



EUROPEAN CONSTRUCTION
INDUSTRY FEDERATION



EUROPEAN
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CONTRACTORS

FIEC – EIC JOINT CALL FOR A EUROPEAN BLUE DEAL

Position Paper

Water policy and the role of the
European construction sector



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The EU and Europe cannot stumble into another crisis unprepared. Water ‘stress’¹ and flooding have become a serious problem in many EU countries and are already having a huge impact on societies, economies and industries, with the situation set to worsen in the coming years and decades.

The **European Construction Industry Federation (FIEC)** and the **European International Contractors (EIC)** represent contractors – small and large, operating in the EU and beyond – who provide essential services in tackling water challenges. We want a more coherent, holistic and strategic European vision for water, which is long overdue and should not be sacrificed on the altar of protest and indignation against certain environmental policies.

In this paper, we call on the next European Commission, the EU Member States and the Heads of State and Government to make water a top priority of the 2024-2029 mandate – alongside industrial competitiveness, European defense, continuing policies to reduce greenhouse gas emissions and a focus on adaptation to climate change – and to take decisive and firm action to increase water resilience and security, reduce water ‘stress’² and water losses, and finance a blue EU economy.

¹ According to the European Environment Agency, “Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use”.

² Water resilience and security, water scarcity and stress could be summarised under the term “water challenges”, a term used by the MEP Water Group of the European Parliament in its joint letter with the Economic and Social Committee in 2023.

1. FIEC and the EIC join the European Economic and Social Committee (EESC) in calling for a European Blue Deal to complement the European Green Deal. Tackling 'water challenges' should be a top priority for the next European Commission and Parliament, alongside strengthening the industrial competitiveness of European contractors and European defense capacities, continuing GHG reduction policies and focusing on adaptation to climate change.

Water is a fundamental element of healthy ecosystems and a necessary basis for human health and a well-functioning economy. Since the 1970s, European water policy has focused on water quality and pollution, integrated water management, water pricing, wastewater treatment, and flood risk management. As with other European environmental policies, the EU's water legislation is one of the most advanced in the world and will soon be complemented by new measures on urban wastewater treatment, industrial emissions, nature restoration and soils.

Nevertheless, FIEC and the EIC note that water is now more than ever a vulnerable resource and that **the current European legislative framework as a whole is to some extent ill-prepared** to adequately address climate change and protect the EU's society and economy from water scarcity, physical damage and economic losses due to extreme weather events.

Several regions in Europe, particularly in Western and Southern Europe, are already experiencing regular water shortages and have been facing permanent water restrictions since the spring of 2022. Even 'water-rich' countries in central and northern Europe are experiencing water shortages, while others are experiencing 'water surpluses': For example, Slovenia, Austria and Hungary were hit by flash floods in 2023, destroying buildings and bridges.

In the face of rising temperatures and increasingly frequent natural disasters caused by global warming, **more decisive and forward-looking**

EU action on water is urgently needed. FIEC and the EIC support the plans of the European Economic and Social Committee (EESC), in particular the *Declaration for an EU Blue Deal* and the opinions on water-intensive industries and sustainable and resilient water infrastructure and join the EESC and other European stakeholders³ in calling for a **pan-European and holistic approach to water policy.**

Part of the truth is that, overall, EU tools to address water challenges remain fragmented and that **existing legislation is not sufficiently implemented at national level** (e.g. the EU Water Framework Directive, Wastewater Treatment Directive, Floods Directive, Drinking Water Directive; FIEC members report that the risks of non-compliance with the WFD for the construction and civil engineering sector could be serious and, in particular, have a negative impact on the authorisation of new construction projects⁴).

We want to be clear: Much has already been done under the European Green Deal and under previous Commissions to address water challenges, but we nevertheless believe that European policies should increasingly focus on water scarcity, security⁵ and natural disasters, in particular flooding, through a long-term European strategy.

