Analysis and assessment of the elements of certain Community policies that impact on the competitiveness of the construction sector

Contract No 30-CE-0043801/00-12

Final Report

Submitted by

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27th November 2006

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Executive Summary (English)

This report stems from a study contract placed by DG Enterprise and Industry with a research consortium led by Manchester Business School (Contract No 30-CE-0043801/00-12). The Terms of Reference (ANNEX A) required an analysis and assessment of the impacts of key European Community policies on the competitiveness of the construction sector. The study commenced on 28th December 2005 with (following agreement on a short extension) an eleven month study and reporting period. The Report has nine chapters, supported by Annexes.

Introduction (Chapter 1)

The partners in the research consortium, with their principal contributors, were:

Manchester Business School
University of Manchester, UK
(Dr John Rigby, Professor Graham Winch, Professor Roger Courtney, Dr Mercedes Bleda, Deborah Cox)

Department of Economic Sciences
National and Kapodistrian University of Athens, Greece
(Professor Lena Tsipouri, Ms Natali Panagiotidi)

Services and Processes Innovation Centre
Centre Scientifique et Technique du Bâtiment (CSTB), Paris, France
(Dr Marc Colombard-Prout, Dr Nadine Roudil, Dr Frederic Bougrain)

Division of Construction Management
Lund Institute of Technology, Sweden
(Professor Bengt Hansson, Kristian Widen)

ASM Market Research and Analysis Centre Ltd, Kutno, Poland
(Ms Elzbieta Syrda, Ms Izabela Kowalska)

The partner organisations were drawn from Member States which exhibit different economic and social cultures and with different institutional and structural arrangements within their construction sectors. This spread of national contexts enabled the consortium to gain a reliable overview of perceptions of the impact of policies across the EU.

Policy context

The policy context for the study is the goal established at the European Council in Lisbon in 2000 of creating a world-competitive European economy by 2010. In support of that goal, the Commission has embarked upon a multi-year strategy for reviewing and simplifying the regulatory environment experienced by firms (see COM (2005)535). This study is one of those commissioned to inform this programme of regulatory reform, but the policies studied included not only regulatory policies but also those that aim to promote wider and more effective markets within Europe and to support research and innovation. The study sought to elicit suggestions for changes to policy measures or alternative ways of promoting policy objectives that would be more suited (in terms of being less costly or more effective) to the construction sector.
The Work Programme for the study consisted of five Tasks:

**Task 1**  Review of previous studies  
These included official reviews of policy implementation, as well as academic studies of the impact of policies and of the factors that influenced competitiveness.

**Task 2**  Initial review of policies and potential impacts  
This was a wide-ranging review, which concluded with initial judgements of the level of likely impact of each policy area on construction. This informed the selection of the policy measures to be studied in more detail in subsequent stages of the study.

**Task 3**  Development of proposals for data collection, including methods and subject coverage  
Interviews with representatives of construction stakeholders were the principal means of collecting data on impacts. These were supplemented by a Web-based questionnaire, promoted widely and especially in the Member States not represented in the study consortium.

**Task 4**  Collection and analysis of data  
Members of the study conducted interviews, the data and opinions gained from these and the questionnaire being analysed to inform both general and detailed conclusions on the impact of European policies on construction, and proposals for changes.

**Task 5**  Reporting  
Interim and Final reports, and a progress report, were prepared.

A sixth Task covered project management and liaison with the Commission, including attending and providing records of meetings of the Management and Steering Group (MSG) established by the Construction Unit to oversee the study (ANNEX C).

The Work Programme was carried out to the timetable shown below.

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- Evaluation and Validation Workshop
- IR – Interim Report
- DR – Draft Final Report
- FR – Agreed Final Report
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Scope of study and the meaning of ‘competitiveness’ (Chapter 2)

The study was concerned with the impact of policies not only on the site-based activities and the firms that undertake them, but also on design and other professional activities, on specialised construction management functions and on some aspects of the manufacture and supply of construction materials and components. However, the principal focus was on the site-based and professional aspects of construction that are distinctive to the industry.

Similarly, it focussed on policy instruments that were aimed at construction or had special relevance to construction, rather than those that impacted on all industry sectors. In addition, it did not attempt to cover Directives and other policy instruments which at the starting date of the study (28th December 2005) had not been agreed or whose manner of implementation was not yet settled. A further significant exclusion was the impact of the Construction Products Directive (Directive 89/106/EEC) which was the subject of a separate study commissioned by DG Enterprise.

Competitiveness

A three-fold framework for considering competitiveness was employed:

• Some construction firms operate in international markets, but these are a small minority.

• Most construction firms are in competition only with other European firms, and often only with firms in their own locality.

Hence the principal influence of the construction sector on the competitiveness of the European economy comes through its use of resources or, more generally, its level of costs. The impact of policies on the cost base of the industry was therefore a particular focus for the study.

• Firms engaged in small construction works such as housing repairs and maintenance are in competition in the informal sector or ‘grey’ economy. Some policies influence their ability to compete with the informal sector.

Literature review (Chapter 3)

The Study Team conducted a wide-ranging literature review covering not only academic papers but also ‘official’ and Parliamentary reports, as well as EC Communications. The review was undertaken to illuminate (a) the factors that underpin the competitiveness of firms and industry sectors and (b) the impact of policies on competitiveness

The literature review revealed a number of definitions of competitiveness and a range of factors which were considered to influence this at the level of the firm or sector. Some, indeed, originated in Commission documents. These were distilled into a small set of factors which formed a framework for the subsequent data collection processes:

• Cost of final output
• Quality of service or final output
• Client satisfaction
• Level of labour productivity and skills
• Environmental competence
• Ability to innovate

As expected, the literature review did not identify previous impact assessments directly relevant to this study but it provided evidence that regulatory policies could stimulate beneficial changes in an industry sector, as well as impose constraints and costs. Moreover,
there was evidence that ‘command and control’ forms of regulation tended to have higher associated costs than other approaches more aligned with market drivers.

The documents included in the literature review are listed in ANNEX D of the report.

**Reviews of policy areas (Chapter 4)**

The Study Team compiled, from different sources, a list of policy measures which appeared relevant to construction covering a wide range of economic and social policy objectives. These included both regulatory measures (e.g. Directives) and Commission programmes or other initiatives aimed at promoting good practice, innovation etc. This list is shown in Annex F to the report.

Each policy area within the list was reviewed by a subject expert with the aim of assessing whether the policy measures had had significant impact on construction firms and activities. The individual assessments are presented in Annex H of the report. They differed in approach, but each inherently considered the following issues:

- The objectives of the European policy and of the various instruments through which it was promoted
- The changes in practice, business environment etc that might be expected to result
- Whether implementation had actually led to such changes in the construction sector (for example, the European legislation might have reflected accepted practice rather than actually changing practice)
- The significance of the changes, for example whether they would affect all construction, or only some types, or some operations etc
- Whether the changes were distinctive to the sector, or similar to those in other sectors

The reviews were assisted by contributions from Directorates General and European construction representative bodies (ANNEXES F, G).

Originally, it was envisaged that the impact of policy measures might be estimated in monetary terms, thus providing a consistent scale of assessment and a means of deciding upon priorities for further investigation. However, the absence of data on impacts precluded this. Instead, the Study Team concentrated on identifying the areas of policy (some encompassing several individual measures) that had significant impact on construction. The assessments showed that some had not impacted distinctively on construction but that most of the areas should be retained for further study. This approach allowed interviewees and questionnaire respondents to decide, on the basis of their experience, the particular measures that they wished to comment upon.

Some additional policy areas were assessed at the request of the Management and Steering Group, but these were found not to have had significant impact.

The assessments led to the conclusion that the policy areas to be studied in detail were:

- Environment (particularly measures concerned with wastes and landfill)
- Health and safety
- Public procurement
- Free movement of labour (including recognition of professional qualifications)
- Taxation (notably the concession permitting a reduced rate of VAT on certain types of construction activities)
- Research and innovation
- Standardisation (other than the Construction Products Directive)

The principal policy initiative under ‘standardisation’ was the development and implementation of the structural Eurocodes. This differed from the other policies in that the Eurocodes are not fully developed and therefore interviewees would be providing views on the expectations, rather than actual impacts. However, it was included because it was the sole example
amongst those selected of a policy aimed (at least in part) at enhancing the competitive position of European construction interests in the global marketplace.

**Data collection – interviews (Chapter 5)**

The principal means of obtaining data on impacts was through interviews with construction stakeholders in the countries of consortium members. To ensure consistency of approach, detailed guidance on the conduct of the interviews and the selection of interviewees was provided to all partners (ANNEX I). Most interviews were conducted by telephone, with interviewees being sent information about the study and a brief summary of the policy measures that could be covered in the discussion. They were then invited at the start of the discussion to select the policy areas that were most important to them.

The interview framework took the form of sets of questions (ANNEX J), each set relating to an individual policy area. The questions differed somewhat among the areas, as would be expected since some policies (e.g. concerning health and safety) were essentially putting constraints on firms while others (e.g. on free movement of labour) were removing constraints or (as with research) aimed at enhancing capabilities. However, some questions were common; these related to the financial impacts of the policy and to other factors of competitiveness, as identified in the literature review.

Guidance on the selection of interviewees was also prepared, in order to cover the principal construction interests relevant to the policies being studied. It was expected that most interviews would take place with industry representative bodies, government departments, regulatory organisations etc. It was suggested that interviews with firms should where possible be with firms with operations in different Member States in order that their input might reflect their experience of the implementation of policies in different countries. In addition, such firms would be most able to comment on the effect of policies in facilitating the development of a European market for construction activities and services.

Supplementing the interviews in Member States, some were held at European level with industry representatives, Commission officials etc.

**Development of on-line questionnaire (Chapter 6)**

The on-line questionnaire followed a similar structure to the interviews, with respondents being given a choice of policy areas on which to comment and then a set of questions, most of which were common, about the impact of the policies on their operations. The English-language version of the questionnaire was made available for general completion in mid-June; its specification is set out in ANNEX K. To enhance accessibility, a French language version was prepared and made available in mid-July. A German language version was also prepared but could not be made available until mid-September.

The questionnaire was promoted through the Construction Unit, construction representative bodies, contacts of members of the study consortium etc to a wide range of bodies. Such general promotion was necessary, but meant that responses were not sampled from a known population of potential respondents. A modified version was promoted to such a population - members of the Manchester Chamber of Commerce. However, few responses were received.

**Data and opinions from the interviews (Chapter 7)**

The interview programme commenced in late April and continued until September. A total of 112 interviews took place, the distribution by country being:

| European bodies | 11 | Poland | 25 |
| France          | 19 | Sweden | 21 |
| Greece          | 18 | United Kingdom | 18 |
Some interviews involved interviewees from more than one organisation while in other cases more than one interview took place with staff from the same organisation. Views were obtained from 103 different organisations, of which 38 were firms and 65 were representative bodies, government departments etc. Each partner country contributed interviews from a wide range of interests. ANNEX M contains details of the interviewees.

As expected, there were more comments on ‘regulatory’ policies than on ‘permissive’ policies but the different policy areas all received comments from a wide range of interests, the smallest number of comments being 16 on taxation and on research and the largest 46 on public procurement. Interviewees confirmed that the policy areas selected on the basis of the assessments were those that they considered to have the greatest impact on construction.

Overall, the views expressed on the policies themselves did not show large national differences, or large variation according to the background of the interviewees. Most differences were attributable to aspects of national implementation of policies by Member States.

Environment

Measures relating to wastes and landfill were generally considered to have had the greatest impact, and contractor interests, particularly, considered that these had caused real changes in the way that construction firms carried out their operations. But there were no data on the net costs associated with the measures. There were concerns about differences in practice across Member States and contractor interests thought that the definition of wastes should be revised, to exclude uncontaminated soil. (This was one of the few instances in the study where there was disagreement with a policy instrument at the European level, rather than at the level of national implementation.) Interviewees thought that the measures had stimulated attention to recycling and other new ways of working and had naturally increased competition in environmental matters; they had little impact on other aspects of competitiveness but they did affect the competitive position of legitimate firms as compared with those in the informal economy. There were some suggestions that economic instruments might be more widely used.

Health and safety

European measures were considered to have had significant impact on construction practices and interviewees accepted that good health and safety standards were essential in the modern construction sector. There were, though concerns that standards varied across Member States, thus affecting trans-national competition, and that enforcement procedures were inadequate, with implications for the competitive position of legitimate firms in relation to the informal economy. Several interviewees asserted that safety statistics were not collected uniformly across the EU and so it was not possible to draw conclusions about the effectiveness of different enforcement regimes. One interviewee suggested that the insurance sector might play a greater role in setting and maintaining promote good safety standards while another considered that public procurement practices could pay more attention to health and safety practice.

Public procurement

While the need for public procurement policies was accepted, interviews in some countries (notably Greece, and Sweden) revealed considerable criticism of local implementation procedures which were seen to be over-bureaucratic. In Sweden, there had been a large increase in the number of disputed decisions. Design interests, generally, considered that despite greater flexibility in the new Directives, too many procurement decisions were made on price criteria. The additional procedures (e.g. framework contracts) incorporated in the latest Directives were welcomed and, overall, there was a view that procurement measures had opened markets (although the proportion of contracts awarded to non-national firms was still low). There were perceptions that some aspects of procurement process inhibited innovation and that they could play a larger part in the promotion of both environmental and health and safety objectives. Overall, they highlighted problems in the application of non-price
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criteria and this led to a suggestion at the Evaluation and Validation Workshop that the Commission might produce best-practice case studies to assist procurement organisations.

*Free movement of labour*

The policy measures that had facilitated the movement of labour, notably from Accession States to other Member States, were widely welcomed in the receiving states (notably the UK) but there were counterpart concerns (in Polish interviews) about the loss of skills. The consequences for training programmes were mentioned in both countries, with concerns that the ability to recruit skilled workers had diminished the pressure for training provision in the UK and that Poland should increase its provision to enable its construction sector to employ local workers. The measures had been an incentive to new ways of working and higher productivity in Poland.

Formal recognition of professional qualifications was considered to be useful, but not central, to the movement of professionals across the EU. The impact on competitiveness was therefore marginal. Larger design firms were accustomed to recruiting professionals from other countries and could judge their qualifications. Professionals with qualifications from another Member State who wished to establish their own practices faced barriers connected with procedures for building approvals (and sometimes informal barriers also). It was suggested that more uniformity in insurance arrangements for professionals might assist in creating a European market for design services.

*Taxation*

Interviewees from countries which had taken advantage of the concession that a lower (5.5%) rate of VAT be charged on certain small construction works were strongly in favour of the scheme and cited French studies which had shown that it had generated additional employment and overall had had a positive impact on public finance. The studies also provided some evidence that the measure had reduced the volume of work taking place in the informal economy. Interviewees from France supported this assessment. Employee representatives were more sceptical and pointed to other studies which had disputed the conclusion that the measure had increased legitimate employment. Interviewees from countries which had not adopted the concession were in favour of its introduction. It was suggested that the concession be extended to works in all buildings related to the improvement of energy efficiency.

*Research and innovation*

Interviewees were positive about the benefits of participation in research and innovation programmes, although the main benefits cited were the strategic advantages gained through the increase in knowledge and the networking and possible introduction to new markets, rather than direct financial benefits. It was thought that there was inadequate awareness of the programmes, although the creation of the European Construction Technology Platform would help to address this. SMEs had particular difficulty in finding the resource for participation. There were, though, no specific proposals for overcoming this. In order to strengthen awareness of the contribution of construction RTD to other policy areas, it was suggested that projects within Framework Programme might have representatives of other DGs on their steering groups.

*Standardisation*

The interviewees revealed a positive view of the expected impact of the Eurocodes which were considered technically advanced and likely to lead to useful economies in the cost of structures. There were short-term costs associated with training, new software etc. Some interviewees suggested that it would take some years before they were widely used while others considered that the replacement of national codes, coupled with use of Eurocodes in public procurement, would lead to rapid change. Concerns were expressed that without a higher level of commitment and resource for promotion, they might not find international acceptance and that the benefits for international competitiveness might not be realised. DG
ENTR reported to the Evaluation and Validation Workshop on the measures being taken to promote adoption of Eurocodes.

Other policy measures

Several other measures were mentioned in the interviews, including the Machinery Directive, the REACH Directive and rules for company accounts. The REACH Directive was recognised a significant for construction materials, but its impact would be in the future. The others appeared not to be as significant as those that were the subject of detailed study.

Analysis of questionnaire data (Chapter 8)

In total, 122 valid responses, from 20 countries were received to the questionnaire in its various versions. Of these, 77 were from individual firms or other organisations and 45 from representative bodies. The pattern of respondents broadly followed, in terms of interests represented, that for the interviews but there were some interests (e.g. five universities) that were not represented in the interviewees. The firms that responded tended to be larger than average (as might be expected) with 49 out of the 77 having more than 50 employees.

In total, there were 376 comments on individual policy areas, with taxation receiving the lowest number (30) while environment and research and innovation both received 77. The number of research and innovation responses was in contrast to the pattern of the interviews and reflects some differences in the respondents. No set of comments on a policy area was dominated by a single interest or country.

The questionnaire data were not drawn from a statistically valid sample of construction interests in the EU and therefore the resulting analyses can be no more than pointers to the views of those interests. Because of this limitation on the basic data, the analyses did not distinguish between responses from representative bodies and those from individuals.

Environment (77 responses)

Respondents were invited to select the aspect of environmental policy that had greatest impact. This produced the largest divergence from the interview findings, in that more than half the respondents selected an aspect other than wastes and landfill. It was not possible to come to firm conclusions on this discrepancy; it was thought that some of the difference (e.g. on noise or materials) might be attributable to an overlap with health and safety concerns.

Overall, respondents considered environmental policy measures to be of financial benefit – perhaps because of the stimulus to better management systems – and there were positive views on their impact on factors in competitiveness. There was some indication that firms competing in global markets considered them beneficial.

Health and safety (59 responses)

No single health and safety measure was identified as of dominant importance. Again, there was an overall positive view of financial impacts but with some respondents reporting a highly significant cost. The impacts on factors of competitiveness were considered positive except for productivity where there were as many negative views as positive. There was a small positive balance of view on the overall impact on competitiveness.

Public procurement (48 responses)

Respondents ranked a number of aspects as having significant impact, including rules on advertising which had not been mentioned in the interviews. Analysis of country responses showed considerable variation in the choice of the areas selected, with aspects such as restrictions on the type of contract featuring more strongly in some countries than others.

There was a positive overall judgement on the financial impacts and also on the impact on factors of competitiveness, but it was noteworthy that there were far fewer positive rankings of the impact on environmental performance than on new ways of working. Overall, there was a
positive view of the impact on competitiveness, particularly marked in firms that competed across the EU.

**Free movement of labour (39 responses)**

As might be expected, these were seen to make on balance a positive contribution both financially and to the factors of competition, although there was some polarisation of views on the impact on productivity. The results supported the finding from the interviews that the measures facilitating movement of workers were more significant than those relating to professional qualifications.

**Taxation (30 responses)**

Most respondents commented on the VAT concession; some identified other aspects of tax which were not easily identifiable as EU policy measures and these may have accounted for the responses which considered tax policy a strongly negative influence on competitiveness. The clear majority of responses were positive, but of the non-financial factors in competitiveness only client satisfaction was considered to benefit strongly.

**Research and innovation (77 responses)**

Respondents recorded extensive participation in EU research and innovation initiatives and this showed them to be atypical compared with the majority of construction firms. They confirmed the positive view of these initiatives gained from the interviews, with all factors of competitiveness benefiting and a strongly positive view of the financial benefits. In contrast, the interviews had tended to emphasise the networking benefits. This might again reflect a different mix of respondents.

**Standardisation (46 responses)**

This again produced positive views on the prospective benefits although respondents were predominantly competing within the EU and so the responses did not cast light on the question of impact on international competitiveness.

**General comments**

The number of responses to the questionnaire was disappointing, and relatively few suggestions for policy changes or new approaches were received. Nevertheless, it succeeded in eliciting views from a wider spread of countries. With a few exceptions, these were consistent with the views obtained through the interviews, although on balance gave a more favourable impression of the impact of EU policies than the interviews. This may reflect the characteristics and outlook of self-selected respondents.

**Conclusions (Chapter 9)**

The conclusions from the study are based on the opinions and data obtained through the interviews and questionnaire, supplemented by discussion at the Evaluation and Validation Workshop. It was recognised from the start that the set of interviewees and questionnaire respondents would not be a statistically valid sample of construction interests in the EU. Nevertheless, the Study Team are confident that the views obtained are broadly representative of construction interests across Europe:

- The interviews took place in five countries that display a wide range of economic and social cultures and construction industry structures. There was general consensus across these on the policies and their impacts, with the principal differences being attributable to national implementation measures.
- The questionnaire responses came from a wider range of countries. They were consistent with the interview findings.
• Most of the interviewees, and around one-third of the questionnaire respondents, were from representative bodies. They therefore reflected the views of a much larger number of firms or individuals.
• The comments and data on each policy area came from a wide range of interests and countries.

Lack of data
The study has highlighted the lack of reliable data on the impact of EU policies. With construction accounting for 8-10% of European GDP, this would seem a serious gap in the knowledge base that supports policy formation. It is not clear that the impact assessments now to be undertaken prior to the introduction of policies, coupled with the reviews of the operation of policy measures, will meet the need. One way forward might be to establish a ‘panel’ of firms whose operations could be monitored to provide a database for establishing the impact of new policies. This would need to be a substantial operation, with a set of firms that could be considered representative of construction in Europe. The data coming from such an initiative would complement, and not replace, the inputs of representative bodies to policy formation.

Acceptance of policies
There is, though, no evidence from the study that EU policy measures are regarded as unnecessary or excessive. The general view gained from the interviews and questionnaire responses is positive although there are concerns over the variability of interpretation and, in some cases, the lack of resources for enforcement. And the impact of some ‘permissive’ policies is judged to be marginal.

Improving the policy process
General conclusions may be drawn concerning the processes by which policies are developed:

• A ‘systems’ approach would be beneficial. This would consider the whole chain of responsibilities and actions required for effective implementation, taking into account intended national measures and enforcement regimes. This might be introduced in the context of the simplification of EU legislation

• A better appreciation of the context of an intended policy measure is needed. In particular, while an individual measure may appear justified, the impact of the totality of measures in a policy area may be high. This would be illuminated through better understanding of construction operations, assisted by the ‘panel’ referred to above.

• A more rounded view of the consequences of policy measures would be helpful. This particularly concerns competition with the informal economy, where regulatory measures may have the effect of driving work towards the informal sector. Less ambitious, but less costly, policy objectives may in the end be more effective. Similarly, the changes in construction operations stimulated by measures (changes in materials, work practices etc) may have their own draw-backs, which should be evaluated.

Interviewees, when commenting on these issues, linked them to a lack of understanding of construction within units of the Commission responsible for policies that impacted on the industry; an ‘induction’ programme was suggested. But since many policies have a potential impact on construction, it would not be feasible for every relevant part of the Commission to have good appreciation of the sector. This underlines the need for effective consultation and communication within the structures of the Commission.
Alternative policy approaches

The interviews revealed an acceptance of current regulatory-based approaches to the promotion of good environmental etc practice. Alternative approaches mentioned included:

- Extension of market-based mechanisms, particularly in the environmental area. These might particularly reward reduced carbon emissions
- Greater use of public procurement to raise standards
- An enhanced role for the insurance sector in enforcing (and perhaps setting) agreed performance standards
- The promotion of ‘branded’ quality schemes to assist firms in the legitimate economy compete with those in the informal sector

Conclusions concerning individual policy areas

The conclusions to be drawn from the interviews and questionnaire responses on individual policy areas were summarised above. They were complementary, in that the views from the wider range of countries represented in the questionnaire respondents did not contradict those of interviewees, while they also added some detail both on the impact of policies on individual factors in competitiveness and some estimates of the financial impact on firms and other organisations. The main area of discrepancy was in the assessment of environmental impacts, where questionnaire respondents thought that a wider range of environmental measures had had significant impact on construction.

Possible future studies

This study has provided an overview of the impact on policies on the whole construction sector. Future studies might focus on individual aspects of competitiveness, such as the factors that underpin European strengths in the global marketplace for construction services and the way that policies at the European level might reinforce these strengths.

Final comments on EU policies and competitiveness

The overall conclusions of the study for the three dimensions of competitiveness that formed the framework for data collection are:

- **Global competition**

  There was some evidence to suggest that EU policies – notably those concerned with environmental protection – had enhanced the competitiveness of firms in global markets. The Eurocodes were expected to do so, but their impact would be in the future.

- **Local competition**

  Some questionnaire respondents were prepared to say in relation both to costs and benefits that they exceeded 1% of turnover. Most, though, were not able to judge or estimated a lower figure. The cost of regulatory policies, at the 1% level, would be substantial, but the questionnaire respondents on balance consider that even these had net financial benefits, presumably because of the incentive to better management and off-setting savings.

  The overall financial impact of all the EU policies studied could not be estimated – a facet of the general lack of data – and therefore the outcome in terms of the competitiveness of the EU economy as a whole remains uncertain. However, in view of the size of the construction sector, there is a strong case for ensuring that policies which impose costs operate as cost-effectively as possible.
The informal economy

There is some (but not universally accepted) evidence that the VAT concession for small construction works reduces the attraction of the informal economy, helping to redress any pricing gap consequent on polices that impose costs upon legitimate firms. While the impact on the economic competitiveness of Europe is unclear, this is relevant to the creation of a sustainable European economy with good employment standards.

Acknowledgements

The Study Team wish to acknowledge the guidance and assistance of the Construction Unit and of members of the Management and Steering Group in the execution of the study.

Manchester Business School, Manchester, UK
22nd November 2006
Executive Summary (French)

Résumé exécutif

Ce document est le rapport d’un marché d’étude conduit par un consortium de recherche dirigé par l’École de Commerce de Manchester pour la DG Entreprises et Industrie (Numéro de marché d’étude : 30-CE-0043801/00-12). Le mandat (ANNEXE A) demandait une analyse et une évaluation de l’impact de politiques communautaires clé sur la compétitivité du secteur de la construction. L’étude a commencé le 28 décembre 2005 et suite à l’accord d’une prolongation s’est poursuivi pendant onze mois, rédaction du rapport comprise. Le rapport contient neuf chapitres et des annexes.

Introduction (Chapitre 1)

Les partenaires du consortium de recherche ainsi que les principaux contributeurs étaient:

École de Commerce de Manchester
Université de Manchester, Royaume Uni
(Dr John Rigby, Professor Graham Winch, Professor Roger Courtney, Dr Mercedes Bleda, Dr Deborah Cox)

Département des Sciences Économiques
Université Nationale et Kapodistrian d’Athènes, Grèce
(Professeur Lena Tsipouri et Madame Natali Panagiotidi)

Laboratoire Services, Processes and Innovation
Centre Scientifique et Technique du Bâtiment (CSTB), Paris, France
(Docteur Marc Colombat-Prout, Docteur Nadine Roudil et Docteur Frédéric Bougrain)

Division de Gestion de la Construction
Institut Lund de Technologie, Suède
(Professeur Bengt Hansson et Kristian Widen)

ASM Centre d’Analyse et de Recherche du Marché, Kutno, Pologne
(Mesdames Elbieta Syrda et Izabela Kowalska)

Les organisations partenaires provenaient d’États membres présentant une diversité tant au niveau de leur culture économique et sociale qu’au niveau des particularités structurelles et institutionnelles de leur secteur de construction. La gamme de contextes nationaux étudiés a permis à notre équipe d’apporter une image fiable de l’impact général de ces politiques dans l’Union Européenne.

Contexte politique

Le contexte politique de cette étude est marqué par l’objectif établi en 2000 au Conseil Européen de Lisbonne de créer une économie européenne compétitive à échelle mondiale d’ici 2010. Afin de parvenir à cet objectif, la Commission Européenne a lancé une stratégie pluriannuelle pour revoir et simplifier les règlements auxquels sont soumises les entreprises (voir COM(2005)535). C’est dans ce cadre de réforme réglementaire que cette étude est chargée de réunir des informations. Cependant, les politiques étudiées ne concernent pas seulement les politiques réglementaires mais toutes celles dont le but est de promouvoir des marchés plus importants et plus compétents en Europe et de soutenir la recherche et l’innovation. De plus, cette étude a non seulement cherché à proposer des modifications potentielles aux mesures politiques analysées mais aussi à formuler des méthodes alternatives.
non seulement permettant de parvenir à des objectifs politiques et mais aussi étant plus adaptées au secteur de la construction en terme de coût et d’efficacité.

**Plan de Travail**

Le Plan de Travail de l’étude comptait cinq tâches:

**Tâche 1** Analyse d’études préalables

Cette-ci a inclus tant des évaluations officielles de la mise en œuvre de mesures politiques que des études académiques sur l’impact de politiques et de facteurs jouant sur la compétitivité.

**Tâche 2** Première évaluation de mesures politiques et impact potentiel

Ceci a été une évaluation de grande envergure qui a émis un premier jugement sur l’impact potentiel de mesures politiques sur la construction et a permis de proposer des mesures à analyser avec plus de précision dans les étapes suivantes de l’étude.

**Tâche 3** Propositions pour la collection des données: méthodes et délimitation du sujet

Les données sur l’impact ont été collectées principalement en interviewant des représentants du secteur de la construction. Aux interviews se sont ajoutés les questionnaires diffusés largement sur la Toile et tout particulièrement dans les États membres non représentés dans notre équipe d’étude.

**Tâche 4** Collection et analyse des données

Les membres de notre équipe ont organisé des interviews et les données obtenues ont été analysées avec les questionnaires pour tirer des conclusions tant générales que détaillées sur l’impact des politiques européennes sur la construction et formuler des propositions de changement.

**Tâche 5** Élaboration des rapports

Le Rapport Provisoire et le Rapport Final ont été rédigés.

Il y a eu une sixième tâche pour la gestion du projet et la communication avec la Commission Européenne (CE), ce qui a inclus la participation et la prise de notes aux réunions du Groupe de Direction et de Gestion (GDG) crée par l’Unité de Construction pour superviser l’étude (ANNEXE C).
Le Plan de Travail a été mené selon le calendrier ci-dessous :

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o - Atelier d’évaluation et de validation
RP - Rapport Provisoire PR - Projet de Rapport Final RF - Rapport Final Approuvé

**Dimension de l’étude et définition de « compétitivité » (Chapitre 2)**

L’étude a porté sur l’impact des politiques non seulement sur les activités sur chantier et sur les entreprises concernées mais également sur le design et autres activités professionnelles, sur la gestion de construction spécialisée et sur la fabrication et distribution des matériaux et composants de construction. Cependant, l’étude s’est principalement concentré sur les aspects professionnels et ceux du chantier de construction étant caractéristiques du secteur industriel.


**Compétitivité**

L’étude a considéré trois aspects de la compétitivité :

- Quelques entreprises de construction opèrent sur les marchés internationaux mais elles représentent une minorité.

- La plupart des entreprises de construction sont seulement en concurrence avec d’autres entreprises européennes et souvent avec d’autres entreprises de leur propre secteur géographique.

Par conséquent, l’influence principale du secteur de la construction sur la compétitivité de l’économie européenne dépend de son utilisation des ressources ou de son niveau de coûts en général. L’impact des politiques sur les coûts de l’industrie est donc un point sur lequel cette étude s’est particulièrement concentrée.

- Les entreprises entreprenant de petits travaux de construction tels que la réhabilitation ou l’entretien de l’habitat sont en concurrence avec le secteur informel ou le marché « gris ». Certaines politiques jouent sur leur capacité à concourir ce dernier.
Revue bibliographique (Chapitre 3)

Notre équipe a réalisé un revue bibliographique à grande échelle couvrant non seulement des articles académiques mais également des rapports parlementaires et officiels, ainsi que des Communications de la Commission Européenne. La revue a été menée pour réunir des informations sur (a) les facteurs qui sous-tendent la compétitivité des entreprises et du secteur industriel et (b) sur l’impact des politiques sur la compétitivité.

La revue bibliographique a révélé une série de définitions de la compétitivité et une gamme de facteurs qui sont considérés avoir une influence sur celle-ci au niveau de l’entreprise ou du secteur. Certaines de ces définitions proviennent de documents de la Commission. Notre équipe les a relevées et organisées en un ensemble réduit de facteurs afin d’orienter le processus de collection des données:

- Coût du produit final
- Qualité du service et du produit final
- Satisfaction de la clientèle
- Niveau de productivité et compétence de la main-d’œuvre
- Compétence environnementale
- Capacité d'innovation

Comme prévu, la revue bibliographique n’a pas identifié d’évaluations d’impact en rapport direct avec cette étude mais elle a confirmé que les politiques réglementaires pouvaient stimuler des changements bénéfiques dans le secteur industriel tout en imposant des contraintes et des coûts. De plus, elle a permis de souligner que les règlements du type ‘commande et control’ tendaient à avoir des coûts associés plus importants que d’autres approches plus en accord avec les facteurs déterminants du marché.

La liste des documents faisant partie intégrante de la revue bibliographique se trouve en annexe D du rapport.

Analyse des domaines politiques (Chapitre 4)

En s’appuyant sur différentes sources, notre équipe a réuni une liste de mesures politiques qui sont particulièrement importantes pour la construction. Cette liste inclut les mesures réglementaires telles que les Directives et les programmes de la Commission ou autres initiatives dont l’objectif est de promouvoir de bonnes pratiques, l’innovation, etc.

Elle se trouve en Annexe G du rapport.

Chaque domaine politique de cette liste a été analysé par un expert en la matière, afin d’évaluer si les mesures politiques avaient un impact important sur les entreprises et activités de construction. Les différentes analyses sont présentées en Annexe H du rapport. Elles présentent différentes approches, mais chacune d’entre elles a systématiquement pris en compte les points suivants:

- Les objectifs de la politique européenne et des différents instruments
- Les changements de pratiques, l’environnement commercial anticipés, etc.
- Les changements éventuels du secteur de la construction provoqués par la mise en œuvre de mesures politiques: la législation européenne par exemple, a certainement eu pour conséquence une acceptation plutôt qu’un changement de pratiques
- L’importance des changements : s’ils touchent la construction dans son ensemble ou s’ils affectent seulement certains types ou certaines opérations de construction, etc.
- Le type de changement : s’ils sont caractéristiques du secteur ou se retrouvent dans d’autres secteurs

Des organismes représentants de la construction européenne ont participé à ces travaux d’étude (ANNEXES F, G).
Au départ il était envisagé que l’impact des mesures politiques serait estimé en termes monétaires, fournissant une échelle d’évaluation consistante et un moyen d’identifier les travaux de recherche prioritaires à poursuivre. Mais ceci n’a pas été possible étant donné un manque de données sur l’impact. L’équipe s’est donc concentré sur l’identification de domaines politiques (certains englobant plusieurs mesures individuelles) ayant un impact important sur la construction. Selon les analyses, certains domaines n’ont pas eu d’impact significatif sur le secteur de la construction mais la plupart des domaines politiques ont été retenus pour une analyse plus approfondie. Cette approche a permis aux personnes interviewées et aux personnes répondant aux questionnaires de choisir les mesures qu’elles souhaitaient aborder en fonction de leur expérience.

À la demande du Groupe de Direction et de Gestion, certains domaines politiques supplémentaires ont été analysés mais ils n’ont pas eu d’impact significatif.

Il a été conclu que les domaines politiques à étudier en détail seraient les suivants:

- Environnement (particulièrement les politiques des déchets et enfouissement)
- Santé et sécurité
- Approvisionnement public
- Libre circulação de la main-d’œuvre (comprenant la reconnaissance de qualifications professionnelles)
- Taxation (en particulier la capacité de facturer un taux de TVA réduit sur certains types d’activités de construction)
- Recherche et innovation
- Normalisation (autre que la Directive des produits de construction)

La principale initiative de « normalisation » a été le développement et la mise en œuvre d’Eurocodes structurels. Celle-ci différait des autres politiques car les Eurocodes ne sont pas complètement développés et par conséquent les personnes interviewées sont amenées à donner leur point de vue sur leurs attentes plutôt que sur l’impact réel. Cependant, cette initiative a été inclue car il s’agissait de la seule parmi celles qui avaient été sélectionnées visant, au moins partiellement, à favoriser la compétitivité de la construction européenne dans le marché mondial.

Collection de données – interviews (Chapitre 5)

Les interviews des représentants de la construction dans les pays partenaires de l’étude ont constitué le principal moyen d’obtenir des données sur l’impact des mesures politiques. Afin d’assurer la consistance de l’approche, tous les partenaires de l’étude ont reçu des conseils détaillés sur la façon de réaliser les interviews et de choisir les personnes à interroger (ANNEXE I). La plupart des interviews ont été réalisées par téléphone et les personnes interviewées ont reçu au préalable des informations sur l’étude et un résumé des mesures politiques qui pourraient être abordées lors de la discussion. Les personnes interviewées étaient ensuite invitées à choisir les domaines politiques qu’elles jugeaient importants afin d’en discuter.

La structure des interviews a été définie en formulant des questions organisées par groupe (ANNEXE J), chaque groupe se reportant à un domaine politique distinct. Les questions ont différé légèrement en fonction des domaines, ce qui était prévisible étant donné que certaines mesures politiques telles que la santé et la sécurité entraînent principalement des contraintes aux entreprises alors que d’autres telles que la libre circulação de la main-d’œuvre les suppriment ou, comme c’est la cas avec la recherche, visent à encourager de potentielles capacités. Cependant, certaines questions sur les impacts financiers de la politique et sur d’autres facteurs de compétitivité étaient communes à tous les domaines politiques, comme l’établissait la revue bibliographique.

Des conseils sur la sélection des personnes à interroger ont été préparés afin de s’ajuster aux intérêts de la construction étant pertinents dans le cadre des politiques étudiées. La
plupart des interviews étaient prévues auprès d'organismes représentants de l'industrie, des départements gouvernementaux, des organisations de réglementation, etc. Il a été vivement suggéré que lorsque cela était possible, les entreprises opérant dans différents États membres soient interviewées afin de faire part de leur expérience dans la mise en œuvre de mesures politiques dans différents pays. De plus, ces entreprises sont les plus indiquées pour commentier sur les effets de mesures politiques quant à leur capacité à développer un marché européen pour les activités et services de la construction.

En plus d'interviews dans les États membres, certaines ont été conduites au niveau européen auprès de représentants de la Commission, de représentants de l'industrie, etc..

** Création d'un questionnaire en ligne (Chapitre 6)**

Le questionnaire en ligne a été réalisé de façon similaire aux interviews et proposait un choix de domaines politiques ainsi qu'une série de questions (la plupart communes aux différents domaines) sur l'impact des mesures politiques sur leurs activités. La version en anglais du questionnaire a été fournie à la mi-juin; des précisions sont disponibles en ANNEXE K. Afin d'encourager l'accessibilité, une version en français a été préparée et fournie mi-juillet. Une version en allemand a également été préparée mais n'a pu être fournie avant mi-septembre.

Le questionnaire a été diffusé auprès d'un large éventail d'organismes par l'Unité de Construction, par des organismes représentants de la construction, par des contacts des membres du consortium, etc. Une diffusion générale s'avérait nécessaire mais signifiait que les réponses ne seraient pas issues de populations connues de répondants potentiels. Une version modifiée a été diffusée à une telle population (les membres de la Chambre de Commerce de Manchester). Cependant, très peu de réponses ont été reçues.

**Données et opinions des interviewés (Chapitre 7)**

Le programme d'interviews a commencé fin avril et a continué jusque fin septembre. 112 interviews ont été conduites au total, avec une distribution par pays comme suit :

- Organismes européens 11
- France 19
- Grèce 18
- Pologne 25
- Suède 21
- Royaume Uni 18

Certains des interviewés appartenaient à plus d'une organisation alors que certaines interviews étaient menées auprès du personnel d'une même organisation. Les points de vue de 103 organisations différentes ont été obtenus, dont 38 étaient des entreprises et 65 des organismes représentants, des départements gouvernementaux, etc. Les interviews ont été organisées dans chaque pays partenaire avec un large éventail d'intérêts du secteur. L'ANNEXE M contient les coordonnées des interviewés.

Comme convenu, il y a eu plus de commentaires concernant les politiques « réglementaires » que les politiques « permissives » mais tous les domaines politiques ont été commentés selon une diversité d'intérêts, le plus petit nombre de commentaires étant de 16 concernant la taxation et la recherche, et le plus important étant de 46 sur l'approvisionnement public. Les interviewés ont confirmé que les domaines politiques sélectionnés selon les évaluations étaient ceux qui selon eux avaient le plus d'impact sur la construction.

En général, les points de vue exprimés en ce qui concerne les politiques elles-mêmes ne montraient pas de différences importantes au niveau national, ou une variation selon le contexte des interviewés. La plupart des différences étaient dues à la mise en œuvre de politiques d’États membres.

**Environnement**

Selon les réponses, ce sont les mesures concernant les déchets et enfouissement qui auraient eu le plus d'impact et auraient causé, selon les entrepreneurs, de réels changements sur la façon dont les entreprises de construction opèrent. Mais aucune donnée n’a été
obtenue concernant les coûts nets associés à ces mesures. Il existe une préoccupation quant aux différences de pratiques d'un État membre à l'autre et les entrepreneurs pensent que la définition de déchets devrait être revue afin d'exclure la terre non pollué. Ceci a été l'une des rares fois où il y a eu désaccord sur l'instrument politique au niveau européen et non pas au niveau de sa mise en application au niveau national. Les personnes interviewées ont pensé que les mesures ont stimulé l'attention sur le recyclage, de nouvelles méthodes de travail et ont naturellement augmenté la concurrence en matière environnementale; qu'elles ont eu peu d'impact sur d'autres aspects de la compétitivité mais qu'elles ont affecté la position de compétitivité d'entreprises légitimes en rapport avec celles du marché informel. Il a été suggéré que les instruments économiques soient utilisés plus largement.

Santé et sécurité

Selon les interviewés, des mesures européennes ont eu un impact important sur les pratiques de construction et de bonnes normes de santé et de sécurité sont essentielles au secteur de construction moderne. Cependant, des normes différenciées en fonction des États membres sont préoccupantes car elles encouragent la concurrence transnationale et des procédures d'application inadéquates, ceci jouant négativement sur la compétitivité d'entreprises légitimes par rapport au marché informel. Il a également été dit par plusieurs interviewés que les statistiques de sécurité n'étaient pas collectées de façon uniforme dans l'Union européenne et qu'il était donc impossible de statuer sur l'efficacité de différents régimes d'application. Il a été suggéré par une personne interviewée que les assurances devraient avoir un plus grand rôle à jouer quant à la promotion et la mise en œuvre de normes de sécurité alors qu'un autre interviewé a considéré que l'approvisionnement public devrait mieux tenir compte des normes de santé et de sécurité.

Approvisionnement Public

Bien que le besoin d'approvisionnement public ait été reconnu, les interviewés de certains pays (notamment en Pologne et en Suède) ont critiqué les excès bureaucratiques des procédures de sa mise en œuvre au niveau local. En Suède, il y a eu une forte augmentation de décisions disputées. Selon le secteur du design, malgré une plus grande flexibilité des nouvelles Directives, trop de décisions concernant l'approvisionnement sont en général prise selon le prix. Les procédures additionnelles (contrats-cadre) ayant été incorporées aux dernières Directives ont été bien accueillies et, en général, les mesures d'approvisionnement, ayant ouvert des marchés, ont été jugées positives même si la proportion de contrats auprès d'entreprises non nationales reste faible. Certains ont ressenti que certains aspects du processus d'approvisionnement faisaient barrière à l'innovation et devraient jouer un rôle plus important dans la défense d'objectifs de santé et de sécurité. En général, le problème de l'application du critère de ne pas se baser sur le prix a été souligné. C'est pour cette raison qu'il a été proposé lors de l'atelier d'évaluation et de validation que la Commission mène des études de cas sur les meilleurs pratiques pour assister les organisations d'approvisionnement.

Libre circulation de la main-d'œuvre

Les mesures politiques facilitant la libre circulation de la main-d'œuvre, en particulier dans les États de l'Adhésion vers d'autres États membres, ont été accueillies positivement par les états receveurs (notamment au Royaume Uni) mais la perte de compétences, en contrepartie, est préoccupante (interviews en Pologne). Les conséquences pour les programmes de formation ont été mentionnées dans les deux pays. Il semble préoccupant que la capacité de recrutement de main-d'œuvre qualifiée ait diminué l'accent sur la formation au Royaume Uni. La Pologne devrait augmenter le nombre de programmes afin de permettre à son secteur de construction d'employer une main-d'œuvre locale. Les mesures ont encouragé de nouvelles méthodes de travail et une meilleure productivité en Pologne.

