

Contribution to the Public consultation on the Revision of EU Public Procurement Rules

Public procurement as a strategic tool for the green and just transition

Veblen Institute for Economic Reforms | Paris & Brussels | January 2026

The Veblen Institute for Economic Reforms is an independent think tank dedicated to economic reforms in support of ecological transition and social justice. It is a non-profit organisation of public interest. The Institute aims to transform the current economic model, which is deeply unsustainable, by promoting reforms that respect social justice and planetary boundaries, and by supporting civil society initiatives contributing to the ecological transition. Based in Paris and Brussels, with 15 years of expertise in European economic policies, the Veblen Institute operates at both national and European levels. We welcome the initiative of the Commission to align public procurement directives with broader social, environmental and strategic goals.

This contribution argues that the revision of EU public procurement rules is a decisive opportunity to:

- make **green and socially responsible public procurement the default option across the EU**;
- integrate **total cost and life-cycle approaches**, rather than price-only criteria;
- better connect public procurement with **industrial strategy, innovation and employment objectives**;
- facilitate **cooperation, mutualisation and coordination** at European and territorial levels.

To achieve this, the revised framework must provide stronger legal certainty, simplified procedures, harmonised sustainability criteria, and adequate resources for contracting authorities.

A decisive moment for strategic Public Procurement

Public procurement represents €2.6 trillion annually in the EU, 15% of GDP and with 600 billions directly subject to EU rules. Yet this immense economic lever remains largely underutilized as a tool for transformation. The revision of Directives 2014/24/EU, 2014/25/EU, and 2014/23/EU offers a unique opportunity to align public spending with Europe's ecological, social and industrial ambitions.

The Commission's recent evaluation (SWD(2025)332) confirms persistent challenges: 82% of procedures remain price-focused open tenders, over 55% of awards prioritize price above all else, and 69% of local authorities report increased complexity. Competition tends to diminish yielding to increased costs of procurement. Meanwhile, the climate crisis accelerates, European industrial competitiveness faces unprecedented pressure, and geopolitical instability demands strategic autonomy. Business as usual is not an option.

Our core message is twofold: First, public procurement must be explicitly articulated with EU industrial policy, using environmental and social sustainability as the guiding compass. Second, genuine simplification must strengthen rather than weakens standards—making procurement greener should mean making it simpler, more coherent, and more effective.

Why Current Rules Fall Short

Despite advances since 2014, the Directives have not delivered on their transformative potential. The dominance of lowest-price criteria overlooks life-cycle costs, environmental externalities, supply chain resilience, and socio-economic value. Green Public Procurement criteria exist for 14 product groups but remain voluntary, leading to fragmented implementation across Member States. Most critically, procurement operates in isolation from industrial strategy, the very moment when the EU, through the Clean Industrial Deal and upcoming Industrial Accelerator Act, recognizes the need for demand-side intervention.

The consequences are clear: public money fails to create lead markets for sustainable technologies, industrial investment lacks the long-term demand visibility it requires, and Europe's strategic sectors remain vulnerable. Meanwhile, transaction costs have risen from €34,600 to €43,200 per procedure, not because of sustainability requirements, but because of legal uncertainty and fragmentation.

Five Pillars for Strategic Procurement

1. Make sustainable procurement the default

The revised Directives must establish that environmental and social sustainability criteria are standard components of procurement, not optional add-ons requiring case-by-case justification. This means:

- **Mandatory minimum sustainability criteria** harmonized at EU level, building on existing Green Public Procurement benchmarks. Contracting authorities should presume the relevance of sustainability considerations (Article 67.3, Directive 2014/24/EU) rather than justify them repeatedly.
- **Prohibition of price-only awards** as the default. Multi-criteria assessment must become the norm, not the exception.
- **Harmonized tools and labels** (EU Ecolabel, Environmental Product Declarations) to simplify verification and reduce legal uncertainty.

This approach represents true simplification: standardized EU requirements are far easier to implement than the current patchwork of 27 different national interpretations. Making sustainability obligatory reduces complexity for both contracting authorities and economic operators by creating predictable, coherent rules.

2. Systematize life-cycle costing and total cost approach

Life-cycle costing (Article 68, Directive 2014/24/EU) must shift from an optional tool to a mandatory approach for relevant categories—vehicles, buildings, energy systems, equipment as well as the integration of socio-economic advantages. The revision should:

- Provide **standardized EU methodologies and databases** for calculating life-cycle costs, including environmental and social externalities (carbon emissions aligned with EU ETS pricing, resource depletion, pollution).
- Integrate **total cost of ownership**: acquisition, operation, maintenance, end-of-life, and circular economy potential (reparability, recyclability, remanufacturing).
- Explicitly allow consideration of **supply security and strategic autonomy** in award criteria, reflecting the geopolitical context.
- where relevant, recognition of broader socio-economic effects, **including social costs and benefits**, linked to employment, territorial development, fiscal impact, reduced health risks and social expenses.

3. Articulate procurement with industrial policy and strategic projects

Public procurement must become an integral component of EU industrial strategy, not a parallel administrative process. The Clean Industrial State Aid Framework (CISAF, 2025), Important Projects of Common European Interest (IPCEI), and strategic value chains require demand-side anchoring that only procurement can provide. But it cannot come at any cost.

The revision should enable **strategic procurement platforms** bringing together public buyers, manufacturers, social partners, and civil society to co-design specifications, align procurement with industrial roadmaps, and secure long-term demand as well as fair prices through multi-annual commitments. Priority sectors include light electric vehicles (aligned with President von der Leyen's "E-car" initiative), low-carbon construction materials, renewable energy systems, and circular economy products.

