

Climate Club Members Statement



Delivered on 12 November 2024 in the context of the high-level Climate Club event at COP29

1. Keeping the 1.5°C limit within reach requires immediate, enhanced, and ambitious efforts to drastically reduce emissions in all sectors. **The industrial sector, responsible for about a quarter of global emissions, plays a pivotal role in the global transition** to a 1.5°C pathway and climate neutrality at the latest by 2050, as well as providing for new jobs and green growth opportunities.
2. Furthermore, the industrial sector provides primary goods as well as processed products that are **necessary to produce zero-emission technologies, infrastructure and materials, and to support economic growth**. At the same time, many goods in sectors with hard-to-abate emissions are globally traded. Whilst international markets can pose challenges for ambitious domestic mitigation efforts, they can also offer opportunities for joint action.
3. We aim to **support accelerating effective climate action and to support the implementation of the goals of the Paris Agreement** through **coordinated approaches to industrial decarbonisation, enhanced circularity of the industrial sector, and green growth**. We are convinced that we will **move faster, find better solutions**, and achieve more emission reductions, if we move together. Advancing industrial decarbonisation would increase the diversification of global supply chains, create decent and high-quality jobs globally, and support just transitions.
4. As Climate Club members, we recognise that a **set of actionable, implementable, and reliable policy frameworks is needed to accelerate industrial decarbonisation**. The years between now and 2030 are decisive in shaping policies that guide investments in industrial decarbonisation reaching beyond 2050 – and ultimately to limit global warming to 1.5°C.
5. Since its establishment, the Climate Club has **made significant progress on all of its strategic goals through the implementation of its Work Programme**, seeking synergies with other relevant international initiatives, such as the Inclusive Forum on Carbon Mitigation Approaches (IFCMA), the Breakthrough Agenda, the Industrial Deep Decarbonisation Initiative (IDDI), the IEA Working Party on Industrial Decarbonisation (WPID), and the Partnership for Net Zero Industry.
6. The **new nationally determined contributions (NDCs)** to be submitted in 2025 offer the opportunity for Parties to the Paris Agreement to plan **ambitious action, craft enhanced policies in the industrial sector, and to reflect their ambition in the design of their NDCs and national climate plans**. We encourage all Parties to the Paris Agreement to make use of this opportunity, in particular those countries where emissions in the industrial sector contribute significantly to the total share of national greenhouse gas emissions. Industrial decarbonisation can also contribute to the global efforts stated in the outcome of the first global stocktake under the Paris Agreement, paragraph 28. The Global Matchmaking Platform is supporting requests from emerging and developing economy members of the Climate Club for technical assistance to include industrial decarbonisation in the design of their new NDCs in a coordinated effort with similar platforms and initiatives.
7. We welcome the new Climate Club Work Programme (2025 – 2026), which reaffirms our intention to **jointly assume a leadership role** in reducing emissions in the industrial sector, whilst **considering that starting points, circumstances, speeds of transition, and domestic mitigation strategies** may differ. The exchanges will continue to work towards a common understanding through comparative analysis of the effectiveness and economic impact of different policies, including price-based, non-price-based and a policy mix of climate change mitigation instruments. Furthermore, we aim at jointly forming a big-picture vision on solutions to industrial decarbonisation challenges.

Pillar 1: Advancing ambitious and transparent climate change mitigation policies

8. We recognise that the **diversity of industrial decarbonisation approaches** shows the resilience of the international climate policy regime and are committed to sharing our experiences and best practices. At the same time, we acknowledge that the diversity in policy approaches and timing, as well as **different starting conditions for national decarbonisation** may have international spillover effects and could lead to the fragmentation of climate action. Such spillovers, which may be positive or negative, may include emissions-related spillovers (carbon leakage), economic spillovers, or technology spillovers. Furthermore, we acknowledge that the risks of negative spillover effects may generally diminish the more countries coordinate their decarbonisation efforts. Intensified collaboration can also create positive spillovers, such as knowledge and technology sharing.

9. We recognise that **carbon leakage, i.e. the increase of foreign greenhouse gas emissions caused by the introduction or intensification of domestic climate policies** — translating into different levels of domestic climate policy induced costs — **can undermine climate ambitions and the overall effectiveness of domestic and global mitigation efforts**. We take note of the most recent scientific evidence indicating that carbon leakage is more likely to occur when the level of mitigation ambition and action varies across countries.

