

# 2012

European  
Construction  
Industry  
Federation

EN

ANNUAL REPORT



**F I E C**



29  
countries

33  
federations

including reports of



## FIEC

### Created in 1905

Legal personality under French law

**29 countries** (25 EU, Switzerland, Norway, Croatia and Turkey)

**34 national member federations** representing firms:

- of all sizes (from one person SMEs through to the large firms)
- of all building and civil engineering specialities
- practising all kinds of working methods (whether operating as general contractors or as sub-contractors)

### Associate members:

- BFW Bundesverband Freier Immobilien- und Wohnungsunternehmen e.V.  
 EFFC European Federation of Foundation Contractors  
 EQAR European Quality Association for Recycling e.V.



**Social Partner in the European Sectoral Social Dialogue of the Construction Industry together with FETBB-EFBWW-EFBH** (European Federation of Building and Woodworkers)  
<http://ec.europa.eu/social/main.jsp?catId=480&langId=en&intPageId=23>



The European founding member of CICA (Confederation of International Contractors' Associations)  
[www.cica.net](http://www.cica.net)



Associate member of CEN (European Committee for Standardisation)  
[www.cen.eu](http://www.cen.eu)



Member of ECCREDI (European Council for Construction Research, Development and Innovation)  
[www.eccredi.org](http://www.eccredi.org)



Associate Member of the "Enterprise Europe Network" of the European Commission  
[www.enterprise-europe-network.ec.europa.eu](http://www.enterprise-europe-network.ec.europa.eu)



Cooperation with EIC (European International Contractors) for activities beyond Europe's borders  
[www.eicontractors.de](http://www.eicontractors.de)



Participant in the ECF (European Construction Forum)  
[www.ecf.be](http://www.ecf.be)



Member of ESF (European Services Forum)  
[www.esf.be](http://www.esf.be)



Partner of "BUILD UP" ("The European Portal for Energy Efficiency in Buildings")  
[www.buildup.eu](http://www.buildup.eu)



Partner in ChemXchange project – Creation of web-based database for SME users of chemicals in the construction sector  
[www.chemxchange.com](http://www.chemxchange.com)



Partner in the OSHA (European Agency for Health and Safety at Work) Campaign on "Healthy Workplaces"  
[www.healthy-workplaces.eu](http://www.healthy-workplaces.eu)



Partner in "Install+RES" project  
[www.resinstaller.eu](http://www.resinstaller.eu)



Member of WorldSkills Europe  
[www.euroskills.org](http://www.euroskills.org)



Member of EHF (European Housing Forum)  
[www.europeanhousingforum.org](http://www.europeanhousingforum.org)

## The Sector

Total construction in 2011 (EU 27):

**1,208**  
billion €

**9.6%**  
of GDP  
in 2011 (EU 27):

**51.5%**  
of Gross Fixed  
Capital Formation

**3.1**  
million  
enterprises  
(EU 27),  
of which:

**95%**  
are SMEs with fewer  
than 20 and

**93%**  
with fewer than 10  
operatives

**14.6**  
million  
operatives

**7%**  
of Europe's total  
employment

**biggest  
industrial  
employer in  
Europe**  
(30.7% of industrial  
employment)

**43.8 million workers**

in the EU depend, directly or indirectly, on the construction sector\*

**Multiplier effect:**

**1 person** working in the construction industry  
 =  
**2 further persons** working in other sector\*

\*source: Communication from the Commission "The Competitiveness of the Construction Industry", COM(97) 539 of 4/11/1997, chapter 2

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It gives me great pleasure to present the latest edition of the FIEC Annual Report, at what is the end of my term as FIEC President. The report sets out FIEC's activities from the 2011 General Assembly in Sofia to the 2012 General Assembly in Istanbul.

As ever, FIEC has focused its activities on defending, without any discrimination, the interests of the craftsmen, small, medium-sized and large construction firms affiliated with our member federations.

In accordance with tradition, our colleagues from European International Contractors (EIC) and the Confederation of International Contractors' Associations (CICA) also report on their activities.

### **The economic environment**

As practically all European industry sectors, construction has not escaped the bad effects of the economic crisis.

In these times of budgetary constraint, the impact of the economic stimulus and recovery packages that were adopted following the financial crisis in 2008, has faded and instead austerity seems to be the only policy. In these very difficult circumstances, I can but regret the absence of any significant long term investment strategy necessary to ensure that this sector can contribute to rekindling economic growth, provide skilled employment opportunities to young people and play its part in delivering sustainable development for the benefit of future generations.

Against this backdrop, it must be repeated that investment, both in sustainable buildings and in infrastructure, is crucial in order to meet the current and future needs of society.

The construction industry is not asking for subsidies, but for the steady and consistent flow of investment that is needed for laying the foundations for future economic growth and

the well-being of Europe's citizens for today and future generations.

For this reason, FIEC appealed to the Heads of State and Government of the Member States, ahead of their meeting in early March 2012, recognising the challenging economic climate and the need for governments to cut unsustainable levels of public debt whilst stressing that austerity is not a solution by itself.

On the one hand, Europe's transport, energy and telecommunication networks are the backbone of the EU internal market, ensuring that goods and services are delivered across the continent. They are the very foundations on which Europe's economies operate. On the other, our buildings have a direct influence on our energy consumption and greenhouse gas emissions, both of which will have to be reduced in order for Europe to meet the challenge posed by climate change but also to reduce the EU's unhealthy reliance on imported fossil fuels.

In this context, FIEC supports a healthy balance between public and private investment. Reasonable use of PPP-schemes and innovative financial instruments proposed by the Commission, such as project bonds, are welcome but, given restricted access to credit that the private sector is facing, they cannot replace an effective policy of long-term public investment.

Much existing infrastructure in Europe is ageing, having been built at a time when markets were national or indeed local. In order to lay the bedrock for future growth, a truly European approach to infrastructure must be forged to complete missing links that stand in the way of unbridled trade across EU borders in order to boost growth and job creation. To this aim, the proposed Connecting Europe Facility represents a very important means, provided its funding is not diverted to other purposes. At the same time, urban renewal and modernisation of the building stock must not be neglected either.

Please refer to our latest statistical report, No. 55, for more details on construction activity in Europe.

From all the issues in which FIEC is involved and which are presented in this report, I would like to highlight one in particular:

### The need for a "level playing field" and symmetrical market access

For several years, now, faced with discriminatory terms of access to some non-EU construction markets, FIEC and its international sister organisation EIC have joined forces fighting for a "level playing field", both in the EU and on third country markets, including the respect of reciprocal market opening and symmetrical access. These efforts have been taken up and amplified by our national member federations and some Members of the European Parliament. For these reasons, we are proud to see that the situation in the European Commission has changed from a resounding "there is no problem" to a chorus of "here are our proposals for solving the problem".

The combination of the proposal on "abnormally low tenders" (Art. 69 of the proposed procurement directive) and the proposed Regulation on "market access" is a good first step in the right direction. We will now concentrate on our contributions for making them less timid and more efficient.

I must stress that we are in favour of open markets and opposed to protectionism however we are also convinced that the EU negotiators should be able to use solid leverage if our trade partners refuse to open their markets whilst benefitting from open EU markets. And on the internal market, it is necessary to combat the destructive phenomenon of "abnormally low tenders". Such tenders tend to turn out more costly in the long run, as for example the Polish contracting authority realised last year, when the re-awarding of the two lots awarded to a state-owned enterprise's abnormally low tender was much more expensive than the first award.

### Other issues, to name but a few, which you will find in this year's Annual Report are:

- Public procurement, PPPs and concessions.
- Vocational training and education.
- Improving Health & Safety on construction sites.
- Posting of workers.
- Boosting the role of contractors in standardisation.
- Sustainable Construction.
- Energy efficiency and climate change mitigation
- Infrastructure development

- Research, Development and Innovation
- Resource Efficiency
- Housing and urban policy, demographic change.

### My thanks

And finally I would like to express my gratitude to Let me take this opportunity to extend my thanks to everybody who, during my mandate, has participated actively or by virtue of their advice in our work: my Steering Committee colleagues, the Presidents and members of our commissions, sub-commissions and working groups, the contractors and staff of our member federations and also the staff of the FIEC secretariat in Brussels.

I also thank all our interlocutors in the European institutions and the associations/ federations with whom we have closely cooperated on the numerous themes linked to construction. I would like to address a special thanks to our social partner EFBWW, with whom we have – again – successfully organised conferences and studies, as well as agreed on a number of important joint position papers.

### The solution industry

In conclusion, I would like to make a personal appeal to policymakers. Whether it is in preparing the ground for future growth through investing in infrastructure, dealing with the threat of climate change, adapting buildings to make them more energy efficient or in planning cities to meet the changing needs of future generations, the construction sector is an unavoidable partner in making the future a reality. As we try and draw the lessons of the financial crisis, let's use the talent, expertise and dedication of the men and women of the construction industry as they have a lot to offer society as a whole. Construction is the solution industry.

I wish you all a very good read of FIEC's 2012 Annual Report



Luisa Todini,  
President of FIEC

**15<sup>th</sup> Anniversary AIEP –  
The European Association of Paritarian Institutions –  
Brussels 20/9/2011**



Photo: © AEIP

Daniel Tardy (CICA President), Bruno Gabellieri (AEIP Secretary General), Luisa Todini

**Meeting with UfM – Union for the Mediterranean –  
Barcelona 3/10/2011 (see MEDA chapter, page 50)**



Photo: © CNC

Ulrich Paetzold, Yigit Alpogan (UfM Deputy Secretary General for Transport & Urban Development), Luisa Todini, Youssef Amrani (UfM Secretary General), Néstor Turró (FIEC Vice-President, MEDA), Maria Ángeles Asenjo (Director International Department, CNC)





Luisa Todini, IT

President



Jacques Huillard, FR

Vice-President  
ECO  
(FR)



Thomas Schleicher, DE

Vice-President  
SOC  
(DE)



Kjetil Tonning, NO

Vice-President  
TEC  
(DK-EE-FI-LT-NO-SE)



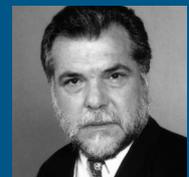
Michel Buro, CH

Vice-President  
Treasurer  
(AT-CH-HR-HU-SI-SK)



Elco Brinkman, NL

Vice-President  
Communication  
(BE-IE-LU-NL)



Andreas Mikallos, CY

Vice-President  
ECF  
(BG-CY-GR-MT-RO-TR)



Néstor Turró, ES

Vice-President  
MEDA  
(ES-PT)



Angelo Provera, IT

Vice-President  
SME  
(IT)



Michel Démarre, FR

Vice-President  
EIC

**GENERAL ASSEMBLY**

**COUNCIL**

**STEERING COMMITTEE**

**Economic and Legal Commission (ECO)**

President:  
Jacques Huillard, FR  
Rapporteur:  
Christine Le Forestier, FIEC

**Working Group**

**Transport Infrastructure**  
Chairman: Jacques Huillard, FR

**Temporary Working Groups**

**International accounting rules**  
Chairman: Enrico Laghi, IT

**PPPs and Concessions**

Chairman:  
Vincent Piron, FR

**Internal Market – Lead Markets**

Chairman: Thierry Ceccon, FR

**EU Contract Law**

Chairman: Wolfgang Bayer, DE

**Public Procurement**

Chairman: Jan Wierenga, NL

**Social Commission (SOC)**

President:  
Thomas Schleicher, DE  
Rapporteur:  
Domenico Campogrande, FIEC

**SOC-1:**

**Vocational Training**  
Chairman: Alfonso Perri, IT  
Executive Chairman: Jacques Lair, FR

**SOC-2:**

**Health and Safety**  
Chairman: Cristina García Herguedas, ES

**SOC-3:**

**Economic and Social Aspects of Employment**  
Chairman: François Jacquel, FR

**Technical Commission (TEC)**

President:  
Kjetil Tønning, NO  
Rapporteur:  
Frank Faraday, FIEC

**TEC-1:**

**Directives, Standards and Quality Assurance**  
Chairman: Jan Coumans, BE

**TEC-2:**

**Research, Development and Innovation**  
Chairman: Bernard Raspaud, FR

**TEC-3:**

**Environment**  
Chairman: Jan Wardenaar, NL

**EIC – European International Contractors e.V.**

President: Michel Démarre, FR  
Director: Frank Kehlenbach, EIC



Ulrich Paetzold  
Director General



Christine Le Forestier  
Rapporteur  
Economic and  
Legal Commission



Domenico Campogrande  
Rapporteur  
Social  
Commission



Frank Faraday  
Rapporteur  
Technical  
Commission



Joëlle Caucheteur  
Secretariat



Yasmina Koeune  
Secretariat



Sylvie Masula  
Secretariat



Muriel Lambelé  
Accountant



Marie-Cécile Bailly  
Webmaster –  
Communication officer

Photo: Yvan Clavier, Brussels

**The Secretariat has a double responsibility:** *internally towards its member federations, and externally towards the European Institutions and other organisations both at the European and world levels. With the objective of defending and promoting the interests of enterprises in the construction sector.*

**So far as this “internal” role is concerned,** in the first instance it ensures the coordination and the proper functioning of internal bodies of the federation (General Assembly, Council of Presidents, Steering Committee, Commissions, Sub-commissions and working groups etc.) and on the other, ensures communications with the member federations which includes consulting them on all actions undertaken towards the European Institutions, directly or indirectly of concern to the construction sector.

**As concerns its external role,** this involves on the one hand representing the sector in its debates with the European Institutions, from the first consultative phases, ensuring the follow-up and proposing initiatives, through to individual specific actions of the organisations such as seminars and conferences. At the same time, the Secretariat takes care of the coordination of contacts and other actions with other organisations such as EIC (European International Contractors) and CICA (Confederation of International Contractors Associations).

### Conference – Sheraton Sofia Hotel Balkan – “Fair competition on open markets, challenges for politicians and contractors” 17/6/2011



1. Luisa Todini, opening of the Conference
2. Round Table Discussion: Frank Dupré (DE-ZDB), Sam Hägglund (EFBWW), MEP Raffaele Baldassarre
3. Round Table Discussion – Elco Brinkman (FIEC Vice-President, moderator), Jonathan Holslag (BICCS – Brussels Institute of Contemporary China Studies), Karolina Szydłowska (PL-UNI-BUD)
4. Keynote Speaker – Raffaele Baldassarre, Member of the European Parliament – Vice-Chairman, EP Committee on Legal Affairs
5. Conclusion – The way forward – Michel Démarre (EIC President)
6. Rosen Plevneliev, President of Bulgaria, speaking at FIEC Opening Ceremony as Bulgarian Minister of Regional Development and Public Works
7. Rosen Plevneliev – Svetoslav Glossov (BCC President) – Luisa Todini



### Opening Ceremony – Sheraton Sofia Hotel Balkan 17/6/2011



### Fair competition on level playing fields – worldwide! FIEC/ EIC appeal to EU and national decision makers

The globalisation of the world's economies has led to an increasing number of enterprises and workers from third-countries on European construction markets.

FIEC and EIC are opposed to any forms of protectionism and are in favour of fair competition on symmetrically open markets. Competition, provided it is fair and healthy, contributes to progress and innovation, whereas unfair and unhealthy competition, based on the lowest price only, endangers the EU economy and society.

FIEC and EIC therefore underline the unavoidable need to ensure a level playing field framework worldwide, which provides the ground for both fair competition between all companies and the respect of the environmental and social achievements reached so far in the EU.

**1. FIEC/ EIC consider:** It is equally unacceptable that market access opportunities are not symmetrical, so that EU enterprises are prevented from entering public procurement markets in certain countries, whilst the enterprises of such countries can fully benefit from EU openness.  
**Our appeal:** We therefore ask for genuinely reciprocal/ symmetric market access opportunities and corresponding incentive measures (i.e. trade defence instruments) at EU level, if international negotiations do not achieve tangible progress.

**2. FIEC/ EIC consider:** It is unacceptable that third country state-owned and state-aided enterprises, who are not subject to the same constraints as companies from EU countries, can be awarded public contracts within the Union.  
**Our appeal:** The EU public procurement legislation should therefore be amended, in order to ensure an effective level playing field for all potential EU and third-country tenderers, avoiding, in particular, unfair forms of competition between private and state owned companies.

Photos: © Stroitel Newspaper

Photos: © Stroitel Newspaper

**3. FIEC/ EIC consider:** Seeing the incredibly low prices offered in some specific cases, where for example the winning bid of a state-owned third country company was more than 70% below the official cost estimate and 30% below the nearest European offer, it is evident that such prices include state aid which would be illegal in the EU and/or the non-respect of social and environmental requirements.

**Our appeal:** Such unfair competition is unacceptable and must be avoided by mandatory rules on Abnormally Low Tenders (ALTs) instead of the currently available possibilities, in order to prevent EU Member States from abusing the unprotected openness of the Internal Market.

This is not a “one off” issue, but an on-going challenge requiring strategic short, medium and long-term thinking, in order to identify the most appropriate set of policies and measures.

In the light of the recent resolution of the European Parliament<sup>1</sup>, of the opinion of the European Social and Economic Committee<sup>2</sup> and of the consultations of the European Commission<sup>3</sup>, FIEC and EIC launch this appeal to the EU and the national decision makers, in order to ensure that adequate and courageous measures be adopted at all levels (international, EU, national) for securing a global level playing field based on fair competition and symmetry/ reciprocity. From these measures will depend the long term sustainable development of the EU economy.

Sofia 17/6/2011



Ivan Boykov (BCC Director General) – Boyko Borisov (Prime Minister of Bulgaria) – Luisa Todini – Rosen Plevneliev (see previous page) – Svetoslav Glossov (BCC President)

Gala Dinner – National Historical Museum 17/6/2011



Honorary Presidency awarded to FIEC Past Presidents Jean-Louis Giral and Dirk Cordeel by President Luisa Todini

Photos: © Stroitel Newspaper

<sup>1</sup> “Resolution on equal access to public sector markets in the EU and in third countries and on the revision of the legal framework of public procurement including concessions” (B7-0284/2011 of 12/5/2011)

<sup>2</sup> “Third country state-owned enterprises in EU public procurement markets (own-initiative opinion)” (CCMI/082 - CESE 807/2011 of 5/5/2011)

<sup>3</sup> “Green paper on the modernisation of EU public procurement” (27/1/2011) and “Consultation on an initiative on access of third countries to the EU’s public procurement market” (7/6/2011)



## Preface

In the past 12 months, the importance of international issues having a direct impact on the EU Internal Market has increased considerably. Considering that the

international interests of FIEC Member Federations and their contractor members are defended by FIEC's sister organisation "European International Contractors" (EIC), it is self-evident that this development requires the combined expertise and efforts of both federations. For this reason, we have introduced this chapter, in addition to the specific EIC report commencing on page 52.

## Market access of third country state-owned enterprises

The access of third country state owned enterprises to EU public procurement markets was the main theme of the conference entitled "Fair Competition on Open Markets – Challenges for Politicians and Contractors" organised during the FIEC Congress in June 2011 in Sofia, when FIEC and EIC adopted a joint appeal addressed to European and national decision makers (full text on page 8), stressing that:

*"FIEC and EIC are opposed to any forms of protectionism and are in favour of fair competition on symmetrically open markets. Competition, provided it is fair and healthy, contributes to progress and innovation, whereas unfair and unhealthy competition, based on the lowest price only, endangers the EU economy and society."*

On this basis, FIEC and EIC launched three appeals:

- *Genuinely reciprocal/ symmetric market access opportunities and corresponding incentive measures (i.e. trade defence instruments) at EU level, if international negotiations do not achieve tangible progress.*
- *EU public procurement legislation should therefore be amended, in order to ensure an effective level playing field for all potential EU and third-country tenderers, avoiding, in particular, unfair forms of competition between private and state owned companies.*

- *Prices including state aid which would be illegal in the EU and/or the non-respect of social and environmental requirements present unacceptable unfair competition which must be avoided by mandatory rules on Abnormally Low Tenders (ALTs) instead of the currently available optional possibilities, in order to prevent EU Member States from abusing the unprotected openness of the Internal Market.*

## The A2 motorway case in Poland

Following the termination of the two contracts which GDDKiA (Directorate General for National Roads and Motorways) had awarded to the Chinese state owned and controlled company COVEC, the contracts were re-awarded in negotiated procedures, for reasons of urgency. According to information published in the electronic "Supplement S" (lot A: S146 of 2/8/2011; lot C: S151 of 9/8/2011) the budget estimate by GDDKiA had shrunk to 37% and 42,6% of their initial budget estimations. The contract prices of the re-award were not only 53% and 65,1% higher than the prices agreed with COVEC, but also 16,5% and 24,3% higher than those of the second ranking offer in the initial procedure.

