

FIEC is the European Construction Industry Federation, representing via its 32 National Member Federations in 28 countries (25 EU, Norway, Ukraine & Turkey) construction enterprises of all sizes, i.e. small and medium-sized enterprises as well as “global players”, carrying out all forms of building and civil engineering activities.



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Covid-19 pandemic

FIEC requests to the European Commission in support of the construction industry

The Covid-19 pandemic is a public health emergency, which is severely impacting economic activity in all the Member States.

Apart from the most obvious impact of the lockdown measures, such as on restaurants, bars, tourism, etc. the construction industry, which represents 9% of the EU27 GDP and employs 16 million workers, is also being severely affected.

The lockdown measures introduced by some Member States and rapidly followed by others are affecting the entire value chain. This will cause major disruption on worksites and additional costs :

- material delivered with delays or not delivered at all;
- sub-contractors unable to provide their services;
- reduction in the number of workers on worksites;
- difficulties in organising the transfer of workers (domestic and foreign) to worksites;
- the lack of personal protective equipment (gloves, masks,...);
- difficulties in meeting the social distancing requirements, for instance in the vehicles on the way to construction sites, in the canteen or in lodgings.

In these conditions the already complicated management of construction sites is becoming even more complex, if not impossible, when companies try to comply with the new and drastic health and safety measures. Construction companies will be heavily affected financially and projects, both private and public, will be delayed or even cancelled.

Contracts often foresee clauses with penalties for delays, which can put an additional burden on contractors, thereby pushing them into extremely difficult situations.

In order to mitigate the impact of this crisis and in addition to the proposals put forward by the European Commission, which FIEC fully supports; using all the flexibility measures of State Aid and Stability and Growth Pact frameworks and mobilising Structural Funds to tackle and limit the socio-economic consequences of the pandemic, FIEC asks the European Commission to:

- 1. Publicly announce, that the Covid-19 pandemic is a case of “Force Majeure” and has to be treated accordingly by all construction employers and clients, in order to preserve jobs, avoid associated fallout and avoid definitive stoppages.**

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2. **Warmly recommend to the Member States that they allow the possibility of suspending or reducing ongoing construction, without penalties, for the period necessary, if the responsible contractor is unable to comply with the requested health and safety measures for its workers and/or if the contractor is unable to undertake activities because of disruption in the supply chain or because of the shortage/lack of personnel due to Covid-19.**

Such a possibility of reduction or suspension would apply to any worksites, whether public or private, would allow an extension of the contract duration and would not imply any penalty (such as liquidated damages or other payments for damages) for the liable contractor.

3. **Allocate specific resources for covering the additional costs affecting construction companies (overheads, extra security of worksites, costs related to changes in organisation and new time schedules on worksites,...) generated by the Covid-19 pandemic. Permit and encourage the Member States to do the same at national level.**

These are **the first urgent and indispensable actions that we ask the Commission to implement as quickly as possible**. They are **the oxygen that the construction sector needs** to survive and make its contribution to growth and employment in Europe in the coming months.

We also ask the Commission to promote for all sectors, the suspension of the current rules of the European Banking Supervision and State aid rules so that credit maturity is extended and loans restructured, especially for companies with greater difficulties, without the risk of bankruptcy of enterprises.

Finally, FIEC considers that, although the situations, needs and developments may differ significantly from one country to the other, such an initiative of the European Commission and the other European Institutions could give a strong signal to national and local authorities in support of an industry which plays a key role in the achievement of the ambitious priorities set in the framework of the EU Green Deal.