



EUROPEAN CONSTRUCTION
INDUSTRY FEDERATION

2014

ANNUAL REPORT

Including reports of



FIEC

Created in 1905

Legal personality under French law

29 countries (26 EU, Switzerland, Norway and Turkey)

33 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.

Cooperation Agreement:

NFB National Federation of Builders (UK)

PARTNERSHIP



Social Partner in the European Sectoral Social Dialogue of the Construction Industry together with EFBWW (European Federation of Building and Woodworkers)

<http://ec.europa.eu/social/main.jsp?catId=480&langId=en&intPageId=23>



Cooperation with EIC (European International Contractors) for activities beyond Europe's borders

<http://www.eic-federation.eu/>



The European founding member of CICA (Confederation of International Contractors' Associations)

www.cica.net



Participant in the ECF (European Construction Forum)

www.ecf.be



Member of EHF (European Housing Forum)

www.europanhousingforum.org



Partner Organisation of CEN (European Committee for Standardisation)

www.cen.eu



Member of ECCREDI (European Council for Construction Research, Development and Innovation)

www.eccredi.org



Associate Member of the "Enterprise Europe Network" of the European Commission

www.enterprise-europe-network.ec.europa.eu



Member of WorldSkills Europe

www.euroskills.org

CAMPAIGNS & PORTALS



Partner in the Renovate Europe Campaign

www.renovate-europe.eu



Partner in the OSHA (European Agency for Health and Safety at Work) Campaign on "Healthy Workplaces"

www.healthy-workplaces.eu



Partner of "BUILD UP" ("The European Portal for Energy Efficiency in Buildings")

www.buildup.eu

PROJECTS



Partner in ChemXchange project – Creation of web-based database for SME users of chemicals in the construction sector

www.chemxchange.com



FIEC-EFBWW website on "Posting of workers"

www.posting-workers.eu

THE SECTOR

2.9

MILLION ENTERPRISES

95% are SMEs with fewer than 20 and 93% with fewer than 10 operatives

13.8

MILLION OPERATIVES

6.4%

OF EUROPE'S TOTAL EMPLOYMENT

29%

OF INDUSTRIAL EMPLOYMENT

41.4

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

51.5%

**OF GROSS FIXED CAPITAL
FORMATION**

€ 1,162

BILLION

**Total construction
in 2013 (EU28)**

8.8%

of GDP in 2013 (EU 28)

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PRESIDENT'S MESSAGE

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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 2-years-term as FIEC President. The report, with a totally new design, sets out FIEC's activities from the 2013 General Assembly in Amsterdam to the 2014 General Assembly in Berlin.

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

No investment, no future!

As many European industry sectors, construction has not escaped the bad effects of the economic crisis, **although construction is not the problem, but the solution.**

Similar messages have been published by the European Commission in their Communication "Construction 2020", as well as in the recommendations of the High Level Forum and its 5 Thematic Groups (see chapter "Competitiveness").

Also the President of the International Monetary Fund (IMF), Christine Lagarde, pointed out the need of public and private investment in infrastructure (Handelsblatt, 12/5/2014, p. 8). Admittedly, she referred to my home country Germany, but not only for me is it evident that such analysis and request are true also for the other EU countries.

In order to avoid misunderstandings, I would like to point out that the construction industry is not asking for subsidies. Maintenance and construction of infrastructure or buildings for no other reason than helping the construction sector would be a waste of money.

In contrast, such works are necessary for maintaining and improving the economic competitiveness or the well-being of citizens.

Consequently, the construction sector asks 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.

Without the necessary investment, we simply put at risk the future of Europe!

The FIEC Manifesto

Ahead of the EP elections and the nomination of a new Commission, FIEC developed its Manifesto, in order to bring facts, arguments and possible solutions to the attention of the European and national decision makers. The Manifesto addresses

10 key issues, and their possible solutions (details on www.fiec.eu), among them:

1. Investment for growth and jobs, despite need for budget discipline
4. Ensure fair competition at all levels
5. Build a sustainable / energy efficient Europe
7. Well-functioning labour market
10. Reduction of bureaucracy and simplification of legislation

For details on construction activity in Europe in general, please refer to our latest statistical report, No. 57.

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

Fair contract conditions”

For several years, FIEC and EIC have been fighting against unfair contract conditions and there is evidence that well prepared projects, transparent procurement procedures and fair contract conditions contribute to higher efficiency and reduced risk of unethical behaviour on all sides involved.

Ethics

FIEC and EIC are opposed to all forms of unethical behaviour, such as corruption or fraud, and are convinced that only a holistic approach involving clients, consulting engineers and contractors gives a realistic chance to combat this plague. Based on this conviction and their Joint Statement, FIEC and EIC actively participate in several initiatives and actions worldwide.

You will find many other interesting issues explained in this Annual Report which were addressed by the European Construction Industry in the reporting period. Just have a look.

My thanks

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 or

with whom we have worked together on specific issues:

- my Steering Committee colleagues, the Presidents and members of our commissions, sub-commissions and working groups, all of them contractors or staff of our Member Federations,
- our social partner EFBWW (European Federation of Building and Woodworkers)
- our interlocutors in the European Parliament, the European Commission and the European Economic and Social Committee
- our colleagues participating in the European Construction Forum, ECF
- the FIEC Team in Brussels

To those who leave these institutions, we wish all the best for their new endeavours and those who continue or commence after the elections, I should like to assure of our full collaboration. We look forward to working together with them.

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 and maintaining infrastructure, dealing with the threat of climate change, adapting buildings to make them more energy efficient or planning cities to meet the changing needs of future generations, the construction sector is the reliable partner to make the future a reality.

Provided the necessary investments are made, the men and women of the construction industry will be able to use their talent, expertise and dedication to make political decisions a reality.

Construction is the solution industry!

I wish you all a very good read of FIEC's 2014 Annual Report.

Thomas Schleicher
President of FIEC

« Platform services for sports », European Commission

Brussels – 21/1/2014



High-level informal meeting with sport-related industries
EU Vice-President Antonio Tajani (6th from left) with the participants, for FIEC: Thomas Schleicher,
FIEC President (5th from left) and "Sherpa" Ulrich Paetzold, Director General (2nd from left)

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«The Path to Growth: Achieving Excellence in Business Friendly Public Administration»

Brussels – 29/10/2013

Thomas Schleicher with Antonio Tajani, Vice-President of the European Commission hosting this High-Level Conference



Thomas Schleicher, FIEC President, presenting the expectations of contractors from administration and the FIEC suggestion of appointing EU Construction Commissioner

FIEC STEERING COMMITTEE 2012–2014

Thomas Schleicher, DE
President



Jacques Huillard, FR
Vice-President
ECO
(FR)



Johan Willemen, BE
Vice-President
SOC
(BE-LU-NL)



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



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



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Paolo Astaldi, IT
Vice-President
Competitiveness
(IT)



Venelin Terziev, BG
Vice-President
ECF
(BG-CY-GR-RO)



Néstor Turró, ES
Vice-President
MEDA
(ES)



Frank Dupré, DE
Vice-President
SME
(DE)



Emre Aykar, TR
Vice-President
CICA Senior Vice-President
(TR)



Duccio Astaldi, IT
Vice-President
EIC President



Ricardo Gomes, PT
Vice-President
(PT-IE-MT)



FIEC ORGANISATION CHART

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

EU Contract Law
Chairman: Wolfgang Bayer, DE

Public Procurement
Chairman: Jan Wierenga, NL

Social Commission (SOC)

President:
Johan Willemen, BE
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: Jean Cerutti, FR

Competitiveness

President: Paolo Astaldi, IT
Rapporteur: Ulrich Paetzold, FIEC

WG Housing

Chairman : Martin Lemke, BFW

Technical Commission (TEC)

President:
Kjetil Tønning, NO
Rapporteur:
Sue Arundale, 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

Temporary Working Groups

End of Waste Criteria
Chairman: Chris Harnan, EFFC
Energy Networks
Chairman: Daniel Boscarì

EIC – European International Contractors e.V.

President: Duccio Astaldi, IT
Director: Frank Kehlenbach, EIC

CICA – Confederation of International Contractors' Associations

President: Manuel R. Vallarino, ROP
Senior Vice-President: Emre Aykar, TR
Director General: Roger Fiszelson, CICA

FIEC TEAM



Ulrich Paetzold
Director General



Christine Le Forestier
Director Economic & Legal Affairs (ECO)



Domenico Campogrande
Director Social Affairs (SOC)



Sue Arundale
Director Technical Affairs (TEC)



Yasmina Koeune
Assistant



Joëlle Caucheteur
Assistant



Sylvie Masula
Assistant



Muriel Lambelé
Accountant



Marie-Cécile Bailly
Webmaster –
Communication officer



Photo: Yan Glavie, 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).

FIEC CONGRESS 2013 - AMSTERDAM



Meeting the Challenge of Population Growth and Climate Change Managing Water in the 21st century

Conference 7/6/2013

In remarks concluding FIEC's annual conference in Amsterdam, devoted to the theme of water management, FIEC President Thomas Schleicher, spoke clearly of the need of the EU and the Member States to **urgently address adaptation to the effects of climate change without reducing parallel efforts to bring down greenhouse gas emissions**. In this respect, Mr Schleicher pointed to the example of the Netherlands and the country's Delta Programme that will see €1.3 billion per year invested in improving the resilience of Dutch sea defences and river management to anticipate the threat posed by climate change.

In strongly worded comments, Mr Schleicher voiced criticism at those countries which talk loudly about the need to anticipate the effects of climate change whilst at the same time reducing investment in defences for areas at risk of major flooding. Schleicher added that the scenes of flooding across Central Europe in the last few weeks should bring home to decision makers the need to adopt more pro-active policies across Europe rather than simply spending money on disaster relief. In this regard, an

early involvement of the private sector, including the construction industry, is crucial to ensure the necessary investment and technological innovation.

FIEC used the occasion of the conference to unveil a number of policy recommendations. The most important of these is **to ensure the necessary flow of both public and private investment** in hard infrastructure such as flood defences and new dams, but also in soft infrastructure such as river management schemes and wetlands that will be crucial to ensure that European society and its economy remain resilient to the more severe weather events brought by climate change which, evidence suggests, are already occurring more frequently.

The current economic crisis should not be used as an excuse to defer such investment but rather as an **opportunity to stimulate economic activity** that will lead to more sustainable growth with the associated benefits of increased employment and competitiveness.

Conference - Amsterdam (Hotel Okura)

"Water in the 21st Century: The Role of European Contractors"

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Opening Ceremony, Amsterdam - Concertgebouw
7/6/2013
Thomas Schleicher, FIEC President



Peter Glas, Chairman of Dutch Association of Regional Water Authorities



Water in the Built Environment
Govert Geldof, Part-Time Associate Professor,
Danish University of Technology

Other recommendations concerned **water efficiency**. Member State governments should force water utilities to mend leaks in the water distribution network that can, in some countries, lead to over half of the public water supply being wasted before it reaches the final consumer. On average **Europe wastes 20% of its water due to inefficiency** and in the view of FIEC, the EU has a key role to play in benchmarking Member States in how seriously they tackle this issue.

Announcing a major survey of FIEC's members concerning national measures to adapt to climate change, Mr Schleicher warned that **"the construction industry will not be spared from these developments and should endeavour to anticipate them"**. Referring to the export potential of the expertise and know-how of Europe's contractors clearly on display during the conference, he went on to conclude that it was a duty of the construction industry to "cherish and protect" the planet's water resources.

Panel discussion (from left to right) Chris Zevenbergen, Professor of Flood Resilience of Urban Systems - UNESCO-IHE
Dogan Altinbilek, Govert Geldof and Enrico Rossi, MOSE Project - Protecting Venice from flooding



The role of Construction in combating drought Dogan Altinbilek (Vice-President World Water Council)



Keynote Speaker: Philippe de Fontaine Vive, Vice-President Innovation, Vice-President EIB



The Delta Programme, early involvement of the private sector
Wim Kuijken, Delta Commissioner



Water in the 21st century: The Role of European Contractors Key Policy Recommendations

Conference 7/6/2013

Within the framework of its general approach to sustainable development, FIEC and its Member Federations are aware of the responsibility of the construction industry in managing Europe's water resources sustainably so as not to put in jeopardy future access to freshwater resources both for human consumption and for industrial activity. From the simple installation of water saving devices in homes and offices to the high-tech engineering necessary to build state of the art flood defences, European contractors -- both SMEs and larger firms -- are an essential player in ensuring the preservation of Europe's water resources in the 21st century. The industry however cannot act alone and the right financial and regulatory framework is needed by both national and European policymakers. Crucially the urgency of responding and anticipating the effects of climate change on water resources should be addressed now and not postponed until better economic times.

1. Adaptation to Climate Change is Urgent

In responding to the global threat of climate change, the European Union is the best placed to lead. Given the failure of current global agreements such as Kyoto to bring down the concentration of carbon dioxide in the atmosphere, adaptation to Climate Change must take on increased importance within EU policymaking. By contrast, at this stage preparations at Member State and EU level are piecemeal and insufficient and short term thinking predominates. FIEC considers that preparing for the effects of climate change now will be much more cost effective than waiting for those effects to become irreversible.

2. Ensure necessary infrastructure investment to meet threat of climate change

Together with existing funding for transport and energy infrastructure, provision needs to be made for new infrastructure as well as adapting existing infrastructure to increased incidents of extreme weather such as damage caused by flooding and prolonged spells of drought or extreme heat.

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General Assembly meeting in Amsterdam, 7/6/2013
participants in the Ballroom - Okura Hotel



Welcome dinner - Okura Hotel, Amsterdam
6/6/2013



Boat transfer to
Scheepvaart Museum,
Amsterdam



FIEC Steering Committee 2012-2014
 (from left to right) Emre Aykar, Duccio Astaldi, Michel Buro, Ulrich Paetzold, Thomas Schleicher, Jacques Huillard, Johan Willemen, Kjetil Tønning, Nestor Turro, Frank Dupré

The current proposal by the European Commission to increase climate expenditure to €200 billion over the next seven year multi-annual financial framework may prove to be insufficient given the scale of the challenge.

3. Ensure early involvement of the private sector

The scale of the challenge of adapting to climate change and developing the necessary infrastructure and technological solutions cannot be met without the early involvement of the private sector, including construction companies, when setting out national and European climate change adaption strategies.

4. Prioritise improving the efficiency of water consumption

Simply ensuring correct maintenance of existing water distribution pipes is an effective first step to preserving existing supplies of water. It is estimated that Europe continues to waste 20% of its water due to inefficiency. National legislation should force

water companies to meet ambitious binding targets to reduce leakage rates. The European Union should benchmark countries based on their performance in this area. In order to promote water efficiency the user pays principle must apply. Price signals set by regulators must reward efficient water consumption and penalise wastage both on domestic, agricultural and industrial users.

5. Ensure investment in R&D enables industry to provide innovative solutions.

FIEC welcomes the increasing focus on climate change adaptation but insists that rather than change focus on a yearly basis, adaptation should receive ongoing support in the research framework programme. Only long term predictability in research funding will create the economies of scale needed for European companies to export their know-how and expertise to other parts of the world.



Gala Evening in Scheepvaart Museum, Amsterdam, 7/6/2013
 Participants witness a crime : the kidnapping of Bouwend Netherland President Elco Brinkman



Despite putting up a fight, Elco is put into a box and carried away. General panic in the room.



Only magic succeeds in bringing Elco safely back. Sighs of relief from everybody.

FIEC Congress in Amsterdam SOC Round Table

With the creation of the Internal Market the EU aims to facilitate the free provision of services and the free movement of workers within the EU and specific legislative provisions have been developed, in order to ensure a level playing field, fair competition and social protection.

The opening of the Internal Market has brought a lot of opportunities both to domestic and to "exporting" companies. However, such opening of the markets combined with the current on-going crisis, during which a higher number of players are looking for business opportunities in other countries, increases the level of competition and leads to a higher number of these players sailing "close to the wind" in terms of the existing legislative framework or even circumventing it by using possible loopholes or unclear provisions.