La reconnaissance officielle de qualifications professionnelles est considérée comme utile mais pas essentielle au mouvement de professionnels dans l'Union européenne. L'impact sur la compétitivité a donc été marginal. Des grandes entreprises de design étaient habituées à recruter des professionnels d'autres pays et à juger leurs qualifications. Des professionnels ayant obtenu leurs qualifications dans un autre État membre et souhaitant établir leurs
propos es pratiques sont confrontés à des obstacles issus des procédures de permis de construire (ainsi que des obstacles informels). Il a été suggéré que plus d'uniformité dans les assurances pour les professionnels devraient aider à créer un marché européen de services de design.

**Taxation**

Les interviewés des pays ayant profité d'un taux de TVA moins élevé sur certains petits travaux de construction se sont montrés pour le programme politique et ont cité des études françaises ayant démontré que cela avait créé plus d'emplois et en général avait eu un effet positif sur les finances publiques. Les études ont aussi montré que les mesures ont réduit le volume de travail du marché informel. Les interviewés en France ont confirmé cette évaluation. Des représentants d'employés ont été plus sceptiques soulignant d'autres études qui contestent que cette mesure ait augmenté l'emploi légitime. Les interviewés d'autres pays n'ayant pas appliqué la diminution étaient eux pour l'introduction de cette mesure. Il a été suggéré que la diminution de TVA soit élargie à tout travaux de construction visant à améliorer l'efficacité énergétique.

**Recherche et innovation**

Les interviewés ont trouvé que la participation à des programmes de recherche et d'innovation étaient positifs, bien que les principaux bénéfices mentionnés aient été moins les avantages financiers que les avantages stratégiques du gain d'expertise, de création de réseaux et de la possible ouverture de nouveaux marchés. Il a été conclu que la connaissance de ces programmes restait inadéquate. Mais la création de la Plateforme de Technologie de Construction Européenne abordera le problème. Il semblerait que les PME aient rencontré des difficultés considérables à trouver les ressources assurant leur participation. Il n'y a eu cependant aucune proposition pour régler ce problème. Afin de renforcer la prise de conscience de la contribution de la construction RDT pour d'autres domaines politiques, il a été suggéré que les projets du Programme-cadre, des représentants d'autres DG fassent partie du groupe de gestion.

**Normalisation**

Les interviewés voient l'impact attendu des Eurocodes d'un œil positif et les jugent techniquement avancés et capables d'aboutir à des économies utiles dans le coût des structures. Il y a eu des coûts à court terme associés à la formation, aux nouveaux logiciels, etc. Certaines personnes interviewées ont dit que leur utilisation effective pourrait prendre quelques années alors que d'autres ont considéré que le remplacement des codes nationaux ainsi que l'usage des Eurocodes dans l'approvisionnement public conduiraient à de rapides changements. Les interviewés craignent cependant que sans un engagement et des ressources accrus pour la promotion, les Eurocodes ne soient pas acceptés au niveau international et qu'il n'y ait pas d'intérêt pour la compétitivité internationale. La DG Entreprises et Industrie a présenté à l'atelier d'évaluation et de validation les mesures prises pour la promotion des Eurocodes.

**Autres mesures politiques**

D'autres mesures ont été mentionnées dans les interviews, comme la Directive « machines », la directive REACH et les règles pour les comptes de compagnies. La Directive REACH a été considérée comme importante pour les matériaux de construction mais son impact ne se verrait qu'à l'avenir. Les autres n'ont pas semblé être aussi significatives que celles soumises à une étude approfondie.

**Analyse du questionnaire de données (Chapitre 8)**

Au total, 122 réponses valables de 20 pays aux questionnaires dans ses différentes versions, ont été reçues. Parmi elles, 77 proviennent d'entreprises individuelles ou autres organisations et 45 d'organismes représentants. En général, le profil des répondants est similaire à celui des interviewés en termes d'intérêts représentés mais certains intérêts (cinq universités)
n’étaient pas représentés dans les interviews. Les entreprises qui ont répondu sont en général plus grandes que la moyenne (ce qui était prévisible) avec 49 entreprises sur 77 de plus de 50 employés.

Au total, il y a eu 376 commentaires sur des domaines politiques individuels, la taxation ayant le nombre le moins élevé (30) et la recherche et l’innovation le plus élevé (77). Le dernier chiffre est en contraste avec les interviews et montre quelques différences entre les répondants. Aucun commentaire sur un domaine politique précis n’a été dominé par un intérêt ou pays particulier.

Les données du questionnaire n’ont pas été tirées d’un échantillon d’intérêts de construction dans l’UE statistiquement valide. Par conséquent, les analyses qui en résultent ne peuvent que signaler les points de vue de ces intérêts. À cause de cette limitation sur les données de base, les analyses n’ont pas distingué les réponses des organismes représentants et celles des individus.

**Environnement (77 réponses)**

Les répondants ont été invités à sélectionner l’aspect de politique environnementale qui avait le plus d’impact. C’est sur ce point qu’il y a eu une divergence majeur avec les interviews, car plus de la moitié des répondants ont sélectionné un autre aspect que celui des déchets et enfouissement. Il n’a pas été possible d’arriver à des conclusions définitives sur cette divergence; certaines différences sur le bruit ou les matériaux pourraient être attribuées à un recoupement des préoccupations de santé et de sécurité. En général, les répondants ont considéré que les mesures politiques environnementales constituaient des bénéfices financiers, peut-être pour le stimulus vers de meilleurs systèmes de gestion que celles-ci entraînent. L’impact sur les facteurs de compétitivité a été considéré positivement. Il semblerait que la concurrence d’entreprises dans les marchés mondiaux soient jugés bénéfiques.

**Santé et sécurité (59 réponses)**

Aucune mesure de santé et de sécurité ayant une importance dominante n’a été identifiée. De nouveau, les impacts financiers sont accueillis de façon positive mais certains répondants ont fait part de coûts accrus. Les impacts sur les facteurs de compétitivité ont été considérés positivement sauf pour la productivité où il y a eu autant de points de vue négatifs que positifs. Les points de vue quant à l’impact général sur la compétitivité ont été en moyenne faiblement positifs.

**Approvisionnement public (48 réponses)**

Les répondants ont classé des aspects ayant un impact significatif. Entre autres, ils ont mentionné les règles de publicité qui étaient absentes des interviews. L’analyse des réponses a montré une variation considérable dans le choix des domaines sélectionnés d’un pays à l’autre. Par exemple, l’impact des restrictions sur le type de contrat a été jugé plus ou moins important selon les pays. Les impacts financiers et les impacts sur les facteurs de compétitivité ont été jugés positifs en général mais de façon significative, il y avait moins de classements positifs de l’impact de la performance environnementale que de nouvelles méthodes de travail. En général, l’impact sur la compétitivité a été jugé positif, notamment pour les entreprises qui se faisaient concurrence dans l’UE.

**Libre circulation de la main-d’œuvre (39 réponses)**

Comme cela était prévisible, la libre circulation de la main d’œuvre a été généralement perçue comme une contribution positive tant au niveau financier qu’au niveau des facteurs de concurrence, bien que les points de vue aient été un peu contrastés concernant l’impact sur la productivité. Les résultats des questionnaires confirment les interviews : les mesures favorisant la circulation de la main-d’œuvre étaient plus importantes que celles portant sur les qualifications professionnelles.
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Taxation (30 responses)

La plupart des répondants ont fait des commentaires sur la réduction de TVA; certains ont identifié d’autres aspects des taxes qui n’étaient pas facilement identifiables comme des mesures politiques de l’UE et ceci pourrait expliquer les réponses selon lesquelles les politiques de taxation auraient une influence négative sur la compétitivité. La majeur partie des jugements ont été positifs mais parmi les facteurs non financiers en compétitivité, seule la satisfaction du client était considérée comme un grand bénéfice.

Recherche et innovation (77 réponses)

Les répondants ont fait part d’une participation significative aux initiatives de recherche et d’innovation de l’UE et ceci les démarque de la majeur partie des entreprises de construction. Ils ont confirmé une vision positive de ces initiatives comme les interviews annonçaient. Tous les facteurs de compétitivité et les bénéfices financiers ont été considérés comme très positifs. Par contre, les interviews avaient plutôt insisté sur les bénéfices de réseaux. Ceci révèlerait encore une fois la diversité des répondants.

Normalisation (46 réponses)

Elle a été perçue positivement étant donné les bénéfices potentiels bien que les répondants soient des concurrents au sein de l’UE pour la plupart. Par conséquent, les réponses n’ont pas éclairé la question de l’impact sur la compétitivité internationale.

Commentaires généraux

Le nombre de réponses au questionnaire a été décevant et relativement peu de suggestions quant à des changements politiques ou de nouvelles approches ont été apportées. Cependant, le questionnaire a permis d’obtenir des points de vue d’un large éventail de pays. À quelques exceptions près, ceux-ci confirmaient les points de vue exprimés lors des interviews. En moyenne, les questionnaires ont donné une impression plus favorable à l’impact des politiques de l’UE que les interviews. Ceci devrait refléter les caractéristiques et le profile des répondants auto-sélectionnés.

Conclusions (Chapitre 9)

Les conclusions de l’étude sont basées sur les opinions et les données obtenues au moyen d’interviews et de questionnaires, s’ajoutant aux discussions de l’atelier d’évaluation et de validation. Depuis le début, il a été reconnu que les interviewés et les répondants au questionnaire ne représenteraient pas un échantillon statistique valide des intérêts de la construction dans l’UE. Cependant, l’équipe est convaincue que les points de vue obtenus sont représentatifs des intérêts de la construction en Europe :

• Les interviews ont été menées dans cinq pays qui montrent un large éventail de cultures économiques et sociales et de structures industrielles de construction. Il y a eu consensus parmi eux sur les politiques et leur impact, les principales différences provenant de mesures de mise en œuvre nationale
• Les réponses au questionnaire proviennent d’un plus large éventail de pays. Elles ont confirmé les conclusions des interviews.
• La plupart des interviewés et environ un tiers des répondants au questionnaire appartiennent à des organismes représentants. Ils ont donc représenté le points de vue d’un plus grand nombre d’entreprises et d’individus.
• Les commentaires et données sur chaque domaine politique proviennent d’un large éventail d’intérêts et de pays.

Manque de données

L’étude a souligné le manque de données fiables sur l’impact des politiques de l’UE. La construction représentant 8 à 10% du PIB européen, ceci est une lacune sérieuse dans l’expertise qui soutient la formulation de politiques. Il n’est pas évident que cette lacune soit
comblée par les évaluations de l’impact menées avant et après l’introduction de mesures politiques. Une possible solution serait de créer un panel d’entreprises dont les opérations pourraient être supervisées pour fournir une base de données sur l’impact de nouvelles politiques. Ceci serait une opération de grande envergure avec un groupe d’entreprises jugées représentatives du secteur de la construction en Europe. Les données issues d’une telle initiative pourraient donc compléter, et non pas remplacer, les conclusions des organes représentatifs pour la formulation de politiques.

Acceptation des politiques

Cependant, l’étude ne démontre pas que les mesures politiques de l’UE soient perçues comme inutiles ou excessives. Les réponses aux interviews et questionnaires ont montré qu’en général le jugement est positif malgré une certaine préoccupation concernant la variabilité de l’interprétation et dans certains cas, le manque de ressources pour l’application des mesures. L’impact de certaines politiques « permissives » a été jugé marginal.

Amélioration de la formulation de politiques

Des conclusions générales peuvent être tirées en ce qui concerne les processus de formulation de politiques:

- Une approche de ‘systèmes’ pourrait être avantageuse. Celle-ci considérerait la chaîne complète des responsabilités et actions requises pour une mise en œuvre effective tenant compte des mesures nationales prévues et des modes de mise en œuvre. Ceci pourrait être introduit dans le contexte de simplification de la législation de l’Union européenne.

- Une meilleure appréciation du contexte d’une mesure politique prévue est nécessaire. En particulier, alors qu’une mesure individuelle peut sembler justifiée, l’impact de la totalité des mesures dans un domaine politique peut être important. Ceci serait éclairci par une meilleure compréhension des activités de construction, assistée par le panel mentionné ci-dessus.

- Une vue d’ensemble des conséquences de mesures politiques serait utile, particulièrement en ce qui concerne la concurrence avec l’économie informelle où des mesures réglementaires risqueraient de faire basculer le travail vers le secteur informel. Les objectifs politiques gagneraient en efficacité à être moins ambitieux et moins coûteux. De plus, les changements dans les activités de construction stimulés par certaines mesures (changements dans les matériaux, les pratiques de travail, etc.) ont aussi leurs inconvénients et devraient être évalués.

Lorsque les interviewés ont commenté ces points, ils les ont mis en rapport avec un manque de compréhension de la construction au sein des unités de la Commission responsable des politiques qui ont un impact sur l’industrie; un programme d’insertion a été proposé. Mais étant donné que beaucoup de politiques ont un impact potentiel sur la construction, il ne serait pas faisable pour toutes les unités de la Commission concernées d’avoir une bonne appréciation du secteur. Ceci souligne le besoin d’une consultation et communication efficaces dans les structures de la Commission.

Approches politiques alternatives

Les interviewés ont révélé une acceptation des actuelles approches réglementaires à la promotion de bonnes pratiques environnementales. Des approches alternatives proposées sont les suivantes:

- Extension des mécanismes de marché, surtout dans le secteur environnemental avec une récompense pour la réduction d’émissions de carbone.
- Meilleur usage de l’approvisionnement public afin d’augmenter la qualité.
- Rôle accru du secteur des assurances pour faire appliquer (et éventuellement pour mettre en place) des normes de performance.
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- Promotion de projets de qualité « de marque » afin d'assister les entreprises légitimes dans la concurrence avec celles du secteur informel.

Conclusions quant aux domaines politiques individuels

Les conclusions à tirer des interviews et des réponses au questionnaire sur les domaines politiques individuels ont été résumés plus haut. Elles sont complémentaires car les points de vue d'un éventail élargi de pays représenté par les répondants au questionnaire n'ont pas contredit ceux des interviewés. Les répondants au questionnaire ont ajouté quelques commentaires concernant l'impact de politiques sur des facteurs individuels de compétitivité ainsi que des estimations de l'impact financier sur les entreprises et autres organisations. Le domaine principal où il y a eu divergence a été l'évaluation des impacts environnementaux, où les répondants au questionnaire ont jugé plus significatif l'impact des mesures environnementales sur la construction.

Études futures à envisager

Cette étude a fourni une vue d'ensemble de l'impact de certaines politiques sur tout le secteur de la construction. D'autres études pourraient à l'avenir se concentrer sur les aspects individuels de la concurrence, comme les facteurs qui sous-tendent les points forts européens sur le marché mondial pour les services de construction et comment les politiques au niveau européen peuvent renforcer ces points forts.

Derniers commentaires sur les politiques de l'UE et la compétitivité

Les conclusions générales de l'étude pour les trois dimensions de la compétitivité délimitant la collection de données sont:

- Concurrence mondiale
  
  L'étude démontre que les politiques de l'UE, notamment en matière de protection environnementale a encouragé la compétitivité des entreprises dans les marchés mondiaux. Les Eurocodes ont été développés dans ce sens mais leur impact reste à évaluer à l'avenir.

- Concurrence locale
  
  Certains répondants aux questionnaires étaient prêts à dire que les coûts et bénéfices excédaient 1% du chiffre d'affaire. Cependant, la plupart n'étaient pas en mesure de juger ou d'estimer des chiffres inférieurs. Le coût de politiques de réglementation, au niveau de 1%, serait important, mais les répondants au questionnaire considèrent en moyenne que même ceux-ci ont entraîné des bénéfices financiers nets, supposément grâce à l'encouragement d'une meilleure gestion et d'économies déduites.

  L'impact financier général de toutes les politiques de l'UE étudiées n'a pu être estimé étant donné le manque de données et par conséquent, le résultat en terme de compétitivité générale de l'économie de l'UE reste incertain. Cependant, étant donné la portée du secteur de la construction, il est important d'assurer que les politiques imposant des coûts soient aussi rentables que possible.

- Économie informelle
  
  Il existe des indices selon lesquels la réduction de la TVA sur les petits travaux de construction a réduit l'attraction de l'économie informelle, permettant ainsi de corriger un écart de prix dû aux politiques qui imposent des coûts aux entreprises légítimes. Cependant, ces indices ne sont pas universellement acceptés. Alors que l'impact sur la concurrence en Europe n'est pas clair, il est pertinent pour la création d'une économie européenne durable et un bon emploi.
Remerciements


École Commerciale de Manchester, Royaume Uni
27 novembre 2006.
Executive Summary (German)

Analyse und Einschätzung von Elementen bestimmter Gemeinschaftspolitiken, die sich auf die Wettbewerbsfähigkeit des Bausektors auswirken

Endbericht – Kurzfassung

Kurzfassung (Deutsch)


Einleitung (Kapitel 1)

Am Forschungskonsortium waren die folgenden Partnerinstitutionen beteiligt. Die wichtigsten Mitarbeiter an dieser Studie sind gleichfalls aufgeführt.

Manchester Business School
University of Manchester, Vereinigtes Königreich
(Dr. John Rigby, Professor Graham Winch, Professor Roger Courtney, Dr Mercedes Bleda, Dr Deborah Cox)

Abteilung für Wirtschaftswissenschaften (Department of Economic Science)
National und Kapodistrian Universität Athen, Griechenland
(Professor Lena Tsipouri, Ms Natali Panagiotidi)

Dienstleistungs- und Prozeßinnovationszentrum (Services and Processes Innovation Centre)
Centre Scientifique et Technique du Bâtiment (CSTB), Paris, Frankreich
(Dr. Marc Colombard-Prout, Ms Nadine Roudil, Dr Frederic Bougrain)

Abteilung für Baumanagement (Division of Construction Management)
Lund Institut für Technologie (Lund Institute of Technology), Schweden
(Professor Bengt Hansson, Kristian Widen)

ASM Zentrum für Marktforschung- und Analyse
(ASM Market Research and Analysis Centre Ltd), Kutno, Polen
(Ms Elbieta Syrda, Ms Izabela Kowalska)


Der politische Rahmen

Der politische Kontext dieser Studie ist das Ziel der Schaffung einer global wettbewerbsfähigen europäischen Wirtschaft bis zum Jahre 2010, wie es auf der Sitzung des

**Arbeitsprogramm**

Das Arbeitsprogramm der Studie bestand aus 5 Aufgabenbereichen:

**Aufgabenbereich 1** Überprüfung und Bewertung bisheriger Studien und Untersuchungen

Hierzu gehörte sowohl die Rezeption behördlicher Literatur zur Politikumsetzung, als auch die Beurteilung der wissenschaftlichen Fachliteratur zu Politikfolgen und Wettbewerbsfaktoren.

**Aufgabenbereich 2** Erste Einschätzung der politischen Maßnahmen und ihrer möglichen Auswirkungen

Erstellt wurde ein umfassender Überblick, der eine Erstbeurteilung des Ausmaßes der wahrscheinlichen Folgen der Maßnahmen aller Politikbereiche für das Baugewerbe vornahm. Auf dieser Grundlage wurden diejenigen politischen Maßnahmen ausgewählt, die später im Detail untersucht wurden.

**Aufgabenbereich 3** Entwicklung von Vorschlägen zur Datensammlung, hierzu gehörten Methoden und Themenabdeckung

Die prinzipielle Methode zur Datenerhebung im Hinblick auf Politikfolgen bestand darin, Interviews mit Betroffenen und Interessenvertretern aus dem Baugewerbe zu führen. Hierzu kam ein Internetfragebogen mit hohem Verbreitungsgrad, der insbesondere auf die Mitgliedsstaaten zielte, die nicht im Forschungsteam vertreten waren.

**Aufgabenbereich 4** Datensammlung und Analyse

Die Interviews wurden von Mitglieder des Forschungsteams durchgeführt und ausgewertet. Zusammen mit den Daten aus den Internetfragebögen führte die Analyse zu allgemeinen sowie detaillierten Schlussfolgerungen bezüglich der Folgen der europäischen Politik auf den Bausektor sowie zu Veränderungsvorschlägen.

**Aufgabenbereich 5** Berichterstattung

Ein Zwischenbericht, ein Endbericht und ein Fortschrittsbericht wurden erstellt.

Hierzu kam ein sechster Bereich mit den Aufgaben Projektmanagement und Zusammenarbeit mit der Kommission, dies beinhaltete die Teilnahme und Protokollierung der Treffen des
Management- und Lenkungsausschusses (Management and Steering Group MSG), der von der Einheit Baugewerbe eingerichtet wurde, um den Fortschritt der Studie zu verfolgen.

Das Arbeitsprogramm wurde nach folgendem Zeitplan durchgeführt:

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**Umfang der Studie und Definition von „Wettbewerbsfähigkeit“** (Kapitel 2)


**Wettbewerbsfähigkeit**

Der Begriff der Wettbewerbsfähigkeit wurde innerhalb des folgenden Rahmens erörtert:

- Einige Bauunternehmen sind auf internationalen Märkten tätig, diese stellen jedoch eine kleine Minderheit dar.

- Die meisten Firmen der Baubranche stehen lediglich mit anderen europäischen Unternehmen im Wettbewerb und häufig nur mit Unternehmen aus ihrer eigenen Region.

Deshalb entsteht der Einfluss des Baugewerbes auf die Wettbewerbsfähigkeit der europäischen Wirtschaft hauptsächlich durch die Nutzung von Ressourcen oder
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— allgemein ausgedrückt — durch sein Kostenniveau. Die Auswirkungen der Politik auf die Kostenbasis der Unternehmen standen deshalb im Mittelpunkt dieser Studie.

- Unternehmen, die sich auf kleinere Bautätigkeiten, wie die Reparatur und Renovierung von Wohnhäusern konzentrieren, befinden sich im Wettbewerb mit dem informellen Sektor bzw. der „grauen“ Ökonomie. Einige politische Maßnahmen wirken sich auf die Wettbewerbsfähigkeit dieser Unternehmen aus.

Literaturüberblick (Kapitel 3)

Das Team hat die bestehende Fachliteratur umfangreich gesichtet, und nicht nur wissenschaftlichen Artikel rezipiert, sondern außerdem „offizielle“ Untersuchungen und Parlamentsberichte sowie relevante Mitteilungen der EG. Die Recherche wurde mit dem Ziel durchgeführt, zwei Aspekte zu beleuchten: (a) Faktoren, die die Wettbewerbsfähigkeit von Unternehmen und Wirtschaftssektoren unterstützen und (b) die Folgen politischer Maßnahmen auf die Wettbewerbsfähigkeit.

Aus der Untersuchung der Fachliteratur ergaben sich eine Anzahl von Definitionen des Begriffs „Wettbewerbsfähigkeit“ sowie eine Reihe von Faktoren, von denen angenommen wird, dass sie einen Einfluss auf die Wettbewerbsfähigkeit einzelner Unternehmen und des Sektors besitzen. Diese Aspekte sind in der folgenden Liste zusammengefasst worden und bildeten den inhaltlichen Rahmen für den späteren Prozess der Datensammlung:

- Kosten der Endproduktion
- Qualität der Dienstleistung bzw. der Endproduktion
- Kundenzufriedenheit
- Arbeitsproduktivitäts- und Fertigkeitsniveau
- Umweltkompetenz
- Innovationsfähigkeit

Wie erwartet, wurden in der Fachliteratur keine für die vorliegende Studie direkt relevanten Artikel zur Folgenabschätzung gefunden. Allerdings wurden in der einschlägigen Literatur Anhaltspunkte dafür entdeckt, dass ordnungspolitische Maßnahmen sich positiv auf einzelne Industriesektoren auswirken aber auch Zwänge und Kosten schaffen können. Außerdem fanden sich Hinweise darauf, dass direkte Befehls- und Steuerungsmaßnahmen („command and control“) Regulierungsformen sind, die dazu tendieren, höhere Begleitkosten zu verursachen, als Ansätze, die auf Markttreiber ausgerichtet sind.

Eine Liste der rezipierten Literatur findet sich im Anhang (ANNEX D) dieses Berichts.

Überblick zu politischen Instrumenten (Kapitel 4)

Das Forschungsteam hat aus verschiedenen Quellen eine Reihe politischer Maßnahmen identifiziert, die als folgenrelevant für das Baugewerbe betrachtet wurden und die ein weites Spektrum verschiedener wirtschaftspolitischer und sozialpolitischer Zielvorgaben abdecken. Hier finden sich sowohl ordnungspolitische Maßnahmen (z.B. Richtlinien), als auch Programme der Kommission oder andere Initiativen, die darauf ausgelegt sind, vorbildliches Arbeiten, Innovationen usw. zu fördern. Die Liste ist im Anhang (ANNEX G) dieser Untersuchung zu finden.

Die jeweiligen Politikbereiche wurden von Experten beurteilt, um einzuschätzen, ob die politischen Maßnahmen entsprechende Auswirkungen auf Unternehmen und Tätigkeiten des Baugewerbes hatten. Die einzelnen Beurteilungen befinden sich im Anhang (ANNEX H) des vorliegenden Berichts. Trotz unterschiedlicher Methodik wurden in jedem Fall folgende Komplexe diskutiert:

- Die Zielsetzungen der europäischen Politik und die verschiedenen Instrumente mit denen diese Vorgaben gefördert wurden
Die Veränderungen, mit denen in der Praxis und im Wirtschaftsumfeld zu rechnen ist

Die Frage, ob die Umsetzung politischer Maßnahmen tatsächlich zu Veränderungen im Baugewerbe geführt hat (es könnte beispielsweise der Fall sein, dass die europäische Gesetzgebung eher bereits bestehende Handlungsweisen reflektiert hat, als tatsächlich selbst Veränderungen hervorzubringen)

Die Wichtigkeit und Bedeutung der Veränderungen, beispielsweise ob sie das gesamte Baugewerbe betreffen, oder nur einige Bereiche, Tätigkeiten usw.

Inwiefern die Veränderungen typisch für den Bausektor waren oder ob sie Veränderungen in anderen Branchen ähnelten

Diese Beurteilungen wurden durch Beiträge der Generaldirektion und europäischer Interessenverbände des Baugewerbes unterstützt, die im Anhang zu finden sind (ANNEXES F, G).


Auf Wunsch des Kontroll- und Lenkungsausschusses wurden zusätzlich einige andere Politikbereiche in die Untersuchung miteinbezogen. Die Untersuchung dieser Bereich ergab jedoch, dass sie keine signifikanten Auswirkungen hatten.

Die Beurteilungen ergaben, dass folgende Politikbereiche im Detail zu untersuchen waren:

Umwelt (insbesondere Abfall- und Deponiepolitik)
Arbeits- und Gesundheitsschutz
Öffentliches Auftragswesen
Arbeitnehmerfreizügigkeit (einschließlich der Anerkennung beruflicher Qualifikationen)
Besteuerung (insbesondere Konzessionen, die es ermöglichen, einen ermäßigten MwSt.-Satz für bestimmte Bautätigkeiten in Rechnung zu stellen)
Forschung und Innovation
Standardisierung (mit Ausnahme der Bauproduktenrichtlinie)

Die wichtigste politische Initiative im Bereich der Standardisierung betrifft die Entwicklung und Einführung struktureller Eurocodes. Diese Maßnahme unterscheidet sich von anderen untersuchten Politiken dadurch, dass die Eurocodes noch nicht voll entwickelt sind. Deshalb äußerten sich die Interviewteilnehmer eher zu ihren Erwartungen, als zu tatsächlichen Auswirkungen. Trotzdem wurde dieser Bereich in die Untersuchung miteinbezogen, weil die Einführung der Eurocodes das einzige Beispiel für eine politische Maßnahme ist, die – zumindest teilweise – darauf abzielt, die Position und die Interessen der europäischen Baubranche auf dem Weltmarkt zu stärken.

Datensammlung – Interviews (Kapitel 5)

Die hauptsächliche Methode der Datensammlung zu den Auswirkungen der politischen Maßnahmen bestand darin, Interviews mit Interessenvertretern und Betroffenen aus der Baubranche in den Mitgliedstaaten der Partnerorganisationen zu führen. Um einen einheitlichen Ansatz zu gewährleisten, wurden allen Partnerinstitutionen detaillierte Anleitungen zur Interviewdurchführung und zur Auswahl der Interviewpartner zur Verfügung gestellt (ANNEX I). Die meisten Interviews wurden telefonisch durchgeführt, wobei den
Gesprächspartnern im Vorfeld Informationen zu dieser Untersuchung und eine Zusammenfassung der zur Diskussion stehenden Politikbereiche zur Verfügung gestellt wurden. Die Interviewteilnehmer wurden dann gebeten, diejenigen Politikbereiche auszuwählen, die ihnen für die Diskussion am wichtigsten erschienen.


Den Partnerinstitutionen wurde ein Rahmen zur Auswahl der Interviewteilnehmer zur Verfügung gestellt. Dadurch wurde gewährleistet, dass die wichtigsten Interessen der europäischen Baubranche, die für die untersuchten Politiken relevant waren, abgedeckt wurden. Es wurde erwartet, dass die Partnerorganisationen die meisten Interviews mit Vertretern von Interessenorganisationen, Regierungsstellen, Regulierungsbehörden usw. führen würden; und es wurde vorgeschlagen, dass sie die meisten Firmeninterviews mit Unternehmen führen sollten, die in verschiedenen Mitgliedsstaaten tätig sind, so dass Erfahrungen mit der Politikumsetzung in unterschiedlichen Ländern reflektiert werden. Außerdem würden solche Firmen am ehesten in der Lage sein, sich zu den Auswirkungen der Politik im Hinblick auf die Schaffung eines europäischen Marktes für Tätigkeiten und Dienstleistungen des Baugewerbes zu äußern.

Zusätzlich zu den Interviews, die in den Mitgliedsstaaten stattfanden, wurden einige Interviews mit Industrievertretern, Mitarbeitern der Kommission u.a. auf europäischer Ebene durchgeführt.

**Entwicklung des Onlinefragebogens (Kapitel 8)**


**Daten und Meinungen aus den Interviews (Kapitel 7)**

Die Durchführung der Interviews begann Ende April und wurde bis September fortgesetzt. Insgesamt wurden 112 Interviews durchgeführt, die sich wie folgt auf die einzelnen Länder verteilten:

- Europäische Institutionen: 11
- Frankreich: 19
- Griechenland: 18
- Polen: 25
- Schweden: 21
- Vereinigtes Königreich: 18
Einige Interviews wurden mit Mitarbeitern aus mehr als einer Organisationen geführt, in anderen Fällen wurde mehr als ein Interview mit Mitarbeitern der gleichen Institution gemacht. Insgesamt wurden Meinungen aus 103 verschiedenen Organisationen eingeholt, darunter 38 Firmen sowie 65 Interessenorganisationen, Regierungsstellen usw. Die jeweiligen nationalen Partner des Forschungskonsortiums führten Interviews durch, die ein weites Spektrum von Interessen reflektieren. Details zu den Befragten finden sich im Anhang (ANNEX M).

Wie erwartet äußerten sich die Befragten in stärkerem Maße zu Regulierungsmaßnahmen als zu permissiven Politiken, aber insgesamt wurden Kommentare zu allen Politikbereichen geäußert, die somit von einem weiten Interessenspektrum beurteilt wurden. Die kleinste Anzahl von Äußerungen bezogen sich auf die Bereiche Steuern und Forschung (16), die größte auf den Bereich öffentliche Auftragsvergabe (46). Die Befragten bestätigten, dass die Politikbereiche, die aufgrund der Beurteilungen ausgewählt worden waren, die Bereiche sind, von denen sie glauben, dass sie die größten Auswirkungen auf das Baugewerbe haben.

Insgesamt wiesen die Ansichten, die zu den einzelnen Politiken geäußert wurden, keine großen nationalen Unterschiede auf. Gleichfalls konnte keine große Variation bezüglich des Hintergrunds der Interviewten festgestellt werden. Die meisten Differenzen konnten auf die unterschiedliche nationale Umsetzung politischer Maßnahmen durch Mitgliedsstaaten zurückgeführt werden.

**Umwelt**

Die Befragten waren generell der Meinung, dass Maßnahmen bezüglich der Abfallentsorgung und Deponien die größten Auswirkungen gehabt hätten. Im Besonderen waren Bauunternehmen der Meinung, dass diese Maßnahmen entscheidende Veränderungen in der Art und Weise wie einzelne Baufirmen operieren verursacht hätten. Allerdings gab es keine Daten zu den Nettokosten, die in Verbindung mit diesen Maßnahmen stehen. Es wurden Bedenken geäußert, die sich auf die Unterschiedlichkeit von Handhabungen einzelner Mitgliedsstaaten bezogen, und Bauunternehmen waren der Meinung, dass die Definition von Abfällen dahingehend verändert werden sollte, dass nicht verunreinigte Böden als Abfall ausgeschlossen werden. (Dieser Sachverhalt ist einer der wenigen in dieser Studie dokumentierten Fälle, in der die Ablehnung einer politischen Maßnahme auf europäischer Ebene ausgedrückt wurde und nicht auf der Ebene der nationalen Durchführung von Maßnahmen). Die Befragten gaben an, dass die Maßnahmen das Bewusstsein für Fragen des Recycling und andere neue Arbeitsweisen erhöhten und somit den Wettbewerb im Umweltbereich verstärkten. Die Maßnahmen hätten nur geringe Auswirkungen auf andere Aspekte der Wettbewerbsfähigkeit gehabt, allerdings wirken sie sich auf die Position legitimer Firmen aus, die in Konkurrenz zum informellen Sektor stehen. Es wurden außerdem einige Vorschläge gemacht, die auf die stärkere Anwendung ökonomischer Instrumente abhoben.

**Gesundheits- und Arbeitsschutz**

Die Befragten gaben an, dass gemeinschaftspolitische Maßnahmen signifikante Auswirkungen auf die Praktiken der Baubranche gehabt hätten und akzeptierten, dass gute Standards im Bereich des Gesundheits- und Arbeitsschutzes wesentlich für die moderne Baubranche sind. Allerdings wurden Bedenken im Hinblick auf die unterschiedliche Handhabung von Standards in den einzelnen Mitgliedsstaaten geäußert, da unterschiedliche Praktiken Auswirkungen auf den transnationalen Wettbewerb hätten. Außerdem würden Maßnahmen nicht angemessen umgesetzt, was Folgen für die Wettbewerbsposition legitimer Firmen im Vergleich zum informellen Sektor habe. Einige der Befragten gaben an, dass Statistiken zur Sicherheit im Bauwesen EU-weit nicht einheitlich erhoben werden, und dass es deshalb unmöglich sei, Schlüsse bezüglich der Effektivität der unterschiedlichen Durchsetzungspraktiken zu ziehen. Einer der Befragten war der Meinung, dass die Rolle, die Versicherungen bei der Durchsetzung angemessener Sicherheitsstandards spielen, größer

Öffentliche Auftragsvergabe


Arbeitnehmerfreizügigkeit


Die formale Anerkennung beruflicher Qualifikationen wurde als nützlich, jedoch nicht als entscheidend für die EU-weite Mobilität von Arbeitnehmern eingeschätzt. Die Auswirkungen auf die Wettbewerbsfähigkeit seien deshalb minimal. Es sei gängige Praxis größerer Unternehmen aus dem Bereich Design, Arbeitnehmer aus anderen Ländern einzustellen und deren Qualifikationen zu beurteilen. Selbstständige Arbeitnehmer mit Qualifikationen eines anderen Mitgliedsstaates, die sich in einem Mitgliedsstaat niederlassen wollen, stoßen auf Schwierigkeiten, die mit Prozessen der Baugenehmigung in Verbindung stehen (und manchmal auch auf informelle Barrieren). Es wurde angemerkt, dass einheitlichere Versicherungsangebote für solche selbstständigen Arbeitnehmer dazu beitragen könnten, einen einheitlichen europäischen Markt im Bereich der Designdienstleistungen zu schaffen.

Besteuerung

Interviewteilnehmer aus Ländern, die davon profitieren, dass für bestimmte kleinere Baudienstleistungen ein reduzierter Mehrwertsteuersatz in Rechnung gestellt werden kann, äußerten sich sehr positiv zu dieser Möglichkeit und verwiesen auf französische Studien nach denen, sich der reduzierte Mehrwertsteuersatz im Allgemeinen positiv auf die öffentlichen Finanzen ausgewirkt und zusätzliche Arbeitsplätze geschaffen habe. Diese Studien deuteten gleichfalls darauf hin, dass die Maßnahme zu einer Reduzierung des Arbeitsvolumens in informellen Sektor geführt habe. Interviewteilnehmer aus Frankreich bestätigen diese Einschätzung. Arbeitnehmerinteressenvertreter äußerten sich skeptischer und verwiesen auf
andere Studien, die die Folgerung, dass die Maßnahme die legitime Beschäftigung erhöht habe, bestritten. Befragte aus anderen Ländern, in denen die Konzession nicht eingeführt wurde, sprachen sich für die Einführung eines reduzierten Mehrwertsteuersatzes aus. Es wurde der Vorschlag gemacht, die Steuervergünstigung auf alle Bautätigkeiten auszuweiten, die die Energieeffizienz eines Gebäudes verbessern.

**Forschung und Innovation**


**Standardisierung**


**Weitere politische Maßnahmen**

Die Befragten nahmen zudem Bezug auf einige andere Maßnahmen, so die Maschinenrichtlinie, die REACH (Rechtsrahmen für chemische Stoffe) -Richtlinie sowie Regelungen zur Unternehmensbuchführung. Die Relevanz der Reach-Richtlinie für Baumaterialien wurde erkannt, aber mögliche Auswirkungen beziehen sich auf die Zukunft. Andere Politiken erschienen den Befragten weniger wichtig, als die hier detailliert untersuchten Maßnahmen.

**Auswertung der Fragebogendaten (Kapitel 8)**


Insgesamt erhielten wir 376 Kommentare zu einzelnen Politikbereichen, von denen sich die kleinste Zahl auf den Bereich Steuern bezog (30), während die meisten Kommentare zum Bereich Umwelt sowie zum Bereich Forschung und Innovation eingingen (jeweils 77

Die Daten aus der Fragebogenerhebung stammen nicht aus einer statistisch gültigen Stichprobe von Interessengruppen des europäischen Bausektors, deshalb kann die vorliegende Analyse lediglich Hinweise auf die Standpunkte dieser Interessen geben. Wegen der eingeschränkten Gültigkeit der Daten wurde in der Auswertung nicht zwischen den Antworten von Interessenvertretern und einzelnen Institutionen unterschieden.

Umwelt (77 Antworten)

Die Befragten wurden aufgefordert Aspekte der Umweltpolitik auszuwählen, die ihrer Meinung nach die größten Auswirkungen gezeigt haben. Hier zeigten sich die größten Unterschiede im Vergleich zu den Interviewdaten, da mehr als die Hälfte aller Antwortenden Bereiche auswählten, die sich nicht auf Abfälle und Deponien bezogen. Es war nicht möglich, eine endgültige schlüssige Erklärung für diese Diskrepanz zu finden; es wurde vermutet, dass einige der Unterschiede (z.B. im Bereich Lärmschutz oder Materialien) auf Überschneidungen mit dem Bereich Gesundheits- und Arbeitsschutz zurückzuführen sind. Insgesamt sahen die Antwortenden umweltpolitische Maßnahmen als finanziell vorteilhaft an – möglicherweise weil sie Verbesserungen im Management stimulieren – und betrachteten sie gleichfalls als positiv hinsichtlich ihrer Auswirkungen auf Wettbewerbsfaktoren. Es gab Hinweise darauf, dass Firmen die auf internationalen Märkten operieren, umweltpolitische Maßnahmen als vorteilhaft erachten.

Gesundheits- und Arbeitsschutz (59 Antworten)

Die Befragten identifizierten keine einzelne Maßnahme als besonders wichtig. Es zeichnete sich wiederum eine insgesamt positive Beurteilung der finanziellen Auswirkungen ab, allerdings führten einige Befragten signifikant gestiegene Kosten an. Die Auswirkungen auf Wettbewerbsfaktoren wurden positiv beurteilt, mit Ausnahme der Folgen für die Produktivität. Hier lagen genauso viele positive wie negative Antworten vor. Per Saldo wurden die Auswirkungen auf die Wettbewerbsfähigkeit als eher positiv beurteilt.

Öffentliche Auftragsvergabe (48 Antworten)


Arbeitnehmerfreizügigkeit (39 Antworten)

Wie zu erwarten, wurden Maßnahmen zur Arbeitnehmerfreizügigkeit in ihren finanziellen Folgen und ihren Auswirkungen auf Faktoren der Wettbewerbsfähigkeit überwiegend positiv beurteilt, obgleich eine Polarisierung der Antworten bezüglich der Folgen für die Produktivität zu beobachten war. Die Ergebnisse bestätigten die Interviewdaten dahingehend, dass Maßnahmen, die die Mobilität von Arbeitskräften fördern als wichtiger erachtet wurden, als solche, die berufliche Qualifikationen betreffen.
Steuern (30 Antworten)

Die meisten Befragten brachten ihre Meinung zu Mehrwertsteuerkonzessionen zum Ausdruck, während einige der Befragten sich zu Aspekten von Steuern äußerten, die nicht ohne weiteres als Maßnahmen der europäischen Gemeinschaftspolitik zu identifizieren waren. Der letztere Umstand mag die Antworten erklären, die in der Streuropolitik stark negative Einflüsse auf die Wettbewerbsfähigkeit erkannten. Die deutliche Mehrheit aller Antworten war positiv, allerdings wurden unter den nicht-finanziellen Faktoren lediglich die Kundenzufriedenheit als ein stark von den Maßnahmen profitierender Faktor genannt.

Forschung und Innovation (77 Antworten)

Die Antworten dokumentierten eine weit verbreitete Teilnahme an Initiativen der EU zu Forschung und Innovation. Die Befragten sind daher verglichen mit der Mehrheit der Unternehmen der Baubranche als atypisch zu betrachten. Die Antworten bestätigten die positiven Beurteilungen aus den Interviews, die Auswirkungen auf alle Wettbewerbsfaktoren wurden als positive erachtet, dazu kam eine deutlich positive Einschätzung der finanziellen Folgen. Im Gegensatz hierzu hatten die Interviewteilnehmer positive Auswirkungen auf die Vernetzung betont. Hier mag wiederum die unterschiedliche Zusammensetzung der Antwortenden zum Ausdruck gekommen sein.

Standardisierung (46 Antworten)

Die Antworten ergaben wiederum positive Beurteilungen der voraussichtlich vorteilhaft en Auswirkungen der Maßnahmen, obgleich die meisten Befragten nur im europäischen Wettbewerb stehen und deshalb Fragen der Auswirkungen auf die internationale Wettbewerbsfähigkeit nicht beantwortet werden konnten.

Allgemeine Kommentare

Insgesamt war der Rücklauf der Fragebögen quantitativ enttäuschend und enthielt relativ wenig Vorschläge dazu, wie Politik oder Herangehensweisen verändert werden könnten. Trotzdem war der Fragebogen insofern erfolgreich, als dadurch Einschätzungen aus einer größeren Anzahl von Ländern gewonnen werden konnten. Mit wenigen Ausnahmen bestätigten die Antworten die Beurteilungen, die sich aus den Interviews ergeben hatten. Obgleich die Fragebogenteilnehmer eine insgesamt etwas positivere Einschätzung der EU-Politik zum Ausdruck brachten als die Interviewteilnehmer. Dies mag mit der Charakteristik und Perspektive von Befragten zusammenhängen, die sich selbst als Teilnehmer „ausgesucht“ haben.

Schlussfolgerungen (Kapitel 9)

Die Schlussfolgerungen dieser Studie basieren auf den Meinungen und Daten, die durch die Interviews und durch den Fragebogen gewonnen werden konnten. Ergänzt wurden sie durch die Ergebnisse der Diskussionen auf dem Evaluations- und Validierungsworkshop. Es war von Anfang an offensichtlich, dass die Gruppe der Interviewten und die Unternehmen und Institutionen, die den Fragebogen beantwortet hatten, keine statistisch gültige Stichprobe der Interessen des Bausektors in der EU darstellen würden. Nichtsdestotrotz ist das Forschungssteam davon überzeugt, dass die gewonnenen Ansichten im Großen und Ganzen als repräsentativ für die Interessen des europäischen Bauwesens gelten können:

- Die Interviews wurden in fünf Ländern geführt, die eine große Spannbreite hinsichtlich ihrer ökonomischen und sozialen Kulturen sowie den Strukturen der Bauindustrie aufweisen. Die Antworten aus diesen Ländern zeigten eine grundsätzliche Übereinstimmung im Hinblick auf die politischen Maßnahmen und ihren Auswirkungen. Die Hauptunterschiede können auf unterschiedliche nationale Umsetzungsmaßnahmen zurückgeführt werden.
- Die Fragebogenteilnehmer stammen aus einer größeren Zahl von Ländern und stimmen inhaltlich mit den Ergebnissen der Interviews überein.
Die Mehrzahl der Interviewteilnehmer und ca. ein Drittel der auf den Fragebogen Antwortenden waren Mitarbeiter von Interessenvertretungsorganisationen. Deshalb können die zum Ausdruck gebrachten Ansichten als repräsentativ für eine weitaus größere Zahl von Firmen und Einzelpersonen gelten.

