

Mr Robert Habeck
Minister for Economic Affairs and Climate Action
Federal Government of Germany
Scharnhorststrasse, 34-37
10115, Berlin
Germany

Brussels, 23 June 2022

Subject: G7 Leadership for a global sustainable and resilient recovery

Dear Mr Habeck,

European companies have encountered strong trade headwinds since the outbreak of the COVID-19 crisis, from increasing protectionism worldwide, to continued supply chain strains, decoupling tendencies, as well as outdated global trade rules and weakened global institutions.

To an already challenging global business environment came the Russian aggression in Ukraine, which is leading to major geopolitical shifts, and skyrocketing energy and commodity prices, increasing the risk of further fragmentation of the global economy.

In light of these extraordinary circumstances, and to complement European efforts to strengthen our open strategic autonomy, EU and G7 actions should be further reinforced to help accelerate the diversification of the European economy, including of course our energy sourcing. The G7 must also provide leadership in restoring rules-based trade and promote the modernization of global rules in line with growing expectations from consumers and businesses to drive forward global sustainability.

Mutually reinforcing policy responses to support inclusive and sustainable growth are more important than ever, at EU and at G7 level.. The G7 Leaders' Summit under the German Presidency at the end of the month is a valuable opportunity to forge partnerships with our closest allies to deliver together on those goals, as the EU cannot tackle global problems such as climate change alone.

In times of strained public budgets, we also need to expand market access and reduce barriers for new innovations and technologies, as well as green products and services, to help us deliver our economic transformation. The German G7 can and should provide the leadership to make the green transition a reality on a global scale.

In this sense, we welcome the German Presidency plans to establish an open, cooperative "Climate Club" within the G7, which can provide an important boost for international climate action, and international energy cooperation in particular. Decarbonisation alliances that focus on the transformation of industry have great potential for political success, since replacing fossil-based value chains is needed for a competitive, climate-neutral industry, but also in order to make industry more resilient towards supply disruptions. Alliances in this field must focus on labelling or product requirements and common standards for imports of carbon-intensive products.

At the same time, we support coordinated action on green public procurement within the G7,

which can prove transformative. A common market for low-carbon products or common access to the green procurement schemes of all members would present a strong incentive for joining such a climate club.

In the ever more important field of hydrogen, intensive cooperation is particularly important, since the development of green hydrogen remains a costly and resource-intensive process. International coordination through a green hydrogen alliance based on a common hydrogen market with uniform standards for green and sustainable hydrogen can avoid fragmentation and address market failures that hinder the expansion of supply.

The G7 should also pave the way for negotiations on preferential market access for environmentally friendly products and services to be reinvigorated at the WTO. Lastly, efforts geared towards the phase out of subsidies for fossil fuels and actively promoting companies that are developing sustainable and climate-friendly value chains should be a prime objective for the G7.

Please rest assured, Mr Habeck, that the European chamber network stands ready to assist you and your team in these efforts and we wish you a very successful Summit.

Yours sincerely,

A handwritten signature in black ink that reads "Ben Butters". The signature is written in a cursive, slightly slanted style.

Ben Butters