

CONSTRUCTION NEWS

by Aris Chatzidakis, ECCE President

Podgorica, 31 May 2019





ECCE participates in the following forums related with the Construction Industry:

- **High Level Tripartite Forum**
- **Thematic Group 1 “Stimulating investment in building renovation, infrastructure and innovation”**
- **European Construction Forum**





High Level Tripartite Forum

- The **7th Meeting of the High Level Tripartite Forum** was held **on 4 April 2019**, in Brussels.
- The meeting was divided into two sessions.
- **Session 1:** *Construction 2020 – What has been achieved and what is the visibility of outcomes?*
- **Session 2:** *Looking forward – Towards an initiative “A built environment for people”*
- [Agenda of the 7th Meeting of the High Level Tripartite Forum](#)





Session 1: Construction 2020 – What has been achieved and what is the visibility of outcomes?:

- [Introduction: Inventory of the Construction 2020 initiatives, its actions and outcomes](#)
- [Case 1: Resource efficiency in construction \(Thematic Group 3\)](#)
- [Case 2: Blueprint for sectoral cooperation on skills in construction \(Thematic Group 2\)](#)

Session 2: Looking forward – Towards an initiative “A built environment for people”:

- [Keynote speech: The “Built Environment” as part of the quality of life](#)





High Level Tripartite Forum

Key messages

(1)

- Participants took stock of the achievements of the Construction 2020 initiative to date. The initiative was widely praised as an **important platform for the sector**, which remains vital in light of the industry challenges of today and tomorrow. The Construction 2020 initiative has demonstrated a **contribution at Member States level to innovations in the sector, in areas of investment, energy efficiency, infrastructure, skills, resource efficiency, internal market and the global competitive position of the construction industry**. To further these results on the ground, it is important to have the **continued engagement of stakeholders**.
- The HLF meeting also looked ahead and concluded that the **construction sector is crucial to the safety, health and well-being of people, as well as the economy**. The sector is instrumental to reaching the **Sustainable Development Goals, including those on climate change, energy efficiency and circular economy**.





High Level Tripartite Forum

Key messages

(2)

- Participants unanimously agreed about the importance of **continuing and strengthening the initiative**. In addition, it is important to pay attention to the EU competencies on construction-related topics (subsidiarity) and to its social dimension, both in terms of skills requirements as well as quality and affordability of housing. Whilst centring on the construction value chain, participants acknowledged the **need for the initiative to focus on the key issues facing the construction industry with respect to the built environment**.





High Level Tripartite Forum

Key messages

(3)

The Forum proposed to continue and strengthen the initiative by preserving its current strengths and reinforce these by:

1. Expanding the time horizon of the initiative: anticipate future competitiveness and cyclical challenges – boosting the resilience of the sector;
2. Expanding the lifecycle and holistic approach;
3. Enhancing the engagement of Member States, regions and cities, as well as financial players – thus building a 'construction community' for citizens;
4. Further strengthening EC-level involvement in the initiative;
5. Aligning with future EU funding instruments;
6. Boosting the role of the High Level Forum itself.

- **[Minutes of the 7th meeting of the High Level Tripartite Strategic Forum](#)**



Thematic Group 1

- The **Thematic Group 1 “Stimulating investment in building renovation, infrastructure and innovation” meeting** was held on **14th December 2018**, in Brussels.
- **ECCE Vice President/ President Elect Andreas Brandner** participated in the meeting representing ECCE.
- The meeting of TG1 was divided into three parts.
- **Part 1:** *Improving affordability and quality of sustainable renovation*
- **Part 2:** *Digitalisation and innovation*
- **Part 3:** *The state of transport infrastructure maintenance and possible levers for improvement*
- [Agenda of the TG1 meeting on 14 Dec. 2018](#)





Part 1: Improving affordability and quality of sustainable renovation

- [National policies and their effect on the affordability and quality of sustainable renovation - insights from the European Construction Sector Observatory](#)
- [Reconciling sustainability, affordability and profitability in the private housing sector](#)
- [Affordability and quality of energy retrofits in social and public housing](#)





Part 2: Digitalisation and innovation

- [Preliminary conclusions from the study “Supporting digitalisation of the construction sector and SMEs”](#)
- [National innovation and digitalisation policies in the construction sector](#)
- [Innovation and digital transition of the real estate sector](#)

Part 3: The state of transport infrastructure maintenance and possible levers for improvement

- [Resilience of transport infrastructure to extreme events and ageing](#)
- [Research and deployment of analysis, monitoring and planning tools for predictive maintenance](#)
- [Performance-based contracting and the drive for innovation](#)





Context:

EC has started a broader reflection on 'People in the Built Environment': towards a common vision on requirements of a better quality of the built environment and readiness of the construction sector aiming to:

- Reduced use of resources
- Improved quality of life
- More business opportunities

Question: Are stakeholders interested to take part in this broader initiative?

