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INTRODUCTION

EURIMA welcomes the Commission Working Paper on “Cohesion Policy and Cities: the Urban Contribution to Growth and Jobs in the Regions”. The urban dimension of the EU cohesion policy is crucial since 8 out of 10 Europeans live in cities where most of Europe’s energy is consumed, where people work and the majority of its greenhouse gases are emitted.

The Commission working paper, stems from the concept of “sustainable communities in Europe” which aims to promote “places where people want to live, now and in the future” combining economic competitiveness with social cohesion and the environment. Evidence shows that a policy which brings energy efficient technologies into action can help Europe to refurbish cities, create jobs, and improve its environment in a cost effective way.

THE ROLE OF BUILDINGS

The role of buildings within the wider debate on competitiveness, jobs and environment is often misunderstood. It is therefore understandable that their role within the cohesion policies is also misunderstood and undervalued. To clarify the first point it is useful to take a closer look at the role of buildings in relation to the three pillars of the Lisbon Strategy.

Competitiveness: In a globalised world, Europe will not compete on labour costs yet, its competitiveness will depend both on its ability to secure energy as well as use it effectively. One of the potential areas therefore to improve competitiveness is through energy efficiency whereas, one way to ensure that Europe is not in charge of its own destiny is to remain overly dependent on imported energy.

Although simple technologies, such as insulation, already exist, current market failures mean that finding ways to ensure these technologies are deployed will take innovative approaches. Innovative approaches that could make Europe a world leader on energy efficiency thus, creating a competitive edge. To give an idea of the potential of such innovative approaches in the building sector one can take two simple facts:

1. Europe uses 40% of its energy in buildings. The saving potential in the new Member States of the EU alone is equivalent to over 400,000 barrels of oil a day.
2. By bringing all existing buildings in the new Members States of the EU up to the standard of new buildings, there would be a cost savings of 9.8 billion EURO a year. Money that can be better spent heating the economy rather than homes.

Social: Across the new Member States of the EU, more and more citizens are being negatively effected by increasing energy prices, coupled with living in buildings that are highly energy inefficient. As their quality of life is eroded, they also find their disposable income shrinking, as more and more money is spent on heating. Making energy efficiency improvements can however turn this cycle around. A recent report has demonstrated that the costs of renovation of the building stock in the new Member States can be offset by the cost-savings derived from energy-efficiency measures.

Social aspects also means jobs. Innovation will be crucial for developing Europe’s future base for jobs. In the meantime, as companies move manufacturing out of Europe, jobs are needed now. An active renovation programme for buildings in the new Member States of the EU would not only save 9.8 billion EURO a year, but would also create up to the equivalent of 230,000* full time jobs for the entire period of the programme (30 years).

* Eurima estimate
Again, what is therefore needed is not innovative products, but innovative thinking on how to capture this potential.

Environment: Europe is rightly proud of its leadership on environment issues and as cohesion policies support improved growth and jobs, they must do so whilst maintaining this leadership position. Making energy efficiency in buildings one of the elements of cohesion policy can help square this circle. To explain:

- **Climate change:** Buildings are responsible for over 40% of the EU’s carbon dioxide emissions. In the new Member States buildings produce 25% more carbon dioxide per square metre than buildings in the former EU 15. However, in addition to the cost savings and job potential that exists in buildings energy-efficiency measures, such as improved insulation, could cut these emissions in half, reducing current emissions by 62 million tonnes a year.
- **Air quality:** With much of Europe’s buildings and particularly those in the new Member States being heated by fossil fuels such as oil, coal and natural gas, these buildings emit air pollution in the same way that cars do. However, as new advanced emission controls are added to cars and these emissions reduce, buildings are becoming responsible for a greater proportion of the air pollution in cities. Again energy efficiency measures can play a role, as if you reduce by half the energy and therefore fuel needed to heat a building, you also reduce by half the pollution emitted.

THE ROLE OF THE COHESION POLICY

Given the important role that buildings can play in supporting the Lisbon objectives, it is disappointing that the working paper on Cohesion Policy and Cities only mentioned once the need for low energy housing. The cohesion policies and cities offer the opportunity to formulate concrete proposals filling the gap between words and action. They can be one of the innovative tools that can help the deployment of existing technologies, that can help Europe in general and the new Member States in particular, to become more competitive. EURIMA has therefore formulated suggestions under the form of guidelines for action:

1) **Financial engineering** (item 8.1). The Cohesion Policy and Cities can allocate a certain amount of the EU financial instruments to refurbish all types of houses. The various figures in the ECOFYS reports (undertaken for Eurima) show that an initial investment is needed, if Europe wants to reap the benefits for environment, competitiveness and job creation offered by energy efficiency.

2) **A general energy scrutiny test** (item 3.3.) to make an impact assessment of the comparative costs and benefits of the cohesion policy in cities in the area of energy. The recent ECOFYS studies already give a good initial indication that energy efficiency in housing is often the most cost-effective measure.

CONCLUSION

Buildings have an enormous potential in the new Member States of the EU to support the Lisbon objectives by improving the environment, reducing dependence on foreign energy supplies, whilst improving competitiveness and creating jobs. However, what is required is the financial support for the initial investments. It is here that the cohesion policies must play a greater role, if we are not to miss the huge opportunities that exist within buildings.