Furthermore, this problem has nowadays gone beyond a "West-East issue" and has become a topic of general concern: social fraud is a problem for any genuine company, for the national social security systems and for society as a whole. It must therefore be condemned and combated.

In this respect, FIEC :

1. Recognises the advantages and opportunities brought by the opening up of the EU Internal Market. The free provision of services and the mobility of workers must therefore remain a cornerstone of EU policies and periods of crisis should not lead to a closing of national markets.

2. Recognises that social fraud affects genuine companies, both abroad and on the domestic markets, as well as society as a whole. It must therefore be condemned and combated, in order to ensure a level playing field.

3. Construction employers' organisations, such as FIEC and its national affiliates, can play a key role in ensuring that the specific circumstances of their industry are adequately taken into account by the legislators and in developing tools/instruments for ensuring the enforcement and application of the existing legislative framework.

The debates highlighted various opinions, views, suggestions which need to be discussed further within FIEC, in order to see how they can be used for supporting our lobbying and/or for undertaking new initiatives, on our own or, whenever possible, within the framework of the Social Dialogue, in collaboration with our counterpart representing the workers, the EFBWW.

A first practical initiative that was launched in the framework of the Social Dialogue, with the financial support of the European Commission (DG EMPL), is a study aimed at mapping the existing "Social identity cards" and at analysing the feasibility of a possible EU card. The study will be concluded towards the end of 2014.

SOC Round Table : "Mobility of construction enterprises and workers within the EU : how to ensure fair competition and a level playing field ?"

(from left to right) Peter Martin (SE), Frank Dupré (DE), Johan Willemen (SOC President), Bruno Dumas (FR), Yves Jorens, University of Ghent (moderator)



COMPETITIVENESS

Paolo Astaldi, IT
President

Ulrich Paetzold, FIEC
Rapporteur



Last year's Annual Report explained in some detail both the Commission Communication [COM(2012)433 of 31/ 7/ 2012] concerning a "Strategy for the sustainable competitiveness of the construction sector and its enterprises" and the working structure organised by the European Commission for the follow-up of the Action Plan, which were presented in a preview by Commission Vice-President Tajani at the FIEC Congress in Istanbul in June 2012.

In the meantime the on-going action is called "Construction 2020", in order to show its link with the general "EU 2020 Strategy".

Action Plan and Working Structure

In order to develop the responses to the 5 key challenges identified in the Strategy and Action Plan, the European Commission invited both the Member States and stakeholders from the entire construction value chain to send their representatives to the meetings of the 5 Thematic Groups (TGs) and the High Level Forum (HLF), consisting of the following bodies:

As explained in the Report of the High Level Tripartite Strategic Forum, dated February 2014, the overall governance structure developed by the Commission "aims to co-ordinate initiatives at EU level based on national good practice and identify potential synergies as well as provide concrete recommendations for initiatives to be supported by the High Level Tripartite Strategic Forum. The governance structure consists of:

- **The High Level Tripartite Strategic Forum (HLF)**, which monitors the overall progress of the implementation of the Action Plan and its objectives, provides an opinion and follows up on the recommendations of the five thematic groups (described below). The HLF proposes new initiatives or revisions to existing initiatives

and makes concrete recommendations for future action. The HLF is a tripartite group, consisting of the Commission, Member States (MS) and sectorial representatives. (...).

- **Five Thematic Groups (TG)**, corresponding to the key strategic objectives which map sector needs and identify barriers to the implementation of the Action Plan and make specific recommendations for future action. Each group has met twice during 2013. The Thematic Groups are composed of EC services, MS authorities and sectorial representatives with expertise in relevant areas.
- **The Secretariat** is in charge of logistics arrangements, the preparation of discussion papers and background documentation to support the exchange of information among Thematic Group participants, as well as drafting Reports and co-ordinating draft Recommendations to the HLF. DG ENTR awards a service contract for support in the tasks.
- **The EC Task Force** on "Sustainable industrial policy, construction and raw materials" is a group which ensures co-ordination across EU services. From the point of view of the Action Plan, it ensures contributions of the construction sector to policy development on innovation, job creation, social cohesion, energy efficiency, meeting environmental goals and achieving international growth. Its main focus is on possible synergies, overlaps, inefficiencies and other co-ordination issues linked to the key contributions of the construction sector to the EU 2020 strategy, long-term Industrial Policy and other relevant EU goals."

The TGs deal with the 5 key strategic objectives as indicated by their short names:

- TG 1: Stimulate investment
- TG 2: Skills & Qualifications
- TG 3: Sustainable use of natural resources
- TG 4: Internal Market
- TG 5: International competitiveness

Both FIEC and EIC participate actively in these TGs, FIEC in all 5 TGs and EIC in TG 5 “international competitiveness”. Both federations also provide input to the preparatory and follow-up work of the Secretariat. A visible example is the EIC proposal for “ITF 2.0, a blending tool for EU-financed contracts in Africa” (see further down and EIC chapter).

The meetings

In the reporting period, the TGs had two meetings each. On the basis of the results of the work undertaken by the TGs, the European Commission produced a report which was discussed in the HLF meeting at the end of November 2013 and officially published in February 2014.

Since then, the TGs had their third meetings in April 2014. Their fourth meetings are scheduled for September 2014, followed by a HLF meeting early December 2014.

The recommendations of the HLF report (extracts)

TG 1: Stimulate investment

1. *A mapping should be carried out of the various market segments' needs related to residential and non-residential buildings, and guidance developed on blending the various available financial instruments. (...)*
2. *Encourage the property valuation industry to adopt internationally recognised valuation standards (...) and collect information to properly assess the impact of sustainability on market expectations, market value and fair value.*
3. *Use a life cycle costing approach to anticipate the maintenance costs during investment decisions. Apply the user-pays principle (...); ensure that funds collected are earmarked for this purpose. (...)*
4. *Support innovative “lighthouse” projects addressing various market segments and project sizes to strengthen synergies between public funds and private investors. Develop a quality assurance strategy specific to the respective needs of new materials, technology and services to ensure their take up by the market and insurance coverage.*

5. *Support active ageing schemes, both via an adapted building stock and by facilitating continued employment of older workers in construction.*

TG 2: Skills & Qualifications

6. *Support and extend the BUILD UP Skills initiative (Pillar I & II) to cover building and construction site professionals and include other stages of the property lifecycle such as construction, building operation and management. (...) The group also recommends to review the eligibility for funding measures for training to ensure fair access for all workers, professionals and sizes of enterprise, especially for SMEs. The aim is to stimulate partnerships for trainings needs at regional and local level. (...)*
7. *Provide guidelines for developing partnerships to optimise uptake of training. Encourage training for jobs in the green economy, and tapping potential new personnel streams. (...)*
8. *Facilitate mobility of workers and construction professionals by following up the development and implementation of assessment tools and registries (professional cards), in construction. Finally, it was proposed to study Health & Safety innovative practices in the sector to spread good practice.*

TG 3: Sustainable use of natural resources

9. *Encourage the creation of an EU framework for building assessment in terms of evaluation/ comparability of the environmental performance of buildings. (...) Use existing instruments within the framework of ESI Funds and Horizon 2020 to incentivise resource efficiency in the construction sector. Consider Green Public Procurement as a tool to increase demand for sustainable buildings. (...) Consider feedback from buildings in operation, and transparent communication of operating data, to gain valuable information for future investment.*
10. *Explore ex-ante assessment of buildings prior to demolition to identify viable/ potential opportunities to facilitate maximizing the valorisation of Construction and Demolition (C&D) waste. Identify economic instruments that provide incentives for recycling C&D waste. Improve the recycling infrastructure throughout Europe by clarifying definitions in the context of the Waste Framework Directive. Develop a realistic target for C&D waste recycling based on sound waste management statistics.*



© FFB Laurent Mercier (France)

TG 4: Internal Market

11. With regard to "Fitness check", assess the overall consistency and coherence of EU legal acts imposing obligations on the construction sector to identify/ avoid/ remove provisions creating overlaps, inconsistencies, obsolete measures or excessive cumulative burden. This does not aim at deregulation. Priority areas would be: the Internal Market, Environment; energy efficiency; health and safety.
12. Develop a comprehensive network of national contact points for construction products and services to provide harmonised, consistent and accessible information on EU and national legislation related to construction products and services, covering both national and cross-border services. (...) Facilitate the provision of insurance for cross border services based on the definition of common criteria for the assessment of equivalence of insurances and flexible conditions for temporary crossborder services.
13. Ensure that Eurocodes are more widely used in the EU, (...). Explore possibilities of further clarification, simplification, harmonisation and evolution of Eurocodes.
14. Ensure effective market surveillance of construction products, including legislative simplification. Encourage MS to assign the necessary resources and to guarantee proper market surveillance at national and regional level.
15. Assess legislative sustainability provisions in Member States: gather preliminary views about the aspects to be considered in relation to the EU Internal Market.

TG 5: International competitiveness

16. Focusing future work and collaboration with international partners. Due to the particularities of trade in the construction sector, a well-targeted selection of potential partner countries for intensifying cooperation is necessary.
17. The Group recommends to the EU institutions, together with Member States, to address the issue of access to finance and guarantees, notably for trade and investment with high risk regions and those where European companies suffer from unfair competition. Foster during the next programming period (2014-2020) the participation of the private sector in EU External Aid projects through blending mechanisms, in line with G20/ 8 conclusions and respecting OECD Rules.

18. Foster the international cooperation on regulation and standards beyond Eurocodes notably to include construction products and professional qualifications.

Follow-up in the European Parliament (EP)

As reported last year, contrary to the European Economic and Social Committee, the EP did not prepare an opinion on the "Construction 2020" Communication, but on the general industry policy Communication which contains a construction chapter. Consequently, the European Construction Forum, together with the support of MEP Reinhard Bütikofer, rapporteur for this issue, organised a breakfast brief in the EP premises on 27/ 6/ 2013. Most of the corresponding amendments introduced by the rapporteur were accepted by the competent EP Committee and subsequently the EP Plenary.

On-going and future work of "Construction 2020"

HLF and the TGs are working on the follow-up of these recommendations, with the assistance of the staff dedicated by DG Enterprise to "Construction 2020" and a consulting firm.

Furthermore, the following actions are intended:

- begin addressing also those Action Plan measures which have not yet been covered, e.g. actions aimed at stimulating investment in the construction sector
- develop a communication strategy
- establish links with other EU institutions, and Member State level platforms, think-tanks, forums etc.
- prepare criteria/ indicators for assessment and impact study of the Construction 2020 Action Plan

JOINT FIEC/ EIC ACTIONS



Since the year 2011, the importance of international issues having a direct impact on the EU Internal Market has increased. 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 combining forces, expertise and efforts of both federations is the most efficient way forward.

EIC's statutory international activities are briefly outlined in a shortened EIC summary report commencing on page 54.

I. Third country state-owned enterprises on the EU Internal Market

The access of third country state owned enterprises to EU public procurement markets continues to be an on-going issue. It is essential not to lose interest in this issue, just because there have not been many new cases observed over the last 12 months. The economic crisis and the related budgetary problems of many Member States are likely to tempt contracting authorities to take combined financing and construction contracts offered by third country state-owned enterprises seriously into consideration.

In the meantime, some EU countries are openly seeking Chinese investment in their infrastructure or major urban development projects. Some examples:

- **RO:** At the end of December 2013, the Romanian government organised the China-Eastern Europe Business Forum. The Chinese delegation consisted of 17 top-level representatives of CHINCA (China International Contractors Association), the China Export and Import Bank and the largest construction and engineering firms. All of these organisations and companies are public or state-owned. The Romanian government presented their guests with a list of 43 construction projects, most of them infrastructure, with an overall estimated value of more than €25 billion, for which they would like to benefit from Chinese investment.

Following this event, Romanian Prime Minister Victor Ponta declared that the Chinese delegation had proposed to promote their new high-speed technology and said that there would be a pilot-project estimated at €500 million.

- **RO:** In 2014, the Romanian Ministry of Transport and the Chinese partners might succeed in completing the project preparation of the high-speed line in Romania, on the route Vienna-Budapest-Bucharest-Constanta. The section border-Constanta can be completed without European funds and the Romanians hope to complete the project preparations, so that it would be possible to commence the actual construction of the line.
- **HU:** high speed train Budapest airport – city centre,
- **HU:** "V0" freight rail line south of Budapest (113 km, up-grade to 160 km/h, financed with development cooperation funds agreed with the Chinese Bank of Development, planned completion date end 2017)
- **HU/ SR:** high speed train Budapest-Belgrade

Obviously, everybody concerned confirms that all EU rules on public procurement, posting of workers etc. will be respected in all detail.

It remains also to be seen, whether and to which extent these developments will be influenced by the ICT-directive (Intra-Corporate Transfer of third-country nationals, see chapter SOC). In this context, it will be particularly interesting to see how the categories "managers, specialists and trainee employees" mentioned in the directive will be defined in practical cases.

Fair competition on open markets

In order to avoid any misunderstanding, FIEC and EIC would like to reiterate that they are firmly 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 would like to reiterate that they are firmly opposed to any forms of protectionism and are in favour of fair competition on symmetrically open markets.*”



Germany, Ilan Amith - Fotolia.com

FIEC and EIC are in favour of 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.

Despite the new EU public procurement directives adopted in February 2014 (see chapter ECO), FIEC and EIC consider it necessary to improve the legislation, 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, for example by stronger and more realistic rules on “Abnormally Low Tenders”.

II. “Market Access” Regulation

Following the presentation of the proposed Regulation by the Commission in March 2012, the discussions in the European Parliament and the Council showed that there were fundamental differences of view.

In August 2013, Rapporteur MEP Daniel Caspary (EPP/ DE) presented his report, using the insight and arguments he had gained in a series of debates,

conferences and discussions, in addition to the huge quantity of written contributions. The rapporteur did a great job trying to reconcile the diverging opinions and to improve the text of the proposed Regulation. Much to our regret, this text would not actually help the construction industry and would give the Commission a practically discretionary and unchallengeable right to decide whether to become active or not. On top, the procedure was based on so extremely long time-periods that they would jeopardise the aim of ensuring a level playing field in the EU.

Following the first reading in the EP Committee on International Trade (INTA), the EP and the Council had several rounds of negotiation in the informal trilogue. As the Council was split, with a majority opposed to the proposal, the EP ultimately decided to approve the amendments of the INTA report also in the Plenary meeting in January 2014.

Ever since; the situation in the Council has not changed fundamentally. Considering that a “blocking minority” would be able to prevent the adoption and considering that for the time being, a majority is opposed to this proposed Regulation, it remains to be seen whether or not the EU co-legislators will ultimately adopt it.

Fundamental question: is EU generally open?

This is what the Commission seems to think today. Some years ago the general view was that the EU Internal Market is open to everybody with whom the EU has a special relationship, e.g. EFTA, GPA or bilateral agreements.

Some years ago, that changed all of a sudden, due to a legal opinion produced by the Commission's legal services who claimed the Internal Market was in principle open to everybody and only the Commission would be entitled to taking decisions on market access measures. The basis for this opinion is said to be the exclusive mandate for external trade measures granted to the Commission

by the EU Treaties.

The Commission keeps this study secret and gives to interested external persons only copies in which all interesting text has been blacked out.

The European Treaties do not explicitly say whether the EU is in principle open or not. On the other hand, would it be imaginable that the EU were already open to third countries when, at the same time, we have been working for ages on negotiating market access agreements and on opening up markets inside the EU?

III. Fair contract condition in case of EU financed projects

Whereas in the past the problem of unfair (FIDIC) contract conditions was mainly a concern for European international contractors working in overseas markets, the problems with modified FIDIC "Red Book" and "Yellow Book" contract conditions continued also within the European Union in the reporting period, despite a certain success of the joint FIEC and EIC action.

WG "Poland"

The joint WG "Poland" has had some success to the extent that on 6/6/2014 the Ambassadors of six EU countries (A, F, D, IRL, NL, P) sent a joint letter to Deputy Prime Minister Piechociński expressing their concern "that the number and value of claims pending before Polish courts indicate some fundamental and systematic challenges connected with the execution of major infrastructure projects in Poland" (see enclosure). The Deputy Prime Minister's response of 12/7/2013 stresses that everything is fine on their side and that he would like to meet the ambassadors.

