EUROPEAN COMMISSION

MEMO

Brussels, 8 June 2012

Construction sector should seize excellent opportunities of low energy buildings

Low energy buildings with high CO2 saving potential still have a limited market uptake. This is one of the reasons why the Commission plans to focus strongly on the construction sector. On the occasion of the annual congress of the European Construction Industry Federation FIEC in Istanbul, the European Commission Vice-President Tajani presented today the main lines of a strategy to boost the competitiveness of the construction sector which will be presented after the summer. The proposed actions will include: 1) stimulating favourable investment conditions, in particular in the renovation and maintenance of buildings and infrastructures, by promoting financial instruments such as loan guarantees and project bonds as well as encouraging incentives at national level such as reduced VAT rates; 2) boosting innovation and improving worker's qualifications by promoting mobility and the circulation of information on curricula, employment market and employer's needs; 3) improving resource efficiency and environmental performance, promoting mutual recognition of sustainable construction systems in the EU; 4) providing standard design codes of practice to construction companies making it easier for them to work in other Member States; 5) fostering the global position of European construction enterprises to stimulate good performances and sustainable standards in third countries.

The construction sector plays an extremely important role in the European economy, generating 6,3% of GDP (this figure reaches almost 10% if construction product manufacturers, architects, engineers and others involved are also considered) and providing 20 million jobs, mainly in micro and small enterprises. The performance of the construction sector can significantly influence the development of the overall economy. The energy performance of buildings and resource efficiency in manufacturing, transport and the use of products for the construction of buildings and infrastructures have an important impact on the quality of life of Europeans. The competitiveness of construction companies is therefore an important issue not only for growth and employment in general but also to ensure the sustainability of the sector. In order to respond to the key challenges outlined above, a European strategy for the next decade will be presented soon.

Why the need for a strategy:

- the introduction of **Nearly Zero Energy Buildings** (NZEB) as agreed in the recast of the Energy Performance of Buildings Directive will be a major challenge for the construction sector;
- efforts to improve energy efficiency and to integrate renewable energy sources are progressing slowly;
- the **burst of the housing bubble** in some Member States has significantly reduced activity thus generating unemployment;
- there have been severe **drops in demand in the private residential market** and in the infrastructure market;
- building and infrastructure works fell by 16 % between January 2008 and November 2011 across the EU -27;
- the **contraction of credit markets** put further pressure on investments in infrastructure works;
- the sector is in constant **need for skilled labour**;
- the situation in **international markets** is critical. The difficulties arise from the conditions of competition in other countries such as less stringent social and environmental requirements and benefit from state aid, e.g. China, which limit the opportunities to access these markets.

The response at European level: a strategy.

The strategy will lay out a detailed Action Plan focusing on five key objectives:

a) Stimulating favourable investment conditions;

Particular emphasis should be put on encouraging the activity of building renovation and infrastructure maintenance. In particular, current building renovation rates (1.2% per year) and practices in terms of energy-efficiency improvement are insufficient to achieve EU 2020 energy-saving targets.

On 30 May the Commission's "Action for Stability, Growth and Jobs" proposed to increase by €10 billion the capital of the EIB. One this additional lending capacity of the Bank is put into practice it will be directed to help the SME sector including in areas such as energy efficiency and housing renovation.

Structural and Cohesion Funds (2007-2013) may be used for energy-efficiency and renewable-energy investments not only in public and commercial buildings but also in existing housing. The new proposal for an EU Cohesion Policy for 2014-2020 places even greater emphasis on supporting investments related to EU energy targets and suggests nearly doubling the amount allocated to sustainable energy in the current period, including for building renovation.

TransEuropean Networks projects can revitalise the growth of the construction sector while helping achieve the objectives of the European Energy, Transport and Cohesion Policies.