Die Daten und Kommentare zu den einzelnen Politikbereichen stammen aus einer großen Anzahl verschiedener Interessen und Ländern.

Fehlende Daten

Die Studie wirft ein Licht auf den Mangel zuverlässiger Daten zu EU-Politikfolgen. Angesichts der Tatsache, dass auf die Bauindustrie 8-10% des Bruttosozialprodukts in der EU entfallen, sollte dies als einzunehmende Lücke innerhalb des Wissens gelten, dass einen wichtigen Beitrag zur Formulierung von Politiken leistet. Es ist nicht offensichtlich, ob die jetzt vor der Einführung neuer Politiken durchgeführten Folgenabschätzungen zusammen mit den Beurteilungen der Durchführung der politischen Maßnahmen diese Lücke schließen können.


Akzeptanz der Politiken

Allerdings gibt diese Untersuchung keinerlei Hinweise darauf, dass Maßnahmen der europäischen Gemeinschaftspolitik als unnötig oder exzessiv betrachtet werden. Generell können die Ansichten, die aus den Interviews und dem Fragebogen gewonnen wurden, als positiv gelten, obwohl Bedenken hinsichtlich der Variabilität von Interpretationen geäußert wurden und in einigen Fällen ein Mangel an Ressourcen zur Durchsetzung und Überwachung beklagt wurde. Außerdem wurden die Auswirkungen einiger permissiver Maßnahmen als marginal beurteilt.

Verbesserung des politischen Prozesses

Hinsichtlich des Prozesses der Politikentwicklung können einige allgemeine Schlüsse gezogen werden:


durch politische Maßnahmen hervorgerufenen Veränderungen in der Praxis des Bauwesens (Veränderungen im Materialbereich, bei Arbeitsweisen usw.) Nachteile mit sich bringen, die evaluiert werden sollten.


**Alternative politische Herangehensweisen**

Die Interviews ergaben, dass die momentanen regelbasierten Herangehensweisen zur Förderung vorbildhaften Verhaltens auf dem Gebiet des Umweltschutz usw. akzeptiert werden. Außerdem wurden folgende alternative Herangehensweisen genannt:

- Ausweitung marktbasierter Mechanismen, besonders im Bereich der Umwelt. Solche Maßnahmen könnten insbesondere die Reduzierung von Kohlendioxid-Emissionen belohnen.
- Verstärkter Nutzen der öffentlichen Auftragsvergabe, um Standards zu erhöhen
- Eine größere Rolle des Versicherungswesens bei der Durchsetzung (und möglicherweise Formulierung) verbindlicher Leistungsstandards
- Die Förderung von „Marken-Qualitätsprogrammen“, um Firmen des legitimen Sektors im Wettbewerb mit dem informellen Sektor zu unterstützen.

**Schlussfolgerungen hinsichtlich einzelner politischer Bereiche**


**Mögliche Anschluss-Studien**

Mit der vorliegenden Studie wurde ein Überblick über die Politikfolgen auf den gesamten Bausektor gegeben. Zukünftige Anschluss-Studien könnten sich auf einzelne Aspekte der Wettbewerbsfähigkeit beziehen, z.B. auf Faktoren, die die Wettbewerbsfähigkeit europäischer Firmen auf dem Weltmarkt für Baudienstleistungen stärken, oder darauf, wie politische Maßnahmen auf europäischer Ebene existierende Wettbewerbsvorteile europäischer Unternehmen ausbauen könnten.

**Schlusskommentar zu EU-Politiken und Wettbewerbsfähigkeit**

Aufgrund dieser Studie können folgende Schlussfolgerungen bezüglich der drei Dimensionen der Wettbewerbsfähigkeit, die den Rahmen der Datensammlung bildeten, gezogen werden:

- **Weltweiter Wettbewerb**
Es gab Hinweise darauf, dass EU-Politiken – insbesondere im Bereich des Umweltschutzes – die Wettbewerbsfähigkeit von Firmen auf dem Weltmarkt verbessert haben. Es wurde auch erwartet, dass die Einführung der Eurocodes hierzu beitragen wird, allerdings geht es hier um zukünftige Auswirkungen.

- **Lokaler Wettbewerb**

Einige Fragebogenteilnehmer gaben an, dass die Auswirkungen bezüglich auf Kosten als auch auf Vorteile mehr als 1% des Umsatzes ausmachen könnten. Die Mehrzahl aller Antwortenden sah sich allerdings nicht in der Lage, eine solche Einschätzung vorzunehmen oder gab eine kleinere Zahl an. Falls die Kosten der regelsetzenden Politiken tatsächlich bei einer Marke von einem Prozent lägen, wären sie beträchtlich. Gleichzeitig brachten die Fragebogenteilnehmer jedoch zum Ausdruck, dass die Folgen per Saldo netto einen finanziellen Vorteil erbracht hätten, mutmaßlich wegen des Anreizes zu verbessertem Management und Einsparungen.


- **Der informelle Sektor**

Es gibt (allerdings nicht von allen akzeptierte) Anhaltspunkte dafür, dass Konzessionen im Bereich der Mehrwertsteuer für kleinere Bautätigkeiten die Attraktivität des informellen Sektors reduzieren. So kann dazu beigetragen werden, den Preisabstand zu verringern, der durch solche politische Maßnahmen entstanden ist, die für legitime Firmen Kosten verursachen. Obgleich die Auswirkungen eines solchen Schrittes auf die Wettbewerbsfähigkeit von Europa unklar ist, könnte er zur Schaffung einer nachhaltigen europäischen Wirtschaft und guten Beschäftigungsstandards beitragen.

**Danksagung**

Das Forschungsteam möchte sich bei der Einheit Baugewerbe und bei den Mitgliedern des Kontroll- und Lenkungsausschusses für den Rat und die Hilfe bedanken, die es bei der Durchführung dieser Studie erfahren hat.

Manchester Business School, Manchester, Vereinigtes Königreich,
den 27. November 2006
1 Introduction

1.1 The policy context

The Commission’s 1997 Communication on the competitiveness of the construction sector identified issues relevant to the performance of the sector and set out an Action Plan for addressing these. It led to the creation of Working Groups on certain specific issues (e.g. abnormally low tenders) and parallel studies undertaken through external commissions (e.g. an examination of the scope for a European system of construction performance indicators).

The European Council held in Lisbon in 2000 set out the goal of creating a world-competitive European economy. This goal has been confirmed by successive Councils since that date. In support of that aim, the Commission has embarked upon a multi-year strategy for reviewing and simplifying the regulatory environment experienced by firms. To inform this strategy, the Commission has been setting in hand a range of studies of the impact of its policy instruments and other measures on specific industry sectors, with a view to informing future policies and identifying means for simplifying or otherwise amending policy instruments in order to achieve policy objectives more effectively or with reduced burden on industry. This study is a contribution to this process.

It is, though, not the only study which will inform the Commission about the construction sector or the impact of European policies upon it. Other relevant exercises include:

- a study commissioned from Ramboll Management on EC legislation and its burden on business, which reported to DG Enterprise in May 2005. This included inter alia, a detailed assessment of the Temporary and Mobile Sites Directive (92/57).

- a study by Bernard Williams Associates of the factors that influence the competitiveness of national construction sectors. This showed that different national industries appear to exhibit considerable variation in the effectiveness with which they use labour and materials resources, although the reasons for this variation appear to lie in national characteristics rather than European policies.

- a study of the use of Life Cycle Costing in construction and the development of a European costing model,

- a study of the impact of the Construction Products Directive, commissioned in late 2005 as part of the regular review of the operation of European policy instruments.

- a study of the operation of the Temporary and Mobile Sites Directive, which it is understood has been commissioned by DG Employment in 2005, again as apart of the regular cycle of reviews of policy instruments.

This study is, though, the most wide-ranging of the current and recent studies in terms of its breadth of policy review.

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1 COM(97)539 – 4th November 1997
5 Benchmarking of Construction Efficiency in the EU Member States (Scoping Study) Final Report to DG Enterprise, Bernard Williams Associates, 2006
6 Tender invitation reference ENTR/05/024
7 Tender invitation reference ENTR/05/027
1.2 Study specifications and aims

ANNEX A presents the technical specification for the study as set out in the Invitation to Tender (ENTR/05/25). As stated in the specification, the aim of the study was:

_to analyse and assess, on the basis of an analysis of the competitiveness factors and the wider business environment of the construction sector, the impacts of key Community policies insofar as they affect this competitiveness within the overall framework of sustainable development._

This required the contractor to identify aspects which have especially benefited the sector in terms of contributing to competitiveness, including innovation, and those which have given rise to difficulties for the sector whether as a result of disproportionate administrative or financial burden or otherwise.

However, the specification went beyond an analysis of impacts, making clear that the study should seek to identify changes that might be made to policies in order to improve their effectiveness or to enable the policy objectives to be achieved at lower cost. In subsequent discussion, this aspect was stressed by Commission representatives.

The specification further indicated that while it was for the contractor to identify the policies which should be covered by the study, it was anticipated that the policies to address would include at least the following fields:

- Environment
- Energy
- Education and training (in particular with regard to qualification)
- Employment (including measures to combat informal economy working)
- Research and development (including that relating to the information society)
- Standardisation and internal market
- Taxation.

From the specification, therefore, it may be seen that the study's objectives were:

- To review and assess the impact of Community policies and policy instruments on the competitiveness of the construction sector, encompassing a wide range of policies
- To validate the initial assessments through further investigation of policy areas and measures that appear to have the greatest impact
- To identify changes that would enhance the effectiveness of policy measures relating to construction or enable policy objectives to be achieved at lower cost
- Overall, to inform the future development of policies that impact upon construction

1.3 The study consortium

The consortium responsible for the study was led by Manchester Business School (MBS), part of the University of Manchester, UK. Faculty members within the Business School possess a wide range of research-based expertise relevant to the study, including on project management, construction, environmental policies, research and innovation policies, taxation, small firms, employment conditions and health and safety practice. The principal MBS members of staff concerned with the study were:

Dr John Rigby  
Project Co-ordinator,  
Research and Innovation policy
### Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Name</th>
<th>Areas of Responsibility</th>
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<tbody>
<tr>
<td>Professor Graham Winch</td>
<td>Construction project management, Procurement policy</td>
</tr>
<tr>
<td>Professor Roger Courtney</td>
<td>Construction innovation, environmental policy</td>
</tr>
<tr>
<td>Dr Mercedes Bleda</td>
<td>Economics of regulation</td>
</tr>
<tr>
<td>Dr Deborah Cox</td>
<td>Project administration, Research and innovation policy</td>
</tr>
</tbody>
</table>

Other members of MBS staff who contributed to the study were:

- Dr Damian Grimshaw: Employment policy and practice
- Dr Peter Urwin: Employment policy and practice
- Professor Francis Chittenden: Small Firms and taxation
- Dr Sharon Clarke: Health and Safety
- Professor Jeremy Howells: Research and Innovation Policy

The study consortium included partners from four other European countries, all experienced in policy studies. Each had particular responsibility for collecting and analysing inputs from their countries. The partners were:

- Department of Economic Sciences, National and Kapodistrian University of Athens, Greece (Professor Lena Tsipouri, Ms Natali Panagiotidi)
- Services and Processes Innovation Centre, Centre Scientifique et Technique du Bâtiment (CSTB), Paris, France (Dr Marc Colombard-Prout, Dr Nadine Roudil, Dr Frederic Bougrain)
- Division of Construction Management, Lund Institute of Technology, Sweden (Professor Bengt Hansson, Kristian Widen)
- ASM Market Research and Analysis Centre Ltd, Kutno, Poland (Ms Elzbieta Syrda, Ms Izabela Kowalska)

The partner countries were chosen in order to include Member States which exhibit different economic and social cultures and different institutional and structural arrangements within their construction sectors. This variety of national contexts gave the consortium confidence in their findings as being a reliable reflection of the impact of European policies on construction.

As appropriate, the report refers either to the ‘Study Team’, meaning the members of Manchester Business School who were primarily responsible for the development of the research methodology and the interpretation of data, or to the ‘study consortium’, meaning all partners in the study.

### 1.4 Timetable and management

The date for receipt of proposals was 29th August 2005. The Commission communicated their decision to the successful consortium on 16th December 2005 and the contract for the
study was signed by the Commission on 28th December 2005. This date was therefore the effective date for the start of the study. However, following discussion of the Interim Report a one month extension in delivery of the draft Final Report was agreed.

In order to facilitate communications with industry and government bodies, early in the study the study team prepared a brief summary of its objectives, and an introduction to the partners in the consortium. This is shown at ANNEX B.

A Management and Steering Group (MSG) for the study was convened by the Construction Unit with members from EC Directorates General, Member State administrations and construction industry representative bodies. The records of discussion at the three meetings of the Management and Steering Group are at Annex C.

Key dates in the study were:

- 28th December 2005: Formal start of study
- 27th January 2006: MSG - First meeting
- 28th April 2006: Delivery of Interim Report
- 15th May 2006: MSG - Second meeting
- 28th August 2006: Delivery of progress report
- 7th September 2006: MSG - Third meeting
- 28th September 2006: Delivery of draft Final Report

The Study Team would like to place on record their appreciation of the valuable comments and the assistance provided by members of the MSG.

1.5 Work programme

The study was carried out through a Work Programme covering five Tasks:

Task 1 Review of previous studies

These included official reviews of policy implementation, as well as academic studies. It was thought that they were more likely to illuminate general principles on the assessment of impacts, rather than specific findings relevant to construction.

Task 2 Initial review of policy measures and potential impacts

This was a wide-ranging review, which concluded with a provisional assessment of the level of likely impact on construction. These informed the selection of the policy measures to be studied in more detail in subsequent stages of the study.

Task 3 Development of proposals for data collection, including methods and subject coverage

Interviews with representatives of construction stakeholders were the principal means of collecting data and views. These were supplemented by a Web-based questionnaire, promoted widely (and especially in the Member States not represented in the study consortium).

Task 4 Collection and analysis of data

Members of the study consortium conducted interviews, the information gained from these, together with the data from the questionnaire, being analysed to inform both general and detailed conclusions on the impact on construction of the European policies.
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selected for study, and proposals for changes to the policy formation process.

Task 5 Reporting

Interim and Final Reports were produced, and a progress report for the third meeting of the MSG.

In addition a sixth Task covered project management and liaison with the Commission, including attending and providing a record of meetings of the Management and Steering Group (MSG).

This Work Programme was delivered in accordance with the timetable set out in Table 1.1.

<table>
<thead>
<tr>
<th>Activity</th>
<th>1 Jan06</th>
<th>2 Feb06</th>
<th>3 Mar06</th>
<th>4 Apr06</th>
<th>5 May06</th>
<th>6 Jun06</th>
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</table>

0 - Evaluation and Validation Workshop

Table 1.1 Study timetable

1.6 Structure of report

Reflecting the Work Programme, the report is structured around the sequence of Tasks:

Chapter 3 presents the findings from the literature review, and in particular discusses the concept of ‘competitiveness’ as applied to construction.

Chapter 4 provides an overview of the initial assessment of policy areas for study, leading to conclusions about the areas to be investigated in detail through the interviews and the questionnaire. The evaluations of policy areas are presented in Annex H.

Chapter 5 discusses the interview process, with the detailed interview guidance reproduced in Annex I.

Chapter 6 similarly covers the development of the on-line questionnaire, with the English version of questionnaire presented in Annex J.

Chapter 7 presents an analysis of the input from the interviews, with summaries of the principal findings on each policy area covered.

Chapter 8 presents analyses of the questionnaire responses, again with observations and findings on each policy area.

Chapter 9 brings the findings from the two sources together, with a discussion of the overall conclusions from the study.
2 Scope of Study

It was important at the outset to establish the scope of the study, both in terms of the industrial activities to be covered, and in terms of the policy instruments that would come within it. In addition, the ways in which construction contributed to European competitiveness had to be set out and confirmed. These aspects of the study were considered at an early meeting with the Construction Unit and at the first meeting of the MSG.

2.1 The scope of ‘construction’

In economic statistics, ‘construction’ (NACE category F45) covers only the firms engaged in site-based activities through which buildings and civil works are created, altered and maintained. However, such activities are intrinsically linked to:

(a) the activities of design and technical consultants such as architectural, surveying and engineering practices (NACE category K74.2 - construction-related professional services);

(b) the manufacture and supply of construction materials and components; and

(c) in some countries (see below) to other specialised interests such as cost consultants and bureaux de contrôle.

It was agreed that all these aspects of construction were in principle included in the study. However, it was further agreed that the principal focus of the study would be the impact of European policies on the site-based and professional aspects of construction that were distinctive to the industry, rather than on the manufacture and supply of products and materials. Hence impacts on construction products up to the point of delivery to the site would not be included unless there were implications for site assembly processes.

2.2 The range of policy instruments

As previously noted, the Construction Unit had in parallel commissioned a study of the impact of the Construction Products Directive. This Directive was therefore specifically excluded from the scope of the present study. Further, it was agreed that Directives and other policy instruments which had not been agreed at the starting date of the study (28th December 2005) or whose manner of implementation was not yet settled, would not be formally included in the study, although if the study team obtained information about their possible impact this could be recorded. In practice, that meant that certain Directives currently undergoing Parliamentary processes (e.g. the Services Directive) or which were still being implemented by Member States (e.g. the Energy Performance of Buildings Directive) were not to be subject to any detailed examination.

In addition, it was agreed that measures whose principal effect was to provide funding for construction projects (e.g. Structural Funds) should not be included – although subsequent discussions within the study consortium revealed that these measures could influence construction practices (e.g. quality audits), at least in some Member States, and might for that reason justify some examination.

Against this background, the Study Team cast their net wide to consider policy statements and policy measures which could come within the scope of the study. The resulting list is discussed further in Chapter 4.
2.3 The contribution of construction to European competitiveness

The study was commissioned in order to contribute to the overall ‘Lisbon’ initiative to create a world-competitive European economy. Hence it was necessary at the outset to consider the way in which construction contributes to the competitiveness of Europe as an economic entity.

Clearly, there is international trade of construction goods and services (the latter being the principal focus of this study), with European design interests and contractors being responsible for many major projects around the world. The earnings of European construction firms in global markets contribute to Europe’s overall trade balance. The factors that contribute to such international competitiveness are reviewed in more detail in Chapter 3 which reports on the literature survey carried out by the Study Team.

However, international trade in construction design and contracting services, although amounting to some Billions of Euros, is small compared with the total turnover of the sector. Construction is predominantly a national, regional or very local activity; SMEs dominate the sector and the vast majority of construction firms are in competition only with firms in their own locality or at the most in their own country. They do not take part in international trade, even among Member States. Hence their influence on the overall competitiveness of Europe is indirect; it comes through the efficiency with which they use resources to achieve the tasks set for them. The way in which construction uses resources will be reflected in its costs, and these costs are borne by its clients and users, in both public and private sectors. Construction therefore influences the level of resource that these clients and users have available for other purposes, such as investment in the development of new goods and services.

Hence the principal influence of construction on the competitiveness of the European economy comes through its use of resources or, more simply, its level of costs. For this reason, the study gave prominence in data collection to seeking information on the impact of European policies on costs. This is discussed further in Chapter 4.

But the fact that firms are in competition, locally and regionally, is fundamental to the development of an overall competitive economy. That local competition drives continual improvement in the quality and value offered to clients for construction. Hence it was important also for the study to explore the influence of European policies on the way that firms operated in local markets, and how the policies impacted on the factors that determine competitiveness. These factors were identified with the aid of the literature review and again are discussed further in Chapter 4.

2.4 Competition with the informal economy

A particular characteristic of construction is that many legitimate firms – notably those carrying out repairs and maintenance in the housing sector – are subject to competition from the informal economy. The effect of policy measures which impose costs on legitimate firms is to create a pricing gap between them and firms operating in the informal economy who may
choose to ignore the requirements. The Terms of Reference required this aspect of competition, and the impact of policies upon it, to be investigated. While the overall impact of this form of competition on the overall competitiveness of Europe is very indirect, there are certainly social implications, in terms of adherence to health and safety requirements, working conditions, environmental standards etc. Thus it is relevant to Europe’s overall objective to achieve a competitive and sustainable society.

2.5 The three construction markets

The literature review discussed in Chapter 3 shows clearly that any discussion of the impact of policies on competitiveness has to be related to the market context of the firms concerned. The discussion above of European competitiveness and the contribution of construction to it may be summed up by stating that or the purposes of this study competitiveness needs to be considered in relation to three market contexts:

- Leading designers, consultants and contractors operate in a global marketplace and need to be competitive in that marketplace
- The great majority of construction firms are not in competition with firms outside the EU. Their impact on European competitiveness comes through the efficiency with which they use resources to achieve construction outputs.
- The smallest construction firms have competitors in the informal economy and the existence of this informal economy has implications for the development of a sustainable European economy, with good working conditions etc.

This three-fold conceptual framework has therefore underpinned the assessments of the impact of policies undertaken for the study.
3 Literature Review

3.1 Introduction

This chapter outlines the sources, processes and findings of the literature review undertaken as Task 1 of the study. It first considers the literature relating to concepts of competitiveness, and then that on the interactions between policy measures and competitiveness, in both cases with particular reference to construction. The reports and other documents included in the review are listed in ANNEX D.

The review drew upon a range of sources: construction-related academic journals\(^8\) and reports; communications and reports from the European Commission (notably the Construction Unit of the DG Enterprise), the World Economic Forum (WEF), the Constructing Excellence programme within the UK, and notes from the Construction Industry Policy and European Regulation (CIPER) committee of the Department of the UK Trade and Industry (DTI). Lists of publications from the EU (e.g. as available through the Eur-Lex database) were also examined with the objective of identifying Community policies and legislation with potential impact on construction competitiveness.

3.2 Definitions of competitiveness

Examination of the current literature on competitiveness reveals that, despite widespread acceptance of its importance for economic performance and growth, competitiveness remains a concept that is often not well understood (Porter, 2002), in particular in the construction sector. The wide range of definitions, meanings and measures of the concept has given rise to a great deal of misinterpretation and ambiguity in its use.

Ericsson et al (2005) list the following characteristics of competitiveness that can be found in the literature:

- It is multi-defined, in that there is no general definition of competitiveness.
- It is multi-measured, in that there are multiple ways of measuring competitiveness that normally vary according to its different definitions.
- It is multi-layered, since it is a concept applicable at the national, industrial and firm levels.
- It is dependent (or subjective), since its meaning depends on the actors and stakeholders under consideration.
- It is a relative concept, since it only has a meaning when measured against some reference level.
- It is dynamic and related to process, since its determinants change with time and context.

In a nutshell, competitiveness is a multi-dimensional concept, the dimensions of which vary depending on the level of analysis. The ambiguity in the use of the concept seems to stem from the fact that different analyses identify, measure and examine different dimensions of competitiveness at the different levels of the firm, industry and nation.\(^9\)

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\(^9\) For a brief review of competitiveness definitions at the firm and national levels see Henricsson et al (2005).
Definitions of competitiveness at the national level normally consider competition in international markets, where cost is often a key factor, and competitiveness is associated with rising returns on resources and real income for the citizens (Henricsson et al., 2005). The Commission on Industrial Competitiveness in the USA defines competitiveness at this level as “the ability of a country to produce goods and services that meet the test of international markets, and simultaneously to maintain and expand the real income” (Henricsson et al., 2005 after Tyson, 1992). This definition has been adopted by the OECD with the two added criteria that competitiveness has also to be proved “under free trade and fair market conditions” and “over the long-term” (OECD, 1997). The World Economic Forum defines competitiveness as “the ability of a national economy to achieve sustained rates of economic growth as measured by the annual changes in GDP per capita” (WEF 1996), and considers (WEF, 2005) the following national competitiveness dimensions:

<table>
<thead>
<tr>
<th>Economic performance</th>
<th>Business Efficiency</th>
<th>Government Efficiency</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Economy</td>
<td>Productivity</td>
<td>Public finance</td>
<td>Basic Infrastructure</td>
</tr>
<tr>
<td></td>
<td>and Efficiency</td>
<td></td>
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<tr>
<td>International Trade</td>
<td>Labour market</td>
<td>Fiscal policy</td>
<td>Technological Infrastructure</td>
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<td></td>
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<tr>
<td>International</td>
<td>Finance</td>
<td>Institutional Framework</td>
<td>Scientific Infrastructure</td>
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<td>Management</td>
<td>Business Legislation</td>
<td>Health</td>
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<td></td>
<td>practices</td>
<td></td>
<td>and Environment</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td>Societal framework</td>
<td></td>
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<tr>
<td>Prices</td>
<td>Attitudes and values</td>
<td></td>
<td>Education</td>
</tr>
</tbody>
</table>

Source: IMD World Competitiveness Yearbook (2005)

At the level of the firm, competitiveness is normally understood in terms of market performance, which is associated with high productivity and low costs. According to Henricsson et al., (2005), the current literature offers only a few definitions which describe competitiveness at this level (ibid after Buckley et al., 1988). The ‘Aldington’ Report in the UK (House of Lords, 1985) provided a comprehensive definition, stating that: “a firm is competitive if it can produce products and services of superior quality and lower costs than its domestic and international competitors. Competitiveness is synonymous with a firm’s long-term profit performance and its ability to compensate its employees and provide superior returns to its owners.” The UK Department of Trade and Industry in its White Paper of 1998 defined the competitiveness of a firm as its “ability to produce the right goods and services, at the right price, at the right time. It means meeting customers’ needs more efficiently and more effectively than other firms” (DTI, 1998).

At the sector level, according to Moyama and Selby (1998), competitiveness involves a balance among the needs of its key stakeholders: “Sector competitiveness is given as the extent to which a business sector (1) satisfies the needs of customers from the appropriate combination of the product–service characteristics such as price, quality, and innovation; (2) satisfies the needs of its constituents, for example, workers in terms of wages, safe workplace, training, and steady employment; and (3) offers attractive returns on investment and the potential for growth” (ibid 1998, p642). Henricsson et al (2005) propose that the Society in which the industry operates is a fourth stakeholder. In their definition, to be competitive an industry has to:

- Be profitable, i.e. offer satisfying returns to investors
- Be productive while delivering high quality with good time and cost predictability
- Have high client satisfaction of products and services
- Have high employee satisfaction, including aspects such as wages and health and safety, and be attractive to competent labour
- Comply with environmental regulations and codes of business ethics
Be innovative and continuously improving and up-grading

Of the many dimensions of competitiveness included in the above definitions, profitability and productivity are those most commonly considered in the literature. Productivity is related to how well firms organise production and, therefore to the quality of management, the type and level of workforce skills, capital investment and capital intensity. It is normally measured in terms of labour productivity (LP) (measured either as gross output or value-added, per worker or per hour) or as total factor productivity (TFP) (measured as gross output or value-added per unit of inputs - with construction sector inputs generally being labour, materials, equipment, energy and capital – see Flanagan et al, 2005 after HM Treasury, 2000). In the construction sector, TFP is generally considered a better indicator than LP (Grupp and Maital, 2003). However, lack of data tends to confine analyses to the use of only one or two factor inputs, usually capital and labour, arising from the difficulties which managers themselves find in objectively assessing (transactions) costs (Buckley and Chapman, 1997).

According to Flanagan et al (2005), in the construction sector, competitiveness measures based only on productivity do not deal adequately with the impact of technological change and/or with factor substitution; hence, more dimensions need to be considered. In their view, “competition is becoming more complex and decisions need to be made as to whether organisations should compete on (i) price and value for money, (ii) process and product innovation, (iii) quality and reliability of products and customer services, (iv) speed of delivery, (v) differentiation of products and services; many would argue they need to compete across all of the factors. To remain competitive, firms must constantly strive to decrease construction prices without compromising quality and safety levels” (ibid, p.10). The same authors also emphasise that innovative capacity in construction (as demonstrated in advances such as modularisation, pre-fabrication, and information technology and construction automation) is a fundamental dimension of the productivity and competitiveness of the sector.

In relation to the profitability dimension, return on sales, return on assets and return on equity are the most commonly used profitability measures in firms. They offer the advantage that they are easy to calculate and widely accepted and used. However, they present the shortcomings typical of financial measures, and do not accurately penalise overproduction or reflect the cost of quality (Henricsson and Ericsson, 2005, p 6). These authors also emphasise the need to consider more dimensions in order to provide an adequate definition of construction competitiveness. In particular, they propose the following key dimensions:

- Profitability
- Productivity
- Cost
- Client satisfaction
- Labour productivity
- Wage levels
- Work conditions
- Labour attractiveness
- Environmental consciousness
- Innovativeness

Finally, the European Commission’s Communication of 1997 on construction (EC, 1997) also provides a multidimensional definition of competitiveness, comprising:

Quality, both in relation to the production process and to the processes involved in marketing, financial, personnel and training management. Education and training,

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10 See for example the Ives et al. (2004) analysis of the construction industry competitiveness in the UK, USA, France and Germany through the estimation and comparison of levels and rates of change in labour productivity.

11 For instance, actual investments in equipment and logistics may be omitted in the analysis if labour productivity is used as the single competitiveness measure. In general, partial productivity measures may be very misleading if used alone (Henricsson and Ericsson, 2005 after Sumanth, 1994).
particularly in relation to the acquisition of management skills, are major elements in achieving quality.

Adequate level and sustained growth of longer-term investment supported by policies that involve well planned initiatives, fiscal measures, interest rates, indirect costs (particularly those related to workers), the elimination or reduction of regulatory and markets barriers, and appropriate procurement policies.

Equitable market conditions that lead to an adequate level of competition for contracts in the sector favoured or facilitated by public mechanisms that detect abnormally low offers warrants and provide effective prequalification systems.

Adequate management of the construction process and the related supply chain that allows effective communication and decision making while promoting flexibility. Flexibility facilitates collaboration among all the relevant parties, improves buildability, cost-effectiveness, life cycle costs, quality, and feedback from construction experience to design.

Environmental awareness and a proactive attitude from the actors involved in the sector to ensure the achievement of environmental objectives while materialising potential cost savings, stemming from early integration of environmental concerns in the construction production cycle.

Stable, well-qualified workforce capable of delivering improved quality, increased productivity and better value for money.

Innovative capacity leading to dynamic competition on the basis of quality instead of competition based solely upon price.

3.3 Impacts of legislation and policy on competitiveness

The review showed that there was little or no discussion in the literature of legislative and policy impacts on the aspects of construction competitiveness considered above. Accordingly, the subsequent assessments of the potential impact of European policies relied essentially on the understanding and experience of the assessors. There was, however, literature on the general influence of legislation and policy on competitiveness, which exhibited a wide variety of findings. Depending on the analysis, legislation and policy initiatives were considered to give rise to positive, neutral or negative impacts on competitiveness.

The papers examined showed a wide range of opinions about the nature of the impacts, with no consensus emerging despite the abundance of publications on the issue. This is to some extent the result of differences in outlook, assumptions or theoretical position. It is also partly caused by the difficulty of making general statements in this area; the impacts of a certain policy on competitiveness will depend on the particular aims of the policy; how the policy is designed; the ability of industry to respond and innovate; whether the sector affected is traded or not; how significant any costs arising are in comparison with other costs; etc (Wubben, 1999; Willis, 2005).

Willis (2005) has examined the different positions found in the literature in relation to environmental legislation. In this case, significant increases in ‘red tape’ and compliance costs are the negative impacts on competitiveness most frequently quoted. Firms incur costs in proving that they have complied with regulation – time spent on consultation, registration, administration, and liaison with regulators and inspectors. Problems increase with multiple regulations and regulators. This is often cited as detrimental to competitiveness, particularly for SMEs (ibid, p2). In addition, meeting higher environmental standards involves firms in further costs in the form of investments of both time and money (Jenkins, 1998).
Much argument about the negative effects of regulation on competitiveness is centred on the design of the regulations themselves. Straightforward regulatory approaches – often termed ‘command-and-control’ regulations – are generally seen to be less effective than ‘market-based’ or ‘outcomes-based’ instruments which are considered to be more flexible and a stimulus to innovation, thus reducing the costs of monitoring and enforcement. However, some argue that outcomes-based approaches are actually more costly for business, as firms need to invest time and resources in finding ways to meet requirements. With a command-and-control approach, at least businesses know exactly what they have to do (Willis, 2005).

Some authors consider that policy and legislation do not have a significant impact on competitiveness (see for instance, Smith, 2006; Godstein, 1997; Jaffe et al., 1995). Two arguments support this view; first, regulatory costs are not large and can be minimised and secondly they are insignificant compared to other factors shaping companies’ costs and the economy more widely (Willis, 2005). This position is shared by the authors of a recent study for the European Commission into competitiveness implications of air pollution policies (EC DG Enterprise, 2004): “it would clearly be wrong to conclude that equipping cars with sophisticated equipment for emission control reduces prices. However, it is apparent that any effect of improving the capacity of cars to meet new emission limits is very much secondary to other determinants of price... it is difficult to assess the competitiveness impacts of air pollution legislation in an area where more important determinants of price are occurring.” Anderson et al (2001) make a similar point in relation to environmental legislation stating: “though often appreciable in absolute terms, when expressed relative to the level of output or overall costs in an industry or activity, the costs of environmental control are generally small.”

At the other end of the spectrum is the view that legislation and policy have a positive impact on competitiveness. Supporters sharing this position argue that policy and legislation stimulate efficiency and quality improvements that foster competitiveness. In addition, they drive and encourage innovation by stretching firms’ ambitions and capabilities, and by promoting the creation of new markets. This view considers that although in the short term compliance represents a cost, there is also the potential, especially in the medium and longer term, for favourable dynamic effects if product and process technology are shifted towards a more favourable growth path (Hitchens and Thompson, 1999). The European Commission also shares this view and considers that a wide range of ‘win-win’ opportunities exist in the design and implementation of policies that improve resource productivity, employment and competitiveness. This idea, which has gained currency in recent years, derives from a more dynamic view of competitiveness in which innovation and technological change are given a central role (EC 1992; Jenkins 1998). It has been adopted not only by the European Commission, but also by many institutions - such as the World Bank (1992), and by researchers following the pioneering work of Michael Porter (Porter and van der Linde, 1995).

In this respect, in 2003 the Commission carried out an internal screening exercise of most EU policies with the aim of identifying possibilities for improving the contribution of EU policies to industrial competitiveness. As a result of this exercise, the Commission identified potential for positive impacts on competitiveness in the following areas (EC communication, 2003; pp.19-20):

- Regional policy: addressing the industrial consequences of enlargement, notably at the sector level, and better stimulating regional innovation systems.

Research and development policy: technology platforms as a flagship initiative contributing to sector competitiveness, both in key technology areas and in mature industries.

Information Society Policy: stimulating development, adoption and use of Information and Communication Technologies, which are important source of productivity growth and increased efficiency particularly in the public sector.

Education and training policy: making progress on the recognition of professional qualifications, setting actions to monitor skill shortages and to ensure the supply of skilled labour, and fostering partnerships between education and the business community with a view to promote entrepreneurship.
Trade policy: developing the external dimension of the single market by promoting EU approaches to technical regulation and conformity assessment, and fostering EU exporters’ access to third country markets.

Environmental policy: exploring the scope for voluntary alternatives to regulation, developing a sustainable production policy, analysing the conditions for further development of eco-industries, and balancing the short-term costs and the long-term gains of enhanced environmental protection.

Competition policy: focused on issues related to the relevant geographic market, and on finding ways to stimulate innovation and its diffusion consistent with competition rules.

Taxation policy: allowing useful improvements in the tax treatment of businesses without raising competence problems.

Internal market: optimising defence procurement that brings about industrial benefits.

Employment policy: including a discussion of competitiveness issues in the sector social dialogue.

Health and consumer protection policy: ensuring that the aims of a high level of health and consumer protection are achieved without affecting the competitiveness of business, especially SMEs.

Transport and energy policies: anticipating long-term developments in the energy (notably price levels) and transport sectors, especially with regard to their impacts on industrial competitiveness.

The area of public procurement constitutes an example in which the application of Community Directives has had a positive impact on competitiveness. A report by the European Commission (EC, 2004) presented evidence of the positive impact that Internal Market rules have had on the performance of public procurement markets in general over the previous ten years. In particular, indicators based on a sample of firms and public authorities show positive developments in market transparency, increased cross border competition, and price savings derived from the implementation of public procurement Directives. The study concluded that: ‘when effectively implemented, the current legislative public procurement package actually contributes to reform the public procurement environment. Most importantly, this evidence shows that economic reforms work and pay off […] Remaining concerns about the significant costs of complying with procurement rules are addressed by the new legislative package and e-procurement offers new possibilities for cost reductions. If promptly adopted and effectively implemented by Member States, these measures will contribute to improve still further the performance of our public procurement markets’ (ibid p2).

3.4 European policies and construction competitiveness

For completeness, the review examined the two documents which provide insights into the views on construction competitiveness held in the mid-1990s, which this study is designed to update. The content of these documents will, of course, be familiar to the Construction Unit but for convenience is summarised below. Atkins International Ltd carried out a major study for the Commission in 1994 which identified factors hindering European construction competitiveness, and proposed a series of policy actions for their improvement (Atkins, 1994). This led to the Commission’s own Communication on the industry (EC, 1997).

The Atkins report identified the following main issues:

- Recruitment and skills problems, as a result of poor working conditions on site and a poor industry image.
- Poor profitability, partly resulting from characteristics of the market which lead to cut-throat competition, resulting in inadequate investment in training and research.
- Increasing costs due to stricter environmental, health and safety, and trade legislation.
• Low quality in relation to defects of design or workmanship (consequence of poor care and attention to detail, poor supervision and control, and/or insufficient definition of the client's needs), and to a low level of specification (consequence of short-term vision, high financing costs, or inefficient cut-throat competition).

The report emphasised that the sector, particularly designers and contractors, should be able to compete on quality, and not just on price. The measures proposed for quality improvement were:

• Improved procurement procedures, which take account of quality and life cycle costs, and of bidders' capabilities and past performance, not just lowest initial cost.
• Improved training systems and better dissemination of new technology.
• Registration and qualification systems for firms and individuals.
• A widespread and effective system of guarantees and liability insurance, founded on a clear system of liability legislation which is both flexible with respect to clients' needs and provides a high level of consumer protection.
• An appropriate level of independent supervision or control whether by architects, consulting engineers, technical architects, Prüfingenieurs, municipal building control officers or insurers' technical control bureaus, but leaving the responsibility for quality and defects clearly with the designers and constructors.
• The continued development of the system of standards and technical approvals for products and services.
• Development of appropriate systems of quality assurance, adapted to the needs of construction firms and consultants, leading on to development and adoption of Total Quality Management systems.
• Improved organisation and management on site, including more detailed planning and good information systems.

In addition, for improved quality, productivity and value for money, the industry needed to attract and retain competent people. Recruitment of young qualified people into the construction sector was identified in the report as an increasing problem particularly for site operations. Improved training was needed, in particular training directed at developing and up-dating people's skills in their current work. This will need to go hand-in-hand with freer movement of construction labour and professions, and with improved employment conditions to provide an adequate return to individuals and firms for their investment in training, and to encourage more stable employment patterns.

Technological change and innovation are also identified as long term determinants of construction competitiveness. Innovation is also a key determinant of value for money, choice available to clients and consumers, level of employment and future skills requirements in the industry.12 The report proposed the three following priorities for action to improve construction innovation:

• better training and dissemination of existing technology;
• coordination of European research activities, and
• an increase in research levels to meet the average of other industries.

The report noted that construction was the industry of the built environment. In this respect, the sector faced enormous challenges and market opportunities as well as constraints and costs. The industry needed to develop new services and products to take advantage of the opportunities and to promote its image for positive contributions to the environment. It needed to apply the principles of sustainable development, in particular in relation to energy

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12 The future training needs of the sector will be greater as the pace of technological change increases since new technology will reduce the need for some specialised manual skills on construction sites and will create new needs. (Atkins, 1994).
conservation in buildings (half of Europe’s energy consumption is related to buildings). In particular, actions should be aimed at the promotion of: energy-efficient building design, refurbishment of existing buildings to conserve energy, energy-efficient processes in construction materials production, effective use of materials, waste management and recycling, buildings and products eco-labelling, and development of techniques for environmental impacts analysis.

In relation to the role of policy and legislation, a conclusion of the study was that governmental bodies constituted an essential part in the process of change by assisting the construction industry to face the outlined challenges. In particular, in each Member State the government has to provide a stable and certain regulatory, planning and market environment; as well as support services in training, research, and information. As a major client of the industry, the government had a key role in the use of procurement techniques in which:

- quality was as important as price
- life-cycle costing was applied to safeguard the future
- professional designers and consultants are properly used and selected
- training was ensured
- innovation was encouraged
- only properly qualified and registered firms and individuals were employed, and
- fair prices and contract terms were applied.

Reflecting their analysis of the issues, as informed by the Atkins report, the Commission’s own document (EC, 1997) proposed a set of community policy actions for the promotion of construction competitiveness through the improvement in the various dimensions outlined previously.

Quality actions:
- to encourage the use of quality procedures and standards for Quality Assessment (QA), Total Quality Management (TQM), taking into account environmental and training considerations, and appropriate systems for SMEs
- to implement life cycle cost criteria, developing standards for durability and its assessment and permitting the accurate planning of maintenance and evaluation of its cost. This would also be useful in procurement procedures
- to ensure quality and quality performance in standards of qualifications, training and competence

Regulatory environment actions:
- to continue with the examination of Community and national legislation concerning products, markets and professions
- to improve the functioning of the internal market, and enable the effective use of work already undertaken
- to carry out an evaluation of the impact on costs and construction competitiveness of all regulatory proposals, particularly those relating to technical harmonisation for products
- to foster the implementation of best practice procurement procedures
- to implement European and national regulations, as well as standards, that favour the use of performance criteria in order to encourage the diffusion of innovative practices
- to establish mutual recognition of systems of registration and qualification of enterprises, craftsmen and professionals, giving transparency to the worth of qualifications
- to facilitate the participation of SMEs in the process leading to the preparation of European standards
to examine whether to allow sub-contractors the same rules in public procurement works as those imposed on the principal contractor

to set up suitable systems of insurance, guarantees and liabilities aimed at protecting participants in construction from failure related to advanced technologies

to encourage and facilitate systems for infrastructure financing based on public-private partnerships. One such measure should be the publication of guidelines to clarify the application of the public procurement Directives to infrastructure contracts

to create an information point within the Commission, which could service any external contact relating to the construction sector

to develop a solid and reliable set of construction output statistics on an identical basis for each Member State

Education, training and employment actions:

to foster a substantial and sustained growth in both the level and the quality of education and training provision at all levels in the sector through an increase in education and training investment targeting SMEs in particular

to ensure the effective implantation and maintenance of the most advanced forms of initial and apprenticeship training with a view to sustaining the soundest base possible for skills provision and for competitive entry into the industry

to promote European networking of construction training and educational organisations

to promote the integration of environmental concerns in the structure and content of education and training courses

to encourage the development of skill and competence definitions which remove barriers to the mutual acceptance of workers across Member States and facilitate mobility, adaptability and employability

to promote the roles of the social partners as agents for enhancing competitiveness and as facilitators for optimising the match between supply and demand for skills

to foster an improvement in employment conditions across the construction sector and improve the image of the sector by encouraging stable employment patterns for construction workers, providing job security whilst maintaining flexibility and mobility, and promoting best practice and better training on health, safety and the environment.

Research and development actions:

to investigate alternative means to secure an increase in R&D investment

to orientate R&D in the sector, at all levels, towards the construction process, management aspects, construction methods and environmental sustainability (both in terms of materials and finished works)

to develop a strategy for the use and promotion of environment-friendly construction materials, energy-efficient technologies and better noise insulation

to achieve better dissemination of research findings bringing industry and research centres closer together, setting up training programmes for the diffusion of new technologies, targeting SMEs and site workers in particular

to develop strategies to identify and overcome the organisational, institutional, legal and behavioural barriers to innovation, particularly in construction process matters

Market actions:

to encourage public authorities to set up long-term investment plans for infrastructure, social housing and non-residential public buildings, and to ensure their execution

to consult the sector regularly and liaise with the authorities of third countries about the problems encountered by European industry in becoming established in their markets
to facilitate international expansion of exports of EU construction industry, by identifying and seeking the removal of trade barriers in third countries, making full use of information on third country markets and seeking solutions to market access problems either bilaterally or through multilateral fora.

