



Brussels, 21 November 2023

## **Subject: Priorities of building contractors for the upcoming Belgian Presidency of the EU Council**

Dear Sir or Madam,

Belgium will hold the rotating presidency of the EU Council from January to July 2024, in a year that will be characterised by the rhythms of European and national elections. The Belgian presidency also comes at a time of unprecedented geopolitical and economic challenges which already have a considerable impact on Europe's construction sector. Just like its neighbouring countries (Germany, France, the Netherlands) and other EU Member States such as Denmark, Sweden and Ireland, Belgium is increasingly confronted with housing shortages and a decline in new infrastructure projects.

**High inflation and interest rates, volatile material prices, lengthy procedures for obtaining building permits and the lack of skilled workers are putting a strain on construction companies in general and on new housebuilding in particular. The construction sector therefore expects a shift in priorities towards energy renovations. In this regard, it looks forward to the "Belgian Renovation Week" that will take place in January 2024 and which will focus on navigating renovation challenges.**

In light of the above, and considering the ambitious climate goals the EU has set itself, keeping the costs of construction and renovation at bay while reducing administrative and financial burden for building contractors stemming from Union legislation will be vital for maintaining the competitiveness and financial viability of the sector, which employs 12 million workers, represents 10,3% of the EU's GDP and is composed of 3 million enterprises (of which 95% are SMEs).

*FIEC – the European Construction Industry Federation* and its Belgian member *EMBUILD – The Belgian Construction Association* would like to draw the incoming EU presidency's attention to the following points that are likely to be discussed during the first semester of 2024:

- **Implementation of the recast Energy Performance of Buildings Directive (EPBD):** The implementation of the Green Deal in general and of the new buildings directive in particular - despite the weakened proposal - will be challenging as the rise of construction and renovation costs will put an additional burden on the sector. The EPBD must lead to a noticeable improvement of the energy performance of the EU building stock, to better comparability of information on the energy efficiency of buildings and to the creation of new high-quality jobs in the sector. In order to not stifle the Directive's potential, adequate financial instruments and support for clients and for our companies are needed. The calculation of the life-cycle global warming potential (GWP) of new buildings

should be performed based on a gradual approach and can be beneficial only if the information is comparable across the EU and if there is a common understanding of calculation methods. Maximum “whole life carbon” (WLC) values for buildings should not be set at EU level but at national level first.

- **Proposal for a “Soil Monitoring Law” and implementation of the “Nature Restoration Law”**: The Directive on soil monitoring and resilience must provide for a high level of soil health while taking due account of socio-economic needs and exceptional circumstances (need for housing, infrastructure, and other constructions in the public interest, demographic growth...) and of regional and local specificities (scarcity of space, densely populated areas).
- **Implementation of the revised Construction Products Regulation (CPR)**: It must be unambiguously clear that building contractors cannot fall under the CPR’s scope unless they act as product manufacturers. The new CPR must resolve the backlog of standards, provide for a lean standards-setting process and for regulatory certainty regarding the transition period. Most importantly, the CPR must become a well-functioning “supporting tool” for other new EU legislation through the disclosure of transparent and reliable information on products.
- **Proposal for a Late Payment Regulation**: Construction companies usually must bear the costs of the construction process before they are paid. Late payment, especially by public administrations, is therefore a major problem for the sector. FIEC is generally supportive of proposals aimed at promoting and ensuring prompt payment by clients to contractors, but the rules must be clear, avoiding excessive bureaucracy, especially in public procurement.
- **Implementation of the Ukraine Facility**: FIEC and the partners in its “Task Force Ukraine” commend the unprecedented support that will be provided (in part) by the EU to Ukraine. While we are generally supportive of the proposed financing instrument for Ukraine, we have strong reservations against certain technical details of the proposed Regulation, relating specifically to eligibility and public procurement.
- **Proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD)**: FIEC and its partners call upon the EU institutions to adopt a harmonized set of due diligence rules and advocate for a CSDD approach that is manageable by contractors, risk-based and ensures a level playing field. This initiative should avoid creating excessively broad obligations and liabilities for EU companies. As far as the construction sector is concerned specifically, its inclusion as a high-risk sector would put a disproportionate burden and costs on a huge number of construction SMEs even if they are active exclusively within the EU.
- **Social Partner Summit in Val Duchesse**: The summit announced by the President of the Commission in her 2023 State of the Union speech is a unique opportunity to address the labour and skills shortages that are faced by industry. High and persistent in construction, these shortages are undermining its capacities.

FIEC therefore insists on the need for a strong support for the upskilling and reskilling of workers, for opening the labour market to skilled workers from third countries and for facilitating intra-EU mobility through the recognition of qualifications. The summit should also be the opportunity to confirm the key role played by the Social Dialogue and the need for the European Commission to continue providing adequate support.

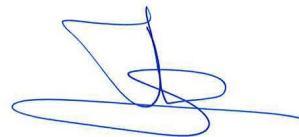
- **Social security coordination:** The status of posted workers is sometimes abused to take advantage of differences in labour costs between Member States. Although the legislative arsenal to combat dumping has been strengthened during the previous legislative term, administrations need to cooperate more closely to combat fraudulent practices that still exist. In this respect, it is necessary to reach an agreement on the revision of the Regulation on the coordination of social security systems in order, among other things, to strengthen the reliability of A1 forms and to not undermine the revision of the directive on the posting of workers.

**We call on you to ensure that these points remain high on the EU presidency's agenda in the run-up to the elections and beyond and stand ready to provide you with more and detailed information on the situation and viewpoints of our sector on specific issues.**

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