

G7 Statement on Climate Club

Elmau, 28 June 2022

Recognising the necessity of the transition to a 1.5°C pathway and climate neutrality at the latest by 2050, we note with concern that currently neither global climate ambition nor implementation are sufficient to achieve the goals of the Paris Agreement by reducing greenhouse gas emissions. We aim to establish a Climate Club to support the effective implementation of the Paris Agreement by accelerating climate action and increasing ambition, with a particular focus on the industry sector, thereby addressing risks of carbon leakage for emission intensive goods, while complying with international rules.

The Climate Club is to be built on three pillars:

- 1) Advancing ambitious and transparent climate mitigation policies to reduce emissions intensities of participating economies on the pathway towards climate neutrality, by making policies and outcomes consistent with our ambition, strengthening emissions measurement and reporting mechanisms, and countering carbon leakage at the international level. In this regard, members would share best practices and work towards a common understanding of assessing ways to compare the effectiveness as well as the economic impacts of our mitigation policies consistently with our ambition to reduce emissions such as through explicit carbon pricing, other carbon mitigation approaches and carbon intensities.
- 2) Transforming industries jointly to accelerate decarbonisation, including through taking into account the Industrial Decarbonisation Agenda, the Hydrogen Action Pact, and expanding markets for green industrial products.
- 3) Boosting international ambition through partnerships and cooperation to encourage and facilitate climate action and unlock socio-economic benefits of climate cooperation and to promote just energy transition. As a complement, Just Energy Transition Partnerships (JETPs) have the potential to leverage support and assistance to developing countries for decarbonising energy and industrial sectors, transparency, including through financial, technical capacity support and technology transfer development and deployment depending on their level of climate ambition.

The Climate Club, as an intergovernmental forum of high ambition, will be inclusive in nature and open to countries that are committed to the full implementation of the Paris

Agreement and the decisions thereunder, in particular the Glasgow Climate Pact, and to accelerate their action to this end. We invite partners, including major emitters, G20 members and other developing and emerging economies, to intensify discussions and consultations with us on this matter.

We welcome the progress made during the German G7 Presidency across several G7 Ministerial tracks. We will work together, and with partners beyond the G7, to promote ambitious climate policy around the world. We endorse the goals of and will work with partners towards establishing an open, cooperative international Climate Club, consistent with international rules, by the end of 2022.

We will each designate relevant Ministers to develop comprehensive terms of reference while reaching out to interested and ambitious partners, and to report back to Leaders for approval of next steps to establishment by the end of 2022. We ask the OECD, the IMF, the World Bank, the IEA, and the WTO to support this process in line with their relevant expertise. In this regard, we welcome the OECD's Inclusive Forum on Carbon Mitigation Approaches (IFCMA) and look forward to its contribution to the Climate Club.