This is a perfect example of the negative consequences resulting from the award of contracts to abnormally low tenders (ALT) which FIEC and its Member Federations have been combating for decades. The public client, ultimately the taxpayer, pays more than if the contract had been awarded to the most economically advantageous tender. At the same time, the unavoidable delays caused by disputes, negotiations and finally re-awarding the tender result in delaying the availability of such infrastructure for citizens and businesses.

Whilst it should be stressed that submitting ALTs is not a phenomenon limited to state owned and controlled third country companies, the negative influence of illegal state aid adds an aspect of unfair competition, in particular as it would be subject to infringement proceedings in the case of EU Member States. It is not justified to claim that such illegal state aid has lesser or no negative impact on competition on the Internal Market, just because it is being practiced by a third country and not an EU Member State.

This unsatisfactory situation is compounded if such behaviour favours companies owned by states which do not open their own domestic markets symmetrically to the open EU Internal Market. In conclusion, the A2 case has given clear evidence that it is in the interest of the EU, its citizens and businesses, to address issues such as ALTs, ensuring a "level playing field" and symmetrical market access in a determined manner, defending the EU's legitimate interests at global level without misguided fear and timidity.

### First lobbying successes

Considering that only two years ago, our concerns were often met with "there is no problem", the mere existence of legislative proposals by the EU Commission already represents a considerable success of the combined lobbying efforts of FIEC, EIC and their Member Federations. However, this is just a first step, which has to be followed by further action, namely concentrating lobbying on the European Parliament and the Council, the two EU co-legislators.

Since last year's Annual Report in May 2011, the awareness of the construction industry's specific concerns has steadily increased and important developments have taken place.

### The EU Commission

The European Commission organised a public consultation (7/6/2011 - 2/8/2011), to which both FIEC and EIC responded, both favouring alternative "3A", a legislative initiative with mandatory exclusion of tenders from third countries not covered by international commitments of the EU and, if and when applicable, "ex ante" information about the intention to award the contract to such a tender.

On 8/7/2011, the EU Commission organised a hearing on the same issue, in which FIEC/ EIC gave a brief presentation of the construction industry's views, which can be summarised as follows:

- The EU should robustly ensure symmetrical market opening and reciprocity.
- The EU should prevent unfair competition by state owned and aided third country enterprises.

- The current public procurement rules on ALT should be strengthened, including more mandatory rules.

Finally on 20/12/2011, the Commission published three legislative proposals, among them the proposal for the modernisation of public procurement rules for "classical" contracting authorities (see ECO report on page 16), followed three months later, on 21/3/2012, by a proposal for a Regulation on market access.

### The "Classical" Public Procurement Directive<sup>1</sup>

In particular Art. 69 on "ALT" concerns the issue of third country enterprises.

In its initial position paper<sup>2</sup> addressed to the EP-IMCO rapporteur Marc Tarabella (BE-S&D), FIEC wrote:

*"Commission's proposal: Three cumulative conditions, according to which a tender is deemed to be abnormally low and contracting authorities shall require justifications, have been introduced. The proposal also introduces an obligation to reject a tender, but only when it is abnormally low because of non-compliance with social, labour or environmental law.*

*FIEC's position: These changes represent an improvement compared to the current provision, but they remain insufficient considering the challenges and expectations in this field."*

This position is followed by some specific proposals for amendments aimed at strengthening the rules and reducing the possibilities to award public procurement contracts to ALTs:

- more realistic and alternative conditions regarding the contracting authority's obligation to ask for explanation of the prices
- mandatory rejection of tenders suspected of containing state-aid, if the tenderer does not prove that the aid in question is compatible with EU competition law
- the assumption that state-owned or state-supervised and -managed enterprises are deemed to receive or have received state aid, combined with the obligation to the contracting authority to award the corresponding contract only if the tenderer has proven the invalidity of this assumption

<sup>1</sup> Document COM(2011)89.

<sup>2</sup> full text available on [www.fiec.eu](http://www.fiec.eu).

### “Market Access” Regulation<sup>3</sup>

In a joint press release<sup>2</sup>, FIEC and EIC applauded this initiative, for which they had been lobbying for two years, and called for it to be made less timid and more efficient. Decades of international negotiations aimed at opening markets had not achieved much progress for international contractors wishing to work on certain third country markets.

According to the Commission press release IP/12/268, *“The main objective of the initiative is to help open worldwide public procurement markets and to ensure European businesses have fair access to them. The proposal also aims to ensure that all companies (both European and non-European firms) are on an equal footing when it comes to competing for business in the EU’s lucrative public procurement market.”*

In addition to a series of definitions, one of which clarifies, in line with the usual WTO/ GPA structure that “service provider” includes contractors and that the execution of works is considered as the provision of a service<sup>4</sup>, there are four main elements of particular interest for the construction industry:

#### 1. Art. 3, “Rules of origin”

This is the basis for calculating the percentage of contract values from third countries, one of the decisive parameters for being able to apply any measure. For **goods**, this refers to the Community Customs Code. For **services**, this refers to the origin of the person providing it, with a variety of different aspects for natural and legal persons.

#### 2. Art. 6, “Empowerment of contracting authorities/entities to exclude tenders comprising non-covered goods and services”

Such empowerment requires several conditions and paperwork, namely: more than 50% of the contract value from third countries without any market opening agreement, the publication of the intention to exclude such tenders in the contract notice, notification of the intention to request exclusion to the EU Commission and finally a Commission decision to approve exclusion. If the Commission does not take a decision, then exclusion is deemed to have been disaproved.

#### 3. Art. 7, “Abnormally Low Tenders”

The wording of this article is unfortunate to the extent that it states “intends ... to accept an ALT ...” with more than 50% of the contract value from third countries without any market opening agreement. ALTs should not be accepted but excluded! If an offer suspected to be an ALT has been explained in a satisfactory manner, then it is no ALT and the offer can, in principle, be accepted. For this case, presumably, the article establishes an obligation for the contracting authority to inform the other tenderers of both the intention to award and the reasons for the low price.

#### 4. Art. 10 “Adoption of measures limiting access of non-covered goods and services to the EU public procurement market”, following “Investigation ...” (Art. 8) and “Consultation of a third country” (Art. 9)

The first step is an investigation which the Commission may initiate, when considering this “to be in the interest of the Union”, either “on its own initiative or upon application of interested parties or a Member State”. The second step, if the investigation comes to the result “that restrictive procurement measures are maintained by a third country and the Commission considers it to be justified by the EU interest”, is a consultation of this third country. If this consultation does not lead to the restrictive measures being lifted or at least some kind of commitment to this effect being taken in one of the various manners described in the proposal, and if this “leads to an lack of substantial reciprocity in market opening”, then the Commission “may adopt implementing acts to temporarily limit the access” to the EU market. Such measures may be “the exclusion of tenders” or “a mandatory price penalty” which may be limited to certain categories of contracting authorities, goods/ services or above/ within thresholds.

At the time of completing this report, the work on an official FIEC/ EIC position is on-going. Following the initial enthusiasm about the publication of such a proposal, the reactions received from members now increasingly question the practicability of these complex rules and propose more realistic and efficient rules.

<sup>2</sup> full text available on [www.fiec.eu](http://www.fiec.eu).

<sup>3</sup> Document COM(2012)124.

<sup>4</sup> Art. 2.1 (b) and Art. 2.2 (d).

For example: according to the proposed Art. 6, procurement officers would have to complete considerable paperwork, without having any certainty that their efforts would ultimately allow the exclusion they consider correct and fair. So, it is likely that they will not make any use of these possibilities which represents no real progress compared to the current situation. On the contrary, the new procedure would no longer allow current practice based on the fact that there is no obligation to allow a third country tender in public procurement, so long as there is no EU or national commitment to this extent (e.g. TEU, EFTA, EEA, GPA, bi-lat).

Concerning the ALT rules, there are questions whether they would not be more appropriate in Art. 69 of the proposed Public Procurement Directive.

### Fair contract conditions, in particular in case of EU financed projects

A growing number of member firms active in Central and Eastern European Countries have informed us that an increasing number of projects financed by EU Funds are suffering from (1) insufficient project preparation, (2) unusual, poorly managed tender procedures, (3) unfair contract conditions and (4) unacceptable harassment of consulting engineers in their role as fair contract managers.

The countries most frequently mentioned are Bulgaria, Poland, Romania and Slovenia, which all use modified FIDIC "Red Book" and "Yellow Book" contract conditions, either by virtue of a law (Romania) for all projects in a certain sector or "individually" on a project basis. Despite differences in detail the general philosophy of public clients is to transfer a maximum amount of risk onto the contractor, without allowing any time extension or price adjustment.

This approach is contrary to the fair balance for which non-modified FIDIC standard forms of contracts are well known and used worldwide for major infrastructure works. It also contradicts the practice of the multilateral and European development banks which require the use of fair and balanced contract conditions in the projects they finance. Furthermore, this also leads to EU funds not being spent efficiently and potentially favours non-transparent behaviour.

FIEC and EIC have taken up these issues with various EU institutions. They have all expressed their sympathy for the construction industry's views and requests without addressing the problem.. For this reason, the EIC Working Group "Contract Conditions", with the active participation of FIEC is now preparing evidence, including precise text comparisons, in order to demonstrate the unfairness of these contract conditions and its negative consequences.

In a first step, FIEC/ EIC are lobbying for the inclusion of the principle of fair and balanced conditions for all EU co-financed contracts into the "Cohesion Policy" legislative package currently under negotiation.

### Conference Transparency International – "Tackling Corruption across the EU" Brussels 7/12/2011



Photo: Fabrice Debatty

Uwe Krenz – FIEC-EIC working group – EIC Treasurer – Bilfinger Berger (DE), Ulrich Paetzold

### Ethics/ Transparency

In the Transparency International one-day conference "Tackling Corruption across the EU" organised in Brussels on 7/12/2011, EIC Treasurer Uwe Krenz, speaking on behalf of FIEC and EIC, gave a presentation based on the "FIEC/ EIC Statement on Corruption Prevention in the Construction Industry" in the plenary panel session entitled "Eliminating waste and corruption in EU public funds: the role of procurement". Both Uwe Krenz and FIEC DG Ulrich Paetzold participated actively in the discussions, stressing the need for joint efforts of all stakeholders involved.

### Commission Vice-President Tajani's "growth missions"

At the end of last year, Commission Vice-President Tajani decided to organise such missions, in order to facilitate the internationalisation of European enterprises, in particular SMEs. The construction industry was chosen as one of the key sectors, considering the huge markets for construction services on other continents. Coordinated by FIEC, due to its presence in Brussels, FIEC and EIC were represented by high ranking contractors on these occasions.

#### 15-16/12/ 2011 to Brazil

FIEC/ EIC were represented on this mission by EIC Board Member António Mota. According to the Commission, this is the first time that a delegation of leading industrialists and entrepreneurs accompany an Industry and Entrepreneurship Commissioner during an official visit. Vice-President Antonio Tajani: *"I am particularly glad to be here with 25 representatives of our industry. Acting together at European level we can build solid relations with the other economic players. European small and medium sized enterprises should better profit from fast growing emerging markets."*

#### 23-24/4/2012 to São Paulo (follow-up)

FIEC/ EIC were represented by Rafael Rossi, CEO of MOTA-ENGIL Latin America.

Vice-President Antonio Tajani: *"In Brazil, as announced during our recent visit, a European business delegation of around 30 SMEs will be conducted by DG Enterprise and Industry probably with the support of a high level European politician. This "SME mission" will be organised in São Paulo with the support of the Federação das Indústrias do Estado de São Paulo (FIESP) on 23-24 April 2012 to discuss with Brazilian politicians and Brazilian entrepreneurs how to foster our industrial cooperation."*

#### Future missions

For the time being, "growth missions" are planned for the USA, Mexico and Colombia in May 2012.





Jacques Huillard, FR

President

*Christine Le Forestier, FIEC  
Rapporteur*

Chairman Working Group "Transport Infrastructure"

*Jean-François Ravix, FR  
Rapporteur*

Temporary Working Groups:

International Accounting Rules



Enrico Laghi, IT

Chairman

*Raffaele Petruzzella, IT  
Rapporteur*

PPPs and Concessions



Vincent Piron, FR

Chairman

*Marie Eiller-Chapeaux, FR  
Rapporteur*

Internal Market – Lead Markets



Thierry Ceccon, FR

Chairman

*Myriam Diallo, FR  
Rapporteur*

EU Contract Law



Wolfgang Bayer, DE

Chairman

*Christine Vöhringer-Gamper, DE  
Rapporteur*

Public Procurement



Jan Wierenga, NL

Chairman

*Dick Van Werven, NL  
Rapporteur*

## 1. Public procurement

In the past three years, a series of initiatives – studies and consultations – concerning all areas of public procurement have been undertaken by the European Commission with the purpose of assessing the impact and cost-effectiveness of EU procurement legislation.

Back in the 1<sup>st</sup> half of 2011 for instance, the TWG “Public procurement”, chaired by Jan Wierenga (NL-Bouwend Nederland), actively worked on a response to the Commission’s Green Paper on the modernisation of public procurement. In its contribution, finalised on 15/4/2011, FIEC sought to press home the following main points: public procurement rules need stabilisation; the current structure, definitions and thresholds are appropriate; the principle of negotiation in the framework of award procedures should not be generalised; access of SMEs to public procurement can be addressed through the implementation of voluntary measures<sup>1</sup>; existing procurement procedures already allow environmental and social requirements to be taken into account, as long as they are linked to the subject-matter of the contract; using the Most Economically Advantageous Tender criterion (MEAT) is the most appropriate for promoting innovation and value for money.

The European Commission finally unveiled in December 2011 several proposals aimed at “modernising” the existing legislative framework:

- A proposal for a Directive on public procurement (replacing Directive 2004/18/EC – “classic”);
- A proposal for a Directive on procurement by entities operating in the water, energy, transport and postal services sectors (replacing Directive 2004/17/EC – “utilities”);
- A proposal for a Directive on the award of concession contracts (see point 2).

During a meeting held on 7/2/2012, FIEC national experts started analysing the Commission’s concrete proposals and preparing a position paper concentrating on the “classical” draft directive. **The analysis revealed that some of FIEC’s messages had been taken over in the Commission’s proposal: stable thresholds, promotion of open and restricted procedures, mandatory accessibility criterion in**

**the technical specifications, the proportionality principle strengthened on requirements, mandatory acceptance of self-declarations and original documents requested to the winning bidder only, promotion of the MEAT criterion as well as some improvements regarding the provisions on abnormally low tenders, although not sufficient.**

Conversely, the experts pointed out several problematic issues for which compromise solutions have to be found: too weak safeguards to ensure the confidentiality of tenders, general shortening of minimum time limits, broadening of the possibility to recourse to negotiation in the award procedures, partial weakening of the link with the subject-matter of the contract, no progress regarding the acceptance of variants, confusion regarding specific technical specifications’ and award criteria (i.e. production process), “apply or explain” principle for the division of contracts into lots, additional provisions regarding the contract performance (i.e. subcontracting).

FIEC now intends to provide the Rapporteur – Marc Tarabella (S&D-BE) – with a first set of amendments’ proposals by early April and to finalise its overall position paper by early June in order to have further amendment proposals taken on board by the European Parliament. Initial contacts with the various Members of the European Parliament involved in this issue have been encouraging, but numerous stakeholders have contradictory interests in this field!

Adoption of these draft directives is foreseen by end 2012.

## 2. PPPs and concessions

The Commission’s legislative initiative on concessions has been in the pipeline for the past three or four years. As the question of a further legislative proposal on service concessions – which are currently excluded from the scope of the public procurement directives – was very controversial, DG MARKT had to undertake a series of consultations and studies in this field, in which FIEC actively took part.

While it was finally expected that the Commission would come out with a so-called “light approach”, simply extending the existing provisions for works concessions to service concessions, the Commission

<sup>1</sup> See the European Code of Best Practices facilitating access by SMEs to public procurement contracts, SEC(2008)2193 dated 25/6/2008.

proposed a stand-alone directive on both works and services concessions, some provisions of which are simple copies of the "classic" public procurement draft directive.

The TWG "PPPs & concessions", chaired by Vincent Piron (FR-FNTP), is now in the process of preparing a position paper, including concrete amendment proposals. Clarifications, improvements and/or deletions are namely needed regarding the definition of concessions linked to their duration and modification during their term, the codification of in-house and inter-municipal cooperation cases, as well as procedural guarantees for tenderers.

In the course of February and March 2012, the Chair namely had the occasion to establish first contacts with the Rapporteur – Philippe Juvin (EPP-FR) – in order to present FIEC's preliminary analysis. **The Rapporteur is ready to support a "lighter" approach, which would bring added-value in countries which do not yet have any legal framework for concession contracts. He also recognises the specific nature of these contracts and the necessity to find a balance between flexibility (incl. regarding the negotiation process) and procedural guarantees for tenderers.**

Adoption of this draft directive is also foreseen by end 2012.

### EPEC Private Sector Forum

In parallel to this exercise, FIEC continues to participate in the activities of the "Private Sector Forum" of the European PPP Expertise Centre (EPEC) – which concentrates on a more economic approach of PPPs – and to contribute with the specific experience of the construction industry, via the participation of Vincent Piron. Thanks to this Forum, FIEC is disseminating expertise and capacity building towards national and local public entities.

The TWG also devotes specific attention to the changes occurring in PPPs contractual and/or financial framework in many Member States, including PFIs in the UK.

### 3. "Lead Markets"

At the end of 2007, the European Commission (DG Enterprise and Industry) launched the "Lead Market Initiative" (LMI), aimed at promoting the innovation and the development of large-scale markets with international potential. This horizontal initiative concerns six key markets of which one is sustainable construction. The TWG "LMI", chaired by Thierry Ceccon (FR-FFB), follows up the various studies undertaken by the Commission in this framework.

#### a. EC forthcoming Communication on the "Sustainable Competitiveness of the Construction Sector and its Enterprises"

The European Commission (DG Enterprises and Industry) has been preparing a Communication on the "sustainable competitiveness of the construction sector and its enterprises" for two years. The goal of this Communication is to update the former construction competitiveness strategy established by the Commission in 1997.

This Communication is being prepared on the basis of a study undertaken by the consortium ECORYS in 2010 and published in May 2011, which highlighted a set of five policy measures to be implemented: strengthening the single market for construction through more effective regulation; improving the skills base and work organisation practices through professionalization and partnerships between the private and public sector; improve innovation capacity and performance in all its forms with a view to increasing productivity, sustainability and value-added in all parts of the value chain; higher sustainability in design, products, processes and operations; and strengthening the global competitive position of the sector. Concrete innovative measures however were few and most single measures proposed were already in the EU legislative pipeline.

This Communication is also expected to take into account the outcomes of a series of stakeholder consultations. **In its contribution to the latest one, undertaken in summer 2011, FIEC namely recalled that what companies need most in this period of financial and economic troubles is: secure access to finance and investment; and the stability and respect of the existing rules (e.g. payment periods, fiscal mechanisms, confidentiality of offers,**

**systematic rejection of abnormally low tenders...), rather than a burdensome series of new rules and heavy social charges.**

Due to a series of technical and political difficulties, the adoption of this Communication by the Commission has been postponed several times. It is now expected to be adopted in June this year.

#### **b. EC study on the impact of national recovery measures on the construction sector**

In January 2012, the European Commission (DG Enterprise and Industry) launched a new study aimed at assessing the positive and/or negative impact of the various national recovery measures on the construction sector and, according to the outcomes, disseminating best practice amongst the Member States.

Following a first meeting with stakeholders in January 2012 in Brussels, the team of consultants started consulting national ministries and federations, as well as EU stakeholders individually.

As FIEC organised internal exchanges of information amongst Member Federations on this topic between 2009 and 2011, it is able to provide a constructive contribution to this study. However, FIEC expressed its disappointment towards the Commission that the study had been launched without firstly asking what relevant stakeholders could contribute in this field.