Construction process actions:
- to identify the key areas of competitiveness to which benchmarking could be applied to measure the performance of sub-sectors and companies
- to develop and improve the dialogue between management and labour in the construction industry

Other Actions:
- to encourage the efficient use of energy in the production process of the construction material industry, as this can lead to substantial energy saving per unit of product and thus to an increase in competitiveness
- to set-up electronic systems for the dissemination of information from the Community relating to the construction sector.
4 Reviews of policy areas

4.1 Establishing the range of European policies

Task 2 of the Work Programme required the Study Team to review European policies and policy instruments that potentially impacted on the construction sector, in order to identify those that would be the subject of further investigation in Task 4 through the interviews and questionnaire.

The first challenge in this task was to construct a list of the policies and policy instruments that came within the scope of the study. This was assembled from various sources:

- The last (October 1998) report in the EU Construction Index series\(^{13}\), which was provided by the Construction Unit to the Study Team
- A listing supplied by FIEC, drawn from a more general compilation of policy instruments assembled by AMCHAM EU\(^{14}\) in 2004 (Unfortunately, this listing – which was prepared every quarter - has been discontinued.)
- A listing included in the Strategic Research Agenda of the European Construction Technology Platform\(^{15}\) (which itself appeared to be derived from the two previous sources)
- Examination of relevant Websites and directories of European policy documents, notably the Eur-Lex database\(^{16}\)
- A preliminary request for inputs addressed to prominent European trade associations – see sample letter at ANNEX E
- Examination of policy papers, annual reports etc issued by such trade associations
- Inputs from members of the MSG following the first meeting
- Consultation with experts in Manchester Business School and partners in the study consortium

At an early stage, the Study Team invited views from a wide range of policy units within the European Commission (ANNEX F) with the aid of introductions provided by the Construction Unit. The responses provided further insights into policy measures and possible impacts.

The outcome was the list of policies and policy instruments shown at Annex G. This is not a totally comprehensive listing of all policy measures that affect construction. There are certainly other measures (e.g. on corporate reporting) which will have relevance to construction firms, or instruments (for example on air quality) which define policy frameworks in which construction activities take place. However, the Study Team took the view that these impacts were not distinctive to construction, and consequently such measures were not considered further in the study. ANNEX G is therefore based to some degree on judgements about whether the effect of a particular instrument on construction is sufficiently distinctive to justify inclusion.

Even with these qualifications, however, ANNEX G contains some Communications and instruments that are quite general (e.g. relating to the Lisbon ‘competitiveness’ agenda) since these set an overall framework for the Commission’s policies towards construction and other industry sectors.

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\(^{13}\) EU Construction Index: Overview of European legislation relevant to the construction industry. EGBB Consultancy, The Hague (1999)

\(^{14}\) American Chamber of Commerce in the EU www.eucommittee.be

\(^{15}\) Strategic Research Agenda, December 2005 www.ectp.org

\(^{16}\) www.europa.eu.int/eur-lex/lex/en
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The Terms of Reference for the study (ANNEX A) set out an expectation that it would cover policy instruments and initiatives in certain areas:

- Environment
- Energy
- Education and training (in particular in regard to qualifications)
- Employment (including measures to combat the workings of the informal economy)
- Research and development (including that relating to the information society)
- Standardisation and internal market
- Taxation

It can be seen that the list in Annex G covers these areas.

4.2 Initial reviews

Members of the Study Team, assisted by subject experts at Manchester Business School, reviewed the impact of European measures in the different policy areas. The form of the reviews varied, according to the type of policy under consideration. It was clearly not possible to review ‘promotional’ policies such as the Framework Programmes of Research against the same criteria as ‘regulatory’ policies such as health and safety.

Broadly, however, the reviews considered:

- The objectives of the European policy and of the various instruments
- The changes in practice, business environment etc that might be expected to result
- Whether implementation had caused such changes in the construction sector (for example, previous national requirements might have been equivalent and so the implementation of the European legislation might have been a means of consolidating good practice across Europe rather than actually changing practice)
- The significance of the changes, for example whether they would affect all construction, or only some types, or some operations etc
- Whether any changes were distinctive to the sector.

Some reviews were able to take into account the output of previous studies which had examined some aspects of the relevant legislations etc. However, this was not the case generally (reflecting the relative absence of such studies as revealed by Task 1, the literature review). Hence reviewers drew upon their understanding of the operation of the legislation, initiatives, etc in question.

The initial set of reviews covered the following policy areas:

- Environmental policy (wastes, landfill< environmental impacts, energy in buildings etc)
- Health and safety
- Public procurement
- Employment (free movement of labour, mutual recognition of qualifications, Working Time Directive)
- Standardisation (Eurocodes)
- Research and innovation
- Taxation and SMEs

The reviewers were most familiar with the consequences of European legislation for the UK construction sector, but the reviews were considered in draft by the partners in the study consortium at a workshop on 22nd March. The partners confirmed the conclusions reached but suggested that the use of Structural Funds might have an influence on construction practice in some countries owing to the obligation to implement quality control procedures. This was investigated further, but the Study Team concluded that this was overall not a policy area with significant impact on construction.
4.3 Supplementary reviews

The Management and Steering Group, at its second meeting, asked for four other policy areas to be examined. These were:

- Education and training
- Finance (particularly for SMEs)
- Competition policy
- Industrial policy

The Study Team accordingly reviewed these following the meeting. In addition, the Study Team completed some assessments that had been included in the initial reviews but were still on-going at the time of the Interim Report. None of these supplementary reviews resulted in additions to the list of policies for detailed investigation.

ANNEX H (Sections (i) to (xi) presents both the initial set and the supplementary reviews, in the form in which they were presented to the MSG.

4.4 Selection of priority areas

When first considering how this Task might be conducted, the Study Team had hoped that it would be possible to express the impact of all policy measures in financial terms. This would have provided a consistent basis for judgements on which policies had greatest impact and therefore for the selection of the policy instruments that would be further investigated in the interviews and questionnaires. As the reviews proceeded, however, it became clear that there was insufficient information available on the magnitude of impacts to be able to fulfil this aim. Any financial estimates would in effect have been little better than guesses.

An alternative approach was needed. It was decided that rather than seek to examine the impact of individual measures in a policy area (such as health and safety) where there were several interlinked policy instruments, the Study Team would consider whether the area as a whole was one whose impact on construction differed in some way from its impact on other sectors. The interviews would then be used to establish first the overall scale of the impact and secondly which particular measures (if there were several) were responsible for significant costs or benefits. In other words, Task 2 resulted in the selection of policy areas for further investigation rather than of policy instruments.

This pragmatic approach not only made it more possible to make the required decisions on the basis of the relative limited information on impacts available to reviewers, but also gave more opportunity to interviewees, and questionnaire respondents, to discuss the particular measures that caused them concern or from which they had benefited. Thus the people with closest understanding of the actual impacts of policy would define the detailed subjects under investigation in Task 4.

By dealing with larger ‘blocks’ of policy, this approach enabled most of the policy areas identified in the initial survey to be retained, since there were reasons for thinking that most of them had distinctive impacts on construction. Several, though, were dropped.

On the basis of the initial set of reviews, the Study Team concluded that the following policy areas should be covered in the interviews and questionnaire:

- Environmental policies (particularly wastes policy)
- Health and safety
- Public procurement
- Free movement of labour (including recognition of professional qualifications)
- Taxation (in particular measures to combat the informal economy)
- Standardisation (other than the Construction Products Directive)
- Research and innovation
This selection was endorsed at the second meeting of the MSG and accordingly the interview and questionnaire data collection processes were designed with the aim of exploring the impact of these policies. However, the interviews etc also provided the opportunity for respondents to comment on other policies, and where appropriate interviewees were asked explicitly about the impact of the policy areas included in the supplementary reviews, as a further check that these had not had significant impact on construction. Although some other policies were mentioned in the interviews, there was general consensus – in line with the views of the MSG – that the Study Team had identified the policy areas with the most significant and distinctive impacts on construction.
5 Development of interview procedures

5.1 Guidance to interviewers

In order to receive first-hand information about the impact of European policies (as implemented, in the case of regulatory policies, through national legislation in Member States), members of the study consortium conducted interviews with key stakeholders in their own countries. To ensure consistency of approach across the study partners, and appropriate coverage of the policy areas, comprehensive guidance was prepared for those setting up and conducting the interviewers. This guidance is set out at ANNEX I.

The overall interview process contained a number of steps, as follows:

- a) each interview was arranged by telephone
- b) the interviewee was then sent a letter (by mail or email) which confirmed the arrangements for the interview and provided further information about the study. Annex I(i) contains a draft of the letter, which partners modified and translated as appropriate. The letter was accompanied by the summary of the study (ANNEX B) and by a summary of the policies under study and their possible impacts (ANNEX I(iii)) which again was modified and translated as appropriate
- c) The summary of the policies invited the interviewee to select up to three policy areas for discussion. These were agreed at the start of the interview, so that the interviewer knew which sets of questions to use.
- d) The interview then took place, structured according to the guidance on the interview sheets (see below, 5.2))
- e) The interview was summarised using a format set out in an Excel spreadsheet (see below, 5.3), the report being sent to MBS within a short time of the interview taking place

Interviewees were also invited to complete the Web-based questionnaire, in order to obtain responses (in the form of structured ratings of the significance of different impacts) which complemented the information provided at the interview. (However, subsequent examination of the questionnaire data showed that few interviewees did actually complete the questionnaire.)

5.2 Interview structure

The overall form of the interviews was:

- i. Preliminary questions to obtain basic information about the interviewee and their organisation
- ii. Identification of the policy areas to be explored in the interview (the interviewee having been invited to consider this beforehand, through the letter and the summary of policies)
- iii. Questions to explore specific policies
- iv. Final questions, including an invitation to comment on any other aspects of European policy and an invitation to complete the questionnaire.

ANNEX J contains the sheets which set out the questions and provided detailed guidance to interviewers. The Study Team took the view that the interviews were primarily for obtaining opinions and ideas which would enable questionnaire responses to be set in context and that they would provide ‘rich’ data. Hence they did not include questions of the nature of ‘please rate the impact of ...... on a scale of 1-5’; this form of enquiry was conducted through the questionnaire.
The interview sheets were tailored to the individual policy areas, but some questions were common, notably those that directly probed the impact of the policy measures on the competitive position of firms (see below).

5.3 Factors in competitiveness

The Study Team’s appraisal of the contribution of construction to European competitiveness was outlined in Section 2.3; it identified the significance of resource usage and therefore of costs, but also noted that local competitive markets are fundamental to the maintenance of a competitive economy and that the impact of policies on the factors that influence firms’ competitiveness should therefore be included in the study. The literature review summarised in Chapter 3 showed that while costs are very important, a firm’s competitive position is the product of many factors. The Study Team decided that it was not practical to include all the factors emerging from the review in the interview structure (and subsequent questionnaire). Reviewing the output from the literature survey, it was decided that the interviews should investigate the impact of policies on costs and on five further factors in competitiveness:

- **Quality** – whether the policies affected the final quality of output or the quality of service provided by the firm
- **Customer satisfaction** – this is arguably related to quality, but is a more direct indication of competitiveness, on the grounds that satisfied customers are more likely to offer further business and therefore to sustain the firm in its marketplace
- **Labour productivity and skills** (including the availability of skills) - productivity and the level of skills are undoubtedly significant factors in competitiveness
- **Environmental capabilities** – these were increasingly important and a firm that was sensitive to environmental requirements and able to offer appropriate solutions would be more competitive
- **Innovation** – the desire and ability to identify new developments and to implement them would again result in enhanced competitiveness.

This choice of factors was consistent with the Commission’s own communications on the subject, both those dealing with economic competitiveness in general and COM(97)539 on the construction sector in particular.

Accordingly, the interview structure included, for each policy area, questions that probed the impact of the policy measures on these factors of competitiveness.

5.4 Selection of interviewees

The study proposal put forward a provision list of stakeholder interests to be represented in the questionnaire:

- Contractors and specialist sub-contractors
- Designers (architects, engineers, etc)
- Cost consultants (in some business systems)
- Housing providers
- Organisations providing regulatory or technical approval services
- Clients for construction (public and private sector, including developers)
- Employee representative bodies
- Educational bodies and organisations responsible for setting and monitoring qualifications
- Health and safety enforcement bodies
- National governments (officials with policy responsibilities for construction and employment)

Further consideration of the likely impact of the policies that would actually be investigated in the interviewees led to the conclusion that some of these (e.g. educational bodies) were not
significant. Guidance on the selection of interviewees was prepared for partners but it was recognised that the final list should reflect the different types of institutional arrangements found in the partner countries (e.g. bureaux de contrôle in France) and that it should therefore be modified appropriately by each partner.

In addition, the Study Team gave further consideration to the respective roles of the interview and questionnaire in providing data which could be regarded as representative of the different interests. It was thought that the resources available for data collection would permit 20-30 interviews in each country (however, because of difficulties in securing interviews, this proved not to be possible in all cases). Most were likely to be with the principal representative bodies, regulatory bodies, government officials etc. It was not possible for the remaining interviews to cover a representative sample of firms - the data would be inherently anecdotal. However, it was possible to cover a reasonable sample of firms which are operating at a European level, or at least have operations in more than one Member State. Such firms were in principle well placed to offer an informed perspective on the impact of EU policies, as implemented by different Member State administrations, on the construction sector. In particular, they would be able to offer insights concerning the contribution of EU policies to the development of a European market for construction services.

Supplementing the interviews in Member States, a number of interviews were also held with representatives of construction interests at European level and with Commission officials responsible for policy areas of particular relevance to construction.

Chapter 7 presents the outcome of the interview programme.
6 Development of on-line questionnaire

While the interviews were considered to be the principal source of data and opinions on the impact of policies, there was clearly a need to obtain information from a wider range of respondents, both geographically and by type, and particularly from individual firms since these were directly affected by, or ultimate beneficiaries of, European policies. For this reason, the interviews were supplemented by an on-line questionnaire. This chapter outlines the Study Team’s approach to the design and promotion of the questionnaire.

6.1 Purposes served by the questionnaire

The on-line questionnaire was seen to fulfil a number of purposes:

First, it provided a means of validating the opinions and data obtained through the interviews. If the data obtained through the questionnaires were consistent with the data obtained from the interviews, it would give confidence in any conclusions drawn from what was inevitably a limited set of interviewees.

Secondly, the questionnaire enabled a wider set of respondents to give views or to offer suggestions on how policies might be amended in order to reduce any adverse impacts or to make them more suited to construction.

Thirdly, the data from the questionnaires would enable conclusions to be related to a wider range of national construction business systems (the term given to the structure of relationships through which construction activities take place in a country). Again, this was seen to increase confidence in any conclusions.

In addition, the questionnaire was a means of raising awareness of the study and, more importantly, of the Commission’s wish to understand the impact of its policies on industry in order to take this into account in future changes and policy initiatives. Thus it was a tool for engaging a greater range of interests in that policy review process, of securing ‘buy-in’ and giving them the opportunity to influence future developments.

6.2 Questionnaire design

The design of the questionnaire broadly followed that of the interview structure in that there were three groups of questions; first, some general questions to establish the background of the respondent, secondly, groups of questions each relating to a particular policy area, and thirdly some general questions which offer an opportunity for the respondent to make additional comments and suggestions for change.

However, in order to allow rapid, automated analysis, responses to the great majority of questions were constrained to a choice among a limited number of options, which could then be coded (e.g. on a 1-7 scale) and analysed with a statistical package (SPSS was used).

Hence the questions in the interview structure which invited ‘qualitative’ responses, such as descriptions of the actual impacts of policies on a firm’s operations, could not realistically be included in the questionnaire. Instead, respondents were asked to choose between statements that described the level of impact on their operations. At the end of the questionnaire, however, they were given an opportunity to offer comments and suggestions for change. The sections dealing with individual policy areas had many questions in common, so that respondents became familiar with the question structure and could provide inputs which were consistent across different sections.
The basic principles of the questionnaire were endorsed at the second MSG. A complete draft (in English) was made available to MSG members following the meeting and following further comments the final version in English was opened for responses on 14th June, with the address www.mbs.ac.uk/EuroImpactSurvey. Some small changes to the section dealing with public procurement were made at the request of DG MARKT on 10th July.

Annex K presents a specification in MS Word of the final version of the English language questionnaire. It may be seen that the questions ‘map’ closely on to those asked in the interview process. The questionnaire was mounted on the MBS server using proprietary ‘Calibrum’ software. This was a labour-intensive process; around a day’s specialist input was required for conversion of the MS Word version to the Calibrum version, together with the incorporation of coding so that the responses may be converted into a form suitable for rapid analysis by the SPSS statistical analysis suite of programs.

6.3 Promotion of the questionnaire

The questionnaire was promoted to firms and representative bodies through a number of routes:

- By the Construction Unit of DG ENTR to their contacts in national administrations and industry bodies
- By the principal construction representative associations at European level, through communications with their members
- By the members of the Study consortium interacting with their contacts in their countries (including interviewees) and beyond
- Through other networks known to the consortium, including the European Construction Technology Platform
- Through a presentation by a member of the Study Team at the Euroconstruct Conference in Amsterdam on 9th June

ANNEX L presents a list of some of the organisations (other than the principal construction representative bodies) that were informed about the questionnaire and encouraged to make it known to the contacts and members. There were other national contacts. It is of course not possible to know how many potential respondents were made aware of the questionnaire, but the Study Team are confident that all the main routes for dissemination of the information to industry interests were employed.

6.4 Other languages

It was recognised from the start of the study that the questionnaire would not secure a wide range of responses if it were made available only in English. However, there was no resource within the study to prepare other versions. Following discussion at the second meeting of the MSG, a French version was prepared by EBC. This was received by Manchester Business School in mid-July and made available for completion on 18th July, with the address www.mbs.ac.uk/EtudeSecteurConstruction. As with the English version, this was promoted through the European associations and through contacts in relevant countries (notably France and Belgium).

The Commission provided a German translation in July but resource limitations prevented this from being available for on-line completion until mid-September, with the consequence that only the responses to the English and French questionnaires could be included in the analysis presented to the Evaluation and Validation Workshop. The responses received to this version were, however, taken into account in the preparation of Chapter 8 of this report.

The Polish and Greek partners in the study consortium prepared versions in their own languages but resource limitations prevented MBS from mounting these and for the same
reason the partners were not able to mount them on their servers using their own survey software.

6.5 Additional versions

General promotion of the questionnaire, as outlined above, was necessary in order to elicit information from a wide range of respondents. However, it meant that there is no information about the population from which responses are drawn - the Study Team do not know how many firms etc were made aware of the survey questionnaires in their various forms. Further, respondents to general promotions are self-selecting and may not be representative of the general population of firms, even if that population can be defined. For that reason, the respondents to the questionnaire data could not be a statistically valid sample of European construction interests. This is discussed further in Chapter 8.

Recognising this limitation, the Study Team encouraged partners in the consortium to collaborate with organisations whose membership could be defined, in order to be able to promote the questionnaire to a known, and structured, sample of firms. In the event, only one such collaboration was established, with the Construction and Property Section of the Manchester Chamber of Commerce (the largest Chamber of Commerce in the UK). This has 1100 members, whose interests (architect, contractor etc) and size are known. A slightly modified version of the questionnaire was promoted to the members of the Section in July. However, very few responses were received and accordingly these were not analysed separately but incorporated in the main survey data.
7 Analysis of interview data

7.1 Coverage of interview programme

By the cut-off date for receipt of the interview data (14th September), some 112 interviews had been held, the country distribution being shown below (Table 7.1). Interviews with European representative bodies, Commission officials etc are classed as ‘Europe’.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>'Europe'</td>
<td>11</td>
</tr>
<tr>
<td>France</td>
<td>19</td>
</tr>
<tr>
<td>Greece</td>
<td>18</td>
</tr>
<tr>
<td>Poland</td>
<td>25</td>
</tr>
<tr>
<td>Sweden</td>
<td>21</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112</strong></td>
</tr>
</tbody>
</table>

Table 7.1 Geographical distribution of interviews

Some partners in the Study consortium experienced considerable difficulty in securing firm commitments for either personal or telephone interviews from construction organisations and government bodies. The overall total is in line with the estimate put forward in the original proposal which did not include interviews with European interests.

In some cases, the same interview included representatives of different interests while in others more than one interview took place with personnel from the same organisation. Hence the number of separate organisations represented in the interview programme was not the same as the number of interviews. Table 7.2 provides information about the backgrounds of the 103 construction-related organisations that were interviewed. The Table distinguishes (in categories where both exist) between Associations (A) and firms of other types of individual body (F). The range of backgrounds of the interviewees was determined following the assessment of policy areas (Task 2) and, as noted in Section 5.4, was not as wide as the list of ‘stakeholders’ suggested in the study proposal. Thus, for example, interviews did not take place with educational bodies, while housing providers were grouped with construction clients.

<table>
<thead>
<tr>
<th>Interests represented in interviews</th>
<th>EU</th>
<th>FR</th>
<th>GR</th>
<th>PO</th>
<th>SE</th>
<th>UK</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors and sub-contractors</td>
<td>A:2</td>
<td>A:1</td>
<td>A:5</td>
<td>A:2</td>
<td>F:10</td>
<td>A:2</td>
<td>A:12</td>
</tr>
<tr>
<td>Designers</td>
<td>A:3</td>
<td>A:1</td>
<td>A:1</td>
<td>A:3</td>
<td>F:2</td>
<td>A:2</td>
<td>A:13</td>
</tr>
<tr>
<td>Cost consultants</td>
<td>F:1</td>
<td>F:1</td>
<td></td>
<td>F:4</td>
<td>F:3</td>
<td></td>
<td>F:11</td>
</tr>
<tr>
<td>Other professions</td>
<td>F:2</td>
<td>F:1</td>
<td>F:1</td>
<td>F:1</td>
<td>F:5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product/materials suppliers</td>
<td>A:1</td>
<td>A:2</td>
<td>A:4</td>
<td>A:1</td>
<td>F:2</td>
<td>A:1</td>
<td>A:10</td>
</tr>
<tr>
<td>Employee reps.</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Clients</td>
<td>A:1</td>
<td></td>
<td>A:1</td>
<td>A:2</td>
<td></td>
<td>A:1</td>
<td>A:5</td>
</tr>
<tr>
<td>Regulatory body</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Health and safety</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Government</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 7.2 Interests represented in interviews

While the pattern of interviews was not the same in each country, the table confirms that, overall, the main interests were well covered through interviews with associations and other representative bodies. The interviews with individual firms were, where possible, with those
with experience of working in more than one Member State of the EU, in order to have their perceptions of policies aimed at opening market opportunities.

The differences in the coverage of individual countries stem partly from the different structures of construction organisation but more particularly from the availability of individuals and their willingness to be interviewed. The ‘gaps’ in coverage would be significant if the interviews had revealed strong differences in view over the aims and principles of European policies across the countries covered. However, as discussed below, any differences were much more related to factors in national implementation. For that reason, the set of interviews with, for example, designer representatives could be regarded as a single set for the purposes of examining the impact of policies at the European level, and the gaps were not seriously prejudicial to the data.

ANNEX M provides a full listing of the organisations and individuals interviewed. Overall, the geographical coverage, the range of interests covered and the level of the interviewees may all be considered satisfactory.

7.2 Content of interviews

Table 7.3 shows the number of interviews that produced comments on each policy area, according to the background of the interviewee. Some of the Table 7.2 categories of interviewee, with few entries or similar interests, have been combined.

<table>
<thead>
<tr>
<th></th>
<th>Envir-ment</th>
<th>H and S</th>
<th>Public Proc</th>
<th>Free Mvm'nt</th>
<th>Tax</th>
<th>Resrch</th>
<th>Euro-codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors etc</td>
<td>9</td>
<td>15</td>
<td>14</td>
<td>10</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Designers</td>
<td>3</td>
<td>5</td>
<td>15</td>
<td>10</td>
<td>1</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Other prof*</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Prodct/material</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>4</td>
<td>10</td>
<td>2</td>
<td>7</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clients**</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Regulators***</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>40</td>
<td>45</td>
<td>46</td>
<td>34</td>
<td>17</td>
<td>16</td>
<td>33</td>
</tr>
</tbody>
</table>

* including cost consultants
** including housing providers
*** including health and safety enforcers

Table 7.3 Policy areas commented upon by each category of interviewee

The table shows that each policy area received comments from at least 6 of the 8 categories of interests covered, which is an indication that the interviews gained a range of perspectives on each policy area. As expected, there were more comments on the ‘regulatory’ areas such as environmental and health and safety policies than on the ‘permissive’ areas such as recognition of qualifications and generally the distribution of comments follows the expectation of the Study Team, with perhaps the exception of the relatively high number of comments on the Eurocodes. Other points of note are:

- The frequency of comments on public procurement policies, particularly by designers, was rather higher than expected - although many of these were stimulated by local interpretations of the relevant Directives (see below)

- The number of comments on tax policy was low, but this was expected since the relevant provisions have not been taken up in all the Member States covered. In addition, comments from countries which had not taken up the VAT concession tended to be brief and along the lines of ‘it would be an advantage to introduce this measure’.
The relatively low number of comments on research and innovation policies might be taken to be an indication that these were not seen to have had not significant impact on the sector (and indeed some of the comments recorded were directly to that effect).

The Study Team conclude that the interview programme was successful in securing an adequate number of comments about each policy area selected for investigation.

In addition, they confirmed the choice of policy areas selected for study. Each interviewee was given the opportunity to comment on the selection of areas for discussion. While a few measures outside these areas were mentioned by interviewees, the great majority of interviewees endorsed the view of the Study Team that the seven areas selected were indeed those with greatest impact. Some information on other areas mentioned is presented in Section 7.10.

The Study Team had expected that the comments received would reflect the different backgrounds or nationalities of the interviewees. This was observed only to a limited extent—for example in the concerns of design interests that ‘quality’ factors should be given more prominence in public procurement decisions. But there were no significant divergences in the assessment of the impact of policies, and where there were national differences these reflected aspects of local implementation rather than differences in the way that policies impacted on different construction business systems. Thus in general the interview responses may be regarded as a single set, and general conclusions drawn from them, rather than as a number of sets of responses from different interest groups and Member States, each needing to be considered separately.

The following sections (7.3-7.9) summarise the views expressed on the different policy areas. In preparing these summaries, the Study Team have sought to bring out both the main thrust of the comments received, and any distinctive points. They have also sought to record the suggestions made over improvements or alternative ways of addressing the various policy objectives although these were not extensive. It might be expected that the policies with the largest number of comments, or which affect the greatest number of firms, would result in the longest summaries, but this is not the case. Many of the comments about, for example, environmental policies were similar. Hence while it may seem unbalanced for the summary of the Eurocodes to be nearly as long than that on environmental policies, the relative lengths do reflect the different distinctive comments or suggestions received.

Following the discussion of individual policy areas, Section 7.11 presents some general comments stemming from the interviews.

7.3 Environmental policies

The assessment process identified a number of policy measures related to the environment, all of which could have direct or indirect impact on construction. The Study Team identified the measures relating to wastes and landfill as those with the greatest impact on construction but interviewees were given the opportunity to comment on other aspects of environmental policy if they wished. The clear majority view as that wastes and landfill was the policy area with greatest impact. There were, however some references to energy requirements and (particularly from Swedish design interests) to noise legislation which was affecting the design of housing. In the light of the assessment conclusions, it seemed that these comments were either anticipating future impacts or derived from national requirements. Some interviewees from design backgrounds mentioned Environmental Impact Assessments which had affected the planning of some developments but noted that the influence of EIAs was at an earlier stage in the development process, with only indirect impact upon construction activities. Some representatives of materials producers commented that regulations on emissions were most significant. There was also one reference, by a representative body for architects, to the Communication on the Urban Environment, which was thought not to have had impact – and again if there were impact it would be on ‘planning’ rather than ‘construction’ activities.
The policy measures on the environment, and specifically on wastes and landfill, were generally recognised by interviewees to have had an impact; representatives from the contracting sector, particularly, thought they had caused firms to pay more attention to environmental issues. This view was shared by employee representatives who coupled this with the greater attention also being paid to health and safety as a result of European legislation. They saw a strong link between concerns over the environment generally and the protection of the health of workers. The EU legislation had been a boost to action at local level, even if this had already been initiated.

Several interviewees, from both industry and government backgrounds, commented that there were still large differences in practice within and between different Member States. In part, this reflected genuine geographical differences – for example the availability of land for landfill. But more often the differences reflected different approaches to implementation and monitoring. (See general discussion of these aspects below – Section 7.10.) And a distinctive client-orientated view on the issue, from a UK organisation concerned with project management, was that the costs of complying with the legislation were being passed on, but they had little assurance from independent sources that the necessary actions were actually implemented. One contractor representative (from Greece) commented that the requirements had placed responsibilities on public bodies that were not equipped (in terms of technical expertise and facilities) to discharge them – again an issue in local implementation.

As expected, contractors and their representatives focused on the measures related to wastes and landfill. There was consensus that the measures had increased costs, although no quantified data were available. Where these interviewees commented on the source of the extra costs, these appeared to derive from the extra sorting, transport etc requirements although there were some comments (particularly from Poland) on the burden of reporting requirements.

Several interviewees from the contracting sector considered that the current definitions of wastes reflected a lack of awareness of the practicalities of construction. To take one, admittedly extreme, example, one UK interviewee commented that a painter transporting a half-empty can of paint from a completed painting job was technically carrying ‘waste’, even though the paint had a potential future use. More significantly, uncontaminated excavated soil was considered a ‘waste’ even though it was arguable that it posed no risk to health and was likely to be used either on the same site or elsewhere. An interview with DG ENV revealed that these issues have been recognised, although it was felt that that the more extreme cases cited were based on an unreasonable interpretation of the requirements. DG ENV intended to bring forward proposals to address the general issues of ‘when is a waste not a waste?’ which would centre on the development of suitable standards for recycling and the application of a test as to whether there is a firm plan for the use of the material in question. In a contribution to the Evaluation Workshop, DG ENV commented further that modifying the definition of wastes though legislation would result in loss of flexibility and that it was preferable to have judicial decisions shape the interpretation in individual circumstances. However, contractor representatives reiterated their view that the legislation now before Parliament should clearly exclude uncontaminated soil from the category of wastes.

There was little consensus across interviewees on whether environmental policy measures had contributed to the factors of competitiveness identified in the study and reflected in the interview format. Generally, because all firms were subject to the same requirements, interviewees from all backgrounds considered the impact small except on the obvious factor of increased environmental competence. But as noted earlier, some contracting firms considered that there had been a stimulus to examination of working methods and the use of technologies that would reduce waste and facilitate recycling, although it was pointed out by a representatives of SMEs that many construction materials were supplied by large international companies, and the influence of individual construction firms on the way products were supplied to site was very limited.

The area was, though, one where policy requirements could affect the competitive position of legitimate firms by comparison with those in the informal economy.
Few suggestions for changes to the policy or for alternative ways of achieving the same policy objectives were forthcoming. Several interviewees representing contractors said that they would prefer more reliance on economic instruments, so that there were positive rewards for good environmental practice. There was little comment about the level of environmentally related charges (e.g. for landfill) which have been introduced but some concern from contractors, particularly in Poland, about the associated administrative requirements.

In summary, therefore, the comments on environmental policies indicated:

- A broad acceptance of the aims of the policies and of the case for legislation in this area
- Acknowledgment that they had had impacts on the activities of construction firms, although in some cases the effect was to reinforce changes in practice that were already happening
- Recognition that the policies had increased costs, although there were no data to give pointers to any overall level of increase
- Some detailed concerns (e.g. with waste definitions) but with most concern focussed on aspects of national implementation
- Small impact on the relative competitive position of firms, but with a particular concern about competition with the informal economy
- Suggestions that there should be greater use of economic incentives to promote good environmental practice – and no adverse comment on the changes that have been introduced related to environmental matters.

7.4 Health and Safety

The industry representatives interviewed noted that implementation varied across the EU Member States, but there was a general tendency to perceive the national implementation as more burdensome than in other countries. Moreover, the national data did not allow for comparisons to show whether one approach was more effective than another. One interviewee based in Brussels suggested the need for a consistent European health and safety database.

No interviewee was able to provide an estimate of the costs of implementation for their firm of the many directives related to health and safety issues except for one Swedish employer with 130 employees who gave a figure of 350 000 SEK per annum, or about £270 per person. One UK interviewee reported an overall assessment by the UK Health and Safety Executive which estimated the overall cost to construction firms of compliance with health and safety requirements at £2-3 billion annually, or several percent of turnover in the industry.

Industry representatives representing consultants based in Brussels and the UK were particularly concerned by the legal responsibilities placed on architectural and engineering consultants, by the Temporary and Mobile Sites Directive (currently under review). In some EU member states such as the UK, the associated liabilities had been translated into criminal liabilities for which no insurance was available whereas in others it created civil liabilities. For professionals practising in different countries, this could have disproportionate consequences because of the need not to have any criminal record, and the variation negated the aim of the recently adopted Services Directive. In the view of those commenting, the Directive should not allow such a significant variation in interpretation; it needed to be more specific on this point, with responsibilities allocated appropriately and insurance available to cover liabilities.

Another problem raised by one UK industry representative was around the definition of ‘duty holder’ in relation to the operation of a building or other facility, particularly in relation to asbestos. This was interpreted more widely by the courts in that it was extending from the owner/occupier to include professionals who assisted with maintenance and renewal. As a consequence, some of the larger consultants, who had significant assets and could be targets for litigation, were no longer engaging in this form of work.
A UK government representative observed that in the large part of the market concerned with small construction and maintenance works, small firms were subject to competition from the informal economy. Regulations widened the gap between the legitimate firms and those in the informal economy. There was a need to find ways of addressing the issues that worked with the market. This view was shared by Polish trade union representatives. However, smaller firms were not the only ones accused of these practices - a French trade unionist noted that a large contractor had hired Turkish labour subcontractors on a prestige project in Paris.

Interviewees from the SME sector explained that European health and safety legislation had caused changes in the attitudes and behaviour of small firms because of the liabilities imposed. However, there did not seem to be pressure for change from SMEs. It was difficult to assess the positive impacts and it was believed that the overall effect was to reduce labour productivity. In Poland, one interviewee complained of the substitution of cheaper materials to absorb the cost of health and safety. More generally, some interviewees observed that the Temporary and Mobile Sites Directive had promoted good project management but for the majority of ‘micro’ projects there would be little financial benefit to offset costs.

There was general acceptance of the role of directives in improving health and safety standards. The requirements had changed working practices but they had also imposed extra burdens on firms such as requirements on making risk assessments and keeping records. In the UK, a representative of SMEs cited the Working at Height Regulations as an example; these inhibited the use of ladders and led to extra costs for scaffolding.

On the other hand, French and Polish interviewees commented that many of their standards exceeded those of the EU, such as the French regulations on asbestos. Indeed, one Polish interviewee claimed that the implementation of EU directives in Poland had led to a reduction in standards in some cases. They cited example the reduction in the specified height of safety rails by 100mm, apparently on the grounds that the average height of workers across the EU was lower than that of Polish workers.

From the employee perspective, trades union representatives thought that while EU policies and legislation were satisfactory, problems were caused by the differences in implementation across the EU. There was a large gap between theory and practice, especially in the Accession States where the regulations were demanding, but the management systems to ensure their implementation underdeveloped. Interviewees expressed concern that there was little appreciation within the European Commission of the reality of site operations and issues of enforcement. A general comment by all was that legislation needed to be better informed by understanding the actual conditions on sites. For instance, the proposals for the Optical Radiation Directive (now abandoned) had demonstrated a lack of realism by the Commission.

Some interviewees argued that they would like to see more enforcement mechanisms (e.g. more inspectors) and increased funding to support enforcement mechanisms to ensure that firms are complying with the legal requirements. For instance, it was asserted that the probability of an inspector from the UK Health and Safety Executive (HSE) visiting a site was low, and firms judged whether to comply with requirements accordingly. Industry representatives confirmed that the lack of HSE inspectors exacerbated the problems of implementation with regard to the competitive position of firms in relation to the informal economy. As firms knew that a site inspection was rare, more consensual means of implementation were required.

Another factor contributing to differences in national implementation was that national governments had scope for reducing the impact of Directives. One interviewee from an employee organisation commented that there may be a conflict of interest here as the public sector accounted for around 40% of the construction market. Hence measures that increased costs had direct impact on public expenditure.

One UK company representative with experience of working in the UK and France observed that health and safety appeared to be a much greater priority in the UK as compared with France where there seemed to be much less awareness at all levels. In France, there was a requirement to have a health and safety consultant who reviewed method statements and
inspected sites; by contrast, in the UK such inspection was the responsibility of the HSE. The resources allocated to such consultants in France were, in his view, inadequate. He thought that the difference might be a consequence of the legal liabilities placed on company directors in the UK but the French partner in the study disputed this analysis. Moreover, as noted above, there were also comments from the UK on the lack of resources for HSE inspectors.

In general, employee representatives agreed that legislation had significantly improved health and safety in the construction industry over the last 15 to 20 years but suffered from lack of monitoring. For example, falls from heights had been reduced, although they still accounted for 40% of fatalities. Across Europe, fatality rates had declined since 1999. Legislation had had a positive impact on employees’ training and increased awareness of the importance of health and safety issues in the industry but there was still inadequate training of workers before they went on site. Administration, training and certification requirements increased costs but these were not considered to be too high and construction companies were able to meet these costs in general. It was believed that improvements to the working conditions and the working environment, while representing costs in the short term, would lead to savings and increase competitiveness in the long term. Health and safety regulations, in their view, had a positive impact on the competitiveness of construction firms on the international market (outside the EU) owing to the enhanced quality of the service or the final product, improved client satisfaction and improved labour productivity.

One UK employee representative noted that The Working Time Directive was a major instrument for improving health and safety. A principal weakness, apart from the individual opt-outs the UK government allowed, was the lack of monitoring. For instance, the Health and Safety Executive issued very few summonses or notices regarding violations of working time. The right to paid holiday was considered to be another important issue although this had been circumvented by employers claiming that holiday pay was included in the normal pay or by reducing the number of contractual hours as the basis for payment. The cost of full compliance was undoubtedly significant.

Looking forward, one government interviewee suggested that perhaps the insurance sector could offer an approach – rewarding firms which complied. The interviewee expressed the view that the effect of the many pieces of legislation was a prescriptive piecemeal approach. In the opinion of a UK government representative also, a broader risk-based approach was needed which could be self-policing or otherwise market-based. More generally, it was agreed that legislation needed to be proportionate to the risks being addressed. Otherwise, the cumulative burden was considerable and the legislation could not be effectively enforced owing to lack of resources at the national level. Another approach to improvement suggested by a UK employee representative was that the public sector could use procurement policies to promote health and safety, e.g. by insisting that all workers on publicly financed projects carried a card which certified that they had received the appropriate health and safety training.

7.5 Public procurement

The EU’s public procurement policies have been defined over the years in a number of directives and recently replaced by two new directives (2004/17/EC and 2004/18/EC) which were adopted in 2004 and entered into force on 31 January 2006. However, the interviews (and the on-line questionnaire) referred to the public procurement Directives in general, rather than the latest ones in particular, especially as they have not yet been implemented by all Member States. Accordingly the views received reflected experience with the older Directives as well as perceptions of the possible impact of the new Directives. Further, they were strongly coloured by national implementation practices, which in some cases went beyond the requirements of the Commission. Distinguishing these various strands in responses has not always been easy, but the summary below seeks to identify whether comments relate to the principles behind the older and new Directives or to national implementation.

The fundamental principle for the awards of contracts to tenderers according to the legislation is on “the basis of objective criteria which ensure compliance with the principle of
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transparency, non discrimination, and equal treatment and which guarantee that tenderers are assessed in conditions of effective competition.” The two criteria for the award of contracts which conform with these principles are lowest price and economically most advantageous tender.

There was a broad welcome from interviewees from the government, industry and trade union sectors for the new Directives. In general, industry representatives thought that the new public procurement Directives had not had an opportunity yet to make an impact. They also commented that many projects were still awarded on the basis of the lowest price.

Interviewees also observed that trans-national construction contracts were rare – less than 3% of the total according to Commission figures, although a Brussels-based federation representing consultants suggested that the figure was a 1%. Most trans-national business was through joint-ventures or through the purchase of a consultancy in another country.

Government representatives from the UK commented that the new Directives had not caused problems and had been incorporated in a consistent and straightforward way because in their perception the main changes in the new legislation were clarifications of aspects of the previous legislation. The basic principles of the procurement policies, established, since the 1970s, had been kept. The new measures in the two recent Directives, aimed at improving transparency and efficiency, involved new procedures that industry would have to understand but in terms of costs the situation would not be too different from before the implementation of the new Directives. The positive impact of previous public procurement legislation would be enhanced - increased transparency and other benefits leading to an increase in the industry’s competitiveness. For instance, electronic procurement allowed information to be held in databases, increasing transparency and facilitating fair competition. This could have a positive impact but it was too early to see real effects.

Similar views were expressed by French respondents. The latest directives were currently being implemented in France, but this was seen very much as an evolution from earlier French procurement legislation (the Code des Marchés Publics), and representatives from private firms believed that nothing had changed. A notable development in France is the desire by the Ministry responsible for procurement policy to enhance the ability of smaller firms to access larger government tenders under the procédure d’allotissement obligatoire modelled on the US Small Business Act. It was unclear how far they could go with this under the procurement directives. Generally, those changes which were seen as emanating from the EU were welcomed by business representatives. These included, in their perception, an interdiction on reverse auctions which was claimed to be the result of lobbying by French industry representatives in Brussels. However, we were later informed that the Directives contain no such interdiction and so any such perception is the result of local policies.

UK and French government representatives also expressed the view that the new Directives would stimulate a search for new ways of working. In particular, the ‘competitive dialogue’ procedure would allow early dialogue with industry and provide information on what the public sector wants to buy. This would guide and stimulate the creation of new ways of working and ideas. However, it was noted by a UK government representative that the European Commission continued to express concerns over ‘partnering’ and similar relationships which it considered to be encouraging collusion. There was also concern expressed by a UK government representative over perceived pressure for favourable treatment for SMEs which might not reflect their ability to contribute effectively to the works required, and French employers’ associations feared the price competition that such encouragement might engender.

One UK industry representative body welcomed the new Directives as a significant advance on the previous legislation because they took account of different purchasing methods, such as the private finance of public projects and Framework Agreements, although it was too early to say if the review of the four-year time limit on Framework Agreements would be a burdensome exercise. Concerns were expressed by industry representatives that the ‘bundling’ of previously separate contracts into a single larger contract had increased costs since only larger firms could bid for the contract. Concern was expressed by industry
representatives based in Brussels representing consultants that the Directives endorsed public-private partnerships which could be seen as anti-competitive since they did not allow scope for small practices to participate. These partnerships had the effect of putting up barriers to SMEs because smaller works were grouped into larger contracts. It was also arguable that the profits from such contracts should be retained for the benefit of the public. It was noted that the threshold for application of the Directives was above the level of interest for SMEs – a view particularly strongly held in Poland - but that some countries had applied the same principles to works below the threshold cost. It was difficult to say whether the procedures would affect other competitive factors but one UK-based government interviewee thought that the longer term relationships that were permitted should encourage investment in, for example, training and innovation. By contrast, it was thought by Swedish industry representatives that the public procurement rules made it more difficult to establish ‘framework’ relationships which might overcome this problem.

UK industry representatives observed that the effect of the legislation on competition in the EU was minor. It was suggested – particularly in the UK - that the entry of new competitors from different EU Member States into national markets for private finance contracts was probably not the consequence of European legislation; nevertheless, the effect was beneficial for clients. UK firms were not aware that public procurement rules had had a particular impact on their ability to obtain work in other EU Member States. One Polish industry association observed that, particularly in Accession States, there was a view that the extra competition introduced through the Directives was damaging to local interests. Large companies from other EU Member States were winning major contracts.

A representative body for architects expressed concern that in their view the legislation seemed to promote the integration of design and construction or even favoured design-build, with the consequence that the budget for the design consultant came under pressure. They believed that the role of the design consultant should be separately identified; the independence of the designer needed to be preserved either through a direct contractual relationship with the client or by defining their responsibilities in the contract.

Continuing with this aspect of procurement, many interviewees from the supply side commented that the ‘quality’ dimension in the supply of architectural and engineering design services was not recognised properly and selection by price was still prevalent. This was noted in all the countries where interviews were held. There was concern that the requirements on clients to set out the appraisal process were not strong enough. There was a need for the client to demonstrate that the process had been followed. UK contractor representatives considered the competitive dialogue provisions helpful to both suppliers and clients on complex projects. However, in such projects the criteria for selection had only to be listed in order of importance, not weighted. This did not give supply firms adequate guidance when preparing proposals and there should be a requirement for a ‘quality’ judgement. In general, the view from the supply side was that the ‘economically most advantageous’ criterion often came down to a judgement on price.

