

# Industry needs strong Covid-19 recovery plan

**FIEC describes the measures being established to help construction companies and workers get through the current crisis**

**T**he extremely difficult conditions, brought on by the rapid spread of the Covid-19 pandemic have made the proper management of the construction process extremely complicated and in some countries, construction worksites have been at a standstill, delaying or even cancelling projects. In the south of Europe in particular, up to 90% of worksites were put on hold.

In reaction to this exceptional situation, FIEC organised weekly crisis-management meetings of its Steering Committee and rapidly brought forward a series of messages addressed to the EU institutions and to the Member States.

In the first place, FIEC requested that Covid-19 pandemic be recognised as a case of "force majeure" and be treated accordingly by all construction clients in order to preserve jobs, companies and projects.

FIEC called Member States to allow the suspension of projects – both public and private – without applying penalties, if the responsible contractor was unable to comply with the requested health and safety

measures for his employees and/or was unable to undertake activities because of disruption in the supply chain and/or because of the shortage of personnel due to Covid-19.

FIEC also asked the EU and the Member States to allocate specific resources for covering the additional costs affecting construction companies generated by the pandemic (overheads, extra health and safety measures on worksites, costs generated by organisational changes and new time schedules, etc.).

## FREE MOVEMENT

In response to the lockdown measures and the related closing of internal borders, FIEC called the European Commission and the Member States to bear in mind the critical importance of the free movement of services and workers for the construction sector. In particular, in line with the Commission's guidelines on the free movement of workers, FIEC advocated that Member States should allow frontier and posted workers to continue crossing borders to their workplace if work in the sector concerned is still allowed in the host Member State.

FIEC presented and discussed these messages and requests directly with Commissioner Thierry Breton, responsible for the Internal Market, who decided to organise regular monitoring and follow up video conferences with the main representative organisations of the construction industry.

Together with its EU social partner the European Federation of Building and Wood Workers (EFBWW), FIEC also called on national social partners to negotiate practical solutions with their national authorities in order to allow the continuation of construction activities in

compliance with national specific H&S measures, keeping the health and safety of the workers as the highest priority.

In parallel to these political messages, FIEC also put in place a "Covid-19 construction observatory" aimed at allowing its Member Federations to exchange information about their respective national and sectoral situation and the concrete sanitary, fiscal, financial, etc. measures implemented – either by the Government or by the social partners.

## SAFETY NETS

The European Union and its Member States also reacted as quickly as possible to try to minimise the fallout on the economy of the Covid-19 outbreak.

On 9th April, the Eurogroup put forward a proposal for three immediate safety nets, worth €540 billion, for jobs and workers, businesses and Member States, which was subsequently endorsed by EU leaders.

■ As regards jobs and workers, the EU introduced a temporary support measure to mitigate unemployment risks in an emergency (SURE) to help people keep their job during the crisis. The scheme provides loans to Member States of up to €100 billion to cover part of the costs related to the creation or extension of national short-time work schemes.

■ As regards businesses, the European Investment Bank (EIB) Group will create a pan-European guarantee fund, with loans up to €200 billion for companies with a focus on small and medium-sized enterprises (SMEs) throughout the EU. This comes on top of €40 billion already leveraged to bridge short-term financing needs of SMEs.

■ As regards Member States, a Pandemic Crisis Support will

be set up in the framework of the European Stability Mechanism, based on an existing precautionary credit line, adjusted in light of the crisis. It will provide loans to all euro area Member States up to 2% of their GDP (worth €240 billion).

In addition to this, the EU has amended its budget for 2020, adding €3.1 billion to respond to the crisis, and enabled maximum flexibility in the application of EU rules on state aid measures to support businesses and workers, as well as public finances and fiscal policies, e.g. to accommodate exceptional spending. The European Central Bank announced a €750 billion pandemic emergency purchase programme.

On 23rd April, EU leaders also agreed to work towards establishing a recovery fund, which might be operational by 1st January 2021. The European Commission is therefore working on a proposal for a Covid Recovery Fund which should approach €1 trillion and include a combination of grants, loans and financial guarantees, partly under the Multiannual Financial Framework for the period 2021-2027 and partly under a specific temporary recovery instrument. Another targeted EU fund should be created to assist companies to quickly rebuild their capital.

## RECOVERY PLAN

Such initiatives are most welcome by FIEC, whose current priority is to ensure a swift resumption of the construction activity under the best possible conditions for contractors and their workers, as well as the set up of a recovery plan targeting more specifically the construction sector. That is, making sure that the various initiatives announced by the EU institutions also benefit construction.

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