

CAN Europe letter to EU leaders ahead of the 15-16 October 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 15-16 October European Council, Climate Action Network (CAN) Europe, on behalf of more than 200 member organisations representing over 40 million citizens across Europe, urges you to use this summit to set Europe on course for a secure, competitive and affordable future. This means supporting a 2028-2034 Multiannual Financial Framework (MFF) that matches the scale of investment needed for the renewable energy transition and puts climate, nature and people at its core. It also means anchoring Europe's industrial renewal and long-term prosperity in the clean transition: tackling high energy costs at their root cause, Europe's dependence on imported fossil fuels, and giving industry the stable climate and energy framework it needs to invest, rather than weakening the laws that are driving its transformation. Our detailed recommendations follow.

NEXT MULTIANNUAL FINANCIAL FRAMEWORK

The *European Commission's proposal* fails to guarantee the investment needed to make Europe's energy system future-proof, reduce its structural dependence on imported fossil fuels and strengthen its 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, which is urgently required in the context of the acute energy crisis the EU is facing.

CAN Europe therefore calls on EU leaders to:

- **Substantially increase the 2028-34 MFF's size**, either permanently or through temporary [joint borrowing](#), 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. New own resources should be explored: the Spanish proposal for an EU-level levy on fossil fuel companies to finance an EU climate fund deserves serious consideration, given the growing costs of climate damage for public budgets and for whole sectors of the economy, from farming and tourism to energy infrastructure.

- **Increase the green mainstreaming target to 50 per cent.** 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 a circular economy model and ensuring social resilience, notably through nature conservation and restoration. At a minimum, the current 35 per cent target proposed should be safeguarded, with no exemptions from the calculation basis of this percentage.
- **Support the horizontal application of the [Do No Significant Harm \(DNSH\) principle](#) across all EU budget instruments**, including a permanent phase-out of investment subsidies for fossil fuels without exemptions.
- **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. Previous drafts of the negotiating box did not include earmarked funding for LIFE, and this must be corrected in the upcoming negotiations.
- **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. NRPPs must also prioritise support for people experiencing poverty, social exclusion and discrimination, in line with the European Pillar of Social Rights.
- **Ensure a strong and well-funded 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. Global Europe should represent at least 10.8 per cent of the total MFF envelope, with a 50 per cent climate and environment target and robust application of the DNSH principle. Further cuts to Global Europe would undermine the EU's partnerships with key countries and regions.

COMPETITIVENESS, INDUSTRIAL TRANSFORMATION AND FOSSIL FUELS

Europe's long-term prosperity depends on the success of its industrial transformation and on ending its structural dependence on fossil fuels. Around a quarter of the global pipeline of clean industrial projects is in Europe, but most are still waiting for a final investment decision. Meanwhile, households and businesses keep paying the price of Europe's exposure to fossil fuel markets: the EU still spends nearly EUR 400 billion a year on fossil fuel imports.

As Europe's business leaders [recognise](#), deregulation is not the answer. The answer needs to tackle the root cause, Europe's continued dependence on fossil fuels, and accelerate the shift 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,

renewables-based electrification, grids, storage and clean industrial production, alongside a strong and predictable climate policy framework.

CAN Europe therefore calls on EU leaders to:

- **Preserve a strong and predictable [Emissions Trading System \(ETS\)](#) as the cornerstone of Europe's industrial transformation.** The current cap trajectory should be kept at least until 2036 and the planned phase-out of free allocations maintained to provide investment certainty. Any remaining free allocations should be strictly tied to the materialisation of decarbonisation investments described in Invest in EU decarbonisation plans, ensuring that companies are actually supporting the shift to a fossil-free production model and are credible in their will to remain on the European continent. In addition, international credits and large-scale carbon removals risk weakening incentives to cut emissions at source and shifting costs to public budgets. They should therefore remain outside the ETS. ETS revenues should be directed towards productive investments that accelerate Europe's clean reindustrialisation - from clean industrial technologies and electrification to the infrastructure needed to deploy them at scale - while supporting workers and communities through the transition.
- **Giving a clear political mandate to develop a Fossil Fuel Exit Roadmap**, setting out how Europe will progressively reduce and ultimately end its dependence on fossil fuels, while aligning energy security, affordability, competitiveness and climate objectives around a common direction. The roadmap should establish clear trajectories and milestones for declining fossil fuel demand and imports, alongside the energy savings, renewables-based electrification and enabling infrastructure needed to replace them. It must ensure a just transition for workers and regions and affordable, accessible alternatives for households, particularly low-income and vulnerable households. At the same time, the current crisis must not become a pretext for weakening the EU Methane Regulation. Tackling methane emissions from domestic and imported fossil fuels must remain an integral part of Europe's energy security strategy, alongside rapidly reducing fossil fuel demand and dependence.

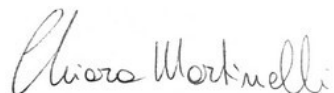
Ahead of the State of the European Union, a broad coalition of stakeholders [called](#) on President von der Leyen to **make this Europe's last fossil fuel crisis**. We now call on EU leaders to turn this ambition into a clear political mandate by backing the development of an EU Fossil Fuel Exit Roadmap.

- **Adopting a tax on fossil fuel profits**, both to raise public revenues and to send a clear signal that fossil fuel investments will deliver declining returns, thereby redirecting capital towards Europe's energy transition. People across Europe, starting with low-income households, need to be substantially supported in this journey, and lock-in of households into fossil fuels must be avoided by deploying targeted support measures. It is also crucial to accelerate the deployment of alternatives to fossil fuels by increasing investments in renewable energy, electrification, grids, storage and energy efficiency. [Taxation of fossil](#)

[fuel profits](#) beyond temporary short-term fixes is key to Europe's economy and energy security.

The challenge before Europe's leaders is not simply to respond to the current crisis, but to show the courage and vision needed to end Europe's dependence on fossil fuels for good. 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 and strategic autonomy. We remain at your disposal for further discussion.

Yours sincerely,



Chiara Martinelli, Director