Other concerns, raised by industry representatives from Sweden, included the volume of information required in responding to public tenders, and that there was no control over how this information was going to be used. For example, it was questioned whether CVs should be provided with a tender. These were typically requested but it was unrealistic to expect firms to commit staff for work which might be more than a year ahead. These concerns over the volume of information required in the timescale underlay a perception expressed by representatives of UK consultants that it was difficult to respond adequately to an invitation in the European Communities Official Journal unless one was already broadly familiar with the requirements of the project; otherwise there would not be sufficient time to prepare a credible proposal. Industry representatives in Greece considered implementation of the Directives to be particularly bureaucratic, compounding an already bureaucratic system.

Further comments were made by industry representatives based in Brussels regarding barriers to innovation. Presently, invitations for construction works that did not explicitly invite alternative solutions, could not accept such solutions if offered. This was seen as an inhibition to innovation. There was also a lack of protection for ideas introduced by firms’ proposals.
which might include innovative ideas. This inhibited investment in developing novel approaches. Industry representatives would welcome increased incentives for research and innovation in public contracts, perhaps through fiscal provisions.

From the employee perspective, a trade union representative from the UK was in general satisfied with the transposition of the Public Procurement Directives into national legislation. However, he stressed that their effect depended on a uniform implementation across the EU - this was essential for the creation of a level playing field. The impact of the public procurement Directives was seen as positive.

Polish contractors were also positive. They considered that the legislation would assist companies that employed labour through direct employment over those with poor health and safety records and poor working conditions. They acknowledged that the new Directives would require increased administrative work and staff training but that they would enhance the quality of the service or the final product, improve client satisfaction and improve labour productivity and skills. This in turn would improve the competitiveness of construction companies.

By contrast, architects in Poland expressed considerable reservations over the new procurement frameworks. They argued that the whole idea of competitive bidding for architectural services was an anathema, and that the Polish government's insistence on lowest price criteria was driving out quality from the service provided and making it very difficult to be sensitive to cultural issues in architectural design.

The strongest voices against current procedures for public procurement tended to focus on the distinctive characteristics of national implementations of those Directives, rather than the Directives themselves. In Sweden, the implementation was seen as particularly onerous. Industry representatives commented that much more documentation was now required, and there was a noticeably greater tendency to use lowest price as a tender selection criterion. While some viewed the greater transparency of the process as a benefit, this had led to increased costs in bid preparation, less emphasis on quality issues, and, most notably, an explosion in formal contests of the outcome of bids. These had grown from 113 to 1124 in five years. (Discussion at the Evaluation workshop revealed that there had been a similar experience in Finland.)

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<tr>
<th>Year</th>
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Table 1 Contestation of Procurement Decisions in Sweden

Greek and Swedish concerns over the inherently bureaucratic approach of their national authorities have been noted above. The largest overall impact of the procurement directives appears, unsurprisingly, to have been in Poland. Here, the contractors appear to be relatively happy, but consultants much less so.

From the above summary, some significant issues emerge for further consideration. The first theme that came up repeatedly was the perception that no matter what the Directives actually stated, the practice of national public procurement authorities was strongly biased towards selection on the lowest price, rather than taking into account quality criteria, and that in some countries the implementation of the Directives had reinforced this tendency. The second theme was that this was not simply wilfulness on the part of public procurement authorities, but had deep roots in the character of the European public sector, with its concern for accountability and inherent desire to have clearly defensible decisions. This line of discussion was developed during the Evaluation and Validation workshop, which approached consensus around the argument that using quality-related criteria in a transparent and open way can be difficult and that hard-pressed procurement authorities default back to lowest price in order to be sure that they are complying with the Directives. As a result, one suggestion that emerged
from the workshop was that the Commission should promote a series of best-practice case studies to help procurement authorities, and several offers of help were received from the participants. These ideas are discussed further in Chapter 9.

7.6 Free movement of labour and recognition of qualifications

This policy area covered several distinct policy measures, but all with the effect of promoting a more flexible market for labour within the EU. In principle, this then facilitates the most effective use of available skills and expertise and, overall improves the competitiveness of the European economy.

Free movement of labour

The measures coming under this heading include some (e.g. the Posted Workers Directive\textsuperscript{17}) that are concerned with supporting equal treatment for workers originating from different countries and others, introduced more recently\textsuperscript{18}, concerned with facilitating the movement of labour within the EU, which has particularly had the effect of facilitating movement from Accession States other Member States. These, however, have not been taken up in all Member States.

The assessment of impacts carried out by the Study Team in Task 2 of the study concluded that the measures introduced to equalise conditions had not had distinctive impact on construction (ie an impact different in kind from that in other sectors) although construction is one of the sectors that traditionally is a user of imported labour. The interviews supported this view in that while there were some (generally positive) references to the Posted Workers Directive, as a measure which had been beneficial to incoming workers, there was no suggestion that its impact in the construction sector had differed from that in other sectors.

The measures that enabled workers from Accession States to work elsewhere in the EU were, by contrast, considered to have had a positive impact on recipient states – notably in the UK where contractor representatives stated that the recent high level of demand for construction could not have been met without the import of such labour. DG EMPL noted at the Evaluation Workshop that these conclusions matched those of another study carried out in 2006 which had also found that Member States that had not permitted free access had experienced a growth in undeclared labour.

Not surprisingly, the corresponding interviews in Poland revealed a counterpart concern that the loss of workers was having a negative effect on the construction sector there, with firms losing skilled labour. But these were complemented by a view that the measure had stimulated a search for higher productivity and new methods of working, and so the overall judgment was not wholly negative.

Interviews with contractor interests in Greece and Sweden revealed a similarly positive view about the contribution of imported labour, particularly in helping to keep costs down, but in Greece it appeared that the main sources were outside the present EU (although including countries such as Bulgaria that will become Member States shortly). One interviewee commented that these sources would dry up once the countries joined the EU because they would experience a construction boom.

Concerns were expressed by employee representatives in the UK that the availability of well trained workers from Poland and other countries reduced the incentive to recruit and train local workers, with potentially long-term consequences for the supply of skills in construction and short-term consequences for employment opportunities in some urban areas.

\textsuperscript{17} Directive 96/71/EC
\textsuperscript{18} For example Directive 2004/38/EC
Complementing these, Polish interviewees commented that training needed to be enhanced to avoid Poland needing to import labour from other countries.

Similarly, contractor and employee representatives noted that there were health and safety issues in the employment of workers whose knowledge of the local language was poor. However, these had been addressed by employers and trades unions. They were not insuperable.

It is clear that the measures to encourage movement have had a positive impact on the capacity and competitiveness (reflected in costs) of recipient construction sectors, but with negative impacts on construction in exporting countries. There are also some social consequences, concerned with training provision, and safety, that require further consideration. The Study Team have not been able to draw a conclusion about the overall impact on construction output in the EU.

**Recognition of qualifications**

This aspect of EU policy was principally commented upon by representatives of engineering and architectural design interests; the latter have for some years had formal mutual recognition through the Architects Directive. While there is no such equivalent for engineers, many forms of mutual recognition exist, brokered through FIANI.

The overall view of interviewees from both groups was, though, similar. Formal mutual recognition could be (and in the case of architects, was) useful, but was not critical in determining the ability of a construction professional to work outside the Member State in which they had qualified. Furthermore, the larger design practices were accustomed to recruiting professionals from other countries, and were fully able to judge their qualifications and abilities. Hence the overall impact of EU policies in this area was marginal, and the interviews provided no evidence that engineers were pressing for formal recognition of qualifications through an equivalent to the provisions for architects.

Interviewees pointed out that it was customary for young professionals to spend time in another country, broadening their experience, and there were few barriers to this, provided the individual was working with locally qualified professionals. But construction was still governed by many local codes and working arrangements and there were both technical and cultural challenges for any individual who wished to establish themselves independently. It was also the case that informal barriers existed in some countries, which made it difficult for non-nationals to gain the necessary registration.

Several interviewees from European representative bodies pointed out that a particular barrier existed in some countries through the formal legal processes involved in securing construction permits, which could only be carried out by a professional registered in that country. This was where the official recognition of qualifications could help, but it did not appear in practice to be a major barrier – the issue was normally addressed through collaboration with a local firm.

Overall, therefore, mutual recognition of qualifications was desirable, but was not a key factor in encouraging the interchange of construction professionals across the EU. One interviewee (from a European engineering body) suggested that it could be more beneficial for the EU to broker a ‘partners employment’ scheme since in his experience the difficulties came when professionals wished to move to another country, and were offered a position, but their partner was not able to find suitable employment.

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19 This Directive (85/384/EEC) might more accurately have been called the ‘Architecture Directive’ since its provisions covered persons engaged in architectural design activities including those whose qualifications were in disciplines other than architecture. This breadth reflects the range of industry structures and practices found across the EU. In some countries, building design is carried out by persons holding civil engineering or other construction-related qualifications. The Directive’s provisions are now incorporated in the more general Directive 2005/36/EC on the recognition of professional qualifications.
A factor mentioned in several interviews (in the UK, France and at European level) as inhibiting the development of a European market in professional services was the variation in professional insurance arrangements in Member States. It was suggested that common systems of insurance would facilitate movement of individuals and the offering of services in different Member States. The Study Team were not able to pursue this in depth, but would point out that the roles and responsibilities of professionals vary according to the (national) construction business system in which they operate, and any insurance arrangement would need to reflect the associated risks. The role of insurance in facilitating the development of more effective European construction markets might be a subject for further investigation, outside this study.

It is worth recording also that several interviewees from individual firms (notably in the UK) commented that, irrespective of the impact on their firms or individual members of staff of EU policies to facilitate free trade across the EU, their firms benefited from these policies because they led to their clients establishing operations in other Member States. The firms were then invited to provide design services in these countries, and so expanded their operations across the EU.

7.7 Taxation

Of the countries in which interviews were held, only France and Poland have taken advantage of the provision for charging a reduced rate of VAT (5.5%) on certain domestic repair and maintenance works. Hence comments came particularly from those countries. Moreover, its introduction in Poland is recent, being part of the ‘transition’ arrangements and so there is little evidence of its impact.

In contrast to most of the policy areas under review, the interviews revealed that studies have been carried out of the economic impact of this measure. A study conducted for CAPED, the French small builders federation, covering the period 1999 to 2004, concluded that the VAT concession had generated some €2.3Bn of work annually (of which €1.8Bn was in sectors other than construction) with around 53000 jobs being created either directly or indirectly. Furthermore, the net cost to public funds of the concession was negative since additional personal taxes, savings in unemployment benefits etc. exceeded loss in income form VAT by some €0.5Bn annually.

The measure also addresses the price gap between legitimate firms and those trading in the informal economy. The French study pointed out that the number of prosecutions for undeclared income in the construction sector had fallen in the period 1997-2001, in contrast to those in other sectors which had remained constant. While it was very difficult to ascribe this to the VAT concession, this appeared to be a strong pointer to the effect of the concession in reducing the incentive to use illegitimate firms. Interviewees with experience of the French construction market supported this view.

However, employee representatives offered a more sceptical view of the effect of the concession on competition with the informal economy. A European employee representative body pointed to studies by Construction Labour Research of undeclared labour in the construction sector. The country study from CLR covering France cites a 2003 study by the Observatoire française des conjonctures économiques (OFCE) which concluded that ‘the majority of the results remain hypothetical, without demonstrating a possible causal link between the measure and the reduction in the shadow economy’. The country study further notes that the

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20 It was noted in the Evaluation Workshop that Finland allowed expenditure on domestic maintenance works to be offset against income tax. The information provided by the taxpayer allowed checks to be made on the legitimacy of the contracting firm. The system was considered to lead to the creation of more legitimate employment and to inhibit the informal economy.

21 Impact sur l'économie française de la révision du taux de TVA sur les travaux applicable aux travaux d'entretien du logement. Institut d'Informations et de Conjonctures Professionelles. May 2005

22 The country reports are available from www.clr-news/clr-reports.

trades unions interviewed in the course of the CRL research doubted that the measure would have positive effect on employment'.

Interviewees in countries which had not taken advantage of the concession did not dispute its likely benefits for construction. They were very positive towards its potential introduction, but could not go further than that. A UK government representative noted that there were wider policy issues concerning taxation which had prevented its adoption.

Several interviewees suggested that a similar concession might be offered for works aimed at improving the energy efficiency of housing, or of existing buildings more widely. In some Member States (e.g. the UK) the products used in such works, such as insulation materials, attract a reduced rate of VAT (equal to the rate charged on fuel and power) and this proposal would extend the concession to include the labour content of the works also. It was recognised that such a concession would require unanimous decision by Member States, but in view of concerns over climate change, and the need for the EU to meet its Kyoto targets, it was thought that this extension should be seriously considered.

7.8 Research and innovation

As noted in Section 7.2, only 16 interviewees commented on research and innovation measures. While this may seem to be a low number, it should be noted that the time available for each interview and the approach to the interviews was intended to ensure that interviewees gave detailed responses on the areas on which they were expert. This review covers the eight areas from the Interview Questionnaire. These areas were as follows:

- Extent of participation in programmes
- Main impacts and consequences
- Estimation of financial benefits
- Non financial benefits
- Impact upon competitiveness
- Location of competing firms
- Context for design and operation of programmes
- Proposals for change in design and operation of programmes
- Aligning research and innovation towards construction

**Extent of Participation**

The members of firms and officials from representative associations interviewed had experience of participation in the Framework Programmes and in other innovation programmes operated by the Community. A small number of organisations interviewed were involved in research themselves, and these were able to give the most detailed answers on involvement in EU programmes. Their involvement in EU programmes had been considerable.

However, those making comments about the general use of EU programmes gave the impression that construction firms on the whole, and particularly the smallest firms, are not as yet generally aware of the policies in this area and they are not aware of the changes in policy that have taken place at the level of the EU in the way in which research on construction is organized and funded. While there is general support for and appreciation of the European Construction Technology Platform (ECTP) amongst a relatively small core of firms, none of the respondents from interview were aware of the growing interest on the part of other DGs in the Commission about the role of construction in support of improvements in quality of life. It is likely that at present these DGs have not as yet established their initiatives in this area.

Representative organisations confirmed the view that smaller firms were unable generally to participate in research and innovation programmes, and fears were expressed that smaller firms were not able to make full use of the Framework Programmes because the costs incurred in engagement with them – either in developing a proposal – or in carrying out the research itself - remain too high and the benefits arising from participation, in terms of
profiting from the development of new IP, and from general dissemination of ideas and practices, remain too low. The Commission itself accepts the difficulty of communicating new ideas and practices to a sector in which the majority of firms are small and lacking technical competences and the resources to engage in research and development activities. Larger firms were by contrast well able to join in with the research and development activities.

However, there are signs that through ERABuild and through the ECTP it will be possible to realise significant benefits for construction innovation and performance. The merits of increased funding for construction through interactions between the ECTP and other ETPs, such as that for Sustainable Chemistry, which is jointly developing an initiative on materials for construction, are gradually being appreciated.

**Main impacts and consequences**

For most firms that are engaged in research and innovation programmes, whether as performers or as receiving information, the major benefits are greater awareness of relevant technologies, enhanced competencies, and access to further information and networking. For many also, the development of contacts is thought to be important when firms are part of research and development activities. A further benefit identified by some organisations, and which is generally thought to be important in the literature on the impacts of membership of research and innovation networks, is the publicity value. Firms that are seen to be engaged in research and innovation schemes that are publicly funded are able to achieve a visibility that can ultimately result in increased sales through an enhanced reputation.

For the consulting companies involved with research and development projects that were interviewed, research money is a lifeline and, without the Community R&D projects, they would have to reduce the scope of their activities significantly.

The Commission asserted the importance of the ERABuild network, which linked significant national funders of construction research. This network had made three joint calls and had conducted useful background studies, such as examining the resource implications of doubling the rate of replacement of buildings across Europe. This had concluded that without a large rise in efficiency in renewal processes this would make excessive demand on resources.

It was felt by contracting organisations that the Innovation Relay Centres did not make any significant contribution to construction.

**Estimation of financial benefits**

Those interviewed, apart from the firms which were research performers and technology organisations themselves, were not able to place a value on the economic or financial benefits of the research and innovation policies of the Community. There is evidence that firms do, however, think about the knowledge that is generated from participation in projects and that while they cannot easily place a value on this knowledge, they view the knowledge as a strategic and major asset of their firm.

This finding is generally consistent with innovation and research and development literature. The placing of a value upon financial benefits is often not easy to carry out because the project in which the firm engages is but one part of a range of activities which all jointly contribute value to the firm. Distinguishing how the different activities which constitute value is problematic for the firm. However, increased knowledge and competence is seen as a value asset even if its economic or financial benefit is not readily measurable.

**Non financial benefits**

Few of the interviewees responded here, but one firm was clear in the view that generally participation in Community research and innovation programmes allowed the firm to give greater client satisfaction and to improve its labour productivity and skills.
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Impact upon competitiveness

The few responses obtained to these questions suggested that firms were benefiting from these policies and that their competitiveness was being enhanced. No responses were recorded that claimed that participation had any negative impacts. One firm noted that it was able to enter new markets as a result of participation.

Location of competing firms

Amongst those who were interviewed, competing firms were in most cases said to be within Europe mainly, although one firm was trading in world markets.

Context for design and operation of programmes

Construction faces significant difficulties in absorbing new innovations from research. First, the sector is in many ways heavily regulated and this can both inhibit and stimulate the adoption of new developments. Secondly, changes in the international business environment can often undermine the relevance and applicability of research carried out. For example, the I-STONE project within FP6 had been successful in improving the efficiency of stone production. However, stone from China transported as ballast in ships coming to Europe was available very cheaply and European stone suppliers, even with the benefit of research, found it difficult to compete. Thus, international competition in particular contexts can make it difficult and even impossible for research and development to find application in the EU.

Proposals for change in the design and operation of Programmes

The interviewee from DG Research made comments following a discussion of the pilot study of the performance of national construction sectors commissioned by DG ENTR in 2005, and how this might be developed through the research programme. The interviewee commented that it might be beneficial if major research projects were steered by a group which included representatives from relevant DGs. He had found interactions within the Commission valuable when considering the Cultural Heritage issues that might be addressed through the ECTP, such as the incorporation of lifts in historic structures.

The view was advanced that FP research projects were generally too focused on research and were not closely enough linked to the needs of SMEs and their profitability. Comments were made at the 3rd MSG Meeting and at the Evaluation and Validation Workshop that SMEs’ participation in research and development activities might, on occasion, have the result of SMEs apparently subsidizing research performers; furthermore, SMEs might not fully benefit from the creation of new IP from their involvement. The evidence presented for this is not strong, but the comments have been made and further review of how SMEs can use the FP’s is recommended.

Views on restructuring programmes for a better fit to construction interests

The awareness of the wide range of construction outputs may lead to the involvement of more DGs in funding research.

It was also noted that the ECTP might not involve enough active researchers and might be too top-down in the development of schemes and proposals. However, the ECTP activities are at early stage, and it is therefore premature to come to hard and fast conclusions on this area of policy.

7.9 Standardisation

The focus of the questions in this area of policy was on the Structural Eurocodes. Although not all the Codes have yet been published in their final form, they were included in the list of
policy areas for study because one of the original aims in the development of the Eurocodes was to provide a coherent portfolio of design codes which could be adopted by other, non-EU countries and which would then facilitate the employment of EU-based design and contracting firms in those countries. Hence they were an example (unique in the set of policies covered) of a policy which aimed to increase the competitiveness of EU construction firms in the global marketplace.

The overall view of those who commented on the Eurocodes was that they would be helpful in such markets, although no-one was able to put a figure on the likely scale of any resulting business – and in any case this would be speculative since the Codes are not yet fully developed. One interviewee (from a UK engineering consultancy) pointed out that they would serve to maintain the position of firms from countries whose national codes had been promoted internationally (e.g. to former colonies) while perhaps enhancing the opportunities for firms from other countries. Within Europe, the Eurocodes would also provide some EU countries with a much better set of codes than they had previously possessed. To that extent, they would assist the development of an effective market in design services within Europe.

The principal reservation expressed by some interviewees from both government and industry backgrounds stemmed from their perception that Europe had no co-ordinated programme, backed by appropriate resources, to promote the Eurocodes to third countries. By contrast, the USA appeared to be putting considerable resource into the promotion of ASCE codes. Although the Eurocodes had attracted considerable interest from the international technical community, were recognised as more advanced than other sets of design codes and had the advantage of being written in Metric units, these advantages might not be sufficient to outweigh commercial and political pressures for adoption of US codes. European firms may not therefore secure the hoped-for competitive advantages.

DG ENTR noted at the Evaluation Workshop that the need for pro-active promotion of the Eurocodes had been recognised. The Joint Research Centre had been contracted to provide information about the system to potential users through seminars and other means; a representative of CEN has funded to promote the Codes in China; and more generally EU Delegations in relevant countries would be promoting the codes. They would feature prominently in trade talks and other bilateral dialogues with relevant countries. There was action in hand relevant to the concerns expressed by interviewees.

Interviewees from contractors and engineering design practices recognised that there would be costs in the adoption of the Eurocodes – one UK consulting firm estimated these at around £15k for each professional member of staff, taking into account training costs, temporary loss of productivity etc. Another (a control body with around 1000 staff to train) said that it was investing £2million annually in training etc and expected this to continue for the next five years. In addition, there will be costs for regulatory authorities in becoming equipped to check designs produced through the Eurocodes and for educational bodies in developing new courses. Against that, interviewees in several countries (UK, Greece, France) considered that the actual designs produced by some of the new Codes would be more efficient, with perhaps a 2-3% saving in construction costs. The Study Team are not equipped to make any overall judgement, but if repeated over a high proportion of structural designs this would represent a substantial saving.

Several representatives of engineering consultancy expressed concern that the Eurocodes might place untoward health and safety obligations on designers through the statement in Eurocode 0 that they aimed to produce designs that were ‘fit for purpose’. This phrase carried health and safety connotations and the implication might be drawn that any failure to follow the Codes could result in a breach of health and safety requirements, which in some countries resulted in criminal sanctions (see discussion of health and safety policies in Section 7.4). When the same point was raised in other interviews, however, there seemed no consensus on whether this was a significant issue.

It was generally recognised that adoption of the Eurocodes would take time – some interviewees suggested that it would take a generation before engineers trained on the new codes were prevalent. Some suggested that this should be accelerated by a more vigorous
use of the power of public procurement; but others considered that since once adopted they would replace national codes, this would be sufficient to ensure their use. The Evaluation Workshop revealed that there was strong support for their implementation in some Member States with Finland, for example, having a National Implementation Plan with associated Helpdesk. But also there were concerns expressed about the purchase cost of the codes which could be a barrier to their adoption by SMEs.

The long timescale for the development of the Eurocodes was also the subject of comment at the Evaluation Workshop. More generally, the development of codes and standards was seen to require a commitment by participating firms over a lengthy period and this was a great barrier to participation by SMEs. It could also lead to standards being overtaken before their publication.

Overall, interviewees who commented on the Eurocodes had a positive view of them, and thought that they should give Europe a competitive advantage in international engineering markets, but this view was tempered by concerns over the length of time that they would take to become widely used (which was likely therefore to lead to confusion and lack of efficiency in the industry) and over their level of adoption that they would achieve in third countries. There is however, some evidence that they are securing acceptance.

7.10 Other policy areas

Policy areas and measures that were mentioned in interviews that fell outside those identified by the Study Team included:

- The Machinery Directive – which was relevant to lift design and installation
- The REACH Directive on chemicals, which had implications for the supply of construction products
- New rules for company accounts, which would affect the treatment of ‘concession’ contracts and result in re-statement of the company’s financial assets. This might inhibit the ability of firms to enter new contracts.
- Rules on qualification periods for pension schemes, which cut across existing procedures for accepting workers from other countries

None seemed to have the same level of potential impact as those being investigated.

Of the other Directives mentioned in the interviews, some have been referred to in previous sections while others were considered by the Study Team in their assessments.

7.11 General comments from the interviews

Over all c on c ensus o n policy objectives

Overall, the impression gained from the interviews is that there is no great level of dissatisfaction with EU policies. The basic case for the existence of EU policies in the areas covered is not generally questioned. It is generally accepted that good health and safety procedures, high environmental standards etc are a necessary part of modern construction operations, and respondents commented that the associated management requirements were aspects of effective management generally. So, for example, the costs associated with managing health and safety were accepted as a normal element of operational costs; the processes involved stimulated better working methods and to some extent the residual costs would be off-set by the avoidance of costs and disruption caused by injuries.

The areas of dissatisfaction mainly concern the ways in which policies are implemented by Member States. In particular, interviewees commented on the variation in the ways that

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24 It is reported (’Constructing the Future’ BRE Ltd, Issue 30, p14 ) that Australia, Malaysia, Singapore, South Africa and Vietnam have decided to base their structural codes on the Eurocodes.
policies were monitored and enforced. They considered that the variation in approaches to enforcement across Member States, and in some cases the relative lack of enforcement in their own country, significantly reduced the effectiveness of the policy measures. This was particularly noted in relation to health and safety measures, where it was alleged that inspections were rare.

The implications for policy formation of these concerns over national implantation and enforcement are considered in Chapter 9.

The policy formation process

Some general comments about the way that policies were formulated emerged from the interviews. These are considered in Chapter 9.

Costs and competitiveness

For reasons set out in Section 2.3, the Study Team built a focus on resource usage and costs into the structure of the interview programme. However, the interviews provided very little information to enable these to be assessed. They confirmed the conclusion of the literature survey, that while it is widely believed that policies do have cost consequences, there have been very few attempts to quantify these. A few figures have been noted in relation to specific policy areas but these stem from small-scale studies in a particular country, or from an estimate by an individual firm. There are no data on which EU-wide impacts might be estimated.

The interviews did, however, reveal considerable concern amongst some sectors about the impact of policies on the relative competitive position of firms in the legitimate economy as compared with those operating in the illegitimate economy. Naturally this was a particular concern of SMEs and their representative bodies. It was manifest in comments on the ‘regulatory’ policies, and reflected in the welcome for the VAT concession for small construction works. This form of competition has implications for the way that policies are formulated and enforced, as discussed in Chapter 9.
8 Analysis of questionnaire responses

8.1 Analyses of general data

Data from the on-line questionnaires in English and French were checked for content and consistency and transferred to a data file for analysis in early September. The GMCC questionnaire had received a few responses, but not sufficient to justify a separate analysis and so these responses were included in the main analysis. The questionnaires were kept open until mid-October, but no further responses were received. A German version of the questionnaire was mounted on the 11th September and kept open until 11th November. The two responses received were incorporated in the final data tables presented below.

The analyses presented in this chapter are therefore based on 122 valid responses (77 from individual firms or other organisations and 45 from Associations or other representative bodies) to the four versions of the questionnaire.\(^{25}\) Table 8.1 shows the country of origin of the respondents and the construction interest represented.\(^{26}\)

<table>
<thead>
<tr>
<th>Country</th>
<th>Contractors</th>
<th>Designers</th>
<th>Other professionals</th>
<th>Product/material suppliers</th>
<th>Employees</th>
<th>Clients</th>
<th>Regulators</th>
<th>Government</th>
<th>Other</th>
<th>Total</th>
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<td>0</td>
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</tr>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Netherlands</td>
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<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
<td>1</td>
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<td>Slovenia</td>
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<td>0</td>
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<td>0</td>
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<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
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<td>United Kingdom</td>
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<td>1</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>23</td>
</tr>
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<td>Other (Norway)</td>
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<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>10</strong></td>
<td><strong>7</strong></td>
<td><strong>5</strong></td>
<td><strong>1</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
<td><strong>6</strong></td>
<td><strong>26</strong></td>
<td><strong>122</strong></td>
</tr>
</tbody>
</table>

Table 8.1 Countries and backgrounds of questionnaire respondents

\(^{25}\)This number is smaller than the total reported to the third meeting of the MSG because re-examination of the completed questionnaires showed that some ‘responses’ had been counted where the respondents had answered only some of the general questions in Section 1 of the questionnaire and had not completed any of the policy-related questions.

\(^{26}\)Construction interests have been grouped in the same manner as Table 7.3.
Examination of the table shows that, as expected, the majority of respondents were from English-speaking countries or those where there is wide knowledge of English - the Czech Republic being perhaps an exception to this pattern. Preparation of the French version undoubtedly helped to reduce the imbalance but of the eight responses from Belgium (where the French version would have been more accessible than the English version), six were from European or international bodies based in Brussels.

Of the 'other' respondents, 15 did not state their background while five were from universities. The remainder came from a variety of backgrounds.

It is noteworthy that no valid questionnaires were received from employee representative bodies.

Responses from individual firms and other organisations came mainly from larger bodies - again as expected. The distribution for the 76 respondents who provided the relevant data is shown in Table 8.2.

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>Number of Employees in Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-10</td>
</tr>
<tr>
<td>Contractors</td>
<td>6</td>
</tr>
<tr>
<td>Designers</td>
<td>0</td>
</tr>
<tr>
<td>Other professionals</td>
<td>0</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>1</td>
</tr>
<tr>
<td>Clients</td>
<td>1</td>
</tr>
<tr>
<td>Regulators</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

Table 8.2 Distribution of responses by size of organisation

In terms of the countries of origin and the size distribution of the respondents, therefore, the pattern of responses corresponded to expectations. The total number of responses received was, though, somewhat disappointing in the light of the effort made by the Study Team and others such as MSG members to promote the study to construction interests.

Table 8.3 shows the policy areas that respondents commented upon, analysed by the background of the respondents.
### Table 8.3 Distribution of responses by policy area

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>Environment</th>
<th>Health and Safety</th>
<th>Public Procurement</th>
<th>Free Movement of Labour</th>
<th>Taxation</th>
<th>Research and Innovation</th>
<th>Standardisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>38</td>
<td>34</td>
<td>22</td>
<td>23</td>
<td>16</td>
<td>24</td>
<td>18</td>
<td>175</td>
</tr>
<tr>
<td>Designers</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td>Other professionals</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Clients</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>5</td>
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<td>Regulators</td>
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<td>6</td>
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<td>2</td>
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<tr>
<td>Other</td>
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<td>7</td>
<td>6</td>
<td>4</td>
<td>20</td>
<td>7</td>
<td>63</td>
</tr>
<tr>
<td>Total Corrected Totals</td>
<td>78</td>
<td>64</td>
<td>49</td>
<td>43</td>
<td>34</td>
<td>77</td>
<td>46</td>
<td>393</td>
</tr>
</tbody>
</table>

This table was derived from the responses to the initial question in each policy section, in which respondents were asked to say whether or not they wished to comment on a policy area. It reports the number of respondents who replied 'yes'. However, examination of the responses showed that some then did not in fact respond to any subsequent questions and the number of responses on which the analyses could be based is shown in the 'corrected totals'. Since the difference in each policy area is small, the overall pattern of responses is not greatly affected and the original numbers have been retained in the table. However, all subsequent tables are based on the 'corrected' number of responses.

From the table, it may be seen that the distribution is similar to that of the interviews in that an adequate number of comments were received on each policy area, with most being on the 'regulatory' areas; however, the number of comments on research and innovation policies is considerably higher than might be expected from the interviews. Just under half the total number of comments came from contractor and specialist sub-contractor interests.

### 8.2 Limitations of statistical analyses

For reasons touched on above, the respondents to the questionnaire are not a statistically valid sample of European construction interests:

- The number of respondents from each Member State is not proportional to national construction turnover
- There is a bias towards countries where English is widely understood
- The respondents are self-selected, and arguably more likely to be aware than average of social and economic policy issues
- The distribution of respondents from each Member State varies both in terms of background and in the proportion of individual firms as compared with representative bodies

Accordingly, the statistical analyses can be no more than indications of the views of European construction interests. This was always the view of the Study Team; the aim of the
questionnaire was to see whether views obtained from a larger and more broadly based set of respondents were consistent with those obtained through the interviews. Table 8.1 shows that some 78 of the questionnaire responses came from countries outside the countries in which interviews were held and further analysis revealed that in fact only four of the interviewees also completed a questionnaire. Hence the questionnaire did obtain views from a different and wider set of construction interests compared with the interviews.

In view of the relatively small number of responses in each policy area, and the overall limitations on the statistical validity of the analyses, no attempt was made in the analyses of policy comments to distinguish between responses from firms or other individual organisations and those from representative bodies. All responses have been treated as of equal weight.

A further comment relevant to the analyses appears within the analysis of environmental responses. This concerns the use in some analyses of the whole data set relating to environmental responses, even though respondents identified different aspects of environmental policies as the most important to them. The note applies also to the analyses of the responses to the other policy areas.

It should be noted that not all respondents completed all the questions in a particular policy area, and so the total number of responses to each question in a policy section may vary.

With these caveats, the following sections present data on the views expressed on the different policy areas.

8.3 Environmental policies

The backgrounds of the organisations that accounted for the 77 comments on environmental policies are shown in Table 8.3. The distribution follows that of responses overall.

Respondents were invited to rate the impact of different areas of environmental policy, the highest being ‘1’, with ‘0’ being a judgement of zero impact. The results are shown in Table 6.4.

Note that it was possible for respondents to give more than one policy area the same ranking, or not to rate an area; hence in this table (and its equivalents in other sections) the sum of the responses in each column may vary.

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Ranking</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Wastes and Landfill</td>
<td>33</td>
</tr>
<tr>
<td>Air quality</td>
<td>17</td>
</tr>
<tr>
<td>Water quality</td>
<td>15</td>
</tr>
<tr>
<td>Noise</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 8.4 Distribution of rankings of environmental policy areas

The ‘other’ category included a number of references to energy (discussed in the assessment of environmental policies – Chapter 4), several to recycling (closely related to ‘wastes and landfill’ and single references to a range of other areas: environmental impact, conservation of nature, urban environment etc. No significant new area of policy emerged.
This table shows that the questionnaire respondents appear to have a very different view of the relative importance of areas of environmental policy from either the initial assessments of the Study Team or the interview respondents. While there were some references in the interviews to noise, there was no suggestion that air quality or water quality were key areas of impact, except in a few interviews with materials supply interests.

This finding was further investigated through weighting the answers on a 1-5 scale (a weighting of 5 being equivalent to a rating of 1 in the above table as ‘most important’) and multiplying them by the number of respondents in each category that gave each rating. Thus, if there were four ratings of wastes and landfill as ‘most important’, wastes and landfill would score four times the weighting five (20). The number of different weights is the number of different policies. Thus, here there are five possible policies and five different weights, 1 to 5). The results are shown in Table 8.5.

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>Wastes and Landfill</th>
<th>Air</th>
<th>Water</th>
<th>Noise</th>
<th>Other</th>
</tr>
</thead>
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<td>46</td>
<td>64</td>
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<tr>
<td>Designers</td>
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<tr>
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</tr>
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<tr>
<td>Regulators</td>
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<td>7</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>29</td>
<td>21</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128</strong></td>
<td><strong>113</strong></td>
<td><strong>105</strong></td>
<td><strong>127</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>

Table 8.5 Weighted responses by category of respondent: environment

These results show that although wastes and landfill constituted overall the most significant area for contractors and specialist sub-contractors, these interests rated the other areas quite highly. And for design interests all aspects were approximately of equal importance. This may be explained by some design consultants having specialist capabilities in these areas (it was noted in some of the interviews that environmental requirements were a source of business for consultants). Overall, though the findings present a rather different picture of environmental concerns than the interviews, and – for contractors and specialist sub-contractors at least - one that is difficult to relate to European policy measures.

Because of this discrepancy, the distribution of (weighted) rankings across countries was investigated, as shown in Table 8.6.
Table 8.6 Distribution of weighted rankings by country: environment

This reveals different patterns (e.g. the difference between the UK and the Czech Republic) however, the variations in the distribution among the different environmental issues may just reflect the different composition of respondents from each county - a greater or smaller proportion of contractors, etc. The overall difference in perceptions remains unexplained.

Respondents were asked to give a judgement on the overall financial impact of the area of environmental policy that they selected as most important. The results were as shown in Table 8.7.

Note on analyses

The analyses on which Tables 8.7 to 8.12 are based have not distinguished between the different areas of environmental policy that respondents considered to be the most important. It would be possible to analyse individual areas of environmental policy – wastes, noise etc – using for data those responses that chose each area as the one with most impact. And, it would in principle be possible to investigate whether the judgements varied with the background or country of the respondents. However, the small number of respondents in each category, once such sub-classifications were employed, would seriously prejudice the value of these more detailed analyses and when the overall non-representative nature of the response base is also taken into account, the conclusion must be that these more detailed analyses would not be worthwhile. Similar considerations apply to the analyses of other policy areas where respondents were able to select one particular aspect as the most important.
Table 8.7 Respondents’ views on overall financial impact: environment

It appears, therefore, that overall the impact of environmental measures was considered a net benefit, although on average not a particularly significant one. However, when individual categories of respondent are analysed, considerable variations appear, as shown in Table 8.8.

Table 8.8 Respondents’ views on financial impacts of environmental measures, by category of respondent

Note: The coding for the type and scale of impact upon the organisation is:

A = highly significant benefit – makes a real difference
B = moderately significant benefit – useful but not especially so
C = some benefit – a positive effect rather than negative
D = neither a benefit nor an adverse impact
E = some additional cost or other negative effect, but not significant
F = moderately significant cost or other negative impact
G = highly significant cost or other negative impact – makes a real difference

As might be expected, some contractors considered that the cost of environmental measures was highly significant, while designers tended to have a lower assessment of the costs to their organisations.

Some quantification of these views is available from the responses to the next question, as shown in Table 8.9. Clearly, these measures had a measurable impact on turnover for some organisations.
Questions on impacts of environmental policies on factors in competitiveness, as identified in the literature survey, produced the distribution of responses shown in Table 8.10. The bias towards a positive view of the impacts is clear.

Table 8.10 Effect of environmental policies on factors of competitiveness

<table>
<thead>
<tr>
<th>Competitive factor</th>
<th>Type of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>Quality of services</td>
<td>34</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td>26</td>
</tr>
<tr>
<td>Productivity</td>
<td>15</td>
</tr>
<tr>
<td>Environmental performance</td>
<td>53</td>
</tr>
<tr>
<td>Search for new ways of working</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 8.11 Overall judgments on the impact of policies on competitiveness

The questionnaire responses therefore showed that while respondents considered that environmental policies may have increased costs, they had also had overall a positive impact on aspects of their activities that are considered relevant to competitiveness. Of course, some caution is needed in drawing too positive a conclusion from this finding, since the organisations responding to the questionnaire are not necessarily typical – there could well be a bias towards the more innovative and outward-looking firms and as noted earlier, some of the respondents may actually be basing their businesses on construction projects that are related to environmental issues.
Finally, the judgements on the overall impact of environmental measures on competitiveness were combined with data on the principal location of competitors to produce Table 8.12.

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measures</th>
<th>Location of Other Competitor Firms (See note below for meaning of codes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>A: 0, B: 1, C: 1, D: 0, E: 4</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>A: 3, B: 0, C: 8, D: 3, E: 0</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>A: 0, B: 4, C: 11, D: 2, E: 4</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>A: 4, B: 2, C: 14, D: 0, E: 0</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>A: 0, B: 3, C: 4, D: 2, E: 0</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>A: 0, B: 0, C: 2, D: 0, E: 1</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>A: 0, B: 0, C: 0, D: 1, E: 0</td>
</tr>
</tbody>
</table>

**Table 8.12 Relationship between judgements on impact on competitiveness and location of competitor firms: environment**

*Note: Coding for Location of Other Competitor Firms is:*

- **A** = Location not specified
- **B** = In my Town, City or Region
- **C** = Mainly in my Country
- **D** = Mainly in other EU Member States
- **E** = Mainly outside Europe

In principle, the measures applying in any particular Member State are the same for every firm and therefore one would not expect there to be a significant effect on competitiveness amongst firms in that State. The middle column of Table 8.12 is consistent with this. But it is interesting that the table indicates that firms whose competitors were principally in other Member States or outside the EU had, on balance, a positive view of the impact of environmental measures on their competitive position.

### 8.4 Health and safety policies

There were 59 responses on health and safety policies. The backgrounds of the respondents are shown in Table 8.3 and follows the distribution of responses overall.

Respondents were invited to rate the impact of different areas of environmental policy, the highest being ‘1’, with ‘0’ being a judgement of zero impact. The results are shown in Table 8.13.
Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary and mobile sites requirements</td>
<td>14  9  8  7  0  14</td>
</tr>
<tr>
<td>Working at heights or manual handling requirements</td>
<td>17  15  13  2  3  6</td>
</tr>
<tr>
<td>Controls on noise or vibration</td>
<td>5  16  19  13  0  3</td>
</tr>
<tr>
<td>Control on materials</td>
<td>18  12  10  12  1  2</td>
</tr>
<tr>
<td>Other</td>
<td>6  1  0  1  2  8</td>
</tr>
</tbody>
</table>

Table 8.13 Distribution of rankings of health and safety policy areas

In contrast with the area of environmental policy, the Study Team had not identified any particular aspect of health and safety policy as more relevant to construction than another and the interviews had in general dealt with the whole area rather than specific legislative measures. The results shown, with a fairly broad spread of judgements about which measures had had the most impact, did not diverge from the interview findings. Indeed, one inference might be that some of the concerns with noise expressed in response to the questions on environmental topics perhaps stemmed from health and safety legislative measures rather than environmental measures.

The ‘other’ category tended to include subjects already covered by the areas cited, with specific materials (e.g. biocides) being mentioned. There was one reference to working hours and one to stress.

A weighted ranked analysis of the views of respondents from different backgrounds was carried out, with the results shown in Table 8.14. As there were five different policy areas, weightings were from 1-5.

<table>
<thead>
<tr>
<th>Respondent category</th>
<th>Mobile Sites</th>
<th>Working at Height</th>
<th>Noise or Vibration</th>
<th>Control on Materials</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>34</td>
<td>60</td>
<td>52</td>
<td>51</td>
<td>5</td>
</tr>
<tr>
<td>Designers</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Other professionals</td>
<td>7</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clients</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Regulators</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>31</td>
<td>20</td>
<td>28</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 8.14 Weighted responses by category of respondent: health and safety

This confirmed that all areas were considered to have significant impacts, although the ‘working at height’ legislation appeared to be the measure that affected respondents most.

Respondents were asked to give a judgement on the overall financial impact of the area of health and safety policy that they selected as most important. The results are shown in Table 8.15.
As with environmental measures, it appears, therefore, that overall the impact of health and safety measures was considered a net benefit, rather more strongly than in the case of environmental measures perhaps because of the benefits derived from better management structures, less absence owing to accidents etc. Moreover, when individual categories of respondent are analysed, this view is spread across the backgrounds, with contractors appearing very positive overall.

Table 8.15 Respondents’ views on overall financial impact: health and safety

As with environmental measures, it appears, therefore, that overall the impact of health and safety measures was considered a net benefit, rather more strongly than in the case of environmental measures perhaps because of the benefits derived from better management structures, less absence owing to accidents etc. Moreover, when individual categories of respondent are analysed, this view is spread across the backgrounds, with contractors appearing very positive overall.

Table 8.16 Respondents views on financial impact of health and safety measures, by category of respondent Coding A-G as for previous table of financial impact.

Some quantification of these views is available from the responses to the next question, as shown in Table 8.17.

Table 8.17 Respondents’ estimates of the scale of financial impact of health and safety policies

The impacts of health and safety policies on factors in competitiveness produced the distribution of responses shown in Table 8.18.
Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Competitive factor</th>
<th>Type of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>Quality of services</td>
<td>22</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td>19</td>
</tr>
<tr>
<td>Productivity</td>
<td>13</td>
</tr>
<tr>
<td>Environmental performance</td>
<td>17</td>
</tr>
<tr>
<td>Search for new ways of working</td>
<td>34</td>
</tr>
</tbody>
</table>

Table 8.18 Effect of health and safety policies on factors of competitiveness

As with environmental policies, the bias towards a positive view of the impacts is clear; there is pressure for innovation and the overlap with environmental performance is of interest. The more mixed view of the impact on productivity is understandable. However, the more direct question on competitiveness produced a more muted response, with some negative responses (Table 8.19), and the analysis of response by the location of competitors (Table 8.20) showed, as might be expected, a view of health and safety being less relevant to competitiveness outside Europe than environmental policies.