In the meantime, the following developments took place:

- On 21/10/2013, GDDKiA presented a 60 page study commissioned from PricewaterhouseCoopers, "Road Construction in Poland, facts and myths, experience and prospects".
- This "study" reads like a PR brochure for GDDKiA, praising them for everything they have done,

whereas critical voices are considered as either not understanding or giving incorrect explanations.

- On 6/11/2013, the Polish federations of contractors and consulting engineers (OIGD, PZPB, SIDIR and ZPBUI) published an analysis of the PwC study, showing where it is factually incorrect or otherwise incompetent. They had the opportunity to present their analysis in a hearing in the Parliament and were successful in convincing even MPs of the governing party to follow the arguments given by the construction sector.
- On 15/11/2013, Minister of Transport Nowak retired.
- On 20/11/2013, a major government re-organisation took place and created a new "super-ministry" for Transport and Regional Development with the new Deputy Prime Minister Elżbieta Bieńkowska.
- On the occasion of the working group meeting in Warsaw on 11/12/2013, FIEC and EIC published a press release "Contractors still worried about public procurement practice in Poland" (see enclosure), the contents of which was shared by the engineering consultants' organisations FIDIC and EFCA in their press release of 23/1/2014.
- On 13/2/2014 the Polish Prime Minister dismissed the Director General of GDDKiA, Lech Witecki, and appointed Ewa Tomala-Borucka as new DG.
- In March 2014, the six Ambassadors having sent the joint letter, accompanied by representatives from the trade associations and enterprises, were invited to a workshop with the Polish government. At the time of finalising this report, it is said that the government has launched a tender for the organisation of this workshop.

Over the last years, the number of bankruptcies among Polish contractors has been very high, despite the tens of billions € of EU development funds put at the disposal of the country. These included also the well-known Austrian construction company Alpine-Bau (Group FCC) in June 2013.

Contractors active in Poland estimate that there are about €4 billion worth of executed works in discussions with the client or in front of the courts.

Recently, an Internal Market complaint was introduced against the internal administrative order not take the overheads of foreign headquarters into consideration, only those of headquarters in Poland, when calculating the fair payment for granted additional work and time extension.

Connecting Europe Facility (“CEF”)

On 17/9/2012, FIEC and EIC published a joint position paper on “Use of Fair Contract Conditions for Infrastructure Projects (incl. TEN) co-financed by CSF and CEF funds” with a series of specific amendments for both proposed Regulations. Rather soon, it became evident that the work had to focus on the proposed CEF Regulation. In this legislative procedure, the informal trilogue negotiations reached a compromise to include this aspect as recital 65: “In order to ensure broad and fair competition for projects benefitting from CEF funds, the form of the contract should be consistent with the objectives and circumstances of the project. Contract conditions should be drafted in such a way as to fairly allocate the risks associated with the contract, in order to maximise cost-effectiveness and enable the contract to be performed with the optimum efficiency. This principle should apply irrespective of whether a national or international contract model is used.”

Most regrettably, the idea to include this principle also in the articles of the Regulation was rejected in the trilogue negotiations. Nevertheless, it is a success to have this fundamental principle (which is already contained in the conditions of the EBRD and the World Bank) positively expressed in the recitals of a legislative act of the EU. This increases the chances of having it included in the text of forthcoming legislation.

Romania

On 4/4/2014, FIEC and EIC sent a joint letter to the Romanian Prime Minister Ponta and the Ministers for Transport and European Funds, Messrs. Sova and Teodorovici, stressing that the imbalanced contract conditions used for public procurement are not in line with EU law, as expressed in recital 65 of

the CEF-Regulation. For the time being, no response has been received.

IV. “International Competitiveness”

This issue is addressed in the Thematic Group 5 of the High Level Forum created by the European Commission for the implementation and follow-up of the Communication on the sustainable competitiveness of the construction sector, COM(2012)433 of 31/7/2013 (see specific chapter commencing page 15).

V. Commission Vice-President Tajani’s “Missions for Growth” (M4G)

From the beginning at the end of 2011, FIEC participated actively in the preparations of these M4G and represented EIC who have the statutory competence for international matters in the “Sherpa meetings”.

For more details, please refer to the EIC chapter commencing on page 54.

VI. “Ethics” (combating unethical behaviour in procurement)

The joint working group is being revived, considering that the voice of contractors has to be more prominent in all these discussions, conferences and other actions, in which construction, rightly or wrongly, tends to be mentioned in the top two of sectors at risk.

ISO 37001 anti-bribery management standard

This initiative is based on the British standard BSI 10500 on anti-bribery management which itself was a response to the “UK Bribery Act 2010” (entered into force in July 2011), which in turn was the UK response to UNCAC, the UN Convention Against Corruption from 2003. It is worthwhile to mention that the BSI standard is also taken as the basic document for the ISO standard.

FIEC and EIC, perhaps together with CICA, are trying to get official liaison status with the ISO working group, in order to contribute to a well balanced and realistic ISO standard.

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Austrian Embassy
Warsaw



Botschaft der Bundesrepublik Deutschland
Warschau



H.E. Mr. Janusz Piechociński
Deputy Prime Minister
and Minister of Economy
Ministry of Economy
Plac Trzech Krzyży 3/5
00-950 Warszawa

Excellency,

Today we write to you with regard to problems several companies from our home countries have encountered in their business relations with Polish Contracting Agencies, most notably with GDDKIA. We have been approached by the European construction industry federations Fédération de l'Industrie Européenne de la Construction (FIEC) and European International Contractors (EIC) representing about 30 companies from various European countries.

We should like to express our concern that the number and value of claims pending before Polish courts indicate some fundamental and systematic challenges connected with the execution of major infrastructure projects in Poland. This phenomenon seems to have reached a level which indicates that support from the Polish government might be helpful in order to avoid negative implications to the image of Poland's business environment. An amelioration of the present situation would benefit the overall Polish construction sector, too, currently suffering from a number of bankruptcies.

Based on the information of the concerned companies, please allow us to draw your attention to the following issues:

- Many contract conditions delete those provisions from the FIDIC standard contract form (International Federation of Consulting Engineers) that give the contractor an entitlement to request from the employer an adjustment of the costs incurred as result of an event caused by the employer, for instance design errors or unforeseeable ground conditions;
- In case of legitimate claims submitted by a contractor, the engineer of the Contracting Authority will typically not be authorised to make a fair and timely determination on the issues raised, which is again against the letter and the spirit of the FIDIC standard form of contract;

- 2
- There are some cases where decisions by a so-called Dispute Adjudication Board replace the lacking determination by the engineer but even those are usually not respected by the Polish Contracting Authorities;
 - As a consequence, the Contracting Authority deliberately delays the payment of amounts due to the contractors. According to our information, the accumulated amount of construction claims pending before Polish courts amounts to around 10 billion PLN. This puts a heavy burden on the liquidity and creditworthiness of the companies concerned, affecting also their business outside of Poland and, in extreme cases, the existence of the company;
 - These procedures are further complicated by a rigid contractual penalty policy which in some instances even foresees penalties independent of contractor's default;
 - Contractors are discouraged from filing law suits against such penalty policy, as the Polish government has recently amended the Polish public procurement law which now stipulates in Article 24.1.1 that contractors will be disqualified automatically from participating in Polish tenders for 3 years if a Polish court has confirmed a penalty of 5% or more of the contract amount (in case there is no such court decision the contractor preserves its right to participate in tenders);
 - Whilst Polish Contracting Authorities put unusually high pressure on general contractors, Polish contract law as well as procurement laws specifically protect subcontractors, with further legislation being under preparation. In extreme cases, this could lead to subcontractors being paid twice and general contractors being not paid at all.

Excellency, we suppose that the unusual and unprecedented accumulation of these provisions makes it difficult for general contractors to deliver the best quality to the Polish Contracting Authorities. Therefore, we would like to ask you to look into this matter thus supporting the development of the European single market and improving the speed of developing the infrastructure and supporting growth in Poland. Let us add that the present situation is not eased by the fact that Polish Contracting Authorities seem to award their tenders solely on the basis of the lowest price.

Together with the heads of the concerned industry associations, we are at your disposal for an informal discussion of these issues any time convenient to you.

Your sincerely,


 Ambassador of Austria


 Ambassador of France


 Ambassador of Germany


 Ambassador of Ireland


 Ambassador of the Netherlands


 Ambassador of Portugal



Press release

11/12/2013

Construction sector still worried about public procurement practice in Poland

"Polish engineers and contractors continue to be concerned about the procurement rules and practices in the country despite recent changes in the procurement regulations and contract conditions," says Ulrich Paetzold, Director General of FIEC, the European Construction Industry Federation coming out of a meeting with leading Polish consulting engineers and construction companies organised in Warsaw on 11 December 2013. "Whilst the recent PwC report on the state of the road construction industry depicts a rather bright picture of the way infrastructure development is handled by the Polish government and in particular by GDDKiA, consulting engineers and construction companies feel that further substantial improvement of the project and contract management is necessary," adds Frank Kehlenbach, Director of European International Contractors.

The combination of poorly prepared tenders and unfairly modified FIDIC contract conditions, which do not comply with generally accepted international standards, has resulted in low efficiency of the national construction investment programmes and low socio-economic value. This in turn has led to massive litigation, bankruptcies and a loss of jobs in the construction sector.

These developments also raise the risk of a negative impact on the image of Poland in the eyes of foreign investors, thus making the country less attractive for foreign direct investment.

FIEC and EIC therefore once again urge the Polish government and contracting authorities to award public contracts on the criterion of the most economically advantageous tender, as foreseen in the new EU Procurement Directives, and to stop their current policy of shifting construction risk solely on to the industry.

The Polish construction sector is ready to start an in-depth discussion with the new Minister for Transport and Development, Ms. Elzbieta Bienkowska, in order to find quick solutions for the current problems as well as ways to improve the efficiency of infrastructure project management in the long-term.

ECONOMIC AND LEGAL COMMISSION (ECO)

Jacques Huillard, FR
President

Christine Le Forestier, FIEC
Rapporteur



WORKING GROUP TRANSPORT INFRASTRUCTURE

Jacques Huillard, FR
Chairman

Jean-François Ravix, FR
Rapporteur

TEMPORARY WORKING GROUPS:

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INTERNATIONAL ACCOUNTING RULES

Enrico Laghi, IT
Chairman

Raffaele Petruzzella, IT
Rapporteur



PPPs AND CONCESSIONS

Vincent Piron, FR
Chairman

Marie Eiller-Chapeaux, FR
Rapporteur



EU CONTRACT LAW

Wolfgang Bayer, DE
Chairman

Christine Vöhringer-Gampper, DE
Rapporteur

PUBLIC PROCUREMENT

Jan Wierenga, NL
Chairman

Dick Van Werven, NL
Rapporteur



“*FIEC welcomed the revised TEN-T Guidelines as a good basis for the development of an integrated European transport infrastructure.*”



Photo: Germany, Jürgen Fächle - Fotolia.com

1. Public procurement

In December 2011, the European Commission unveiled a legislative package aimed at “modernising” the existing legislative framework for public procurement and consisting of the following proposals:

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

Throughout the legislative process – in which a great number of stakeholders took part, defending all kinds of diverging interests – FIEC, actively supported by its Member Federations, passed on a series of key messages from the sector to the European legislator, that is, the European Parliament and the Council of Ministers (see previous FIEC annual reports – editions June 2012 and June 2013).

In particular, FIEC emphasised the necessity of reinforcing the identification and rejection of abnormally low tenders, promoting the award of the contract on the basis of the most economically advantageous tender rather than the lowest price, guaranteeing a strict link between award criteria and the subject-matter of the contract, improving

confidentiality of tenders, promoting variants and guaranteeing transparency and equal treatment between public and private operators (i.e. problem of “in-house” and public-public cooperation).

After an intensive two-year legislative process dealing with the draft directives, the political negotiations which followed during the first semester 2013 between the European Parliament, the Council and the European Commission (so-called “trilogue”) proved how important it was for European federations and their national members to build strong contacts in these three institutions from the very beginning of the legislative procedure, in order to have some influence during these rather opaque political negotiations – aimed at facilitating the adoption of new legislation at first reading. As regards the Council in particular, the lobbying of national federations towards their respective national administrations is crucial.

During the “trilogue”, in a letter to the Rapporteur of the European Parliament, the Irish Presidency of the Council and Commissioner Barnier, FIEC repeated some of its key messages, namely:

- The directives need to have the broadest possible scope of application of transparent rules in the Internal Market. For that purpose, it is essential that options for public-public cooperation and “in-house” are not abused and do not create discrimination towards private economic operators.

On 19th March 2014, Jan Wierenga, Chair of the TWG "Public procurement", participated in the panel dedicated to innovation of the conference on public procurement and concessions' new rules, organised by the European Commission. Mr. Wierenga stressed that contractors have always been proposing and implementing innovative solutions in their processes and works. However, it is above all contracting authorities who have the power to decide how much room of manoeuvre they give to contractors for innovating! For that purpose, contracting authorities need to be better trained.



- Quality needs to be chosen over price, getting rid of abnormally low tenders. To combat this problem, the Most Economically Advantageous Tender should be preferred over the "lowest price" criteria, the contracting authority should be obliged to check the reasons for an abnormally low price defined according to objective identification criteria and the contracting authority should be obliged to reject the identified abnormally low tender if and when any justification provided is not satisfactory (i.e. the price implies infringement of social, labour, environmental, State aid rules, etc.).

In summer 2013, the three European institutions finally came to a political agreement on the overall legislative package (two public procurement directives and a concessions directive). The validation process of this political agreement led to official adoption of the package in January 2014. The three new directives were published in the OJEU in March 2014 (Directives 2014/24/EU and 2014/25/EU) with the consequence that the new rules will enter into force in April 2014. Member States will have until April 2016 to transpose these new rules into their national law, except for e-procurement rules whose transposition can be postponed until October 2018.

Overall, it appears that the objectives of modernisation and simplification of the regulatory framework for public procurement have not really

been achieved. While a few new provisions have been introduced (e.g. the innovation partnership procedure), they represent a minority. Many of the other amendments introduced are purely window-dressing.

On the contrary, it is the original spirit of the regulatory framework for public procurement which seems to have lost something throughout this revision process... Public authorities and public entities will be able to avoid applying public procurement rules in a larger number of cases, through public-public cooperation and "in-house". Also, the principles of transparency and non-discrimination of tenderers are put into question by some discrete amendments (e.g. the possibility to become familiar with the content of the offers before checking selection criteria in the framework of an open procedure; the possibility to take into account social criteria which are still very poorly defined and whose evaluation can be extremely subjective in the framework of the award).

Finally, FIEC expressed great disappointment that the major problem of abnormally low tenders had not been settled at all, in spite of the common lobbying undertaken together with the sectoral social partners. Neither the objective identification criteria, nor the mandatory rejection of such offers when they cannot be properly justified were taken on board in the final version of the text.



On 20th March 2014, Jacques Huillard, President of the ECO Commission, hosted the ECO-PLLEN meeting in Paris. With this special invitation, he celebrated the last ECO-PLLEN meeting under his chairmanship, as his mandate comes to an end in June 2014.

In spite of this, one can hope that the new “works” directive will somehow help contractors when participating in a call for tender, in the sense that it should allow for the reduction of the administrative burden (e.g. the self-declaration mechanism). Also, it stresses the political message that public contracts should not be awarded solely according to price, but rather by taking into account a series of other qualitative criteria.

2. PPPs and concessions

In parallel to the “classic” directive, FIEC also actively worked on the draft concessions directive, which was particularly important considering the potential development of public-private partnerships across the EU.

So far, very basic provisions on works concessions were included in the “classic” public procurement Directive, but services concessions were not addressed at all. The stand-alone Directive on both works and services concessions proposed by the Commission in December 2011 for harmonisation of the rules on the award of concessions therefore represented quite a revolution in itself and as such, was very controversial. In particular, it included a number of provisions which were simply copied and pasted from the “classic” public procurement draft directive.

