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MADE WITH EU *GREEN CRITERIA*

Why “Buying Sustainable” can future-proof EU industry

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Executive summary

The European Union's industrial and agricultural base faces rising input costs, global overcapacity, and intensifying international competition. In response, calls for "Buy European" policies and local-content requirements have gained political traction to support strategic industries at home.

However, to secure a future-proof industrial and agricultural ecosystem, the EU must remain open to sustainable innovations that can go beyond origin requirements. Raising environmental and social standards across the EU market should be the compass, creating demand for green, circular, and socially responsible production; from low-impact materials to circular-economy solutions. This is the sensible path forward, a race to the top, to support industries critical to Europe's future, while setting global standards for value chains beyond the EU borders.

It is not just about where products are made, but how they are made. 'Buy European' policies should be linked to the highest sustainability and social standards, rewarding clean industrial and agricultural leaders, not local laggards. Public procurement rules should also go beyond origin, acting as a transformative tool, as other EU frameworks have already demonstrated (i.e. think Energy Label). By tying market access to performance, the EU can improve global value chains, drive innovation, and reinforce long-term, sustainable competitiveness.

Recommendations

- **Link public procurement to sustainability and social responsibility**, rewarding high-impact producers, who work with nature, accelerate decarbonisation, reduce environmental damages, protect workers' rights and uphold high animal welfare standards.
- **Target strategic sectors** such as proven clean technology (renewables, grids, heat pumps, batteries), organic and other agroecological farming systems, green steel, low-carbon cements/ concrete, and circular-economy solutions, to create lead markets. Deprioritise costly distractions such as CCS/CCU, nuclear, or oversized hydrogen projects.
- **Leverage the EU standards to improve global value chains**, ensuring imported products are required to meet environmental and social benchmarks in public procurement.
- **"Buying European"** only for products that are higher in sustainability, covering all environmental and social impacts.
- **Integrate the EU product regulations** (e.g., Ecodesign for Sustainable Products Regulation, sectoral legislation, voluntary tools like the EU Ecolabel) with procurement strategies to drive systemic industrial transformation.
- **Promote international alignment** with like-minded partners on climate, social rights, and circularity to reinforce cooperation and reduce leakage.
- **Local preference only for products** entirely through short supply chains, taking seasonality into consideration when relevant, and toxic-free production.

By adopting this approach, Buy European can go beyond protectionism. Policies in this direction should be part of a forward-looking, transformative strategy, positioning the EU as a global supporter of sustainable, socially responsible, and competitive agricultural and industrial production.

Fragmented global trade rules challenge the EU's economic viability.

Global trade and geopolitics are entering an era of fragmentation and rival blocs. Historical collaborations and trade partnerships are being reassessed, a trend sharply accelerated by the Trump administration's appallingly narrow and transactional view of global economic, environmental and social challenges.

In this difficult context, the European Commission has proposed a series of simplification and deregulation omnibuses, rolling back elements of sustainability, trade, environmental standards. At the same time, it is repackaging industrial policy through initiatives such as the clean industrial deal, presented as a successor to the European Green Deal, all while removing environmental protections from its agricultural policy. One key shift in these policies, perceived as protectionism, is the idea to introduce "Buy European" or EU/local content criteria in public procurement - and potentially beyond, into international trade policy.

While the precise design of these criteria is still unclear, concerns have been mounting in recent months. Strong voices warn of inflationary costs, heightened global trade disputes and the risk that eastern EU member states could lose out on production and investments. The main drivers of the discussion remain the specious claim that unnecessary and stifling regulatory burden on the EU's farming sector and steel, automotive and chemicals industries, followed by the risk of unfair competition created by the flooding of low-priced goods from the EU's Asian and Latin American partners.

These structural challenges, specious claims along with high cost of energy in the EU have also prompted the EU to explore measures outlined in the Draghi report, including both indirect and direct subsidies for energy and electricity.

At the same time, many stakeholders continue to stress the importance of preserving a rule based open market[1] [2]. The central trade-off is increasingly clear: how to achieve economic stability and wellbeing in the EU while protecting strategic sectors without undermining a rules-based trade system. The focus is currently moving towards further protection of the agricultural and industrial sectors – but the shape, scope and conditions of that protection remain very much up for debate.

Global resource governance and the impact of global trade.

Since the last century, changes in global power and trade dynamics have encouraged an increase in specialisation of production in different world regions and in the globalisation of supply chains. Global trade has hence become a major channel through which many planetary environmental limits are exceeded, which cannot be tackled with national or regional policies alone.

Global trade agreements are not geared towards a global resource governance, and they do not support the internalisation of environmental externalities. They also crucially do not ensure that global resource use remains within planetary boundaries.