The conclusions of this study are expected to be available by the end of the year.

#### **4. International accounting rules**

As in 2010, the TWG "International Accounting Rules", under the new chairmanship of Prof. Enrico Laghi (IT-AGI), focused its activity again on the "revenue recognition" issue, and namely on responding to the International Accounting Standard Board's (IASB) revised Exposure Draft on "Revenue from Contracts with Customers", published in November 2011.

This initiative of the IASB aims at replacing the existing standards on revenue recognition – namely IAS 11 *Construction contracts* and IAS 18 *Revenue* –

for one revenue model intended to be applied across all industrial sectors.

In response to a first Exposure Draft published on this topic in June 2010, the IASB received nearly one thousand comment letters. In this context, the IASB had to rethink a series of accounting rules regarding some key aspects of the Exposure Draft (i.e. combining / segmenting, contract modification, performance obligation, recognising revenue, etc). Following this process, a revised Exposure Draft was published in November 2011.

**FIEC responded to this revised Exposure Draft in a comment letter, dated 13/3/2012, focusing on few critical issues for the construction sector, namely: the recognition of revenue "over time" versus "at a point in time"; the recognition of claim under IAS 11 versus the solution proposed in the revised Exposure Draft; additional disclosure requirements which were not included within IAS 11.**

The adoption of the final standard is now expected to occur by the end of 2012.

### **5. EU Contract Law**

#### **a. Consumer rights directive**

**Concluding a lengthy legislative process (2008-2011), the consumer rights directive has finally been adopted and published in the OJEU in October 2011<sup>2</sup>.**

The TWG "EU Contract Law", chaired by Dr. Wolfgang Bayer (DE-HDB) closely followed up this issue as the original scope of the draft directive was so broad that it would have covered all construction contracts concluded "off-premises". Consequently, construction contracts would have been subject to a range of provisions on information requirements and withdrawal rights not adapted at all to the specificities of construction contracts and having a negative impact for those construction companies working for private consumers – above all SMEs and craftsmen active in the R&M segment who also need to be protected from additional administrative burden and abuses.

<sup>2</sup> Directive 2011/83/EU of 25 October 2011 on consumer rights.

**FIEC succeeded in having two-thirds of construction contracts excluded from the scope of the directive, that is, contracts for the construction of new buildings, as well as the “substantial conversion of existing buildings”.**

For all other R&M works which are not considered as being “a substantial conversion”, other safeguards from the consumer’s right to withdraw have been included in the directive. This namely concerns goods which are clearly personalised to the request of the consumer, as well as goods which are inseparably mixed with other items. In both cases, this is basically what always happens regarding R&M works made at the consumer’s place. In addition, urgent repairs or maintenance are also excluded from the consumer’s right to withdraw.

#### **b. EC proposal for a Regulation on a Common European Sales Law**

While the European Commission had long mooted the possible creation of a European Contract Law instrument, it was finally unveiled in October 2011, with a proposed Regulation on a “Common European Sales Law”, that is, restricted to sales aspects. This Regulation, if adopted, would allow the creation of an optional legislative instrument which parties to a cross-border sales contract could freely choose to apply.

This instrument targets above all cross-border on-line sales of goods, with a view to boosting them within the internal market, but it is questionable whether this instrument will also impact construction contracts and if so, to which extent.

Although Commissioner for Justice Viviane Reding, as well as the majority of the political groups in the European Parliament, strongly support the development of such an optional instrument, both consumers’ and business associations have pointed out the weaknesses and loopholes of the proposal. They have put forward, first and foremost, that such an optional instrument was not needed and would therefore bring no added-value to the market.

**In this regard, FIEC has also always insisted on the fact that there was no specific need for EU wide harmonised contract rules for the construction sector, which is a local business above all.**

In this context, one can wonder whether this instrument – even if adopted – would be used by European consumers and businesses... Successful or not, this initiative is only a first step however and more is about to come in the next few years in the field of European contract law. A study undertaken by the University of Oxford on this topic was launched in early 2012.

## **6. Fiscal matters**

After analysis, the European Commission came to the conclusion that the current legislative framework for VAT (Value Added Tax) is overly complex and subject to massive fraud estimated at more than €100 billion each year.

Building on this conclusion, the Commission started working, in 2010, on the overall revision of the VAT strategy. For this purpose, it commissioned a series of studies and undertook a public consultation in the form of a Green Paper. Beyond the need for clarification and simplification of the system for businesses, the key issue for the construction sector concerned the revision of the numerous existing derogations to the minimum standard rate of 15%.

In its contribution of 31/5/2011, FIEC pointed out the need for clarification of the rules, simplification of procedures and improvements in access to information for businesses; as well as the need to stick to the current principle applicable for construction, namely that the VAT is due in the country where the works are carried out. Moreover, FIEC stressed that the current reduced VAT rates applicable in the sector – for the *“provision, construction, renovation and alteration of housing, as part of a social policy”* and the *“renovation and repairing of private dwellings, excluding materials which account for a significant part of the value of the service supplied”* – do not lead to distortion of competition and should therefore be kept as they are.

**It is encouraging to note that the very broad and detailed economic study ordered by the Commission came to the same conclusion by stressing that this kind of activity was local above all and that applying reduced VAT rates in this field could**

decrease the “Do-it-yourself” market, as well as the black economy in the construction sector.

The European Commission is expected to come out with a legislative proposal in 2013, after a more targeted consultation in the autumn in order to validate a series of preliminary conclusions.

## 7. Infrastructure challenges

### a) Revision of EU transport policy: towards a “competitive and resource efficient transport system”

In March last year, the European Commission published a White Paper entitled “Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system”, which proposed an ambitious and comprehensive strategy on the development of transport in the EU by 2050, basically by reducing Europe’s dependence on fossil energy, cutting carbon emissions by 60% by 2050, while at the same time preserving mobility.

FIEC provided its support and advice to the European Commission<sup>3</sup>, as well as to the Rapporteur in the European Parliament – Mathieu Grosch (EPP-BE). Among other aspects, FIEC’s position focused on the following points: promotion of an integrated approach to transport by interconnecting the various modes through an efficient co-modality; financing a limited number of projects with a high EU added-value and higher levels of funding, namely bottlenecks and cross-border sections; promotion of an ambitious budget for direct co-financing; promotion of complementary financial schemes, such as the internalisation of external costs for all modes and the project bonds.

FIEC succeeded in having these points integrated in the final resolution of the Parliament.

### b) “Connecting Europe”: a growth package for integrated European infrastructure

In October 2011, the European Commission adopted a package called “Connecting Europe”, including:

- A proposal for a Regulation establishing the Connecting Europe Facility (CEF), that is, a new

budgetary instrument for transport, energy and telecommunication infrastructure;

- A proposal for a Regulation on guidelines for the trans-European transport network (point c);
- A proposal for a Regulation on guidelines for the trans-European energy network;
- A proposal for a Regulation on guidelines for the trans-European telecommunication network.

In order to prepare for the adoption of this crucial package and to ensure its follow-up, the WG “Transport infrastructure”, chaired by Jacques Huillard and his Rapporteur Jean-François Ravix (FR-FNTP), met twice during the past year: once on 12/9/2011 together with the TWG “PPPs & concessions”, in order to discuss opportunities for financing transport infrastructure; and once on 9/3/2012 together with the TWG “Energy networks” (Sub-Commission TEC-3), in order to ensure a coherent global infrastructure approach and to work on a FIEC position paper on the Connecting Europe Facility.

Knowing the considerable needs for financing European infrastructure networks – estimated at €500 billion for transport, €200 billion for energy and €270 billion for telecommunication by 2020 – the Commission’s proposal to establish a global budgetary instrument amounting €50 billion for the period 2014-2020 is welcome news.

The CEF is aimed at supporting projects with EU added-value which must be implemented by 2020 and serve as a lever to attract private investment to complement financing needs. The budget is divided as follows: €31.7 billion for transport (incl. €10 billion from the Cohesion Fund), €9.1 billion for energy and €9.2 billion for telecommunication.

**FIEC is in the process of finalising a position paper which strongly supports this Facility and insists on safeguarding the foreseen amounts during the forthcoming negotiations. It also presses for concentrating this money on a short-list of projects of EU interest with binding timetables for their completion. Finally, it recalls the necessary balance between public and private long-term investment.**

In parallel, contacts succeeded with the two co-Rapporteurs – Ines Ayala Sender (S&D-ES) and Dominique Riquet (EPP-FR) – who both welcomed the FIEC’s views in this field.

<sup>3</sup> See FIEC annual report 2011.

There is a lot of work ahead however, considering that the Member States in the Council of the European Union are expected to drastically cut the budget foreseen for the CEF!

#### **c) Revision of the TEN-T: a new corridor approach**

In October 2011, the European Commission presented the EU guidelines for the development of the trans-European transport network. According to the proposal, the TEN-T network will consist of two layers: a core network to be completed by 2030 and a comprehensive network feeding into this, to be completed by 2050, ensuring full coverage of the EU and accessibility of all regions. The core network will prioritize the most important links and nodes of the TEN-T and implementation will be facilitated using a corridor approach.

During the meetings of the WG "Transport Infrastructure", the consequences of the revised Guidelines at national and local levels were discussed and close follow up of this proposal will be ensured regarding the forthcoming negotiations between the Council and the European Parliament.

#### **d) Infrastructure and future Cohesion Policy**

In October 2011, the European Commission also unveiled its proposal for reviewing the cohesion policy for the next period (2014-2020). Regarding its contribution to infrastructure financing in the current period (2007-2013), the WG "Transport Infrastructure" put on the agenda the Cohesion Policy Package.

The aim was to analyse in detail the proposals dealing with the structural funds (Cohesion Funds, ERDF, etc.) and to take into account the possible consequences of the proposal in terms of thematic concentration of ERDF, especially in the transition regions and the more developed regions.

#### **e) Eurovignette: adoption of the 3<sup>rd</sup> version of the directive**

The 3<sup>rd</sup> version of the "Eurovignette" directive – for the charging of road transport – was finally adopted in 2<sup>nd</sup> reading in September 2011.

This directive aims at extending the charges applied on heavy goods hauliers from infrastructure costs only to environmental "external costs" in order to "green" the road transport sector. Air and noise pollution costs have namely been taken into account, in addition to motorway infrastructure tolls.

However, the most important and controversial aspect of the directive concerned the earmarking of additional generated money towards sustainable transport projects. FIEC provided consistent support to this concept, stressing that without the mandatory earmarking of the revenues from these additional charges for the development of sustainable transport infrastructure, the directive would miss its target. Indeed, the internalisation of external costs should not be an end in itself, but aimed at supporting the financing of efficient and sustainable infrastructure and reducing the external costs of road transport.

Due to the extremely contentious political climate around this issue, the European Parliament unfortunately failed to impose the mandatory element. Hence, Member States will not be obliged to use the generated money for infrastructure, but they will only be encouraged to do so.

**The positive outcome however is that the "polluter pays" principle has finally been enacted into European legislation, opening a door for the extension of this scheme to all transport modes in the future in order to help in the "greening" of transport.**

## **8. Construction activity**

This issue is developed in depth in the FIEC annual statistical report (R55, edition of June 2012). For a short general overview, please refer to the FIEC "Key figures – activity 2011" (edition of June 2012).

**Here are just a few examples of what the Economic and Legal Commission has delivered over the past year:**

- It reiterated in all relevant position papers and press releases throughout the year that economic growth cannot be achieved without investment in construction.
- It served as a platform for exchanging information about construction activity in the various Member States throughout the year.
- It actively participated in the debate on public procurement all over the preparation process of the Commission's legislative proposal and made the voice of the construction sector heard on a series of issues.
- It actively took part in the debates about the revision of the transport policy and the financing of infrastructure, with encouraging results within the European Parliament.

### Position Papers

FIEC position paper on the proposal for a Regulation establishing the Connecting Europe Facility – COM(2011)665 (28/3/2012)

FIEC comment letter to IASB on the revised Exposure Draft on Revenue from contracts with customers (12/3/2012)

FIEC position on the draft report (by MEP Grosch / TRAN) on the Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system – 2011/2096 (INI) (15/9/2011)

FIEC voting recommendations in view of the ECON vote on amendments to ECON draft report on the future of VAT – 2011/2082 (INI) (15/9/2011)

FIEC voting recommendations in view of the IMCO vote on amendments to IMCO draft report on the modernization of public procurement – 2011/2048 (INI) (14/9/2011)

FIEC position paper on EP's IMCO draft report on modernization of public procurement – 2011/2048 (INI) (19/7/2011)

FIEC proposed amendments on EP's INTA draft opinion of modernization of public procurement – 2011/2048 (INI) (15/7/2011)

### Press Releases

FIEC press release – Beyond austerity: ensuring long-term growth and jobs in the EU (28/2/2012)

FIEC press release – Budgetary discipline is necessary, so is smart investment in construction! (7/12/2011)

FIEC press release – A vital boost for energy and transport infrastructure: FIEC welcomes newly proposed multi-annual financial framework and urges European Parliament and Member States to adopt proposal (6/7/2011)

FIEC press release – Annual figures from the European construction industry (20/6/2011)

### Answers to (public) consultations

FIEC contribution to the public consultation on the preparation of a Communication on the sustainable competitiveness of the construction sector and its enterprises (15/9/2011)

FIEC answers to the Green Paper on the future of VAT – COM(2010)695 (31/5/2011)

FIEC contribution to the public consultation on the Europe 2020 Project Bond initiative (2/5/2011)

FIEC responses to the Green Paper on the modernization of EU public procurement policy – “Towards a more efficient European procurement market” – COM(2011)15 (15/4/2011)

### Others

Presentation by C. Le Forestier – Modernisation of public procurement: preliminary remarks on “classic” directive (21/3/2012, FOCOPE Hearing)

Speech by C. Le Forestier – The sustainable competitiveness of the construction sector: opportunities and challenges (8/12/2011, EUROFER Construction Seminar)

*All these documents are available on FIEC website [www.fiec.eu](http://www.fiec.eu)*

**FIEC PRESS RELEASE – 28/02/2012****Beyond austerity: ensuring long-term growth and jobs in the EU.**

**As Heads of Member States gather in Brussels on 1<sup>st</sup> and 2<sup>nd</sup> March 2012, FIEC recognizes the challenging economic climate and the need for governments to cut unsustainable levels of public debt. “Austerity is however not a solution by itself”, commented Luisa Todini, FIEC President.**

Europe’s transport, energy and telecommunication networks are the backbone of the EU internal market, ensuring that goods and services are delivered across the continent. They are the very foundations on which Europe’s economies operate.

Cutting investment in infrastructure sabotages the very vehicle of future jobs and competitiveness. It is only with renewed economic growth that government debt can be kept low in the longer term. In this context, the European Union has a vital role to play in ensuring targeted investment in viable infrastructure projects is maintained to enable long-term sustainable growth.

Amongst the existing growth levers and in the framework of the starting discussions within the European Parliament on the financing of infrastructure, FIEC warmly welcomes the proposal for a Connecting Europe Facility.

This financing framework, together with a coherent policy for infrastructure, are crucial for Europe. FIEC believes that the Connecting Europe Facility is part of the solution to meet the challenges that the EU and Member States face.

The European Commission estimates that, by 2020, the TEN-T will require about €500 billion; electricity and gas networks will require about €200 billion and ultra-fast broadband will need €270 billion.

Considering these needs, FIEC supports the Commission’s financial proposal amounting to €50 billion for the 2014-2020 period. **Moreover, Todini stressed that “this amount should not be cut drastically in the negotiations on the future EU financial perspective for 2014-2020 as has been the case in the past”.**

Furthermore, FIEC supports a healthy balance between public and private investment in this field. Innovative financial instruments proposed by the Commission, such as Project Bonds, are welcome but, given restricted access to credit, they cannot replace an effective policy of long-term public investment.

Much existing infrastructure in Europe is ageing and was built at a time when markets were national or indeed local. In order to lay the bedrock for future growth, a truly European approach to infrastructure must be forged to complete missing links that stand in the way of unbridled trade across EU borders with the growth and jobs that accompany it.

*FIEC is the European Construction Industry Federation, representing via its 34 national Member Federations in 29 countries (27 EU & EFTA, Croatia and Turkey) construction enterprises of all sizes, i.e. craftsmen, small and medium-sized enterprises as well as “global players”, carrying out all forms of building and civil engineering activities.*

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## **A. WORK PROGRAMME 2012-2015 OF THE EU SECTORAL SOCIAL DIALOGUE**

At the end of 2011 FIEC and the EFBWW (European Federation of Building and Wood Workers), the EU social partners for the construction industry, finalised their joint work programme for the period 2012-2015.

By doing so, FIEC and EFBWW confirmed the importance that both organisations give to a strong and autonomous European social dialogue, in order to develop a sustainable construction industry, as well as their willingness to continue to reinforce their collaboration in order to achieve this goal.

This multi-annual working programme serves as a guideline and sets the general framework for the joint activities to be undertaken. Obviously, it takes into account the distribution of responsibilities between European and national level and respects the role and autonomy of the national social partners in determining their labour market and terms and conditions of employment by themselves.

During the period covered by this joint work programme FIEC and EFBWW will focus on 6 main priorities:

### **1. Impact of the economic and financial crisis in the construction industry: assessment, strategy and measures**

The European construction industry has been strongly hit by the current financial, economic and public debt crisis. Although the situation varies from one Member State to the other, overall construction investments and employment figures decreased seriously across the European Union.

FIEC and the EFBWW will therefore continue to follow the current trends and to propose and lobby for strategies and programmes, aiming at facilitating the economic recovery and growth of construction activities and labour markets. Particular attention will be given to the assessment of the role played by the regulatory framework of labour law, collective agreements, direct employment and social protection in achieving these goals.

### **2. Strengthening industrial relations**

Given the specific characteristics of the construction sector and its fragmented organisation, mainly composed by SMEs, structural, stable and properly functioning industrial relations between employers and workers both at the EU and at the national level are of crucial importance. Strengthening of autonomous industrial relations within the construction industry is therefore part of the priorities.

### **3. Internal Market**

Those countries that seem to better cope with the current financial and economic crisis are the ones that have succeeded in applying and enforcing a sound regulatory framework. In further developing the European Internal Market, there is a need to ensure the establishment of an adequate legislative framework, which preserves the achievements reached so far, in particular as regards social policy, labour law and working conditions, both at the EU and national levels.

### **4. Companies and workers from third countries**

Demographic changes and the current global crisis have accelerated the entry of companies and workers from third countries into the European market. This has had a direct impact on a labour intensive and highly mobile sector such as construction. It has therefore to be ensured that the concerned EU and national legislative frameworks adequately take these changes into account as regards their application, control and enforcement, in order to ensure non-discrimination and an equal and transparent level playing field for companies and workers.

### **5. Attracting and maintaining younger workers**

In many Member States the construction industry has difficulties in attracting and maintaining young

workers. In the light of the ageing of the population, the competition between industries for young skilled and qualified workers will increase. In order to attract and retain these young workers in the construction industry the establishment of specific programmes and strategies needs to be developed.

## 6. Striving towards a sustainable, competitive and climate-friendly construction industry

Buildings currently account for 42% of EU final energy consumption and produce about 35% of all greenhouse gas emissions and therefore the construction industry plays a key role in the achievement of the "20-20-20 objectives" to bring down greenhouse gas emissions, increase the share of renewable energy in final consumption and increase energy efficiency by 20% by 2020.

Achieving the EU commitment to cut greenhouse gas emissions to combat climate change is a powerful instrument to create jobs in the construction industry and the expected changes in the demand due to the "greening" of the economy and of jobs will have an impact in the organisation of companies (new market opportunities, new skills needed, etc.) and in the working conditions (additional/new training, adapted Health and Safety conditions, etc.).

FIEC and the EFBWW will therefore address these issues in the framework of their joint activities, in order to better reflect the voice of workers and companies in the debates on the competitiveness of the sector at national, European and international level. Attention will be paid here in particular to the need for an industry-wide dialogue between employers and workers at every level, as well as to the need for continuous sustainable financial investments and strengthening of lifelong learning.

## B. INVESTING IN VOCATIONAL TRAINING AND EDUCATION: THE WAY OUT OF THE CRISIS

As mentioned, the global economic crisis has strongly affected the construction industry, although with a different degree of intensity between countries.