FIEC requested an overall simplification of the proposal, as well as clarifications on the definitions of concessions and risks, their duration and modification during their term. Here again, FIEC addressed the problematic issue of “in-house” and public-public cooperation in terms of non-discrimination between public and private operators.

Following the same schedule as for the draft public procurement directives, the three European institutions entered into “trilogue” negotiations during the first semester 2013 and came to a political agreement by the summer 2013.

These negotiations for common rules on the award of concession contracts were even more complicated than those on public procurement in the sense that this issue raised enormous protests from stakeholders, and especially local authorities, who argued that public services would be privatised. In particular, a huge mobilisation in Germany led to the exclusion of water services from the directive.

The brand new directive was published in the OJEU in March 2014 (Directive 2014/23/EU) and Member States will have until April 2016 to transpose these new rules into their national law.



Overall, FIEC considers that the objective of simplification of the initial proposal has been achieved, but the same conclusions as for the public procurement directives can be drawn, concerning the extension of public-public cooperation and “in-house” practice. On the more technical points, some improvements have been achieved regarding the duration of the contract – linked to the possibility of at least partially recouping both initial and subsequent investment – as well as the greater flexibility introduced for modifying the contract during its term. However, a number of legal uncertainties remain, in particular regarding the definition of a concession and the definition and treatment of risk. Only concrete experience will enable us to tell whether these provisions can find a realistic and reasonable application.

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.

Vincent Piron, Chair of the TWG and FIEC representative to the EPEC, participated as a speaker in the two bi-annual meetings 2013 of the “Private Sector Forum”. The first meeting, organised in April 2013, was dedicated to PPPs in the framework of the overall public procurement revision; the second meeting, organised in December 2013, focused on PPPs and innovation. On these two occasions, Vincent Piron repeated FIEC’s messages about the added-value of PPPs when and where they are properly used. In particular, a PPP is not a purely legal and financial instrument which can turn a bad project into a good project. It requires a prior socio-economic evaluation in order to identify sustainable projects.

3. Infrastructure challenges

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

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

- a Regulation establishing the Connecting Europe Facility (CEF), that is, a new budgetary instrument for transport, energy and telecommunication infrastructure;
- a Regulation on guidelines for the trans-European transport network;
- a Regulation on guidelines for the trans-European energy network;
- a Regulation on guidelines for the trans-European telecommunication network.

Knowing the considerable need 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 this global budgetary instrument amounting to €50 billion for the period 2014–2020 was welcome news, but the amount available is only just enough to play a real leverage role.

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. According to the initial proposal of the European Commission, the budget was to be 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 gave its full support to this common funding framework and insisted on safeguarding the proposed amounts throughout the negotiations. FIEC also pressed for concentrating the available money on a short-list of projects of EU interest with binding timetables for their completion. Socio-economic cost-benefit analysis of the projects should be completed beforehand. A balance between public and private long-term investment will also be necessary.

Together with its sister organisation EIC (European International Contractors), FIEC also raised the issue that when EU funds are allocated for infrastructure projects, there should be a guarantee that the selected contracts respect fair contract conditions.

As expected however, in February 2013, the Council decided to severely cut the amounts dedicated to the CEF. It was decided that the CEF would only receive €29.9 billion overall: €23.1 billion (incl. €10 billion from the Cohesion Fund) for transport, €5.1 billion for energy and only €1 billion for telecommunication.

Of course, FIEC protested that such cuts were completely counter-productive, but the European Parliament, although criticising the Council's decision, finally refused to fight over the figures.

In summer 2013, the European institutions came to a political agreement on the CEF, which was then officially adopted and published in the OJEU in December 2013 (Regulation (EU) n°1316/2013 dated 11/12/2013).

In the end, although disappointing compared to the initial Commission's proposal, the final figures adopted already represent an important improvement when compared to the meagre €8 billion dedicated to transport infrastructure during the multi-annual financing period 2006-2013.

Amongst other positive points, annex 1 of the CEF identifies a short list of priority projects (i.e. 9 corridors of the core network, as well as 4 horizontal priorities and several other cross-border and bottleneck sections) on which 80 to 85% of the budget for transport infrastructure will be focused. Also, eligibility criteria are now stricter and co-financing rates have been streamlined. Member States eligible for the Cohesion Fund (i.e. East European countries) will benefit from a special additional envelope of €10 billion and from higher co-financing rates.

The revised TEN-T Guidelines

While the CEF is the funding instrument of the relevant European policy for the few next years, the TEN-T Guidelines are the planning instrument of this policy.

In parallel to the CEF procedure, after two years of the legislative process, the European institutions came to a political agreement on the revised TEN-T Guidelines in summer 2013. This agreement was then officially adopted and published in the OJEU in December 2013 (Regulation (EU) n°1315/2013 dated 11/12/2013).

According to the revised Guidelines, 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 prioritise the most important links and nodes of the TEN-T, as well as cross-border sections and bottlenecks, and implementation will be facilitated using a corridor approach (i.e. 9 corridors have been pre-defined and will be coordinated by nominated coordinators).

FIEC gave its full support to this approach, as well as to the common objective methodology assessing the projects of European interest and the ex-ante socio-economic analysis of the projects. FIEC also welcomed the 2030 binding deadline for implementation of the core network projects and the requirement that information on the projects' realisation be disseminated.

On a less positive side, a new concept of "climate impact assessment" has been introduced. This new concept is quite vague and might lead to an additional administrative burden. Another negative trend is that Parliamentarians and Member States have introduced additional national projects in the lists of pre-identified eligible projects throughout the legislative procedure, while everybody agreed that the available EU funds should be concentrated on a limited number of projects of European interest.

Overall, FIEC welcomed the revised TEN-T Guidelines as a good basis for the development of an integrated European transport infrastructure. The Member States should now ensure their national co-financing contribution, enabling the launch of the projects.

b) Forthcoming "road pricing" package – the Commission's initiative on stand-by

Building on the need for increasing the participation of alternative financial resources – as public spending in transport infrastructure has continuously fallen in Europe since the 1970s – and following the difficulties in implementing the "Eurovignette" Directive (2011/76/EU – in its 3rd revised version), the European Commission started working in 2012 on additional measures for charging for the use of road infrastructure.

In this framework FIEC advocated that it is necessary that users of road infrastructure cover the costs related to the maintenance and, as "polluters", they should also cover the costs of "externalities" (so-called "user pays" and "polluter pays" principles). FIEC also supported the mandatory earmarking

of the revenue from road charges for developing and/or maintaining European and national road infrastructure. Moreover, regarding infrastructure charging, equal treatment should be ensured among all transport modes, in order to increase their global sustainability.

In December 2012, Commissioner Siim Kallas, in charge of transport matters, announced that a legislative package on road tolls, aimed at tackling the deficit in public infrastructure, was soon to be adopted.

However, since then, because of the tight political agenda until the European elections of May 2014 and the potential high political sensitivity of this dossier, the adoption of this package has been postponed, leaving the responsibility of presenting the measures under preparation to the next College of Commissioners. Hence, the package might be adopted by the Commission by the end of 2014 at the earliest.

In the meantime, FIEC used all possible opportunities (e.g. contacts with DG MOVE and other institutional or private stakeholders) to stress the importance of this initiative at a time when public resources are scarce.

c) The end of a long story – the revised “Tachograph” Regulation

In July 2011, the European Commission undertook the revision of the two legislative texts dealing with the tachograph, that is, the recording equipment used in road transport implemented as defined by the Regulation on the harmonisation of certain social legislation relating to road transport (Regulation 3821/85/EEC and Regulation 561/2006/EC). The aim of this revision was amongst others to adapt the rules to take account of the technical modernisation of tachographs, which have evolved to become digital tachographs.

The problem is that this legislation, although initially created for recording the driving and resting times of road freight hauliers, can also apply to non-professional drivers and namely to construction companies driving to their construction sites. This represents a high burden in terms of cost and time for construction companies, as the recording equipment itself is very expensive and its use causes an additional administrative burden.

After two years of very intensive lobbying from the construction sector and representatives of SMEs and craft workers in general, the three European institutions came to a political agreement in May 2013, following negotiations in “trilogue”.

The main point of interest of this political agreement for construction companies was the extension of the exemption from tachograph requirements for vehicles under 7.5 tonnes and driven by non-professional drivers within a 100 km radius of their usual work base (instead of the 50km radius so far authorised – art. 13 par. 1 (d) of Regulation 561/2006/EC).

The sector has advocated in favour of an even broader radius, as well as several additional exemptions for construction companies, also supported by the European Parliament. However, the Council refused any other proposal than the initial proposal of the European Commission to extend the existing exemption from a 50 km to a 100 km radius.

In spite of this, FIEC welcomed the agreement, having in mind that, considering the political context within the Council, obtaining this extension of the existing exemption was already a very positive achievement.

The lengthy validation process of the political agreement led to the official adoption of the revised legislation in January 2014 and publication in the OJEU in February 2014 (Regulation (EU) n°165/2014 dated 4/2/2014).





Photo: Italy, Iccardo Arata - Fotolia.com

4. EU Contract Law – progress on the draft Regulation for a Common European Sales Law (CESL)

In October 2011, the European Commission proposed a Regulation on a “Common European Sales Law”. This Regulation, if adopted, would allow the creation of an optional legislative instrument for which parties to a cross-border sales contract could freely choose to apply.

While the Council has not been able to agree on a common position so far, the European Parliament adopted a legislative resolution on the CESL in February 2014. It confirms the principle that two parties (B2B or B2C) to a cross-border contract voluntarily agree to use the CESL, with a focus on distance (i.e. on-line) contracts.

Initially, FIEC pointed out the shortcomings of the draft Regulation (i.e. terminology, unfair terms, right of redress, payment, prescription periods, producer guarantee) but more specifically insisted on the fact that there was no need for EU wide harmonised contract rules for the construction sector, which is a local business above all. However, while this instrument targets cross-border on-line sales of goods, with a view to boosting them within the internal market, it can also impact the trade of construction products within the EU. Therefore, FIEC will remain vigilant on this issue.

5. International accounting rules – final outcome of the revision of the Transparency and Accounting Directives

In October 2011, the European Commission made a proposal to revise the existing Transparency and Accounting Directives in order to encourage responsible business, by increasing the transparency of the payments made by the extractive and logging industries to governments all over the world through a country-by-country report (CBCR). During the legislative process, voices were raised within the European Parliament for extending the scope of the Accounting Directive to several other sectors, including construction. According to the proposed amendment, in particular construction companies listed at the stock exchange would have to face considerably increased administrative burden.

FIEC fought against this unexpected extension, introduced without any prior impact assessment or stakeholders' consultation, by advocating that such a measure would impact the EU's construction competitiveness without significantly increasing transparency within the initially targeted extractive industries.

By way of a success, in April 2013, it came out of the “trilogue” negotiations that the reference to the construction sector (and the other additional sectors) had been deleted. However, a new review clause has been integrated in the revised accounting directive (Directive 2013/34/EU of 26th June 2013). This review clause obliges the Commission to review the new instrument by July 2018 and consider whether “additional industry sectors” should also be taken on board. FIEC will therefore remain vigilant on this issue.

6. Construction activity

This issue is covered in depth in the FIEC annual statistical report (R57, edition of June 2014). For a short general overview, please refer to the FIEC “Key figures – activity 2013” (edition of June 2014).

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 growth and jobs cannot be achieved without investment in construction.
- It served as a platform for exchanging information about construction activity and sectoral measures implemented in the various Member States.
- It actively participated in the legislative procedure on the revision of public procurement 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 through the Connecting Europe Facility, with constructive results for the future.

Position Papers

FIEC contribution to the EC Green Paper on long-term financing of the European economy (24-06-2013)

FIEC letter on public procurement to EU institutions in the framework of the trilogue (30-04-2013)

Press Releases

FIEC press release – Long-term financing for SMEs and infrastructure? Yes, very much! (28-03-2014)

FIEC press release – New public procurement package: a missed opportunity (15-01-2014)

FIEC press release – FIEC welcomes the Connecting Europe package: it's time for Member States to do their part of the work! (19-11-2013)

FIEC press release – EU's new public procurement package: important targets have been missed (06-09-2013)

Answers to public consultations

FIEC contribution to EC public consultation on road infrastructure safety management (18-04-2014)

Intervention in public events

Participation of Jan Wierenga, Chair of TWG "Public procurement", in Commission's conference on the new rules for public procurement and concessions (19-03-2014)

Presentation by Vincent Piron, Chair of TWG "PPPs & concessions" – "How PPPs foster innovation in delivering public infrastructure" (10-12-2013, EPEC Private Sector Forum)

Presentation by Christine Le Forestier, FIEC - Director Economic and Legal Affairs – "Relaunch construction in Europe, moderate optimism but strong potential" (27-09-2013, FFDM Annual Congress)

Presentation by Christine Le Forestier, FIEC - Director Economic and Legal Affairs – "The short and medium term future of Europe's construction industry" (15-05-2013, ERA Convention)

Presentation by Vincent Piron, Chair of TWG "PPPs & concessions" – "FIEC perspective on PPP procurement" (18-04-2013)

All these documents are available on FIEC website www.fiec.eu

New public procurement package: a missed opportunity

■ **“The EU institutions did not seize the opportunity to solve one of the most severe shortcomings of the existing public procurement directives”, regrets Ulrich Paetzold, FIEC Director General. “I mean by that the identification and treatment of abnormally low tenders, which is a real curse in the construction sector.”**

Today’s adoption by the European Parliament of the three directives of the public procurement package (classical, utilities and concessions) opens the way for entry into force of the new rules before the European elections, with a two-year transposition period.

“In any case, these new rules will not change the world,” believes Paetzold, “apart from maybe the brand new concessions directive, which now needs to prove it’s worth.”

“Above all, we regret that the EU legislators seem to underestimate the negative consequences of abnormally low tenders on quality and sustainability to the detriment of both the public authorities and serious, law-abiding private companies,” stresses Paetzold. “Cheap can prove to be very expensive in the end!” he adds.

For the rest, FIEC particularly welcomes all measures aimed at reducing the administrative burden of the procedure, which would help SMEs in particular.

“We call on our national Member Federations to be extremely vigilant during the transposition process with regard to changes in social aspects, sub-contracting and specific details in the procedure such as time periods for submitting an offer, as they might prove to be counterproductive,” explains Paetzold. “In particular the extension of the scope of ‘in-house’ and public-public cooperation might lead to unfair competition and reduced markets for private enterprise, if abused.”

Finally, FIEC encourages contracting authorities in the Member States to make the best use of the “best price-quality ratio” award criterion for the sake of quality and sustainability of construction works. “Price as the only award criterion should have been forbidden for complex procurement, such as construction,” concludes Paetzold.

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Domenico Campogrande, FIEC
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“ *Despite the high levels of unemployment, in some countries companies cannot find workers with the skills needed on the market* ”



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A. Fostering training, skills and youth employment : the way out of the crisis

Despite the first signs of recovery from the global economic crisis, in February 2014 Eurostat estimated that overall nearly 26 million men and women in the EU28 were still unemployed, more than 5 million of whom were young persons under the age of 25.

At the same time figures indicate that within the EU there are approximately 2 million vacant jobs.

In other words, despite the high levels of unemployment, in some countries companies cannot find workers with the skills needed on the market. Various factors can explain this “skills gap”, such as, for example, on-going technical developments, inadequate training schemes, difficulties over the recognition of qualifications, barriers to mobility, etc. In order to overcome this there is a significant need to foster investment in training, to facilitate access to training, in particular for SMEs, to better anticipate the skills needed and to adapt the training schemes accordingly, with a particular focus on young people.

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.

1) EU Sector Skills Council : gathering stakeholders for better anticipation of skills needs

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.). They can provide significant and useful technical input, which can complement the more political role played by the social partners.

FIEC and EFBWW (the European Federation of Building and Wood Workers; our counterpart in the EU Sectoral Social Dialogue representing the workers), with the financial support of the European Commission (DG EMPL), undertook a feasibility study, finalised in 2013, aimed at assessing the added value and the possibility of setting up of such an EU sector skills council for the construction industry (ESSC).

