

The EU's green agenda & its impact on the European construction industry

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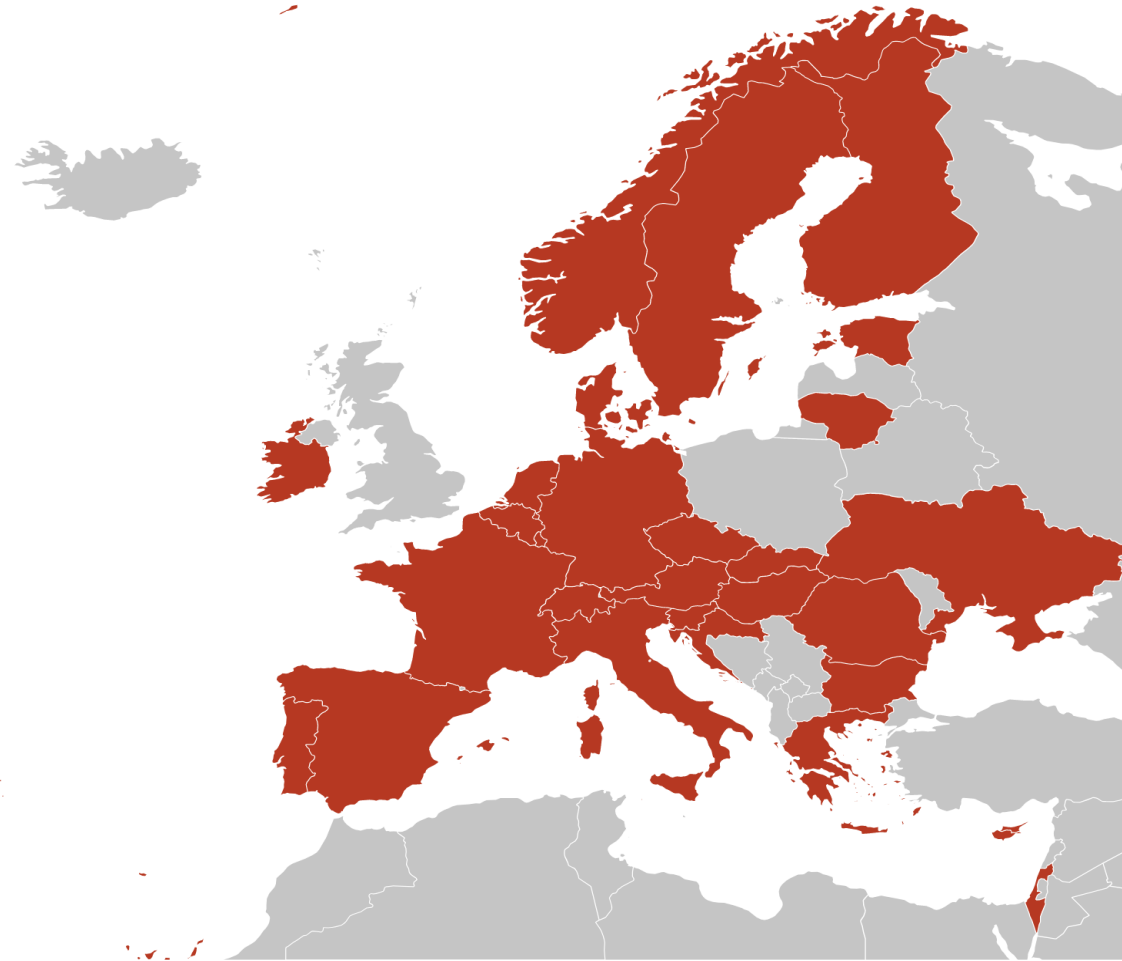
Building
the change



1. About FIEC



- 32 national member federations in **27 countries** (24 EU & Norway, Switzerland, and Ukraine)
- **Represents and promotes the interests towards the EU institutions of construction enterprises** of all sizes, carrying out all forms of building and civil engineering activities
- Advocates in favour of a **fair twin transition (“green” and digital)** of the sector and strives to foster a climate of innovation
- As **officially recognised EU Social Partner**, FIEC represents the workers and advocates for the improvement of working conditions, health, safety and training
- President 2022-2024: Philip Crampton (Ireland)



