

23 June 2022

RE: June Competitiveness Council outcomes and next steps

Dear Ministers of the Competitiveness Council,

On behalf of CLG Europe, I am writing to you following the discussion at the June Competitiveness Council. We welcome the discussion of a wide range of important topics of critical importance across Europe. We are pleased to note the growing attention towards the green transition from Competitiveness Council discussions. Moreover, we encourage this to continue in future, as it is critical we have interlinked discussions between industry and decarbonisation in order to reach our targets as set out in the EU Green Deal.

Strategic Industrial Ecosystems

We support the discussion around industrial ecosystems, which is particularly relevant in the context of the Russian invasion of Ukraine. We would like to highlight the importance of linking the discussion around strategic dependencies, robust trade policies and fostering investment with the wider ambitions of meeting Net Zero by 2050. The aims of the Green Deal must be interlinked with our industrial ecosystems to ensure a green, prosperous future for the economy.

Ahead of the REPowerEU energy plan, over 150 businesses and business networks including Microsoft, Unilever, H&M, Signify and Iberdrola wrote to President Ursula Von Der Leyen around the key role of accelerating the green transition. The letter states: 'At the core of the current energy security and price crises sits an overdependence on volatile, imported fossil gas, oil and coal. It is time for all of us to take necessary steps to strengthen Europe's energy security and resilience by accelerating the green transition.' The full letter can be found [here](#).

This demonstrates the growing voice from business and industry leaders on the importance of enhancing the green transition, as such it is critical that Ministers ensure that policies are interlinked with the goals of the Green Deal which can succeed at reducing our dependencies, enhance our prosperity whilst also caring for our planet.

Regarding reducing the use of raw materials, we highlight the role of building a circular economy can play in reducing European dependencies. The European Commission Report on Critical Raw Materials and the Circular Economy (2018) highlights the difference in energy and water use for scrap materials – which depending on the material can be up to 90% lower¹.

This also plays a key role in the transition to a green economy. As highlighted by the Ellen MacArthur Foundation, the tackling of climate change through energy efficiency and renewable energy will only address **55% of emissions** to meet net neutrality by 2050². Applying circular economy strategies in just five key areas (cement, aluminium, steel, plastics, and food) can eliminate almost half of the remaining emissions from the production of goods – 9.3 billion tonnes of CO2 emissions in 2050.

¹ European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Bobba, S., Claudiu, P., Huygens, D., et al., *Report on critical raw materials and the circular economy*, Publications Office, 2018, <https://data.europa.eu/doi/10.2873/167813>

² Ellen MacArthur Foundation, *Completing the Picture: how the circular economy tackles climate change*, <https://ellenmacarthurfoundation.org/completing-the-picture>

Consumer rights in the Green Transition

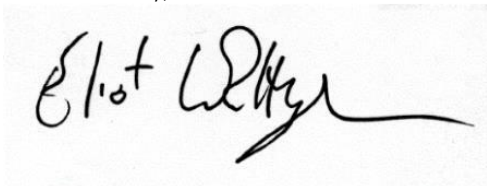
We welcome the discussion around the role of the consumer in building a climate neutral and circular European economy. CLG Europe's Taskforce for Climate Neutral and Circular Materials and Products published an analysis of this legislation as well as the rest of the Circular Economy Package published by the Commission at the end of March which can be found [here](#). The Taskforce is a cross-sectoral progressive group of leading businesses working to accelerate the transition to a climate neutral Europe, backs the key objectives as set out in the EU Green Deal and the Circular Economy Action Plan and therefore welcomes this new Circular Economy package.

We welcome the setting of a horizontal baseline of standards for sustainability information, whilst also looking to address the issue of loopholes and misleading labels which occur in this space. Nonetheless, as this is closely linked to the upcoming 'substantiating green claims' legislation, which is to be presented at the end of 2022, we note it is hard to gain a full picture of the measures the European Commission plans to propose.

More widely, building a circular economy is essential to contribute to the EU's climate objectives. Circularity addresses embedded emissions in materials and products, an area which so far has received less attention. Material emissions represent 45% of emissions, a significant share as many products are fuelled through crude oil and natural gas. These ultimately release emissions into the atmosphere at the end of life (via biodegradation or incineration)³.

CLG Europe thanks the Ministers of the Competitiveness Council for their diligence on tackling these critical issues. We look forward to continuing working with you to secure a competitive, sustainable and green future.

Yours sincerely,



Eliot Whittington
Director, CLG Europe

Cc: This letter will be shared with all relevant Ministers of the COMPET Council, European Commissioners and Members of the European Parliament

³ United Nations Environment Programme (2021). *Emissions Gap Report 2021: The Heat Is On – A World of Climate Promises Not Yet Delivered*. Nairobi.
Retrieved from: <https://www.unep.org/resources/emissions-gap-report-2021>