The main objectives of this study were, on the one hand, to map the existing sectoral bodies at national level, as well as their quantitative and qualitative outcomes, and, on the other hand, to assess the willingness for and the feasibility of setting up such a body at EU level.

From this study it became clear that the existing sectoral councils/observatories have structures and areas of competences which differ significantly, but this is not seen as a major obstacle for a possible EU platform. Furthermore, the vast majority of the stakeholders consulted see a clear added value in creating some form of coordination at EU level, under the responsibility of the EU sectoral social partners, FIEC and the EFBWW.

Several topics that could be included in the working programme of such an ESSC have been identified, such as the mutual recognition of qualifications, the “greening” of construction jobs, technical developments, particular developments at national level, how the development of the construction process is transferred into training, etc.

It might prove difficult to consolidate the qualitative and quantitative outcomes of the existing councils/observatories at the EU level. However, exchanging best practice and sharing know-how is seen as an important added value by the concerned stakeholders.

The financing and the long term sustainability of such an ESSC appears to be the most problematic element, in particular because the requirements set by the European Commission for benefitting from possible EU financial support, in terms of activity and outcomes, do not correspond to the needs identified by the stakeholders during the feasibility study.

Despite these difficulties, FIEC considers that addressing the issue of anticipation of skills needs is of significant importance both for the competitiveness of construction companies, as well as for employment in the sector, and therefore new initiatives in this area will be undertaken in collaboration with the EFBWW.

Such an approach is in line with the recommendations of the High Level Strategic Forum (HLF) set up in the framework of the “Strategy for the sustainable competitiveness of the construction sector and its enterprises” [COM(2012)433] and of its accompanying Action Plan, commonly known as “Construction 2020”, which aim at supporting the construction sector in its adaptation to key upcoming challenges and to promote the sustainable competitiveness of the sector.



Photo: Brussels Building, yan1981 - Fotolia

Photo: Germany, BirgitMundtOsterwicz - Fotolia.com

The report of the HLF underlines, amongst other things, that the construction sector is not attracting young talent, that it falls short in relevant skills with regard to the low carbon economy and resource efficiency and therefore any initiative aimed at the exchange of best practice is of vital importance to the sector.

2) Attracting and retaining young people in the construction industry : a key challenge for the future

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.

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

"WorldSkills Europe" organises the "EuroSkills" competitions once every 2 years in one of the EU Member States. It is an increasingly successful event centred on the professional performance of hundreds of young talented individuals, 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.

The next competition will take place on 2-4th October 2014 in Lille (FR).

In the framework of their Social Dialogue FIEC and EFBWW decided to launch a new project aimed at presenting national best practice concerning tools/initiatives in favour of youth employment and for improving the working conditions of young people in the construction industry. The objective is to let this website become a platform for sharing useful input for the setting up and the development of targeted new initiatives, by showing how other stakeholders in other countries have addressed similar concerns.

The website will be launched towards the end of 2014.

B. 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, improving health and safety in the workplace continues to be an important field of action for the construction sector and therefore one of FIEC's main priorities.

The improvement of health and safety can also be achieved through promoting the development of a real culture of health and safety within each company, with the involvement of all the concerned stakeholders.

1) Social Dialogue as a means for promoting a culture of health and safety (H&S)

In the framework of the Social Dialogue, and with the financial support of the European Commission, FIEC and EFBWW developed two instruments aimed at promoting a culture of health and safety within construction companies and amongst workers.

The first one is 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.

A formal H&S management system 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.

Furthermore, the size of the company should not be an obstacle for setting up such a H&S 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 approach of a small family business will not be the same as that of a large international group.

The Guide does not intend to replace existing European and/or national legislation on H&S, which must in any case be respected, and it 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 EU legislation on health and safety.

The second instrument consists of information modules for the safe removal of asbestos.

Despite an extensive ban and intensive efforts for eliminating asbestos, it can still be found in different places such as public and private buildings.

The companies specialised in removing asbestos are covered by a very strict legislative framework, with stringent requirements in terms of training and qualifications needed, protective measures, process monitoring, etc.

But also those construction companies and workers who are faced with asbestos only occasionally need to be provided with 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.

These easily understandable information modules therefore aim at helping the employers and workers to understand possible risk situations and to identify the most appropriate measures to be undertaken for safe working by means of a "traffic light" model, each of the three "traffic light" colours, green, orange and red, being associated with specific situations/ materials and the respective appropriate measures to be undertaken.

A new project was launched at the beginning of 2014 with the aim of promoting and disseminating these two instruments by means of four regional workshops, in which the local social partners play an active role.

2) Respirable Crystalline Silica (RCS) : the importance of defining the appropriate legislative framework

Crystalline silica is a basic component of soil, sand, granite, and many other minerals. It is found in almost every type of rock and as a consequence, it is everywhere in our daily environment: on beaches

and roads, in the fields, etc. And it is an essential component of materials which have an abundance of uses in the construction industry such as bricks for houses, mortar for windows, roads or other transport infrastructures.

Respirable Crystalline Silica (RCS) enters the body when dust containing a proportion of crystalline silica is inhaled. This can be of concern to the health of human beings and for this reason national occupational exposure limit values have been set at in all the Member States.

In the case of prolonged exposure to excessive levels of this dust, an accumulation can, in the long term, lead to irreversible health effects.

For this reason, in 2009 the European Commission launched an initiative aimed at assessing whether or not RCS should be included within the scope of the "Carcinogens" Directive (90/394/EEC) or whether there may be another legislative framework which would adequately take into account the hazards of prolonged exposure to RCS at the workplace.

Despite a wide "impact assessment study", the methodology and outcome of which have been strongly criticised by FIEC as well as several other European employers' associations during various meetings and consultations, there is still no consensus regarding the most appropriate legislative framework which would, on the one hand, provide a sufficient level of protection to workers, at the same time avoiding excessive and unnecessary costs and administrative burden for companies.

FIEC asked the European Commission to consider whether a more appropriate regulatory framework for RCS, such as the one of the "Chemical Agents" Directive (98/24/EC), would also allow the employer to assess any risk to safety and health arising from the presence of RCS in the work place and to lay down the measures to be taken.

This request has also been shared by the EU "Advisory Committee on Safety and Health" and a new impact assessment study is currently taking place. FIEC will closely monitor developments.

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*This agreement on
«Enforcement of posting»
is an important step in the
fight against social fraud
and abuses in the field of
Posting of workers.*”



Photo: Germany, the_builder - Fotolia.com

C. Improving labour market framework: at the heart of the political debate

1) Ensuring a better application and enforcement of the “Posting” Directive : important steps taken at EU level

During the last few years an increasing concern has been observed in the framework of cross-border provisions of services and in particular of “posting” of workers.

National control measures which may be efficient to combat cases of abuses and fraud in a national context, often appeared to be insufficient in cross-border situations. Furthermore, there are still persistent difficulties in trying to put in place an effective system of exchange of information and cooperation between public authorities of different Member States.

For these reasons, in March 2012 the European Commission presented a proposal for a new Directive on the enforcement of Directive 96/71/EC, without modifying the “Posting” Directive itself.

Despite the positive initial intentions of the European Commission, the proposal raised a number of



Photo: Sergey Nivens - Fotolia.com

concerns, which have been at the centre of FIEC’s lobbying initiatives towards the European Parliament.

The main concern regarded the proposal to establish an exhaustive list of possible administrative requirements and control measures, which would considerably reduce the control measures of the competent national authorities, thereby going against the objectives of the proposed Directive.

The proposed Directive also introduced provisions regarding the “joint and several liability” of the main contractor towards its sub-contractor(s) and with regard to this issue, FIEC considered that it is up to each Member State to decide, as is already the case today, whether or not to introduce such a “joint liability” system at national level or whether alternative measures are more appropriate.

The long and very controversial legislative procedure ended with the final approval of the proposed Directive on 16th April 2014 by the European Parliament and on 13th May 2014 by the Council.

The adopted "Enforcement" Directive takes into account the main requests put forward by FIEC regarding both the need for an open list of control measures and the choice to be left to the Member States as to whether to introduce a "joint liability" system or alternative measures. It also introduces some important provisions regarding the exchange of information between administrations.

It is certainly not a perfect Directive, for example it does not clarify which legislation should apply in the case of fake "posting", but it is a positive compromise and an important step towards the improvement of the framework for cross-border provision of services in the internal market.

2) EU Platform against undeclared work

The European Commission also proposed to set up a European Platform against undeclared work - a complex phenomenon that causes serious damage to working conditions, fair competition and public budgets and the features of this proposal are fully in line with the requests put forward by FIEC during the initial consultation phase.

This new Platform would bring together national enforcement bodies involved in tackling undeclared work, such as labour and social security inspectorates and tax and migration authorities, as well as other stakeholders, such as EU-level representatives of employers and employees. In the proposal of the Commission all Member States should be members of the Platform, as undeclared work affects all of them, and the joint participation of all EU countries is crucial to address cross-border situations.

The Platform would become a forum where stakeholders could share information and best practice, explore national and EU tools to face shared problems, such as the phenomenon of

"bogus self-employment" for example, explore ways to improve data exchange between national administrations and strengthen cooperation.

The proposal for establishing a European Platform has been sent to the European Parliament and the Council for adoption.

3) Social Dialogue project : "Towards a European Social Identity Card (SIC) in the construction industry ?"

Finally FIEC and the EFBWW also started their own initiative by launching a joint project on a possible EU Social Identity Card (SIC) in the construction industry. This initiative has received the support of the European Commission.

Currently, several Member States already have such a card, but they have very different objectives, structures and scopes : for example in Spain the "Tarjeta Profesional de la Construcción" focuses on training in occupational risk prevention, whilst the Swedish "ID06" card aims at combating illegal labour and economic crime.

In a first step the study will map and assess the existing systems of SICs in Europe, as well as their pros and cons for employers and employees, as a possible instrument for facilitating the controls on the worksites, ensuring proper qualification, fiscal compliance, fighting against undeclared labour or other forms of circumvention of the existing legislation. In addition the mapping exercise will also address the costs and the financing of the existing cards.

In a second step, the study will focus on the legal aspects and in particular on whether a European scheme would be comply with the Treaty on the Functioning of the EU and what kind of legal instrument would eventually be the most appropriate.

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

- Partner of the OSHA (European Agency for Safety and Health at work) campaign on "Working together for risk prevention"
- 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)
- Partner in the project "Posting of workers: strengthening administrative cooperation and access to information" coordinated by the University of Ghent (BE)
- Partner in the project "Acting on Worker Posting Situations: Learning by Doing" coordinated by INTEFP and ASTREES (FR)

Position Papers

FIEC EFBWW letter - Enforcement of Posting joint letter of the EU sectoral social partners (26-11-2013)

FIEC Position Paper – consultation - Consultation of Social Partners under Article 154 TFEU on enhancing EU cooperation in the prevention and deterrence of undeclared work (20-09-2013)

FIEC-EFBWW Joint statement - Enforcement of Posting (17-06-2013)

Joint requests of the EU social partners for the construction industry, FIEC and EFBWW, to the EPSCO Council ("Enforcement of Posting") (26-11-2013)

Press Releases

FIEC Press Release - Enforcement of Posting European construction firms appreciate the agreement between the Council and the Parliament as an important step against "social dumping" (03-03-2014)

FIEC Press release: FIEC encourages the Council and European Parliament to conclude the forthcoming trilogue negotiations as soon as possible, continuing their efforts to further improve the proposed "Enforcement" Directive. (10-12-2013)

Answers to public consultations

FIEC answer to the consultation of the social partners on enhancing EU cooperation in the prevention and deterrence of undeclared work (20-09-2013)

FIEC answer to the consultation on the new EU occupational safety and health policy framework (31-07-2013)

FIEC answer to the 2nd stage consultation of the social partners on enhancing EU cooperation in the prevention and deterrence of undeclared work (11-03-2014)

Intervention in public events

Intervention of Johan Willemen, FIEC Vice-President, in the 6th annual ELLN (European Labour Law Network) seminar on "Undeclared work" (18-10-2013, Frankfurt, DE)

Intervention of Domenico Campogrande, FIEC - Director Social Affairs, in the conference on "Employment, Pensions and Posting of Workers in the European Union" organised by the Lithuanian EU Presidency (29-11-2013, Vilnius, LT)

Intervention of Domenico Campogrande, FIEC - Director Social Affairs, in the conference of Eurogip on the "Prevention of occupational risks : which devices in Europe ?" (20-03-2014, Paris, FR)

Enforcement of Posting

■ European construction firms appreciate the agreement between the Council and the Parliament as an important step against “social dumping”

FIEC welcomes the efforts undertaken by the European Parliament and the Council which have led to an agreement regarding the proposed Directive on “Enforcement of Posting”.

“This agreement is an important step in the fight against social fraud and abuses in the field of “Posting of Workers” and corresponds to the main requests put forward by FIEC” declares Thomas Schleicher, President of FIEC.

According to the information available so far, the agreement reached in the “trilogue” includes the following main requests that FIEC asked for since the legislative procedure was launched:

- The principle of an “open list” of control measures has been accepted: Member States will be allowed to impose those administrative requirements and control measures that are necessary for ensuring the effective compliance with the obligations set in the “Posting” Directive (96/71/EC) and will also be able to apply new measures should the need arise, as long as they are justified and proportionate. Such additional measures will simply have to be communicated to the European Commission.
- As regards the controversial issue of “joint liability”, namely the liability of the main contractor also for its sub-contractors, the agreement reached respects the existing systems by limiting the liability to the direct sub-contractor and by providing the possibility for the main contractor of being exonerated from this liability in the case that he can prove “due diligence”. Member States may however introduce more stringent rules if they wish. Furthermore, it allows those Member States that do not have such a system and/or that do not want to introduce one to apply alternative measures for achieving the same goals.
- National authorities will have to take measures against the so-called “bogus self-employed”, which is one of the most common ways used to circumvent the provisions of the “Posting” Directive.

The content of the agreement reached in the “trilogue” will now have to be formally adopted by both the European Parliament and the Council. There are rumours indicating that this will not necessarily be as simple and straightforward as might be expected following a trilogue agreement.

“It would be an extremely negative signal towards the EU citizens, in particular in the light of the forthcoming EU elections, if this agreement was not adopted by the EU legislators” concludes Thomas Schleicher.

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Paul Schumacher, NL
Rapporteur

“ *FIEC's position is that the construction industry has not yet had enough time to gain experience of the existing Eurocodes - only recently adopted - and the priority should be the simplification and maintenance of the existing codes. ”*



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Introduction

2013 was an important year for the Construction Products Regulation (305/2011), not least because many loose ends were left after the final provisions came into force on 1st July. TEC representatives were kept busy with preparatory work for the various meetings that were held by the Commission, to try and solve some of the outstanding issues. 2013 was also a year in which “green” issues took centre stage. Apart from several relevant consultations, there was much anticipation for the long-awaited communication from DG Environment on Sustainable Buildings. In the end, this was postponed until 2014. Nevertheless, TEC-3 saw much activity on relevant issues and it looks certain that the environmental agenda will become increasingly important in the years to come. Climate change was big news in 2013, as measures to address both adaptation and mitigation were considered, placing the subject at the heart of the TEC work, given that it includes all aspects of TEC work, namely regulation and standardisation, RTD and innovation and the environment.

Early on in 2013, Sue Arundale joined FIEC and succeeded Frank Faraday as the new Director of Technical and Environmental Affairs in June.

Regulatory matters

Construction Products Regulation

In 2013, the final provisions of the Construction Products Regulation came into force on 1st July. These final measures had been the subject of a grace period, following the official entry into force of the CPR in April 2011.

