

PU Europe answers to the Public consultation on the preparation of a Communication on the Sustainable Competitiveness of the construction sector and its enterprises

PU Europe welcomes this stakeholder consultation. The forthcoming Communication offers a unique opportunity to streamline EU initiatives in the field of sustainable construction, remove duplication where it exists and offer a clear policy prospective to the industry.

PU Europe wishes to answer the questions raised in the consultation paper as follows:

1 Key Challenges for the construction sector operators

1.1 *Market and Investment conditions*

1.1.1 Considering your experience and feedback from your sector, do you think that the financial and economic crisis will have a long term impact on the structure and operation of the construction sector in general or specifically in your sector, in particular due to more stringent access conditions to capital and credit? If so, what do you think this impact will be?

PU Europe answer: Access conditions to credits had indeed deteriorated with the financial crisis, but seem to be normalising again in most of the countries. Hence the structure of our industry was generally not affected by the crisis. The situation is however different in countries where the recession was amplified by the collapse of an oversized construction sector (Spain, Ireland). Those countries saw sharply declining turnover and a number of bankruptcies.

1.1.2 What is your experience with national recovery measures on the redeployment of the national labour market and the creation of new business in the construction sector? What can you say about the implementation and the impact of these measures with respect to the objectives of the EU recovery plan?

Many Member States provided funding for urban renovation and energy efficiency measures. Such counter-cyclic measures can mobilise a multiple of private capital and secure / create a large number of jobs. Due to administrative procedures, a significant part of this funding was however only available at a time when the economy was picking up again. The construction industry needs a stable and long-term regulatory framework. Public funding that comes and goes creates stop-and-go effects in the market and leads to uncertainty.

1.1.3 In your opinion, how are construction enterprises in general and enterprises in your field in particular adapting to changing conditions related to the labour market, the demand and urban, environmental and demographic concerns? Please give specific examples if possible.

On the production side, companies are only marginally affected by changing labour markets and demographic developments. However, as outlined below, this situation is now changing. The case is different for contractors which already today struggle to find motivated and qualified newcomers for the industry.

Construction products manufacturers are however clearly faced with growing environmental concerns. They respond by reducing wastage of raw materials or energy and increasing the use of renewable or recycled raw materials. On the other hand, the ever growing number of overlapping European, national and regional environmental labelling and certification schemes causes very substantial additional costs.

1.1.4 Do you consider that they are sufficiently adapting to these changes? Please specify.

All changes take place in a highly competitive environment in which most of the purchasing decisions are still based on the lowest price. In other words, technologies may exist to improve the life cycle environmental performance of products, but the market is not prepared to pay for them. Companies are therefore trying to find a balance between environmental goals and market realities.

1.1.5 Is there any particular construction market where you see possibilities for a faster development of “greening” the market?

Unclear question. Does “construction market” refer to regions or market segments?

1.2 Human capital

1.2.1 In your opinion, what is the overall situation regarding the recruitment of qualified staff? What specific challenges would you raise for the enterprises in your field?

As regards construction products manufacturers and their upstream suppliers, finding qualified engineers and chemists is becoming increasingly difficult. As interest in technical industries such as chemistry is declining, innovation is likely to slow down and Europe is set to lose its leading position in the world. This is bad news as practically all construction materials heavily rely on chemistry whether they are mineral, synthetic or based on renewable resources.

1.2.2 What are in your views the priority areas that should be addressed in order to develop a better qualified, competitive and innovative management and workforce in the construction sector in general and enterprises in your field in particular?

More enthusiasm needs to be created amongst young people for technical industries such as chemistry. Awareness raising measures are required to explain that durable and efficient and renewable energy generation are impossible without chemistry.

As regards contractors, high quality vocational training courses are of the utmost importance. So-called “fast-track” qualifications do not prepare workers to cope with increasingly complex buildings and systems. All parties involved must develop a more holistic view on the building and learn to look beyond their specific trade. Most set-backs on the way towards highly efficient buildings are caused by weak interconnections between building components and poor interaction of technical buildings systems.

1.2.3 Where do you see new job opportunities expanding in the construction sector in general and enterprises in your field in particular?

The highest job creation potential lies in the deep renovation of the building stock which accounts for 99% of all European buildings. Bold policy measures would lead to significant job creation at the level of contractors and, to a lesser extent, in manufacturing companies. Up to 2 million jobs could

be created by 2020 if the 20% energy savings target was met¹. The construction industry would provide most of them.

Stricter energy performance requirements favour high performance insulants such as PU. The industry will therefore continue to create new jobs in production which will translate in an even larger number of downstream jobs.

