
Middle East crisis puts Europe's Construction Industry under pressure: We need urgent action

FIEC statement addressed to the European institutions

The Middle East crisis is exposing structural vulnerabilities across Europe's construction value chain. Companies are facing higher energy, fuel and transport costs, as well as more volatile prices for key materials. These fluctuations in energy and material prices result in very high costs for companies, which are often difficult to absorb. Logistics and procurement are also becoming less predictable. Over time, the lack of a stable project pipeline leads to a contraction in companies' size and capacity. Petroleum-related inputs—especially diesel, bitumen, plastic, construction chemicals and other energy-intensive products—are under particular pressure, notably in infrastructure works. Even without widespread shortages, margins are tightening. Projects are harder to price, and the risks of delays, postponed investment and weaker delivery of infrastructure and housing are increasing. These effects are likely to persist beyond the immediate crisis, with continued volatility, longer lead times and tighter financing conditions.

Against this backdrop, FIEC calls on the European institutions to take targeted and proportionate action along three key priorities.

1. **The EU must safeguard the sector's competitiveness and its capacity to invest, deliver and compete on a level playing field.** If companies are no longer able to price projects with sufficient certainty and predictability, the immediate consequences will be a decline in participation in tenders, delays in project implementation and increasing pressure on the timely delivery of infrastructure and housing. A credible and effective EU response should therefore aim to preserve project continuity, sustain investment flows and ensure fair and balanced competitive conditions for companies operating across the European market.
2. **The European institutions should help secure access to critical inputs.** Construction sites can only keep operating if essential materials, energy and transport flows remain reliable. The EU therefore needs swift action to safeguard supply chains, improve market visibility and prevent avoidable disruption in the delivery of projects that are vital for resilience, competitiveness and the green and digital transitions.
3. **Contractual and procurement frameworks must be able to respond to exceptional shocks.** When input costs move abruptly and unpredictably, companies cannot be expected to absorb the full burden alone. Exceptional risks beyond contractors' control should not fall disproportionately on contractors alone. More workable price-adjustment tools, timely indexation and realistic deadlines are needed to keep projects moving and limit disputes.

FIEC calls on the European institutions and Member States to act swiftly, decisively and in a proportionate manner. Ensuring a fair, predictable and well-functioning framework for the construction industry is essential not only for the sector itself, but also for safeguarding the EU's competitiveness and its capacity to build, invest and deliver on its key policy objectives — from infrastructure and housing to the green and digital transitions.