The main issues for FIEC's lobbying on the CPR in 2013 related to three Delegated Acts, the priority of which was the provision of a Declaration of Performance (DoP), which must accompany all CE marked construction products placed on the market in the EU. FIEC had already started lobbying on this matter in 2012, as the Commission had foreseen the option for manufacturers to place the DoP on the Internet. Indeed, lobbyists working on behalf of the manufacturers and distributors were pushing for such an option. In 2013, FIEC took part in several meetings with the Commission as part of an experts group convened to discuss the details of the proposed Delegated Act on Article 7.1 of the CPR, on the supply of the DoP. It also met the Commission bi-laterally to present the needs and concerns of members, which included the right to receive a paper copy of the DoP on request and free of charge access to the DoP, whatever the format.

The Delegated Act adopted by the Commission in October 2013 appeared to be a reasonable compromise, addressing the most important concerns of FIEC, without prescribing the technology to be applied in order to make DoPs available on the Internet. The Delegated Act was published in the Official Journal of the European Union (OJEU) on 21st February 2014.



Photo: Duitland, Jürgen Fächle - Fotolia.com

Standardisation matters

European Committee for Standardisation

FIEC continued to be an active Associate Member within the European Committee for Standardisation (CEN). It had representatives in two technical committees and non-voting membership of the CEN Technical Board (CEN/BT) and its preparatory group (CEN/BT TCMG). It also played an active role in the CEN Construction Sector Network Core Group.

During 2013, CEN amended its statutes and abolished Associate Membership. As a result, FIEC applied for and was accepted as a Partner Organisation as from 1st January 2014.

One of FIEC's concerns about standardisation is the amount of time it takes to develop new standards and amend existing ones. The process appears to be unnecessarily bureaucratic and can be very easily de-railed, occasionally leaving the construction industry confused about which construction products should be used. There also seems to be a tendency to want to standardise everything, but this appears at times excessive and inappropriate. How can cities be standardised, for example?

Although FIEC believes that speeding up the process of developing standards should not occur at the expense of quality, it will continue to encourage CEN to tackle ineffective processes to ensure that standardisation supports the construction industry rather than hinders its competitiveness.

Eurocodes

In 2013, the commission continued to talk about the revision of the Eurocodes. That said, any new standards developed are not expected to be in force before 2015.

FIEC's position is that the construction industry has not yet had enough time to gain experience of the existing Eurocodes - only recently adopted - and the priority should be the simplification and maintenance of the existing codes.

Building Information Modelling

FIEC saw a growing interest among its members in this topic, which hitherto has been associated with national construction markets in the Nordic countries and the UK. The European construction sector looks to be braced for a revolution, but BIM is not without controversy and it has its share of sceptics. Nevertheless, CEN took the first steps towards standardisation in 2013, establishing a Working Group on BIM. FIEC will participate in this group.

Smart and sustainable cities and communities

Another emerging topic dominating discussions in the EU institutions in 2013, in the policy areas of sustainability, energy and resource efficiency and climate change, was that of Smart and Sustainable Cities and Communities. Already by the middle of the year, it was a central and reoccurring theme and FIEC Secretariat participated in several relevant meetings and conferences. CEN created a new

Co-ordination Group on Smart and Sustainable Cities and Communities and a representative of this group met with TEC-1 in October. FIEC provided informal feedback on the group's first report.

Promoting innovation and research

2013 saw the approval of the Horizon 2020 programme, which is the successor to the Framework programme and starts in 2014. The first calls were announced in December 2013. FIEC lobbied during the preparatory phase for Horizon 2020, tabling a number of amendments to the proposed regulation in 2012.

FIEC continued to collaborate with the European Council for Construction Research, Development and Innovation (ECCREDI) in order to raise awareness of the results of relevant research to the many "technology followers" among the EU's contractors.

Building on the discussions that had already taken place in 2012, FIEC launched its "Innovation Forum" in 2013, with the first meeting held jointly with TEC-2 in October. A member of the DG Enterprise "Construction 2020" team was present at the meeting and heard directly from contractors regarding some of the obstacles to innovation in the industry. Some of FIEC's other innovation partners also participated, including ECCREDI and the European Construction Technology Platform.

Sustainability

Following its Communication in 2012 on the Competitiveness of the Construction Industry, in 2013 the Commission launched an initiative led by DG Enterprise – "Construction 2020". This featured a "high level forum" in which key figures from the construction industry were invited to share their views about the competitiveness of the industry. In parallel, DG Enterprise set up five thematic working groups which met to discuss key themes, including stimulating investment, skills and sustainable use of resources. FIEC and its members were represented both at the high level forum and the thematic group meetings.

Also in 2013, almost a year later than expected, DG Environment consulted on sustainable buildings. The consultation focused mainly on the appropriate level of policy to be developed (i.e. EU, national or regional), the appropriate sub-sector to be targeted (public buildings, residential etc.) and also on some specific aspects related to buildings, for example environmental performance, Life Cycle Assessment (LCA) of construction products etc.

FIEC submitted a co-ordinated response to the above consultation and also met with other federations and associations, such as EURIMA and the World Green Buildings Council to discuss common concerns and scope for a future joint position, once the communication itself is published, expected early 2014.

FIEC's initial concerns relate to the lack of a definition for "Sustainable Building", the possible overlap with other existing certification schemes such as the Energy Performance Certificate and the apparent lack of economic and social aspects in the approach being considered by DG Environment. The latter may risk the creation of another certification scheme that only addresses the environmental pillar of sustainability. If this were to be the case, FIEC would find it difficult to see any justification for a new label. It would be much better to consolidate what already exists and introduce other new elements, such as an additional focus on the health benefits for occupants of those buildings whose design promotes well-being as well as energy savings.

At the time of writing, FIEC is waiting for the release of the communication from DG Environment, before consulting its members with regard to the official FIEC position on sustainable/green buildings.

“ *FIEC was active in the area of Resource Efficiency in 2013 and in particular put the spotlight on water management.* ”



Energy and climate change

The major policy development in this area in 2013 related to the climate and energy framework 2030. FIEC responded to the Commission's consultation amid concerns that the EU's 20-20-20 targets will be missed. (20% reduction in greenhouse gas emissions from 1990 levels, 20% increase in energy consumption from renewable sources and 20% improvement in the EU's energy efficiency.)

In January 2014, the Commission released its climate and energy package and has been criticised for a lack of ambition and a lack of rigorous and binding targets. In particular, the European Parliament would like to go much further, with higher and binding targets for renewable energy and energy efficiency, as well as the 40% binding reduction in greenhouse gas emissions already proposed. At the European summit in March 2014, the heads of state agreed a roadmap, expected in October 2014. On the other hand, under pressure from certain Member States, the EU is likely to be cautious in the United Nations negotiations on climate change measures in 2015.

Resource efficiency

FIEC was active in this area in 2013 and in particular put the spotlight on water management, which was the theme of its annual conference during the annual congress in Amsterdam.



The European Commission held a consultation on the review of waste management targets, which included specific questions on construction and demolition waste. TEC-3's Working Group on End of Waste Criteria took the lead in co-ordinating the response on behalf of members.

Since the consultation ended, it is clear that the Commission continues to have difficulty establishing end of waste criteria at EU level. FIEC continued to lobby for these criteria in 2013 and has informed DG Environment of the consequences of the ongoing hiatus, which has resulted in Member States finding national solutions, which create different waste processing requirements in different EU countries and an additional and costly burden for contractors operating across national borders. This subject was the theme of two international events hosted by FIEC members in France and Belgium.

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

- Launched the FIEC Innovation Forum, to support TEC-2's lobbying on research and innovation and delivered key messages directly to the Commission "Construction 2020" team, during the kick off meeting
- Secured an amendment in the Delegated Act on Annex III of the CPR, on the model for the Declaration of Performance, to ensure that the information on levels or classes of performance is reproduced in the DoP itself and not merely substituted by a reference to another document, which the contractor would have to check separately

Position Papers

FIEC Position Paper - EN1090 SCC (07-02-2014)

FIEC Position Paper - Avoid overlap between Ecodesign and Energy Labelling Directives and Construction Products Regulation (15-05-2014)

Press Release

FIEC Press Release - Water and Construction (07-06-2013)

Answers to public consultations

Green paper on 2030 Framework for Climate and Energy Policies (02-07-2013)

Review of Waste Management Targets (21-08-2013)

Annexes I and II of the Groundwater Directive (03/09/2013)

Sustainable Buildings (13-09-2013)

Green Action Plan for SMEs (07-10-2013)

Participations in public events

CEPMC Workshop CPR: *Making Available DoP on Websites*. Jan Coumans, TEC-1 Chairman, intervention in workshop, in European Parliament (Brussels, BE, 27-03-2013).

European Symposium hosted by FNTP (France) and CNC (Belgium): *Excavated Soil & Construction Waste: from Cradle to Cradle?* Jan Wardenaar, TEC-3 Chairman and Kjetil Tønning, TEC President, closing address (Paris, FR, 24-05-2014).

EQAR Congress: *Recycling in Europe*. Ulrich Paetzold, opening address (Brussels, BE 28-05-2013).

2nd DHC+ Research Conference. Ulrich Paetzold, FIEC Director General, Chairman of the panel discussion *Intelligent Construction* (Brussels, BE, 05-11-2013).

European Coil Coating Association Autumn Congress. Kjetil Tønning, TEC President, Keynote speech - *Energy Efficient Buildings: Choosing the right materials* (Brussels, BE, 18-11-2013).

All these documents are available on FIEC web site www.fiec.eu

SMALL AND MEDIUM-SIZED ENTERPRISES (SME's)

Frank Dupré, DE
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 FIEC/ EFBWW construction social dialogue committee is generally recognized as one of only a few 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 <http://een.ec.europa.eu/>

THE EURO-MEDITERRANEAN PARTNERSHIP (MEDA)

Néstor Turró, ES
President

Maria Angeles Asenjo, ES
Rapporteur



The main missions of FIEC MEDA Vice-Presidency are monitoring EU institutions' activity with regard to the Euro-Mediterranean Partnership and informing member federations on relevant issues related to this field.

Within this framework, the most current relevant areas of interest are the development of the European Neighbourhood Policy (ENP), the European Investment Bank's (EIB) activity towards these countries especially through the Facility for the Euro-Mediterranean Investment and Partnership (FEMIP) and the initiatives launched by the Union for the Mediterranean (UfM) Secretariat. The following specific themes deserve to be highlighted:

- According to the progress reports on the **implementation of the ENP in 2013** presented by the European Commission in March 2014 and in relation to the Southern Partnership, the EU continued to support efforts to enhance democratic governance, security and sustainable and inclusive growth in the region. The conflict in Syria and developments in Egypt have been at the centre of the EU institutions' attention. In several countries important political and economic reforms were carried out, whereas in other countries reforms that had been achieved in previous years, were threatened.

The progress reports consist of a Joint Communication by the European Commission and the High Representative of the EU for Foreign Affairs and Security Policy entitled "*Neighbourhood at the Crossroad: Implementation of the European Neighbourhood Policy in 2013*", a regional report entitled "*Implementation of the European Neighbourhood Policy in 2013. Regional report: A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean Partners*", contains statistical data describing the progress to date and different ENP country reports.



“ In 2013 the total EIB-FEMIP lending volume was €583 million. ”



Photo: Germany, benjaminmolte - Fotolia.com

- Another specific area of interest for this Vice-Presidency is the **EIB's activity through FEMIP**, which brings together the services provided by the EIB to support the economic growth and social development in the Mediterranean Partner countries. FIEC usually informs its member federations on EIB/FEMIP loans in these partner countries; in 2013 the total EIB-FEMIP lending volume was €583 million. Sectoral publications and conferences are also the object of FIEC attention.
- On the occasion of the **Union for the Mediterranean Ministerial Conference on Transport**, Ministries in charge of transport from the 43 countries of the UfM met on the 14th November 2013 in Brussels. The aim of the Conference was to evaluate the progress made since the first Euro-Mediterranean Ministerial Conference held in Marrakech in December 2005, during which a Regional Transport Action Plan (RTAP) for the period 2007-2013 was adopted. At the meeting on the 14th November 2013, an evaluation report for the RTAP 2007-2013 as well as the priority guidelines for the RTAP 2014-2020 were presented.

The Economic Forum of the Western Mediterranean (5+5) which took place on the 23rd October 2013 in Barcelona at the headquarters of the UfM, was another important event. Representatives of Foreign Ministries and business organisations of ten Southern and Northern Western Mediterranean countries (Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia) met with the objective of exploring how to strengthen economic cooperation. Discussions focused on: the role of the Western Mediterranean in a global economy; the cooperation between Europe, Maghreb and Sub-Saharan Africa; public services and sustainable urban development; small and medium enterprises; project funding for development; and Mediterranean arbitration.

- To conclude, it is worth pointing out the FIEC MEDA Newsletters, which were produced throughout the year, containing relevant and updated information. They are available on the FIEC website for member federations.

WORKING GROUP “HOUSING”

Martin Lemke, BFW
Chairman

Andreas Beulich, BFW
Rapporteur



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The Working Group “Housing” dealt primarily with the increased regulation of financial markets and the resulting impact on building and the increasing importance of energy efficiency in the housing sector.

In recent years, the international and European institutions started proposing stricter regulations in order to prevent a repeat of the disorders on the financial markets. The reaction of most public authorities was to request structural reforms in the banking and insurance sectors, including strengthened supervision as well as new or tighter capital requirements. This was especially the case with the Solvency II Directive, 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 banking sector by transposing the Basel III agreements adopted by the G20 in May 2010. Both initiatives impose stricter capital charges on the financial institutions concerned, which might result, cumulatively, in a very negative impact on project finance, also in the housing sector in Europe. The content and the impact of the upcoming regulation have been of major interest for the Working Group “Housing” in the last few years. Therefore we worked on different position papers and consistently highlighted the cumulative impacts of the proposed regulations.

Another important topic for the Working Group Housing, also in 2014, is the stimulation of Investments in Energy Efficiency especially in the residential sector. In this field, the Working Group “Housing” also works together with the Technical Commission (TEC-3) of FIEC.

Other topics of the FIEC Working Group “Housing”:

Future developments in housing

- Future challenges for housing companies, allocation of land for the housing sector
- Demographic change and the impact on residential housing living for elderly people)
- Effects of energy efficiency requirements in housing

EU-Policy

- European funding opportunities in housing (energy efficiency in the housing sector)
- Observation and representation of political events / decisions

Legal and Tax framework

- Impact of the financial crisis on housing
- Regulation of the banking sector and corporate finance
- Property Investments abroad
- Requirements in energy efficiency until 2030, especially in standardisation and the access to finance for energy efficiency in existing buildings.

To expand the network of the FIEC Working Group “Housing” and represent the property sector interests of FIEC more intensively, FIEC works very closely with the “European Housing Forum” (EHF), a discussion platform on European policy topics influencing the housing market. The Working Group “Housing” has an active part in the forum. Members include, amongst others, the International Tenants’ Federation, IUT, the European Federation of Public and Cooperative Housing Associations, CECODHAS, the European Union of Developers and House Builders, UEPC, and the European Council of Real Estate Professions, CEPI.

Together with the European Housing Forum, FIEC contributed a paper with recommendations in relation to the Europe 2020 targets for “smart, sustainable and inclusive growth”, to the 19th informal meeting of housing ministers which took place in 9th and 10th December in Belgium.

**FIEC PRESS RELEASE – 10/12/2013****Housing is at heart of EU's environmental, social and economic challenges**

Reacting to the conclusions of the 19th informal meeting of European Housing Ministers, which took place on 9th and 10th December in Bruxelles, FIEC President Thomas Schleicher pleads that housing should not be forgotten in relevant European action and support.

"I fully agree with the Housing Ministers' statement that housing should be considered as an important factor for socio-economic recovery, a source of social and financial stability, as well as a major instrument in energy transition", says Schleicher. "Consequently, I consider that such an important issue is worth a fully fledged Council meeting, on a regular basis."

In facts, the benefits of addressing housing matters are environmental, by fighting against climate change; social, by providing a better living environment with reduced costs of energy consumption for citizens; and economic, by increasing the activity in the building sector and proving employment to a skilled workforce. All of this serves EU's growth.

