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 June 2026

CAN Europe letter to EU leaders ahead of the 18-19 June European Council

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 Dan Jørgensen, Commissioner Piotr Serafin

Dear EU leaders,

Ahead of the 18-19 June 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 regard to key topics under discussion.

Europe is once again paying a high price for its dependence on fossil fuels. More than one hundred days into the US-Israel-led war in Iran and the wider regional conflict have already added an estimated €62 billion to the EU's energy bill. Millions of Europeans are facing renewed energy price pressures and mounting cost-of-living challenges. At the same time, the devastating human toll of the conflict underscores the urgent need for EU Member States to pursue united, constructive diplomacy in support of a just and lasting peace grounded in international law.

This crisis is another stark reminder that Europe cannot achieve lasting affordability, prosperity, energy security or strategic autonomy, whilst remaining structurally dependent on fossil fuel imports, regardless of their origin. As you gather to discuss Europe's strategic priorities, including the next Multiannual Financial Framework (MFF) and competitiveness agenda, we urge you to deliver an EU budget that addresses the urgent need to accelerate the phase-out of fossil fuels across the Union and advances structural solutions to ensure lasting affordability and resilience against fossil fuel crises.

NEXT MULTIANNUAL FINANCIAL FRAMEWORK

The *European Commission's proposal* fails to guarantee that sufficient investments will flow into overhauling the EU's energy system to reduce our structural dependence on imported fossil fuels and enhance our strategic autonomy. As highlighted in the Draghi Report on the Future of European Competitiveness, the EU faces an annual investment gap of at least EUR 477 billion to decouple its energy and transport infrastructure from fossil fuel dependence.

CAN Europe therefore calls on EU leaders to:

- **Substantially increase the 2028-34 MFF's size**, either permanently or through a temporary joint borrowing initiative, in order to address the EU's pressing investment needs and gaps. At a minimum, the modest increase proposed by the European Commission should be safeguarded. The 2% cut proposed in the draft "negotiating box" (compared to the initial proposal for the 2028-34 MFF) should be rejected.
- **Increase the green mainstreaming target to 50 per cent in the 2028-34 MFF.** The proposed 35 per cent mainstreaming target is woefully insufficient if the objective is to mobilise sufficient investments to phase out the EU's reliance on imported fossil fuels through a just transition, whilst enhancing the EU's strategic autonomy through circular economy models and ensuring social resilience through nature restoration. At a minimum, the current 35 per cent target proposed should be safeguarded, with no 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 all EU budget instruments should also be supported, including a permanent phase-out of investment subsidies for fossil fuels.
- **Increase earmarked funds for the European Competitiveness Fund's (ECF) "Clean Transition and Industrial Decarbonisation" window**, which currently represents only 6.4 per cent of the ECF's MFF component. This percentage should be increased to at least 43 per cent of the overall ECF, or at a minimum to 25 per cent of the ECF's MFF component, ensuring an equal prioritisation between the four windows proposed. Further cutting the ECF in that regard, as suggested by the Cyprus' EU presidency "negotiating box" draft proposal, runs counter to the EU's strategic goals.
- **Support the reintroduction of a standalone LIFE programme** to avoid the proposed fragmentation of LIFE actions across the European Competitiveness Fund (ECF) and the National and Regional Partnership Plans (NRPPs), which fundamentally undermines this flagship programme. In that regard, we are highly concerned that the Cyprus draft "negotiating box" proposal from 11 June does not include earmarked funding for the EU's LIFE program.
- **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.
- **Ensure a strong Global Europe:** In these times of geopolitical disruptions and in light of the unfolding climate crisis, it is even more critical that the next EU budget contains a strong Global Europe pillar. The draft proposal by the Cyprus presidency to cut another EUR 7.5 billion compared to the Commission's proposal further undermines the EU's potential to be a strong partner to key countries and regions.

FOSSIL FUEL CRISIS, COMPETITIVENESS, AND GLOBAL ECONOMIC CHALLENGES

The lesson is clear from yet another fossil fuel crisis: Europe must accelerate the transition away from fossil fuels and towards a clean, resilient and future-proof industrial model. This requires that the EU's energy, climate and industrial policies are fully aligned and mutually reinforcing, providing the long-term certainty needed to unlock investment in renewable energy, energy efficiency, electrification, grids, storage and clean industrial production, alongside a strong and predictable climate policy framework.

At the same time, Europe must avoid turning industrial policy into a global zero-sum competition. Strategic autonomy should not come at the expense of international cooperation. The EU should therefore combine efforts to strengthen its domestic industrial base with partnerships that support clean industrial development globally, particularly in developing countries, while maintaining cooperation on the technologies and value chains essential for accelerating global decarbonisation.

CAN Europe therefore calls on EU leaders to strengthen the EU's strategic autonomy by:

- **Preserving a strong and predictable Emission Trading System (ETS), including keeping the existing cap trajectory at least until 2036 and the planned phase-out of free allocation**, is essential to provide investment certainty and accelerate industrial decarbonisation. Any remaining free allocations should be strictly linked to credible decarbonisation investments set out in mandatory Climate Neutrality Plans, ensuring that public support rewards transition efforts rather than delaying them.

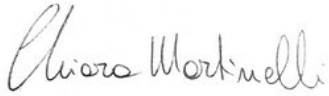
- **Giving a clear political mandate to develop a Fossil Fuel Exit Strategy, starting with a fossil gas exit plan**, to progressively reduce and ultimately eliminate Europe's dependence on fossil fuels while aligning energy security, competitiveness and climate objectives around a common goal. This should be accompanied by measures that ensure a just transition, supporting workers, regions, and low-income and vulnerable households, while accelerating the shift to an efficient, renewable, electrified and climate-neutral economy. Together with a broad coalition of industry associations, investors, workers' representatives, and civil society, we urge EU leaders to make this Europe's last fossil fuel crisis and establish a long-term framework for fossil fuel independence and economic security.

- **Supporting the development of a permanent tax on fossil fuel excess profits,** both to raise public revenues and to send a clear signal that fossil fuel investments will only deliver declining returns, thereby redirecting capital towards Europe's competitiveness and energy sovereignty, while supporting vulnerable consumers and accelerating investments in renewable energy, electrification, grids, storage and energy efficiency. Taxation of fossil fuel profits beyond temporary approaches is key to Europe's economy and energy security.

- **Supporting the creation of lead markets through the Industrial Accelerator Act**, underpinned by credible green standards and targeted at strategic sectors with the strongest contribution to EU climate objectives, economic resilience and shared prosperity, rather than pursuing a broad 20 per cent industrialisation objective that risks locking in carbon-intensive production pathways.

The challenge before Europe's leaders is not simply to respond to the crisis, but to show the courage and vision needed to make this Europe's last fossil fuel crisis. The next MFF, together with Europe's industrial, climate and energy policies, must lay the foundations for a resilient, secure, socially just, and climate-neutral economy that delivers lasting prosperity, security and strategic autonomy.

Yours sincerely,



Chiara Martinelli, Director