Many jobs have been lost and in several Member States the construction industry continues to suffer from a shortage of skilled workers. Within this framework and in the light of the historically high levels of unemployment across the EU, there is a significant need to increase investments in training and to adapt the vocational training facilities.

Substantial efforts will therefore have to be made at EU and at national level, in order to ensure, on the one hand that workers have the adequate skills required by future market drivers, such as climate change and accessibility concerns brought about by demographic change whilst, on the other hand, facilitating labour market transition and strengthening construction workers' skills.

In contrast to other industrial sectors, in construction it is not the "final product" that moves within the single market, but rather the enterprises and their workforces that have to move to where the "product" is to be constructed. Such mobility plays a crucial role in the competitiveness of the sector and should therefore not be hindered by training and education policies, which are national competences, and which - due to the specificities of each country - sometimes differ significantly one from another. For these reasons, FIEC will also concentrate its efforts for more transparency and a better mutual recognition of qualifications.

The priorities for FIEC in the area of vocational training and education have been set according to this framework.

## 1. EU Sector Skills Council: an instrument for reducing the gap between training provided and market needs

In its Communication entitled "An agenda for new skills and jobs", one of the so-called "flagship initiatives" in the framework of the EU 2020 Strategy, published at the end of 2010, the European Commission decided to set ambitious targets. One of these targets is to boost the EU employment rate to reach 75% of men and women by 2020. Amongst the priorities identified, the European Commission mentioned the need for strengthening the Union's capacity to anticipate and match labour market

and skills needs, in particular through the setting up by the concerned Social Partners of sectoral skills councils at European level.

Sector skills councils are platforms at sector level where stakeholders seek to gain insight into the likely developments in employment and skills needs, through analysis of developments on the sectoral labour market, with the aim of assisting policy making within or for this sector. They are therefore intended to function as a platform in which, in addition to the social partners, several other stakeholders are involved (governmental bodies, training-related bodies, universities and schools, etc.) and work in a structured and continuous way.

According to a study<sup>1</sup> undertaken on behalf of the European Commission (DG EMPL) and published in March 2010, national Sector Councils exist under various names and in various forms in the EU.

The study indicates that almost half of the Member States - 13 of the 27 - have at least one Sector Council at national level and 8 countries have a Sector Council for the construction industry, namely BE, CZ, DK, EE, FR, GB, NL and RO. These Sector Councils can be councils for initial vocational education and training and/or for continuing vocational training and all these bodies have one common objective, namely to improve the match on the labour market between demand and supply in quantitative (jobs) and/or qualitative (skills and competencies) terms.

FIEC and EFBWW have therefore decided to launch a feasibility study, with the financial support of the European Commission (DG EMPL), for the possible setting up of such an EU sector skills council for the construction industry.

The project will run until the beginning of 2013 and will consist in mapping the existing bodies at national level, in identifying all the concerned stakeholders and to investigate whether there is an overall interest and willingness to go further. If this is confirmed then FIEC and EFBWW will start the setting up such an EU sectoral council, which, for both organisations, should play the role of a technical and advisory body to the social partners.

## 2. Attracting and maintaining young people in the construction industry

Despite everything the EU and its member countries are doing, employment prospects for young people in the EU are bleak. One in five under 25 years old who is looking for work cannot find a job. 7.5 million young people between 15 and 24 are neither working, nor in education or training.

In addition, in most member States the construction industry still suffers from a negative image which affects its attractiveness and which, to some extent, explains the difficulties in hiring and in keeping young people as well as skilled workers.

A focus on this topic is therefore a priority for FIEC and for the social dialogue agenda.

It is, amongst others, for this reason that FIEC has become an associate partner of "WorldSkills Europe" ([www.euroskills.org](http://www.euroskills.org)), an association which promotes excellence in the field of skills and competence development across the EU.

"WorldSkills Europe" organises the "EuroSkills" event once every 2 years in one of the EU member States. It is a spectacular competition centred on the professional performance of hundreds of young talents selected in their home countries. The main objective is, on the one hand, to use this competition to help the EU and its member States to raise skills standards whilst, on the other, to increase awareness of the importance of skills and vocational education/training for EU economies and societies.

"EuroSkills 2012" will take place in Spa-Francorchamps (BE) on 4-6 October 2012. Over three days of competition, more than 450 young people from all over Europe will compete against each other in more than 40 different professions. More than 40.000 visitors are expected ([www.euroskills2012.be](http://www.euroskills2012.be)).

FIEC and EFBWW also intend to review and update their joint publication on "Tutorship", as a solution for facilitating the integration of young people in the company. The aim is to further disseminate it as examples of best practice and to promote it at national level.

<sup>1</sup> "Sector Councils on Employment and Skills at EU level – A study into their feasibility and potential impact", ECORYS, March 2010.

### 3. "Install-RES" project: Training for meeting the environmental objectives

Directive 2009/28/EC on the promotion of the use of energy from renewable energy sources sets an overall binding target of supplying 20% of European Union (EU)'s final energy consumption from renewable energy sources by 2020, with binding national targets for each Member State. Details of how these targets will be achieved in each Member State are described in the National Renewable Energy Action Plans (NREAPs). According to the European Commission's "Energy Roadmap 2050", 75% of the gross final energy should be supplied from renewable energy sources by 2050. Thus, a highly qualified workforce is fundamental to guaranteeing the quality in the installation of Renewable Energy Systems (RES).

The Install+RES project, in which FIEC is participating, aims at establishing high quality training courses for trainers and installers of small-scale renewable energy systems (biomass, solar, PV and heat pumps) for buildings in several European member States (Germany, Bulgaria, Greece, Italy, Poland and Slovenia) and all the training course material is developed in line with the requirements mentioned in Directive 2009/28/EC (Art.14, Annex IV) on the promotion of use of energy from renewable energy sources.

The high quality of the courses offered within the Install+RES project is ensured by the "train the trainers" courses. During these courses, the trainers, who will implement the training courses for installers, acquire practical and theoretical knowledge to properly implement the training courses for installers in their respective countries.

The "train the trainer" courses have been finalised in German and English during the first part of the project and the content and methodology has then been translated and adapted for each of the other participating countries. In the second part, the training will focus on the installers, in their national languages, for the renewable energy systems most relevant for their specific national needs according to the National Action Plans (NAP).

The Install+RES project will therefore give a relevant contribution to reach the targets of the various National Action Plans by providing the adequate skills and competences to highly qualified trainers and installers.

Further information on this project can be obtained on the following website: [www.resinstaller.eu](http://www.resinstaller.eu).

### C. IMPROVING HEALTH & SAFETY (H&S): FOR THE BENEFIT OF ENTERPRISES AND THEIR WORKERS

Despite the overall reduction in the number of work related accidents and illnesses, statistics clearly indicate that construction is still among the sectors where further improvements are needed.

One of FIEC's main priorities is the improvement of health and safety, not only through legislation at EU and Member State level, but also through promoting the development of a real culture of health and safety within each company. In order for this to be achieved, all concerned stakeholders should be actively involved.

#### 1. Facilitating the development of a H&S culture amongst SMEs through a European guide

In several countries, clients are increasingly insisting that companies prove that they have set up H&S management systems and actually comply with them. In most cases these management systems are specific to each client and therefore companies have to draw up a large number of different specific sets of documentation.

Therefore, on the initiative of FIEC, a joint working group with EFBWW finalised a European guide for encouraging and helping companies to introduce and develop a H&S management system. Such a system, to be endorsed on a voluntary basis, would take into account the needs and capacities of SMEs and would be flexible enough so as to take into account measures already existing at national level.

This guide describes the basic steps and requirements necessary to develop a H&S system in a construction enterprise with the aim of promoting a H&S culture amongst companies and workers. For companies that are able to document their competencies relating to health and safety, the aim of this guide is also to increase the additional competitive advantage that they can provide to their public and private clients.

A formal Health & Safety Management Policy is not a target in itself, but may be of great help to the company in preventing and solving the essential health and safety problems in a simpler and more systematic and practical way. The advantage of such a policy is that on the one hand it helps to anticipate well-defined health and safety problems such as accidents, musculo-skeletal disorders or chemical impacts, whilst at the same time being a good basis for the development of the company with committed workers, who identify themselves with the company's health and safety policy and aims.

The size of the company should not be an obstacle for setting up such a Health and Safety Management Policy. It is the duty and the responsibility of each company, independent of size, to care about the health and safety of its workers. Of course each approach should be developed according to the capacity of the company. The Health and Safety Management Policy of a small family business will not be the same as that of a large international group. What is important is to promote and develop a culture of Health and Safety Management within each construction company. This is precisely the aim of this guide.

Of course, it does not intend to replace existing European and/or national legislation on H&S, which must in any case be respected, and should therefore be considered as a complementary tool, which is consistent with the International Labour Organisation's ILO OSH 2001 guidelines, as well as with the EU legislation on health and safety,

In order to support the dissemination of this guide at the national level, with the financial support of the European Commission the guide is now being translated into 13 different EU languages and printed.

It will then be the responsibility of the national affiliates of FIEC and EFBWW to promote it towards

their members and, where needed, to adapt it to the requirements of the national legislation.

## 2. Information modules for raising awareness on "Asbestos"

Over the last few decades, the European Union has progressively banned the manufacture, distribution and trading of asbestos and has regulated activities related to the destruction of this material. However, asbestos remains a deadly material, and despite an extensive ban and intensive efforts for eliminating it can still be found in many different places, such as, for example, in public and private buildings.

Most asbestos-related diseases have been prompted by exposure during the manufacturing processes, but there remains a very serious danger of people falling ill as a result of their involvement in repair, maintenance, conversion and demolition works.

Against this background, the European Social Partner organisations for the construction industry, FIEC and EFBWW, decided to use the opportunity of the Bilbao Agency's campaign on "Safe maintenance" to launch a specific project on this issue.

Since the deadly substance is still present in many buildings, construction workers will continue to come into contact with asbestos intentionally (asbestos removing companies) as well as unintentionally, in particular those professions carrying out activities such as maintenance, repair or renovation, demolition of buildings but also workers involved in the recycling of construction waste.

Workers from all these professions need specific information and knowledge about asbestos containing materials, i.e. where and when they can be found, how to identify them, how to proceed with these materials, etc. Furthermore, young workers do not have any experience with the old materials that they can find when undertaking such construction activities.

Within the EU, the situation varies significantly from one country to the other: whilst in some Member States very strict legislative and training requirements have been put in place, in other Member States a lot still remains to be done.

Therefore, the main objective of this project is, on the one hand, to develop information modules for different professions and activities in construction and, on the other hand, to facilitate the exchange of best practices across the EU.

The aim is to develop easily understandable information modules, which will help the employers and workers understand possible risk situations and about the appropriate measures to be undertaken for safe working. The intention is to describe situations by means of a "traffic light" model, which would indicate different risk situations to be determined after a careful examination of each worksite before the beginning of the works. Each of the three "traffic light" colours, green, orange and red, would be associated with specific situations/materials and to the respective appropriate measures to be undertaken.

### 3. Musculo-Skeletal Disorders (MSDs)

According to the European Agency for Safety and Health (EU-OSHA), MSDs are *"impairments of the bodily structures, such as muscles, joints, tendons, ligaments, nerves or the localised blood circulation system, which are caused or aggravated primarily by the performance of work and by the effects of the immediate environment in which work is carried out"*. They are usually addressed together with screen vision problems under the more general heading of "ergonomics".

Statistics indicate that within the EU at least 11 million workers suffer from work-related MSDs or screen vision problems and the total health, economic and financial costs for workers, employers and public authorities of these conditions is almost €63 billion over 2 years.

The 2009 scoreboard of the Community Strategy on Safety and Health shows that in most Member States an upward 10-year trend in the rate of MSDs is expected, amongst others because of changes such as the ageing of the population or the developments in risk factors through changes in working patterns for example.

Currently, in addition to the so-called "Framework Directive" (89/391/EC) on health and safety, which obliges employers to act to identify and address

workplace risks, 2 other specific EU Directives address the problem of MSDs and screen vision problems by regulating exposure to risks occurring in two specific working situations, namely one on the "Manual handling of loads" (90/269/EC) and the one on "Visual Display Units" (90/270/EC), the latter being of less interest for the construction industry.

However, ergonomic risk factors can be present in different working situations and they can affect workers carrying out tasks that do not just involve manual handling of loads and display screen equipment. For instance, repetitive movements are the most prevalent risk factor in the EU27, with more than half of workers reporting that their work involves repetitive hand or arm movements. Tiring and painful conditions are the second most prevalent risk factor and the majority of workers are exposed to psychosocial risk factors, such as working to tight deadlines, at high speed, or performing complex tasks.

After 2 rounds of consultations of the various stakeholders concerned, the European Commission launched a study to analyse and evaluate the socio-economic impact of possible Community initiatives in the area of MSDs.

FIEC and several other employers' organisations do not consider a new legislative initiative as appropriate mainly because MSDs have many causes, not necessarily work-related, and because each sector has its own specificities. They share the opinion that prevention of MSDs would be better organised in a very practical way at the level of each individual sector, with the use of guides to be implemented on a voluntary basis.

The outcome of the impact assessment study highlights that the option of a new legislative intervention would imply additional costs for the concerned companies for a total estimated amount of 3.7 billion EUR, 90% of which would be borne by SMEs. The study also clearly mentions that *"this option would impose disproportionate costs on SMEs and thus fail the SME-test unless specific mitigating measures targeting SMEs are undertaken in combination with this option"*.

MSDs are certainly of direct concern for construction companies and FIEC considers that they have to be taken in consideration with the highest attention by

employers within their companies and in their day to day business. However, FIEC also considers that before changing the existing legislative framework and in order to avoid unnecessary additional burdens it has first to be proven that the current framework is inadequate and that any extension of the existing legislation or any new EU legislative initiative would provide an effective added value.

FIEC will therefore closely follow the developments of this issue.

## D. ECONOMIC AND SOCIAL ASPECTS OF EMPLOYMENT

### 1. "Posting" Directive: new EU legislative package

The "Posting" Directive (96/71/EC) is a centrepiece of EU legislation for a sector such as construction, which is characterised, amongst others, by the high level of mobility of its workforce. Its application in all the Member States plays a crucial role in preventing social dumping and therefore in the competitiveness of our industry. Mobility is vital to addressing labour shortages and in the Internal Market companies should not be confronted with unnecessary barriers when providing services using posted workers. At the same time, host countries must be able to use proportionate control measures to fight illegal employment and social dumping, whilst ensuring the protection of workers' interests.

Several judgments of the European Court of Justice (ECJ), namely the "Laval" (C-341/2005), "Rüffert" (C-346/2006) and "Luxembourg" (C-319/2006) cases have led MEPs and representatives of the trade unions to question the efficiency of the "Posting" Directive and to lobby for its revision.

On this matter FIEC's position has remained unchanged: the "Posting" Directive does not need to be amended. It is a well balanced instrument for achieving the objectives of cross border service provision, including fair competition and the social protection of workers temporarily posted in another Member State. There are however improvements that can be achieved through a better application and enforcement.

The European Commission presented in March 2012 a new legislative package.

The package is composed of a draft Regulation on the exercise of the right to take collective action within the context of the freedom of establishment and the freedom to provide services (also known as "Monti II") and of a draft Directive on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services.

The latter contains some provisions aiming at better applying and enforcing the "Posting" Directive, without modifying it, by addressing issues such as, amongst others:

- a clarification of the definition of "posted worker", by means of an indicative, non-exhaustive list of qualitative criteria ;
- an indicative description of the constituent elements of the notion of posting for the provision of services as well as the criteria relating to what constitutes a genuinely establishment of the service provider in a Member State;
- detailed measures to help ensure easily accessible and generally available information on the terms and conditions to be respected, including where these are laid down in collective agreements;
- general principles, rules and procedures necessary for effective administrative cooperation and assistance between national public administrations;
- complaints mechanisms in order to allow posted workers to lodge complaints directly or through designated third parties, such as trade unions for example;
- cross-border enforcement of administrative fines and penalties;
- standard provision for penalties in the case of non-compliance with the "Posting" Directive, which should be effective, proportionate and dissuasive.

The proposed Directive also introduces provisions regarding the "joint and several liability" of the main contractor towards its sub-contractor(s).

Regarding this specific issue, the Commission is proposing some mandatory provisions on "joint liability" to be introduced by all the Member States into their national legislation and applicable only to the construction industry. Within this framework the liability of the main contractor is limited to its direct sub-contractor and there is the possibility for the

main contractor who has undertaken due diligence of not being held liable.

In addition, the Commission gives the possibility to the Member States to extend these provisions to other sectors and to further levels of the sub-contracting chain ("chain liability").

Given the politically sensitive issues addressed, the debates between the European Parliament and the Council of Ministers will certainly be long and controversial.

With the objective of facilitating the practical application of the "Posting" Directive, FIEC and EFBWW have jointly developed a website ([www.posting-workers.eu](http://www.posting-workers.eu)), co-financed by the European Commission (DG EMPL), which has been freely accessible on the internet since 1/10/2009.

The aim of this website, which has been cited as an example of best practice by various independent studies undertaken on behalf of the European Commission, is to focus on those aspects that specifically relate to posting of workers in the construction sector. It therefore acts as an innovative, important and useful instrument for ensuring an efficient application of the "Posting" Directive in everyday practice by providing a centralised source of information, available both for enterprises and workers, on the specific provisions in force in all the EU Member States.

## 2. EU migration policy and its impact on the construction industry

The European Commission presented in 2010 two proposals for Directives in the framework of its overall migration policy. Both proposals aim at facilitating the procedures for obtaining work and residence permits for non-EU nationals. The first one concerns "seasonal workers", whilst the second one regards "intra-corporate transfers" (ICT).

Within the definition given by the Commission, "intra-corporate transfer" is the temporary transfer of a highly skilled non-EU national (in particular managers, specialists or graduate trainees) from an undertaking established outside the EU to a subsidiary belonging to the undertaking or to the

same group of undertakings which is established on one of the Member States.

According to the Commission, these intra-corporate transfers of key personnel result in new skills and knowledge, innovation and enhanced economic opportunities for the host companies, thus advancing the knowledge-based economy in Europe while fostering investment flows across the EU.

Although most of the other sectoral and inter-sectoral employers' organisations at the EU level have welcomed this proposal for a Directive, the EU sectoral social partners for the construction industry, FIEC and EFBWW, have identified several issues and proposed provisions that could seriously affect the smooth functioning of construction activities in the EU.

The details of these concerns have been addressed in a joint FIEC-EFBWW position paper, which has served as basis for an intense joint lobbying towards the European Parliament.

If the proposal for a Directive on "Seasonal workers" has not been too problematic because its scope of application has been limited to those activities that have a real seasonal character, which is not the case of construction activities, the one on "ICT" has proved much more controversial.

As regards "ICT", the main request of FIEC and EFBWW, namely to exclude construction activities from the scope of application of the proposed Directive, has not been taken into account by the European Parliament (EP), but improvements have been introduced on issues that were particularly of concern for FIEC. In particular the EP has clarified the definitions of the categories of workers to whom the Directive will apply, as well as the working conditions to be applied to non-EU workers that fall within the scope of this Directive, avoiding in particular possible interferences with the "Posting" Directive.

Negotiations will now start between the EP and the Council of Ministers with the aim of trying to reach an agreement as quickly as possible, which would then allow both institutions to formally approve the proposed Directive immediately afterwards.

### 3. Promoting the development of "paritarian funds" in Central and Eastern EU countries

The construction industry is characterised by specific elements by which the sector distinguishes itself from other sectors, such as for example:

- the fact that it is not the "final product" that moves within the single market, but rather the enterprises and their workforces that have to move to where the "product" is to be constructed;
- it is a labour intensive activity;
- it has a highly mobile workforce;
- it is linked to local traditions, climatic and cultural factors.

Due to these particularities, the social partners in the construction industry have a specific pro-active role and task in organising and regulating the construction sector via industrial relations.

This is achieved, amongst others through the setting up of "paritarian funds", which are established, funded and managed by the social partners themselves and often fulfill a complementary role to existing governmental structures, mainly in the area of vocational training, health and safety, sectoral pensions and paid holiday schemes.