1.3 Regulatory environment

1.3.1 Could you identify domains in construction that would require a better coordination between national and EU regulatory instruments (i.e. laws, standards, labels, certificates)? Please provide some examples and explain why you see gaps/overlaps in terms of rules definition, interpretation and enforcement, especially with respect to sustainable development objectives?

Next to the European initiatives, numerous national / international labels exist relating to the environmental / ecological / sustainability performance of buildings (BREEAM, LEED, HQE, DGNB, Nordic Swan, etc.). They all use different indicators, but all of them address the environmental performance. Some of them cover life cycle costing aspects, design-related requirements or the building environment (for example access to public transport). A more detailed overview is available in the background document of the JRC WG for the development of Ecolabel and GPP criteria for office buildings. Unfortunately, there is a lack of transparency regarding input data (life-cycle-inventory data) and the methodology they are using, which makes updating and harmonisation extremely difficult.

PU Europe strongly believes that TC350 standards provide the most comprehensive set of standards for the assessment of a building's life cycle performance. Their use should be promoted.

A small number of product-related labels have been developed (eco-labels). This is not accepted by the construction products industry, as product performance can only be assessed at the level of the building.

The non-compatibility of REACH and ER/BWR3 leads to significant confusion. Parts of ER/BWR3 requirements become obsolete with REACH implementation but Member State authorities dealing with CPD/CPR do not always seem aware of REACH requirements.

1.3.2 Do you see different framework conditions between the access of EU enterprises to international markets and the access of non-EU enterprises to the EU Internal Market in the construction sector in general and enterprises in your field in particular? Which main problems have come to your attention?

Our members focus on the EU market and only a very small part of production is exported to third countries. We are not aware of any specific problems.

1.4 Demand for sustainable construction

1.4.1 Do you think that national performance assessment methods and certification tools should evolve to address construction works performances in an integrated manner and at the same time be useful to a wider range of projects (i.e. not only for large representative projects, but also for smaller construction works)?

¹ European Commission, SEC(2011) 277: Impact Assessment accompanying the Energy Efficiency Plan

We would clearly prefer one European performance assessment method which would allow using the same performance indicators and communication formats in all markets (TC350). With real estate markets becoming increasingly international, this would also respond to the needs of developers and investors.

As pointed out in the question, the assessment should always be conducted at the building level. It should cover both small and large buildings.

1.4.2 In your opinion, what are the main obstacles/issues for construction enterprises to meet the Green Public Procurement criteria in the coming years?

This depends on which level criteria are set. The Commission developed GPP criteria for a number of construction products. This puts the construction supply chain including specifiers in an awkward position, as meeting these criteria will not necessarily lead to better buildings. The industry will therefore continue to oppose to GPP criteria for intermediary construction products.

The industry is however supporting GPP criteria for buildings provided they are based on TC350 methods. The major challenge clearly lies in effectively applying these standards in the building planning phase. It presumes the availability of EPDs for all relevant products and software tools to calculate the overall building performance based in different design options.

1.4.3 What is your experience with the use of European Structural Funds for energy efficiency investments in buildings, particularly in the residential sector, for infrastructure and for measures in support of the competitiveness of construction enterprises? Have you got any views on how the use of these funds could be improved to even better meet the needs of the construction sector?

We have no experience with the use of Structural Funds. We believe these Funds could be used to provide loans guarantees allowing for lower interest rates for investments in energy efficiency.

1.5 Other possible challenges

1.5.1 Do you consider that there would be other major challenges for the construction sector not addressed in the previous questions worth pursuing at European level? If yes, please specify the context and the main issues that should be tackled in your view.

No comment.

2 Policy measures

2.1 Improve the human capital of enterprises according to the changing demands, technology and management methods especially for public-private partnerships

2.1.1 Regarding the capacity of construction enterprises to cope with the issues mentioned above, what should in your opinion be put in place to strengthen the dialogue and cooperation between construction stakeholders and vocational education and training institutions, at national and regional levels? Please specify the mechanisms that could improve the dialogue and cooperation.

Each country has developed its own vocational training system. Also decision making instances regarding training curricula differ between Member States. It is therefore not possible to adopt a one-size-fits-all approach.

It would certainly be useful to establish a dialogue of all supply chain members including manufacturers, architects and contractors to address cross-cutting issues such as the air tightness of the building envelope.

2.1.2 Do you think that the EU and/or national/regional administrations should develop policy frameworks to support these mechanisms? What would be the main lines of these frameworks?

