



G7 Clean Energy Economy Action Plan

May 20, 2023

We, the leaders of the G7, are acting and enhancing cooperation to address the climate crisis and accelerate the global clean energy transition to reach net zero emissions by 2050 at the latest. We reaffirm our unwavering commitment to the Paris Agreement. We recognize that public and private investment in the industries of the future both at home and around the world will be necessary to achieve these goals and that further cooperation is necessary in order to fill the investment gap for the clean energy transition to lower the cost of the energy transition worldwide. We acknowledge that our trade policies will play a major role in achieving our common goals and that these must be based on our commitment to strengthening the rules-based, fair, equitable, and transparent multilateral trading system with the World Trade Organization (WTO) at its core. We are working to comprehensively reform and strengthen the multilateral trading system so that it can effectively respond to the most pressing issues of our time including sustainable development and the clean energy transition. We stress that, in driving clean energy economy of the future, we will cooperate openly and transparently in a coordinated manner reflecting our joint commitment not to act at each other's expense. We commit to upholding the views mentioned above as the cornerstone of a just transition to a clean energy economy that achieves sustainable growth and high-quality jobs. In this context, we underline the significance of building secure, resilient, affordable, and sustainable clean energy supply chains and strong industrial bases that reduce undue strategic dependencies and benefit local workers and communities around the world. We also acknowledge the role clean energy technologies play in achieving these goals and to this end commit to research and further collaboration in this area. Our joint efforts to lead the transition to a clean energy economy will be based on our collective commitments to engage in policies that effectively incentivize partners to achieve an ambitious clean transition of their economies, lift workers, support marginalized communities, protect the environment, and uphold and strengthen the rules-based multilateral system. Acknowledging the clean energy aspirations of low- and middle-income countries (LMICs) and the critical role they play in the clean energy transition, our Action Plan seeks to deepen our cooperation with and support for partners around the world to ensure that the transition to the clean energy economies of the future reduces poverty and advances shared prosperity.

I. Moving Forward United

We will move forward united in order to achieve the goals of the Paris Agreement. While acknowledging that there are various pathways according to each country's energy situation, industrial and social structures, and geographical conditions, we highlight that these should lead to our common goal of net zero by 2050 at the latest, in order to keep a limit of 1.5 °C temperature rise within reach. To achieve this shared goal, we are working against zero-sum competition. As we implement our policies, we will seek to resolve differences that may arise through dialogue, cooperation, and coordination. We reaffirm our commitment to continue working within the open, cooperative, and inclusive Climate Club in collaboration with international partners to support global efforts to decarbonize our economies. We, as founding members of the Climate Club, look forward to making decarbonised industrial production the default business case over time, thereby contributing to supporting green growth, and addressing,

inter alia, carbon leakage and other possible risks to mitigation efforts, while complying with international rules. We welcome those countries that have already announced their participation.

II. Maximizing the Impact of Incentives

We recognize that achieving the goals of the Paris Agreement urgently requires significant new incentives, industrial policies, and public as well as private investments. We recognize that the clean energy transition will require filling the investment gaps to lower the cost of energy transition globally. We will work to ensure that our regulations and investments will make clean energy technologies more affordable for all nations and help drive a global, just energy transition for workers and communities that will leave no one behind. We commit to transparency and coordination on our policies so that they serve our common goal of maximizing deployment of clean energy technologies and practices, promote fair and free trade and are mutually supportive and consistent with our commitment to our multilateral trading system as well as preserving a level playing field, and will refrain from taking measures that undermine these efforts. Together we are working against zero-sum competition and developing policies and practices that promote global trade and investment so that our incentives maximize clean energy deployment and jobs for every partner—and allow capital to flow into LMICs.

III. Reducing Emissions Through Trade Policy

We recognize that trade and trade policies are important tools to tackle climate change and can be drivers of sustainable growth. Based on this recognition, we will pursue trade policies that drive decarbonisation and emissions reduction, by spurring markets to account for embedded emissions in traded goods, and affirm that environmental standards should not be lowered to unfairly gain competitive advantage. We welcome the work of the WTO in this area. We recognize that, while sharing common goals, our climate policies may take different approaches including carbon pricing mechanisms, regulations, and incentives. We will also collaborate intensively on our efforts to develop the necessary data and tools, such as information on embedded emissions throughout supply chains, to implement such policies. We recognize that the risk of carbon leakage may increase with more divergent climate policy ambition and will continue to work collaboratively, including with relevant international organizations, to address this risk. We request that the Organization for Economic Cooperation and Development (OECD) report to us on the progress of the Inclusive Forum on Carbon Mitigation Approaches (IFCMA) to explore methodological approaches for computing carbon intensity of goods or sectors.