- **Environmental:** Indeed, on this point, the mantra deserves to be repeated. Europe's buildings are the single biggest source of energy demand through heating and lighting our homes (and offices). Furthermore, in spite of relevant policy, the vast majority of Europe's housing stock is far from being "zero energy" and in dire need of retrofitting. It has been estimated that action in the building stock alone could put Europe on track to meet its goal for a 20% reduction in GHG emissions by 2020.
- **Economic:** Achieving such a goal the housing market requires a system of incentives and strategies to activate investments in renovation and new buildings. FIEC specifically welcomes the political agreement of this legislative term which confirmed that Member States were able to apply long-term reduced VAT rates to renovation services, both for private dwellings and social housing. Building owners and occupiers have limited and often uninformed ambitions – and even more limited budgets. Therefore, any incentives that cushion the initial outlay can help to increase the scope of renovation, making it more cost effective in the long term.
- **Social:** Achieving such a goal also requires a workforce with the adequate "green skills". For this purpose, we need urgent investment in lifelong training, in order to allow workers to keep the pace with technical and market developments, to adapt training schemes, in order to reduce the gap between the skills available and those actually needed on the market, and to promote the mutual recognition of qualifications as a key factor for increased mobility within the EU.

EUROPEAN INTERNATIONAL CONTRACTORS (EIC)



Duccio Astaldi, IT
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. EIC's members are construction industry federations from 14 countries, which are directly or indirectly affiliated to FIEC.

EIC's mandate is to represent the international interests of the European construction industry. Therefore the federation maintains close relations with all international and other important organisations with policies relevant for the international construction business. This includes, for instance, the European Commission (EC), the European Investment Bank (EIB), the Organisation of Economic Co-operation and Development (OECD) and the World Bank.

EIC produces annually International Contracts Statistics, which for 2012 recorded an all-time high. International turnover of EIC's member companies rose 7% year-on-year to €167.6 billion. This excellent result was confirmed by the latest survey "Top 225 International Contractors", published in the magazine Engineering News-Record, which shows that the market share of European contractors (including Turkey) on the international construction market amounted to more than 50%.

According to EIC's latest update on the global infrastructure PPP market, 22% of the world's PPP projects, in terms of value, are being developed by EIC member companies with the main field of activity being roads and the main geographical area of activity being OECD countries.

At the end of 2013, the composition of the EIC board was as follows:

- Duccio Astaldi** (Condotte d'Acqua) Italy (President)
- George Demetriou** (J&P Avax) Greece (Vice-President)
- Jules Janssen** (Besix) Belgium (Treasurer)
- Juha Kostianen** (YIT) Finland
- Colin Loughran** (Lagan Construction) United Kingdom
- António Mota** (Mota-Engil) Portugal
- Per Nielsen** (NCC) Sweden
- Juan António Santos de Paz** (Acciona Concesiones) Spain
- Stefan Roth** (Bilfinger) Germany
- Emin Sazak** (Yüksel) Turkey
- Karl-Heinz Strauss** (Porr) Austria
- Harbert van der Wildt** (Ballast-Nedam) Netherlands

President **Duccio Astaldi** also represents EIC as Vice-President on the FIEC Steering Committee.

Tasks & Objectives

The three main objectives of EIC are the following:

- EIC aims at **creating new business opportunities** and improving the political, legal and financial framework conditions for the international business activities of its member companies.
- EIC lobbies for a **bigger and better market** for European international contractors by motivating international financial institutions and especially European donor agencies to allocate more funds to infrastructure projects, by promoting Private-Public-Partnerships on a global level and by advocating fair and innovative forms of procurement and contracts. EIC aims for a level playing field for European contractors worldwide with international environmental, ethical, social and corporate standards.
- Moreover, EIC provides a **unique forum for networking** and the exchange of international experience.

Within the broad range of operating conditions influencing the work of European international contractors, the following topics had the highest priority for EIC in 2013:

I. EIC reviews FIDIC standard forms of contract

For many decades, FIDIC has been consulting EIC as a “friendly reviewer” of its newly published or updated standard forms of contract. Both contractors and clients agree that the FIDIC forms are a good starting point to facilitate the tendering and negotiation of international construction contracts. Over the past years, EIC has published five Contractor’s Guides to the FIDIC standard forms.

In 2013, EIC’s Working Group “Contract Conditions” continued to meet with the FIDIC Updates Task Group and submitted a number of pro-active proposals for the new edition of

the FIDIC “Yellow Book” which is expected in the year 2015. In the meetings, EIC and FIDIC came to the common understanding that the scope of the Works should be described as precisely as possible in the Employer’s Requirements and that the Employer should not benefit from his own negligence when omitting certain information. Other EIC proposals concern the Fitness for Purpose obligation as well as the Programme and the Employer’s Personnel.

In September, EIC President Astaldi gave a keynote speech at the FIDIC Centenary Conference on major global infrastructure needs and how to meet these future challenges. He spoke out for efficient procurement involving qualified consultants and contractors. Rather than relying on price as the sole award criterion clients, consultants, contractors all have a common interest to spend infrastructure budgets in the most efficient way.

President Astaldi also criticised in his presentation the frequent misuse of the FIDIC standard forms of contract and, following the conference, FIDIC President Pablo Bueno expressed his willingness for a Joint Public Statement with EIC on this topic. As a first step towards closer collaboration on this issue, the EIC Working Group “Contract Conditions” has prepared a list of sacrosanct clauses that must not be amended by ill-willing contracting authorities. This list has been forwarded to FIDIC with a proposal for further joint action.



Photo: alphaspirit - Fotolia.com

II. EIC promotes ITF 2.0 – a blending tool for EU-financed contracts in Africa

In January 2013, the EIC Working Group “Africa” met with representatives of the European Commission’s Directorate-General for Development and Cooperation (DG DEVCO) to further discuss the federation’s proposal for an EU Infrastructure Blending Instrument for Africa. EIC proposes to review the rules underlying the EU-Africa Infrastructure Trust Fund (ITF) in order to include a blending mechanism that would allow for a mix of development and commercial finance by blending EU Official Development Assistance (ODA) with ECA-covered commercial finance for transport infrastructure projects carried out in Africa by the European construction industry.

EIC President Astaldi also outlined EIC’s concept in letters to EC Vice-President and Commissioner for Industry and Entrepreneurship Antonio Tajani, EU Commissioner for Development Andris Piebalgs and EIB President Werner Hoyer.

As a reaction, the item was added to the agenda of the Thematic Group 5 “International Competitiveness of the Construction Sector”, which was set up as one of five working groups under the EU Construction 2020 strategy initiative. In November, DG Industry also included EIC’s proposal for the new ITF

blending mechanism in the recommendations for the EU’s High Level Tripartite Strategic Forum for follow-up actions on the communication on sustainable construction.

At the European Development Days in November 2013, DG DEVCO invited EIC to take part in an exclusive brainstorming session on “Blending as a catalyst for private financing”. DG DEVCO also consulted EIC regarding sector and country specifics, best practice examples and preconditions as part of its ongoing “Study to assess the application of Design Build and Design Build Operate methods to EC financed infrastructure projects in developing countries”. The study is set to be completed in the first half of 2014.

EIC was invited by DG DEVCO to take part in the 5th EU Africa Business Forum in Brussels on 31 March/1 April 2014, where the head of the Working Group “Africa” co-chaired the Round Table on Infrastructure and Construction. The Business Forum convened around 500 high-level personalities from the European and African private sectors as well as top political leaders, such as European Commission President Barroso and Vice-President Antonio Tajani, EU Council President Herman van Rompuy, EIB Vice-President Pim van Ballekom and the Chairperson of the African Union Commission Nkosazana Dlamani-Zuma.

The Final Declaration of the Forum mentioned at EIC's request that concerning the infrastructure sector, PPP is seen as an option to finance infrastructure in Africa under certain preconditions, such as economic viability, proper risk allocation and professional preparation.

III. EIC represents European construction industry in global debate on future development policies

With 2015 approaching, the target year of the UN Millennium Development Goals, the European Union and the OECD as well as other institutions are debating how to follow-up.

The EC intends to issue a Communication on the role of the private sector in development, to formulate in more operational terms the EC's strategy on working for and with the private sector in development co-operation.

The new Director for Sustainable Growth and Development in DG DEVCO, Mr. Roberto Ridolfi, invited EIC to attend a Commission consultation on this new Communication in November. EIC participated with four member companies in this consultation and contractors emphasised the advantages of the "European business model" for delivering infrastructure in Africa.

European contractors employ and train the local workforce in accordance with international standards. They collaborate with local contractors and suppliers, transfer technical know-how and protect the environment for example with waste management and energy efficiency measures. A follow-up meeting was convened in January 2014 during which the EIC Working Group "Africa" discussed related issues with Commission representatives, such as increasing the employment impact of private sector support, using the private sector as a "delivery channel" for development and the role and responsibility of the private sector in a post-2015 framework.

In the international context, EIC contributed actively to the Development Task Force established by the Business and Industry Advisory Committee to the OECD (BIAC). In February 2013, BIAC submitted its "Preliminary Perspectives for the Post-2015 Development Agenda" through the private sector representative in the UN High Level Panel of Eminent Persons.

In March 2014, EIC took part as a BIAC representative in a Senior Level Meeting of the OECD Development Assistance Committee (DAC). The main focus of the meeting was on development finance – specifically the definition of ODA. On this occasion, EIC Past President Michel Démarre pointed towards the need for a more flexible handling of ODA and for an increase in available development financing. Whereas the amounts made available to developing countries in terms of development aid and market based financed (export credits) were of the same magnitude, only very few of the export credit resources were actually tapped for development projects

IV. World Bank Procurement Policy review

In 2012 the World Bank launched the most comprehensive review of its procurement policies and procedures in its history, in order to lay the ground for changing the overall framework regarding policies. The Bank held consultations in 85 countries with more than 1,900 stakeholders from governments, the private sector, academia and civil society – one of them being EIC. The federation set up a new Working Group "World Bank Procurement Review" which prepared the position submitted to the Bank. EIC comments included a broad range of recommendations, such as quick and effective dispute settlement and mandatory international arbitration, award on the basis of the



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most economically advantageous tender (MEAT) instead of the lowest price, the possibility of rejecting abnormally low bids, a more rigid pre-qualification procedure including sustainability criteria and, last but not least, an anti-corruption policy that is applied in favour of or against the Borrower.

The World Bank also set up an International Advisory Group on Procurement (IAGP), in which EIC is presented by its former treasurer Uwe Krenz, which reviewed drafts of the new framework and gave its proposals to the World Bank Board of Executive Directors.

The Executive Directors of the World Bank Group approved the Proposed New Framework on Procurement in World Bank Investment Project Finance in November 2013. The vision statement of this new approach to procurement is "Value for money with integrity in delivering sustainable development." The Bank's management then started working on an implementation plan with the next phase of consultations planned for spring 2014.

EIC joined forces with CICA and FIDIC in a Joint Position Paper to call upon the World Bank to continue applying its Procurement Guidelines and Standard Bidding Documents for Consultants and Works for large and complex projects following the planned implementation of the New Procurement Policy Framework.

CICA, EIC and FIDIC call upon the World Bank to ensure that the Standard Bidding Documents for Consultants and Works remain mandatory for such projects. In case the Bank decides against this and accepts national procurement arrangements for large and complex works, at least the use of the FIDIC standard forms should be mandatory. CICA, EIC and FIDIC outline that the GPA and UNCITRAL sample documents cannot serve as a yardstick for "equivalent" or "acceptable" procurement practices in a given country.

V. Commission Vice-President Tajani's "Missions for Growth" (M4G)

At the end of 2011, Commission Vice-President Tajani decided to organise such missions, which are not "trade missions", because they do not address questions of trade policy or barriers to trade. "M4G" have the purpose, among others, "to strengthen cooperation between EU and other countries and regions of the world by combining political meetings with a business

dimension (door-opening/prepare steps to match-finding) on enterprise and industry policy issues" and "to facilitate the internationalisation of European enterprises, in particular SMEs". The effect of "M4G" is strengthened by follow-up missions led by DG ENTR Director General Daniel Calleja, in order to implement the agreements concluded during the "M4G".

For more details, please refer to DG ENTR's dedicated website http://ec.europa.eu/enterprise/initiatives/mission-growth/missions-for-growth/index_en.htm, where it is also possible to register for "M4G" which are being prepared.

From the beginning, the construction sector was chosen as one of the key sectors, considering the huge markets for construction services in other continents. FIEC and EIC were represented by high ranking contractors on most growth missions.

EIC General Assemblies

Every six months, EIC holds its General Assembly at the invitation of one of its 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 as well as related industries.

On 26 April 2013, the Finnish member federation hosted an EIC conference in Helsinki with a workshop on "Risk Management in International Projects - Tools for Contractors". The EIC conference on 18 October 2013 was hosted by the Spanish member federation in Seville with a workshop on "Global Trends in PPP and Project Finance Markets".

For joint FIEC/ EIC Actions, please refer to the specific chapter (page 8).

More information is available on the EIC website: <http://www.eic-federation.eu>

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EIC publications



EIC Turnkey Contract, 1994



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



EIC White Book on BOT/PPP, 2003



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 EPC Turnkey Projects, 2003



EIC Blue Book on Sustainable Procurement, 2004



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



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



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

CONFEDERATION OF INTERNATIONAL CONTRACTORS' ASSOCIATIONS (CICA)

Manuel R. Vallarino
President
(FIIC, Panama)



Emre Aykar
CICA Senior Vice-President
(FIEC, Turkey)



Roger Fiszelson
Director General



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CICA events

• Asian Development Bank Institute (ADB I)

(Tokyo - February 4th - 6th, 2014)

Participants: Roger Fiszelson, DG CICA; Vincent Piron, CICA PPP Working Group.

CICA participated in the PPP Workshop jointly organised by ADBI and Agence Française de Développement (AFD), for public agencies from about ten Asian countries benefiting from AsDB financing.

The CICA presentation was dedicated to the methodology to be used and the support offered by an economic model which would justify the use of PPP from an economic point of view and would examine the consequences of the variations of various parameters: public and private discount rate, return on investment of public money, level of subsidy, budgetary sustainability, interest rate, level of equity, maturity, etc.

• OCAJI Meeting

(Tokyo - February 7th, 2014)

Participants: Roger Fiszelson, DG CICA; Vincent Piron, CICA PPP Working Group.

The meeting with OCAJI took place outside the AsDB Workshop. The meeting concerned the ways and means to reduce public owners' late payment, and how to cushion the impact of this on companies' finance. OCAJI was informed about the work of the EU on this subject and the obligations contained in the EU directive.

OCAJI declared its interest in following and participating in the PPP's CICA work and of being informed about the creation of the PPP Centre of Excellence under the aegis of the United Nations Economic Commission for Europe (UNECE) which received a mandate from the other UNO regional economic commissions to promote it.

• United Nations Economic Commission for Europe (UNECE)

(Geneva, February 13th-14th, 2014)

Participants: Roger Fiszelson, DG CICA. Marc Frilet CICA PPP Working Group.

The meeting addressed the contribution of PPP to Post-2015 - United Nations Millennium Development Goals.



Photo: France, Helene Devun - Fotolia.com

Implementation of sub-working group “Zero tolerance of corruption project in PPPs”, dealing with the main categories of risk:

- inadequate institutional and legal framework;
- non-transparent Procurement procedure;
- lack of knowledge of bidders of zero tolerance of corruption;
- corruption through third party or indirect mechanisms;
- inefficient resources.

• OECD 7th Senior PPP Officials

(Paris, February 16th–17th, 2014)

Participant: Roger Fiszelson, DG CICA

Presentations are posted on the CICA Website.

The major point discussed was the infrastructure needed in the world by 2030 (USD 57 trillion) and the lack of public financing from a third party. Only 60 % can be financed by public borrowing. The gap will be plugged by the private sector, mainly within the framework of PPP.

• United Nations Commission on International Trade Law (UNCITRAL) “International Colloquium on Public-Private Partnerships (PPPs)”

(Vienna, March 3th-4th, 2014)

Participants: Roger Fiszelson, DG CICA; Fernando

Lago – Camara Argentina de la Construcción and CICA PPP working group member on behalf of Federacion Interamericana de la Industria de la Construcción (FIIC).

