

G7 'climate club' should work towards common carbon price, Germany's Scholz says

19 Jan 2022 | 16:09 GMT | **Insight**

By Giulia Bedini and Charlie Drape

Wealthy G7 countries should lead an "international climate club" for all nations willing to commit to ambitious emissions reduction plans, German Chancellor Olaf Scholz said today ahead of a summit this summer. Members should aim to reach net zero emissions by 2050, he said, and the group should try to agree on a common carbon price and a definition for green hydrogen.

Germany will push for global standards on carbon pricing and green hydrogen as it heads the G7 group of the seven leading industrialized countries this year, Chancellor Olaf Scholz said today outlining his plan to form an "international climate club."

"We will use our presidency of the G7 to turn that group into the nucleus of an international climate club," said Scholz, who took office last month. Canada, France, Germany, Italy, Japan, the UK and the US are due to meet for the next G7 summit in Germany in June.

"What we want to achieve is a paradigm shift in international climate policy ... we will no longer wait for the slowest and least ambitious. Instead, we will lead by example and turn climate action from a cost factor into competitive advantage by agreeing on joint minimum standards," Scholz told an online event* replacing the annual Davos summit of political and business leaders.

The climate club shouldn't be "exclusive," he said, but rather should remain open to all countries and respect international trade rules policed by the World Trade Organization. Scholz also promoted the idea in his previous role as finance minister, and his new coalition government — comprising his social democrats, the pro-business liberals and the Greens — embraced it in its formal coalition agreement (see [here](#)).

All members of the climate club will have to commit to a global temperature limit of 1.5 degrees Celsius above pre-industrial times, and to achieving net zero emissions by 2050 "at the latest," Scholz said today.

The club should take bold measures "by ensuring that we now start to reach those goals for instance by pricing carbon and preventing carbon leakage," he said, referring to industrial production being shifted to jurisdictions with laxer environmental standards.

— Green hydrogen —

The German chancellor further cited green hydrogen as a potential area of regulatory cooperation. "Within the climate club, we should work on a common understanding of what green hydrogen is and coordinate investment towards a reliable global supply," he said.

The EU has yet to come up with a clear definition, eagerly awaited by the industry, for the renewables-based version of the fuel (see [here](#)).

Germany, as well as the EU, are hoping to boost both domestic production capacities and imports for hydrogen, as they see it as a good way to curb emissions in heavy industries and transport.

*The Davos Agenda, World Economic Forum, online event, Jan. 19, 2021.

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