BRIEFING

SECURITY, COMPETITIVENESS AND SOVEREIGNTY:

WHY SUFFICIENCY MATTERS FOR THE EU

10 TARGETS AND MEASURES TO REDUCE ENERGY AND RESOURCE CONSUMPTION, FOR A COMPETITIVE AND SECURE EUROPEAN ECONOMY

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Europe is at a crossroads. Against the backdrop of growing geopolitical upheaval, the Commission has set out a series of flagship plans to boost the EU's economy. **The Clean Industrial Deal is an important step forward as it aims to strengthen European industries' competitiveness while accelerating their decarbonisation.** Security and affordable energy are central to the approach taken, as is circularity, to address the EU's needs of limited resources and reduce overdependencies on third country suppliers for raw materials. It sets out the EU's goal of becoming the world leader on circular economy by 2030.

The transformation that Europe needs in order to fully regain its competitiveness and sovereignty is also a transformation of demand: in fact, the cheapest and therefore the most competitive energy and materials are those which we can save. **Sufficiency**[1] policies, as a complement to efficiency solutions, are crucial to increase Europe's resilience and autonomy, cut costs for households and businesses, and achieve climate and sustainability objectives, by strategically reducing resource use. A reduction in volume is necessary for the EU to achieve the targeted proportions of electrification and circularity in a cost-effective and independent way.

This is why we are proposing to integrate sufficiency transversally into the key relevant sectoral policy initiatives and legislations currently under discussion at EU level. This document, prepared by some of the organisations behind the Sufficiency Manifesto (March 2024), gives an overview of how to proceed.

[1] *"Set of measures and daily practices that avoid demand for energy, materials, land and water, while delivering human wellbeing for all within planetary boundaries" (IPCC, 2022, AR6 – WGIII).*

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Circular Economy Act

1 BINDING RESOURCE USE TARGETS TO REDUCE THE EU'S MATERIAL FOOTPRINT

Goal: *Moving beyond the current focus of the circular economy policies on recycling and waste management to adopt a systemic vision on resources (including extraction and use) within planetary boundaries.*

What? The new Circular Economy Act should include a **binding reduction target** for the EU's material footprint. To fit within planetary boundaries, such a target should be below **5 tonnes** per capita by 2050 (a **66% reduction** compared to 2022 levels of 14.8 tonnes per capita), with mid-term reduction targets of at least **20% by 2030** (11.8 tonnes per capita per year) and at least **50% by 2040** (7.4 tonnes per capita per year). Targets should factor in not only volume but also the common good, ensuring equitable access for critical resources such as water and food. **National targets** for each Member State should subsequently be developed, indicated in tonnes per capita rather than a percentage reduction, taking into account specific Member State contexts, biocapacity, historical responsibility and more. Targets should be supported by setting binding caps on domestic raw material extraction and on resources'/ products' imports to the EU.

Why? Circular economy measures and targets to reduce resource consumption could **reduce dependencies on materials,** with significant potential economic gains. Reducing imports of aluminium, iron and copper alone could save €42 billion by 2040. In the case of **lithium**, one study has shown that circularity and sufficiency measures, together with technological improvements, could **reduce EU extraction needs in 2050 by 49%** compared to a reference scenario. This scenario of sufficiency and efficiency would reach 1 530 kt of cumulative lithium consumption from extraction over the 2020–2050 period, compared to 2 990 kt for a reference scenario. This would **cut the need for lithium from mining in half**, while remaining needs could be met via recycling. Such measures would allow the EU to secure a sustainable and reliable source of critical raw materials without relying on third-party imports or volatile global markets.

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2040 Climate Target for Energy

2 BINDING EU 2040 ENERGY CONSUMPTION REDUCTION TARGETS

Goal: *Putting sufficiency at the heart of a 2040 climate and energy framework to achieve the EU's climate neutrality objective.*

What? Introduce a **binding and ambitious energy savings target** for primary and final energy demand reduction for 2040, complemented with **binding national targets** to ensure implementation of energy savings measures in all sectors of the economy - particularly housing, mobility and their infrastructures, food and electrical appliances - and mobilise investments. The CLEVER scenario shows that, compared to 2019, a **-53% reduction in primary energy** consumption and a **-46% reduction in final energy consumption** by 2040 are possible, while the PAC Scenario even goes slightly beyond.