CICA participation in the colloquium organised by the UNCITRAL secretariat for the preparation of the recommendation on the future possible work of the UNCITRAL committee on the revision of its PPP model law.

The strong implication of CICA in the preliminary work and in the colloquium itself, allowed us to have accepted by the secretariat the main part of the position of CICA on the preparation and the execution of PPP, as promoted with UNECE.

UNCITRAL Commission will decide on its work program next July.

• International Chamber of Commerce (ICC)

(Paris - March 25th, 2014)

Participant: Roger Fiszelson, DG CICA

CICA participates regularly in the activities of the ICC’s French Committee and in the Paris meetings of some ICC international commissions:

- Commercial law and practice;
- Corporate responsibility and anti-corruption;
- Intellectual property.

The Corporate Responsibility and Anti-corruption Commission of the French ICC Committee participated with CICA in the work of the platform NIIS / ISIS established by the Asian Development Bank (AsDB).

CICA promotes its position on the Well Prepared Project (WPP), the improvement of the rules of Procurement, the ethical strengthening of the obligations that the owners and public bodies have to respect.

• **OECD-Investment Security in the Mediterranean (ISMED)**

(Paris, March 28th, 2014)

Participant: Roger Fiszelson-DG CICA.

Implementation of a working group: "Fostering infrastructure investment in the Middle East & North Africa (MENA) region".

The working group will address the issue of how to facilitate the decision-making process of the private sector in view of investing in infrastructure projects in the MENA region, including those done by PPP. Discussions will focus in particular on ways to expand the use of existing guarantees and risk-sharing mechanisms.

Identification of the list of issues to be analysed by four Task Forces:

- I Risk mitigation instruments;
- II Developing arbitration in the Mediterranean;
- III Risk mitigation in PPP;
- IV Islamic finance.

CICA is team leader of the Task Force III.

• **World Bank – International Advisory Group for Procurement (IAGP)**

(Vienna, May 6th, 2014)

Participant: Roger Fiszelson, DG CICA

Presentation of Phase II of the preliminary work on the WB Procurement reform: "The proposed new policy framework".

The main part of the discussion between the participants (WB, NGO, CICA, EIC, FIDIC, DFIs, WTO/GPA, UNCITRAL, countries) focused on:

- Structure of the policy paper;
- Sustainability;
- Value for money;
- Complaints handling.

Next meeting: expected in Washington DC next December.

• **CHINCA 5th III&CF**

(Macao, May 8th-9th, 2014)

Participants: Daniel Tardy – CICA past President and Treasurer
Frank Kehlenbach – EIC Director

CHINCA Joint Action Plan for Enhanced Cooperation on International Infrastructure Construction. Due to the lack of agreement of its Board, CICA declined to sign the document.

Daniel Tardy was invited to chair the Roundtable on the topic "How can associations better promote the CSR performance of their members in overseas markets". The President's intervention focused on the implementation of CSR by construction companies, its impact on the development of countries, the companies' productivity gains and the enhancement of workers' motivation. To conclude, the President invited CHINCA members and other federations to join CICA's work on CSR.

• **AsDB – Platform NIIS/ISIS**

(Toulouse, May 15th, 2014)

Participant: Vincent Piron-CICA PPP Working Group.

NIIS' objective is to offer governments ("public sector sponsors") a secure and standardised basis for preparing infrastructure projects, and sharing of project information. Practitioner- and peer- reviewed standardised documentation and a more consistent approach to project development will improve not only the quality and transparency of project preparation but also the ultimate interface with financiers and funders enabling a better range of public, PPP and private funding options. Maximising and optimising options for public sector sponsors to deliver sustainable infrastructure is the ultimate goal of NIIS.

CICA Working Groups

• PPP Working Group

Managed by Vincent Piron. Former Vinci Concessions' Head of Development.

CICA participation in the creation, under the aegis of United Nations Economic Commission for Europe (UNECE), of a PPP dedicated to Policies, Institutions and Laws.

The Centre of Excellence will have a dual function: collection, analysis and proposals of texts and best practice within the framework of the Knowledge Centre, on the one hand, capacity building actions of the civil servants of emerging and developing countries through a Training Centre, on the other hand. Based in France, the Centre of Excellence will have authority to promote the creation of regional hubs taking account of the legal and cultural conditions in the various geographical zones.

An association of independent and multidisciplinary experts ,ETIC-PPP,was created to gather the various skills required, allowing comprehensive coverage of the various disciplines, (legal, economic, financial and technical) contributing to the successful completion of resilient PPP projects.

• Well Prepared Project (WPP) Working Group.

Managed by Michel Démarre. Director General SEFI. Vice-president: Commission Europe international of the FNTP. EIC: Past President.

Continuation of the preliminary work with the Permanent International Association of Road Congresses (PIARC) and FIDIC.

A Round Table was held during the December 2nd, 2014 CICA Board meeting in Paris. Michel Démarre participated in the technical committee of PIARC and in the conference of the International Road Federation (IRF) in Riyadh.

Some of the WPP members will join the PPP Working Group and the ETIC-PPP association.

External relations.

CICA participates regularly in the meetings and the work of International organisations (UNO, OECD, EU, ICC, etc.) on subjects of interest for the construction industry.

What's new on the www.cica.net?

For the attention of Members and Friends, CICA puts regularly, studies and articles on the international activity of construction companies on-line. The site is currently being improved to make it more readable and more accessible. The areas of free access to the website will be increased, in order to give a better visibility to CICA.

Friends of CICA.

CICA registered the membership of a new Friend: INTERTEST

Intertest is considered to be one of the leading industrial construction and engineering companies among private Russian enterprises.
www.intertest.ru

The full list of Friends of CICA is available on www.cica.net.



Photo: France, Cyril PÉPOT - Fotolia.com

EUROPEAN CONSTRUCTION FORUM (ECF)

Venelin Terziev, BG
Vice-President in charge of
ECF matters

Ulrich Paetzold, FIEC
Rapporteur



European Commissioner for Construction

In the run up to 2014, an important year for EU politics, ECF reviewed its own manifesto and the big idea that emerged during these discussions was a new post of European Commissioner for Construction. FIEC's President later went on to repeat this request from the industry during the High-level conference "The Path to Growth: Achieving Excellence in Business Friendly Public Administration", Brussels – 29/10/2013.

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 of 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:
 - greater involvement of the construction sector 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. ECF will develop specific actions on the basis of this Manifesto and the EU agenda.



Photo: Germany, lassedesignen - Fotolia.com

Building Prosperity for the Future of Europe – A Manifesto for Action from the European Construction Forum (revised version 28/1/2013)

This Manifesto was presented to the EU High Level Forum “Competitiveness Communication” on 29/1/2013 on behalf of the ECF participants, by FIEC Vice-President Paolo Astaldi

What the construction sector can offer	Decisions EU policymakers should take
<p>Economic growth and jobs creation</p> <ul style="list-style-type: none"> ▶ Benefits to the economy as a whole through the multiplier effect thanks to the sector’s large share of EU GDP ▶ Well designed, sustainable buildings and infrastructure essential for Europe’s future growth ▶ Green jobs based on a comprehensive understanding of techniques and materials fully embracing a culture of health and safety ▶ Identification and anticipation of the skills needs of workers in order to guide policy 	<p>Integrated policy framework</p> <ul style="list-style-type: none"> ▶ Provide a long-term, coordinated, and stable regulatory framework to ensure competitive sustainable growth ▶ Implement policies based on impact assessments that put the three pillars of sustainability at the same level ▶ Support renovation and new innovative, efficient solutions in buildings and infrastructure, leading to cost-effective nearly-zero energy new and existing buildings ▶ Prioritise upgrading of infrastructure, including smart grids for energy distribution and sustainable transport networks ▶ Adopt a whole life-cycle assessment approach to buildings ▶ Invest in training, education and skills for workers, going beyond information and best practice exchange
<p>Commitment to innovation</p> <ul style="list-style-type: none"> ▶ Strong commitment to innovation in daily business practice ▶ Support for increased R & D through pro-active participation in EU research programmes and industry platforms ▶ Identification of technological gaps along the construction value chain in response to the Commission’s drive for innovation 	<p>Boost investment in research and innovation</p> <ul style="list-style-type: none"> ▶ Take full account of the strategic role of the construction sector in the proposed Horizon 2020 budget ▶ Endorse the use of Structural and Cohesion Funds to leverage investments in efficient buildings and infrastructure ▶ Support effective technology transfer
<p>Care for the environment</p> <ul style="list-style-type: none"> • Improvements in resource use and energy efficiency • Contribution to energy and transport infrastructure 	<p>Drive coherent environmental policy</p> <ul style="list-style-type: none"> ▶ Ensure coherence and integration between environmental policy and industrial growth policies ▶ Strong focus on upgrading buildings’ energy and environmental performance ▶ Set appropriate frameworks for recycling and waste-management

What the construction sector can offer	Decisions EU policymakers should take
<p>Responding to social needs</p> <ul style="list-style-type: none"> ▶ Engagement towards a quality and safe built environment, adapted to demographic and social challenges ▶ Solutions for affordable housing ▶ Resilient construction for adaptation to climate change. 	<p>Develop a sustainable housing policy</p> <ul style="list-style-type: none"> ▶ Design planning and permit systems that facilitate new development (EU should benchmark different regional planning systems) ▶ Facilitate access to credit for investment in affordable housing ▶ Allow for measured and proportionate fiscal incentives for construction and renovation of dwellings.

The construction sector calls upon the European Commission, European Parliament and the Member States to coordinate efforts at all levels of government in order to implement coherent and balanced policies and legislation based on a level playing field between public and private actors as well as between the EU and third countries.

More specifically, European and national policy makers should ensure coherence between their policy decisions and consequent investment decisions, even if this requires punctual exemptions from stability pact principles.



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

website: www.ecf.be



COMMUNICATION

www.fiec.eu

- The public website presents FIEC activities and the concerns of the European construction industry. It is aimed at an external audience and contains thematic issues, news and positions papers
- The “members only” part has protected access and contains the communication tool connecting FIEC and its Member Federations.



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:

- general economic overview (general economic situation, general economic policy, government policies in relation to the construction industry)
- overall construction activity (including employment)
- new housebuilding
- rehabilitation and maintenance of residential buildings
- non-residential building
- civil engineering and construction abroad.

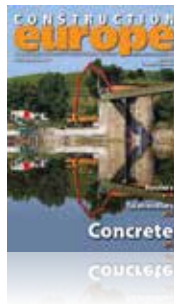
The data are given over a period of 5 to 10 years. Forecasts are made for up to one year.



FIEC Periodical Publications

- **FIEC manifesto**

Ahead of the EP elections and the nomination of a new Commission FIEC has launched its "Manifesto for action" for the next EU term 2014-2019. The FIEC Manifesto defines 10 areas for action, which play a key role in establishing an adequate framework for ensuring that the construction sector can actually be the efficient lever for growth and jobs in all parts of the EU industry, in a sustainable and future-oriented way.



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

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



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

All these publications and further information can be obtained from the FIEC office in Brussels. For EIC publications, please refer to p. 59

FIEC representatives in conferences and debates (selection)

International Conference on Public Procurement Regulation

University of Nottingham, UK (24-25/6/2013)

"View from the Industry",
presentation (EN) by Ulrich Paetzold, FIEC Director General

EC Workshop on Competitiveness and Industrial Policy

EU Commission - Berlaymont, Brussels, BE (25/6/2013)

"Administrative burden",
intervention (EN) by Paolo Astaldi, FIEC Vice-President
"Competitiveness"

ECF (European Construction Forum) breakfast briefing with MEP Reinhard Bütikofer

European Parliament, Brussels, BE (27/6/2013)

ECF Manifesto "Competitiveness of the European Construction Industry – the Solution industry", presentation by Ulrich Paetzold, FIEC Director General
and Sue Arundale, Director Technical & Environmental Affairs

High Level Group discussion SBA (Small Business Act)

on "Unfair Competitiveness in the Construction sector"

Cabinet Belgian Minister Marcourt, Brussels, BE (28/6/2013)

"Posting of workers",
participation of Domenico Campogrande, Director Social Affairs

XXIII Economic Forum

Krynica Zdrój, PL (3/9/2013)

Panel discussion "Social dumping: political catchphrase or threat to labour standards?",
participation of Johan Willemen, FIEC Vice-President, President of the Social Commission

16th Forum Vergabe (German Procurement Law)

Fulda, DE (18-20/9/2013)

"Market access for third countries",
presentation (DE) by Ulrich Paetzold, FIEC Director General

Annual Convention FFDM (Fédération Française de la Distribution des Métaux)

Grand Palais, Lille, FR (27/9/2013),

"Relaunch construction in Europe, moderate optimism but strong potential",
presentation (FR) by Christine Le Forestier, Director Economic and Legal Affairs

Conference on Abnormally Low Tenders (ALT),

European Bank for Reconstruction and Development (EBRD), London, UK (15/10/2013)

"A view of the ALT issue from the Contracting Industry – International & EU aspects",
presentations (EN) by Michel Démarre, Director General of SEFI representing CICA
and Ulrich Paetzold, FIEC Director General

Seminar ELLN (European Labour Law Network) on "Undeclared Work"

Frankfurt, DE (18/10/2013)

panel discussion with Johan Willemen, FIEC Vice-President,
President of the Social Commission

EU High Level Conference

"The Path to Growth / For a business friendly public administration"

Brussels, BE (29/10/2013)

presentation (DE) by Thomas Schleicher, FIEC President

2nd International Research Conference – DHC & Technology Platform

Brussels, BE (5-6/11/2013)

"Intelligent Construction",
session chaired by Ulrich Paetzold, FIEC Director General

Plenary Meeting of the Swiss Construction Federation

Bern, CH (14/11/2013)

"Current European issues for the construction sector",
presentation (DE) by Ulrich Paetzold, FIEC Director General

Conference organised by the Lithuanian EU Presidency

Vilnius, LT (29/11/2013)

"Employment, Pensions and Posting of Working in the European Union",
presentation (EN) by Domenico Campogrande, Director Social Affairs

Joint EC-EPEC (European PPP Expertise Centre) – Private Sector Forum

PPPs and Innovation

Brussels, BE (10/12/2013)

"How PPPs foster innovation in delivering public infrastructure",
presentation (EN) by Vincent Piron, Chair of FIEC TWG "PPPs & concessions"

EU High Level informal meeting with sport-related industries

EU Commission - Berlaymont, Brussels, BE (21/1/2014)

presentation (EN) by Thomas Schleicher, FIEC President

Conference of the Swiss Infrastructure Federation INFRA

"Opening towards Europe"

Lausanne, CH (4/2/2014)

"European priorities in Infrastructure: potential and reality",
presentation (FR) by Ulrich Paetzold, FIEC Director General

"Environment & Construction" Conference and Panel Discussion

organised by the Austrian Construction Federation BiBau
Brussels, BE (11/2/2014)

Keynote speech (DE) by Ulrich Paetzold, FIEC Director General

European Approach / Board meeting of the Bavarian Construction Federation BBIV

Munich, DE (27/2/2014)

presentation (DE) by Ulrich Paetzold, FIEC Director General

EU Commission Conference on the new rules for public procurement and concessions

Brussels, BE (19/3/2014)

presentation and panel discussion,
Jan Wierenga, Chair of FIEC TWG
"Public Procurement"

Eurogip Conference "Prevention of occupational risks: which devices in Europe?"

Paris, FR (20/3/2014)

presentation by Domenico Campogrande, Director Social Affairs

Public Hearing on the working of the Services Directive in the Construction sector

EESC (European Economic and Social Committee) Brussels, BE (3/4/2014)

presentation by Ulrich Paetzold, FIEC Director General

Conference of the Bavarian Construction Federation LBB

Munich, DE (23/5/2014)

„European Construction market access",

panel discussion participation by Ulrich Paetzold, FIEC Director General

Official Presentation of the Annual Report of the Belgian Construction Federation

Brussels, BE (11/6/2014)

European issues for the Construction Sector,
keynote speech by Thomas Schleicher, FIEC President

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