The material footprint[3] of high-income regions, including the EU[4] is several times higher than the footprint of low-income countries, reflecting the role of international supply chains in providing the imported materials to meet domestic consumption. Resource extraction and processing make up about half of the total global greenhouse gas emissions and more than 90 per cent of land- and water-related impacts (biodiversity loss and water stress).[5] Air pollution caused by the displaced impacts of production related to processing raw materials is in addition to these land and water impacts.

Despite the increase of consumption footprints[6] for many emerging middle-income countries in the last decade, the consumption share of the EU's emissions is large, and the EU-27 is still [7] a net importer of environmental impacts, implying that the consumption footprint is higher than the domestic footprint of environmental impacts. An earlier analysis in 2019[8] also shows the 14 environmental impact categories[9] for the EU's imports and exports, from 2000-2010, almost all show a higher impact of the EU's imports on the environment compared to the EU exports. The trade balance of net environmental impact therefore increases regardless of the less environmentally impacting EU's exports, because the imports to the EU have far higher impacts than the exports from the EU, for every Euro traded. The impact assessment [10]of the Ecodesign sustainable products legislation published in 2022, confirms these embodied environmental impacts in imported goods.

These studies, based on environmentally extended input-output statistics and consumption-footprint analyses also show that in certain sectors like textiles and apparel, basic metals, and in some cases, bulk chemicals, the EU's imports tend to embody higher environmental impacts than comparable EU production on average, particularly for environmental impacts such as particulate matter, toxicity and eutrophication.

Alongside environmental impacts, adverse human rights impacts (e.g. forced labour, labour exploitation, environmental degradation) also occur across the world fuelled by the EU's consumption and supply chain patterns.

The EU's imports, over 45% of the EU's GDP, must therefore be included in any measure the EU takes internally, to achieve its environmental and social objectives.

The EU consistently ranks among the strongest performers globally in social rights, equal opportunities, fair working conditions, social protection and inclusion compared to the rest of the world and even among OECD countries[11]. The European Pillar of Social Rights, proclaimed and signed in 2017, shows steady improvements in its social scoreboard indicators[12] since 2014 across areas such as gender employment and pay gaps, schooling, employment rate, social inclusion. The Social Protection Committee's annual report reported an overall decline in people at risk of poverty and social exclusion in 2024. [13]

EU laws and policies have consistently targeted reduction of environmental impact. Legislations covering industrial emissions, Ambient air quality, emissions trading systems, water emissions and REACH legislations have all been in force for the last 20 years, bringing significant results.

Since the mid 2000's [14] The EU has seen, for example,

- An 85% reduction in SO_2 emissions, 53% reduction in NOx emissions, 35% reduction in Non-Methane Volatile Organic Compounds (NMVOC's), 38 % reduction in dust and 17% in ammonia emissions to air. Overall, 45% reduction in premature deaths.
- A 35% reduction in GHG emissions by industry and buildings.
- A historic high of over 25% share of renewable in EU final energy use in 2024[15] with over 16 million jobs.
- 26.1 % of EU land and 12.3% of its seas are protected.
- A 43% reduction in cadmium emissions, 57% in mercury and 46% in lead. [16]

These impact rates are impressive, but inadequate[17] to meet the climate and equity commitments in the Paris agreement. Nevertheless, they are important steps in the right direction, and the EU should continue to build on past successes in reducing domestic environmental and social impacts. At the same time, it should strive to replicate those successes to further reduce impacts of imported products for domestic consumption.

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The EU should focus on social and environmental impact first.

A trade preference based on reducing environmental impacts doesn't just advance the EU's policy goals but also gives a competitive advantage to the EU companies which have invested in reducing environmental impacts of their products beyond just greenhouse gas (GHG) emissions. EU companies are familiar with global environmental standards and certifications which helps with lowering the administrative burden involved. The current import-driven consumption patterns, focusing only on where the price is lowest, are partly driven by a lack of pull effect for sustainable demand. The EU can leverage its single market to achieve better standards both in the EU and globally by preferring an alignment with higher environmental standards.

The EU's exports to the world are dominated[18] by high value machinery and transport equipment (39.2%), followed by chemicals (21.7%) and related products and manufactured goods (21.6%) while food and raw materials have a much smaller share. This indicates that a significant share of the EU's export-oriented environmental footprint is embedded in raw materials and intermediate products the EU imports, to make those same export products. Reducing the environmental footprint of EU imports can simultaneously reduce the footprint of domestic consumption and the embedded environmental impacts of EU exports.

The EU's Ecodesign for Sustainable Products Regulation (ESPR) is a one-of-a-kind horizontal product legislation assessing multiple environmental impacts of a product and setting corresponding information and performance requirements for them. It's difficult to find a comparable legislation globally which encompasses a vision of making sustainable products the norm. This applies to all products placed in the EU, manufactured or imported, and has the potential to phase in sustainability globally.