Besides collective agreements these "paritarian funds" also play an important role in bringing the social partners together and as such are the "engine" that promotes industrial relations.

In most of the western European Member States, such institutions exist, whilst in the central and eastern EU countries only very few have been set up so far.

In order to promote the development of such "paritarian funds" in those countries where they do not yet exist, FIEC and EFBWW, in collaboration with AEIP, the European Association of Paritarian Institutions of Social Protection, and with the financial support of the European Commission (DG EMPL), have undertaken several joint initiatives:

- a first conference took place in 2008 in Warsaw (Poland) and was aimed at discussing and exchanging views, amongst others with the social partners of the new Member States,

general background information on the creation and organisation of paritarian social funds on vocational training, health and safety and occupational pensions, on the basis of practical examples;

- a second Conference was organised in October 2010 in Bucharest (Romania) with a more practical focus on the fundamental question "how can paritarian funds contribute to safeguarding minimum social protection at the national level?";
- a website presenting detailed information on the existing paritarian funds in the various Member States was set up and launched in March 2011 ([www.paritarian-funds-construction.eu](http://www.paritarian-funds-construction.eu)).

As a follow-up to these initiatives and at the request of the Social Partners of Bulgaria, Poland and Romania, a new project was launched at the beginning of 2012 aiming at organising specific "capacity-building workshops".

With the support of representatives of "paritarian funds" of 3 pre-2004 Member States, namely Germany, France and Spain, the project aims at providing bilateral technical expertise to the Social Partners of the countries concerned, in order to allow them to make the necessary changes in their national legislative framework for establishing such "paritarian funds".



[www.posting-workers.eu](http://www.posting-workers.eu)



[www.paritarian-funds-construction.eu](http://www.paritarian-funds-construction.eu)

Here are just a few examples of what the Social Commission has delivered over the past year, on its own or jointly with EFBWW (European Federation of Building and Wood Workers) within the sectoral European social dialogue:

- Participation in the Committee of Experts on "Posting" set up by the European Commission.
- Partner of the OSHA (European Agency for Safety and health at work) campaign on "Safe maintenance".
- Partner of "WorldSkills Europe" who organises the Euroskills events (biannual international skills competitions among young people, with the aim of improving the quality, the results and the attractiveness and promotion of vocational education and vocational skills: [www.euroskills.org](http://www.euroskills.org)).
- Partner in the "Install-RES" project aiming at developing trainings for trainers and installers of small-scale renewable energy systems (biomass, solar, PV and heat pumps) for buildings in several European member States ([www.resinstaller.eu](http://www.resinstaller.eu)).

### Position Papers

FIEC-EFBWW Joint proposals of the European social partners of the construction industry for improving the application and the enforcement of the "Posting" Directive (96/71/EC) – (13/7/2011)

FIEC-EFBWW position paper on "Intra-Corporate Transfers" – ICT (16/1/2012)

FIEC letter to the College of Commissioners on the proposal for a Directive on "Enforcement of the provisions applicable to the posting of workers in the framework of the provision of services" (14/3/2012)

FIEC and other employers' organisations open letter to Vice President Tajani and to Commissioner Andor on "Musculo-skeletal disorders" – MSDs (26/3/2012)

### Press Releases

FIEC-EFBWW press release: The Energy Efficiency Directive - the right time for ambitious measures (27/2/2012)

FIEC Press Release: FIEC becomes associate member of "WorldSkills Europe" (9/2/2012)

*All these documents are available on FIEC website [www.fiec.eu](http://www.fiec.eu)*

### Initiatives financially supported by the European Community

FIEC-EFBWW project "Update of the FIEC-EFBWW "Posting" website" (Ref. VS/2010/0622)

FIEC-EFBWW project "Translation and printing of the FIEC-EFBWW Guide on H&S Management system" (Ref. VS/2011/0148)

FIEC-EFBWW project "Capacity building for setting up paritarian funds in Central and Eastern European Countries" (Ref. VS/2011/0390)

FIEC-EFBWW project "Instruction Modules for the Safer Handling of Asbestos" (VS/2011/0398)

FIEC-EFBWW project "EU Sector skills council for construction: Feasibility study" (Ref. VS/2011/0530)

## Joint proposals of the European social partners of the construction industry for improving the application and the enforcement of the "Posting" Directive (96/71/EC) (PWD)

13/7/2011 (The following are extracts. The full version can be found on the FIEC web site : [www.fiec.eu](http://www.fiec.eu))

### A. Introduction

[...]

3. The EFBWW and FIEC reconfirm their mutual will to deliver a responsible contribution to prevent and combat "social fraud" and "unfair competition", with the aim of ensuring non-discrimination and an equal and transparent level playing field within the construction industry.

[...]

10. The EFBWW and FIEC agree that each envisaged measure should not entail excessive administrative burdens for service providers.

### B. Proposals by EFBWW and FIEC

#### Clarification of the employment relationship between service provider (undertaking making the posting) and worker during the period of posting

13. In order to ensure that the concept of posting is based on a genuine connection between the sending state and the employment contract of the posted worker, the EFBWW and FIEC fully support a clarification stating that the concept of posting and the concept of posted worker in the PWD has to be interpreted in the light of the provisions of the Rome I Regulation.

[...]

#### Dissemination of information

25. The EFBWW and FIEC consider that all Member States must continue their efforts to improve access to and content of the information on host country labour law standards, especially respecting entitlements in Collective Labour Agreements (CLA). At EU level, this should be supported by practical measures and/or legislative amendments aiming at extending the scope of Art. 4(3) of the PWD to other additional and useful information, such as mandatory notifications, liability systems, etc. In addition, best practice initiatives of social partners at EU level, such as the EFBWW-FIEC joint website ([www.posting-workers.eu](http://www.posting-workers.eu)) must be facilitated and supported in a structural way.

#### Duties on service providers

32. In order to facilitate preventive controls in both the sending and hosting countries, the EFBWW and FIEC favor a mandatory notification system by the sending company prior to the posting. Such a system aims at informing the national actors about posting of workers situations and it gives insight into the size and occurrence of this phenomenon at sectoral level.

#### Duties on service recipients

35. EFBWW and FIEC also stress that costs cannot be the only factor to be taken into consideration when negotiating business relations with suppliers. It is in a company's interest to take into account a range of supply chain issues including quality, social and fiscal standards and health and safety policies.

[...]

### Proposal for a directive on "Intra-corporate transfers" ("ICT") EFBWW-FIEC joint position paper in support of the compromise Amendment 24 adopted by the EMPL Committee ("Jaakonsaari Report")

16/1/2012 (The following are extracts. The full version can be found on the FIEC web site : [www.fiec.eu](http://www.fiec.eu))

With their joint position paper dated 21/2/2011, EFBWW and FIEC, the sectoral social partners for the construction industry, asked for the construction industry to be excluded from the scope of the proposed Directive on "Intra-corporate transfers".

This request, which remains a priority for EFBWW and FIEC, was based, on the one hand, on the specificities of our industry and, on the other hand, on our intention not to interfere with the interests of other sectors, which may need such a Directive.

[...]

...the compromise Amendment 24, which received the support of the S&D, EPP, ALDE, Greens and GUE Groups, allows the member States, at the request of the national or European Social Partners, to exclude a sector from the scope of the proposed Directive.

[...]

In view of the vote of your Committee on the "Iacolino Report", which should take place at the end of January 2012, we therefore ask you to take into account the agreement reached in the EMPL Committee on the compromise Amendment 24, which received a wide support, and to avoid any decision that could affect its scope and objectives.

[...]

### FIEC letter to the College of Commissioners Proposal for a Directive on "Enforcement of the provisions applicable to the posting of workers in the framework of the provision of services"

14/3/2012 (The following are extracts. The full version can be found on the FIEC web site : [www.fiec.eu](http://www.fiec.eu))

[...]

One of the provisions proposed would oblige the Member States to introduce a legislative system of "chain liability" with the aim of addressing some possible failures in the sub-contracting chains.

[...]

In this respect we would draw your attention on the following 2 points:

- 1) **It is not clear what would justify a sectoral approach** (ie limit the scope to "construction"): the aim of introducing a possible "chain liability" is mainly to address possible failures in the chains of sub-contracting, which are not specific to the construction sector; as such, the study launched by DG EMPL on this subject (not yet finalised) on the one hand addresses the issue of sub-contracting in a global and not sectoral manner and, on the other hand, according to the draft

final conclusions, it doesn't recommend an EU legislative intervention on this matter.

- 2) Regarding the issue of "chain liability", **FIEC is not in favor of an EU intervention on this subject, which should remain a national responsibility.** Studies and analyses conducted to date on this subject have never succeeded to show what would be the added value of such an EU legislative intervention, nor what would be the consequences for businesses of such a measure, which de facto shifts the duty to enforce rights from public authorities to private companies.

[...]

We would therefore invite you to take these arguments into account and to **delete from the proposed Directive the provisions on "chain liability"**.



Kjetil Tønning, NO

**President**

*Frank Faraday, FIEC  
Rapporteur*

Sub-Commission TEC-1

**"Directives, Standards  
and Quality Assurance"**



Jan Coumans, BE

**Chairman**

*Eric Winnepenninckx, BE  
Rapporteur*

Sub-Commission TEC-2

**"Research, Development  
and Innovation"**



Bernard Raspaud, FR

**Chairman**

*André Colson, FR  
Rapporteur*

Sub-Commission TEC-3

**"Environment"**



Jan Wardenaar, NL

**Chairman**

*Paul Schumacher, NL  
Rapporteur*

## 0. Introduction

FIEC's Technical Commission is currently split into three sub-commissions dealing with different themes. These are listed on page 39 but cover a range of construction related issues from standardisation and CE marking through to energy efficiency and sustainability. In addition, two working groups were established in 2009 to look at construction and demolition waste and energy networks. Due to limited space, it is not possible to list all the activities of the Technical Commission in this Annual Report. Rather what follows is an overview of progress achieved on a number of important themes that were singled out by the current President of FIEC's Technical Commission, Kjetil Tonning at the start of his mandate in June 2010. For a detailed account of work ongoing in the Technical Commission, please refer to the Working Programme available on the FIEC website.

## 1. Forging a Sustainable Construction Sector

Whether in meeting the challenge of climate change mitigation and adaptation, contributing to a resource efficient economy or in ensuring future housing needs for a changing demography, the construction sector's role is crucial. The promotion of sustainable development is at the heart of the work of FIEC's Technical Commission. Independently of other initiatives promoted through international and European standardisation committees or through European Commission initiatives such as the upcoming communication on sustainable buildings, **FIEC is seeking to define its own vision of how the construction sector can best contribute to sustainability.** The aim is to ensure that construction enterprises fully grasp the market opportunities that will be created through new drivers for change such as more stringent environmental regulation and carbon reduction measures from both European and national legislators as well as increased market demand for environmental and carbon footprinting and energy efficiency measures among both public and private-sector clients. Work on sustainability is related to all of FIEC's commissions and working groups and is the main focus of the Technical

Commission's Environment Sub-Commission chaired by Jan Wardenaar (NL).

### Progress in 2011

Following the successful 2010 conference on sustainability, which showcased success stories from a broad spectrum of construction companies, FIEC has sought to maintain the momentum of that conference despite the continuing effects of the 2008 global financial crisis and subsequent economic downturn. Based partly on the conclusions of the conference, FIEC made a detailed contribution to the **European Commission's Consultation on the Sustainable Competitiveness of the European Construction Industry<sup>1</sup>** that closed in September 2011. In FIEC's view one of the main enablers of increased sustainability in the construction sector is through public procurement decisions. Selecting tenders based on the criterion of economic advantage rather than the lowest bid will help foster more sustainable outcomes through increased innovation in materials and processes. Moreover, variants proposed by the contractor should be automatically considered rather than allowed on a case by case basis.

### Looking forward

Having already committed to increase the visibility of sustainability in the FIEC Steering Committee, FIEC is now looking to secure a more detailed vision of how the construction sector can best contribute to the creation of a sustainable, low carbon economy for 2050. To this end the Secretariat and Member Federations are currently working on updating the FIEC Principles for Sustainability that were first published in 2005.

## 2. The Essential Role of Construction in building the Low Carbon Economy

### Energy Savings in Buildings

No effort to bring down greenhouse gas emissions linked to climate change and to reduce the EU's dependence on imported fossil energy will succeed without a parallel reduction in demand for energy. The role of buildings in this context is crucial as they account for 40% of final energy consumption and over a third of greenhouse gas emissions.

<sup>1</sup> Public consultation on the preparation of a Communication on the Sustainable Competitiveness of the Construction Sector and its Enterprises. FIEC response to public consultation available on FIEC website under Publications and Position Papers – Dated 15/09/2011.

Policymakers have been aware for some time of the benefits of taking action to save energy in the building stock as studies have shown that the most cost-effective way to save energy is to act on buildings. In the new buildings sector the recast of the Energy Performance of Buildings Directive that entered into force in July 2010 sets 2021 as the deadline for nearly zero energy new buildings, though their definition is left to the individual Member States.

### Grasping the energy saving potential of existing buildings

Given that the replenishment rate of the building stock does not exceed 1% in many cases, FIEC continues to emphasize that **the most cost-effective solution for saving energy in buildings is taking action when they undergo major renovation**. FIEC therefore is satisfied with the new Directive as it recognizes the need for a solid financial framework to encourage renovation works for energy efficiency especially in privately owned homes. In this regard, the role of **reduced VAT** for renovation works as it is practiced in some countries cannot be underestimated. FIEC is however concerned that, for budgetary reasons, many countries have foregone this effective financial tool to promote energy saving measures and ensure skilled employment in the building sector. Together with the Housing Working Group, the Environment sub-commission published in September 2011 a detailed set of proposals for financing energy savings in housing under the title of **"Financing Solutions in Housing – A view from the construction industry"**<sup>2</sup>. The paper identified the main barriers to renovation activity in the housing stock as inertia, low awareness of the benefits of investment and pay-back periods, difficult access to credit and split incentives between owner and tenant. The EU can best help by making better use of existing funding for energy efficiency and streamlining programmes. Further leveraging of private financing can be facilitated by establishing risk sharing facilities in cooperation with the European Investment Bank.

On a technical level, a systematic and methodological approach is required in addressing existing buildings. Such an approach should seek first to reduce the building's demand for heating or cooling by, for example, sufficient insulation and glazing before new technical systems and micro-

renewables such as solar panels and ground/air source heat pumps are promoted.

### Commission Energy Efficiency Directive Proposal

June 2011 saw the unveiling of the **Commission's proposal for an energy efficiency directive**<sup>3</sup>. This is the first time the European Union has sought to enact specific legislation on cross sectoral energy efficiency and the proposal has proven to be extremely controversial in many of the binding measures put forward, including the energy savings obligations placed on energy providers and an obligation on public authorities to renovate a certain percentage of their building stock each year. At the time of this report going to press, the draftsman for the Directive in the European Parliament, Claude Turmes (Greens- LU) has received a negotiating mandate in order to reach an agreement with the Council. Among the subjects that are now on the table is the question of binding energy demand reduction targets placed on each Member State. FIEC welcomes the recognition of the key role played by the building sector in the Parliament's amended proposal and the inclusion of financing measures for action to promote renovation of the existing building stock. In a **common letter**<sup>4</sup> addressed to members of the European Parliament's Industry, Research and Energy Committee in February 2012, **FIEC and its social partner, the European Federation of Building and Woodworkers (EFBWW)** stressed the opportunity of investment in energy savings in buildings as both a means to maintain existing and create new skilled employment in the construction sector thereby helping strengthen economic recovery. An excerpt of the letter is given at the end of this report.

### Expanding the EU's Energy Networks

FIEC's working group on Energy Networks under the aegis of the Environment sub-commission is now two years old and, through the work of Daniel Boscari (FR) and his team, produced in June 2010 a detailed position paper on what is needed to secure the **vital investment in new electricity and gas grid infrastructure** in order to reduce Europe's demand for imported energy and to prepare the grid for the coming on stream of large scale low carbon generation. Investment needs for new energy infrastructure in the EU are estimated by the European Commission to amount to €200 billion

<sup>2</sup> **Financing Solutions in Housing – A view from the construction industry**; available on FIEC website under Publications and Position Papers. Date 16/09/2011.

<sup>3</sup> **Proposal for a Directive of the European Parliament and of the Council on Energy Efficiency**; 22/06/2011 COM (2011) 370 Final.

<sup>4</sup> Press Release: **Appeal from the European Social Partners of the Construction Sector - The Energy Efficiency Directive: The right time for ambitious measures for the environment, growth and jobs**. 27/02/2012.

over the next decade. **Barriers to the transformation of the EU's grid remain however in over-zealous planning rules and in a lack of large scale financing.**

In order to begin to resolve these difficulties, the European Commission put forward proposals at the end of November 2011 to set priority corridors for the expansion of energy infrastructure in the **Connecting Europe Facility** which sees over €9 billion given over to energy infrastructure. At the same time as unveiling the Facility, the Commission also adopted a proposal for overhauling the way in which priority cross-border infrastructure is approved. Currently a myriad of permit procedures slow down projects and have prevented the completion of cross-border inter-connection projects. In its revised **Guidelines for Trans European Energy Networks**, the Commission now proposes to streamline permitting procedures with a single planning authority responsible for the entire length of the project of strategic projects of European interest.

The TWG "Energy networks" met once on 9<sup>th</sup> February 2012 together with the WG "Transport Infrastructure", in order to ensure a coherent global infrastructure approach and work on a **FIEC position paper on the Connecting Europe Facility**<sup>5</sup>. The revised Guidelines for Trans European Energy Networks have also been examined in detail and a follow up of this proposal is ensured regarding the forthcoming negotiations with the Council and the European Parliament.

### 3. Contributing to a Resource Efficient Society

The footprint of construction activities on the environment is well known both in terms of energy consumption and carbon emissions. However the use of essential resources such as water in construction activities and the management of construction and demolition waste cannot be ignored. It is estimated that debris from construction and demolition activities represents the second largest waste stream and the European Union in the new **Waste Framework Directive, set out a 70% recycling target to be met for construction and demolition waste by 2020**. Having met with the European Commission's Environment DG at the end of June 2011, FIEC is committed to meeting the 70% target and is working, together with FIEC associate member,

the European Quality Association for Recycling (EQAR), to exchange best practice in this area. FIEC participated in **EQAR's Workshop on construction materials recycling** held in Brussels on end of waste criteria for construction materials in late May 2011 which called for more rapid progress in defining end of waste criteria for certain categories of waste such as construction and demolition waste and recycled aggregates. The Workshop also showcased countries that had already adopted ambitious regulatory requirements on the recycling of construction and demolition waste and other voluntary initiatives such as WRAP in the UK where over 670 signatory organisations have signed up to halving the amount of waste going to landfill by 2012.

The European Commission, in September 2011, presented its long awaited **Resource Efficiency Roadmap**<sup>6</sup>. The Communication on a Resource Efficient Europe is one of seven initiatives taken under the Europe 2020 Strategy for growth and jobs (successor to the Lisbon Strategy). A representative from the European Commission's Environment DG presented the Roadmap to the Plenary Meeting of FIEC's Technical Commission on 17<sup>th</sup> February 2012 singling out the key role of construction and in meeting the objectives of the roadmap. The Commission is currently preparing a **Communication for 2013 on sustainable buildings** though it is unclear yet what will be included in the Communication.

### 4. Towards a truly Innovative Construction Sector

FIEC's activities in the field of research and development have long taken place within the Research, Development and Innovation sub-commission chaired by Bernard Raspaud (FR). FIEC's work in this area is based on strong cooperation with the European Council for Construction Research, Development and Innovation (ECCREDI) which has as its mandate to represent the interests of European construction sector associations with regards to EU research and development and seeks to bring the results of research in the field to the vast majority of "technology followers" in the industry. FIEC is also a member of the European Construction Technology Platform which aims to guide the European Commission in choosing themes for research calls for proposals under the Seventh Framework Programme

<sup>5</sup> Securing the right financing and regulatory regime to meet Europe's future needs for transport, energy and broadband infrastructure. Position adopted 28/03/2012; available on FIEC website: Publications and Position Papers.

<sup>6</sup> Communication: Roadmap to a Resource Efficient Europe; 20/09/2011 COM(2011) 571 Final.