<table>
<thead>
<tr>
<th>Phrase that best describes impact on competitiveness</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>3</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>10</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>10</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>19</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>5</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>7</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 8.19 Overall judgments on the impact of health and safety policies on competitiveness

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measures</th>
<th>Location of Other Competitor Firms (See note below for meaning of codes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>2</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>5</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.20 Relationship between judgements on impact on competitiveness and location of competitor firms (health and safety) Coding A-E as for previous table of location of competitor firms.
The responses on health and safety therefore showed an overall positive view of the measures, including on their cost impacts, but with rather mixed messages about their impact on competitiveness. As before, some caution is needed in interpreting these results because the types of firm who consider health and safety legislation to be a burden are perhaps not those that respond to surveys of this nature.

Comments on health and safety policies included one that asserted that to reduce the risk of dermatitis it would have been more cost-effective to mandate protective clothing than to remove the chromium from cement.

8.5 Public procurement policies

Public procurement policies attracted 48 comments with, interestingly, rather fewer contractors and specialist sub-contractors commenting on this area than on the preceding categories.

Respondents were invited as before to rate the impact of different areas of public procurement policy; the results are shown in Table 8.21.

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures for advertising contracts</td>
<td>15 15  2  5  3  4</td>
</tr>
<tr>
<td>Constraints on types of contract</td>
<td>8 13 11  4  6  4</td>
</tr>
<tr>
<td>Rules on Public-private partnerships</td>
<td>8 10  8  9  5  3</td>
</tr>
<tr>
<td>Inclusion of non-financial criteria in selection</td>
<td>5  8 10  6  5  5</td>
</tr>
<tr>
<td>Competition in public contracts from firms across the EU</td>
<td>14 11  7  6 12  3</td>
</tr>
<tr>
<td>Other</td>
<td>2  2  0  0  1  8</td>
</tr>
</tbody>
</table>

Table 8.21 Distribution of rankings of public procurement policy areas

As with health and safety policies, the Study Team had not identified any particular aspect of public procurement policy as having more impact on construction than another and the interviews had covered the area as a whole. The results were consistent with the interviews in that competition from across the EU had featured in the interviews with firms, but perhaps owing to the small number of interviews with client bodies, issues concerned with procedures for advertising had not emerged from the interviews.

The ‘other’ category included several references to late payment (not an area of public procurement policy) and single references to accessibility, procedures for responding to advertisements and to reverse auctions.

A weighted ranked analysis of the views of respondents from different backgrounds was carried out, with the results shown in Table 8.22.
Responses on Public Procurement Aspects (See below for coding)

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>21</td>
<td>27</td>
<td>23</td>
<td>19</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Designers</td>
<td>9</td>
<td>12</td>
<td>8</td>
<td>6</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Other professionals</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clients</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Regulators</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>17</td>
<td>15</td>
<td>18</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>21</td>
<td>9</td>
<td>15</td>
<td>19</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 8.22 Weighted responses by category of respondent: public procurement

Note: Coding for Aspect of Public Procurement Impacts

A = Procedures for advertising contracts  
B = Constrain on types of contract  
C = Rules on Public-private partnership  
D = Inclusion of non financial criteria  
E = Competition in public contracts from firms across the EU  
F = Other

This showed as expected that government bodies had more concern about aspects other than procedures while the responses from architects, in contrast to their responses from interviews, did not identify the inclusion of non-financial factors in the procurement process as a significant issue. But since this section attracted comments from only four architectural respondents not too much should be read into this.

The analysis of responses by country (Table 8.23) showed marked differences in judgements about issues with the greatest impact.
## Table 8.23 Distribution of weighted rankings by country: public procurement

This was marked, for example, in the judgements concerning constraints on the types of contract, suggesting that some countries wished more than others to use unconventional forms of contract. It confirmed also that competition was a particular concern of Accession States.

Respondents were asked to give a judgement on the overall financial impact of the area of public procurement policy that they selected as most important. The results are shown in Table 8.24

<table>
<thead>
<tr>
<th>Country</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>18</td>
<td>9</td>
<td>12</td>
<td>13</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>6</td>
<td>3</td>
<td>4</td>
<td>8</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Denmark</td>
<td>18</td>
<td>20</td>
<td>11</td>
<td>13</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Finland</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>31</td>
<td>24</td>
<td>32</td>
<td>14</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>7</td>
<td>1</td>
<td>7</td>
<td>2</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Hungary</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Ireland</td>
<td>15</td>
<td>10</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>13</td>
<td>22</td>
<td>20</td>
<td>20</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Poland</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Portugal</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Slovenia</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Sweden</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>17</td>
<td>28</td>
<td>15</td>
<td>12</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Other (Norway)</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table 8.24 Respondents’ views on overall financial impact: public procurement

As with earlier policies, there is overall a positive view of financial benefits. Since public procurement is a procedural issue, it is at first sight not easy to see where such benefits could arise but the explanation may lie in two directions; first, the opening up of market opportunities and secondly the cost savings to clients consequent on increased competition. The analysis of responses by the background of respondents (Table 8.25) showed that contractors tended to have both positive and negative views while other respondents tended to be positive.
Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Type and Scale of Impact Upon Organisation – Public Procurement</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Designers</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Other professionals</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Clients</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Regulators</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>14</td>
<td>9</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>48</td>
</tr>
</tbody>
</table>

Table 8.25 Respondents views on financial impacts of public procurement policies, by category of respondent Coding A-G as for previous tables of financial impact.

When invited to estimate the scale of the costs or benefits, most respondents considered it fairly small (Table 8.26).

<table>
<thead>
<tr>
<th></th>
<th>Not able to judge</th>
<th>Trivial (for example less than 0.1% of turnover)</th>
<th>Small (for example less than 1% of turnover)</th>
<th>Significant (for example greater than 1% of turnover)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit</td>
<td>6</td>
<td>2</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Cost</td>
<td>3</td>
<td>0</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 8.26 Respondents’ estimates of scale of financial impact: public procurement

The impacts of public procurement policies on factors in competitiveness produced the distribution of responses shown in Table 8.27.

<table>
<thead>
<tr>
<th>Competitive factor</th>
<th>Type of impact</th>
<th>Positive</th>
<th>None</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of services</td>
<td></td>
<td>13</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td></td>
<td>16</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td>6</td>
<td>33</td>
<td>6</td>
</tr>
<tr>
<td>Environmental performance</td>
<td></td>
<td>9</td>
<td>36</td>
<td>1</td>
</tr>
<tr>
<td>Search for new ways of working</td>
<td></td>
<td>21</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 8.27 Effect of public procurement policies on factors of competitiveness

The most marked positive effect seemed to be the stimulus for innovation; the much less positive balance of view on environmental performance is perhaps noteworthy and suggests that environmental policies might be more vigorously promoted though public procurement.

The direct question produced a positive response (Table 8.28) which, as might be expected, was particularly marked in those firms that competed across Europe (Table 8.29).
Impact of EU policies on competitiveness of construction - Final Report

Overall Judgment on Competitiveness

<table>
<thead>
<tr>
<th>Overall Judgment on Competitiveness</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>4</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>13</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>7</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>9</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>9</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>3</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 8.28 Overall judgments on the impact of public procurement policies on competitiveness

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measures</th>
<th>Location of Other Competitor Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>3</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>0</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>3</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.29 Relationship between judgements on impact on competitiveness and location of competitor firms (public procurement) Coding A-E as for previous tables of location of competitor firms.

Comments on public procurement policies included:

- A call for design-build to be the preferred contract form route for all projects above a threshold value
- Concern that it was difficult to introduce a new product or material into public contracts if there were only one supplier, since competition in supply could not take place
- A claim that the latest Directives inhibited the inclusion of ‘variants’ in tenders through requiring that they be explicitly authorised in the call for tenders. It was suggested that the scope for allowing variants should be promoted through a publicity campaign.

8.6 Policies on free movement of labour

There were 39 responses to the questions on policies on free movement of labour, with no particular bias towards either design or contractor interests. Compared with the distribution of
comments on other policy areas, contractor comments were more prevalent; the number of comments from design interests was lower than might have been expected.

Respondents were invited to rate the impact of different areas of ‘free movement’ policies using the 1-5 scale; the results are shown in Table 8.30.

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of workers to move between Member States</td>
<td>20 10 2 1 2 2</td>
</tr>
<tr>
<td>Protection of conditions for workers from other Member States</td>
<td>7 10 11 0 1 5</td>
</tr>
<tr>
<td>Recognition of professional qualifications</td>
<td>12 11 11 0 0 3</td>
</tr>
<tr>
<td>Other</td>
<td>1 0 0 1 0 4</td>
</tr>
</tbody>
</table>

**Table 8.30 Distribution of rankings of free movement policy areas**

These results were as expected. Analysis of the weighted rankings showed that the ability of workers to move between Member States came in first place for almost every group (Table 8.31) and this might be seen as consistent with the conclusion from the interviews that formal recognition of qualifications was not a fundamental issue in the ability of design professionals to move across Europe.

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>Ability of workers to move between Member States</th>
<th>Protection of conditions for workers from other Member States</th>
<th>Recognition of professional qualifications</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>26</td>
<td>17</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>Designers</td>
<td>9</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Other professionals</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clients</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Regulators</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>11</td>
<td>16</td>
<td>0</td>
</tr>
</tbody>
</table>

**Table 8.31 Weighted ranked responses by category of respondent: free movement**

Not surprisingly, these policies were seen to have marked benefit (Table 8.32) with fewer than usual respondents declining to estimate benefits (Table 8.33).
Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Cost or Benefit</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly significant benefit – makes a real difference</td>
<td>9</td>
</tr>
<tr>
<td>Moderately significant benefit</td>
<td>12</td>
</tr>
<tr>
<td>Some benefit – a positive effect rather than negative</td>
<td>6</td>
</tr>
<tr>
<td>Neither a benefit nor an adverse impact</td>
<td>2</td>
</tr>
<tr>
<td>Some additional cost or other negative effect</td>
<td>2</td>
</tr>
<tr>
<td>Moderately significant cost or other negative impact</td>
<td>2</td>
</tr>
<tr>
<td>Highly significant cost or other negative impact</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 8.32 Respondents’ views on overall financial impact: free movement

<table>
<thead>
<tr>
<th>Type of impact</th>
<th>Benefit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trivial (for example less than 0.1% of turnover)</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Small (for example less than 1% of turnover)</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Significant (for example greater than 1% of turnover)</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 8.33 Respondents’ estimates of scale of financial impact: free movement

By contrast with this view on financial impacts, however, the impacts of free movement policies on other factors in competitiveness were considerably more mixed, with a significant number of negative responses as shown in Table 8.35.

<table>
<thead>
<tr>
<th>Competitive factor</th>
<th>Type of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>Quality of services</td>
<td>17</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td>14</td>
</tr>
<tr>
<td>Productivity</td>
<td>28</td>
</tr>
<tr>
<td>Environmental performance</td>
<td>5</td>
</tr>
<tr>
<td>Search for new ways of working</td>
<td>17</td>
</tr>
</tbody>
</table>

Table 8.35 Effect of free movement policies on factors of competitiveness

The polarisation of views on productivity is interesting and of course could reflect the difference between labour-importing and labour-exporting countries, although there were few inputs to this section of the questionnaire from the countries most likely to have exported labour. More likely it reflects a mixed experience with imported workers in terms of productivity, even though the financial benefits are achieved. The positive stimulus to new ways of working may reflect the need to compensate for loss of staff, or to retain a workforce that has the opportunity to move elsewhere.

A very marked positive response was found also in replies to the direct question on competitiveness (Table 8.36) and, as expected, was particularly found in those firms that competed across Europe (Table 8.37).
Overall Judgement | Number of Responses
--- | ---
They have greatly assisted our ability to compete | 6
They have moderately assisted our ability to compete | 14
There has been some benefit but it is not significant | 7
There is no impact on our ability to compete | 7
They have had a moderately adverse impact on our ability to compete | 0
They have made it more difficult to compete | 1
They have greatly reduced our ability to compete | 1

Table 8.36 Overall judgments on the impact of free movement policies on competitiveness

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measure</th>
<th>Location of Other Competitor Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>3</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>0</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.37 Relationship between judgements on impact on competitiveness and location of competitor firms (free movement) Coding A-E as for previous tables of location of competitor firms.

There were few additional comments on this policy area. One expressed a concern that the new Directives governing recognition of architectural qualifications might lead over time to a dilution of the requirements, with adverse consequences for the quality of the built environment.

8.7 Policies on taxation

There were 30 responses to the questions on policies on taxation. Analysis showed that they came predominantly from France, Belgium and the Czech Republic. Contractors and specialist sub-contractors accounted for half the responses. The great majority (20) selected the reduced rate of VAT as the aspect of tax on which they wished to comment and the preponderance of views was, unsurprisingly, positive (Table 8.38). It was not clear from the descriptions given of the ‘other’ responses which aspects of taxation the respondents were referring to, although they may account for the negative responses.
### Table 8.38 Respondents’ views on overall financial impact (taxation)

While the financial impacts were evident, the impacts of tax measures on other factors in competitiveness were confined to client satisfaction – which is probably another way of describing the effect on client attitudes of the reduced cost of works (Table 8.39).

<table>
<thead>
<tr>
<th>Type of impact</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly significant benefit - makes a real difference</td>
<td>10</td>
</tr>
<tr>
<td>Moderately significant benefit</td>
<td>6</td>
</tr>
<tr>
<td>Some benefit - a positive effect rather than negative</td>
<td>1</td>
</tr>
<tr>
<td>Neither a benefit nor an adverse impact</td>
<td>9</td>
</tr>
<tr>
<td>Some additional cost or other negative effect</td>
<td>1</td>
</tr>
<tr>
<td>Moderately significant cost or other negative impact</td>
<td>0</td>
</tr>
<tr>
<td>Highly significant cost or other negative impact</td>
<td>2</td>
</tr>
</tbody>
</table>

### Table 8.39 Effect of taxation policies on factors of competitiveness

The very marked positive response was found also in replies to the direct question on competitiveness (Table 8.40). The strongly negative responses might stem from firms who, for whatever reason, felt that they were competing with firms that could take advantage of a lower tax rate. Alternatively they might relate to some other tax issue; the data do not allow the Study Team to probe further.

<table>
<thead>
<tr>
<th>Competitive factor</th>
<th>Type of impact</th>
<th>Positive</th>
<th>None</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of services</td>
<td></td>
<td>5</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td></td>
<td>14</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td>4</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>Environmental performance</td>
<td></td>
<td>2</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>Search for new ways of working</td>
<td></td>
<td>4</td>
<td>21</td>
<td>1</td>
</tr>
</tbody>
</table>

### Table 8.40 Overall judgments on the impact of taxation policies on competitiveness

Since the VAT concession applies to small construction works, competitors of respondents to this section of the question were principally in their own countries.

In the comments, it was suggested that the VAT concession should be extended to works intended to improve safety in buildings; the specific example given was the upgrading of lift systems in the Accession States.
8.8 Research and innovation policies

This policy area attracted 77 comments with, from Table 8.3, a quite high proportion of ‘other’ respondents - universities and some research institutes - and a surprisingly high number of contractors, giving the general reputation of construction as a sector with little commitment to research.

Respondents were invited to state the nature of their participation in European research and innovation programmes, the responses being shown in Table 8.42.

<table>
<thead>
<tr>
<th>Respondent Category</th>
<th>Type of Participation in Research and Innovation Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(See below for coding.)</td>
</tr>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Contractors</td>
<td>10</td>
</tr>
<tr>
<td>Designers</td>
<td>3</td>
</tr>
<tr>
<td>Other professionals</td>
<td>3</td>
</tr>
<tr>
<td>Product/material suppliers</td>
<td>2</td>
</tr>
<tr>
<td>Employees</td>
<td>0</td>
</tr>
<tr>
<td>Clients</td>
<td>0</td>
</tr>
<tr>
<td>Regulators</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39</td>
</tr>
</tbody>
</table>

Table 8.42 Participation in research and innovation activities, by background of respondents

*Note: Coding for type of EU R&D&I Participation:*

A = Coordinator of research project
B = Participant in research project
C = Attended research conference seminar
D = Participant in demonstration project
E = Attended demonstration project conference seminar
F = Used outputs from research or demonstration programme
G = Been aware of outputs from research or demonstration programme
H = Used services of Innovation Relay Centre

This table clearly demonstrates that the respondents to this section of the questionnaire were organisations that were particularly closely linked to European construction research and innovation programmes. To have 39 bodies claiming that they were project co-ordinators is remarkable. It is also interesting that some of the respondents had used the services of an Innovation Relay Centre, since the conclusion from the interviews was that these were relatively unknown to construction interests.

Respondents were asked to give a judgement on the overall financial impact that participation in research and innovation programmes had had on their organisation (or, for associations,
their members). As would be expected, since participation in research and innovation programmes is undertaken in the expectation of benefit, this produced an overwhelmingly positive outcome (Table 8.43) which further investigation showed was shared by all interest groups.

<table>
<thead>
<tr>
<th>Cost or Benefit</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly significant benefit – makes a real difference</td>
<td>27</td>
</tr>
<tr>
<td>Moderately significant benefit – useful but not especially</td>
<td>17</td>
</tr>
<tr>
<td>Some benefit – a positive effect rather than a negative</td>
<td>21</td>
</tr>
<tr>
<td>Neither a benefit nor an adverse impact</td>
<td>4</td>
</tr>
<tr>
<td>Some additional cost or other negative effect, but not especially so</td>
<td>1</td>
</tr>
<tr>
<td>Moderately significant cost or other negative effect– useful but not especially so</td>
<td>0</td>
</tr>
<tr>
<td>Highly significant cost or other negative impact</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.43 Respondents’ views on overall financial impact: research and innovation

These impacts were further explored through the next question which asked for quantification, and 20 respondents considered the benefit to be greater than 1% of turnover.

These are more positive views on the financial impact of European research and innovation programmes than were revealed by the interviews, where the networking and other benefits of participation tended to be emphasised. Some of the difference may be attributable to responses from universities and other bodies who were recipients of European funding.

All factors in competitiveness were considered to have benefited (Table 8.44) but there were mixed views about the level of the overall benefit to competitiveness (Table 8.45)

<table>
<thead>
<tr>
<th>Competitiveness Factor</th>
<th>Positive</th>
<th>None</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of your services or of the final constructed output</td>
<td>45</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Your level of client satisfaction</td>
<td>42</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>The level of labour productivity or skills</td>
<td>31</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>Your environmental performance</td>
<td>23</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>The introduction of new ways of working or new technologies</td>
<td>56</td>
<td>12</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.44 Effect of research and innovation policies on factors of competitiveness

<table>
<thead>
<tr>
<th>Overall Judgement on Impact</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>18</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>21</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>20</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 8.45 Overall judgments on the impact of research and innovation measures on competitiveness
Examination of the location of competitors (Table 8.46) showed firms etc competing across the EU were particularly positive. This might be a reflection of the networking etc benefits mentioned in the interviews.

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measures</th>
<th>Location of Other Competitor Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>A  B  C  D  E  Total</td>
</tr>
<tr>
<td></td>
<td>1  5 10 1 1 17</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>A  B  C  D  E  Total</td>
</tr>
<tr>
<td></td>
<td>1  8 8 3 1 21</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>A  B  C  D  E  Total</td>
</tr>
<tr>
<td></td>
<td>2 12 5 1 0 20</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>A  B  C  D  E  Total</td>
</tr>
<tr>
<td></td>
<td>2 3 2 0 2 9</td>
</tr>
</tbody>
</table>

Table 8.46 Relationship between judgements on impact of research and innovation measures on competitiveness and location of competitor firms Coding A-E as for previous tables on location of competitor firms.

Most of the comments received on the area of research and innovation sought an increase in research funding, but more specific comments included:

- The need or support for technology transfer, and not just the development of new technology
- A perception that research programmes were the result of lobbying by large interests, which meant that smaller countries had less opportunity to influence them or to benefit from them
- A call for a ‘transparent and professional’ administration of European research programmes

8.9 Standardisation measures (Eurocodes)

This policy area attracted 46 comments from across the spectrum of respondents. In contrast to the other policy areas, the questions in this section invited respondents to give a view on the expected impact of the policy. Because of the extra uncertainty introduced in to responses, some of the analyses reported in earlier sections have been omitted, since it is not worthwhile subjecting speculative views to in-depth analysis.

As might be expected, the balance of expected financial impact was positive (Table 8.47) but not hugely so (Table 8.48)

<table>
<thead>
<tr>
<th>Cost or Benefit</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly significant benefit – makes a real difference</td>
<td>13</td>
</tr>
<tr>
<td>Moderately significant benefit</td>
<td>16</td>
</tr>
<tr>
<td>Some benefit - a positive effect rather than negative</td>
<td>8</td>
</tr>
<tr>
<td>Neither a benefit nor an adverse impact</td>
<td>4</td>
</tr>
<tr>
<td>Some additional cost or other negative effect</td>
<td>4</td>
</tr>
<tr>
<td>Moderately significant cost or other negative impact</td>
<td>1</td>
</tr>
<tr>
<td>Highly significant cost or other negative impact</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.47 Respondents’ views on overall financial impact of Eurocodes
Table 8.48 Respondents’ views on positive and negative impact of Eurocodes

<table>
<thead>
<tr>
<th></th>
<th>Not able to judge</th>
<th>Trivial (for example less than 0.1% of turnover)</th>
<th>Small (for example less than 1% of turnover)</th>
<th>Significant (for example greater than 1% of turnover)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit</td>
<td>8</td>
<td>5</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Cost</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.49 Overall judgments on the impact of Eurocodes on competitiveness

The overall impact on competitiveness was expected to be moderate (Table 8.49)

Table 8.49 Overall judgments on the impact of Eurocodes on competitiveness

<table>
<thead>
<tr>
<th>Phrase best describing impact of policy measures</th>
<th>No of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>9</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>11</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>7</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>13</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>3</td>
</tr>
<tr>
<td>They have greatly reduced our ability to compete</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.50 Relationship between judgements on impact of Eurocodes on competitiveness and location of competitor firms

<table>
<thead>
<tr>
<th>Phrase best describing the impact of policy measures</th>
<th>Location of Other Competitor Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>They have greatly assisted our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have moderately assisted our ability to compete</td>
<td>0</td>
</tr>
<tr>
<td>There has been some benefit but it is not significant</td>
<td>0</td>
</tr>
<tr>
<td>There is no impact on our ability to compete</td>
<td>1</td>
</tr>
<tr>
<td>They have made it more difficult to compete</td>
<td>0</td>
</tr>
<tr>
<td>They have had a moderately adverse impact on our ability to compete</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 8.50 Relationship between judgements on impact of Eurocodes on competitiveness and location of competitor firms Coding A_E as for previous tables on location of competitor firms.
8.10 Additional comments and proposals

Relatively few respondents took the opportunity presented in Section 3 of the questionnaire to comment on policies and still fewer to offer suggestions for improvement or alternative ways of achieving the policy objectives. To that extent, the questionnaire did not succeed in tapping a wider source of ideas. Many of the comments paralleled those received through the interviews, in particular highlighting the administrative burdens encountered by small firms and calling for uniform approaches through the EU. Comments that introduced different ideas from the interviews have been reported in the appropriate policy sections.

Similarly, there were few references to other policy measures or to general policy issues. Those that were made included:

- Several comments to the effect that Directives were not orientated to the needs of the cultural heritage sector, as expressed in historic buildings (but there was no further, more specific, identification of the problems)
- Similarly, comments on the need for measures to improve accessibility
- A reference to the Machinery Directive and the need for a sharper distinction in legislation between lifts intended for public use and others.

8.11 Summing up

While, for the reasons set out earlier, the questionnaire responses cannot be taken to be statistically representative of the views of European construction interests, they are nevertheless a set of opinions drawn from a wide variety of backgrounds and countries. Moreover, rather more than a third of the respondents were representative bodies, whose inputs should reflect the broad position of their members.

Some of the analyses have produced strong indicators of the general balance of view amongst those respondents. It is no doubt the case that overall, respondents to a survey of this nature, are more aware of policy and social trends than the average firm and this was well illustrated by the data on research and innovation which showed those respondents to be much closer to European initiatives than is typical in construction. The generally positive view of the effect of European policy measures revealed by the questionnaire responses may therefore be somewhat exaggerated, and some of the individual analyses produced results which were considerably more positive than the impression gained from the interviews. But to the extent that both sets of data are pointing towards a positive view of European policies, they are consistent.

There were some differences which remain to be explained, notably in the assessment of the relative importance of different environmental policy measures. The interviews offered much more scope for probing views on impacts, and it is possible that in some of the questionnaire responses measures introduced in connection with health and safety objectives were confused with those stemming from environmental measures. The interviews are likely to be a more reliable guide to the overall balance of opinion.

The disappointing aspects of the questionnaire were that the number of responses was rather lower than the Study Team had hoped, and the number of novel comments and suggestions was also low. Nevertheless, it achieved its aim of providing an extra set of inputs to complement the interview data.
9 Conclusions

The two previous chapters have reported the findings derived from the interview programme and on-line questionnaire respectively on the impact of specific EU policies on construction. This chapter brings these together, with overall conclusions from the study, suggestions for actions that might follow as a consequence, and a summary of the main findings on each policy area. It starts though, with a review of the strengths and limitations of the data from which the conclusions derive.

9.1 The evidence base

The Study Team recognised from the start that neither the interviews nor the questionnaire would lead to data that could be presented as a statistically valid set of views and judgments from construction interests within the EU. For that, it would be necessary to assemble suitable (e.g. size-stratified) samples from groupings of construction interests in each Member State, and then to collect sufficient data through interviews and questionnaire processes to be able to present, within known confidence limits, the views of each interest group on the subjects under study. Finally, these views would need to be weighted according to the construction turnover in each country. This is clearly impractical on resource grounds alone.

Because of the inevitable limitations on the data collection processes, therefore, the Study Team cannot claim with certainty that the views reported and the data provided are representative of construction interests across the EU. Nevertheless, they have confidence that the outputs from the study are broadly representative for the following reasons:

1) Interviews took place in five countries that exhibit a wide range of economic and social cultures and whose ‘construction business systems’ (i.e. the system of organisations and relationships through which construction projects are undertaken) are broadly representative of the range of organisational arrangements to be found in the EU. While differences in view were observed among this group of countries, these could be attributed to aspects of the local implementation of EU policies rather than to fundamental differences in the impact of the policies on construction in the different countries. This is a strong indicator that views in the countries not covered by the interviews would be similar or, if there were differences, that they would be attributable to local factors.

2) The questionnaire responses, while fewer than had been hoped, came from a much wider range of countries and, as noted in Chapter 8, from an almost entirely different set of respondents. There were some national variations and a few differences from the interview findings; overall, also, perhaps a more favourable view of EU policies emerged. But there was broad consistency with the views expressed in the interviews. There was no evidence from the questionnaires to suggest that the interviews had generally misrepresented the views of construction interests.

3) Most of the interviewees were officials of representative bodies. Thus they spoke on behalf of many firms or individuals – often over 10000. The interviewees from European representative bodies were linked ultimately (but more indirectly) to much larger numbers of firms or individuals - in excess of 500000 in some cases. Hence the views expressed in the majority of interviews were themselves representative of a wide range of firms or individuals. Similarly, around one third of the questionnaire respondents were from representative organisations.

4) While the number of interview comments and questionnaire responses on each policy area varied, each area received comments from a range of interests and countries. No set of comments was dominated by a single country or interest.
At the level of broad perceptions of the impact of policies, therefore, there are good reasons for regarding the information received through the data collection processes as representative of construction across the EU.

9.2 Overall lack of data

The first conclusion to be drawn from the study is that there is a dearth of reliable data on the impact of EU policies on construction. The Study Team identified very few quantitative or qualitative studies which were relevant to this study. A few financial estimates have been noted in relation to specific policy areas but these stem from small-scale studies in a particular country, or from an estimate by an individual firm. Most of the inputs to the study have been impressionistic and while the questionnaires succeeded in eliciting some quantitative estimates of the costs of complying with policy requirements or the benefits derived from EU policies, these could be subject to considerable error. There are no data on which to base any sort of analysis as to whether the impacts are greater in some countries, or construction business systems, than others and the lack of data means that the study cannot come to any quantitative conclusions.

There is a strong case for seeking to remedy this situation. The construction sector, conventionally defined, accounts for some 8-10% of European GDP while the total resource input to the creation and operation of the European built environment is some 15-20% of European GDP. Construction not only supports all other industrial and commercial sectors, it is fundamental to the provision of social (health, education etc) services and transport infrastructure. A sound understanding of the historic and potential impacts of policies on construction would seem to be an essential requirement for effective policy-making at both EU level and in Member States. This study has provided some insights, but a much more detailed investigation would be required, requiring the co-operation of different types of construction firms in all Member States, to gain a reliable understanding of policy impacts.

The Commission are committed to the introduction of impact assessments when introducing new policy measures. These may provide some of the data required. Similarly, the regular reviews of the operation of Directives are relevant. Because of the scale and diversity of the construction sector, however, such one-off studies - conducted against legislative or administrative time constraints - may not be able to provide information of sufficient depth. More continuous monitoring is required.

The Study Team are also aware of some existing datasets - several of which mentioned at the Evaluation and Validation Workshop - which might be drawn upon. It is clearly important not to duplicate existing initiatives, but the level of detail available in existing data is probably not adequate to permit the kind of examination of prospective impacts that is required.

One way forward might be for a standing 'Panel' of firms to be identified, in collaboration with representative bodies, that were willing to have their activities monitored or to provide data relevant to future policy initiatives. Aspects of their activities would be studied by university or other research teams in order to see how policies (as implemented at national level) impacted on their use of resources - manpower (at all levels), capital and materials - or otherwise influenced the strategies and operations of the firms. Thus they would be contributors to a database through which the impact and potential impact of policies could be assessed. They would thus complement, though their contribution to data, the inputs of representative bodies to the policy formation process; these would continue to offer views and comment based on consultations with their members.

To be worthwhile, the Panel would need to include a set of firms that were 'representative' (although not necessarily rigorously statistically representative) of European construction in terms of activity, size, national background etc. The associated monitoring and research activity would be substantial, and would need to be suitably resourced. But we reiterate that the size and significance of the construction sector would seem to justify the development of such a research-based aid to policy formation and implementation.
The theme of lack of data runs through a number of the issues related to the policy process that are discussed below (Section 9.4). In each case, there appears a need for better understanding of actual and prospective impacts, in order to inform policy formation and to avoid debate based on speculation and generalised objections to policy initiatives.

9.3 Acceptance of European policies

Having commented above that there is little information available on impacts of European policies on construction, it must also be recognised that this study has not revealed evidence of widespread dissatisfaction with regulatory policies as formulated and promulgated at European level. There appears to be no general perception, for example, that the aims and principles of European environmental policies or public procurement policies are unnecessary or wrong, although there are detailed criticisms. Indeed, the questionnaire data showed rather positive views about the impact of policies.

Where there is significant dissatisfaction, it appears to stem from the national implementation of policies by Member States, either because of specific aspects of the implementation or in some cases because of the variation in implementation mechanisms and requirements across the EU, which is seen to hinder the development of a single European market. This was particularly observed in the area of public purchasing where there was a wide variation in attitudes to local requirements.

The overall effect of national interpretations, coupled with differing approaches to enforcement, is to reduce the effectiveness of measures that are intended to produce a single European market for construction goods and services and generally to detract from the concept of a uniform regulatory framework for trade in Europe. The implications are discussed further below.

It should be noted also that there was general support for the ‘permissive’ policy areas (free movement, research etc). This might also be expected since they opened opportunities which firms etc could accept or not as the wished. But, as discussed in Chapter 7, there were doubts about the significance or effectiveness of some of these policies.

9.4 Improving the policy process

The broad acceptance of policies at the European level is, of course, the outcome that might be expected from the political and consultative processes that precede the introduction of legislation. These should reveal whether intended legislation is likely to cause significant difficulties for particular industry sectors or types of enterprise. The political challenge is the to set the policy requirement in terms that will promote the policy ends while not unduly prejudicing the legitimate activities of industry and other economic interests. Inputs to the study have illuminated various concerns over how this challenge is addressed. These may be summarised as:

- The systems approach to policy-making
- Setting the policy measure in context
- Understanding the consequences

The **systems approach**

European ‘regulatory’ policy measures are implemented through national legislation in Member States, with enforcement also being the responsibility of Member States. In the
process that leads from the initiation of a policy to its implementation, there is thus a chain of actions and responsibilities, each link of which has to be effective for the policy aims to be achieved.

This study did not examine in detail how the Member States translated the various measures concerned with environmental protection, health and safety etc into national law; the Study Team are aware that this is reviewed by the Commission following the introduction of legislative measures. However, a number of industry contributors to the study commented on the low level of resource devoted to monitoring and enforcement in some Member States, or more generally on the variation in enforcement procedures and rigour across the EU. This was seen to undermine the intentions of the European legislation. There are also implications for the competitive position of small firms (discussed further below).

A conclusion to the drawn form these comments is that the policy formation process should take a 'systems' approach which explicitly considers the manner of implementation and enforcement in Member States. This might include inviting Member States to prepare draft Implementation plans, for review at European level. It is recognised that there will be sensitivity over, for example, the degree of discretion available to Member States in the translation of European legislation. But if the national implementation schemes put forward appear to vary significantly in their requirements, this should be of concern to the Commission. Further, there is little point introducing legislation when Member States are unable or unwilling to commit adequate resources to its enforcement. Examination of past practice in the same policy area would be a good guide to the manner of implementation and the resources available for enforcement of future legislation.

The present reviews of EU legislation, with a view to overall simplification, perhaps provide a context for more detailed examination of the enforcement mechanisms in particular policy areas.

The policy context

There were also concerns - particularly expressed by government representatives and representatives of SMEs - about the overall consistency of legislation and whether the cumulative impact (particularly on SMEs) of policy measures in a particular area was adequately taken into account in the policy process. While individual measures to address a policy objective might be reasonable, cumulatively they might impose a considerable burden. Of course the actual manner of implementation (the responsibility of Member States) would be a very significant factor in determining whether this was the case; nevertheless it was felt that the Commission, when proposing a new piece of legislation, had a responsibility to stand back and consider how this would influence the overall legislative requirement, and whether the extra benefits would justify any additional burden.

Such an evaluation would require better information about construction firms’ processes and use of resources than appears to exist at present, or could be revealed through this study. Ideally, it would be quantitative, and based on assessments of the impact on typical firms. The suggestion was made earlier that a ‘Panel’ of firms might be created to assist the development of such an information base; this would improve understanding of construction as a sector and the evaluation of potential policy impacts.

Understanding the consequences

A theme that ran through a number of comments on regulatory measures was the effect of legislative requirements on the relative competitive position of firms in the legitimate economy as compared with those operating in the illegitimate economy. As might be expected, this was a particular concern of SMEs and their representative bodies. Construction is a sector where, at for small projects, there is real competition with the ‘black economy’ and the Terms of Reference for this study referred to the impact of policy measures on the informal economy.
The effect of policy measures which impose costs on legitimate firms is to create a pricing gap between them and firms operating in the informal economy who may choose to ignore the requirements. If this gap is too large, and customers are attracted in sufficient numbers to the illegitimate firms, then the policy may become ineffective. At that end of the construction market, a policy which was less ambitious, at lower imposed cost, might in the end achieve more.

This suggests that there should be particular attention paid to the impact of regulatory policies on firms likely to be subject to that form of competition, which form a high proportion of construction firms. This cannot, of course be separated from consideration of enforcement mechanisms – a facet of the ‘systems’ approach. Estimates of the possible impact on costs are a starting point while the studies that have been carried out into the effect of VAT concessions provide some pointers to the price-sensitivity of clients, at least in some countries.

A different aspect of ‘understanding the consequences’ was raised by both government and industry representatives in relation to policies that controlled the use of certain construction products. While it was accepted that there were risks attached to these, it was not clear to interviewees that the risks and the performance characteristics of the alternatives had been fully evaluated; in other words only one aspect of the policy issue had been explored. The Study Team were not able to explore this further, and would expect the normal consultative processes to reveal drawbacks in alternatives.

In summary, there was a need for better understanding of what a policy measure would actually mean in practice, in terms of the activities and behaviours of construction interests and clients. Underlying this was the view, expressed by a number of interviewees, that those parts of the Commission with responsibility for policies that impacted on construction had poor appreciation of how the sector operated. The abortive attempt to introduce controls on exposure to sunlight through the Optical Radiation regulations was cited by several interviewees as evidence that the Commission were out of touch with the realities of construction site operations. An ‘induction’ programme that would give relevant officials some familiarity with construction operations was suggested. Perhaps construction representative bodies could take an initiative to develop this.

That said, it must be accepted that construction will be affected by many policy measures and it would not be reasonable to expect all the officials concerned to have close acquaintance with the sector. Hence there is also a need for effective consultation and communication among the various Services of the Commission so that those with principal responsibility for construction have the opportunity to contribute in a timely manner to policy development.

9.5 Alternative policy approaches

The terms of reference for the study made it clear that one of its aims was to identify alternative ways of achieving the same policy objectives, or improvements that would render present approaches less costly or more effective. It must be admitted that few proposals for alternative policy approaches were received. Across the interviews and questionnaire responses, there was a general acceptance that regulations (and associated enforcement mechanisms) had to play a significant role in maintaining and raising standards in an industry as diverse and fragmented as construction, where levels of technical competence vary widely.

Some alternative approaches were, though, brought forward. A number of interviewees referred to the power of public bodies to influence practice through their procurement policies. These could, in the view of the interviewees, place greater emphasis on ‘good practice’ whether in the area of environmental protection, health and safety, training, investment in research etc. There is no doubt that for some sectors within construction this is a potential route for influence, but it requires purchasing authorities to be able both to set appropriate criteria and to be able to evaluate the responses of potential suppliers. Elsewhere, (Section 7.5) the need for information, training and assistance in procurement practices has been underlined. Initiatives in this area could encompass help procurement authorities to promote other policy objectives.
Another way in which market forces can be harnessed to promote policy ends is through the use of taxes and permits, as have been introduced in the environmental area. The interviews revealed that these were accepted as a cost of doing business in the 21st Century although there were no suggestions for their extension outside the environmental area. But within that area, extension to influence energy use could be considered. This might include introducing a differential charge for granting permission for construction depending on the forecast carbon emissions of the proposed development.

It was also suggested by some interviewees that the insurance sector might play a larger role in helping to enforce policy measures, with insurance premiums being linked to the adoption of appropriate management procedures and influenced by the track record of companies (as is no doubt the case at present). This would be particularly relevant to health and safety but also to aspects of environmental practice where high remedial costs might be incurred if breaches of good practice occurred. The involvement of the insurance sector might take the form of enhanced monitoring and enforcement of standards set by existing processes or could extend to those standards being set by insurance interests (as happens, for example, in relation to aspects of fire safety). However, any move in this direction would need to address the question of regulation of firms in the informal (and probably uninsured) sector.

The role of insurance in supporting the development of cross-border trading by construction interests was noted earlier (Section 7.6). This could require the development of new forms of insurance. It was suggested at the Evaluation and Validation Workshop that the proposed Services Directive envisaged insurance arrangements that would cover cross-border working, but these did not currently exist.

The issue of competition with the informal economy has to be faced with any proposals that might have the effect of raising costs, and therefore prices, for works carried out by small firms. One way of addressing this is to promote the use of quality schemes, often linked to insurance or warranty arrangements. Such schemes enable firms that adhere to good standards - which can include environmental, health and safety, training, etc - to promote themselves under a 'label' that has customer recognition. The Commission might consider how support for the formation and promotion of such quality schemes might be enhanced.

Additional suggestions relating to individual policy areas have been noted in Chapters 7 and 8.

9.6 Conclusions on individual policy areas

Environment

From the interviews and questionnaire, a positive view of environmental policy measures emerged, coupled with concerns over the way that these were implemented by Member States. While there were compliance costs, it was accepted that environmental legislation was a necessary aspect of doing business in the 21st century. The interviews supported the initial assessment of the Study Team that the principal impact on construction came through measures related to solid wastes; however, the questionnaire revealed a divergence of views on which areas of environmental policy were most significant for construction. The Study Team were not able to resolve this discrepancy, which was the only major difference between interview and questionnaire data. Some observations on the issue were recorded in Chapter 8.

Nevertheless, the interviews and questionnaire showed that contractor representatives considered the costs of compliance to be significant and, with health and safety, this was the policy area which gave rise to comments on the impact of regulations on legitimate firms as compared with those in the informal economy. There were some suggestions that more market-based measures might be deployed, but there were no specific proposals.

The area was notable for producing one area of profound disagreement with policy at the European level. This concerned the inclusion of uncontaminated soil in the definition of
wastes which was considered by contractor representatives to be a source of excessive costs. The matter is now before Parliament and the arguments are familiar; the Study Team are not in a position to judge their merits. The subject is, though, of interest in the context of this study because it was exceptional; generally in this and other regulatory areas, interviewees focussed their concerns on local implementation practices, not on policy at the European level.

Environmental requirements were considered to be beneficial for the factors of competitiveness identified in the study, notably by stimulating a search for new ways of working. There was some evidence from the questionnaire that respondents considered them helpful for international competitiveness as well as within the EU.

Health and safety

The interviews revealed general satisfaction with the way that EU policy had raised standards in this area but some comments about national standards being in some cases higher. Industry representatives noted, though, that implementation varied across the EU Member States and there was a general tendency to perceive their own national implementation as more burdensome than in other countries. It was claimed that national data did not allow for comparisons to show whether one approach was more effective than another and this might be the subject of further study. While cost data were sparse, the figures mentioned in interviews suggested an overall cost to firms of 1% or more of turnover and the questionnaire responses were consistent with this. Perhaps the most significant issue to emerge from the interviews was the variation in liability between member states where some countries imposed civil liabilities, whereas others imposed criminal liabilities for the same offence. This had significant implications for professional practices. There was an acceptance of the present regulatory approach but also a suggestion that the insurance sector might have a role in the maintenance of health and safety standards. Also, public procurement arrangements might place more emphasis on health and safety requirements. This area was one that led to the discussion above of the ‘systems’ approach, with interviewees commenting on a perceived lack of resource for enforcement and a suggestion that an overall risk-based approach to requirements be taken, in order to avoid excessive cumulative burdens on firms.

Public procurement

As with health and safety, there was general agreement with the aims and content of EU legislation. The principles governing public procurement were well established and the extra competition introduced into the market was considered beneficial by client interest, but it remains the case that the overwhelming majority of contracts are awarded to firms in the client’s own country. The innovations in the latest Directives were generally welcomed but they were too recent for the impact to be observable. There was concern, notably from design interests, that quality factors received insufficient weight in procurement decisions and more generally a view that too many decisions were made on price grounds alone. In discussion at the Monitoring and Evaluation Workshop, the difficulties of setting and administering non-price criteria were acknowledged and it was suggested that the Commission might produce ‘best practice’ case studies to assist procurement authorities. The questionnaire revealed differences in emphasis across Member States and differences in implementation were also illustrated by the considerable rise in disputed decisions, notably in Sweden (and, as revealed at the Workshop, in Finland). This again suggests that further guidance for procurement personnel would be helpful. Some detailed suggestions for change were noted in Section 7.5 and, as noted in Section 9.5, public procurement was seen as a means of promoting other policy objectives.

Free movement of labour

Views on the impact of these policies differed considerably. In relation to the free movement of EU nationals among Member States, there was a clear view from recipient countries (and notably the UK and Greece) that there had been beneficial effects although this was
tempered by some concerns over the impact on safety, local employment opportunities and training. These might be investigated further in connection with reviews of the impact of employment policies. In particular, attention might be paid to the impact on training which, although a Member State responsibility is supported by European funding. There could be implications for the use of such funds in both Accession and receiving states.

Countries (e.g. Poland) which had tended to lose labour were, naturally, more sceptical about the impacts. The questionnaire inputs reflected this mixture of views, and also that there was a stimulus to new ways of working - perhaps related to the loss of workers.

From the perspective of Europe as a whole, the policies undoubtedly contribute to a more effective labour market and, it must be presumed, a more effective use of resources. It is not possible, though, to draw an overall conclusion on the net impact.

Policies relevant to professional staff, notably the mutual recognition of qualifications, were regarded as useful but not critical to the movement of at least the younger professionals. There were few barriers to such movement, although there were both formal and informal barriers to incoming professionals seeking to establish themselves in practice. Overall, the impact on competitiveness has to be positive, since recognition of qualifications assists the effective functioning of the market for professional staff, but the effect is likely to be small.

It was suggested that greater commonality in professional insurance arrangements might assist both the movement of professionals and the offering of design services across the EU. This might be the subject of further study, perhaps in connection with implementation of the proposed Services Directive.

