

FIEC-EIC Key Message

on

CSDDD Trilogue and the Construction Sector

2022/0051 (COD)

FIEC and EIC oppose the consideration in ongoing CSDDD Trilogue Negotiations to qualify construction as a 'high-impact sector'

Through its 32 national member federations in 27 European countries (24 EU & Norway, Switzerland, Ukraine), FIEC represents construction enterprises of all sizes (from one person craftsmen and SMEs through to large international firms), from all building and civil engineering specialties, engaged in all kinds of working methods.

EIC has as its members construction industry trade associations from fifteen European countries and represents the interests of the European construction industry in all questions related to its international construction activities. The international turnover of companies associated with EIC's Member Federations amounts to around 200 billion € per year.

Key Message

FIEC and EIC have always supported the introduction of an EU legal framework for the Corporate Sustainability Due Diligence Directive (CSDDD) **under the condition and to the extent that such legal act is confined to promoting a uniform EU-wide application of the UNGP and the OECD MNE Guidelines**. We note that neither the Commission proposal [COM(2022)0071] nor the Council general approach [15024/1/22] nor the European Parliament's decision in the 1st reading [T9-0209/2023] qualify **construction as a 'high impact sector'** in Article 2. We call upon the EU legislator not to categorise construction as 'high impact sector' through the backdoor, i.e., by reference to the Parliament's proposed Amendment 231 related to Article 13 paragraph 1a (new).

Construction, by nature, is not a 'high impact' sector and a corresponding categorisation would put a disproportional burden and costs on a huge number of construction SMEs even if they are active exclusively within the EU. When working within the EU, construction companies procure the main components of their downstream value chain – such as concrete, steel, sand, timber, insulation material – largely from within the European Union.

The amendment proposed by the Rapporteur of the European Parliament would bring construction SMEs within the scope of the Directive at a time when the sector is heading for a downturn across the EU, see <https://fiec-statistical-report.eu/european-union>. Construction SMEs are having serious difficulties coping with the current economic climate, so legislators should avoid imposing burdensome rules on them that undermine their competitiveness.

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In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the **selection of high-impact sectors for the purposes of this Directive must be based on existing sectoral OECD due diligence guidance**. We wish to reiterate that the construction sector has not been identified as a "high impact" sector in the *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* and other relevant OECD documents.

Brussels/Berlin, 22 November 2023