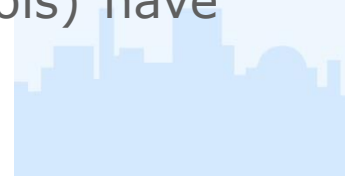
Answer: YES!!!





Part I: Improving affordability and quality of sustainable renovation

- Limited affordability of housing is a key issue: it is driven not only by construction costs but also by land costs and taxes: it has economic and social impacts –and now has moved to the top of political agendas
- Energy savings as such are a too narrow objective for pushing renovation: residents also care about quality (including structural stability), non-intrusiveness, affordability and improving the look and feel (however we cannot easily measure these –a need for data)
- Therefore, energy efficiency measures often lead to poor results if a too narrow approach is followed (e.g. rebound effect):
- However, reconciling affordability, sustainability and profitability seems a mission impossible: partial and isolated solutions from Fr and DE (tax incentives, simplification of norms, rent controls) have their limits and can be counterproductive in practice





Part I: Improving affordability and quality of sustainable renovation

- Other national policy examples (BG, B, Lux) show the need to combine various instruments and address both supply and demand factors
- Beyond focusing uniquely on individual buildings: the importance of the neighbourhood/district level (also for funding)
- –the importance of urban regeneration and the managing of empty buildings/space
- Built environment: bringing housing, planning and transport policies together –a need for a joined-up approach
- All policy levels have their role to play (e.g. local level for planning permits, national level for taxes, EU level for norms and standards)

Key conclusions

Successful renovation -improving affordability, sustainability and profitability-is built on acceptance, innovation and quality: it requires a holistic policy approach and inclusion of all actors at all levels along the value chain



Part II: Digitalisation and innovation

- European capacity for innovation in construction remains substantial (many big players are European)
- However the digitalisation pace in Europe appears to be slow: lack of investment, employees/experts, R&D, standards/norms
- A plethora of new technologies and initiatives (e.g. 3D printing, blockchain) relevant to the built environment is out there –but it seems to be driven more by IT than by construction players
- European construction seems to focus on BIM, yet BIM adoption and penetration is lagging compared to many parts of the world (and interest to do so differs along the value chain)
- National policy makers are not particularly concerned with construction
- National construction-specific innovation policies are therefore rare (except UK, NL)
- Little emphasis on harmonising policy instruments and evaluation of practices within MS



Part II: Digitalisation and innovation

- A need to have policies that support the diffusion of technologies
- Some MS have interesting policies (e.g. UK Training Boards, NL PIANOON public procurement) and scope for learning and exchange
- Scope for harmonizing and exchanging Member State initiatives
- EC's role is seen as positive but could be more substantial (e.g. AI strategy, JRC initiative on standards)

Key conclusions

Substantial scope and need for exchange on innovation policies relevant for construction -it requires a holistic approach



Part III: The State of Transport Infrastructure and Maintenance

- Resilience of transport infrastructure –essential for functioning of economies and societies –however you cannot eliminate all risks
- The gap between demand for transport maintenance and financial allocations is expected to grow
- Introducing a resilient approach (Infrastructure Asset Management early on) requires proper governance of infrastructure and financial incentives
- Innovation comes from cooperation between universities, government and companies
- From corrective practice to preventive and predictive maintenance extending lifetime (rejuvenators, sensors, performance-based contracting)

Key conclusions

Successful transport infrastructure maintenance requires anticipation (fit for purpose, climate change), political prioritisation and cooperation amongst actors



Thematic Group 1

Key conclusions

(7)

European construction is moving forward: renovation, digitisation and infrastructure are today's building sites. But it requires holistic policy approaches focusing on citizens in the built environment!

- **[Minutes of the TG1 meeting on 14 Dec. 2018](#)**





Thematic Group 1

- As a follow up of the TG1 meeting all stakeholders were requested to send comments on the [Discussion Paper on Infrastructure maintenance](#) as well as on the [summary note on infrastructure research projects](#).
- ECCE prepared a document which was sent to the Construction 2020 team. The document can be found [here](#).





European Construction Forum

- The **European Construction Forum (ECF)** had three meetings during the last 6 months; on 28 Nov. 2018, on 24 Jan. 2019 and on 24 April 2019.
- ECCE is a member of ECF.
- ECCE President Aris Chatzidakis participated in the meeting on 28 Nov. 2018 representing ECCE.
- ECCE President and ECCE ExBo have been following up all the meetings and the developments in ECF.