10. We also acknowledge that the risk of carbon leakage and other spillovers has wider implications. **Carbon leakage and other spillovers can affect the competitiveness of manufacturers in countries with ambitious climate mitigation policies, the viability of investments in decarbonisation, and business confidence.** The risk of carbon leakage and other spillovers can also **affect the political acceptability of climate policy measures, and their effectiveness at reducing global emissions.**

At the same time, both mitigation efforts and measures to address carbon leakage and other spillovers might affect trade flows and production patterns or create other challenges for countries being affected by or implementing such measures. International cooperation can enhance the effectiveness of, reduce the risk of negative spillovers from, and increase acceptability of measures to mitigate climate change and respond to carbon leakage risk and other spillovers. In addition, providing technical support to help potentially affected countries decarbonise their economies faster and keeping in mind **the central role of the industrial sector for economic development**, as well as the aim to work towards just transitions, becomes even more crucial in this phase.

11. Continuing its Strategic Dialogue on spillovers, such as carbon leakage, the Climate Club also intends to deepen the conversation **on green industrial development**, as well as on **risks related to market fragmentation and the continued installation and maintenance of new capacities that do not meet current market demand in hard-to-abate sectors – notably, steel, cement, aluminium, and chemicals – which would be incompatible with the transition towards net zero**, as outlined in the [IEA Net Zero Roadmap](#), and on the role of such continued capacity expansion in undermining efforts to decarbonise these sectors, also by depressing prices regionally and globally.

Pillar 2: Transforming industries

12. **Lead markets for near-zero emission materials** play a significant role in accelerating industrial decarbonisation and should be scaled up this decade to further prove the technologies and to reduce costs to enable these technologies to gain dominance after 2030. We plan to deepen our cooperation and coordinate our efforts to scale-up lead markets, aiming to make decarbonised industrial production the default business case.

13. We maintain that **mutually recognised interoperable systems for accurately measuring and verifying emissions intensity in energy-intensive industrial sectors and general definitions for near-zero emission steel and cement production are important** tools for decarbonising industry, in that they provide incentives and transparency within markets and serve as a basis for multiple enabling policy mechanisms. Also, we highlight the importance of the general definition of low and near-zero emissions materials, which incentivise incremental progress towards net zero emissions while deterring any undesired lock-in effects for technologies not supporting the climate neutrality ambition.

14. We **affirm the IEA's suggestion for principles** for near-zero and low-emissions definitions of steel and cement and underline that **near-zero emissions definitions should be: ambitious, stable, technology neutral, globally consistent, physical, transparent, and accessible**, and low-emissions definitions should adhere to the following principles: **clarity on level of ambition, signals progressive improvement over time, technology neutral, global coherence while accounting for regional circumstances, clear communication on chain of custody, transparent, and accessible.**

15. We **recognise the emerging convergence** amongst scientific, public, and private initiatives concerning proposals for near-zero emissions threshold values for steel and cement production that are compatible with the net zero, 1.5°C pathway scenario. We **welcome the work of the IEA** on these issues and **note [the IEA's paper](#) "Definitions for near-zero and low-emissions steel and cement, and underlying emissions measurement methodologies: Summary of emerging understandings"** and recognise that tools – such as definitions and threshold values – will be used by different countries according to their own circumstances, policy objectives, and timelines while acknowledging that emerging market and developing economies may require more time and in some cases technical assistance to apply such tools. We **underline the need for interoperability in the standards, methods, and threshold values** that support assessing the alignment of steel and cement production with a net zero and a 1.5°C pathway, and recognising that further technical work is needed, **we will work towards such interoperability** within the Climate Club, starting with underlying emissions measurement methodologies, with the **aim of aligning positions on threshold values.**

16. We **recognise that several emerging definitions, certifications, standards, and labelling proposals may be compatible with incentivising near-zero emission and low-emission materials.** We highlight that a process is needed to **facilitate interoperability** of such proposals to enable an informed application of various standards in national policy. We, the Climate Club, will also explore options for collectively recognising the compatibility of different definitions proposals with the above-noted principles.

17. We **strive to explore possibilities for adopting definitions in domestic policies to support the development and scale-up of lead markets**, ideally drawing from existing common proposals and in consultation with industry, while recognising that these tools – definitions – will be developed and used by different countries according to their own circumstances and policy objectives.

18. To avoid unnecessary fragmentation, and promote reproducibility, comparability, and verifiability of information provided, we **aim to use and build on already existing emissions measurement methodologies for products and production processes** (e.g. ISO standards, Environmental and Carbon Footprint methods, Environmental Product Declarations, and Digital Product Passports) as well as internationally recognised emission accounting frameworks (e.g. IPCC Guidelines for National Greenhouse Gas Inventories), consistent with our respective international commitments, such as our commitments under WTO rules, rather than developing new frameworks and reporting tools, while recognising opportunities to improve existing work.

