



*Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.*

12 March 2026

## **CAN Europe letter to EU leaders ahead of the 19-20 March European Council**

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**To: President António Costa, President Ursula von der Leyen, Members of the European Council, Members of the General Affairs Council**

**CC: Executive Vice-President Teresa Ribera, Executive Vice-President Stéphane Séjourné, Commissioner Wopke Hoekstra, Commissioner Jørgensen, Commissioner Serafin**

Dear EU leaders,

Ahead of the 19–20 March European Council, Climate Action Network (CAN) Europe, on behalf of more than 200 member organisations, representing over 40 million citizens across Europe, would like to share with you our recommendations with regards to key topics under discussion.

The CAN Europe network is deeply concerned by the war on Iran, the escalating conflict across the region, and the devastating human toll this brings. CAN Europe denounces breaches of international law and urges EU Member States to pursue constructive and united diplomacy to bring the war to an end.

This crisis is another stark reminder that Europe cannot achieve real energy security whilst remaining dependent on fossil fuel imports, regardless of their origin. At this moment, marked by wars, geopolitical shocks, profound industrial transformation and accelerating climate impacts, the decisions taken at this summit will be pivotal for Europe's future, with repercussions around the world. These decisions will help determine whether the European Union will choose to anchor its competitiveness, security and prosperity in a resilient, climate-neutral and socially just economic model, or to risk falling behind in the global transition.

The discussions on competitiveness and the 2028–2034 Multiannual Financial Framework (MFF) must therefore send a clear signal: Europe's economic strategy, security strategy and budgetary priorities must be firmly aligned with its climate objectives.

### **The EU's Multiannual Financial Framework (MFF) 2028-2034**

Investment in the green transition is a strategic imperative for Europe. The EU can safeguard competitiveness by ensuring leadership in the global clean technology race and by creating future-proof industries and jobs. Crucially, this enhances energy security and strategic autonomy by replacing expensive and volatile fossil fuel imports with domestic, renewable power. This approach would also directly address the cost of living crisis, as homegrown renewables provide permanently lower energy bills and shield citizens and businesses from geopolitical price shocks. A decisive shift to a decarbonised economy is the most effective route to a resilient,

affordable, and self-sufficient future in Europe, whilst delivering [quantifiable socio-economic benefits](#) for all Member States.

As acknowledged among others by the [Draghi Report on the Future of European Competitiveness](#) though, the EU faces an investment gap of at least EUR 477 billion per annum in order to decouple the EU's energy and transport infrastructure from fossil fuel dependence. [Other estimates](#) put this gap higher.

Within this context, CAN Europe calls on EU leaders to:

- **At a minimum, support the modest increase in the MFF's size**, as proposed by the European Commission.
- **Increase the green mainstreaming target to 50 per cent in the next MFF, earmarking 10 per cent of funds for biodiversity**. As the minimum, the current 35 per cent target proposed should be safeguarded, while removing exemptions from the calculation basis of this percentage.
- **Revise Annex 1 of the horizontal expenditure tracking and performance framework to prevent greenwashing** and funds flowing to activities that deepen the EU's reliance on fossil fuels. The proposed horizontal implementation of the Do No Significant Harm (DNSH) principle across the EU budget should also be supported, including a permanent phase-out of investment subsidies for fossil fuels.
- **Support the reintroduction of a [standalone LIFE programme](#)** to avoid the proposed fragmentation of LIFE actions across European Competitiveness Fund (ECF) and the National and Regional Partnership Plans (NRPPs) to fundamentally undermine this flagship programme.
- **Ensure dedicated earmarked funding for Just Transition Regions**, beyond the provision for a minimum amount of funds dedicated to less developed regions in Heading I. This will ensure predictable funding for regions in transition, following the phase out of the Just Transition Fund.
- **Increase earmarked funds for the [ECF's "Clean Transition and Industrial Decarbonisation" window](#)**, which currently represents only 11.2 per cent of the ECF (MFF component). This percentage should be increased to at least 43 per cent of the ECF; or at a minimum to 25 per cent of the MFF component of the ECF, ensuring an equal prioritisation of the four windows proposed.

### **Fostering Europe's industrial renewal, innovation and reducing dependencies**

Embracing Europe's industrial renewal cannot mean remaining locked into fossil-fuel based technologies and supply chains, where the EU will never again regain a durable comparative advantage. A resilient and competitive European industry will instead depend on accelerating the shift towards clean production, electrification and circular value chains that reduce structural dependencies on imported fossil fuels and volatile commodity markets. As more than 100

companies stated in an open letter, [a strong and predictable carbon price remains a cornerstone of Europe's industrial transformation](#). This is a key signal for investors deciding where to locate the next generation of clean industrial projects.