National governments should define minimum qualification requirements for building trades. They should be part of training curricula and include modules on energy efficiency and holistic building performance.

National regulators could also facilitate the above-mentioned dialogue in the supply chain.

2.1.3 In the field of Information and Communication Technologies (ICT), do you think that specific initiatives could support a more rapid uptake? If yes, please specify.

No. This would be difficult to achieve for regulators.

2.1.4 Looking at existing initiatives already launched by the European Commission such as those mentioned above, should equivalence systems for skills acquired in continuous vocational education and training be further promoted for the construction sector in general and enterprises in your field in particular? If yes, would you consider specific professions/domains?

We fully support this initiative. The recognition of continuous training and its comparability at EU level will facilitate the free movement of workers.

The initiative is of less importance to manufacturing companies.

2.1.5 Do you think that the European Commission and Member States should further encourage the development of skills and competences for performance based contracts, life cycle costing and Green Public Procurement criteria? Could you suggest any initiative that could support this development? What would be the respective role of the European Commission and of the Member States in the implementation of the initiative?

This question combines very different areas most of which are already addressed by existing initiatives.

Does “performance based contracts” stand for “performance contracting”? The proposed Energy efficiency directive (articles 13 and 14) invites Member States to develop certification schemes for energy service providers and model contracts for energy performance contracting. Voluntary quality labels must be encouraged.

Life cycle costing is covered by the economic pillar of the TC350 standards. The Commission and Member States should promote the use of these standards.

European GPP criteria were developed for a number of construction products in spite of fierce opposition from the construction products industry (see above). Criteria for office buildings are currently being developed and other building types will follow. PU Europe supports the development of GPP criteria for buildings (not products) based on the TC350 standards. It would be highly preferable to avoid any parallel national scheme.

2.2 Increase the capacity for innovation and exploitation of technological developments

2.2.1 In your opinion, what could be put in place in order to better coordinate the various mechanisms supporting research and innovation and ensure that future EU and national research programmes well address the main issues and challenges of the construction sector in general and enterprises in your field in particular?

Many publically financed research projects do not lead to changes on the ground due to a missing link between project partners and markets.

On the other hand, our member companies invest significant amounts of money in very specific research work. They may work alone or with external partners (universities, research institutes). It seems very difficult to “press” those projects in an official framework eligible for public support. We therefore believe the role of public research programmes will remain limited.

2.2.2 Would you consider demand side instruments supporting innovation (standardisation, labelling, certification, etc.) as a possibility to strengthen the exploitation of EU research? What would you suggest to improve the functioning of the existing instruments and initiatives in relation to the market concerned, e.g. new construction or renovation?

Standardisation is usually not the appropriate instrument for innovative products. They should rather go down the EOTA route.

We are very sceptical regarding the introduction of even more certification schemes or labels. Users / consumers are already confused.

2.3 Manage efficiently the coherence and application of various legislations and regulations at European and national levels

2.3.1 In your view, what are the specific cross-cutting issues amongst various EU legislations in fields such as the Internal Market, energy, environment, health and safety at work and Public Procurement that could require clarification, interpretation and better coordination with respect to their application to construction?

Internal Market:

The CPD/CPR provides an acceptable basis for the free movement of construction products although a number of national hurdles remain. Eco-design is not an appropriate tool for intermediate construction products (see below).

Energy:

ER/BWR6 should be implemented through the EPBD to the largest possible extent.

Environment:

Setting environmental assessment criteria for intermediate construction products is not acceptable and will not lead to better performing buildings. Requirements should only be set at the building level taking account of its whole life cycle. Hence, all EU instruments setting requirements for construction products (eco-label, eco-design, energy-label, ecological footprint (??)) should not be pursued any further. Using these schemes to assess whole building performance is acceptable in principle, provided TC350 standards are applied. The added value of all these labels is however questionable, as their sheer number tends to confuse rather than guide consumers. Clearly, the development of EU labels does not replace national labels but add to their number.

Health and safety:

The non-compatibility of REACH and ER/BWR3 leads to significant confusion. Parts of ER/BWR3 requirements become obsolete with REACH implementation but Member State authorities dealing with CPD/CPR do not always seem aware of REACH requirements.

2.3.2 Which mechanisms would you suggest to reduce disparities in the enforcement of European legislation affecting the construction sector at national and regional levels? In your opinion, is there any legislative domain that requires specific attention in these mechanisms and how would you monitor and assess the efficiency of these mechanisms?