EU27

49.7%

OF TOTAL GROSS FIXED
CAPITAL FORMATION

EU27

6.4%

OF TOTAL
EMPLOYMENT

MORE THAN

3

MILLION ENTERPRISES

12

MILLION
WORKERS

MULTIPLIER EFFECT:
1 PERSON WORKING
IN THE CONSTRUCTION
INDUSTRY
=
2 FURTHER PERSONS
WORKING IN OTHER
SECTORS

EU27

10.1%

OF GDP

EU27

95%

OF ENTERPRISES WITH
LESS THAN 20 WORKERS

EU27

29.6%

OF INDUSTRIAL
EMPLOYMENT

18.1%

CIVIL ENGINEERING

31.8%

NON-RESIDENTIAL

20.6%

NEW HOUSEBUILDING

29.7%

RENOVATION

3. The European Green Deal is the EU's new sustainable growth strategy.



- Objectives: transform the EU into
 - a fair and prosperous society, with a modern, resource-efficient and competitive economy,
 - where there are – 55% net greenhouse gas emissions in 2030,
 - – 40% in 2040,
 - and no net emissions of greenhouse gases in 2050 (“climate neutrality”),
 - and where economic growth is decoupled from resource use.



3. The European Green Deal is the EU's new sustainable growth strategy.

Impact

The European Green Deal will have a significant impact on the construction sector and affect the whole supply chain (public markets, suppliers, producers, building contractors, sub-contractors, real estate companies, renewable energy projects, demolition and recycling companies...).

It will make construction more costly, at least in the short to medium term, but in “return” it will decarbonise the construction and building sectors, make construction more circular, accelerate the deployment of renewable energy facilities in the EU and create new high-quality and local jobs.



3. The “Fit for 55” package is the heart of the European Green Deal.



- Legislative package with 13 proposals covering climate, energy, taxation and mobility policies; presented in July 2021 and recently completed
- Package aims at providing a coherent framework for reaching the EU's climate objectives, which:
 - ensures a just and socially fair transition, maintains and strengthens innovation and competitiveness of EU industry while ensuring a level playing field vis-à-vis third country economic operators and
 - underpins the EU's position as leading the way in the global fight against climate change



3. The “Fit for 55” package



- Main elements:
 - **Revised Energy Efficiency Directive:** Renovation obligation for public buildings (3% annually).
 - **Reform and extension of European carbon market:** A new self-standing emissions trading system for buildings and road transport will be created.
 - **European carbon border tax:** Tax will apply to carbon-intensive products (e.g., cement) imported from non-EU countries, to avoid “carbon leakage”.
 - **Revised Renewable Energy Directive:** Share of renewable energy in buildings to increase to 49% by 2030; faster permitting procedures for renewable energy projects.
 - **Alternative Fuels Infrastructure Regulation:** Promotion of recharging infrastructure with good enough coverage across the EU to avoid range anxiety.
 - **Revised Buildings Directive:** New requirements for the renovation of existing buildings and the construction of new buildings, promotion of sustainable mobility infrastructure.



3. The “Fit for 55” package



Building
the change

Impact

The Fit for 55 package will incentivise the industry to switch to sustainable business models and less carbon-intensive production methods.

It will incentivise the use of low-carbon building materials and decarbonise fuels used in construction machinery and equipment.

It will help reduce the energy consumption and improve the life-cycle environmental performance of buildings by focusing on the so-called “embodied carbon”, which will have to be calculated and disclosed.

It will also help decarbonise heating and cooling and foster electric mobility.



4. REPowerEU is Europe's plan for affordable, secure and sustainable energy.



- Launched in May 2022 in response to Russia's attack on Ukraine
- 3 main objectives:
 - **save energy** (further increase in energy efficiency, tighten heating systems requirements, introduce bans for fossil fuel-based boilers...), **produce clean energy** (boost renewable energy in power generation, industry, buildings and transport)
 - and **diversify EU's energy supplies**

Impact

The REPowerEU plan has, since May 2022, helped the EU reduce its dependency on Russian fossil fuels, save 20% of its energy consumption and double the additional deployment of renewables.

It will support buildings and industry in consuming less energy .

5. The EU taxonomy channels investments into sustainable activities.



- Classification system for economic activities established in 2020
- Activity must meet **at least one of six** environmental objectives **without doing significant harm** to the other objectives, while also respecting **minimum social safeguards**:
 - (1) *Climate change mitigation*
 - (2) *Climate change adaptation*
 - (3) *Sustainable use and protection of water and marine resources*
 - (4) *Transition to a circular economy*
 - (5) *Pollution prevention and control*
 - (6) *Protection and restoration of biodiversity*
- Technical criteria for each objective/economic activity
- **13 construction-related activities covered by the EU taxonomy system**

5. The EU taxonomy for sustainable activities

Impact

The EU taxonomy system helps channel investments into sustainable economic activities. It is thus helping the sector in its transition towards a “green”, socially just and modern way of planning, manufacturing, building, maintaining, operating, recycling and re-using resources. It has a great impact on the whole construction value chain in that it forces economic operators to collect not only their own sustainability data but also from the supply chain.

