

Brussels, 17 June 2020

To:

Executive Vice-President Frans Timmermans, Commissioner Viginijus Sinkevicius, Commissioner Stella Kyriakides, Commissioner Thierry Breton, Commissioner Kadri Simson, Executive Vice-President Valdis Dombrovskis, Commissioner Paolo Gentiloni

**Re: Urgent action to ensure policy coherence in industrial transformation to support synergies between climate and wider environmental challenges**

CAN Europe writes today to call upon you to build policy frameworks that guarantee economy-wide transformations that meet several environmental objectives. This letter specifically focuses on the policy tools being developed in the context of industrial transformation, spanning across the Industrial Strategy and the Circular Economy Action Plan.

These tools include the Industrial Forum, various Alliances, sustainable product policy, and the Sustainability Strategies for the cement, chemicals and steel sectors. Although this letter arrives in the context of work underway on the Chemicals Strategy for Sustainability, our messages similarly apply to other energy-intensive industries and to the full list of industrial ecosystem sectors.

The European Green Deal rightly brings together the climate crisis with other environmental crises such as biodiversity and habitat loss, partly through the circular economy agenda. Yet, in the urgency to restart the economy in the ongoing COVID-19 pandemic, there is a risk of focusing industrial transformation too narrowly on shifts in energy sources and energy efficiency as the only tools for achieving climate neutrality.

Although these are very important and necessary ways of helping achieve climate neutrality, we suggest to also look for more holistic and systemic approaches:

- **Industrial transformation must address multiple crises and challenges:** In addition to the climate and biodiversity crises, water resource use, pollution and effects on human health due to 'lifestyle' chemicals and pesticides, and nutrient cycles are all passing planetary boundaries. These effects continue to stem from unsustainable production and consumption patterns, requiring absolute reductions in resource use including energy and water.
- **Industrial transformation must link more strongly to 7EAP and circular economy aims:** Efforts on the circular economy must strongly integrate resource use reduction objectives, driving products designed as services, designed for durability, reuse, repair, upgradability, etc. They must also be designed for easier mechanical recycling at the end of their long lifetime.
- **Industrial transformation must also include new business models:** Products-as-services, the sharing economy, and other new business models are needed for companies to find value in less resource-intensive ways.

- **Sustainability strategies on cement, chemicals, steel and mobility must multiply industrial transformation efforts:** The Sustainability Strategies offer an opportunity to create a holistic approach to these key sectors, with important multiplier effects on a wide range of other products and on land use and territorial planning. It is crucial that all Commission services work together to build an ambitious, comprehensive and coherent approach in these strategies to bring more policy and regulatory certainty to sectors needing important investment levels.
- **The Chemicals Strategy for Sustainability specifically:** Of the three energy-intensive industries, the chemicals sector has the most flexibility in transformation due to the potential variety in company product portfolios (with more than 100,000 chemicals on the market). Two-thirds of the chemicals on the EU market are hazardous, needing swift and efficient elimination from the market, and many hazardous substances can already be eliminated because producing companies already have safer alternatives on the market. 21% of chemicals income is from plastics manufacture, so the Plastics Strategy objectives must also be linked to Chemicals Strategy for Sustainability. Regulatory certainty – through chemicals and product legislation – will help build a stronger business case for their faster elimination. The Sustainable Product Policy Framework initiative/extended Ecodesign Directive can drive coherent change very quickly, as shown through banning halogenated flame retardants in electronic displays.
- **Sustainable Product Policy can be an important lever:** We welcome the Commission's prioritisation of the 'intermediary' products of cement, chemicals and steel alongside key consumer products such as electronics, textiles and furniture. Addressing these products will provide important details on making a wider array of products more sustainable. The proposed sustainability principles are essential, to ensure a horizontal approach, and experience from the European Ecolabel has shown that companies apply criteria in business decisions even if they do not apply for the label. The sustainability principles could similarly provide industry with approaches to apply to products beyond those addressed by EU sustainable product policy.

As a recent OECD Economic Outlook released earlier this week suggests as a means of rebuilding economies hit by the COVID-19 pandemic: invest in people, invest in health, invest in the environment.

Together with the clearly stated EU MFF and Recovery Plan intention of the 'do no harm' principle, preparing industry now for more significant transformations that no longer pit profit against people and planet will help better ensure achieving European Green Deal and other EU environmental objectives.

We call on you to work together effectively to ensure that European industry develops ambitious pathways to a clean, healthy and inclusive future.

Yours sincerely,



Wendel Trio

Director