

13 May 2020

Dear Minister,

I am writing to you in relation to the EU Covid-19 recovery plans and industrial strategy, topics which will be on your agenda for the informal Competitiveness Council meeting this coming 15th May and on behalf of the [Corporate Leaders Group Europe](#) (CLG Europe) which represents and brings together business leaders committed to urgent action to accelerate the transition to a climate-neutral economy from across Europe.

The members of the group and I hope that you will ensure that the recovery from Covid-19 and implementation of the new industrial strategy are closely aligned with the goals of the European Green Deal. In particular, we want to offer our support to you in that, as we believe it will also lead to increased innovation, competitiveness and international success for the European economy, and the business and industrial ecosystem that underpins it.

CLG Europe has worked intensively to build business support for a green recovery across the EU. We have done this internationally through the [We Mean Business coalition](#), of which we are a co-founder, and in the EU, by supporting initiatives such as the [European Alliance for a Green Recovery](#).

There is now overwhelming evidence that well-designed public spending, investment and industrial policy can simultaneously create jobs and raise incomes while reducing greenhouse gas emissions and environmental damage. Our [recent report on jobs and skills in a climate neutral Europe](#) for instance demonstrates how decarbonisation policies can help ensure a labour market that is more resilient to shocks such as Covid-19 and to the impacts of long term megatrends such as automation. In addition it highlights the essential need to reskill and upskill the labour force to ensure a more resilient economy and one that benefits from advances like digitalisation that can also assist in the transition towards climate neutrality.

In the automotive sector, for example, investment in batteries and EVs will be crucial for the sector to remain competitive on a global basis. One study shows that such investment could lead to a net increase of 145,000 jobs in Germany alone by 2030. And in the steel sector, we cite modelling showing that hydrogen-based production in conjunction with a move towards the recycling of scrap steel can enable the industry to continue producing high-quality steel as well as reduce emissions and maintain jobs.

However, it is also clear that badly designed stimulus measures could exacerbate the wider ecosystem crisis, lead to wasted investments into stranded assets and increase the systematic economic risks posed by epidemics that have themselves resulted from the environmental crisis. Fortunately, we believe action on climate change and action to enable the economy to recover and reform are well linked – and the following measures can support such outcomes:

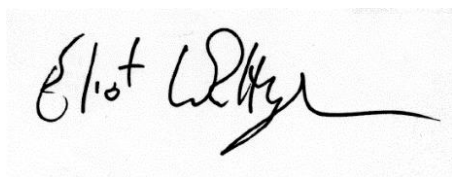
1. Investment in smart and resilient **infrastructure** for the climate neutral economy. This including physical and digital infrastructure for industry (e.g. CCS, zero carbon hydrogen) power (e.g. smart grids), transport (e.g. EV charging, hydrogen), homes and buildings (e.g. a renovation wave), as well as 'green' infrastructure such as nature conservation and land management.

2. Investment in **innovation** for climate neutral industrial ecosystems, covering both early stage R&D and subsequent large-scale deployment. This would include support to: demonstration projects for heavy industrial decarbonisation; zero carbon fuels for aviation, shipping and freight; and more ambitious measures to support the rapid development of a smarter and more circular economy, such as regulation to stimulate markets for and the wider use of dynamic climate-neutral standards in the Single Market in products and services in construction materials as well as more generally. Our [research](#) shows that materials recirculation and efficient use of carbon-intensive materials can take heavy industry - for example - half-way towards net zero emissions.
3. Investment in **skills-development**, to ensure new low-carbon and climate-neutral industries can access this in Europe as much as seeking them on the wider international marketplace.
4. Encouraging **business best practice**, by mandating companies receiving public support to adopt good management systems including risk disclosures as recommended by the TCFD and setting targets and strategies informed by science and aligned with Europe's climate ambitions.
5. Building **investor confidence by consistently raising ambition in line with the Paris Agreement goal of 1.5 degrees**, and by continuing to develop policies and measures that implement and deliver on the goals set out in the short as well as medium and longer term. This includes targeting GHG emissions reductions of at least 55% by 2030 and climate neutrality by 2050 at the latest.

Clearly, the recovery plans that are being developed at the European and national level could act on many of the above-mentioned measures. It is also the case that the implementation of the new EU industrial Strategy can also offer solutions as part of a longer-term approach. Working through our companies' experience, expertise and scale, as well as their wider ecosystem partners and value chains, we are keen to offer you support.

In this context, we shall be working to develop further ideas and recommendations based on research undertaken with world-renowned thought-leaders and partners in our network which we hope to be able to share with you in the coming weeks, months and beyond. We look forward to developing our relationship with you and your colleagues in the important endeavour that we all share at this crucial moment for the European Union and its ambition to demonstrate that the Green Deal is a growth strategy that can act as a model for the world.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Eliot Whittington', with a long horizontal flourish extending to the right.

Eliot Whittington
Director – CLG Europe

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