Why? Energy savings (efficiency and sufficiency) must be fully recognised as a lever that brings **many co-benefits to society**, including improved air quality, public health, and social equity. Sufficiency has not yet been well leveraged in the Commission's 2040 scenarios nor in EU energy system modelling. Yet energy savings measures are an opportunity to take advantage of many macroeconomic benefits beyond climate ambition, including significant **cost-savings to public budgets and reduced dependency on third-party imports** through better use of infrastructure and resources, while reducing overall vulnerability to external markets. As an example, the Commission's LIFE scenario (which includes lifestyle changes) reduces overall costs to the energy transition by 3.6% and investments by 8%. Greater climate ambition can therefore be less costly, if it is supported by greater demand reduction. Fully leveraging sufficiency can make it possible to reduce energy demand in Europe by 20 to 30% and free the continent from its dependence on energy imports by 2050, saving around €200 billion a year.

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In Germany, only 25% of cities currently track building vacancies and 8% identify infill potential.

EU Affordable Housing Plan

3 Obligation to monitor the use of existing buildings in Europe

Goal: *Ensuring efficient use of existing building stock by establishing a comprehensive monitoring system for use of buildings across Europe, to identify vacant and underused buildings with a potential to provide housing supply.*

What? Establish **common definitions** (vacancy, under-occupation, potential for conversion, etc…) and introduce a legally binding obligation for EU Member States to **systematically monitor the usage of existing buildings** (residential and non-residential). Mandate Member States to collect and report data on building use, targeting full municipal coverage by 2028 (*indicative*), with EU support to help cities close data gaps—such as in Germany, where only 25% of cities currently track building vacancies and 8% identify infill potential. Member States may merge insights from energy use (the EPBD requires Member States to monitor and report on building energy use), tax records, and municipal surveys. The EU should provide **technical assistance to municipalities** in creating localised systems for tracking building use, which can then feed into national and EU-level databases.

Why? As mandated in Dan Jorgensen's Mission Letter, the EU must develop proposals to tackle the **inefficient use of the current housing stock**. Indeed, by 2023, **one-third of the EU population lived in under-occupied homes**, and the **average office occupancy rate in Europe was 57%** in September 2023, still trailing the pre-pandemic average of 70%. This presents an opportunity to **make better use of existing buildings** to address the housing crisis, with potentially **positive**

impacts to public budgets and municipal planning. Despite these insights, the collection of data on vacancies and under-occupation across Europe remains inconsistent and lacks systematisation. **Systematic data collection** would thus ensure targeted investment, optimised urban planning, and evidence-based policies. With better data, under-occupied or vacant buildings can be repurposed to meet demand, especially in urban areas where land is scarce and necessary for adaptation and other ecosystem services. Such a measure would also allow better assessment of systemic issues with short-term rentals.

4 TAXATION AND ALLOCATED INVESTMENT TO ADDRESS VACANT AND UNDER-USED BUILDINGS AND ENCOURAGING REUSE/REPURPOSE

Goal: *Making the best use of the existing building stock to provide supply of housing where there is unmet demand.*

What? Fiscal measures such as the **taxation of vacant and underused housing** (including second-homes) based on the potential rental income, can help improve the use of the existing building stock to provide additional housing supply. In **France**, for instance, vacancy taxes have been successfully implemented and encourage owners to reintroduce empty dwellings to the housing market in areas where there is unmet demand for municipalities with over 50,000 inhabitants, and enters into force after one year of vacancy. It is proportional to potential rental income and starts at 17% in the first year, increasing to 34% in the following years if the property is still vacant. In addition, **allocate a fixed percentage** (e.g., 20%) of the pan-European investment platform for affordable and sustainable housing to **renovate, reuse and repurpose vacant & under-occupied properties** into energy-efficient, affordable housing units, targeting at least **100,000 conversions by 2030**. These investments must be accompanied by social safeguards, ensuring that repurposed buildings provide housing for vulnerable households struggling to find decent and comfortable homes.

In France, vacancy taxes have been successfully implmented in municipalities with over 50,000 inhabitants with unmet demands, after one year of vacancy.

Why? Around **1 in 6 residential buildings in Europe were vacant in 2011**. Taxes would encourage empty or under-occupied homes to be put back on the market, particularly in municipalities where there is unmet demand for housing. In combination with the proposed allocation in the pan-European investment platform, this would **optimise the use of existing buildings to create high-quality and affordable housing**. Optimising the use of the existing building stock rather than building new **reduces material cost and impact, creates local employment in renovation and repurposing, and mitigates urban sprawl** while addressing the housing crisis.

