

Energy performance, anti-carbon measures, and raw materials price increase and housing shortage

We want to start by declaring our full support to the European Commission's ambition to reduce by 55% the production of greenhouse gases until 2030. However, we believe that the European Commission should not impose more restrictions to new houses building, specially for those needing them, families and middle class.

It is true that "75% of the EU's building stock has a poor performance in what energy is concerned" and that "existing buildings are responsible for 36% of greenhouse gases emission" and 40% of the EU energy consumption". However, the European Commission and the national governments must ensure a lower environmental impact of the building stock by means of renovation of the existing buildings or construction of new ones. One would expect that the EU directives created incentives to new buildings construction and other urban refurbishment operations, as those would significantly contribute to reduce the EU's global emissions.

The new European directives on energy performance of buildings shall lead to an even greater and more serious costs increase for tenants and real estate buyers, completely missing the relevant environmental objectives. Besides that, the reduction in energy costs will not compensate the houses full cost for buyers or tenants, who will continue to be encouraged to choose older and less energy efficient housing solutions, as those are cheaper. **It is essential that the new challenges in terms of buildings' energy performance will not increase the total cost of new houses.**

The EU should reach for environmental ambitions by making the new houses more affordable, allowing millions of European and Portuguese citizens to access decent homes. Building new residential buildings, both for sale and rental, and, specially for the middle class, could ensure 1) less environmental impact, 2) an environment closer to the current needs of the citizens in terms of habitability, space and comfort, and 3) a better energy performance.

On the other hand, and still looking at the dramatic raw materials cost increase, there is one more measure recently decreed by the EU which deserves some reflection: the "Carbon Border Adjustment Mechanism", "CBAM", which deep down intends to prevent the risk of carbon leakage into third countries and so create a leveled interaction field between the EU and out of the EU producing countries.

However, it is important that the European Commission takes into consideration that this mechanism shall compel European importers from third countries to buy carbon certificates corresponding to the carbon price that would have been paid if the goods had been made under the EU pricing rules. Now, if on the one hand it is certain that the CBAM will help to reduce the risk of carbon leakage, encouraging the producers in countries outside the EU to make their manufacturing processes more green, it is also certain that it will affect, once more, construction costs by raising the price of cement and concrete, of iron, steel and aluminum, which materials are essential for construction but are becoming increasingly more expensive.

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One should recall that, under the current “*EU Emissions Trading System*”, the CO2 costs in the EU represent 8%-10% of the total costs of construction materials production, such as cement and concrete. If we add to this the exponential 2021 raise in the price of those materials we are directly affecting housing price and reducing even more access to affordable houses. **The Commission and national governments shall then have to take the required measures, at both tax and financial level, to secure that the EU citizens will have the possibility to purchase a house.**

That is, we should welcome the CBAM creation by the European Commission, despite the raise in the housing costs and considering that the EU's economy decarbonization requires the creation of a system to protect the EU's manufacturers and industries, preventing them from producing somewhere else and encouraging them to innovate. **However, this mechanism must continue to exist together with the free allocation of “*EU Emissions Trading System*”, as has been done so far, to prevent, reduce or even counter the increasing raise in construction materials costs.**