**Taxation**

Interviews and the questionnaire both showed that construction supply interests, clients and government all had a positive view of the concession to allow a reduced rate of VAT on certain building works. Studies by CAPED in France supported by the view of interviewees with knowledge of the French situation by providing data that indicated that the concession was an effective way of combating the price difference with the informal sector with no overall cost to public funds. The view in Finland, which operated a system of tax rebates on maintenance works, was similar. However, other studies - which had focussed on the level of undeclared labour in construction - had cast doubt on the impact of tax concessions. It is plausible to postulate that measures that reduce the price differential between legitimate firms and the informal economy will tend to inhibit the latter but there is clearly some dispute over their effectiveness.

The impact on the competitiveness of the Europe in relation to other economies is not likely to be significant, but the measure, by reducing the attraction of the informal economy, is relevant to the creation of a sustainable economy with high environmental standards and good working conditions.

It was suggested that the categories of qualifying works might be extended to include energy efficiency improvements in the building stock and works aimed at improving safety standards.

**Research and innovation**

The policies of the EU promoting research and innovation are generally perceived to be effective by those interviewed and by those responding to the questionnaire. However, it is not clear that the extent of this support is satisfactory, given the importance of construction for the EU in terms of construction’s share of funding of 10% of the GDP of the EU, excluding material suppliers.

While there are clearly success stories from the sector of beneficial involvement of SMEs in the Framework Programmes, there remain fears that the smaller firms are not able to make full use of the FPs because the costs incurred in engagement with them - either in
developing a proposal - or in carrying out the research itself - remain too high and the benefits arising from participation, in terms of profiting from the development of new IP, and from general dissemination of ideas and practices, remain too low.

In respect of competitiveness advantages provided by R&I policies and the location of the competitive advantages arising from them, respondents thought that their competitors were more likely to be within their town, city or region rather than in other more distant areas. This is a contrasting finding than for other policy areas, where competitors were often thought to lie at regional or national levels.

Care should be used in drawing inferences to the entire EU field of construction from the responses from the questionnaire as to the effectiveness of R&I policy. This is because a high proportion of those firms who responded to the questionnaire were likely to have taken part in R&I activities.

While the impact of other policies on the respondents’ firms was generally thought to be good, in relation to the effect of policies on firms' environmental performance and in terms of their improvements to labour productivity, R&I policies are less successful. This may indicate the relative success of the EU’s RTD activity as against general business support and innovation activities, the greater likelihood of response amongst the RTD performing organisations to the electronic questionnaire or some combination of these two factors.

**Standardisation**

Interviewees revealed a broad consensus that the introduction of Eurocodes should assist the competitive position of European firms in international markets but concern that this would only happen with more vigorous promotion of the codes in countries which had previously looked to Europe for their code systems. Inputs from DG ENTR showed that this had been recognised and initiatives had been taken to promote the Eurocodes internationally. Within Europe, the codes could lead to useful savings in construction costs but the was a generally held view amongst interviewees that the transition costs would be substantial and it would be some years before the Codes were widely used. However, the withdrawal of national codes and the use of Eurocodes in public procurement processes would promote their adoption.

This area of policy was therefore one where there was an expectation that the competitive position in international markets would be enhanced as a result of the policy.

### 9.7 Possible future studies

It must be stressed that this study has not been able to analyse impacts in any depth, still less to investigate the factors that underpin Europe’s undoubted global strengths in both design and site-based aspects of construction. There is undoubtedly scope for a set of follow-up studies which would illuminate how policies at the European level could reinforce such strengths and at the same time promote efficiency, innovation and good practices in firms working in more local markets. These studies would each be tailored to the types of firms that operated in a specific market context while taking into account in their conclusions the implications for firms in other markets. They might extend to an examination of how the strengths of other countries with a presence in international construction markets are supported by domestic policies.

As a starting point, an analysis of the position of European design and contracting interests in the global marketplace might lead into a study of the factors that, in the view of those firms, contributed to their continued leadership and how these factors could be promoted through European policies. One outcome might be the creation of a Forum in which heads of globally competitive construction firms provided inputs to assist policy formation. This would complement the role of construction representative bodies by having a clear focus on the international market context, in contrast to their broader remits.
At the other end of the construction spectrum, the diverse views reported on the impact of the VAT concession indicates a need for further examination of the way in which policies impact on the competitive position of SMEs in relation to the informal economy. These would need to take into account the different mechanisms established in each Member State for promoting use of legitimate firms: through regulation, customer education, support for quality schemes etc.

9.8 EU policies and competitiveness

Finally, we review the implications of the study’s findings for competitiveness, the focus of the study.

The Study Team’s interpretation of ‘competitiveness’ for the construction sector, in the context of EU policies to promote a competitive, sustainable European economy, was set out in Chapter 2: It may be summed up in three market contexts:

1. Leading designers, consultants and contractors operate in a global marketplace and need to be competitive in that marketplace

2. The great majority of construction firms are not in competition with firms outside the EU. Their impact on European competitiveness comes through the efficiency with which they use resources to achieve construction outputs.

3. The smallest construction firms have competitors in the informal economy and the existence of this informal economy has implications for the development of a sustainable European economy, with good working conditions etc.

The implications of the study’s findings for these three aspects of competition - global, local and informal - are considered below.

Global competition

There is no evidence to suggest that EU policies have detracted from the ability of construction firms to compete in the global marketplace and some to indicate an enhancement, although not a large one. With the exception of the Eurocodes, the policy areas studied were not aimed at enhancing international competitiveness. Hence if there is a positive effect, it is a side-consequence of policies which have other objectives.

Environmental policy measures, particularly, appear to have had a small positive effect. It is consistent with the literature on the subject that stimulating greater environmental consciousness and competence through setting more demanding environmental requirements will be of benefit in some global markets.

The impact of the structural Eurocodes has yet to be seen. The overall expectation is that they will prove beneficial. This is mitigated by concerns over the commitment and resources for promoting their take-up by other countries, although promotional measures are now in hand and some countries have already stated a commitment to the Eurocodes.

Local competition

From the opinions and estimates provided in response to the interviews and questionnaire, it is possible to conclude that the overall financial impact of EU regulatory policies on construction costs is low in relation to turnover. While some respondents were prepared to assess impacts at greater than 1%, many more felt unable to judge or provided a lower figure. These were, though, the judgements about individual policy areas. The total impact, because construction is such a large sector, could still be large in absolute terms. It would not be possible from this study to draw any quantified conclusion about the net impact of the cost of EU policies, but with the annual turnover of the sector being in excess of €1,000Bn a figure of
between €5Bn and €10Bn could be quite possible. This would be a net cost borne by all other sectors of the economy.

Even if there were such a net cost, it should be set against the findings that regulatory policies are judged by respondents to the questionnaire to be overall of benefit to their interests. Further, some policies (e.g. research) are judged beneficial and some respondents on the subject of public procurement reported financial benefits, presumably because they created a more competitive market place.

Overall, the set of policies considered here may have either a net cost or net benefit. However, the fact that some policies may have net financial benefits does not remove the case for ensuring that other policies, with net costs, operate as cost-effectively as possible.

This inability to determine whether policies have a net benefit or cost underlines the need for due understanding of impacts in the policy formation process.

The informal economy

This aspect was discussed earlier. It is reasonable to postulate that any extra costs incurred by firms as a consequence of complying with EU policies have the effect of increasing the attraction of the informal economy to clients. The studies in France of the impact of the VAT concession have illuminated the price-sensitivity of clients for small construction works although some interests have expressed reservations over the significance of the findings. But in any case the net impact of policies is so dependent on local implementation, monitoring and culture that it is not possible to draw any conclusion about the overall effect across Europe of measures that impact on competition with the informal economy.
ANNEXES

A Specification for study - extract from Invitation to Tender

B Summary of study, prepared to facilitate communications with stakeholders and others

C Minutes of Management and Steering Group (MSG) meetings:
   C(i) 27th January 2006
   C(ii) 15th May 2006
   C(iii) 7th September 2006

D Literature review - references

E Request for Early Inputs to Study - example letter

F Contacts with the European Commission

G Communications, Directives and other policy instruments relevant to Construction

H Assessments of policy areas:
   H(i) Environment
   H(ii) Health and Safety
   H(iii) Public procurement
   H(iv) Employment
   H(v) Standardisation
   H(vi) Research and innovation
   H(vii) Taxation
   H(viii) Education and training
   H(ix) Finance for SMEs
   H(x) Competition policy
   H(xi) Industry policy
   H(xii) Late payments and e-procurement

I Interview Guidance Documents, addressed to study partners
   I(i) Guidance
   I(ii) Letter to interviewees
   I(iii) Summary of policy instruments and impacts

J Interview sheets

K Questionnaire specification

L Organisations for promotion of questionnaire

M Details of interviewees
A - Specification for study - Extract from Invitation to Tender

4 TECHNICAL SPECIFICATIONS

4.1 DESCRIPTION OF TASKS

4.1.1 Aim of the action
The broad aim of the action of which this contract forms part is to enhance the competitiveness of the European construction sector. One specific objective in this regard is that Community policies affecting this competitiveness contribute as much as possible to the achievement of the strategic objectives formulated in the Commission Communication COM(97) 539 of 4.11.1997 on the competitiveness of the construction sector.

4.1.2 Subject of the survey
The Commission calls for tenders for carrying out a study analysing and assessing the elements of certain Community policies that impact on the competitiveness of the construction sector.

4.1.3 Aim of the study and work programme
The aim of the study is to analyse and assess, on the basis of an analysis of the competitiveness factors and the wider business environment of the construction sector, the impacts of key Community policies insofar as they affect this competitiveness within the overall framework of sustainable development. While it will be a matter for the contractor to identify the policies which should be covered by the study, it is anticipated that the policies to address will include at least the following fields: environment, energy, education and training (in particular with regard to qualification), employment (including measures to combat informal economy working), research and development (including that relating to the information society), standardisation and internal market, as well as taxation.

The approach should be developed in a medium term perspective which will also allow the likely impact of measures currently in the pipeline to be assessed.

In each principal case, the contractor will need to identify the measure concerned and to suggest ways of improving the relevant provisions so as to achieve the policy goals aimed at, with lower cost. The main aim will be to identify aspects which have especially benefited the sector in terms of contributing to competitiveness, including innovation, and those which have given rise to difficulties for the sector whether as a result of disproportionate administrative or financial burden or otherwise.

The work programme will include at least the following elements:

a) Final identification and selection of the policy fields to be covered by the study and of their major Community measures and instruments which are thought to especially benefit the sector in terms of contributing to competitiveness, including innovation, or to give rise to difficulties for the sector whether as a result of disproportionate administrative or financial burden or otherwise.

b) A comprehensive and structured analysis of the impacts that the major Community measures and instruments as selected under element a), and their implementation, have on the competitiveness of the construction sector, as far as these impacts are significant.
c) Identify the potential for improving the relevant provisions with regard to the impacts identified under b) so as to achieve the policy goals aimed at, with lower cost.

d) Contact the necessary range of public and private stakeholders and social partners of the construction sector, at all relevant levels, in order to ascertain their views on the issues raised under a) to c); present, summarise and assess in a well-structured way the results of such contacts differentiating between Member State administrations and other public and private stakeholders (including social partners) in the sphere of construction.

e) Formulate findings, conclusions and recommendations which reflect a pragmatic approach to optimising the impact of Community policy measures and instruments on the competitiveness of the construction sector and the opportunities given by such policies.

f) Participate, before the end of the 9th month of the tasks, in a one-day evaluation and validation workshop organised by the Commission to present the draft results of the work undertaken to interested parties. The contractor shall ensure the participation of the necessary representatives in the workshop, such as to ensure that the study can be adequately explained and other follow up work effected with the necessary efficiency; this follow up will entail drawing up and forwarding to the Commission detailed minutes, within two weeks of the workshop taking place.

g) The progress report and the final report as specified in point 4.2.1.

The Commission will ensure general supervision and guidance of the study through a Monitoring and Steering Group chaired by the Commission and including representatives of relevant Commission services, Member State representatives and other stakeholder experts invited by the Commission. It is planned to hold three meetings of the Group. The contractor shall ensure the participation of maximum three representatives in these meetings and draw up detailed minutes to be forwarded to the Commission, within two weeks following the meeting in question.

4.1.4. Methodology

For the work to be undertaken, the contractor will apply the methodological tools and format that he proposes and develops in detail in his bid, including a clear time and resource plan.

4.2 REPORTS AND DOCUMENTS

The Contractor is to provide the required reports and documents in accordance with the conditions of the standard service contract appended in Annex 5.3.

The reports, their summaries, and the manuscript and material for publishing have to be submitted in five paper copies and in electronic format (by e-mail, on floppy disk or on CD-ROM) as Word (.doc) documents. All numbers of pages refer to a paper version of A4 size.
A substantive progress report must be submitted to the Commission no later than four months after the signature of the contract.

The final report must be submitted to the Commission no later than eight months after the signature of the contract.
The reports must be submitted in English, together with a 10-page summary in French and German.

The length of the progress report shall not exceed 80 pages, and that of the final report 120 pages, including illustrative material; the main supporting documents are to be attached as annexes.

Furthermore, the contractor shall draw up detailed minutes of each meeting of the Monitoring and Steering Group, and of the evaluation and validation workshop, as specified above under 4.1.3.

4.2.1 The progress report shall:
- present the general framework for the study and a glossary describing the relevant terms that are to be used;
- describe the methodology used, including details on the references and information that are utilised and on their sources, on measures taken to ensure quality of the work, and on consultation made or foreseen;
- specify how the work was undertaken in respect of the agreed work programme;
- adequately present the results of the work undertaken with regard to the element a), and preliminary significant results of element b), as well as explain the work undertaken and an advanced approach to the remaining elements of the work programme set out under point 4.1.3.

4.2.2 The final report shall provide the Commission with the results of the study and information for internal evaluation purposes, a part or all of which the Commission may want to disseminate. The contractor must address the following points:
- the methodology used, including details on the references and information that have been utilised and the sources of these, on measures taken to ensure quality of the work, and on consultation made;
- how the work was undertaken in respect of the work programme;
- the characteristics of the work undertaken (ideas; innovative elements; technical feasibility and likelihood of findings resulting in successful further work, positive and negative aspects experienced);
- the collaboration established during the course of the work (for example, involvement of Commission services and national administrations, public and private bodies in the sphere of construction; industry associations and authorities at local, regional and national level; experts and special knowledge bodies; etc.);
- the comprehensive results of the work undertaken with regard to all elements of the work programme set out under point 4.1.3.
B - Summary of study, prepared to facilitate communications with stakeholders and others

A Study to analyse and assess elements of certain Community policies that impact on the competitiveness of the construction sector

[Contract No 30-CE-0043801/00-12]

DG Enterprise and Industry have commissioned a research consortium led by the University of Manchester to analyse and assess the impacts of European Community policies on the competitiveness of the construction sector. The study will identify the policies and instruments that have the greatest influence on the sector (excluding the Construction Products Directive which is the subject of a separate commission), examine the mechanisms and processes by which they impact upon the sector and assess the scale of their impact. For those policies with negative impacts, the study team are asked to put forward proposals for alternative means of achieving the same goals with less effect on competitiveness.

The study will be based on a combination of economic analysis and direct interactions with stakeholders and social partners. A Monitoring and Steering Group will assist the Commission in its oversight of the work while a virtual Expert Group will provide input to the project consortium. The study commenced on 1 January 2006; an interim report will be presented to the Commission in April 2006 and the final report in September 2006.

The research consortium is led by Professor Roger Courtney, Professor Graham Winch and Dr John Rigby of Manchester Business School. Other faculty members of MBS will contribute. The consortium includes four other research organisations, the University of Athens, Greece; Centre Scientifique et Technique du Bâtiment (CSTB), Paris, France; Lund Institute of Technology, Sweden and ASM Market Research and Analysis Centre, Kutno, Poland. Each will be responsible for assessing impacts in their own countries and providing data derived from interviews with stakeholders. The partner countries are representative of different types of construction industry within the EU.

The study will be carried out through five tasks:

1) Identification of relevant policies, legislative and other instruments and research reports
2) Preliminary assessment of impacts, leading to a target list of study priorities
3) Development of a structured interview programme with construction industry stakeholders, and an associated Web-based questionnaire
4) Data collection through interviews in partner countries and promotion of the questionnaire to secure inputs from a wider range of countries
5) Analysis of findings and preparation of the final report.

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C – Annexes containing Minutes of Monitoring and Steering Group meetings

First Monitoring and Steering Group Meeting 27/1/2006

Study to analyze and assess elements of certain Community policies that impact on the competitiveness of the construction sector

[Contract No 30-CE-0043801/00-12]

Present

Reinhard Klein (Chair)  DG Entr G3
Antonio Paparella (Project Officer)  DG Entr G3
Ana Agundez-Garcia  DG Taxud
Richard Collin  DG Entr C2
Linda Debie  DG Market C3
Beata Heimann  DG Taxud
Dominique Klein  DG Entr C4
Arlita Marcinkowska  DG Market C1
Klara Rundova  DG Entr
Michail Vardoulis  DG Entr
Markus Bjerre  National Agency for Enterprise and Construction, Denmark
John Goodall  FIEC
Philippe Tulkens  Ministry of Economic Affairs, Belgium
Agnes Thibault  EBC
Sophocles Tzovaridis  Ministry of Works, Greece
Jitka Vichova  Ministry of Industry and Trade, Czech Republic
Roger Courtney  University of Manchester (Study Team)
John Rigby  University of Manchester (Study Team)

The study context

Mr Klein began the meeting by welcoming the invited experts and outlining the context for the study and the purpose of the study. He noted that the Commission’s most recent communication on industry policy had indicated that there would be studies of the impact of Community policies on different sectors. The main aim of this study, therefore, was to provide an analysis which would inform future regulations and other policies bearing upon the sector. Reflecting the breadth of the study, Invitations to the Management and Steering Group had been sent to a wide range of bodies and to a long list of DGs. The Group would be a means both of maintaining awareness of the study and of influencing it. But he also hoped that members of the Group would contribute information to the Study Team and generally assist the progress of the study.

Mr Paparella reminded the meeting that the Communication COM (539)1997 had led to a number of initiatives aimed at improving not just competitiveness but also the business environment, quality, the regulatory framework, innovation etc. This study would look more widely, and to examine the way in which Community policies in general had contributed to the goals set out in that document. These were not just about resource efficiency but also job creation, innovation and other social and
economic goals. There would be a need to identify the key Community policies, and where these appeared to have adverse impact, to propose alternative ways of addressing the policy objective, with lower impact.

The study
The Study Team then outlined their work programme and project management arrangements and identified issues for discussion. Their presentation is annexed to this note.

In discussion, the following points were raised:

- One factor in the choice of policy areas for more intense study might be the likelihood of achieving change in the medium term. A Directive that had just been introduced, for example, would not be reviewed for some years. The Study Team agreed that this could be a factor, but noted that they would need guidance on the areas where change was unlikely - this was not a judgement that they could make.
- Public procurement policy instruments were an important means of promoting the internal market. Within those, e-procurement was being encouraged and should be examined for its effect on the construction sector.
- SMEs were particularly concerned with taxation - especially VAT - as illustrated by the concern over the imminent decision over VAT on small domestic construction works.
- Standardisation appeared not to be included in the provisional list of policies for examination; while the CPD was the principal instrument affecting construction, and this was the subject of a separate study, there were other aspects of standardisation which should be considered. The Study Team agreed but sought guidance on the exact areas to be covered.
- An important aspect of competitiveness was the ability of individual firms to fulfil social expectations and carry out their activities in a rational manner. The Study Team agreed and noted that it was through firms being able to act rationally and efficiently that the sector as a whole contributed to the competitiveness of the European economy.
- Construction firms would be affected by policies which had impact on firms in any sector. In general, it would be advisable to concentrate on policies which had specific impact on firms in the construction sector. However, it might also be the case that some general policies should be implemented differently in the construction sector. Because of the nature of the activities or the characteristics of the firms in the sector, some deviation from purely 'horizontal' policies might be desirable. The Study Team should bear this in mind.
- The study might also consider whether the impacts of EU policies were entirely the result of the policies themselves, or in part the consequence of the implementation measures adopted by Member States. The Study Team commented that it might be difficult to distinguish between these factors, although if there were marked differences in perception of impacts across Member States then these might warrant further examination with this question in mind.
- The study appeared to rely on a questionnaire for data collection. The data would not therefore be representative of the different stakeholders and there could be doubt about its statistical validity. The Study Team commented that the main data collection tool would be the interviews carried out by the Study Team partners, which would be representative of stakeholders; the questionnaire was a means of gaining inputs from a wider range of countries.
and its limitations - including the fact that it would be prepared only in English - were recognised. The data were unlikely to be suitable for extensive statistical analysis - they would be indicative rather than conclusive. The views expressed by interviewees would be valuable additions to any data and would provide background and context for the findings.

**Interactions between the Study Team and the MSG**

The Study Team invited the assistance of members of the MSG within the first phase of the study through:

- the identification of policy areas for study
- offering initial views on priorities
- the identification of relevant databases, reports and other literature (i.e. those containing information about competitiveness in the construction sector and the impact of EU policies)
- identifying stakeholders and potential interviewees

The Study Team further hoped that members of the MSG would promote awareness of the study and, in due course, of the questionnaire, in order to secure a good response from their countries and organisations.

It was suggested that the Study Team might write formally at this early stage to key European construction bodies, inviting early views on impacts and study priorities. The Study Team welcomed this proposal. Further, it was suggested that examination of the annual reports of such bodies would provide pointers to the issues and measures that had concerned them in previous years. The Study Team noted that these could be a valuable source of information.

The Study Team confirmed that the MSG would have the opportunity to comment on the questionnaire before its distribution. The questionnaire would be drafted to reflect the structure of the first interviews and the experience gained in these. Initial interviews would be conducted before the second meeting of the MSG, so that some preliminary data could be presented to that meeting. But the main data collection period would be after that meeting.

**Conclusion**

Concluding the meeting, Mr Klein thanked the members of the MSG and the Study Team for their contributions and reiterated that the Study Team should be able to look to MSG members for information and views. This request extended also to other DGs and he would provide contact information to facilitate interactions. The meeting had been valuable in identifying some issues which needed to be taken into account in the study and bringing forward offers of assistance. It was also notable that the Study Team’s proposals had not been fundamentally challenged. There was a sound basis on which to proceed.

**Next meeting**

The next meeting of the MSG was arranged for 14.00 on Monday 15th May 2006. DG Entr will confirm the location in due course.
Introduction

Dr Reinhard Klein, Head of the Construction Unit, DG ENTR and Mr Antonio Paparella, Project Officer for the study, introduced the meeting. As the Study Team had presented the aims of the project and the work programme at the first MSG, it was agreed that the Team should move directly to a presentation of the progress made against the project schedule and of the preliminary findings from the data collection phase. The meeting would then consider the following issues:

- Methodology Employed (including Task 3 and Task 4)
- Selection of Policy Fields to be covered (returning to Task 1 and Task 2)
Review of Progress and Initial Findings

The Study Team summarised their progress, which they had set out in their Interim Report. They noted that the interim report had been submitted on the due date and that, overall, the study was on schedule.

The literature review had revealed that there were almost no data from previous studies relevant to the issues under consideration, although the literature contained general discussions of the impact of regulations on costs and competitiveness, with a wide range of views being evident. There were also numerous reviews of the concept of competitiveness, which overall had supported the Team’s initial proposals (as discussed at the first MSG). Competitiveness was a multi-dimensional concept, and particularly depended upon the perspective taken – whether European, national, sectoral or the individual firm. As an example, the impact on competitiveness of movement of labour from Accession countries (the ‘Polish plumber’ issue) depended on whether the perspective was that of a firm that had taken advantage of the availability of such labour, a competitor firm, a client receiving possibly a lower cost service, the country from which the labour had moved, etc. At the European level, because international trade in construction services was relatively small as a proportion of the total, the indirect contribution of construction to the overall competitiveness of the European economy, through the effectiveness with which the sector used resources, was a key aspect for this study.

A review of the full range of European policies had been carried out, with the aim of identifying those that were to be investigated through the data collection processes. Assessments of the policy areas that appeared the most relevant had been undertaken by experts from Manchester Business School, assisted by consultations with representative groups and inputs from MSG members. In addition, over 20 policy units within the Commission had been invited to contribute views on the impact of their policies on construction. This phase had resulted in a list of seven areas for further investigation; it was possible that others would be added as a result of further discussions and assessments but the Study Team considered that the list covered the principal policies relevant to construction.

Drawing on the outputs from these early tasks, guidance for the partner organisations conducting the interview programme had been prepared. Each had drawn up a list of potential interviewees and interviews had commenced, although to date few reports had been received. Some initial views had questioned the balance of risk and benefit in some detailed policy measures, and the Commission’s familiarity with the distinctive features of construction operations.

The interviews would enable the Study Team to explore the ‘real-world’ impacts of policies and to invite proposals for changes. Most of the interviews would be with representative bodies. There could only be a small number of interviews with individual firms, and if the firms were drawn from the population of all construction firms any views expressed could not be representative. Hence the interviews with firms would concentrate on the much smaller set of firms that operated in several Member States, in order to learn from their experience of the application of policies, including those that promoted the Single Market.
The interviews would be supplemented by a Web-based questionnaire which would be promoted widely, particularly to countries not represented in the Study Team. A first draft of this questionnaire had been completed and the aim was that it should be available by early June. In order to improve the representative nature of the data from the questionnaire, the Study Team were seeking to promote it through membership organisations where there was information about the characteristics of the members. Once such was the Manchester Chamber of Commerce, which had over 1000 members from property and construction. Responses from its members could be analysed as a sample from a known population, unlike responses from general promotion of the questionnaire. The Study Team wished to develop similar arrangements with other bodies.

More generally, the Study Team sought the assistance of MSG members in promotion of the questionnaire within the countries and membership. This was vital to this aspect of the data collection phase.

The presentation given by the Study Team accompanies these minutes. The Study Team also agreed to provide further information on the organisations to be approached for interviews; this is in the Annex to the minutes.

**Discussion of Methodology**

In discussion of the methodology employed, points made included:

- The prime aim of the study was to inform the Commission, but the final report would be available on request. Its findings would be considered by the Commission itself in conjunction with those of the concurrent study of the Construction Products Directive.
- The Study Team had no prior view on whether regulations imposed undue costs; the interviews and questionnaire would enable stakeholders at different levels to express their views, and also to indicate whether regulations might be extended to address other issues within the policy areas covered.
- The focus on competitiveness meant that the study would not provide a complete perspective of the impact of policies. This would require an examination of the social and environmental benefits derived from construction – encompassing the Gothenburg as well as the Lisbon agendas. The Study Team acknowledged this but referred back to the remit set out for the study.
- The study would encompass both impacts on international competitiveness and the indirect impacts of construction on competitiveness through its use of resources.
- Regulatory policies were implemented through national legislation and comments made by respondents might refer to issues introduced in the transposition to national legislation or to local enforcement processes. This would complicate the findings. The Study Team acknowledged this and commented that they would not be able to carry out a detailed examination of the ways in which European requirements had been transposed into national legislation. Nevertheless, where issues were raised which did not appear to originate in a Directive or other instrument, they would seek within reasonable limits to identify the cause.
- There were lessons to learn from examination of other countries’ policies and business structures. These had resulted in national ‘clusters’ of globally competitive firms – contractors in France, architects in the UK, etc. However, these were not the result of EU policies and the subject lay outside the remit of the study.
Impact of EU policies on competitiveness of construction - Final Report

• It was possible that responses to the interviews would differ from those to the questionnaire because interviewees were being sent prior information about the policy areas and their potential impacts. The Study Team should consider analysing the sets of responses separately to check on this.

• The questionnaire would be available initially only in English, although it was possible that some members of the Study consortium might translate it for their own purposes. The Study Team acknowledged this to be a limitation and would welcome offers of translation. However, care would be needed in translation to render accurately the distinctions between levels of impact that were incorporated in the English text.

• Most questions in the questionnaire would require respondents to select from pre-defined options. This was necessary in order to make analysis practicable and the outputs would be 'measures' of impact that could be compared. However, there would be an opportunity for respondents to make further comments and suggestions.

• The Study Team would make the questionnaire available for comment prior to preparing the final version.

Discussion of Policy Areas for study

In discussion of the policy areas to be covered in the data collection phase, there was general endorsement that those identified by the Study Team were appropriate and agreement that these should be indicated to interviewees and respondents to the questionnaire, although there should be opportunity for these to discuss impacts from other policies. Points made in the discussion included:

• The study was essentially concerned with policies which had been in existence long enough for impacts to be evident – hence the Energy Performance of Buildings Directive had not been included because it was too recent.

• The Study Team had needed to make judgments about the overall impact of any policy; thus policies such as EMAS which affected only a small number of projects had not been selected for further study. Other areas of policy not considered further included competition policy, since construction appeared to be a sector with many firms and a high level of competition.

• The Study Team appeared not to have considered some areas where the Commission were active. One example was education and training, where there was considerable expenditure. This had been identified in the original specification for the study. The Study Team commented that they had examined documentation relating to this area, and had referred to the ‘Europass’ initiative in one of the assessments, but had not identified measures of particular relevance to construction, neither had consultations over the selection of areas resulted in any being drawn to their attention. Nevertheless, they would examine the area again, especially regarding initiatives to overcome shortage of skills.

• Another policy area was that of finance, where there had been initiatives to increase the ability of SMEs to access finance. However, it was arguable that construction SMEs were not constrained by lack of finance, since construction had low capital requirements. Indeed, contractors often benefited from a positive cash-flow. Again the Study Team would re-examine the area.

• The Study Team should maintain awareness of some other areas where policies might impact on construction such as standardisation, IT and e-procurement.
Guidance and Conclusions of the Monitoring and Steering Group

Overall, the MSG noted the progress made and endorsed the Study Team’s approach to data collection. On specific matters:

a) The MSG considered that the Study Team should investigate further the following policy areas:

- education and training (particularly for the shortage of skills)
- finance (particularly for SMEs)
- competition policy
- industrial policy

These should be included in the data collection phase, or clear reasons for not selecting them should be presented.

b) While acknowledging that the Study Team’s resources were limited, the Team should seek wherever possible to identify whether issues were arising from national implementation or from the original European requirements, and draw conclusions appropriately.

c) Some Members of the MSG expressed the wish to be able to review the questionnaire prior to preparation of the final version.

d) Some Members of the MSG would consider whether they could facilitate translation of the questionnaire into other languages. (Mr Klein particularly noted that the Commission would consider whether it could help in this regard.). [Comment by Study Team following the Second Meeting of the Monitoring and Steering Group: The mounting of the translated text on the Study Team’s web server, where the English version of the electronic questionnaire would be placed, would be estimated to take around one day per language. Any free text answers that were then given would however then need to be translated back by the organisation which provided the translation. Hence, while one or two additional languages are feasible, it is unlikely that a wide range could be provided.]

e) Members of the MSG would assist in the promotion of the questionnaire.

f) The inquiry (interviews and questionnaires) should also target SMEs in the sector and related opinion leaders, when appropriate.

The Study Team thanked the MSG for their views and offers of assistance.

Next Steps, Timings and Next Meeting

Dr Klein commented that the original Work Programme would have required the MSG to meet in late July or early August, which was impractical. For that reason, he asked the Study Team’s views regarding a possible limited extension of time in order that the next MSG could be in early September. In this case the third meeting of the MSG would take place at 11.00 on Thursday 7th September.

Mr Klein further commented that the MSG would at that meeting consider a substantive document, with findings, but which would not be as extensive as the draft final report. This document should be provided to the Commission by 28th August. The Study Team would then have several weeks in which they could take into account the Group’s comments, before submitting the draft final report on 28th September. The Validation Workshop for the study would then take place on or
around 13th October and the date for delivery of the final report would be 28th November.

Dr Klein thanked members of the MSG for their contributions and closed the meeting.

Manchester, 19th May 2006
Impact of EU policies on competitiveness of construction - Final Report

Third Monitoring and Steering Group Meeting 7/9/2006

Present

Claes Andersson  DG Entr G3 (Project Officer)
Antonio Papparella  DG Entr G3 (Former Project Officer)
Dominique Planchon  DG RTD G2
Simon Chenev  DG Entr E4
Richard Collin  DG Entr C2
Agnes Matthieu  DG Entr C4
Arltea Marcinkowska  DG Market C1
Emmanuelle Maincent  DG Entr B1
Adrian Joyce  Architects Council of Europe
Agnes Thibault  EBC
John Goodall  FIEC
Katarina Bzouska  Ministry of Construction and Regional Development, Slovakia
Karine Iffour  NORMAPME
Francoise Marion  Ministry of Transports, de l'Équipement, du Tourisme, et de la Mer, France
Karel Valk  Department of Housing, Spatial Planning and the Environment, The Netherlands
Roger Courtney  University of Manchester (Study Team)
John Rigby  University of Manchester (Study Team)

Introduction

Mr Claes Andersson, Project Officer for the study since 1st June, welcomed members of the Monitoring and Steering Group to its third and final meeting. He explained that Mr Reinhard Klein, Head of the Construction Unit, DG ENTR had been called away on urgent business and was unable to attend the meeting but was kept informed by telephone of developments.

Mr Andersson commented that the purpose of the meeting was to provide the Monitoring and Steering Group with the opportunity to review progress of the project, in particular to review and comment on the outline findings presented in the substantive report prepared by the consultants, to identify the further work needed, and to set the schedule for completion of the work, including the date of the Evaluation and Monitoring Workshop.

Actions since previous MSG

The Study Team reviewed the further analyses of policy areas that had been undertaken at the request of the MSG. These had not resulted in additions to the list of areas for detailed study. The MSG noted this conclusion.

Review of Progress: Interviews

The Study Team provided information about the progress of the interview programme, including interview statistics, coverage, and initial findings. Their slide presentation is attached to this set of Minutes. It includes the detailed progress data. The notes below focus on issues raised in discussion.
Interviews: Progress
The Study Team indicated that, realistically, they would expect the final total for the number of interviews to be less than the 144 shown as potentially possible. The number would be known within 10 days when the reports from all partners had been submitted to the Study Team. The coverage of the interviews, and the level of interviewees, were both considered satisfactory.

Interview Findings: Environment
The Study Team noted that further analysis of inputs on environmental policies was required. But the overall impression - in line with findings in other ‘regulatory’ areas, was that the policy measures were accepted; they reflecting the need in 2006 for businesses to take environmental considerations into account. There were issues in local implementation, which would be discussed in the Final Report, but the European policies were not the subject of criticism.

However, in response to a comment, the Study Team acknowledged that the environmental policy area provided one instance of a detailed criticism of a European policy measure, in the area of waste definitions.

Interview Findings: Health and Safety (H&S)
The Study Team noted that one suggestion made in relation to this area was that insurance might be used as a means of influencing industry practice, in place of or supplementary to regulations. This led to the comment that here, and elsewhere, there should be reference to the initiative to simplify European regulations (SIM). The MSG also noted that the general picture formed from interviews was that H&S requirements were overall of benefit to firms.

The Study Team reported that some interviewees had proposed the use of public procurement to pursue H&S goals, and had commented that public authorities did not seem to be using their influence in this area. There was comment about the extent to which public clients could influence overall construction practice but the MSG agreed that the issue was of general relevance and that the Final Report should consider role of public procurement in promoting policy objectives.

There was a further comment to the effect that responsibilities for H&S varied across Member States and that EU policy in the area did not appear to reflect these differences. The Study Team commented that this variation had been noted in the report, with the further observation that there was no uniform set of statistics that might illuminate whether some approaches were more effective than others.

Interview Findings: Public Procurement
In response to a comment that public procurement policy did not pay sufficient attention to quality issues, the Study Team noted that this was a policy area where there were varying views across different construction interests, and the concerns of design interests over price-based competition were set out in the report. However, short of prohibiting competition on price, it was difficult to see how these could be addressed at the European level.

It was further noted that the most recent Directives included provisions designed to promote the introduction of innovative solutions in tenders; the finding that public procurement measures were a barrier to innovation was therefore questionable, although the new measures had not had time to take effect.

It was questioned whether firms and other interviewees were fully aware of recent developments in public procurement policy. The Study Team responded that the
Interviews had been conducted with representative bodies whose responsibilities included monitoring European policy developments and with larger firms with European business operations; they therefore considered that interviewees would be informed about the policies.

**Interview Findings: Labour Mobility**
The MSG noted the suggestion that common insurance arrangements for professionals might have a role to play in encouraging mobility. While attempts to harmonise liability regimes in the past had not been successful, it might be possible to attempt this again. The Study Team commented, however, that insurance would need to reflect the different responsibilities of professionals in different construction business systems; a uniform approach might not be appropriate.

**Interview findings: Taxation**
The report's finding of support for VAT concessions was welcome, but perhaps it gave too much prominence to a single dissenting voice.

**Interview Findings: Research and Innovation**
It was noted that respondents to the interviews and MSG members appeared to have very different experiences of the cost for SMEs of participation in RTD programmes. In the Final Report, attention will be given to the issue of how much SMEs receive from the Framework Programmes.

**Interview Findings: Standardisation**
The report (page 24, paragraph 4) had made reference to a CEN study of possible standardisation of professional services. It was not clear which mandate this referred to; the Study Team should re-examine this comment. Further, the report perhaps did not give sufficient acknowledgement to current promotional efforts on the Eurocodes.

**General comments in interviews**
In general discussion of the interviews, and their reporting, the following points were made:

Comments taken from interviews should be attributed, in order to provide the context of the comment, but not in such a way as to enable individual interviewees to be identified.

The Study Team should carefully consider and present in the final report, the basis for any conclusions, given that the interviews were with a limited sample of construction interests and the questionnaire responses are not statistically representative of the sector. It would be helpful if the discussion of each policy area were in two parts, the first reporting on the findings (including an assessment of the basis for the conclusions) and the second setting out any conclusions drawn by the Study Team.

The study had noted that the interviews had identified issues with implementation in Member States of EU policies. It was important that they should not only state their findings, but also offer possible means of addressing them, drawn either from the interviews and questionnaires, or from other sources.

The study had attempted to assess the impact of policies on costs. However, there were interactions among policies, and the Study Team had raised the issue of the cumulative effect of different policy initiatives. The Study Team should consider how these effects might be taken into consideration. In
response, the Study Team commented that such interactions could be complex (given the number of policies and measures) and would be difficult to model. Case study analysis of individual firms and their reaction to policies would be the best way of investigating such interactions. Analysis of the questionnaire responses might show some trend towards clustering of policy concerns; this would be borne in mind for the Final Report.

The comments and illustrations from interviews appeared not to reflect the full breadth of the interviews; with some countries predominating. This should be corrected in the Final Report. The Study Team commented that the final analysis would be based upon a more balanced set of interview reports.

The report was broadly supportive of the Commission’s policies, but there was a danger that it would be seen as not sufficiently critical. The Study Team commented that an overall theoretical acceptance of policies might be the outcome expected from the political process that preceded their introduction, but nevertheless there were issues over their ultimate effectiveness, which would be set out in the report.

On page 18 (line 10), “not weighted” should probably read “weighted”.

The Study Team noted these points, and reiterated the Final Report would discuss issues relating to the resources required for effective implementation (both in firms and Member State governments) and the commitment to providing these in the policy formation process.

**Review of Progress: On-line Questionnaire**

The Project Team said that they had received 130 responses from the main (English) questionnaire survey and had 29 responses from the French questionnaire which contained information. The initial analysis in the report for the MSG had been based on the 130 questionnaires. Delays with the output of data from the on-line survey had prevented analysis of the responses on policy areas other than the environmental sector.

This, though enabled the MSG to consider the analyses required for the Final Report.

The MSG endorsed in principle the forms of analysis used for presenting the responses on environmental policies. Staying within the general level of detail and types of criteria, the MSG also agreed to leave it to the Study Team to assess what would be relevant analysis and presentation for the other policy areas.

**Further Work: Electronic Questionnaire**

The full analysis of the questionnaire data from the English and French surveys would be carried out again with the data consolidated and the French data included. This analysis would be done on all policy areas for the Final Report due on the 28th September.

The Commission has provided the Study Team with a German translation/version of the survey to be mounted on the Study Team website. This would be available within two weeks and operated for a month. As there was no resource in the project to analyse this data, it was likely that this analysis would have to be undertaken separately. The results are not likely to be available in time for the first draft of the Final report due on 28 September but will be included in the very final version due in November.
Comments on the Final Structure of the Report

Summing up, Mr Andersson again drew attention to the need for the Final Report for submission on 28th September to include operational conclusions to form the basis of action by DG Enterprise and other DGs, or, where more research was needed before action was taken, to identify key steps that should be taken in order to obtain such information. Broadly, though, the MSG endorsed the approach of the Study Team and the analyses included in the report to the Group.

The Study Team noted that the Final Draft Report would comprise the findings of the Interim Report, with the subject matter covered in the report for the MSG. It would address the issues raised by the Group.

Monitoring and Evaluation Workshop
Mr Andersson confirmed that the Monitoring and Evaluation Workshop would take place in Brussels on Monday 9th October. Details would be circulated shortly.

Encl.

Two Slide Presentations: Interviews Presentation; Electronic Questionnaires Presentation

Study Team
Manchester Business School
Manchester
11 September 2006
Impact of EU policies on competitiveness of construction - Final Report

D - Literature review – references


Impact of EU policies on competitiveness of construction - Final Report


E – Request for early inputs to study – example letter

30th January 2006

Ms A Thibault  
European Builders Confederation  
Rue J de Lalaing 4  
B-1040 Brussels  
Belgium  

Dear Ms Thibault

**Study of impact of EU policies on the construction sector**

As you will know from the recent letter from the Commission, the Construction Unit of DG Enterprise and Industry have commissioned Manchester Business School to carry out a study of the impact of EU policies on the construction sector. This includes advising on whether policies that reduce the competitiveness of the sector could be achieved by alternative, less burdensome, measures. The study will run until October 2006; I enclose a brief note which gives some further information about the study team.

The Construction Products Directive is the subject of a parallel, specific study and so is not within the scope of this study. We have also agreed with the Construction Unit that policies whose principal role is to provide funding (e.g. regional assistance) are not included. Apart from those exceptions, however, the study in principle covers all other EU policies and policy instruments, including those currently in the pipeline whose format is known and where decisions on implementation have been agreed. I enclose a list of policy areas which could come within the scope of the study.

You will appreciate that this is a very wide remit, and so an early task is to identify those policies and implementing measures that appear to have the greatest impact, in order that the study may concentrate on these. We are currently, therefore, assembling information on (a) the range of policies and measures that fall within the scope of the study and (b) on any assessments of impact that have been undertaken. I am sure that EBC will be familiar with impact studies and will have views about the impact of European legislation and other policy measures on the construction sector. It would be valuable to have your inputs at this early point in the study, in order to guide the selection of areas for more detailed examination.

Further, in the second part of the study, we will be seeking information and views from construction stakeholders in Member States and I hope that we may be able to approach you again, as a route to key people whose views we should obtain.

It would be most helpful if you could let me have your response by Friday 24th February.

Yours sincerely

R G Courtney  
Professorial Fellow in Construction Innovation  
Manchester Business School
### F - Contacts within the European Commission

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<td>Vocational training and adult education</td>
<td>Ms Marta FERREIRA-LOURENÇO</td>
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<td><strong>Employment, Social Affairs and Equal Opportunities</strong></td>
<td>DG EMPL D1</td>
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<td>DG EMPL D2</td>
<td>Labour law and work organisation</td>
<td>Mr Armando SILVA</td>
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<td>DG EMPL D4</td>
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<td>Mr Robertus CORNELISSEN</td>
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<td>Mr Norbert ANSELMANN</td>
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<td>Free movement of goods</td>
<td>Ms Ghyslaine GUISOLPHE</td>
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<td>Ms Mechthild WOERSDOERFER</td>
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<td><strong>Environment</strong></td>
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<td><strong>Internal Market and Services</strong></td>
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<td>Economic and international dimension of Public Procurement; e-procurement</td>
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<td>DG MARKT C2</td>
<td>Public-Private Partnerships and Community Law on Public Contract and Concessions</td>
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<td>Mr Ugo BASSI</td>
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<td></td>
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<td><strong>Research</strong></td>
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<tr>
<td><strong>Taxation and Customs Union</strong></td>
<td>DG TAXUD D1</td>
<td>VAT and other turnover taxes</td>
<td>Mr Rolf DIEMER</td>
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Participants from EC in MSG Meetings and Evaluation Workshop

DG EMPL
   Isabelle Gaudeul-Ehrhart
   Astrid de Konig
   Dimitrrios Kontizas
   Malgorzata Stadnik

DG ENV
   Christopher Allen

DG ENTR
   Reinhard Klein
   Claes Andersson
   Simon Chenev
   Richard Collin
   Dominique Klein
   Emmanuelle Maincent
   Agnes Matthieu
   Antonio Paparella
   Klara Rundova
   Michail Vardoulis

DG MARKT
   Joao de ABREU ROCHA
   Linda Debie
   Arleta Marcinkowska

DG RTD
   Dominique Planchon

DG TAXUD
   Ana Agundez-Garcia
   Beata Heimann
This table has been compiled from various sources. It is not a comprehensive listing of all the policy instruments that influence construction since many Directives and Regulations affect the activities of all firms. It includes policy measures aimed specifically at construction, together with those that affect construction enterprises and activities in distinctive ways, or which may have greater impact on construction than on other economic sectors. It therefore incorporates some preliminary judgements about the nature and scale of impacts of policy measures on construction.