Research and innovation activities should combine technologic and socio-economic research into instruments (training, public procurement, standardisation, insurance, etc.) to accelerate the transition from research to exploitation.

b) Improving the human-capital basis of the construction sector;

It is necessary to better anticipate future skills and qualification needs, to attract a sufficient number of students to relevant construction professions and to create the conditions for a better working environment and career management, for a greater mobility of construction workers and for wider provision of cross-border services. The Posting of Workers Directive aims to ensure that the posted worker has the same core labour rights as the workers of the host Member State

c) Improving resource efficiency, environmental performance and business opportunities;

In order to allow the concept of sustainable construction to be more widely used, harmonised indicators, codes and methods for assessments of environmental performances will need to be developed for construction products, processes and works. These should ensure a mutually recognised interpretation of the performances.

Mutual recognition or harmonisation of the various existing assessment methods will be considered.

Pilot projects developed within the context of Green Public Procurement and regional policy could provide planning and contracting authorities with the appropriate tools.

d) Strengthening the Internal Market for construction;

In order to ensure a better functioning of the Internal Market for construction products and services, it is important that rules are as clear and predictable as possible and that administrative costs are proportionate to the objectives. Europe will work to make sure that clarification or additional measures are provided to reduce the administrative burden on construction operators and improve the functioning of the Internal Market in the construction sector.

Standardisation through the use of Eurocodes could facilitate this convergence process. It is a set of design standards and the most up-to-date codes of practice applicable to all construction materials, all major fields of structural engineering and a wide range of types of structures and products. Each country can adapt the Eurocodes to their specific conditions and risk assessment regarding climate, seismic risk, traditions,

e) Fostering the global competitive position of European construction enterprises.

Specific fora with Africa and Latin America on sustainable construction could stimulate a transformation of public procurement in these markets towards performance criteria, sustainability and cost-effectiveness.

The EU-Africa Partnership for transport infrastructure provides opportunities to improve transcontinental connections and create a more reliable and safer transport system

The EU initiative 'Small Business, Big World' will offer relevant information, advice and assistance to small specialised contractors in their attempt to access international markets and to find potential business partners. The European Regional Development Fund (ERDF) also facilitates the development of new business models for SMEs, in particular for internationalisation.

Next steps

It is intended to call for a High Level Group or Forum, with Member States and sectoral representatives to oversee the implementation of the strategy, and make recommendations on any necessary adjustments or new initiatives to be launched.

Background figures

In low energy buildings, 80% of the operational costs can be saved through integrated design solutions; however there is still a limited market uptake. So far, around 20.000 low energy houses have been built in Europe of which approximately 17.000 in Germany and Austria alone.

At present, seven EU MS have defined for themselves when a building is a low energy building (AT, CZ, DK, UK, FI, FR and DE, BE (Flanders), a few more (LUX, RO, SK, SE) plan to do so. Typically the required decrease in energy consumption will range from 30 to 50 % of what is defined for standard technology for new buildings.

EU Member State policies on low energy buildings

Austria	Planned: social housing subsidies only for passive buildings as of 2015
Denmark	By 2020 all new buildings use 75 % less energy than currently enshrined in code
Finland	30 – 40 % less by 2010 : passive house standards by 2015
France	By 2012 all new buildings are low energy buildings (Effinergie standard), by 2020 new buildings are energy-positive
Germany	By 2020 buildings should be operating without fossil fuel
Hungary	New buildings to be zero emission buildings by 2020, for large investments already in 2012
Ireland	60 % less by 2010, Net zero energy buildings by 2013
Netherlands	50 % reduction by 2015, 25 % reduction by 2010 both compared to current code plans to build energy-neutral by 2020
UK (England and Wales)	44 % better in 2013 (equivalent to Passivhauslevel) and zero carbon as of 2016
Sweden	Total energy use / heated square metre in dwellings and non residential buildings should decrease. The decrease should amount to 20 per cent until 2020 and 50 per cent until 2050, compared to the corresponding use of energy in 1995.