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Water Resilience Strategy

5 MANDATORY WATER IMPACT ASSESSMENTS IN ALL NEW EU INDUSTRIAL POLICIES

Goal: *Ensuring sustainable water management through comprehensive water impact assessments*

What? Implement **mandatory water impact assessments** for all new proposed industrial policies to allow for evidence-based decision-making and ensure long-term planning while making sure to **guarantee access to water for all**. Given the scarcity of freshwater sources, it is crucial to manage water wisely to avoid conflicts between users or territories and support economic stability.

Why? While water can be treated and transported – both highly energy-intensive processes – it cannot be produced. The available **water resources are finite**. Many industries that are central to the Commission's competitiveness strategy are also highly water-demanding (as highlighted in a study from Water Europe). It is therefore essential that industrial decisions, at EU, national, and local levels, fully **consider their impact on water resources**. Realistic assessments are needed of what can be achieved and where, in order to avoid creating conflicts between users. This is equally important for the business sector, as competition for water resources can generate uncertainty between economic activities. Ensuring predictability is crucial for business planning and long-term investment.

6 WATER REUSE PROMOTION ACROSS SECTORS

Goal: *Promoting water reuse across sectors while maintaining necessary water levels*

What? Promote **water reuse for agricultural, industrial, and urban uses**, where appropriate, while carefully ensuring environmental flows in rivers, to **reduce demand on limited drinking water sources** and strengthen the circular economy. Encouraging reclaimed water across sectors will bring significant **water savings**, improve water efficiency, and increase **water resilience**. Reclaimed water can be safely used in industry and agriculture, helping to preserve valuable freshwater resources. This is particularly important for groundwater, which should be safeguarded primarily for drinking water purposes.

Why? Europe's **water resources are facing increasing pressures**, creating serious challenges to water security. There is an urgent need for the continent to bolster its resilience and **safeguard sustainable freshwater supplies** for both people and the environment. **Water stress is already a pressing issue**, impacting 20% of Europe's territory and affecting 30% of its population annually according to the European Environment Agency (EEA). These figures are expected to rise in the coming years due to climate change and increasing demand from technologies key to the green and digital transition.

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Action plan for Energy Communities

7 EU TARGET FOR CITIZEN-OWNED ENERGY BY 2050, INCLUDING 2030 AND 2040 INTERIM TARGETS

Goal: *Using the plan for energy communities as a tool to boost self-consumption, citizen led renovation and heating & cooling projects, as well as energy efficiency and sufficiency policies.*

What? All EU citizens should be able to **access local, clean energy in a simplified and accelerated manner**. This can happen through the following targeted measures: 1) A revision of the Public Procurement Directive to **simplify partnerships between municipalities and energy communities**. 2) Guidance under the Electricity Market Directive to ensure that energy communities have a **level playing field to access the market**, including through PPAs. 3) Energy Communities prioritised in Renewables Acceleration Areas and Distribution Network Plans to give them **priority access to the grid**. 4) Space in the next Multiannual Financial Framework for energy communities with **dedicated funding instruments**, to support the crucial contributions of citizen energy projects in meeting broader renewables targets.

Why? Through soft and hard interventions (such as capacity building, or housing renovations) **energy communities help their members lower their energy consumption**. Through local renewables production energy communities can shield their members from the impacts of high and volatile wholesale electricity and gas prices, and can **contribute to grid flexibility**. Research in France and Germany shows that locally owned renewable projects deliver **2 to 8 times more return to the local economy** than projects built by external developers. These revenues are reinvested locally to fight energy poverty, promote energy efficiency, and support education. Furthermore, prioritising **local ownership builds public acceptance** of RES projects.

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Research in France and Germany shows that locally owned renewable projects deliver 2-8 times more return to the local economy than projects built by external developers.

EU Automotive Industrial Action Plan

8 EUROPEAN SCHEME TO ACHIEVE LOW-CARBON MODAL SHIFT, AFFORDABLE ACCESS TO QUALITY PUBLIC TRANSPORT AND RESOURCE-EFFICIENT VEHICLE DESIGN

Goal: *Using the automotive industrial action plan and related support and implementation measures to guide vehicle design and mobility policies and support to low impact options.*