Reporting obligations under the EU taxonomy are putting a strain on medium-sized companies in particular. The **EU taxonomy is also applied in non-EU and EEA countries (either directly or indirectly because companies have EU suppliers or because non-EU banks have decided to use it).**

6. Special focus on: Revised EU buildings directive (negotiations still ongoing)



- Full name: *Energy Performance of Buildings Directive* (EPBD)
- Background: “Renovation Wave” and low renovation rate in the EU (approx. 1% of buildings are renovated annually)
- According to the new EPBD, all new buildings will have to be zero-emission buildings from 1st January of a given year (probably 2030)
- The life-cycle global warming potential of new buildings will have to be calculated for new buildings from 1st January of a given year (yet to be determined)
- For renovations, focus on worst-performing buildings
- Promotion of charging infrastructure and electric mobility



6. Special focus on: Revised EU buildings directive

Impact

The EU's new buildings directive will increase renovation rates in the EU and improve the energy performance of its building stock.

The EPBD has the potential to boost Europe's renovation market, attract investments into energy-efficient buildings and create new jobs but open questions (lack of skilled workers, lack of financing and technical assistance, comparability of energy performance certificates...) remain.

First and foremost, the EPBD is likely to increase the costs of construction and renovation at a time of an affordable housing crisis in many EU countries.



7. Special focus on: EU Construction Products Regulation (negotiations ongoing)



- The revised Construction Products Regulation's objectives are to:
 - make the framework on the marketing and use of products in the internal market more efficient,
 - resolve the backlog of standards at EU level and make standards-setting easier and faster,
 - Oblige product manufacturers to disclose the environmental performance of products
 - Set requirements for green public procurement and
 - Foster the digitalisation of the sector.
- The information on products will be used for the calculation of the life-cycle environmental performance of buildings that is required under the new buildings directive and the EU taxonomy.



8. The Construction 2050 Alliance



- A partnership established in 2020 made of more than 50 European organisations representing the actors of the built environment
- Aim : coordinate common political messages of the construction value chain and raise the political importance of the sector at the European level

<https://euconstruction2050.eu/>



9. Conclusion and outlook



- The EU's green agenda will greatly impact the European construction sector on different levels and affect the whole supply chain (planners, material producers, construction process,....)
- It will make the EU more independent from Russian fossil fuels
- It will help channel investments into sustainable economic activities
- New European Commission (2024-29) likely to propose new legislation on sustainable water management ("EU Green Blue Deal") and to focus on competitiveness of EU economy and industry (EU vs. USA and China)



9. Conclusion and outlook



- FIEC and its member federations have, from early on, advocated for ambitious but fair framework conditions for the “green transition”
- It has produced numerous position papers, organised a series of conferences and has regularly reached out to the EU institutions
- It was represented in the *Stakeholder Platform on Sustainable Finance*, a body that advised the Commission in defining the EU taxonomy criteria
- It has also cooperated with other European organisations (e.g. *Construction Products Europe, European Builders Confederation* and *Small Business Standards*) on various topics



9. Conclusion and outlook



- In this way, FIEC managed to exert substantial influence over the EU Commission, the EU Parliament and the EU Council on various initiatives, such as:
 - **The EU taxonomy**, on the technical criteria;
 - **The Green Deal, especially on the Construction Products Regulation**, on deinstallation of products, services, assessment and verification systems, CE marking, standardisation, the transition period;
 - **the Nature Restoration and Soil Laws**, on renaturation targets for urban areas and outside Natura 2000 areas, “no net land take” goals and a new passport for excavation works
- FIEC will closely follow the implementation of the Green Deal and the EU taxonomy at Member States level





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LEVEL PLAYING FIELD
SME
CONSTRUCTION 4.0
RECOVERY
REBUILD UKRAINE

BIM
WATER NETWORKS
SOCIAL DIALOGUE

GREEN DEAL
RENOVATION WAVE
COMPETITIVENESS
ENVIRONMENT

ENERGY NETWORKS
EMPLOYMENT
IT-NETWORKS
ENERGY EFFICIENCY

INFRASTRUCTURE MAINTENANCE

CONSTRUCTION IS THE SOLUTION INDUSTRY

YOUTH EMPLOYMENT
RESOURCE EFFICIENCY
DIGITALISATION
GROWTH

SUSTAINABILITY
SKILLS TRAINING/EDUCATION

CLIMATE CHANGE
CIRCULAR ECONOMY
JOBS

STANDARDISATION
INNOVATION
ENERGY PRODUCTION
INFRASTRUCTURE