The topics that were discussed during the ECF meeting on 28/11/2018 are the following:

- **Construction sector: definition and current state of the industry**
(economic importance, impact and current challenges)
- **Prevailing attitude of EU institutions towards industry**
 - a. Inadequate support which does not correspond to importance of industry (Horizon funding, Digitising European Industry initiative etc.)
 - b. Impact to date of Construction 2020 – examples. Discussion.
- **Relaunching construction and changing the mindset of the EU institutions**
 - a. What do we want from Construction 20.. (30/40)?
 - b. Manifesto for a single political responsibility for the built environment in Europe
 - c. Feedback from participants and discussion about co-signature
- **Conclusions and next steps**





European Construction Forum

- The aim of the meeting was to discuss whether the main organizations representing the construction industry can combine some messages for the coming years. In the short term, the focus is on the forthcoming EU elections. It would be good to exchange views on our respective initiatives aimed at these elections. The Agenda of the meeting was focused on Construction 2020 as this is the main European Commission initiative for construction.
- A presentation by FIEC was prepared and circulated for the meeting regarding re-positioning of the construction sector and changing the policy makers' attitudes for the period 2019 – 2024.
- The main points of this presentation are shown in the following slides.





European Construction Forum

EU Construction Sector Definition

(1)

- **CONSTRUCTION INDUSTRY : NACE CLASSIFICATION (SECTION F)**
- **CONSTRUCTION SECTOR :
INDUSTRY + VALUE-CHAIN (RAW MATERIALS,
CONSTRUCTION PRODUCTS, MACHINERY AND
EQUIPMENT, DESIGN AND ARCHITECTURE,
MAINTENANCE, RECYCLING OF WASTE,...)**





EU Construction Sector Economic Impact 2017

- **TOTAL OUTPUT = €1.364 TRILLION**
- **3.1M ENTERPRISES**
- **6.4% OF TOTAL EMPLOYMENT**
- **8.9% OF GDP**
- **MULTIPLIER EFFECT: 43.6M WORKERS IN EU DEPEND DIRECTLY OR INDIRECTLY ON THE CONSTRUCTION SECTOR**





Construction Sector

Current Challenges - Opportunities

- **DIGITAL TRANSFORMATION**
- **GREEN POLICIES**
- **IMAGE**
- **LABOUR SHORTAGE / SKILLS MISMATCH**
- **FRAGMENTATION**
- **ENSURING A LEVEL PLAYING FIELD**
- **ACCESS TO CAPITAL**
- **"LOST DECADE" SINCE FINANCIAL CRISIS 2008 –
INFRASTRUCTURE NEGLECTED**





European Construction Forum

EU Policymakers ' attitudes towards construction: Funding

(4)

➤ **HORIZON RESEARCH AND DEVELOPMENT FRAMEWORK PROGRAMME**

- "Barcelona target": to invest 3% of GDP into R&D - 1% from industry and 2% from public finance
- Even taking into account university spending on relevant construction-related research, current levels are only around 0.3 to 0.5%
- Research institutes and consultants benefitting, construction value chain not

➤ **DIGITISING EUROPEAN INDUSTRY INITIATIVE**

- €100M spent on 5 areas:
 - Connected Smart Factory
 - Digital transformation of health and care
 - Smart agriculture
 - Industrial Data Platforms
 - Internet of Things
- Construction finally offered €1M – call for industrial data platform for construction





European Council
of
Civil Engineers

European Construction Forum

(5)

EU Policymakers ' attitudes towards construction: Construction 2020

➤ **“STRATEGY FOR A SUSTAINABLE COMPETITIVENESS OF THE CONSTRUCTION SECTOR” -COM(2012)433**

➤ **HIGH LEVEL FORUM**

➤ **THEMATIC GROUPS:**

- 1. Stimulate investment in building renovation, infrastructure and innovation**
- 2. Skills and qualifications**
- 3. Sustainable use of natural resources**
- 4. Internal market**
- 5. International competitiveness of the construction sector**





Construction 2020

Examples of Initiatives

➤ **BUILDING PASSPORT/LOG BOOK (TG1)**

Idea generally well received

Several examples of national initiatives that are working and some that failed

Much talk but nothing produced –agreement in June 2018 to develop prototype but no news since

NB: DG Energy looking at "renovation passport": study will start soon (from EPBD)

➤ **ENERGY EFFICIENCY FINANCIAL INSTITUTIONS GROUP (EEFIG) (TG1)**

Final report 2016

Looked at Energy Performance Contracting and other initiatives

What follow up?

➤ **"BLUEPRINT FOR SECTORAL SKILLS" PROJECT (TG2)**

Start in January 2019 (4 years –4 Mln. EUR)

➤ **CONSTRUCTION AND DEMOLITION WASTE PROTOCOL (TG3)**

Voluntary CDW Protocol

FIEC supported it but no evidence of widespread use

Road show of conferences –DG GROW

➤ **PRINCIPLES OF DESIGN FOR DECONSTRUCTION (TG3)**

Draft paper recently produced –looks good.