Such a strategy should be embedded in a broader strategy for **adaptation and resilience to climate change**. It could, for example, take the form of a long-term **action plan** and should build on the 2020 Circular Economy Action Plan, the 2021 Zero Pollution Action Plan, the Climate Adaptation Strategy and the EESC's plans and include:

- Coordinated monitoring and anticipation of current and future water needs and shortages

³ For example, the “MEP Water Group” which published a joint letter with the EESC on the Blue Deal in 2023.

⁴ In the Netherlands, according to a study commissioned by FIEC member Bouwend Nederland, an annual turnover of 17.5 billion euros could be at risk if construction projects could no longer be authorised due to breaches of the Water Framework Directive.

⁵ “The capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability” (United Nations).

- Focusing on the implementation and enforcement of existing measures and addressing more effectively the implementation gap in EU water policy⁶
- Targeted revision of existing EU water legislation to make it 'fit for purpose' and new legislative proposals where appropriate but avoiding an 'avalanche' of new legislation.

The proposal to make the Blue Deal a stand-alone strategic initiative on a par with the Green Deal should be explored⁷ but given the **already significant short and medium-term impact of the Green Deal on construction and administrative costs, permitting and reporting**, we caution against too many new legislative proposals. Let's make no mistake: We want a European Blue Deal but stress that, given the already **high construction costs** and **lengthy permitting procedures** in many Member States, the impact of potential new environmental measures, including those related to water, on

- construction permits,
- overall construction costs,
- administrative burden,
- and competitiveness should be **systematically analysed and monitored** ("Competitiveness check").

European contractors must remain internationally competitive and **not be disadvantaged when competing with non-EU companies abroad** because they operate in a more stringent regulatory environment. This means that a Blue Deal must minimise the administrative burden on construction companies, especially SMEs, in particular with regard to data collection obligations. The Blue Deal must be in the spirit of the "SME Relief Package" and, as described above, an 'avalanche' of new legislative proposals should be avoided.

⁶ In particular, the Floods Directive and the Drinking Water Directive.

⁷ See Declaration for an EU Blue Deal, European Economic and Social Committee, 26 October 2023.

2. FIEC and the EIC call for a strengthening of the legal status of water in EU law as an essential, strategic security and critical resource for human survival, a climate-resilient EU society and a well-functioning economy and industry. The EU's industrial strategy should urgently be updated to include a long-term strategy to deal with water challenges.

The legal status of water should be strengthened in EU law as an **essential, strategic security** and **critical resource**, vital for every human being and for society, but also for the economy and industry. Human needs must be put first: The EU Blue Deal must be based on the principle of **“clean, affordable and sufficient water for all”** and be socially equitable.

With regard to industry, water needs, treatment, distribution, storage and recovery should become an **integral part of the EU's industrial strategy**, as proposed by the EESC. There is an urgent need for much smarter water management across the continent. FIEC and EIC therefore support the EESC's proposals for EU roadmaps to help industries, including the construction industry, to **have easier access to water**, but also to **reduce their water footprint**, reuse water and become water-circular in an incremental way, with **milestones** and a **sectoral approach**. Possible targets for water use reduction and efficiency must be balanced with the water needs of the construction sector and new measures must not result in unaffordable water prices.

Compared to some water-intensive industrial processes, **construction sites use relatively little water**: They use water only for technical and hygienic purposes and to clean the site and construction machinery⁸. In addition, many companies have adopted methodologies to calculate and report their water footprint⁹. However, as droughts become more frequent,

⁸ See also: Transition pathway for Construction, European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2023.

⁹ As part of these methodologies, several indices look at factors such as the country's water stress, impact on water resources, and water quality and accessibility.

the construction ecosystem as a whole will need to develop solutions to reduce water consumption.

3. A potential EU Blue Deal would not be possible without our sector and it is seen as a huge business opportunity. A Blue Deal must recognise the crucial role of contractors in building new water infrastructure and maintaining and repairing existing infrastructure for treatment, distribution, storage, and flood protection. First, the focus should be on reducing water losses due to leakage in existing networks, on the proper implementation of the EU Drinking Water Directive, and on tackling water stress in the most vulnerable regions.

