would largely benefit from strong collaboration between the UK and the EU. Mechanisms of collaboration to expand those areas would result in positioning both parties as world leaders in fusion.
- Implement mechanisms that facilitate cooperation between public institutions as well as public-private entities.

Collaborating on cross-border trade

Being so close geographically and being part of the same market for decades make trade an essential component of any future partnership between the UK and the EU.

On energy, heightened cooperation could support both energy security and lowering costs. Despite being the second largest producer of natural gas in Europe, the UK has historically been a net importer of energy. However, the UK has more gas import capacity than it requires, with three liquefied natural gas (LNG) import terminals (with a combined annual capacity of 49.2 bcm), pipelines from Norway, and bi-directional pipeline connections with the Netherlands and Belgium. This infrastructure enables the UK to serve as a flexible transit country. During the energy crisis, the UK significantly increased its energy exports to the EU, with exports reaching record levels, demonstrating the potential for a strengthened energy partnership between the EU and the UK.

Whilst these increased exchanges have primarily focused on gas and LNG, a focus instead on clean energy would align with EU and UK commitments to decarbonise. The UK Government's recently launched Global Clean Power Alliance could provide an opportunity to collaborate and drive investment into clean energy. But, ultimately, the EU and the UK should bilaterally develop a framework to increase their trade of clean energy.

Furthermore, the UK's exit from the EU complicates energy trade between the two sides of the Channel. Before Brexit, Great Britain (GB) was part of the EU's Internal Energy Market (IEM), with a unified GB day-ahead price. However, as the UK is no longer part of the IEM, the GB market "de-coupled" and lost this single day-ahead price. Currently, without the EU's market coupling system, interconnector capacity is allocated through various independent methods, leading to a more complex and costly trading model. For example, the interconnectors across the Channel, across the Irish sea, and connecting with Norway all use different market regimes. This fragmented trading system has increased inefficiencies, costs, and regulatory burdens.

The TCA should have addressed these issues by developing new trading arrangements, prioritising the day-ahead market as an implicit Multi-Region Loose Volume Coupling (MRLVC) trading model, selling capacity on the interconnector and electricity together. However, despite aiming for a new trading agreement by April 2022, limited progress has been made on the design and implementation of new electricity trading arrangements. The Specialised Committee on Energy (SCE) has met only four times since it was established in early 2021. The EU and the UK should ensure more frequent meetings of the SCE, at least quarterly, to advance on a new trading arrangement, potentially re-coupling GB auctions for cross-border trade with the EU at the day-ahead timeframe.

Another potential challenge to trade between the EU and the UK will be the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM). To address risks of carbon leakage, the EU has developed a CBAM, the first in the world, to put a price on the embedded carbon emissions generated in the production of certain goods entering the EU. The transition phase started in 2023, and the mechanism will apply fully from 2026. The UK is also considering adopting and implementing its own CBAM mechanism by 2027.

The CBAM has implications for the UK and cross-channel trade, of energy but also of other goods. If a carbon price has been paid under the UK ETS, any difference between that price and a higher EU CBAM charge would have to be paid. The reporting obligations will also apply to imports from the UK, regardless of whether a charge needs to be paid or not.

The EU and the proposed UK CBAMs have notable differences. By 2030, the EU aims to extend the mechanism to all products covered by the EU ETS, while the UK is considering a more limited scope focusing only on "goods whose production would be within scope of the UK ETS if produced domestically, and which would be produced as a result of activities currently deemed at risk of carbon leakage within the UK ETS".

Regarding the sectors covered, the UK and the EU will both cover aluminium, cement, fertiliser, hydrogen, iron, and steel, with the EU also covering electricity and the UK glass and ceramics. They are also proposing a different design - in the EU, importers will be required to buy CBAM certificates reflecting the carbon price under the EU ETS, whilst the UK is considering a self-assessment tax model.

While both the EU CBAM and the UK's proposed CBAM aim to address carbon leakage by imposing carbon costs on imports, the EU's mechanism is further advanced, with a clear implementation plan and initial sectoral focus. The UK's approach is still under development, with key decisions pending on scope, design, and timing. Both systems share common goals but will likely differ in execution due to different political, economic, and regulatory contexts.

To facilitate trade of low-carbon electricity and other low-carbon products, the EU and the UK should open a dialogue focused on priority goods for their decarbonisation and path to net zero.

Recommendations

- Ensure frequent meetings of the SCE, to advance on a new trading arrangement, potentially re-coupling GB auctions for cross-border trade with the EU at the day-ahead timeframe.
- Open a trade dialogue to facilitate trade of low-carbon electricity and low-carbon products.