(FP7). Both ECCREDI and the ECTP are joining forces to clearly voice the needs of the construction sector with a view to the next framework programme, "Horizon 2020" that will replace the current framework programme from 2014.

### Horizon 2020 – The New Framework Programme for Research

The Commission unveiled its proposal for the new research framework programme in late November 2011. Worth €80 billion over seven years, the programme will be focused around three main pillars: excellence in the science base, industrial competitiveness and better society. The latter will look at a number of themes of interest to construction such as research and innovation in energy efficiency and renewable energy technologies, climate change and research to deal meet the challenges of a changing demography. FIEC welcomes the fact that the Horizon 2020 Regulation proposal will see a simplification of the application process and reporting obligations for those participatory organisations. **FIEC is in the process of examining the proposals in detail in order to draw up a position paper and if necessary put forward amendments.**

### FIEC Innovation Forum

To provide better input to the discussions with ECCREDI and the European Commission as to the challenges facing member companies wishing to become involved with European research projects, the secretariat intends to facilitate the establishment of an "Innovation Forum". The purpose of the forum would primarily be to ensure a swifter response from FIEC on research, development and innovation questions. FIEC Member federations are currently being asked to nominate entrepreneurs to participate in the forum.

## 5. CE marking: Defending the interests of construction product users

### The Construction Products Regulation

The Construction Products Regulation entered into force in April 2011<sup>7</sup> though many of its provisions will not become law until July 2013. The goal

of the Commission is drafting this regulation is to complete the internal market in construction products. While FIEC supports this aim, it is essential that simplification of conformity assessment procedures for manufacturers should not lead to the undermining of the CE marking. During the two readings of the legislation, FIEC intensely advocated for obligatory CE marking for manufacturers, a credible testing regime for safety critical products and a CE label that would continue to feature useful technical information for contractors.

### A CE marking of use to construction products users

FIEC was successful, during the second reading of the Construction Products Regulation, in ensuring that the **content of the CE marking label** remains of use to contractors faced with pressure to replace technical information with a simple barcode and website link. Thanks to the work of FIEC's members, the CE label will continue to give information linked to the intended use of the product as well as key technical characteristics of the product.

FIEC's message was heeded that the contractor must be able to identify the exact product arriving on site without referring to internet-based information and that essential regulatory information linked to the product's intended use should continue to be delivered with the product itself.

### Receiving the Declaration of Performance in the right format

The new regulation introduces a Declaration of Performance that must, by law, accompany each product and that details all declared technical characteristics of the product when it is placed on the market. Questions of how the format is delivered and the use of website storage have been raised by representatives of manufacturers who seek to replace the paper copy of the Declaration of Performance with a link to a website. While open to opportunities brought about by internet data storage, FIEC is reticent about the widespread use of internet information repositories as this risks transferring the responsibility of the manufacturer to supply information to a responsibility of a product user to consult information on a website and, in a number of cases, might place a contractor in breach of liability obligations to maintain information in paper format.

<sup>7</sup> Regulation: N°305/2011 of the European Parliament and of the Council of 9 March 2011 laying down harmonized conditions for the marketing of Construction Products. OJ L88/5 dated 04/04/2011.

It now seems that this matter will be resolved in a Delegated Act from the European Commission that will be adopted in the summer of 2013 once the relevant provision of the Regulation has entered into force and following a detailed study that will look into the legal barriers to implementing electronic supply of the Declaration of Performance.

#### **Contractor's Guide to CE marking under the CPR**

In order to provide support to contractors in the transition to the Construction Products Regulation, FIEC is in the final stages of drawing up a handy guide to CE marking for construction product users. It is hoped that this guide will be ready in time for a major stakeholder conference that the Commission will hold in late June 2012. The guide explains in simple terms what CE marking is and isn't, what information should accompany the product and importantly makes clear that contractors are not legally obliged to affix the CE marking themselves under this regulation.

## **6. Getting Standardisation Right for Construction**

### **Construction and Standardisation**

As of the end of March 2012, building and civil engineering works represented the second largest sector in terms of the volume of documents published by the European Committee for Standardisation (CEN). FIEC has been an associate member of CEN since 1992 and is involved in a number of Technical Committees (TCs) of interest to member contractors. FIEC's member federations are active in national mirror committees.

Given the significant share of construction in the volume of standards CEN produces, both through construction product standards and through design standards such as the Eurocodes, it is vital that construction enterprises are aware of how standardisation affects their work. By the same token, it is also crucial that the voice of construction enterprises is heard in CEN Technical Committees. Construction enterprises are, for the most part, small and medium sized companies and have specific needs in the development of product standards. Their needs are very different to those of SME product

manufacturers for example. One of the key problems expressed by companies and especially SMEs is the way in which standards are written and the need to cross reference what can amount to dozens of standards to apply one correctly. In this regard some kind of guidance document for standards use describing how to apply test methods in a step by step manner could be of use, in particular, to SMEs.

### **Reform of the European Standardisation System**

The Commission unveiled its Standardisation Package comprising a Communication and a proposal for a regulation at the beginning of June 2011<sup>8</sup> with a view to streamlining and accelerating the standardisation process so that standardisation can better serve innovation in products and services. The underlying political aim of the Commission is to boost the competitiveness of the European economy faced with international competition in research and development. Another aim of the Commission is to increase the rate of standardisation in services which remains far behind that for products.

FIEC met the rapporteur for the regulation, Mrs Lara Comi (MEP) in October 2011 in order to discuss the concerns of the construction sector detailed in the FIEC position paper "**European Standardisation in the construction sector – Getting the Approach Right**"<sup>9</sup> namely that in seeking to reduce the time taken to develop standards, the safety and security of construction products must not be jeopardized. Furthermore, unlike other sectors, given the long-term assets of construction works, innovation in construction products needs to be assessed for its durability and compatibility before standardization, taking into consideration the needs of all the trades involved, can take place.

FIEC's members have long held the position that, in most cases, standardisation of services linked to construction services is unwarranted due to the differing regulatory frameworks in force across the Member States. Given the reality of different legal traditions and liability rules, **FIEC urges the Commission and CEN to exercise the utmost caution when considering increased standardisation of services and processes linked to the construction sector.**

<sup>8</sup> Proposal for a Regulation of the European Parliament and of the Council on European Standardisation. 01/06/2011 – COM(2011) 315 Final.

<sup>9</sup> European Standardisation in the Construction Sector: Getting the Approach Right. Dated 07/09/2011. Available on the FIEC website under Publications and Position Papers.

### **Gaining from Experience: the importance of maintaining and simplifying the Eurocodes suite**

The **Eurocodes** are a suite of 10 structural design standards. Under development since the late 1970s, the completed suite of standards formally replaced national codes at the end of March 2010. On adoption they are de-facto obligatory for public-sector construction works and are fast becoming the norm in private construction too.

Despite the difficulties some countries have experienced in integrating the codes into their national building requirements, FIEC is in support of the full implementation of the current Eurocodes suite but is still concerned to **see more work on simplification and reducing the number of Nationally Determined Parameters**. The Commission is about to finalise a mandate to CEN to carry out new work in the Eurocodes and to expand them into new areas such as glass structures. Whilst FIEC is satisfied that no wholesale expansion of the codes will be mandated, it is still necessary to press home the message that no major expansion of the codes into new areas can take place until sufficient experience has been gathered on use of the codes from contractors.

Based on a letter addressed to the Commission on maintenance and simplification sent in August 2010 and presentations made in meetings of the Eurocodes National Correspondents, **FIEC is currently drawing up a position paper** that will be presented to the European Commission and CEN in bilateral meetings once the mandate has been published.

**Here are just a few examples of what the Technical Commission has delivered over the past year:**

- Produced a detailed set of proposals for financing energy savings measures in housing together with FIEC associate member, BFW.
- Set out FIEC's views on how to promote more sustainable development in response to the European Commission's consultation prior to the unveiling of the Sustainable Competitiveness of the Construction Sector Communication.
- Secured a satisfactory first reading report from the European Parliament on the Commission proposal for a regulation on the European Standardisation System that goes some way to meeting the concerns expressed in FIEC's position paper.
- Established a monthly newsletter covering all activities in the sub-commission, relevant EU related events and activities in our Member Federations.

**Position Papers**

European Standardisation in the Construction Sector: Getting the Approach Right (7/9/2011)

Financing Solutions in Housing – A view from the construction industry (16/9/2011)

Securing the right financing and regulatory regime to meet Europe's future needs for transport, energy and broadband infrastructure (28/3/2012)

**Press Releases**

The Commission Standardisation Package: Speed must not reduce quality of standards for the construction sector (1/6/2011)

Appeal from the European Social Partners of the Construction Sector – The Energy Efficiency Directive: The right time for ambitious measures for the environment, growth and jobs (27/2/2012)

**Answer to public consultations**

Public consultation on the preparation of a Communication on the Sustainable Competitiveness of the Construction Sector and its Enterprises (15/9/2011)

**Other**

European Construction Forum (ECF) support Letter to the Energy Efficiency Directive – sent to Rapporteur Claude Turmes and shadows (23/9/2011)

*All these documents are available on FIEC website [www.fiec.eu](http://www.fiec.eu)*

## The Commission Proposal for a reformed European Standardisation System: COM (2011) 311 and COM (2011) 315 – FIEC Position Paper

7/9/2011 (The following are extracts. The full version can be found on the FIEC web site : [www.fiec.eu](http://www.fiec.eu))

FIEC, the European Construction Industry Federation, takes note of the Commission's Communication and proposed Regulation unveiled on 1<sup>st</sup> June 2011 and welcomes the broad goal of the increased innovation and global competitiveness of European industry. However, in broadening the scope of standardisation, speed to complete standards should not take precedence over their quality or a full consultation process involving all concerned actors.

FIEC therefore wishes to outline the following Principles when it comes to standardisation in the construction sector:

### Market Relevance of standards

1. Standardisation should respond to the needs of the market and should be economically viable. It is important that standards continue to reflect the state-of-the-art.

### The Standardisation Process

1. FIEC believes that standardisation should, wherever possible, be an industry driven, bottom up process involving all concerned parties that have the detailed technical knowledge required to make a valuable contribution.
2. Before new work items are adopted, the European Committee for Standardisation (CEN) should carry out a full impact assessment as to the relevance of the proposed item and give sufficient time for all concerned actors to make their views known, particularly in the case of SMEs. FIEC therefore calls for a mechanism within CEN to ensure that all concerned stakeholders have been properly and fully consulted. Furthermore, during enquiry phase, and regardless of the procedure used, consultation on all drafts should leave ample time for all concerned stakeholders to consult and indicate their position.

### Fair and Balanced Representation

1. The make-up of national mirror committees should reflect the full range of stakeholders, including users. Since work on drawing up standards should not only reflect the interests of those who have a direct stake in the standard's adoption, it is important that all stakeholders are represented in a sufficient number of national mirror groups.
2. National standardization bodies, with the help of sectoral professional associations, have a key role to play in raising awareness of the standardisation process among SMEs as well as encouraging SME participation, directly or through the sectoral professional associations, at national level in mirror committees.
3. Funding by the European Commission to promote the participation of SMEs in the standardisation process should be made available on an impartial basis to all bodies representing SMEs. In the construction products area, such action should focus on helping to increase the involvement in the standardisation process of professional users of construction products.

### Simple and Clear Standards

1. Standards are often written in a way that prevents their understanding by SMEs. The language of standards should be made clear.
2. Standards written in support of legislation such as the Construction Products Directive and future Regulation should be written in such a way as to better take into account the production and quality management methods used by craftsmen and SMEs. Scientifically and technically substantiated and reliable solutions should be incorporated into standards, preventing or minimizing the need for evaluation (testing, calculation).
4. Free abstracts of adopted standards should be made available by national standards bodies.

### **FIEC-BFW position paper: Financing Solutions for Energy Savings in Housing A view from the construction industry**

16/9/2011 *(The following are extracts. The full version can be found on the FIEC web site : [www.fiec.eu](http://www.fiec.eu))*

#### **A huge potential for the building sector and housing companies**

Taking action to address the energy efficiency of the building stock represents the most cost-efficient way of meeting targets to reduce the consumption of energy, helping bring down carbon emissions while reducing energy bills for households. Action here also provides an economic stimulus for the SMEs of the building sector and encourages re-training and the development of new skills among building professionals. FIEC therefore regrets that the recast Energy Performance of Buildings Directive that came into force in July 2010 did not sufficiently address the existing building stock.

#### **The existing housing stock:**

With replenishment rates barely above 1% per annum in most countries, the existing housing stock is where most potential lies in making energy savings. However, despite the efforts of some EU member states to stimulate investment among house-owners there are still significant market barriers to bringing these investments up to the necessary level, such as:

- a. **Inertia: many house-owners prefer to spend money on other things rather than in their building.**
- b. **Low awareness of the benefits of investing in energy efficiency measures.**
- c. **Low mobilisation of the available funds; difficult access to credit**
- d. **Split incentives: difficult to persuade a building owner to make the necessary investments when he will not reap the benefits of the investment.**

This position paper contains proposals to tackle those market barriers in the housing stock in a way that stimulates and gives extra European support to the diverse efforts of the EU-member states.

#### **Proposal 1 – Broaden and Strengthen the Energy Efficiency Fund**

> FIEC welcomes the creation of the Energy Efficiency Fund in July and believes that the contribution from the European Commission to the Energy Efficiency Fund should be significantly augmented by streamlining other sources of funding such as the Structural Funds and the money available for the IEE programme, into prioritising large scale replicable projects that can help to provide a real impetus to the market for energy savings in new and existing buildings.

#### **Proposal 2 – Consider introducing an EU wide guarantee fund for mortgages**

Nearly all house owners who invest in the energy efficiency of their property are doing so with borrowed money. Lowering the costs and risk associated with mortgages that are tied to energy efficiency investment would make that choice more attractive for house-owners and financial institutions.

> The EU should consider introducing a guarantee fund that banks can draw on to underwrite lending for the purpose of energy efficiency investments.

#### **Proposal 3 – Maintain and extend reduced VAT for renovation works**

> EU law allows the application of reduced rates of VAT to the renovation of existing and new housing. Existing measures, in force in some Member States, should be continued and extended to all EU countries as they will contribute to stimulating the market for energy efficiency in buildings. In the Netherlands alone, the application of a reduced rate of VAT led to a substantial increase in the number of renovations in 2010.

#### **Proposal 4 – ERDF spending on new social housing should be extended and uncapped.**

> For new social housing, Regulation EC 397/2009 of the European Council and of the Parliament on the use of the ERDF should be modified to allow expenditure on housing to encompass all Member States and not just the EU-12. Furthermore, the caps on total expenditure should be removed.



Angelo Provera, IT

The SME-Envoy

*Ulrich Paetzold, FIEC  
Rapporteur*

### Micro, small, medium-sized and large enterprises: A full representativeness

The European construction industry is, overwhelmingly made up of craftsmen, SMEs and family-owned businesses. This reality is also reflected in the membership of FIEC's member federations. This broad membership base ensures FIEC's comprehensive representativeness within the European construction industry, i.e. enterprises executing all kind of building and civil engineering specialities, whether operating as general contractors or as sub-contractors.

Without any discrimination, FIEC represents the interests of construction enterprises of all sizes:

- craftsmen, builders and micro enterprises
- small and medium-sized enterprises
- larger and very large companies

These enterprises may be family owned or capital stock companies, they may be family run or managed externally, but they are all construction firms and, as such, they have much more in common than they have conflicting interests.

The unmatched strength of FIEC's initiatives and positions are rooted in the fact that they are based on the views and experience of such a wide variety of enterprises from so many countries.

In addition to this permanent general consideration given to the interests of SMEs in each individual issue addressed by FIEC commissions, sub-commissions and working groups, FIEC created, in 2002, a specific Vice-Presidency for SME issues under the title of "SME Envoy".

The FIEC SME Envoy double-checks - in each and every case - that FIEC position papers and initiatives adequately take into account the interests of SMEs and family owned businesses.

### Full involvement of SME organisations in the sectoral social dialogue

The "UEAPME Statement on the European sectoral social dialogue" of 15/9/2010, recognises the exceptional situation of the FIEC/ EFBWW construction social dialogue committee, which, according to UEAPME, is one of only two sectoral social dialogue committees, in which SMEs are not practically excluded.

In fact, FIEC's comprehensive representativeness ensures the full respect of SME interests in the work of the sectoral social dialogue committee and its specialised working groups. FIEC and its Social Partner EFBWW, are very committed to this fully representative, strong, successful and autonomous Sectoral Social Dialogue which they commenced many years prior to it becoming institutionalised by the European Commission.

### Enterprise Europe Network (EEN)

The EU Commission, DG ENTR, set up this network on the basis of previous experience with the two networks, Euro Info-Centre (EIC) and Innovation Relay Centre (IRC). According to their website, "helping small companies make the most of the business opportunities in the European Union is the Enterprise Europe Network's mission". EEN is composed of close to 600 member organisations offering a broad range of free services, for example in the areas of helping to find international business partners, source new technologies, receive EU funding or finance and advice on issues so diverse as intellectual property, going international, or EU law and standards.

As with the Euro-Info-Centre network, FIEC has been accepted by the European Commission as an "Associate Member" of EEN. This means that FIEC does not provide any of the EEN's services directly to those seeking advice, but provides the EEN's full members with sectoral advice/ information and cooperate in joint events, training sessions or projects.

For more information, please go to the specific website [www.enterprise-europe-network.ec.europa.eu](http://www.enterprise-europe-network.ec.europa.eu)



President

*Maria Angeles Asenjo, ES  
Rapporteur*

In 2011, the FIEC MEDA Vice-Presidency continued with its mission of informing member federations on relevant issues related to the Euro-Mediterranean Partnership. The Mediterranean Partner countries were in the centre of the political attention in the EU due to the different developments occurred all through the year and, in that context, the EU had to adopt a series of measures to address the new political and socioeconomic challenges in the region.

In relation to FIEC's initiatives and in regard to the EU Institutions' activity as well, the following aspects merit special mention:

- On the 3<sup>rd</sup> October 2011, a delegation of **FIEC held a meeting with the Secretary General of the Union for the Mediterranean** at that moment, Mr. Youssef Amrani (nowadays there is a new UfM Secretary General, Mr. Fathallah Sijilmassi). The meeting took place in the headquarters of the UfM Secretariat in Barcelona. The delegation of FIEC was headed by the President Ms. Luisa Todini and Vice-President Mr. Néstor Turró. The meeting was organised at FIEC's request to present our Federation, to receive information on the activities of the UfM Secretariat and to consider possible ways of collaboration. During the meeting, FIEC representatives stressed the importance of construction sector to create economic growth and employment, and therefore the importance of investments in infrastructure of all kind for a sustainable development.
- In the light of developments in Mediterranean Partner countries, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted on the 8<sup>th</sup> March the Communication "**Partnership**

**for Democracy and Shared Prosperity with the Southern Mediterranean**", and on the 25<sup>th</sup> May the Communication entitled "**A new response to a changing Neighbourhood**" that further develops the latter. A new European Neighbourhood Policy (ENP) is established aiming, in general terms, at supporting progress towards deep democracy as well as sustainable economic and social progress; the EU will have a differentiated approach with each partner country according to the specific commitments and progress of each of them towards the mentioned objectives.

- On the 25<sup>th</sup> May, a series of **progress reports on the implementation of the ENP in 2010** were presented by the European Commission, among them the following ones: a sector progress report, which provides an overview of ENP partners' progress last year on different sectoral policies (for example transport, energy, climate change and environment) and specific country reports for Egypt, Israel, Jordan, Lebanon, Morocco, the Occupied Palestinian Territory and Tunisia.
- The European Commission presented on the 7<sup>th</sup> July, a Communication entitled "**The EU and its neighbouring regions: A renewed approach to transport cooperation**". This Action Plan proposes a series of key measures at short term (2013) and long term, to strengthen cooperation in transport sector with regions to the East and South of the EU. The document refers to all modes of transport and its infrastructures.
- Another specific area of interest for this Vice-Presidency is the **European Investment Bank's** activity in relation to the Southern Mediterranean partners, through the **Facility for the Euro-Mediterranean Investment and Partnership (FEMIP)** which brings together the range of services provided by the EIB to support the economic growth and social development of the Mediterranean Partner countries. FIEC usually informs its member federations on EIB/FEMIP activities. In 2011, the 9<sup>th</sup> FEMIP regional conference was held in Morocco on the theme "Mediterranean infrastructure challenges: the potential of public-private partnerships".
- Throughout the year, MEDA Newsletters containing relevant information are elaborated and are available on FIEC website for member federations.