The European construction sector is “part of the solution, not the problem” for the Blue Deal. Rarely has a slogan been so true and accurate. Construction companies are **extensively involved in water-related projects** and **provide essential services related to water infrastructure**, including outside the EU and Europe. These services are mainly provided to local authorities, public enterprises, private enterprises or the State/Government (**see table below**) and are vital for water treatment, transport and distribution, consumption and storage, but also for flood protection.

An EU Blue Deal **would not be possible without our sector** and therefore a potential Blue Deal is seen by the vast majority of FIEC and the EIC members as a huge **business opportunity**. The construction of new water infrastructure and the maintenance and repair of Europe's old water infrastructure (most of Europe's water transport and supply networks were built between 1960 and 1970 or even earlier) are **essential for a stable and sustainable water supply**, water management and a *circular water economy*, but also for achieving **a net-zero Union** and for **adapting to flood events**.

Examples of construction activities and services related to water infrastructure

<i>Construction, repair and maintenance of transport networks (pipelines, pipeline equipment, associated civil engineering works...)</i>
<i>Construction, repair and maintenance of wastewater treatment plants and sewerage networks</i>
<i>Construction, repair and maintenance of desalination plants for drinking water or industrial use</i>
<i>Water-efficient technologies and services (e.g. water purification)</i>
<i>Construction of energy supply facilities and related industrial services (e.g. offshore wind farms/turbines, hydropower plants)</i>
<i>Construction of reservoirs and smart/intelligent water-cooling systems for district cooling</i>
<i>Construction, repair and maintenance of sluices/floodgates</i>
<i>Flood (risk) management: Construction of protective facilities</i>
<i>Construction and maintenance of maritime infrastructure (bridges, dikes, ports, etc.)</i>
<i>Construction and maintenance of dams and stormwater tanks to collect water</i>

FIEC and EIC stress that the initial focus should be on **reducing water losses due to leakage in existing networks**, which is a major problem in EU countries. According to 2015 Eurostat figures, an average of 23% of treated water is lost in public water supplies in Member States. Leakage rates range from around 5% in the Netherlands to more than 60 % in Bulgaria¹⁰.

The 2020 revision of the EU Drinking Water Directive provides for a legal basis for reducing water leakage, but we believe that this is not enough: **Water leakage must be treated as an emergency**. The Commission must ensure the full implementation of the Drinking Water Directive in each Member State and allocate a significant part of the EU budget to leak detection, repair and network maintenance.

The full implementation of the revised Drinking Directive requires not only

¹⁰ According to EurEau figures for 2018, see <https://www.waternewseurope.com/reduce-water-leakages/>.

- the collection of reliable and complete data and robust mapping of existing leakages in the water infrastructure at national and EU level (leakage assessment), but also
- the effective communication of data by governments to the Commission (leakage reporting),
- the proper implementation of the action plans by Member States who are above the average (calculated on the basis of the Infrastructure Leakage Index (ILI) according to the Directive),
- the sufficient availability of skilled and specialised workers to intervene quickly in case of leaks.

Looking ahead, new technologies will emerge in the coming years and decades to help us address the water crisis. One thing is clear: Contractors **are ready to play their part** in adding to Europe’s ‘arsenal’ in the fight against water scarcity and extreme weather events. In particular, urgent action is needed to **mitigate the effects of prolonged droughts** in certain regions, through infrastructure that can better contribute to ensuring water security. The EU’s ‘arsenal’ in the fight against water challenges should also include **digital solutions** and increasing (soil) **storage capacity**, for example by building reservoirs, always balancing the need to reduce soil sealing with the need to build new homes and infrastructure.

4. An EU Blue Deal must be backed by adequate financial resources. Private finance has a key role to play in mobilising investment in water resilience. We also support a Blue Deal platform.