Strengthening multilateral collaboration

Geopolitical fragmentation and conflict, accelerating economic competition, and a shifting political landscape for climate have all disrupted global climate action and compromised the durability of climate policies in recent years. Multilateral consensus is becoming increasingly difficult, but policy innovation within and between countries can help strengthen progress even as the global picture grows more uncertain. Durable action will require aligning climate with economic and security imperatives. In this context, close collaboration between the UK and the EU at the global level will be even more powerful and important to safeguard progress and create new areas for international collaboration.

The UK and the EU have always been strong supporters of the multilateral system, believing that it is one of the best tools to tackle shared global challenges. Article 770 of the TCA commits the EU and the UK to cooperate globally on issues of shared economic, environmental, and social interest, and to promote multilateral solutions to common problems such as climate change. They also "endeavour to maintain a constant and effective dialogue and to coordinate their positions in multilateral organisations and forums" such as the United Nations, G7 and G20.

Whilst informal official level coordination on climate negotiations at the UNFCCC has continued, formal dialogues on climate diplomacy could be introduced annually ahead of the Conference of the Parties (COP). These dialogues would enable Ministers and officials to coordinate their positions ahead of COP and identify strategic engagement priorities, ensuring that climate negotiations can progress effectively. This year, the Secretary of State for Energy Security and Net Zero has confirmed that he will lead the UK's negotiations at COP. Strong collaboration between the Secretary of State and the EU's new Climate Commissioner at COP29 would set the stage for a positive relationship going forward.

There are a number of issues of common interest at COP29 which would benefit from a coherent EU-UK position. Ministers should ensure high-level coordination on the New Collective Quantified Goal (NCQG) on Climate Finance to replace the current $100 billion annual target, and setting the expectation for more ambitious national climate commitments – Nationally Determined Contributions (NDCs), due in early 2025. The EU and the UK have always historically pushed for ambition in the UN climate negotiations. They would benefit from sharing plans for their new NDCs, particularly on their levels of ambition, sector specific implementation strategies, and governance processes supporting their development and delivery.

Furthermore, the first Biennial Transparency Reports (BTRs) outlining Parties progress towards their targets are due by 31 December 2024, providing an opportunity for the EU and the UK to explore common challenges to the implementation of their NDCs, and identify areas for collaboration and support. The EU and the UK should also seek to coordinate messaging surrounding the outcomes of the BTRs, which will provide the first true test of the Paris Agreement's transparency and accountability processes.

Recommendations

- Introduce annual dialogues on climate diplomacy ahead of COP to enable Ministers and officials to coordinate their negotiating positions and identify strategic engagement priorities.
- Ensure high-level coordination on key issues ahead of COP29 such as the NCQG, new NDCs and the outcomes of BTRs.

Conclusion

The recent change in the UK government and European Commission offers an opportunity to strengthen political cooperation. The EU and the UK share common challenges and climate ambitions, which could provide a solid foundation for closer collaboration moving forward on climate, innovation, and energy.

Since Brexit, the EU-UK Trade and Cooperation Agreement has acted as the cornerstone of relations across the channel. However, its energy and climate provisions are limited. Even where the TCA offers opportunities for closer collaboration, joint progress has been slow. The TCA's energy provisions are set to expire on 30 June 2026, which creates a timely opportunity to expand and enhance these terms to foster more effective cooperation.

Opportunities for mutually beneficial partnerships exist for many sectors and technologies. The EU and the UK could aim for a comprehensive energy and climate agreement covering topics like industrial decarbonisation, methane emissions reduction, carbon capture, removal and storage, clean hydrogen, nuclear energy, fusion energy, and cross-border trade.

Both the EU and the UK have made progress on their path to decarbonisation but could learn from each other's approach and successful policies. They will both need similar technologies, and working together on their deployment could accelerate the transition. In addition, given their proximity and historical trade links, stronger EU-UK cooperation could help support their competitiveness and adjust to a new international and geopolitical context.

However, while opportunities for cooperation are abundant, progress towards closer EU-UK relations will ultimately depend on political will and on the willingness of both sides to look for innovative solutions. Building a new climate and energy partnership will require balancing the UK's desire to remain outside the EU's single market or customs union with the EU's concerns about the UK cherry-picking topics for their engagement.

As a first step, a joint statement from the European Commission and the UK Government on their commitment to collectively advance climate action and clean energy would send a strong global message about the future of their relationship, and bolster their international leadership on these topics. Establishing regular climate and energy dialogues at both official and ministerial level could also ensure progress in their cooperation.

Although there are numerous, mutually beneficial opportunities for closer EU-UK cooperation on climate and energy, none of them are guaranteed. The extent to which the relationship deepens will largely depend on the political commitment from both sides. Faster and cheaper decarbonisation could result from their cooperation, but this will only happen if both sides are committed to advance together.

About Clean Air Task Force (CATF)

CATF is a global climate NGO working to safeguard against the worst impacts of climate change by catalysing the rapid development and deployment of low-carbon solutions. Further information on CATF's focus in the UK and the EU.