

Summary Note

Competitive Sustainability Roundtable

December 1, 2021 | 14:00 – 15:30 CET

About CLG Europe

CLG Europe is a climate-focused progressive business platform which seeks to seize the opportunity presented by the new five-year term of the European Parliament and a new European Commission to successfully influence Europe's response to climate and related challenges. It is convened by the University of Cambridge Institute for Sustainability Leadership (CISL). CLG Europe provides a voice for business that is influential, cross-sectoral and pan-European, bringing together world-class thought leadership, high-level policy-related convening and impactful communications and engagement.

Background Information

Economic performance and competitiveness are integral to the sustainable transition ('1.5 degree' aligned pathway and Net Zero by 2050). This requires a paradigm shift in definitions of competitiveness: from GDP to wellbeing (Macro level); from sectors to ecosystems (Meso level); and from shareholder value to stakeholder value (Micro level).

Mission-oriented, systematic innovation is a cornerstone to meeting EU 2030 & 2050 targets. Competitiveness in the transition to a sustainable, climate-neutral economy will be determined by innovation investment to meet societal needs while respecting planetary boundaries. Competitiveness indicators must align to the new reality of competitive sustainability both at policy and corporate levels.

This also comes in the wider context of international competitiveness. There is a wider race towards meeting climate neutrality, with other countries such as the US, Japan, China and South Korea also on their own journeys. By acting quickly, the EU can gain first mover advantage.

Competitive Sustainability

Competitive Sustainability is a new concept at the heart of European Commission strategic planning within the 2020 Annual Sustainable Growth Strategy, European Green Deal and 'Fit for 55' package, Covid-19 Recovery and Resilience Plans (RRPs) as well as the New Industrial Strategy for Europe.

CISL's working definition of Competitive Sustainability is: "the ability of an economy, companies, and industrial ecosystems to excel relative to international competitors in their transition to a sustainable economy – with climate neutrality at its core – through investment in the necessary innovation."

Currently, there is a lack of clear understanding and practical application of 'competitive sustainability', which prompts this discussion. Further information on Competitive Sustainability can be found in our 2020 report [found here](#).

CLG Europe and CISL's upcoming work

CISL is developing a tool to assess Competitive Sustainability performance, building on EU Taxonomy. Initially at country level and envisaged to expand to corporate level. CLG Europe is planning future engagement around the Competitiveness Council over the next year with specific attention on climate and the Fit for 55 package.

CLG Europe has also recently created the Taskforce on Climate Neutral and Circular Materials and Products – a group of leading companies whose objective is to drive the development, implementation and support of more ambitious, future-proof policies, programmes and initiatives in Europe. The Taskforce launched a policy briefing on the Sustainable Products Initiative on 16 December 2021.

Summary of Discussion

(Chatham House Rules)

Attendees

The roundtable was attended by business leaders and government officials. Industry businesses leaders represented progressive companies working in construction materials, aluminum, energy, and lighting. Officials represented European governments from Economic Ministries.

Context of the discussion:

The release of the historic Fit for 55 Legislative package and the recently concluded COP26 has reinforced the priority on reaching Net Zero targets for all EU industries, and has increased the challenge by focusing further on the 1.5 degree goal.

The EU Industrial Strategy establishes the key role of the European green deal to deliver EU leadership in the transition by integrating the digital transition as a key enabler of the green transition and competitiveness. With regards to the Competitiveness Council, there has been an agreed upon monitoring role, which plays a key link between Fit for 55, industry and wider economic policy.

Framing the discussion:

In advance of the Roundtable, participants were asked to reflect on the following three questions:

1. How can an ambitious Fit for 55 package deliver a green and competitive European Economy?
2. What key role can industry play in working with policy makers to ensure we deliver this?
3. How can the Competitiveness Council play a role to represent these views during the Fit for 55 negotiations?

Highlights from the discussion:

❖ Company climate ambitions

Business leaders presented their companies' sustainability and climate goals, as well as updates on progress and learnings from implementing their targets. Examples of how businesses have

innovated to meet their targets included new equipment, new fuels, more circular methods and production lines, high efficient plants and new partnerships.

❖ **Fit for 55**

Business leaders and officials overwhelmingly welcomed the Fit for 55 package as a positive necessity. It was also agreed that there is a strong need for cohesion amongst the various elements of the package, a need for predictability in practice and a stable framework, and a need for swift action by the EU in its implementation. The roundtable recognized that Europe should remain a leader in such policies and can benefit from a first mover advantage. One participant said “If Europe is slow, then others will take over. We don’t lack ideas, we lack speed.”

❖ **Role of the Competitiveness Council**

With regards to the Competitiveness Council’s role within Fit for 55, the Council is not responsible for any specific legislative acts. As such it must carve out a role to monitor the negotiations and implementation of the process to ensure alignment, competitiveness and fairness.

❖ **Need for partnerships and innovation**

The discussion emphasized a need for partnerships, amongst and between businesses and governments; likewise, between the public and governments. Several businesses and governments gave examples of successful existing partnerships. The conversation repeatedly brought up the need for accelerated innovation and highlighted the important role R&D partnerships could play in this.

❖ **Need for financing**

Business leaders stated that there is a need for an availability of financing. An official responded: “A message for business: money and financing will be available.”

❖ **Need for Data & Standards**

Business leaders stressed the importance of EU wide industry impact indicators as well as standards for data collection and reporting.

❖ **Other policies discussed:**

The conversation covered much ground, including but not limited to perspectives on the proposed EU Carbon Border Adjustment Mechanism (CBAM), revised EU Emissions Trading System (ETS), ECO design of the reporting directive, energy efficiency and building directives, public procurement, circular economy, digitalization, the Digital Products Passport and renewable power PPAs.