The first EPBD was implemented with significant delays in the majority of Member States. It must be ensured that the 2010 version is implemented in time. The EPBD implementation is monitored inside and outside the Commission. This did not prevent delays of several years.

2.3.3 Do you consider that there should be an EU initiative to reinforce the usage of European technical specifications (i.e. technical standards) in national construction regulations/codes/guidelines and public procurement, in particular for Eurocodes? Could you describe the main features of this initiative?

The EU should actively promote the implementation and use of the TC350 standards. National, regional and local governments should refrain from developing new schemes with different indicators. The EU initiative should explain the advantages of a single European system in terms of transparency, reduction of barriers to trade, simplification and cost reduction.

2.3.4 Should research in support of European standardisation be further promoted and which areas would benefit most from more support?

Yes, we believe this is a useful tool. One project should support the implementation of ER/BWR3. The current TC351 draft standards will determine the specific VOC/SVOC release rates of construction products and translate this into air concentrations in a model room. There is however very little knowledge as to how release rates translate into indoor air concentration in real buildings (sum of different products, different exposure levels to the indoor air, etc.). Construction products contribute very little to indoor air pollution (see DG SANCO studies) but are most exposed to regulation. This research could lead to a standard enabling designers to establish VOC/SVOC concentrations stemming from construction products in the building design phase.

2.4 Improve the harmonisation of different existing instruments based on life cycle approach for the assessment of the sustainability performances of construction products and construction works within the context of public procurement

2.4.1 What would you propose to improve coherence between different existing instruments with respect to their application to the construction sector in order that they become more operational?

All instruments should be exclusively applied at the building level and take account of the whole life cycle. Comparisons at the product level are not valid.

The energy building (performance??) certificate is a very useful tool developed with the EPBD to measure the buildings' energy demand.

All schemes should use the TC350 standards. They cover the environmental performance (LCA), the economic performance (LCC) and a social part including emissions of dangerous substances (TC351).

DG Environment is trying to increase the coherence between GPP and Ecolabel by assigning one single working group to develop criteria for office buildings for both schemes. Still the most important question, whether there is a market need for this Ecolabel next to BREEAM, LEED and all national schemes, has not been answered yet. There are also efforts to base the requirements on TC350 standards, but half of the criteria tend to be purely product-related.

PU Europe has little hope that the Commission is willing to reduce the number of its initiatives. Our scepticism was reinforced when the ecological footprint initiative was presented. Theoretically, construction products should not be targeted, but experience shows that sooner or later our industry will be pointed at.

It is also highly unlikely that European schemes replace national ones. Product and building certification / labelling is a fast growing market and all data base / scheme owners will jealously defend their place in the market. Even public authorities at all level show little interest in one single system.

The Commission will not be able to bring order into this growing mess. It could however be helpful if the TC350 standards were published as harmonised standards and became the reference for the implementation of the future BWR7.

Last but not least, we advocate the exclusion of construction products from the scope of the Ecodesign Directive, as all eco-design objectives can be met through existing legislation (CPR, EPBD, EED). For example, if there was evidence that setting minimum performance requirements would be necessary for certain construction products, this could be done through the CPR, based on article 3.3.

2.4.2 Amongst existing instruments, which ones do you see the most effective for the construction sector? Please specify according to the market considered.

TC350 standards are clearly the most effective tool. It is the only one that establishes a joint communication format for the environmental performance of construction products and allows the performance assessment of buildings based on this information. They also include economic and social pillars (incl. TC351) and therefore enable specifiers to conduct a full building assessment over its whole life cycle.

All other instruments cannot correctly cover the use phase of construction products.

2.4.3 If you consider that existing instruments are not effective enough for the construction sector, would you propose new instruments? Please specify according to the market considered.

We should focus our efforts on TC350 standards. No new instruments are required.

2.4.4 Do you think that the recourse to European Structural Funds for construction projects should be conditional to more ambitious sustainable development criteria than today's practice? Please specify the domains of particular relevance and the type of criteria to be developed.

We believe that the use of structural funds should be conditional to meeting high energy performance requirements. In fact, energy use during the building's use phase is the single most important element determining its overall sustainability.

2.5 Ensure fair treatment in matters of competition

2.5.1 Do you consider that it is necessary to have in the short term a monitoring of the practices regarding the access of non-European enterprises to construction public procurement in the EU? If yes, which criteria would be used for this monitoring?

No comment.

2.5.2 Do you consider that there are specific initiatives to be undertaken to guarantee a proper assessment of potential presence of state aid elements both in public and private developers projects? Please give the context and the type of initiative to be possibly undertaken.

No comment.