The carbon border adjustment mechanism (CBAM), in force since 2023, acknowledges the significant reductions of GHG emissions by the EU industry over the past two decades of the EU's climate policy. By applying a carbon price adjustment equivalent to the cost paid by the EU industry under the EU emission trading system (EU ETS), it aims to prevent carbon leakage and gets the EU industry to a level playing field. It is important to note that non-EU countries with carbon pricing systems that are equivalent to the ETS are exempt from the CBAM, enabling it to effectively be extended beyond the EU, and to potentially protect a much wider range of countries than EU member states. It is an example of how the EU can leverage its environmental standards to help phase out GHG production globally, while simultaneously protecting industrial decarbonisation.

A preference for "Made in the EU" without a sustainability ambition is problematic for two main reasons. First, it puts provenance over sustainability, which could distract from meeting EU-wide goals and international commitments. Second, it would have repercussions for the EU's leadership on the global trade scene, bringing further uncertainty vis-à-vis the products that we still rely on imports.

Social and environmental sustainability must be enshrined in the "Made in the EU" preference: EU products must perform better on sustainability, including GHG emissions, environmental and social impacts, assessed through transparent and comparable metrics, if they are to enjoy a preference status over imports. This ensures the future competitiveness and resilience of EU industry while making progress on the EU's environmental and social goals and responsibilities.

This is also compatible with a "Made with the EU" framework which embeds the sustainability preference first, while enabling the EU to use market access and demand leverage to drive the reduction

of environmental and social impacts of global trade and consumption. The EU should prioritise global trade partnerships based on sustainability, working with partners committed to protecting the climate, biodiversity, resource consumption and social rights to support a just transition and keep global resource use within planetary boundaries.

A Buy sustainable preference is best placed as a procurement policy.

Introducing a preference for the most sustainable EU products that have the least environmental and social impacts is the best option within public procurement policy as opposed to a general trade preference based on origin. Even in public procurement, the measure should target sectors where the EU imports have the most environmental and social impacts, to ensure that the EU promotes its own sustainable products.

This offers the most benefits, for many reasons:

1. EU taxpayers' money should be invested in products that have low environmental and public health impact, therefore supporting the public good. Such investment would also accelerate the progress towards the EU's environmental, social and public health policy goals.
2. A sustainable innovation-based preference is best placed and scaled in public procurement, with special procedures to implement innovation procurement for specific strategic sectors, especially when markets are risk averse or investments are capital intensive. Considering the size of public procurement expenditure at 15% of the EU GDP and over 2 trillion EUR, even a 1-2% share of procurement expenditure exceeds many dedicated but time bound innovation funds over time.
3. Public procurement allows any such "preferences" to be targeted[19], proportional and have less distortive effects on the market.
4. Global Public procurement norms enable performance-based preferences rather than origin-based preferences.
5. When environmental or social preferences are introduced for targeted and strategic sectors, public procurement is best placed to create lead markets, reduce investment risks (long term contracts) and foster the transition to sustainability across sectors.
6. The Public Procurement Directives can be better aligned with sectoral legislation, integrating the targets, standards and minimum requirements therein.
7. The International Procurement Instrument, in force since 2022, allows the EU to restrict access to EU procurement markets to economic operators that do not provide reciprocal access to their procurement markets.

Moreover, the EU is a signatory to the Agreement on Government Procurement (GPA), a part of the World Trade Organisation (WTO), along with most of the OECD members as signatories. Many members of the WTO, like China, Russia and India are not part of it.[20]

The GPA does not allow origin-based procurement, but it does allow the use of environmental performance and functional requirements, the inclusion of processes and production methods, and encourages the use of international standards while security interests and defence related reasons are accepted. Existing exemptions, along with the ability to specify environmental performance and functional requirements, allow some space for tweaking for innovation procurement.

Applying an origin-based preference for international trade is incompatible[21] with the existing WTO framework, first and foremost with the non-discrimination principle based on origin. Even when WTO

decisions lack any meaningful enforcement with the limited functioning of its appellate tribunal[22], this would entail a legal and reputational risk for the EU and its multilateral relations. Such an approach would have to be weighed against short term objectives and long-term risks.

A preference for sustainability in procurement can be placed if it's restricted to the GPA and a preference based on sustainability for international trade can also be applied under General Agreement on Trade and Tariffs (GATT) under Article XX, although the provisions under GATT are not as conducive for sustainability like the GPA.

Conclusions:

The EU's strength lies in sustainability, not protectionism. Sustainability should be the primary organising principle of any EU preference framework, with EU origin emerging from demonstrably higher environmental and social performance.