Concrete example: A European platform for light electric vehicles could mutualize public procurement (approximately 200,000 vehicles annually), achieving 15-30% cost reductions through economies of scale while creating guaranteed markets for European production. Such platforms would connect procurement frameworks with IPCEI deployment phases, ensuring that State aid for production capacity is matched by secure demand.

Pre-commercial procurement (Article 31, Directive 2014/24/EU) should be expanded to support innovation in critical technologies not yet at market maturity, with explicit links to Horizon Europe and the Innovation Fund.

4. Enable multi-level mutualisation according to sectoral logic

Mutualised procurement at EU, national, or territorial levels should be actively facilitated, not merely permitted. Benefits include long-term demand visibility for investors, simplified procedures through harmonized criteria, economies of scale reducing unit costs, and critical mass for sustainable products to reach market competitiveness.

The appropriate scale varies by sector: industrial products (batteries, clean tech equipment) benefit from EU-level aggregation, while territorial ecosystems (sustainable food systems, certain social services) require regional or local cooperation to support proximity value chains. The revision should provide flexibility while maintaining harmonized sustainability standards across all levels.

This approach should become standard practice, supported by EU guidance and funding.

5. Introduce progressive EU content requirements linked to sustainability

Strategic use of European content criteria is both legitimate given the current international trade situation, necessary for building resilient value chains, secure investments and jobs of the transition. The Net-Zero Industry Act (2024) already allows preferencing offers with greater sustainability and resilience; CISAF encourages EU preference in State aid procedures; and President von der Leyen has committed to "Made in EU" procurement criteria.

Such requirements must be:

- **Tied to sustainability:** combined with environmental and social standards (green production methods, labor rights, circular design) to ensure the development of European industries contributing to the green transformation and defending the highest standards of production. This is also the only way to guarantee the Commission's ambition "to centralise and streamline its fragmented and complex provisions, and to mainstream the use of sustainability, resilience, social and, in certain technologies and strategic sectors, European preference criteria in EU public procurement while ensuring competitive tenders"
- **Progressive:** increasing thresholds aligned with the development of European production capacity, avoiding supply shocks while sending clear investment signals.
- **Sectorally adapted:** flexible application recognizing different industrial realities, with EU-level aggregation for strategic technologies and more localized sourcing for place-based sectors like sustainable food.

For example, procurement of electric vehicles could require minimum EU value-added coupled with maximum carbon footprint, verified recyclability, and compliance with due diligence obligations—creating markets for European sustainable production rather than simply excluding imports.

Regarding the WTO, even if our main competitors (USA and China) do not hesitate to impose such local content policies, the compatibility is still questionable. Leveraging exceptions under the Agreement on Government Procurement and environmental exceptions under GATT Article XX, provides room for manoeuvre for adopting such measures.

Addressing the simplification imperative correctly

Current discourse risks conflating simplification with deregulation. The Draghi Report frames environmental directives (Corporate Sustainability Due Diligence, Ecodesign Regulation, Industrial Emissions Directive) as "regulatory burden," while multiple "Omnibus" packages weaken environmental standards in the name of competitiveness. This is counterproductive.

Genuine simplification means harmonization and integration, not dilution:

From complexity	To simplification and harmonization
Each authority develops own life-cycle methodology	Standardized EU tools and databases
Fragmented national labels	Harmonized EU certifications
Price-only awards to "save time"	Multi-criteria templates with sustainability built-in
Complex case-by-case justifications	Presumption of relevance for sustainability
Isolated procurement decisions	Strategic platforms linking procurement to industrial policy

Harmonized sustainability requirements are easier to implement than the current patchwork and more effective at driving transition. This is not regulatory burden, it is regulatory coherence and reinforcement of the single market.

Ensuring effectiveness

Finally, effective implementation requires strengthened monitoring, data and professionalisation:

- better data on procurement outcomes and impacts.
- high level of transparency and reporting from purchase bodies so the coherence between objectives and practices can be evaluated by academics, civil society and controlling administrations.
- training and professionalisation of procurement teams.

Coherence with other policy fields

For these reforms to succeed, procurement must be integrated within a broader policy ecosystem:

- State aid alignment: CISAF and future frameworks should condition support on sustainable procurement uptake, ensuring subsidized production finds guaranteed markets.

- **Trade policy:** The International Procurement Instrument should ensure reciprocity, while market access for third-country suppliers should increasingly require compliance with EU environmental and social standards (aligned with Carbon Border Adjustment Mechanism, deforestation regulation, due diligence directive).
- **Product regulation:** Ecodesign for Sustainable Products Regulation and Digital Product Passport will facilitate procurement verification; procurement should build on these minimum standards.
- **Investment and finance:** EU budget instruments (Cohesion Funds, Recovery Facility, InvestEU) and European Investment Bank lending should prioritize projects using sustainable procurement.

Fragmented policy instruments undermine each other; coherent alignment multiplies impact.

Conclusion: Public Procurement as Cornerstone of the Green and Just Transition

By making sustainable procurement the default through genuine simplification, systematizing life-cycle approaches, explicitly connecting procurement to industrial strategy, enabling multi-level mutualisation, and introducing progressive EU content requirements linked to sustainability, the EU can transform €616 billion in annual spending into a powerful engine of transition, and pretend to even more impact through lower levels of procurement.

The revision of EU public procurement rules is a **critical juncture** to align public spending with the Union's ecological, social and industrial ambitions. The current moment—with the Clean Industrial Deal, Industrial Decarbonisation Accelerator Act, and clear political commitment to strategic autonomy—offers unprecedented opportunity for transformation to the benefit of citizens, workers and future generations.

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