IV. Establishing Resilient Global Supply Chains

The Covid-19 pandemic and the energy crisis have laid bare vulnerabilities in our supply chains, with significant impacts within and beyond our borders. We share a goal to increase total investment in the clean energy manufacturing supply chain and accelerating the development and deployment of relevant technology. We look forward to the International Energy Agency's (IEA) report of its progress on clean energy supply chain by COP 28. In addition, we recognize the importance of analyzing vulnerabilities of our supply chains including stress testing. We put emphasis on scaling up investments globally into the manufacturing and installation of clean energy technologies and diversifying clean energy supply chains

in a way that ensures they are secure, resilient, affordable, and sustainable, seeking to reduce and avoid undue dependency arising from geographically concentrated clean energy supply chains. In this context, we will support local value creation in critical minerals supply chains, including processing and refining, based on our commitment to our multilateral trading system to make them robust, resilient, responsible, and transparent. Cooperation is also necessary so that these supply chains are aligned with internationally-accepted standards on responsible business conduct such as the UN Guiding Principles on Business and Human Rights, ILO Tripartite Declaration and the OECD Guidelines for Multinational Enterprises. We commit to establishing new partnerships with LMICs that will play critical roles in building secure, resilient, affordable, and sustainable clean energy supply chains for local and global energy transitions. We will utilize the G7 Partnership for Global Infrastructure and Investment (PGII) to catalyze public and private finance towards quality climate and energy security investments that will support LMICs to fully benefit from the diversification of supply chains, reduce high-risk dependencies, and to meet their own clean energy transition goals. As part of PGII, we will seek to work with partners to develop a pipeline of bankable projects, by identifying new incentives and methods to unlock additional private capital towards these priorities to support and accelerate our partners' clean energy transitions and contribute to long-lasting economic growth in LMICs. In parallel, we task the Finance Ministers to turn their "High-level Policy Guidance for Public Finance Tools to Build Resilient Supply Chains in the Era of Decarbonization" into specific actions by developing the "Partnership for RISE (Resilient and Inclusive Supply-chain Enhancement)" in collaboration with interested partners and international organizations, especially the World Bank Group, with the aim at its launch by the end of this year at the latest. We will continue our collaboration through the Minerals Security Partnership to strengthen supply chains for critical minerals, promote responsible and sustainable investment in extraction and processing, and recycling and drive high Environmental Social and Governance (ESG) standards. We will promote supply chains in line with high ESG standards that ensure benefits to local communities and advance a just energy transition rooted in social dialogue, social and environmental protection, rights at work and employment. We also promote the private sector's adoption of due diligence requirements in line with the OECD Guidelines for Multinational Enterprises and the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas to increase responsible business conduct. To support this effort, we welcome the new report by the IEA to the summit and will ask the IEA to produce a clean energy manufacturing roadmap leading up to a high-level international workshop in 2023.

V. Promoting Clean Energy Technologies

We will continue working together to make clean technologies and sustainable solutions, in particular renewable energy technologies and energy efficiency measures, the most affordable, accessible and attractive option globally through international activities, and to lead by example through public procurement to catalyze sustainable supply chains. We promote research, wide use, import and export of clean energy technologies and products. We will do this in the context of promoting open, transparent competitive energy markets and will work to develop technical international standards for critical minerals markets through the International Organization for Standardization. We also underline the important role of start-ups and small and medium enterprises to contribute to innovation and technologies for net-zero, and look forward to the G7's collaboration with ambitious start-ups globally.

We will keep supporting the research, development, and deployment of clean technologies as a critical enabler of an accelerated clean energy transition in LMICs. As a first step, we invite the IEA to convene an international forum with relevant parties from the public sector, finance, corporate, research and start-ups.

VI. Promoting Trade and Investment in Clean Energy Goods and Services

We are committed to facilitating trade and investment in goods and services, including critical minerals that promote the reduction of greenhouse gases to help meet our climate objectives and mobilize additional capital for clean energy technologies while preventing economic and security risks caused by vulnerable supply chains. We will work together, in particular in international organizations such as the WTO to further facilitate trade of such services and goods that contribute to climate change mitigation and adaptation and promote the clean energy transition across the product's lifecycle. Specifically, we will work to identify environmental goods and services and technologies that meaningfully help combat climate changes and coordinate efforts among G7 countries to promote production and trade in those supply chains. As part of this effort, we will advance work at the WTO to promote a circular economy for clean energy goods and services. In addition, we will explore ways for trade rules and trade policy to incorporate these efforts, and further incentivize reducing embedded emissions in clean energy goods and services, in a WTO-consistent manner.

VII. Support for Global Partners

We are committed to supporting countries around the world as they fight poverty and reorient their economies to deliver inclusive and sustainable growth, full and productive employment, and decent work for all. We recognize that these longstanding development priorities are deeply intertwined with global challenges, including meeting ambitious climate goals. To that end, we reaffirm our strong commitment to support countries in clean just energy transitions, including ensuring successful progress of Just Energy Transition Partnerships, using the synergies with the PGII. We are stepping up our efforts to provide climate finance for LMICs. We are taking steps to evolve the multilateral development banks, starting with the World Bank, to better respond to global challenges as an essential component of poverty reduction and shared prosperity. While broader than clean energy, this evolution is an essential component of our strategy to ensure that economies beyond the G7 are well positioned to fully realize the benefits of the transition to the clean energy economy of the future. We welcome the organization of a summit on development financing by France in Paris in June to enhance the resilience of vulnerable countries and encourage the green transition of developing and emerging economies, while generally stepping up our efforts for the realization of the 2030 Agenda overall. Through this Clean Energy Economy Action Plan, we will work together to create trade policies that decarbonize our economies, accelerate the development of resilient clean energy supply chains, grow shared markets for clean energy goods and services, and mobilize significant public and private sector climate and energy security investments for our LMIC partners. We will engage in this work with partner countries around the world to overcome our shared energy and climate challenges and ensure a more stable and prosperous future.