

EUROFER Construction Seminar

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**The sustainable competitiveness of
the construction sector
– opportunities and challenges –**

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1905 1st meeting

29 countries
34 federations

Enterprises
- of all sizes
- active in all fields
of building and
civil engineering

-  Full member
-  Observer member
-  Cooperation agreement



Key figures 2010

- Sector hit hard by crisis
- **Total construction output = €1,186 billion**
 - 9.7% of EU GDP
- **Construction employment = 14 million people**
 - 6.6% of EU total employment
- Positive effects of economic stimulus plans...
BUT!...

Economic challenges

- Sovereign debt crisis in eurozone
= drying up of public investment
- Strengthened financial regulations
= drying up of private investment
- **Consequence:**
 - Very weak previsions for 2011-2012!...
 - FIEC estimations 2011: -0.2% of overall EU construction activity

« sustainable competitiveness strategy for the construction sector and its enterprises »

- Related to the « **Lead Markets** » initiative of the European Commission (DG ENTR)
- Follows a series of studies and projects:
 - LCC in public procurement
 - Future qualification and skill needs
 - Regulatory environment and standardisation...
- **Update of « Construction Competitiveness Strategy » of 1997**
- Opportunity for FIEC to recall its priorities!

Main challenges & opportunities

- 1) **Legislative coherency**
- 2) **Public procurement**
- 3) **On-going markets' development**
 - a) Adaptation to societal evolution
 - b) « Green » markets
 - c) The huge needs in infrastructure
- 4) **Access of non-EU companies to the EU (public procurement) market**

Public procurement

- Overall revision of 2004 public procurement directives
 - Mid-December: EC proposal
 - End 2012: adoption of new rules
 - 2015: national implementation
- Some problems:
 - Need for professionalization of public procurers!
 - Towards a « simplification » of the rules???
 - Strengthening the treatment of **Abnormally Low Tenders** (ALTs)
- The cost of quality!
=> promoting of the « Economically Most Advantageous Tender » (MEAT)

Adaptation to societal evolution

For instance:

- **Migrations**
- **Ageing of the population**
- **Accessibility and mobility needs**
- **Growth in tourism**

« Green » markets

- Renovation of existing buildings largely undeveloped
 - Replenishment rate: 0.5% - 1% per annum
= huge potential to meet EC target of 368Mtoe saving by 2020!
 - Roadmap 2050 => target of 90% CO2 reduction
= need for renovation rate 3 to 5 times higher!
- **Barriers to « green » investment:**
 - Up-front costs
 - Lack of confidence in the market
- **Two-fold strategy needed:**
 - Up-front financing and fiscal incentives
 - Quality assurance schemes and training of installers

Infrastructure needs

- Over programming period 2014-2020:
 - €200 billion needed for TEN-E
 - €540 billion needed for TEN-T
 - €250 billion needed for ICT
- Ambitious « **Connecting Europe** » strategy, with concrete objectives, as well as
- Methodologies and funding solutions to achieve them:
 - €50 billion leverage budget for 2014-2020
- That is, need for:
 - Concentration of funds on strategic projects
 - Stronger governmental commitments
 - Innovative financial instruments

Competition from non-EU companies

- **Cheap contractors for cheap works?**
 - ⇒ No anti-dumping rules for services yet!
- **COVEC in Poland:**
 - Offer lower than 1/3 of estimated budget
 - Reserves in material/machines from China to realise works
- **The actual cost of such offers:**
 - Unfair competition with EU companies
 - Impact on employment
 - Impact on sustainability
- **FIEC proposed solutions:**
 - Reciprocity on globalised markets
 - Level playing field on EU market (ALTs, state aid, EU funding)

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