CAN Europe therefore calls on EU leaders to:

- **Maintain the stability and predictability of the EU Emission Trading System (ETS) framework**, avoiding ad hoc market interventions or the reopening of core parameters outside the ordinary legislative process;
- **Preserve the agreed trajectory of the system**, including the planned phase-down of free allocations and the integrity of benchmark revisions;

At the same time, building a “made-in-Europe” industrial strategy requires creating markets for clean products and supporting sectors where Europe can genuinely lead the next industrial cycle. It must therefore focus on sectors with real decarbonisation potential that can strengthen Europe's resilience, deliver quality jobs, and reinforce global climate ambition.

CAN Europe therefore calls on EU leaders to:

- **Rapidly deploy strong demand-side measures** under the [Industrial Accelerator Act](#) to create credible lead markets for low-carbon industrial products;
- **Increase the ambition of decarbonisation thresholds and performance criteria over time**, so that policy continues to reward genuine low-carbon production and reflects investments already underway in Europe;
- **Swiftly deliver a clear and ambitious definition of “green steel”** through the Ecodesign Regulation for iron and steel products. This should include a clear timeline that provides certainty for investors and supports the scaling of clean steel value chains in Europe;

### **Affordable Energy Prices**

At a time of persistently high energy costs and fossil fuel-driven price volatility, we urge you to prioritise solutions that deliver structural and lasting price reductions, while preserving the integrity of the EU climate and energy framework.

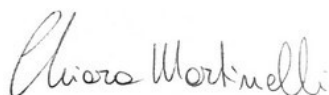
CAN Europe therefore calls on EU leaders to:

- **Accelerate the transition to a renewables-based energy system as the structural solution to lower costs:** Expanding renewable energy and non-fossil flexibility is the most effective and sustainable way to [bring down power prices](#), rather than reopening core elements of the EU framework, such as the Electricity Market Design or the ETS. The current price pressures are driven primarily by fossil fuel reliance, not the design of the electricity market, and [regions with high shares of wind and solar already demonstrate structurally lower wholesale prices and reduced exposure to fossil fuel price](#)

[volatility](#). The priority should therefore be to remove practical barriers that limit renewables' full price-lowering potential - including obstacles to long-term PPAs, grid bottlenecks, and insufficient deployment of storage and demand response.

- **Use targeted short-term measures that preserve market stability:** Member States have clear levers to provide relief to both industry and households without undermining price signals. [Reforming electricity taxation, by reducing or suspending excessive levies and shifting public policy costs from electricity bills to general budgets](#), can immediately lower prices. Where industry faces acute pressure, temporary and targeted lump-sum support, conditional on industrial transformation, is preferable to structural market interventions, as it avoids regulatory uncertainty. Importantly, revenues from the EU ETS provide a ready and coherent source of funding for such targeted measures. Undermining the ETS through structural market interventions would weaken the carbon price signal, risk reducing auction revenues available to Member States, and create regulatory uncertainty that could deter clean investment.
- **Place citizens and fairness at the centre of the response:** High electricity prices are driving energy poverty and eroding public trust in the transition. Any short-term industrial support should be matched by equally robust measures for households, ensuring fairness and social cohesion remain guiding principles of Europe's energy policy. This is why it is crucial to empower households to actively participate in the energy system and benefit directly from renewable deployment, as recognized by the recent Citizens Energy Package. Targeted income support and expanded access to energy efficiency can provide decisive relief, while enabling participation in demand response and energy communities will lower system cost and reduce bills over time. Progressive implementation of such measures is needed to ensure that intervention reduces social inequalities rather than exacerbates them.
- **Tax excess profits of fossil fuel companies:** [Taxation of fossil fuel](#) profits beyond temporary approaches is key to Europe's economy and energy security. The windfall profits of the fossil fuel industry, following Russia's invasion of Ukraine, have been flowing largely to shareholders. This must not be repeated. These colossal profits reflect a profound misallocation of capital: money that could be invested in the EU's productive economy - renewable energy, grid modernisation, energy efficiency and storage - is instead dispensed to shareholders. We call for a **permanent tax on fossil fuel excess profits**, which would raise public revenue and send a signal to investors that fossil fuel investments will yield lower returns in the future, helping redirect capital towards what is needed.

Yours sincerely,



Chiara Martinelli, Director