If the EU Blue Deal becomes a priority for the next Commission, **significant additional public and private investment will be needed** to bring it to life¹¹, not least to address the implementation gap in water policy. This investment will come on top of the additional investment that will be needed each year to implement the Green Deal measures (estimates start at EUR 620 billion

¹¹ For example, the 2021 Report on the implementation of the Water Framework Directive, the Environmental Quality Standards Directive and the Floods Directive states that the “two main impediments to timely implementation reported by Member States are a lack of financing and delays incurred over the course of implementing projects”.

per year according to the Commission)¹². The European Commission believes that **the bulk of this investment will have to come from private capital**. Existing sustainable finance instruments, such as the EU Taxonomy for sustainable activities, already largely cover water-related construction activities and will help to mobilise investment for water projects if not applied too rigorously by lenders and investors. At present, alignment with the technical criteria of the Taxonomy remains relatively low and financial institutions use their own indicators to assess the ESG performance of construction companies. This situation needs to change. The Taxonomy framework also needs to be complemented by more water-related activities.

We believe that an **appropriate mix of private and public investment** will be required and therefore the need to create a new umbrella/special **Blue Deal Transition/Investment Fund** should be explored – particularly to address the problem of underinvestment in the maintenance and renewal of existing networks – and public funding must be available at a **low threshold**. Such an umbrella fund should be combined with appropriate financial incentives at national level. Water should also become a strategic priority in the **2028-2034 programming period**/Multiannual Financial Framework.

In general, cooperation between the many public and private actors involved in water treatment and distribution (governments, municipalities, water agencies, civil society, social partners, industry) needs to be strengthened. FIEC and EIC therefore support the creation of a **Blue Deal platform** for EU industry representatives, citizens and decision-makers at local, regional, national and EU level. Such a platform could accelerate decision-making on water policy.

¹² European Commission, 2023 Strategic Foresight Report.

5. An Executive Vice President for the European Blue Deal or an EU Special Envoy/High-Level Representative for Water would give appropriate weight to the strategic importance of a water resilient Union. Large-scale awareness-raising campaigns on the value of water will be needed.

FIEC and the EIC support the idea of a European Vice-President or Commissioner for Water, which would give the Blue Deal **greater political weight** and underline the EU's global leadership role in sustainable water infrastructure and management, as well as in diplomatic processes aimed at resolving water-related tensions (*blue diplomacy*). Giving the Blue Deal the political weight it deserves will be crucial for its uptake and success. Much has already been done to address water challenges in the EU's external efforts, but we support the EESC's call for the **systematic integration of water into the EU's external policies** and the **establishment of global water partnerships** under the *Global Gateway initiative*.

In addition to the right political and technical staff to deal with water, **large-scale awareness-raising and information campaigns** on the value of water and the need to achieve a water-smart society will be needed to unite citizens and businesses behind the Blue Deal, as has already been suggested in the Water Reuse Regulation. The experience of the EU Green Deal has shown that dialogue between policymakers, civil society and business must be maintained on an ongoing basis in order to **build acceptance** for environmental and climate change measures that often interfere deeply with the daily lives and habits of people and businesses.

FIEC and the EIC call on the European Commission and the Heads of State and Government to make water a top priority of EU policy for the period 2024-2029, alongside industrial competitiveness, defense and the continuation of emission reduction policies. This programme should build on the EESC's plans and a possible Water Resilience Initiative but must go beyond a single communication from the European Commission. European contractors, in partnership with public authorities, suppliers, research and technology developers, the financial sector and other stakeholders, can contribute to a water resilient and sustainable Union with a high performing and efficient water infrastructure system.



FIEC represents - through its 32 national member federations in 27 European countries (24 EU, Norway, Switzerland and Ukraine) - construction companies of all sizes, i.e. small and medium-sized enterprises as well as global players, carrying out all types of building and civil engineering activities. FIEC is also the officially recognised social partner representing employers in the EU sectoral social dialogue for construction.



European International Contractors (EIC) has its main member associations in 15 European countries and represents the interests of the European construction industry in all matters relating to its international construction activities. EIC promotes fair international competition and balanced contractual conditions, quality-based procurement and value for money, innovative project delivery systems and sustainable construction methods. EIC has been active in all parts of the world for more than a century. The total international turnover of EIC member companies in 2022 was more than US\$215 billion.