19. We **commend the IEA's Net Zero Measurement Principles'** intention of facilitating interoperability when considering revising steel, cement, and concrete emissions measurement methodologies.

20. We call on **standardisation bodies**, with input from affected stakeholders, **to assess the need for additional key details in terms of emissions reporting and close important gaps in different standards to facilitate interoperability**, and will look to do so in our own policies, in order to foster decarbonisation efforts and facilitate the use of primary data.

21. We aim to **initiate work with and via the processes of existing global standard setting bodies** to technically implement the results and principles of the Climate Club as well as other multi- and plurilateral fora like the Inclusive Forum on Carbon Mitigation Approaches (IFCMA). Further, we intend to engage with our national and regional standards bodies to feed into such a process.

Pillar 3: Boosting international climate cooperation and partnerships

22. We recognise that to reach the industrial decarbonisation goals, resources from all sources — public, private, national, and international — will be necessary to mobilise the required investments, while at the same time also recognising that the **financial and technical assistance for industrial decarbonisation in emerging and developing economies** will have to be further prioritised.

23. We **acknowledge that there is an urgent need to scale up support** for industrial decarbonisation and that the new knowledge generated by the Climate Club as well as its support mechanism, the Global Matchmaking Platform, can be used to improve the effectiveness of how assistance is designed, coordinated, and channelled. We intend to share these learnings, and closely cooperate and coordinate with other initiatives, especially the Breakthrough Agenda, to consolidate and enhance international assistance for industrial decarbonisation.

24. Furthermore, we **recognise that financing instruments and enabling conditions for the mobilisation of private capital for industrial decarbonisation are relatively new but do exist. We affirm that increasing awareness and promoting the implementation of these instruments** and conditions are essential for effective private capital mobilisation. Through knowledge exchange and peer learning among members as well as capacity building, the work of the Climate Club can inform decision-making to effectively mobilise private investment.

25. **We highlight the Global Matchmaking Platform as the central support mechanism of the Climate Club for industrial decarbonisation, coordinating support for emerging and developing economies, including Climate Club non-members and in synergy with the NDC Partnership.** Fully operational from COP29, the Global Matchmaking Platform will accelerate industrial decarbonisation by matching requests for assistance from emerging and developing economies with existing and possibly new international technical and financial resources, including assistance to incorporate industrial decarbonisation into the design of NDCs. The Global Matchmaking Platform's comprehensive support for industrial transformation will be instrumental in driving deep decarbonisation in heavy-emitting sectors.

26. The Climate Club **calls on its network of partners, potential partners, the donor community, financiers, and investors to contribute support and assistance through the Global Matchmaking Platform of the Climate Club in the form of existing and additional activities and funding, and, where possible, additional activities and funding into high-impact projects through a structured process.** This partnership approach enables emerging and developing economies to access the necessary resources for green industrial development.

27. Building on this, the Climate Club will furthermore focus its work in 2025 and 2026 on:

- Forming a big-picture vision on industrial decarbonisation challenges and cooperative solutions;
- Engaging in strategic exchanges to accelerate climate change mitigation action in the industry sector while addressing carbon leakage and other spillovers, by exchanging on best practices on policy approaches and fostering mutual learning on key aspects of industrial decarbonisation policies, identifying key enabling policies and conditions for making decarbonised industrial production the default business case over time as well as fostering synergies in different national pathways while increasing their effectiveness;
- Mainstreaming industrial decarbonisation by including industrial decarbonisation objectives in the development and implementation of Nationally Determined Contributions (NDCs), considering different circumstances in different countries;
- Continuing the joint work on common definitions for near-zero and low-emissions steel and cement production, and a process for determining interoperability of different emission measurement methodologies for production/products from these sectors as well as exploring expanding efforts to further industrial sectors, such as aluminium or chemicals; Develop joint approaches to stimulate demand and supply of near-zero emissions basic materials;
- Exploring guiding principles or objectives for actions to address carbon leakage and other spillovers and subsequently accelerating work on exploring options for coordinated policy approaches in this regard; leveraging the IFCMA's work and work of other relevant stakeholders to explore interoperability of carbon intensity methodologies; and recognising the wider context and the importance of upward alignment of climate policy ambition levels to reduce the risks of carbon leakage and other spillover effects.
- Fast-track the decarbonisation of heavy-emitting industries in emerging and developing economies by accelerating the mobilisation of technical and financial assistance through the Global Matchmaking Platform of the Climate Club.