Martin Lemke, DE

Chairman

*Julia Schöne, BFW  
Rapporteur*

Following the financial crisis, the international and European institutions started proposing stricter regulations in order to prevent a repeat of such disorders on the financial markets. The reaction of most public authorities consisted in requesting structural reforms in the banking and insurance sectors, including strengthened supervision as well as new or tightened capital requirements. This has namely been the case with the Solvency II Directive (2009/138/EC), regulating the insurance sector; as well as the recently proposed Capital Requirements package – including a Directive and a Regulation, so-called "CRD IV" – regulating the bank sector by transposing the Basel III agreements adopted by the G20 in May 2010. Both initiatives impose stricter capital charges on the concerned financial institutions, which might entail, cumulatively, a very negative impact on project finance in Europe. The content and the impact of the upcoming regulation have been of major interest for the Working Group Housing in the last year. Therefore we worked on different position papers and highlighted consistently the cumulative impacts of the proposed regulations.

Another important topic for the Working Group Housing is the stimulation of Investments in Energy Efficiency especially in the residential sector. Together with the FIEC TEC-3 Working Group the Working Group Housing elaborated a FIEC-BFW joint paper on Financing solutions for energy savings in housing. It has been presented to Members of the ITRE Committee to underline that ambitious energy targets need appropriate financing incentives. The paper proposes four instruments to improve finance conditions for energy efficiency:

- **Proposal 1 – Broaden and Strengthen the Energy Efficiency Fund**
- **Proposal 2 – Consider introducing a EU wide guarantee fund for mortgages**
- **Proposal 3 – Maintain and extend reduced VAT for renovation works**
- **Proposal 4 – ERDF spending on new social housing should be extended and uncapped.**

To expand the networks of the FIEC working group on housing and represent the property sector interests of the FIEC more intensively, FIEC has just become a member of the "European Housing Forum", a discussion platform on European policy topics influencing the housing market. Members include the International Tenants' Federation IUT, the European Federation of Public and Cooperative Housing Associations CECODHAS, as well as UEPC. The European Housing Forum organizes yearly lecture series in Brussels. This year the lectures are all about the European Year 2012 on Active Ageing and Intergenerational Solidarity.



Michel Démarre, FR

President



Frank Kehlenbach, EIC

Director

### Organisation

European International Contractors (EIC) was founded in 1970 and has been registered since 1984 as a legally independent business association under German law in Berlin, Germany. EIC has as its members construction industry federations from 15 European countries which are directly or indirectly affiliated to the European Construction Industry Federation (FIEC) in Brussels. The association maintains close relations with all international and other organisations whose policy is of relevance for the international construction trade, for instance with the European Commission, the European Investment Bank (EIB), the Organisation of Economic Co-operation and Development (OECD) and the World Bank. According to the 2011 EIC International Contracts Statistics, the total volume of international turnover carried out by EIC member companies in 2010 amounted to more than 141 billion €. This excellent result was confirmed by the latest survey on the "Top 225 International Contractors", published in the *Engineering-News Record* magazine, which illustrates that the market share of European international contractors in relation to the international construction market amounted to 56%.

In 2011, the Members of the EIC Board were the following:

Michel Démarre	(Colas)	France	President
George Demetriou	(J&P Avax)	Greece	Vice-President
Uwe Krenz	(Bilfinger Berger)	Germany	Treasurer
Duccio Astaldi	(Condotte d'Acqua)	Italy	
Svend Erik Clemmensen	(E.Pihl & Søn)	Denmark	
Juha Höyhtiä	(Lemminkäinen Corp. Intern.)	Finland	
Jules Janssen	(Besix)	Belgium	
Colin Loughran	(Lagan Construction)	United Kingdom	
António Mota	(Mota-Engil)	Portugal	
Per Nielsen	(NCC)	Sweden	
Peter de Ridder	(van Oord)	The Netherlands	
Juan Antonio Santos de Paz	(Acciona Concesiones)	Spain	
Emin Sazak	(Yüksel Holding)	Turkey	
Karl-Heinz Strauss	(Porr)	Austria	

President Michel Démarre represented EIC as Vice-President on the FIEC Steering Committee.

### Tasks and Objectives

The three main objectives of EIC are the following:

1. To lobby for a **bigger market**, e.g. by by persuading the international financing institutions, and especially the European donor agencies, to allocate more funds to the infrastructure sector, in particular to transport infrastructure, and by promoting the concept of Public-Private Partnerships (PPP) on a global level.

2. To lobby for a **better market**, e.g. by advocating fair and innovative forms of procurement and contracts and by calling for a level playing-field for European contractors with respect to international environmental, ethical, social and corporate standards.
3. To provide for **better networking**, e.g. by offering European contractors a unique forum for the exchange of experience in all matters relating to the international construction business.

Within the broad range of operating conditions influencing the work of European international contractors abroad, the following topics have been identified as priority issues for EIC's activities in 2011:

### **I. EIC reviews and comments on FIDIC standard forms of contract**

International contractors and clients agree in general that the FIDIC standard forms of contract have been and still are important for facilitating the tendering and negotiation of international construction contracts. Since many decades, FIDIC consults EIC as a "friendly reviewer" for its new or updated standard forms of contract. Following this tradition, EIC closely follows the development of new FIDIC standard contract forms through its various drafting stages.

In April 2011, EIC published the **EIC Contractor's Guide to the FIDIC 2010 MDB Harmonised Construction Contract** (the so-called FIDIC 2010 "Pink Book"), based on the drafting work of the EIC Working Group "Contract Conditions", and thus completed its set of commentaries to the major FIDIC standard forms of contract. EIC was pleased to note that several comments made earlier by EIC, in relation to the FIDIC 1999 "Red Book" and with regard to previous versions, were rectified in the FIDIC 2010 MDB Harmonised Construction Contract. For instance, the FIDIC 2010 "Pink Book" stipulates that obtaining the building permit is an explicit responsibility of the Employer, that the Engineer has to observe a time limit of 28 days to render a Determination, that the commencement of Works is now subject to conditions precedent and that the Dispute Adjudication Board can be activated even if the Engineer fails to respond within the given deadline.

Conversely, EIC also expressed grave concerns that the alterations with respect to the Engineer's authority, the replacement of the Engineer, the Performance Security and also regarding Corrupt or Fraudulent Practices may represent an opportunity for abusive behaviour towards the contractor since the employer is granted discretionary rights to alter the fundamental balance of the contract or to terminate the contract arbitrarily. Given that the FIDIC 2010 "Pink Book" shall be primarily used by the Multilateral Development Banks, EIC would rather have welcomed that the express policy of the World Bank and the other Regional Development Banks to combat corruption also appears in their standard form of contract to the extent that every window of opportunity for corrupt behaviour is closed rather than to introduce indirect opportunities for undue intervention.

Within a few months after its publication the **EIC Contractor's Guide to the MDB Harmonised Construction Contract** was published in the renowned construction magazine "The International Construction Law Review" where the EIC document was described as follows: *"In the past we have been privileged to be able to reproduce some of the first class Guides and Commentaries that European International Contractors (EIC) have produced about FIDIC Conditions. They are valuable as they are the product of a responsible and reputable international organisation. They also throw light on the approaches to be adopted in drafting all international construction contract. As in the past, EIC's comments are balanced. They indicate what it regards as improvements and what it believes to be retrogressions"*.

Lately, **EIC has resumed the dialogue with FIDIC with respect to an update of the FIDIC 1999 "Yellow Book"**. A meeting between the EIC Working Group "Contract Conditions" and the FIDIC Updates Task Group is underway and EIC pursues the goal of convincing FIDIC to incorporate the improvements made in the "Pink Book" also in the 2<sup>nd</sup> edition of the "Yellow Book".

## II. EIC submits new concept for EU-financed infrastructure projects in Africa

With 53 billion € of development aid in 2011, the European Union and its 27 Member States remained the world's most generous donor, providing more than half of the global official aid. Given that global poverty cannot be eradicated by Official Development Assistance alone, EIC tries to convince European donors that a modern and effective development policy is aligned first and foremost with the political objective of Wealth Creation rather than with Poverty Reduction.

Over the year 2011, the EIC Working Groups "Africa" and "Finance/PPP" have jointly developed an EIC Proposal for a new "European Infrastructure Blending Instrument for Sub-Saharan Africa" (EIBISSA) which would be useful in facilitating infrastructure projects carried out by the European construction industry in this region. Such a new financing instrument would help to facilitate long-term partnerships between European and local construction companies and thus enable project-related know-how transfer and training of the local workforce.

EIC holds the view that EIBISSA would ensure, from a financier's perspective, a high leverage-effect on limited development resources as it complements grant funds with a blend of debt finance from a number of financial institutions so that the overall equivalent cost-of-capital of debt finance would meet the project finance needs of specific projects. In turn, the availability of affordable debt finance could help project developers attract the necessary equity finance that underpins the overall finance package. In conclusion, "EIBISSA" could re-open the door for a substantial involvement of European contractors and infrastructure providers on the Sub-Saharan Africa infrastructure market.

In February 2012, EIC officially presented the EIBISSA concept in the context of the EC-EIC-EFCA Roundtable on Development Financing for Infrastructure. The forum was jointly opened by EIC President Michel Démarre and the Director for Sustainable Growth and Development in DG DEVCO, Kristian Schmidt, and was attended by more than 70 representatives from DG DEVCO, EIB, EIC, EFCA and other European Development Finance Institutions.

## III. EIC acts as private sector representative in global debate on Development Policy

Modern principles and structures relating to the international development policy grew out of three High-Level Fora on Aid Effectiveness organised by the OECD in Rome, Paris and Accra in 2003, 2005 and 2008, respectively. The fora in Paris and Accra concluded with the adoption of five core principles that have gained support across the development community. It is now the norm for aid recipients to forge their own national development strategies with their parliaments and electorates (ownership); for donors to support these strategies (alignment) and work to streamline their efforts in-country (harmonisation); for development policies to be directed to achieving clear goals and for progress towards these goals to be monitored (results); and for donors and recipients alike to be jointly responsible for achieving these goals (mutual accountability).

Whilst the private sector had been more or less shut out completely at the first three events, EIC was invited to participate in the 4<sup>th</sup> High-Level Forum on Aid Effectiveness held in November 2011 in Busan, Korea. The three-day forum was attended by more than 3,000 participants from 160 countries, 70 international organisations and 300 civil society groups and included as key-note speakers the President of the Republic of Korea, the U.N. Secretary-General and the U.S. Secretary of State. EIC President Démarre was invited to take the seat of the private sector in the Final Plenary where he confirmed the readiness of EIC to share its experience on implementing Infrastructure PPPs in developing countries. He further called upon donors to promote greater transparency in public procurement and he urged emerging market donors to untie their development aid to the same extent as OECD donors.

In the run-up phase to the Busan conference, EIC was also involved in the preparation of the Joint Statement on "Expanding and Enhancing Public and Private Co-operation for broad-based, inclusive and sustainable growth" which has been endorsed by 43 countries and organisations. This declaration calls for an engagement of private sector participants and it stresses that financing into countries and sectors where private capital is scarce should be encouraged, e.g. through the effective, transparent blending of

aid and concessional lending with non-concessional resources. Official agencies and Development Finance Institutions are requested to upgrade their instruments to improve risk management and catalyse the resources and talents from the private sector.

The Busan conference culminated with the adoption of the "Busan Partnership for Effective Development Co-operation" which, for the first time, includes – besides traditional OECD donors, developing countries and civil society – also the new donors and the private sector. Paragraph 32 of the final document recognises *"the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction"* and calls on all partners to *"further develop innovative financial mechanisms to mobilise the private sector"*.

#### **IV. EIC participates in World Bank consultation on Procurement Policy**

The international donor community decided in the context of the "Paris Declaration" to strengthen national procurement systems and to progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes. As a consequence, the World Bank adopted in April 2008 a "Piloting Programme for the Use of Country Procurement Systems in Bank-Supported Operations". Upon EIC's request, a "Supplemental Note" was adopted in which an "International Technical Advisory Group" (ITAG) was created to monitor the process.

The year 2011 marked the end of the 3-year mandate of the International Technical Advisory Group (ITAG) which advised the World Bank's management in the implementation of the Bank's Pilot Programme on Country Procurement Systems (UCS programme). After three years of operation only a few candidate countries had qualified for using their own procurement systems for World Bank-financed projects and in spring 2011 the Bank's management concluded that the UCS programme had not met its objectives and would come to an end.

Later in the year, the World Bank launched a new policy initiative titled "Program-for-Results" (PforR) which would allow the Bank to focus its financial

support directly on government development programs. Whilst the advocates of the PforR instrument – amongst which are the World Bank itself as well as many European and developing nations' governments – were constantly emphasising the compatibility of this new financing tool with the principles adopted in the "Paris Declaration", EIC remained concerned about its impact. Against that background, **EIC President Démarre wrote in December 2011 a critical letter to all European Executive Directors at the World Bank** in which he questioned the actual need for another programmatic lending instrument.

Whilst the new lending instrument was eventually approved by the World Bank Board in January 2012, **the concerns raised by EIC and other private sector voices were acknowledged insofar as PforR commitments shall be limited to 5% of the Bank's total commitments for the first two years. Furthermore, large-scale infrastructure projects shall be generally excluded from this instrument and the process shall be monitored by a new International Advisory Group on Procurement (IAGP) in which EIC shall participate.**

#### **V. EIC calls for expansion of WTO Government Procurement Agreement (GPA)**

The Agreement on Government Procurement (GPA) is to date the only legally binding agreement in the WTO focussing on the subject of government procurement. It is a plurilateral treaty which includes the WTO Members that are Parties to the GPA, and thus have rights and obligations under the Agreement. Its present version was negotiated in parallel with the Uruguay Round in 1994, and entered into force on 1 January 1996. **On 15 December 2011, negotiators reached an agreement on the re-negotiation of the GPA.**

EIC follows the evolution of the GPA very closely and maintains its call for an expansion of the geographic scope towards the largest public procurement markets in the emerging economies, such as China, India and Brazil. In this context, EIC has criticised that the second revised offer of the PR China concerning its accession to the GPA submitted in November 2011 is still insufficient due to the fact that the threshold values for inviting foreign competition remain extremely high, in particular with respect to the construction sector, and that China still

excludes those construction segments that are most interesting for foreign contractors, most notably the civil engineering sector as well as foundation work and water well drilling and industrial, educational and health buildings.

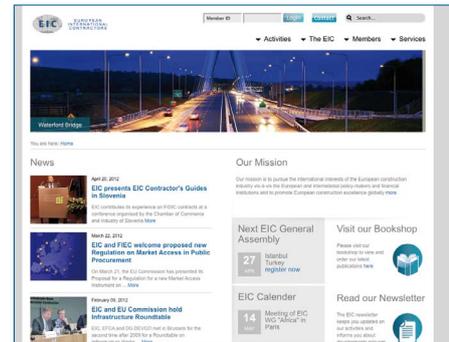
### EIC General Assemblies

Every six months, EIC holds its General Assembly on the invitation of one of its 15 member federations in a different European country. In connection with these conferences, business workshops are organised on issues related to the international construction business which are traditionally attended by senior international managers from the leading European contractors.

- On 8<sup>th</sup> April 2011, the Danish member federation hosted an EIC conference in Copenhagen with a workshop entitled **“Prerequisites for success when constructing large infrastructure projects”**. The workshop concluded with a number of recommendations towards Contracting Authorities of which the three most relevant were: Ensure a clear and reasonable risk sharing, insist that owners take the management role seriously and secure teamwork and sufficient finance.
- The EIC conference on 28<sup>th</sup> October 2011 was hosted by the French member federation in Paris. The workshop was entitled **“High Quality and Fair Competition for Africa’s Infrastructure Market”** and dealt with the prospects for European international contractors in Africa in light of the strong competition from non-OECD companies. Speakers included high-level representatives from the European Commission and from the African Development Bank
- At the spring 2012 General Assembly on 27<sup>th</sup> April in Istanbul, the workshop examines the **“Emerging Market opportunities in the aftermath of the Arab spring”**.

**International issues on the EU Internal Market** are jointly addressed by EIC and FIEC (see specific chapter, page 10).

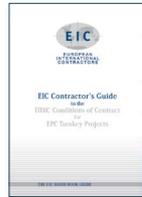
More information is available on the EIC website: <http://www.eicontractors.de>



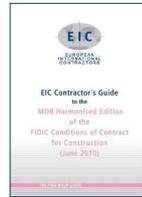
• **EIC Publications**



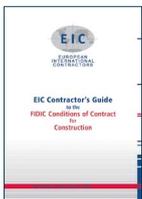
**EIC Turnkey Contract, 1994**



**EIC Contractor's Guide to the FIDIC Conditions of Contract for EPC Turnkey Projects, 2003**



**EIC Contractor's Guide to the MDB Harmonised Edition of the FIDIC Conditions of Contract for Construction (June 2010), "The Pink Book Guide", 2011**



**EIC Contractor's Guide to the FIDIC Conditions of Contract for Construction, 2002**



**EIC Blue Book on Sustainable Procurement, 2004**



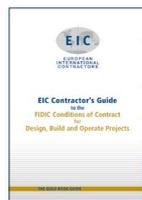
**EIC White Book on BOT/PPP, 2003**



**EIC/FIEC Memorandum on Frequently Asked Questions on Public-Private Partnerships (PPP), 2006**

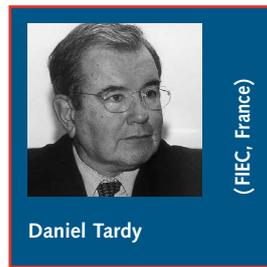


**EIC Contractor's Guide to the FIDIC Conditions of Contract for Plant and Design-Build, 2003**



**EIC Contractor's Guide to the FIDIC Conditions of Contract for Design, Build and Operate Projects, 2009**

For FIEC publications, please refer to p. 65



Daniel Tardy

President



Roger Fiszelson

Director General

### CICA Events

- **UNEP 2011 Business and Industry Global Dialogue on "Strengthening the role of the private sector in the transition to a Resource Efficient and Green Economy: on the road to Rio+20", co-organized with ICC (Paris, April 11-12, 2011)**  
*Participants: CICA VP Paulo SIMAO, CICA ADG Philippe LACOSTE*

A one to one meeting was held with Curt GARRIGAN (UNEP), who proposed CICA VP Paulo SIMAO to join the UNEP's Sustainable Buildings and Climate Initiative (UNEP-SBCI).

- **CICA at 2<sup>nd</sup> CHINCA's International Infrastructure Investment & Construction Forum (Beijing, May 26-27, 2011)**  
*Participant: CICA President Daniel TARDY*

CICA President Daniel TARDY visited CHINCA in Beijing and attended the 2nd International Infrastructure Investment & Construction Forum from May 25 to 28, 2011.

He delivered a speech as Keynote Speaker on "Risk Management in Infrastructure Investments" on the first day, gave a presentation of CICA to IICF on the second day and attended the press conference.

1000 participants attended IICF, including around 800 Chinese, 50 from other Asian countries, 50 Russians, and 20 Africans (essentially from Ghana).

- **9<sup>th</sup> FEMIP Conference on "Mediterranean Infrastructure Challenge: The Potential of PPPs" (Casablanca, May 30, 2011)**  
*Participant: CICA DG Roger FISZELSON*

Besides the 9<sup>th</sup> FEMIP Conference (Conclusions are available on CICA website), a meeting on May 30, 2011 took place in Rabat with CICA DG Roger Fiszelson and Abdelhaq Laraïchi, Vice President, African Federation for Construction Contractors Associations (AFCCA): it was discussed the possibility to hold an AFCCA/CICA Meeting in 2012 in Rabat at the Construction Federation of Morocco's premises on the AFCCA/CICA cooperation (this proposal was to be discussed again at the next AFCCA Executive Committee in Sudan in January 2012).