What? Central to a sustainable and just transport system are **clean and effective public transport options**, a **modal shift to active mobility**, in combination with fewer and smaller cars on the road. A European scheme to achieve this should encompass a package of measures including significant investments in low-carbon transport and pricing mechanisms **based on actual environmental impact** (lower fares for buses and trains compared to personal passenger and air travel). Financial incentives should also be introduced to **stimulate resource efficiency** (promoting the sales of smaller electric cars), as well as an ambitious financing scheme to promote **shared mobility services** (such as carsharing and carpooling) and make electric vehicles more accessible for low-income households through **social leasing** (announced as part of the coming Recommendation on Transport Poverty). **Spatial planning strategies** are needed that favour public and active transport (such as cycling and walking), while allocating less urban space to cars; making sure car users pay the real cost of parking and driving. The legislative proposal to decarbonise **corporate fleets should include resource-efficiency requirements**. All public financial support for the battery or automotive industry (including the Battery Booster Package, announced in the Industrial Action Plan for the automotive sector) should include **social and environmental conditionalities and resource-efficiency requirements** that incentivise manufacturers to produce smaller batteries and light-weight vehicles.

Why? According to the International Transport Forum, **urban transport emissions** (accounting for 40% of all passenger transport emissions) could be reduced by 80% by 2050, following a combination of policies that **reduce individual car use and improve public transport**. Having fewer cars on the road also requires a paradigm shift away from individual car ownership towards **active and shared modes of transport**. Lower transport costs would benefit citizens and shield them from fossil fuel price volatility. Modal shifts and support for compact EVs take-up would improve air quality and contribute to **better public health**. Ultimately, a focus on resource efficiency would foster a **resilient European EV supply chain**, reduce dependency on external manufacturers and **enhance the competitiveness** of the EU's automotive sector.

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Revision of public procurement Directives

9 MAKE THE USE OF PRICE-QUALITY CRITERIA MANDATORY

Goal: *Moving beyond the dominant procurement approach prioritising price considerations over those linked to sustainable use of resources, quality and innovation.*

What? The public procurement directives should mandate the use of a **price-quality ratio** to emphasise qualitative aspects, such as sustainability, to strengthen EU resilience and reduce dependence on raw materials. This could be done using tools such as **Life Cycle Cost (LCC)**. This should be accompanied by **standard LCC methodologies that consider the entire life cycle of a product, service or works** (from production to end of life and beyond). Guidelines should be established for all product categories, with priority given to **high-impact sectors**, such as construction and information and communication technologies where GHG emissions and environmental externalities are significant. If contracting authorities select the lowest price, they should be required to justify their decision in the tender document. Additionally, to ensure sustainability plays a central role, a **minimum mandatory weighting for quality criteria** should be introduced.

Why? Making LCC mandatory would enable **fairer competition for circular and innovative suppliers**, whose products may have higher upfront costs but offer long-term benefits while accounting for environmental externalities. **Focusing the procurement on the process of managing the product over its lifecycle, instead of only on the product itself**, can generate significant carbon emissions savings and reduce resource depletion. For example, the city of **Malmö** included circularity requirements in the tender for signage and navigation. To evaluate the circular approach, the municipality conducted a life cycle assessment (LCA) comparing the most common signs in the contract. The analysis detected 50% carbon savings linked to replacing parts of the signs, instead of putting up new signs, as well as the savings linked to reused aluminium versus virgin aluminium (42,6 kg per sign).

The city of Malmö's (Sweden) used life cycle assesment to compare tenders for street signs, achieving 50% carbon savings by replacing parts instead of installing new signs and using reused aluminium, saving 42.6 kg per sign.

10 Establish mandatory sectoral Green Public Procurement criteria and targets

Goal: *Unlocking the potential of public procurement to reduce material consumption and lower carbon emissions.*

What? Legal uncertainty regarding the inclusion of environmental criteria in tenders often leads to vague award criteria, leading to less ambition and innovation. **This lack of clarity hinders the development of lead markets for decarbonised products**, putting EU leadership in key industries at risk. To address this, the revised directives should establish **clear rules for integrating environmental aspects at all stages of procurement**, including selection criteria, technical requirements, award criteria, contract management and exclusion grounds. A **target on GPP uptake** would ensure an effective integration of sustainability, fostering long-term environmental benefits. For example, this could consist in **100% of public contracts incorporating at least one environmental clause by 2030**.

Why? The integration of environmental and circularity clauses in tenders allows for significant **raw materials and emissions savings.** For example, by including ambitious sustainability and circularity goals in tenders for IT equipment, the **Dutch ministry of Economic Affairs and Climate policy** avoided 4,400 kg of e-waste, 46 tonnes of CO2 and recycled more than 1000 kg of raw materials (gold, copper, silver, palladium). Similarly, the Flemish Government included circularity criteria in the tender to procure furniture, leading to significant reduction in waste (1,123 pieces of furniture) and virgin material extraction (86,944 kg).

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