European Construction Forum

(7)

Relaunching construction and changing mindsets : Bouwagenda

- **AMBITIOUS PLAN WITH TARGETS, THE RESOURCES TO ACHIEVE THEM AND FOLLOW UP ACTIVITIES**
- **COALITION:**
4 ministries, stakeholders' organisations , financial institutions
- **TASKFORCE AND ROADMAP FOR EVERY THEME**



European Construction Forum (8)

Relaunching construction and changing mindsets : Bouwagenda



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Zoeken



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About the Bouwagenda

Agenda



Road Map 1: bridges & locks

In Road Map 1, the Building Agenda Taskforce works on future-proof and sustainable bridges and locks. [Read more >](#)



Road Map 2: future-proof water management

In Road Map 2, the Taskforce Building Agenda works on future-proof and sustainable water management. [Read more >](#)



Road Map 3: energy infrastructure

In Road Map 3, the Building Agenda Taskforce is working on a future-proof and sustainable energy infrastructure. [Read more >](#)





European Construction Forum

Construction 2030 (or 2040)

(9)

➤ **BOUWAGENDA AS A MODEL AT EU LEVEL?**

- **Better involvement of different DGs, more political visibility**
- **Industry could define its own needs with clear requests to the European Commission (e.g. influencing studies, funding programmes , political targets and**
- **More effective use of EU funding (e.g. consultants)**
- **Better follow up with stakeholders' national members**

➤ **CHALLENGES**

- **Legal issues**
- **Representativeness of the taskforces**
- **Amount of involvement required**





European Construction Forum

Construction 2030 (or 2040)

(10)

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European Construction Forum

Conclusions and Action Points

Themes specifically identified

- De-carbonisation
- Integrated policy
- Safety and structural sustainability of buildings (i.e. not recent narrow focus on energy performance)
 - Holistic approach to renovation
- Image of the sector
- Housing shortage
- Life-cycle costing
- Standardisation of price-quality ratios
- Digitalisation





European Construction Forum

Conclusions and Action Points

Specific suggestions

- A working group on infrastructure maintenance (perhaps under next phase of Construction 2020)
 - A separate industry-led initiative to work alongside Construction 2020
 - Closer co-operation with Euroconstruct
 - Divert the money currently given to consultants to the industry itself, to achieve its own objectives
 - Tell the Commission which studies the industry actually needs
 - A new approach, based on the example of Bouwagenda
 - A European Parliament group on Construction (like FOCOPE that used to exist) or an Intergroup on the Built Environment
 - Linked to above, a shared workspace for the industry federations, inside the European Parliament
-
- **[Minutes of the ECF Meeting on 28 Nov. 2018](#)**



European Construction Forum

Follow – up actions

- The ECF meetings that were held on **24 Jan. 2019** and on **24 April 2019** mainly worked on the **draft manifesto on a political responsibility for the built environment**. This action was decided in ECF the meeting in November and a small working group was set up for this purpose.
- The document is titled **Construction 2050, Building tomorrow's Europe today, Joint proposals by the participants in the "European Construction Forum"**
- Although ECCE was not able to physically participate in the last two ECF meetings, ECCE President and the ExBo have been following up all the actions and have contributed to the draft document with comments and submitting ECCE ideas and opinion.



European Construction Forum

Follow – up actions

- ECCE's suggested addition to the text of the **Construction 2050, Building tomorrow's Europe today, Joint proposals by the participants in the "European Construction Forum"** in the chapter about the main challenges for the construction ecosystem is the following:

Challenges and key aspects	Potential benefits
<p>Building maintenance and holistic approach of the renovation process</p> <p>Existing building stock in Europe is ageing and requires maintenance and renovation. A holistic approach to the renovation of buildings (Structural upgrade together with energy upgrade) is necessary. Ensuring structural sustainability is a prerequisite for the wider sustainability of the built environment. We support that a structural assessment and upgrade if necessary should come together with or even before the energy efficiency upgrade. The structural upgrade and the energy efficiency upgrade should be addressed simultaneously and the individual retrofit/upgrading activities should be linked in an integrated procedure.</p>	<p>The holistic approach to the renovation of existing buildings is expected to improve the resilience of the existing building stock in an economically feasible way, reduce the operational expenses and contribute to the sustainability of the society and the environment and offer safer buildings to people. One of the most important issues which define the way of living is safe, sound and secure buildings.</p>





European Construction Forum

Follow – up actions

- The version of the final draft of the document ***Construction 2050, Building tomorrow's Europe today, Joint proposals by the participants in the "European Construction Forum"*** including ECCE's comments can be found [here](#).
- The final version of the document that was circulated by FIEC on Friday 24 May 2019 does not include the interventions that ECCE requested to be taken into account. The document can be found [here](#).
- **We must decided until Tuesday 4 June 2019 if ECCE will support the document.**



THANK YOU