- **CICA at African Development Bank's Annual Meetings (Lisbon, June 6-10, 2011)**  
*Participant: CICA ADG Philippe LACOSTE*

CICA's participation was an opportunity to:

- reinforce our links with the various Departments of the African Development Bank (AfDB);
- promote and develop the participation of CICA member companies in AfDB tenders;
- collect practical information for SMEs, other than European, on projects financed by AfDB and of interest to our members.

CICA Management agreed to organize a CICA Visit at AfDB Headquarters in Tunis in 2012.

- **FIEC Annual Congress in Sofia (June 16-18, 2011)**  
*Participants: CICA President Daniel TARDY, CICA DG Roger FISZELSON, FIIC President Martin CARRIQUIRY, CICA Past President Manuel VALLARINO*

- **ICC Task Force on Public Procurement Meeting (Brussels, June 29, 2011)**  
*Participant: CICA ADG Philippe LACOSTE*

ICC Public Procurement Task Force supports CICA's concerns on the fight against corruption in MDBs' procurement standard documents (cf. CICA Position Paper on Clause 15.6 MPD) and has requested

the additional support of the ICC Anti-Corruption Commission (in progress).

- **CAPAC 50<sup>th</sup> Anniversary/FIIC-ORDECCAC-CICA Meetings (Panama, September 13-16, 2011)**

*Participant: CICA President Daniel TARDY*

Reports on CICA activities and Green Economy were presented to the FIIC Board Meeting of September 14-15, 2011.

CICA congratulated CICA Past President Manuel R. VALLARINO Q. for his re-election as FIIC President.

- **CHINCA-EIC-CHINCA Meeting (Berlin, September 22, 2011)**

*Participants: CICA President Daniel TARDY and CICA DG Roger FISZELSON*

- > Chinese infrastructure markets remain closed for foreign companies
- > Willingness of co-operation with non Chinese companies on third country
- > Political conditions of the participation of CHINCA in CICA are not met yet
- > Proposal of subscription to the "Friends of CICA" was addressed to the company members of the Chinese delegation.

- **FIDIC Annual Conference (Davos, October 2-5, 2011)**

*Participant: CICA DG Roger FISZELSON*

During the FIDIC Conference, a meeting took place with MDBs, CICA, FIDIC, BWI for finalizing the Report of the Conference on the MDBs' Master Procurement Document (Brussels, January 27-28, 2011): MDBs' principle acceptance for pricing corporate social responsibility (CSR) in contracts.

- **CICA-MDBs' Heads of Procurement (HoP) Working Lunch (Paris, October 7, 2011) & HoP-CICA-FIDIC Meeting (Luxembourg, October 11, 2011)**

*Participants: CICA President Daniel TARDY; CICA Past President Manuel VALLARINO; Michel DEMARRE, EIC President; EIC Director Frank KEHLENBACH ; Fernando LAGO, Inter-American Federation of the Construction Industry (FIIC) Representative - Member, CICA PPP Working Group; CICA DG Roger FISZELSON; CICA ADG Philippe LACOSTE.*

- > The Well Prepared Project (WPP) is welcome: to present in the form of guidelines or best practices
- > WB HOP will submit to CICA Legal WG the updated civil law version of the WB Procurement Guidelines for examination and opinion
- > HOPs wish:
  - to give less importance to procurement matters and that our meetings go beyond contracts
  - to draw later on the lessons of the recent MPD implementation
  - larger involvement of emerging countries (e.g., China and India).

- **ICC Green Economy Task Force (October 14, 2011, Paris)**

*Participants: Philippe LACOSTE and Vita BAUBINAITE (CICA Intern)*

- > ICC Green Economy Task Force takes part in the Business Action for Sustainable Development 2012 (BASD 2012), which is the UN official coordinator of business & industry at the upcoming Rio+20 Conference on Sustainable Development (Rio, June 16-22, 2011)
- > CICA contribution to the "zero draft" of Rio+20: request for pricing of CSR in contracts (cf. MDBs acceptance at Brussels Conference in January 2011)
- > Ten high level conditions for a transition towards green economy
- > Request for joint development of procurement policies
- > Fight against corruption should be a shared priority.

- **CICA Board Meeting B#52 and Related Roundtables on G20/B20 and ISO 26000 (Paris, October 20-21, 2011)**

Special focus: CICA Proposals for strengthening the consideration given to the SMEs' needs

- > Identification of the possibilities of technical assistance of MDBs and bilateral Aid Agencies for SME's reinforcement of capacity (financial, management, skills training of companies workers).

- **EIC Workshop on “High-Quality Standards and Fair Competition for Africa’s Infrastructure Projects” (Paris, October 28, 2011)**

-> CICA liaison to invite Keynote Speaker Gilbert MBESHERUBUSA, Director, Infrastructure Department, AfDB.

- **G20/B20 (Cannes, November 3-4, 2011)**

CICA Proposals were adopted in B20 Recommendations & Report on the following key issues:

- Inclusion of the Well-Prepared Project (WPPP)
- Pricing of Corporate Social Responsibility (CSR) in contracts
- Development of infrastructures: major African infrastructure program
- Fight against corruption (increasing the tools available for contractors)

- **4<sup>th</sup> High Level Forum on Aid Effectiveness (Busan, South Korea, November 29 – December 1, 2011)**

*Participant: CICA DG Roger FISZELSON*

The Busan outcome document “*Busan Partnership for Effective Development and Cooperation*” is more a statement of guiding principles, with non-binding content to signatory countries.

However, CICA concerns further to the Busan Partnership focus especially on the:

- recommendation for untying aid and its effect on the construction industry (cf. equal playing field)
- need for control and sanction
- contracting and economic translation of these principles and recommendations (to prevent dumping & distortions of competition)

- **CICA Meeting with Edmundo WERNA (International Labor Organization) – Paris, December 12, 2011**

-> Courtesy visit to keep CICA informed on ILO activities in the construction industry's sector.

- **CICA-OCAJI Meeting (Paris, January 13, 2012)**  
*Participants: CICA President Daniel TARDY; OCAJI Executive VP Hajime SUZUKI; Takanori ISOGAI, First Secretary, Embassy of Japan in France; CICA DG Roger FISZELSON; CICA ADG Philippe LACOSTE*

OCAJI Executive VP Hajime SUZUKI will commit his interest in becoming Friend of CICA to OCAJI's International Cooperation Committee for consideration.

- **CICA at 2012 “PPP DAYS” (jointly hosted by the United Nations Economic Commission for Europe (UNECE), World Bank Institute and ADB) – Geneva, February 21-24, 2012**

*Participants: CICA President Daniel TARDY, CICA Past President Barry BROWN, and CICA PPP Working Members Vincent PIRON, Marc FRILET, Fernando LAGO and Roger FISZELSON*

CICA participated and contributed in the Business Forum on Day 2, February 22, 2012 (open to the private sector) by presenting the Executive Summary of the **VADEMECUM on the Conditions of Success of PPPs** elaborated by the CICA PPP Working Group. Strong interest for the Vademecum has been expressed by the World Bank and UNECE.

- **CICA Board-Council Meeting CB#53 (Paris, February 27, 2012)**

-> Following to the proposal of the Inter-American Federation of the Construction Industry (FIIC), new CICA Statutes approved with emphasis on the defence of the interests of SMEs

-> Transfer of CICA Presidency postponed to the Next Board Meeting in October 2012.

- **CICA Visit to World Bank and Inter-American Development Bank (Washington DC, March 7-9, 2012)**

*Participants: CICA VP Paulo SIMAO; CICA Past President Manuel VALLARINO; CICA Past President Livio AMATO, President, European International Contractors (EIC); CICA DG Roger FISZELSON; CICA ADG Philippe LACOSTE*

-> Strong focus on PPPs: WB and IDB are trying to support PPP projects and regulations.

-> Launching of the World Bank “Comprehensive Review of the Procurement Policies and Procedures”: CICA invited to participate in the newly established International Advisory Group on Procurement (IAGP), whose 1<sup>st</sup> meeting will take place in Washington DC on June 4-5, 2012.

**CICA Working Groups**

- **PPP Working Group (PPP WG)**  
*Team Leader: Vincent PIRON, ex Business Development Director – VINCI Concessions*

CICA PPP WG is finalizing the drafting of the VADEMECUM on the Conditions of Success of PPPs. The final version of the document is to be released by June 2012.

- **Well Prepared Project Working Group (WPP WG)**  
*Chairman: Michel DEMARRE, EIC President*

The originality of the CICA Well Prepared Project (WPP) Working Group, focusing initially on Road Projects, is to incorporate two important partner organizations: FIDIC and PIARC (World Road Association).

PIARC President Anne-Marie LECLERC agreed to work with CICA on revised WPP Terms of Reference, to be presented in April 2012 to PIARC Executive Committee for approval.

- **Sustainable Business Working Group**  
*Chairman: CICA VP Paulo SIMAO*

-> In liaison with CICA VP Paulo SIMAO, participation of CICA Management in the ICC Green Economy Task Force, and follow-up on the works of UNEP and OECD on Green Economy  
 -> Proposal of CICA VP Paulo SIMAO sent to RIO+20 Organizing Committee for the organization of a **CICA Side Event on "Sustainable Construction" during RIO+20 Conference on Sustainable Development** (Rio de Janeiro, June 18-22, 2012), with the support of the Inter-American Federation of Construction (FIIC) and the Brazilian Chamber of Construction (CBIC).

**Legal Working Group**  
*NEW Chairman: Brahim MOUELHI, Legal Director – SCDM ENERGIE, Bouygues Group*

1<sup>st</sup> subject of work: further to WB Head of Procurement's request at the HOPs-CICA Meetings of October 7 and 11, 2011, review of the updated World Bank Standard Bidding Document for Procurement of Works – Civil Law (to be submitted to CICA in April 2012).

**External Relations**

- **Liaison with the African Federation for Construction Contractors Associations (AFCCA)**

-> Liaison with with Abdelhaq Laraïchi, President FNBTP Morocco – AFCCA Executive Committee VP, on the issue of the CICA Observer status' proposal (pending)  
 -> AFCCA Executive Committee in Cairo on June 23, 2011: presentation of CICA Activities in Africa by A. Laraïchi and discussion took place on AFCCA's possible participation in CICA. AFCCA's proposal: CICA-AFCCA Meeting at the next AFCCA Executive Committee in Soudan in January 2012 (the meeting could not take place).

**What's New on [www.cica.net](http://www.cica.net) ?**

Besides many documents and information posted on the extranet of the CICA website, CICA published additional works, based on a study from their last Intern detailing the **statistics regarding construction projects financed by Multilateral Development Banks** (for the time being only WB, ADB and IsDB). These statistics have been established according to data's provided by MDBs. We can observe from them the evolution in financing for Infrastructure, especially in Energy-Transport-ICT-Water, in order to measure the stake of the construction industry.

CICA Statistics are available by clicking the "CICA Statistics" tab on the CICA website.



### "Friends of CICA"

- **Canadian Contractors Associations (CCA):** further to the resignation of the "Federation of United States and Canadian Contractors Associations" (FUSCCA) from CICA for budget constraints at the end of 2010, CCA maintained in 2011 the same contribution of 7.500 € to CICA, as "Silver" Friend of CICA;
- **The French International Contractors (SEFI)** contributes now as "Golden" Friend of CICA in 2011;
- **NEW!! "SILVER" Friend of CICA from August 2011: the Belgium Construction Confederation;**
- **Friends of CICA in 2011:** CICA Honorary President Manuel VALLARINO ([www.nox-crete.com](http://www.nox-crete.com)), KRAKBAU S.A. ([www.krakbau.com](http://www.krakbau.com)), MATIERE S.A.S. ([www.matiere.fr](http://www.matiere.fr)), DEMATHIEU & BARD ([www.demathieu-bard.com](http://www.demathieu-bard.com)), CCA ([www.cca-acc.com](http://www.cca-acc.com)), SEFI ([www.sefifrance.fr/en/home](http://www.sefifrance.fr/en/home)) and the Belgium Construction Confederation ([www.confederationconstruction.be](http://www.confederationconstruction.be)).

Companies and organizations related to contractors' activities are welcome to be a "Friend of CICA" in order to make networking and new contacts with fellow contractors from other countries and international investors.

The "Friends of CICA" are invited to attend CICA Council Meetings and participate in specific CICA contacts with leading representatives (Presidents/ DGs) of International Financial Institutions, the United Nations, OECD, ICC, Government Agencies, etc.

The "Friends of CICA" are also invited to participate in special events which take place all over the world, and to attend a yearly meeting which will be held in Paris at the end of each calendar year and where individual accompanying persons are invited.

Moreover, please note that important information related to the activities of CICA is in the section of our website [www.cica.net](http://www.cica.net) reserved for the Members and the Friends of CICA. You will be able to access this restricted area with a login and password to consult the internal documentation.

In addition, the Friends of CICA are able to advertise their logo on the new CICA website with a link to their own website.

Who will be eligible to be a "Friend of CICA"?

- Individual contractors who are interested by international activities and / or local federations of contractors
- Institutions related to contractors' activities, i.e. insurance companies, banks, construction fairs/ exhibition organizers
- Oil & gas companies
- All related industries, equipment manufacturers and dealers

Subscribe and be a "Friend of CICA" by contacting CICA Management at [cica@cica.net](mailto:cica@cica.net).

## What is the European Construction Forum (ECF)?

The ECF is a platform for cooperation on issues of common interest between independent organisations representing key players in the construction sector and participating on a voluntary basis.

### What are the aims of ECF?

- The principal aim of the ECF is the establishment and recognition of a single comprehensive policy approach for the European construction sector through raising the awareness of decision makers at European level to the specific issues affecting the sector as a whole. To this end, the participating organisations strive to arrive at consensual views on issues of common interest.
- This should lead over time to:
  - an increase of the construction sector's direct involvement in the preparation of all EU legislative acts, programmes and actions that have a bearing on the sector
  - a more coherent and coordinated approach by the European institutions towards the sector.

### Building Prosperity for the Future of Europe – A Manifesto for Action from the European Construction Forum

(presented to the EU institutions in the EP premises on 17/11/2010)

*(The following are the "key messages". The full version is available on the ECF web site [www.ecf.be](http://www.ecf.be))*

#### The future of Europe: the indispensable role of the construction sector

Increased activity in the construction sector stimulates Europe's economic growth and job creation, immediately contributing to helping the European Union on the path to economic recovery. The construction sector urges the European Union to set the conditions for the rapid replacement and upgrading of infrastructure to include new transport networks capable of bridging gaps, the building of smart grids for energy distribution and environmentally friendly systems for the disposal of waste.

Additionally, the necessary conditions to ensure high quality, deep energy renovation of existing buildings and the procurement of nearly zero energy new buildings must be implemented.

The construction sector expects these conditions to be based on a whole life cycle approach that balances environmental, social and economic factors.

#### Meeting Europe's climate and energy needs whilst improving competitiveness

Given the significant economic contribution of the construction sector and the need to renovate a significant proportion of existing buildings in order to address the climate change and energy challenges of the EU, the construction sector stands ready to respond by quickly upscaling its activities. This will mean increasing activity in the sector, as well as creating new green jobs that are based on a comprehensive understanding of the techniques and materials used to improve the energy efficiency of existing buildings.

The construction sector points out that this will not be possible without adequate policies on skills and training (as highlighted by the European Commission in its recent study) accompanied by sufficient financial and fiscal means from both the public and private sectors.

#### Stimulating economic growth through increased investment in research and innovation

Along with increased activity, investment in research and innovation needs to be boosted in order to meet the technological challenges of sustainability. The construction sector is already committed to the Energy Efficient Buildings European Initiative (E2B EI) but believes that this initiative alone is not enough. Further development of research and innovation policies is needed to stimulate greater participation in research of the small and medium sized enterprises that make up a significant proportion of the sector. It is also essential that the 8<sup>th</sup> Framework Programme (FP8) dedicates a specific segment to the construction sector.

#### Contributing to a sustainable and prosperous future through innovative ideas and designs

Infrastructure alone is not enough to ensure a sustainable and prosperous future.

The construction sector believes that it is necessary to ensure that all works carried out on all new and existing buildings and infrastructure must be of a high level of quality in order to ensure safe and sound structures, low maintenance and a long service life.

This can only be achieved through careful design approaches and integrated holistic thinking.

Innovative approaches to projects are already gaining ground in several European countries. The construction industry stands ready to share best practices and thereby increase productivity in the sector in order to achieve higher quality at the same or lower cost, thus helping to meet the goals of the EU-2020 Strategy.

**Housing and infrastructure for the wellbeing of Europe's citizens**

Europe's citizens have a right to safe, secure and decent housing, as well as to efficient infrastructure. In order to underwrite a true sense of wellbeing, citizens additionally require well-designed accessible educational, healthcare, cultural and working facilities.

The construction industry has a duty, and an economic opportunity, to provide people with a quality built environment, meeting their future needs, specifically assisting them in adapting to the consequences of climate change.

For many Europeans who live in inner city areas, or who commute daily, an urban design reconciling historical buildings and modern needs, in particular security and mobility, must be developed and built to provide the "Good Life".

These ambitions and goals cannot be achieved without a flourishing construction sector.

**Fostering a skilled labour force**

A skilled labour force is essential to meet current and future challenges. The sector is committed to making careers in construction more attractive to current and future generations.

In addition, it continues to strive for improvements in terms of health, safety and welfare for workers on construction sites.

At the same time, governments must play their part by ensuring that the necessary frameworks for training, education and skills development are available.

**The construction sector – the solution sector!**

The construction sector is a dynamic sector which has experience in understanding how best to exit the current downturn and fully benefit from economic recovery.

Achieving the vision set out in this Manifesto can only be realised through coordinated efforts at all levels of government.

Therefore, the construction sector calls on the European Commission, European Parliament and the Member States to implement coherent and balanced

policies and legislation based on a level playing field between public and private actors.

This will enable the sector to deliver the quality and sustainable buildings and infrastructure that the European Union needs for future growth. In this way, the construction sector will make a valuable contribution to the EU-2020 goals and to the achievement of the strategy set out by the Barroso II Commission to create a sustainable, smart economy.

**In these times of serious challenges that range from the consequences of the economic and financial crisis through to the global issue of climate change and its impact on humanity, the construction sector stands out as a sector that, given the opportunity, resources and regulatory framework, will be a significant contributor to the establishment of sustainable prosperity in the European Union.**

ECF will develop specific actions on the basis of this Manifesto and the EU agenda.

website:  
[www.ecf.be](http://www.ecf.be)



**www.fiec.eu**

As the FIEC web site is a dynamic tool, its content is being updated on a daily basis in order to better meet the expectations of both Members Federations and the public.



With many further developments, the FIEC

site has now become:

- an essential tool for FIEC members in their work
- a complete shop window for the activities and concerns of the European construction industry aimed at an outside audience.

**FIEC Periodical Publications**

• **Construction Activity in Europe** (1/year)



FIEC publishes a document giving information about construction activity in Europe. Each country is analysed individually and Europe as a whole under the following headings: Overview (General economic situation, General economic policy, Government policies in relation to the construction industry), Overall construction activity, Housebuilding, Non-residential building, Civil engineering, Rehabilitation and maintenance of residential buildings, Construction abroad, Employment. The data are given over a period of 10 years. Forecasts are made for up to one year.

• **Article in Construction Europe** (12/year)



For many years FIEC has worked together with the magazine "Construction Europe", publishing a monthly article on EU current affairs.

• **Construction in Europe – Key Figures** (1/year)



This publication, in practical pocket format, provides the reader with a brief survey of the essential key figures of construction activity in Europe and in the world as well as a brief presentation of FIEC and the sector.

• **Construction in Europe** (1/2 years)



This pocket-sized leaflet gives an overview of FIEC (the voice of construction in Europe), its members and its mission as well as key information on construction industry.

• **Annual Report** (1/year)



This document constitutes a complete survey of the FIEC issues and positions between two General Assemblies.



**Construction in Europe: 100 years of FIEC (2005)**



**The FIEC Principles for Sustainability (2005)**



**FIEC Declaration: Urban Development: a major challenge for the competitiveness of the EU (2006)**



**FIEC/EIC Statement on Corruption Prevention in the Construction Industry (2009)**

For EIC publications, please refer to p. 57

**All these publications and further information can be obtained from the FIEC office in Brussels.**

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Original: English  
Translations French and German: DSDB, Brussels  
Design: Acapella, Brussels  
Printing: Arte-Print, Brussels  
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