- The EU should gradually phase in buying sustainable policies to all public procurement in the EU, including imports. However, the first efforts should be targeted towards strategic sectors to create lead markets for sustainable products. This should cover all environmental and social impacts and not be based on GHG emissions only.
- The EU should speed up the process of setting strict performance requirements (and not just information requirements) for all products with the ESPR and sectoral legislations like the Construction Products Regulation, Industrial Accelerator Act. They should be aligned with climate neutrality and zero pollution goals to ensure that all the EU production and procurement become sustainable and Paris agreement compliant in the next decade.
- The EU should prioritise trade with partners who are committed to the Paris agreement, as well as other global conventions on biodiversity, pollution, resource consumption and social rights. Remaining open would allow the EU to benefit from additional innovation and an increased capacity to speed up the transition to a healthy climate, biodiversity and pollution-free environment.
- The EU should ingrain a preference for products and services that are produced entirely through short supply chains, taking seasonality into consideration when relevant, and toxic-free production [23].

This approach aligns with the EU's values, leverages its technological strengths, and positions it as a major global promoter of fair, green, and resilient industrial production.
The European Union becomes competitive and more resilient not by shutting others out, but by raising the standards, while enabling the world to benefit from them.

Annexes:

1. **EEB recommendations in response to the call for evidence for an impact assessment on the revision of public procurement directives**

Please find our recommendations related to public procurement in this link:
https://eeb.org/en/library/eeb-recommendations-on-the-eu-public-procurement-revision/

2. **Many stakeholders prefer an EU preference only in public procurement.**

While many of the industry groups [24] [25] demand an EU content preference embedded in public procurement aimed at creating lead markets, newly introduced subsidies like de-risking corporate power purchase agreements under the Affordable energy action plan or the electricity price relief schemes under CISAF are in effect an indirect EU preference measure or at least can be perceived so.

But the chemicals[26] industry has asked for a cautious assessment before imposing EU preferences and it should be aimed more on public procurement rather than an overarching policy.

The renewables industry, specifically solar manufacturing [27] [28], have also linked their preference to public procurement, with the argument that the EU taxpayers' money needs to support the EU's production.

Automotive supply chain[29] industries which cover almost 75-80% of the value of an automobile, have also supported an EU preference statement in public procurement with open support for any proposal to green automobiles in the corporate fleet. This contrasts with the automobile manufacturers, suggesting that such 'local content requirements' must be handled carefully to avoid negative impacts on competitiveness, supply chain efficiency, and market dynamics.[30] [31]

We concur with most of the stakeholders to the extent that EU preference criteria based on buying sustainable should be for specific sectors and is best placed via public procurement.

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[2] https://www.businesseurope.eu/wp-content/uploads/2026/01/2026-01-16-Public-Procurement-Revision-Consutlation-Supplementary-Response.pdf *"From a procurement point of view, we do not support a mandatory Made in Europe clause, nor blanket prioritization of 'Made in Europe' across all sectors."*

[3] The material footprint attributes all the material resources mobilized globally to meet the final domestic demand of a country.

[4] The EU is at 14.1 tonnes per capita, in 2024. https://www.eea.europa.eu/en/analysis/indicators/europes-material-footprint

[5] https://www.resourcepanel.org/reports/global-resources-outlook-2019

[6] The Consumption Footprint is a life cycle assessment (LCA)-based set of indicators to assess the environmental impacts of EU production and consumption.

[7] https://eplca.jrc.ec.europa.eu/uploads/JRC128571_S4P_ConsumptionFootprint.pdf

[8] https://link.springer.com/content/pdf/10.1007/s11367-019-01649-z.pdf

[9] Climate change, Acidification, Eutrophication, freshwater, Eutrophication-marine, Eutrophication- terrestrial, Land use point, Water use, Photochemical ozone formation, Particulate matter, Human toxicity- non-cancer, Human toxicity-cancer, Ecotoxicity-freshwater, Resource use- fossils and Resource use-minerals and metals.

[10] Page 291/ 639 part 4 of the SWD: https://eur-lex.europa.eu/resource.html?uri=cellar:ccd71fda-b1b5-11ec-9d96-01aa75ed71a1.0001.02/DOC_4&format=PDF

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[17] https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00174-2/fulltext

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[19] Use of thresholds in the directive.

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[21] https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds623_e.htm#bkmk623r

[22] https://academic.oup.com/ia/article/101/3/1103/8100243

[23] See more specific points on safe and sustainable by design in the EEB proposals for a modern, competitive, and sustainable future for the EU chemical industry https://eeb.org/library/action-plan-for-the-chemicals-industry-eeb-proposals-for-a-modern-competitive-and-sustainable-future-for-the-eu-chemical-industry/

[24] https://www.wvstahl.de/wp-content/uploads/20250227-Statement-on-the-review-of-the-EU-public-procurement-directives.pdf

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