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<td>COM (2005) 518</td>
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<td>Implementing the Community Lisbon programme: a strategy for the simplification of the regulatory environment</td>
<td>COM (2005) 535</td>
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<td><strong>Enterprise</strong></td>
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<td>Late payments in commercial transactions</td>
<td>Dir 2000/35/EC</td>
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<td>Interpretive communication on Community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement</td>
<td>COM (2001) 274</td>
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<th>Authorising Member States to apply reduced rate of VAT to certain labour-intensive activities</th>
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### Internal market

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### Standardisation


### Information society

| Copyright and related rights in the information society | Dir 2001/29/EC | L 167 2001 | 9/04/2001 |
| i2010 - A European information society for growth and employment | COM (2005) 229 | 1/06/2005 |

### Electronic commerce

| Recognition and enforcement of judgements in civil and commercial matters | Reg 44/2001/EC | L 12 2001 | 22/12/2000 |

### Social


### Education


### Employment and social affairs:

#### Health, hygiene and safety at work

| Measures to encourage improvements in health and safety at work | Dir 1989/391/EEC | L 393 1989 | 30/12/1989 |
| Proposal for a Directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (Optical Radiation) (Directive 89/391/EEC) | COM (92) 560 | 23/12/1992 |
| Temporary and mobile work sites | Dir 92/57/EEC | L 245 1992 | 24/06/1992 |
| Protection of young people at work | Dir 1994/33/EC | L 216 1994 | 22/06/1994 |
| Exposure to chemical agents at work | Dir 1998/24/EC | L 131, 1998 | 07/041998 |
| Chemical agents at work; List of indicative occupational exposure limit values | Dir 2000/39/EC | L 142 2000 | 08/06/2000 |
| Minimum safety and health requirements for the use of work equipment for workers (including 'work at height') | Dir 2001/45/EC | L 195, 2001 | 27/06/2001 |
| Exposure to mechanical vibrations | Dir 2002/44/EC | L 177 2002 | 25/06/2002 |
| Exposure to noise | Dir 2003/10/EC | L 142, 2003 | 06/02/2003 |
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### Employment etc: free movement

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<td>Proposal for a Directive on the posting of workers who are third-country nationals for the provision of cross-border services</td>
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<td>Co-ordination of social security systems to promote the free movement of persons</td>
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### Employment etc: employment rights

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<td>Dir 93/104/EC</td>
<td>L 307, 2003</td>
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<td>2004 ad hoc module on work organisations and working time arrangements</td>
<td>Reg 247/2003/EC</td>
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### Employment etc: inclusiveness and social inclusion (gender, disability)

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H – Assessments of Policy Areas

H(i) Environment

Briefing on environmental policies and measures

Background

The European Commission has, since the original formation of the EEC, sought to harmonise and raise standards of environmental management across the Member States. This policy has been pursued both as a means of establishing good environmental policy frameworks and practices across Europe, and to establish a level playing field for firms in matters concerning the environment, such as waste disposal.

Over the years, EU legislation has progressively extended into different aspects of environmental policy and is now the principal source of environmental legislation in Member States. A complete list of current legislation relating to the environment is available from the EUR-LEX database. Examination of the list shows that the legislative measures may be categorised for the purposes of this study thus:

1) Those that set general environmental policies and targets but have no, or very indirect, impact on firms or on construction activities (e.g. measures on trans-boundary air pollution or on emissions trading). These are not further considered.

2) Those that address specific environmental issues, but whose impact on construction is negligible or very indirect (e.g. on emissions from incinerators, from motor vehicles or on bathing water quality). Again, these are not further considered.

3) Those that impact on all firms, including construction, either directly (e.g. through setting out a framework for Environmental Management Schemes) or indirectly (e.g. by controlling wastes disposal at landfills). Some measures are particularly significant for construction firms; others affect construction firms in the same way as all other firms. This category is considered further below.

4) Those that impact on construction products (e.g. through controls on the use of asbestos), but not otherwise on construction. These are noted below, but not further considered.


In addition, from the EUR-LEX database and other sources information has been obtained on measures under consideration (as of 1st January 2006) which have implications for construction. Again, these are noted below but not further considered.

Measures with impacts on firms

Of the measures which have direct or indirect impact on construction firms and activities, the following are not considered further:

- Regulation 2001/761/EC (and associated Regulations, e.g. Reg 2001/761/EC)

These establish a voluntary Community eco-management and audit scheme which firms may adopt if they choose. Many firms have adopted alternative schemes, e.g. those of EN45000 series. There is no evidence that this scheme has been taken up by construction firms in preference to other schemes.
Impact of EU policies on competitiveness of construction - Final Report

  Construction activities and firms have considerable impact on local communities and on the environment and the promotion of CSR poses perhaps greater challenges for construction than many other sectors. This resolution urges the promotion of CSR but the means are left to Member States and no European policy instruments have been introduced.

- Directive 80/68EEC (and subsequent amendments)
  This controls the discharge of certain toxic materials to groundwater. It impacts on the use of contaminated or previously used sites, where measures need to be taken to prevent leaching of contaminated material to groundwater. With rising pressures on land use, such sites account for an increasing proportion of new development, but the impact of the requirements on construction overall is unlikely to be significant. A new Directive is in preparation (see note below).

- Directive 2004/35/EC
  This establishes the ‘polluter pays’ principle in putting a clear responsibility for bearing the costs ofremedying environmental damage on the body responsible for the damage. It covers all environmental damage caused by activities listed in Directives 75/442 (principally those of firms specialising in waste handling, but also activities when permits are required for discharges to groundwater) and by landfill operators, but also covers damage to protected species and natural habitats caused by any occupational activities. The latter is particularly relevant to construction activities. The Directive does not prevent Member States from introducing more stringent environmental responsibilities on firms.

  While the Directive reinforces environmental controls, its overall impact on construction is minor. Most construction activities do not have potential for the types of environmental damage that are included in the Directive.

The measures which are considered to have more specific impact on construction are:

- Directive 75/442/EC  Framework Directive on wastes
- Directive 85/337/EC  Assessment of effects of certain public and private projects
- Directive 91/689/EC  Hazardous waste
- Directive 99/31/EC  Landfill of wastes
- Directive 2001/42/EC  Assessment of effects of certain plans and programmes

These, together with Directive 2002/91/EC: Energy performance of buildings, are considered in more detail in the Annexes.

Measures with impacts on products

Several measures prohibit or control the use of certain materials or substances in products offered for sale. Some of these are particularly relevant to construction. They include:

- Directives 91/659/EC and 99/77/EC
  The earlier Directive prohibited the use of amphibole ‘blue’ types of asbestos fibres in products and restricted the use of chrysolite ‘white’ asbestos. The later legislation prohibits new uses of chrysolite asbestos. Asbestos was formerly used in cement composite blocks and panels, and for thermal insulation and fire protection purposes. Substitutes for asbestos have now been developed.

- Directive 2004/42/EC
This imposes limits (in two stages, the first taking effect in 2007 and the second in 2010) on emissions of Volatile Organic Compounds from paints and varnishes. The effect will be to change the formulation of traditional decorating products, although sale of limited quantities of traditional formulations will be allowed for the maintenance of historic properties and motor vehicles. There are no indications that construction processes will need to change, or that product performance will be compromised.

Other measures which affect products and equipment used in construction are:

  
  This controls the composition and disposal of batteries and accumulators containing heavy metals, and in particular the rechargeable nickel-cadmium batteries that are widely used in power tools. The Directive encourages the recycling of such batteries but there is evidence that many - probably most - are currently disposed to landfill. Hence there is now an intention to introduce a new Directive which will require the collection and recycling of all batteries. (See note below)

- **Directive 2000/14/EC**
  
  This sets maximum noise levels for a wide range of equipment, including commonly used construction equipment. There is a cost for manufacturers, which is then passed on to users, in complying with these requirements, but the overall impact on the cost of construction projects is unlikely to be significant.

  
  This establishes the current framework for the European system of eco-labelling for products, including products used in construction and buildings (e.g. floor coverings). The scheme informs and influences purchasing decisions and reducing sales of less environmentally acceptable (and perhaps cheaper) products. There are no implications for construction processes.

- **Directive 94/62/EC**
  
  This concerns packaging and packaging waste. It sets targets for the recovery and recycling of such wastes and requires Member States to promote measures that will reduce packaging materials and encourage recovery. There are no direct effects on construction, but construction products are delivered to sites in packaging and Member States’ need to comply with the Directive reinforces the requirement for wastes arising from construction activities to be separated and recovered. The main pressures, however, come from the Wastes and Hazardous Wastes Directives (see Annex)

  
  This provides the legal framework for an EU-wide licensing scheme for timber imports, in order that these may be from sustainable sources. It is ‘current’ legislation in that it was adopted prior to 1st January 2006, but no schemes have yet been created under the Regulation.

**Future measures**

Measures currently in preparation which have implications for construction include:

- **REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Directive**
  
  This was proposed in COM (2003) 644. It will require all chemicals whose annual production exceeds one tonne to be registered. This will include many substances
used in construction. Users will be provided with more information about the chemicals and their effects. Implementation is expected in 2007.

- **New Directive on batteries and accumulators**

  COM(2003)723 instigated a consultation on a new Directive which would require the collection and re-use of all batteries. Users are will incur costs associated with separation and collection. A Common Position is being developed; the latest statement is in COM(2006)17.

- **Energy Services Directive**

  COM(2003)739 proposed a Directive on energy end-use efficiency and energy services. The principal aim is to establish a framework for energy services that will promote energy efficiency but it also includes a target for annual efficiency improvements in the public sectors of Member States. Since buildings account for 45% of energy use in the EU, and a higher proportion of public sector energy use (because of the dominance of offices and housing in the public sector), the Directive will be a stimulus to energy efficiency improvements to buildings and the development and application of energy efficient technologies. A Common Position (COM(2006)53) has been established.

- **New Framework Directive on Wastes**

  COM(2003)731 proposed a new Framework Directive on wastes which would bring together and enhance the provisions currently in Directives 75/442 and 91/689 and their subsequent revisions. Following consultation, a revised proposal was put forward in COM(2005)667. Further consultation is taking place.

- **New Directive on Groundwater**


- **Directive on fluorinated greenhouse gases**

  COM(2003)492 proposed a Directive to control use of certain fluorinated carbon compounds used in air-conditioning, refrigeration and fire protection systems. These compounds have been introduced in response to the Montreal Protocol on the protection of the ozone layer since the have much lower effect on ozone. However, they are potent greenhouse gasses and the Directive introduces, amongst other measures, an inspection and reporting regime and requirements on leakage and recovery. The effect will be to encourage use of alternative refrigerants in air-conditioning systems. A Common Position (COM(2005)296) has been established.

**Summary**

The brief assessments above, and the more detailed assessments in the Annexes, indicate that only those Directives concerned with wastes appear to justify further examination through enquiry with construction interests. The impacts of the Directives on environmental impact assessment and environmental liability are too indirect while the Energy Performance of Buildings Directive is too recent to have had any impact, and since its technical provisions on energy performance are not prescriptive, its actual effects will very much depend on decisions in individual Member States.

RGC
3rd March 2006
Initial assessment of impacts: Wastes

1. Policy area

Environment

This assessment covers the two Directives on wastes.


Both Directives are currently implemented in England and Wales by the Hazardous Waste (England and Wales) Regulations 2005 (SI 2005 No 84), with the list of hazardous wastes reproduced in the European Waste Catalogue published by the Environmental Agency.

2. Summary of EU objectives and requirement(s)

The Waste Framework Directive sets a common framework for management of wastes across the EU by:

- Defining categories of wastes and of disposal and recovery operations
- Requiring Member States to establish a network of disposal installations, operating through permits
- Requiring all producers of wastes to dispose of them through a recognised collection agency or through their own disposal operation
- Establishing that the producer of the waste should pay the costs of disposal

The Hazardous Wastes Directive supplements this by

- defining hazardous wastes by reference to their adverse effect and establishing a list of such wastes
- requiring all producers of hazardous wastes to be registered
- requiring hazardous wastes to be labelled and records kept of all movements

3. Summary of how these have been implemented in UK – are there any significant differences between EU and UK requirements?

The Directive has been implemented through secondary legislation. The Environment Agency is the licensing body in England and Wales. The Agency’s European Waste Catalogue is a direct copy of the list of wastes in Decision 2000/532 although the EWC is more explicit in
pointing up waste categories where there can be a judgement about whether the waste is hazardous or not, depending on the concentration of any dangerous substance.

4. What is the actual effect of the requirement on construction firms and processes?

The impact of these Directives on construction firms comes (a) through their impact on waste collection and disposal, which is controlled much more tightly and (b) through the classification of some construction wastes as hazardous wastes. The impact is on site activities, including demolition.

The general effect of the Wastes Framework Directive, coupled with the Packaging and Packaging Wastes Directive, is to stimulate recovery and recycling and therefore to promote separation of wastes at source. In addition, they establish that producers pay for collection and disposal. Both impacts add to the costs borne by the construction project.

Hazardous wastes have to be separated and recorded, thus adding to management requirements. Some construction wastes are regarded as hazardous, although generally these fall in the category of wastes which may be hazardous depending on concentration. There have been representations over the classification of ‘bituminous mixtures including coal tar’ (which would include planings of road surfaces which are then recycled), ‘construction materials containing asbestos’ (which would include asbestos cement, normally considered not to present a hazard) and ‘construction and demolition wastes containing PCB’ (e.g. wall panels containing cables) as hazardous materials. The actual impact will depend upon local practice.

The impact is therefore on site processes, both assembly and demolition. There are no clear differences in impact across types of construction, except that civil works are likely to give rise to less waste in proportion to materials used than the construction or repair of buildings.

5. Is it possible to estimate the level of additional costs (or savings) associated with any of the impacts?

No figures have been identified, but the measures in principle affect all site works.

6. What impact does this measure have on the competitiveness of the construction sector and of Europe as an economic entity?

Resource usage: the first effect is to raise the cost of construction

Innovation: There may be consequent incentive for the development and adoption of re-use and recycling technologies, and for greater use of off-site fabrication where wastes may be more easily managed

Environment: there will be incentive to reduce waste generation through optimising designs and site processes

7. Are there any comments that you wish to make on the measure, or suggestions for areas that should be explored in the second stage of the study (e.g. particular implementation problems, or ideas for changes that would reduce costs or increase effectiveness)?

The Commission are currently consulting on a proposal for single consolidated Directive on wastes. This will give greater emphasis to life-time analysis of environmental impact in wastes management policy but is unlikely to lead to major change in the operation of the measures. There may be an opportunity to influence the criteria and definitions of hazardous waste.

RGC
3rd March 2006
Initial assessment of impacts: Landfill

1. Policy area

Environment

Title and reference of policy instrument, and of implementing UK legislation if relevant


2. Summary of EU objectives and requirement(s)

The Directive is intended to prevent or reduce the adverse effects of the landfill of waste on the environment, in particular on surface water, groundwater, soil, air and human health.

It defines three categories of waste (municipal waste, hazardous waste, non-hazardous waste and inert waste) and requires all landfills (defined as waste disposal sites for the deposit of waste onto or into land) to be classified as landfills for the disposal of one of these classes. Some wastes (e.g. liquid wastes) may not be deposited in any type of landfill. Landfill operators must keep records of all wastes deposited.

Member States are required to establish a system of operating permits for all landfills, taking into account the location, geology etc and including plan for closure and post-closure maintenance.

3. Summary of how these have been implemented in UK – are there any significant differences between EU and UK requirements?

The Directive has been implemented through secondary legislation. The Environment Agency is the licensing body in England and Wales.

4. What is the actual effect of the requirement on construction firms and processes?

The Directive does not affect construction firms directly but a Member State’s decisions on the award of operating permits, and on the classification of different types of landfill, will affect the number and distribution of landfill sites and therefore the ease and cost of disposal of wastes from construction (including demolition) operations. In addition, there will be management costs associated with the keeping of waste records and on some sites costs associated with the separation of hazardous wastes for separate disposal (see note on Hazardous Wastes).

The impact is therefore on site processes, both assembly and demolition. There are no clear differences in impact across types of construction, except that civil works are likely to give rise to less waste in proportion to materials used than the construction or repair of buildings.

5. Is it possible to estimate the level of additional costs (or savings) associated with any of the impacts?

No figures are available, but anecdotal evidence suggests that in some locations the extra costs are significant because of lack of local landfill sites. This is interlinked with the definition of hazardous wastes, since landfills dealing with this class of wastes may be more distant than other landfills.

6. What impact does this measure have on the competitiveness of the construction sector and of Europe as an economic entity?
Resource usage: the first effect is to raise the cost of construction

Innovation: There may be consequent incentive for the development and adoption of recycling technologies and the re-use of wastes, and for greater use of off-site fabrication where wastes may be more easily managed

Environment: there will be incentive to reduce waste generation through optimising designs and site processes

7. Are there any comments that you wish to make on the measure, or suggestions for areas that should be explored in the second stage of the study (e.g. particular implementation problems, or ideas for changes that would reduce costs or increase effectiveness)?

The Landfill Directive is a component of overall waste management policy and should be considered in conjunction with other Directives related to wastes.

RGC
2nd March 2006
Initial assessment of impacts: Environmental impact processes

1. Policy area

Environment

2. Title and reference of policy instrument, and of implementing UK legislation if relevant

This assessment covers two Directives:


3. Summary of EU objectives and requirement(s)

Directive 85/337/EC requires an environmental impact assessment to be carried out for major industrial and other developments (as defined in Annex 1 of the Directive) and requires Member States to consider whether such an assessment is required for other types of project (defined in Annex 2). Directive 2001/42/EC extends this to 'plans and programmes' which could have significant impact on the environment, thereby including proposals for the urban development or redevelopment.

4. Summary of how these have been implemented in UK – are there any significant differences between EU and UK requirements?

The Directive has been implemented through planning legislation, with environmental impact assessments being part of planning procedures. The Directives indicate generally the factors that need to be taken into account in the assessments but Member States are able to set their own detailed requirements.

5. What is the actual effect of the requirement on construction firms and processes?

Major projects, and the plans and programmes covered by the later Directive, inevitably involve construction works and therefore measures which affect planning procedures have implications for construction. Construction interests (notably designers and planners) are involved in planning processes and their inputs to any environmental assessment—and those of other consultants concerned with the assessment processes—have to be covered. To that extent the Directives impact on the pre-design and design stages and increase the final cost of the project.

The requirement for environmental impact assessment potentially has two other consequences: first to extend the timescale of the planning process and secondly to change the design of what eventually is constructed. But this will depend on the individual project under consideration.

6. Is it possible to estimate the level of additional costs (or savings) associated with any of the impacts?

Satisfying the EU requirements will be only part of the overall planning process and it would be infeasible to distinguish their impact from that of other planning considerations.

7. What impact does this measure have on the competitiveness of the construction sector and of Europe as an economic entity?
Resource usage: the first effect is to raise the final cost of construction projects

Environment: the requirement for a formal impact assessment will cause attention to be paid to environmental issues and stimulate the use of technologies and other measures that will reduce environmental impact.

8. Are there any comments that you wish to make on the measure, or suggestions for areas that should be explored in the second stage of the study (e.g. particular implementation problems, or ideas for changes that would reduce costs or increase effectiveness)?

These Directives have been considered in detail because they relate to works which will be carried out by construction firms. However, their impact on the competitiveness of construction as an industry is very indirect.

RGC
2nd March 2006
Initial assessment of impacts: Energy performance of buildings

1. Policy area
Environment

2. Title and reference of policy instrument, and of implementing UK legislation if relevant
To be implemented in England and Wales through amendment of the Approved Document L of the Building Regulations.

3. Summary of EU objectives and requirement(s)
The objective of the Directive is to promote improvement in the energy performance of buildings, including existing buildings, within the European Union. It reflects the EU’s commitments under the Kyoto Protocol and that fact that buildings account for over 40% of energy use within the Union. It requires Member States:

To apply a methodology to the calculation of energy performance of buildings. This is locally determined but should take into account various factors influencing energy use that are set out in the Annex to the Directive.

To set minimum energy performance requirements, using that methodology, which may vary among types of buildings and between new and existing buildings.

To ensure that options for the use of renewable energy, CHP etc are examined for new buildings with floor area over 1000m²

To require energy efficiency improvement to existing buildings of over 1000m² when refurbishment works are being undertaken, to bring the buildings to the standard for new buildings or as near as is technically and economically feasible.

To arrange that energy certificates are provided when buildings are sold or rented, the certificates indicating current performance and cost-effective improvement options. Public buildings of over 1000m² must display these certificates.

To establish regular inspection regimes for boilers and air conditioning plant, or in the case of boilers to ensue that users have advice on replacement, modification etc which may be based on inspections.

The implementation date for the Directive was 4th January 2006, but the certification and inspection provisions may be deferred for three years in order that sufficient qualified inspectors could be trained.

4. Summary of how these have been implemented in UK – are there any significant differences between EU and UK requirements?
The Directive has not yet been implemented in the UK. Implementation is bound up with revision of the actual energy performance requirements of Part L of the Building Regulations and the introduction of Home Buyer Information Packs. The outcome of detailed consultation was reported by ODPM in December 2004 but discussion is on-going.

5. What is the actual effect of the requirement on construction firms and processes?
This depends on the current position in individual Member States. For those with well-developed regulatory regimes governing the energy performance of buildings, the requirement for a calculation methodology and minimum energy standards may not of itself represent any change although the need to consider renewable etc systems and to apply improvement measures to existing buildings undergoing refurbishment may be a significant advance in practice. Elsewhere, the new requirements may be novel.

As in the UK, though, Member States may choose to combine the introduction of these new requirements with changes to their own, national requirements. The effect on construction will therefore depend on the magnitude and type of these locally determined changes. Broadly, there will be impact on design, since designers will have to satisfy more demanding overall requirements and to consider different energy supply options; hence design may become a longer and more complex process. On site, contractors will need to ensure that energy-critical aspects of the design (e.g. air-tightness, insulation) are put into practice correctly and so there will be emphasis on quality standards. Product suppliers will need to adapt products to meet new standards.

The inspection and certification requirements will increase the demand for appropriately qualified personnel and increase competition for such staff. Generally they will increase the cost of operating buildings, although the efficiency improvements stimulated by the inspections and certificates will offset this, at least to some extent. These new requirements will lead to the development of the types of energy services promoted by the Energy Services Directive.

6. Is it possible to estimate the level of additional costs (or savings) associated with any of the impacts?

For the reasons set out above, the extra costs (if any) incurred as a direct result of Directive (as contrasted with national measures) in the construction and refurbishment of buildings will depend very much on the existing position in individual Member States. The extra inspection costs will depend upon the inspection regime decided upon in each country; these will fall directly to building owners and users rather than construction interests.

7. What impact does this measure have on the competitiveness of the construction sector and of Europe as an economic entity?

Resource usage: it may raise the final cost of construction projects, but there will be offsetting running costs (and possibly capital costs also through smaller heating installations etc).

Environment: the overall effect of the Directive will be to increase the market for energy efficient technologies, products and services that can be offered in other, international markets.

Innovation: As above, the Directive will be a stimulus for new energy efficient design approaches and technologies.

8. Are there any comments that you wish to make on the measure, or suggestions for areas that should be explored in the second stage of the study (e.g. particular implementation problems, or ideas for changes that would reduce costs or increase effectiveness)?

The Directive has yet to have any effect on actual construction operations and when it does, the level of impact will be determined by Member States’ decisions in relation to existing requirements and practice. For these reasons, it would be very difficult to judge the impact of the Directive itself on construction competitiveness.
EU Directives on health & safety in relation to the construction industry

1. The Council Directive 89/391 of 12 June 1989 aimed to harmonize health and safety standards across the EU with the introduction of preventive measures to encourage improvements in the safety and health of workers in the workplace. In the UK, the so-called “six-pack” regulations were introduced in 1992. These regulations comprise: Management of Health and Safety at Work Regulations; Workplace Health Safety and Welfare Regulations; Display Screen Equipment Regulations; Provision and Use of Work Equipment Regulations; Manual Handling Regulations; and, Personal Protective Equipment Regulations. The Management of Health and Safety at Work regulations require employers to conduct a formal risk assessment, in order to identify and control significant risks. There must be a system in place for monitoring and reviewing risk control measures, for informing employees and ensuring that appropriate training and instruction are provided. Other ‘six-pack’ regulations require risk assessment of specific hazards, such as manual handling, use of work equipment and display screen equipment. Under the Personal Protective Equipment (PPE) regulations, employers are obliged to provide appropriate protective equipment (but not at the cost of other more effective risk control measures). The Provision and Use of Work Equipment Regulations were revised in 1998 to extend the original regulations that applied to any machinery or tools used at work, to include mobile, self-propelled and remote controlled work equipment.

Specific legislation that applies to the construction industry includes: The Construction (Design and Management) Regulations 1994 and The Construction (Health Safety and Welfare) Regulations 1996. The 1994 Regulations apply to construction projects that involve demolition of any structure; construction work involving five or more people on site, involve 500 person days of work and/or last for more than 30 days. The regulations ensure that specific responsibilities are assigned to the various parties responsible for the design and management of the work: client, planning supervisor, contractor, designer and principal contractor. The 1996 Regulations apply to the undertaking of construction work carried out by individuals, whatever the location, and focus upon the requirement to ensure a safe place of work. The Regulations include reference ‘working platforms’, which includes the use of scaffolds in the construction of new buildings or maintenance of existing buildings. The use of head protection is also mandatory under these regulations.

Lifting Operations and Lifting Equipment Regulations 1998, which apply to all sectors of industry, are particularly relevant to construction. The Regulations standardize requirements for inspection, maintenance and use of lifting equipment by making employers responsible for ensuring that the strength and stability of the equipment is adequate for the work, and outline requirements for inspection.

2. Other EU Directives refer to the health and safety of temporary workers, temporary or mobile construction sites and the impact of working hours on safety and well-being. These are issues of particular relevance to the construction industry, especially given the extensive use of subcontractors in construction work. Council Directive 91/383/EEC of 25 June 1991 focused on measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship. The directive states that
temporary workers should have the same working conditions with respect to health and safety as other types of workers, should be informed of any risks associated with the work and be given sufficient training. This directive highlights issues such as responsibility for the training of subcontractors, accident investigation and other aspects of health and safety. Council Directive 92/57/EEC of 24 June 1992 refers to the implementation of minimum safety and health requirements at temporary or mobile construction sites, particularly in relation to project planning and design. This directive raises issues relating to the adequate management of temporary/mobile construction sites. Many of the accidents that occur on construction sites are due to poor organisation and management, e.g., the major category of injuries is slips, trips and falls, which could often be prevented through better organisation and improved housekeeping. Council Directive 93/104/EC aimed to encourage the adoption of minimum requirements concerning the organisation of working time in relation to workers’ health and safety, particularly working hours, rest breaks and working patterns. This directive relates to issues such as excessive long hours, inadequate rest breaks and disruptive schedules.

3. Council Directive 2001/45/EC of 27 June 2001 amending Council Directive 89/655/EEC concerns the requirement for employers to select appropriate equipment for work at height, including the use of scaffolding and ladders. In the UK, the requirements of this directive were outlined in the Work at Height Regulations, which came into force on 6 April 2005 (SI 2005/735). This legislation will refer directly to a major source of injuries on construction sites due to falls from height. Again, such injuries are often due to poor organisation and management of the site.

4. The UK has implemented various pieces of legislation in relation to EU directives on health and safety in construction; however, a report by the European Commission (2004) found that this legislation had major shortcomings, particularly in SMEs. Thus, this sector of the construction industry should be considered in particular.

5. Summary of major EU-based legislation relating to construction health & safety:

1. The Management of Health and Safety at Work Regulations 1992
2. The Workplace (Health, Safety and Welfare) Regulations 1992
4. The Personal Protective Equipment at Work Regulations 1992
7. The Construction (Design and Management) Regulations 1994
9. Work at height Regulations 2005

6. Sources:

http://www.hse.gov.uk/construction/index.htm


Dr Sharon Clarke
Senior Lecturer in Organisational Psychology
The European Commission has long held that, due to the significance of public procurement in EU economic activity – around 15% - procurement by the member nation states of the Union should be open to firms across the Union. The construction sector – including both consultancy services and site execution services – relies heavily on the public sector for its workload. While this reliance varies both across member states and with the economic cycle, a figure of around 40% of construction demand would be indicative. The public procurement directives have, therefore, a distinctive impact on the construction sector.

The EU has been enacting directives in this area since the 1970s, and for the last decade or so, the principal policies of interest were the directives promulgated in the early 1990s. A review process aimed at modernising this legislation started in 2000, and resulted in the enactment of new public procurement directives in 2004. The relevant directives are shown in table 1.

<table>
<thead>
<tr>
<th>Directive</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directive 2004/17/EC</td>
<td>water, energy, transport and postal services sectors</td>
</tr>
<tr>
<td>Directive 2004/18/EC</td>
<td>public works contracts, public supply contracts and public service contracts</td>
</tr>
</tbody>
</table>

The basic principal of the procurement directives is that all public procurement contracts above a threshold level should be open to competition from firms from all EU countries. This is to be achieved by advertising the invitation to tender in the Official Journal of the European Union, which announces around 15% of total estimated public procurement in the form of the Tenders Electronic Daily (TED) database. The thresholds (exclusive of VAT) are revised regularly, and with effect from January 2006 are reduced to €5278k for site execution services (“public works contracts”), and €137k for consultancy services (“public service contracts”). The fundamental principle for the award of contracts to tenderers is on “the basis of objective criteria which ensure compliance with the principles of transparency, non-discrimination, and equal treatment and which guarantee that tenders are assessed in conditions of effective competition”. Special arrangements are also in place for design competitions, and the award of concession contracts.

The two criteria for the award of contracts which confirm with these principles are deemed to be:

- lowest price
- economically most advantageous tender (EMAT)

These principles raise a number of issues which the Commission has been recently addressing:
• The role of environmental considerations (COM(2001) 274). The construction sector is a major user of natural resources, and constructed products account for a very high proportion of energy consumption. The potential contribution of the construction sector to sustainable development is, therefore, very significant. Policy objectives can be achieved here by specifying levels of product performance, types of materials, or production methods against environmental criteria so long as the effect of such specification is not discriminatory. Environmental Impact Assessments are also obligatory under a separate Directive (97/11/EEC) for infrastructure-type projects. An handbook, Buying Green, was published on this topic in 2004.

• The role of social considerations (COM (2001) 566). The labour-intensive nature of construction means that it is an important source of employment. Here the provisions are more restrictive, and, for instance, specifying the use of local labour is unlawful. Socially-based criteria have to be non-discriminatory between tenderer, related to the technical needs of the project, and be of economic advantage to the contracting authority. However, where two or more offers are economically equivalent, social criteria such as benefiting disadvantaged groups can be used, and obligations to recruit, for example, the long-term unemployed are lawful.

• Identification of abnormally low tenders. An important safeguard in the implementation of the selection criteria, particularly lowest price, is the identification and exclusions of tenders that are priced below a viable level. Contracting authorities are allowed to investigate suspected cases, and to reject those that are proven to be unviable, or are subsidised by state aid.

• Economically most advantageous tender. Contracting authorities are obliged to specify in advance that the contract will be awarded on this basis, and to ensure that such advantage is related to the technical requirements of the project. Where EMAT is the criterion, tenders can be invited to submit variations to the specification, and, in complex cases, contracting authorities can enter into negotiations with the apparently most advantageous tenderers in a process of “competitive dialogue”.

• E-commerce (SEC (2005) 959). The Commission is keen to encourage the development of e-commerce. Policies and procedures have been developed, and specific criteria are also attached to the use of e-auctions.

Despite these provisions, direct cross-border bidding for procurement contracts is rare, accounting for around 1.5% of total (published?) procurement activity. Indirect cross-border bidding through locally owned subsidiaries is more common, but still only accounts for around 10% of activity. That said, there is evidence that the very fact of openness in principal has had a significant downward pressure on prices.
H(iv) Employment

Initial assessment of impacts: employment (free movement of labour)

Peter Urwin
EWERC
February 2006

Construction Sector Competitiveness Project

European policies relevant to employment in the construction sector: issues arising

Currently, perhaps the most salient European issue for the construction sector is the enlargement of 2004 and the potential and actual impact of migrant labour on employment conditions in Western Europe. This is linked to concerns over the proposed (Bolkestein) Services Directive (currently being re-drafted), and the apparent inadequacy of the Posted Worker Directive (in force since 1999).

The 2004 draft of the Services Directive aimed to increase trade and competition in services across the EU, with its greatest potential impact being on publicly-provided services that could be defined as services of ‘economic interest’ and therefore subject to cross-border competition. More significant for the construction sector, the Services Directive draft contained the ‘country of origin’ principle, such that “member states cannot restrict the activities of service providers from other member states who comply with the laws of their country of establishment” (Cremers, 2005a, p. 1).

The Posted Worker Directive (PWD) is the policy measure designed to avoid the Services Directive causing ‘social dumping’. Under the PWD, the ‘country of origin’ principle is explicitly replaced by a provision that secures for the (temporarily) posted worker the legal minimum conditions in the country in which they are sent to work. However, this legal minimum may be lower than the norm in the country where they are sent, as they are not covered by collective agreements (unless these agreements are instituted in law). For Anne Gray (2005), the inadequacy of the PWD could have a major impact upon employment terms and conditions in the construction sector:

“One can imagine the enormous proliferation of minimum-wage work which will result from construction companies... setting up and hiring workers in the low-wage accession states and sending them west to work for the legally permitted wage, which may be far less than the union negotiated rate for the work they will do” (p. 13).

The potential for West European nationals to be paid a higher rate (covered by a collective agreement) than Accession country nationals (covered only by a legal minimum) is of dubious legality under the Treaty of Nice as it could be regarded as discrimination by nationality (Gray, 2005, p. 14).

Most vulnerable in regard to erosion of employee conditions in construction are those countries where collective agreements cover a large proportion of workers and provide terms and conditions far in excess of legal minima. Article 3.8 of the PWD was formulated by the European Parliament to allow countries to strengthen the legal enforcement of national agreements, but the Swedish and Danish governments opted not to use this article (Clarke, 2005, p. 54). Instead “collective agreements in themselves were held to be an adequate method of implementing Community law in Sweden” (Woolfson and Sommers, 2005, p. 18).
In Sweden there has already been a strike and legal dispute involving a Latvian company refusing to sign the local collective agreement, and instead signing an inferior agreement with a Latvian trade union. Swedish workers on the same site went on strike, and there followed a major diplomatic and legal conflict (for a full account, see Woolfson and Sommers, 2005, pp. 10-21). The Swedish Courts ultimately ruled that the strike was not illegal, and the Latvian company suspended its work. However, the dispute highlights the vulnerability of collective agreements where not backed by national law, and the outcome may prove to be different if similar conflicts arise in other countries (op. cit., p. 21). In regard to the introduction of the PWD across Europe, it has been argued that “implementation has been poor, cooperation is non-existent and there is a general lack of enforcement and control” (Cremers, 2005b, p. 5).

In regard to competitiveness, there is a strong concern that the enlargement of the EU, coupled with the weakness of the PWD, can promote a “race to the bottom”, where profitability may be enhanced but at the expense of labour rather than through real efficiency gains.

Other European level initiatives that may have already impacted upon competitiveness in the construction sector are:
- The Working Time Regulations, implemented in the UK from 1 October 1998

A further planned initiative, which may have an impact in construction in some national contexts, is the Directive on Temporary Work.

References


Initial assessment of impacts: mutual recognition of qualifications

Peter Urwin
EWERC
March 2006

Construction Sector Competitiveness Project

European policies relevant to employment in the construction sector: Mutual Recognition of Qualifications


Attempts to facilitate greater mobility of professional labour across European borders date back to the 1960s. In previous decades, this was attempted through the harmonisation of the structure and content of professional education and training. Seven sector-specific directives were introduced, six related to medical-related professions and one to Architects (Council Directive 85/384/EEC). The directive specific to Architects was introduced in 1985 after 17 years of negotiation. An attempt to introduce a similar directive for engineers was abandoned.

Most of these profession-specific directives require that the academic curriculum is harmonised, making recognition automatic across the EU, but this is not quite the case for Architects (CIMEA, 2006). The directive does lay down some necessary elements of the academic curriculum (Article 3) and minimum years of training (Article 4) but falls short of complete harmonisation of the qualification process.

The Commission's preferred method of enhancing professional cross-border mobility is now through mutual recognition of qualifications. This is not such an ambitious method as harmonisation of qualifications, which has proved time-consuming and complex (Plimmer, 2004, p. 2). The new 2005 Directive does not require changes to national training systems, but instead is based on an agreement amongst member states to respect professional qualifications gained within other member states. Where there are differences between member states in the activities that professional groups undertake, applicants are allowed under the Directive to make up deficiencies (op. cit., p. 3).

Impact on Construction

EU-level attempts to increase the mobility of workers across borders, such as the Mutual Recognition of Qualifications Directive, are likely to impact most on sectors which are compatible with a high degree of labour mobility. Construction sector workers, including professionals in the sector, can be viewed as a relatively mobile group.

A complication in the construction sector is that one professional group - Architects, have been covered by a profession-specific Directive covering harmonisation of training, whereas other construction sector professionals - such as Surveyors, will be covered by the General Directive covering mutual recognition. Plimmer (2004) has identified that the previous situation caused difficulties for UK Chartered Building Surveyors, who could not obtain full recognition for their qualifications elsewhere in Europe as a portion of their professional activities are undertaken by Architects in other member states (p. 8).

Evidence presented in the UK Parliament by representatives of Architects and Surveyors gives an indication of the relative importance of the new Directive to these two professional groups. Representatives of the Royal Institute of British Architects (RIBA) view the 1985 sector-specific Directive as highly beneficial, providing "a single market for architectural services... that has been working successfully for the past 20 years" (House of Lords, 2005, Response to Q241). The new General Directive is described as reinforcing, but not necessarily advancing this (op. cit., Response to Q242). For representatives of the Royal Institute of Chartered Surveyors, the new General Directive itself is seen as of "great benefit" as "a single market for services throughout the European Union does not yet exist" for this profession (op. cit, Response to Q243).

The Europass system

The Copenhagen process is concerned with enhancing co-operation in vocational education and training. The process aims to increase labour mobility across occupations, sectors and countries, and will play a key role in the Lisbon goal of making the EU the world's most dynamic, knowledge-based economy.
economy by 2010 (Europe Unit website, 2006). One of the practical projects begun under this process is the development of the Europass system. This brings together previously existing tools for the transparency of diplomas, certificates and competences (Europa website, 2006). Europass consists of five documents, two of which - the Curriculum Vitae and the Language Passport, can be completed by the individual worker. The other three documents - the Certificate Supplement, the Diploma Supplement and Mobility, must be completed by competent organisations (CEDEFOP website, 2006). Essentially, Europass is a system for recording training carried out and skills acquired during a period of work experience in another European country (Europass UK website, 2006). It aims to help the labour mobility of three million citizens (Europa website, 2006). No information is readily available relating to how Europass is expected to affect the construction industry.

References


Initial assessment of impacts: Working Time Directive

Peter Urwin
EWERC
March 2006

Construction Sector Competitiveness Project

European policies relevant to employment in the construction sector: Working Time Regulations

The Directive on Working Time (93/104/EC) was adopted in 1993. It was based on Article 118A of the EC Treaty which is concerned with the health and safety of workers. Key provisions of the Directive are:

- a minimum daily rest period of 11 consecutive hours a day (Article 3)
- a rest break where the working day is longer than 6 hours (Article 4)
- a minimum rest period of 1 day a week (Article 5) over a reference period of not more than 14 days (Article 16)
- a maximum working week of 48 hours on average including overtime (Article 6) over a reference period of not more than 4 months (Article 16) although this can be increased to 6 or 12 months in certain circumstances
- 4 weeks annual paid holiday (Article 7)
- night workers must not work more than 8 hours in 24 on average (Article 8)

Member states were required to implement the Directive by November 1996, although in the UK it was not implemented until October 1998 by the new Labour Government after the Conservative administration had unsuccessfully challenged its legality.

A number of sectors are excluded from the coverage of the Directive on the basis of the type of work involved, not because workers' health and safety is already sufficiently protected in these sectors (CEC, 1997). These sectors are those where workers typically need to spend time away from home, such as Transport and Sea Fishing, and no construction-related jobs are excluded from the directive on this basis.

Impact on construction

An important exclusion that does impact on construction however is that of self-employed workers. High levels of self-employment exist in the construction industry, especially in the UK, such that the impact of the Directive in construction can be expected to be diluted.

The impact of the Directive is unlikely to have been significant in most member states as its provisions are set at levels that are looser than pre-existing national regulations and norms. Data for 1991 show that five of the then 12 member states had a statutory maximum working week of less than 48 hours, with a further five already having a limit of 48 hours (Rubery et al, 1998, Table 1, p. 74). Only Denmark and the UK did not have a statutory limit in 1991. In Denmark, regulation of the working week through collective bargaining covers more of the workforce than in the UK. Data for 1994 showed Denmark to have low average male working hours at 37.1, compared to 43.5 in the UK – the highest in the EU-12 (op. cit., Table 3, p. 77). The country

Available at: http://europa.eu.int/comm/employment_social/labour_law/docs/directive93_104_en.pdf
that potentially faced the most change with the 1993 Directive was the UK, and it is this requirement for real change, as well as political ideology, that explains UK hostility to this type of EU-level regulation.

The potential impact of the Directive in the UK has been blunted by the application of the “opt-out”. The Directive had a provision that allowed member states to develop general national measures to allow an individual to choose to opt-out, but only the UK did so in the 1990s. Sector-specific opt-outs have been developed in some member states, but not relating to the construction sector. Since the expansion of the EU in May 2004 Cyprus and Malta have followed the UK in introducing a generalised opt-out (CEC, 2004, p. 2).

Overall, it would seem unlikely that the Working Time Directive has had a great affect on the construction sector. Its provisions were sufficiently loose to involve minimal change in most EU countries at the time of implementation. The one country where such regulation could be anticipated to have a large effect – the UK, has introduced a general opt-out to weaken this impact, and in construction, the high proportion of self-employed workers are not covered by the Directive.

However, the UK construction sector union UCATT recently successfully took a case to the European Court of Justice over Article 7 of the 1993 Directive covering annual holiday pay entitlement. This concerned the practice of employers paying employees’ minimum annual leave through a system of ‘rolled-up’ holiday pay, rather than through continuing payment for a specified holiday period (CJ EC, 2006). This illustrates that such EU Regulations can be used by UK unions through legal challenge to change practices of construction sector employers.
H(v) Standardisation

Initial assessment of impacts: Structural Eurocodes

1. Policy area

Standardisation (Enterprise, Public procurement, Internal Market)

2. Title and reference of policy instrument, and of implementing UK legislation if relevant

Recommendation 2003/887/EC on the implementation and use of Eurocodes for construction works and structural construction products is the latest policy document. However, preparation of the Eurocodes commenced in the 1980s under the auspices of CEN.

Implemented in the UK through the incorporation of Eurocodes into British Standards Codes of Practice and product standards.

3. Summary of EU objectives and requirement(s)

The Eurocodes are a set of structural engineering codes (covering also some aspects of fire safety design) which seek to harmonise structural design practice across Europe for buildings and construction works. They have been developed under the auspices of CEN.

By November 2005, 29 Eurocodes (out of an intended set of 58) were available with the remainder expected to be published by the end of 2006. Each is supplemented by a set of National Application Documents which provide local design parameters or otherwise reflect practice in individual Member States.

The objectives of the Eurocodes are:

- To provide a means of compliance with the Essential Requirements set out in the Construction Products Directive (89/106/EEC)
- To provide a common means of specifying construction works for the purposes of public procurement
- To provide a framework for harmonised technical specifications for construction products
- To facilitate the provision of engineering design services across Europe and the movement of design professionals
- To strengthen the promotion of European design expertise in global markets

Member States are recommended to adopt Eurocodes in their public procurement processes, to undertake research to keep them up to date, and to promote education and training in the use.

4. Summary of how these have been implemented in UK – are there any significant differences between EU and UK requirements?

A detailed discussion of the detailed provisions in to be found in UK or other National Application Documents is beyond the scope of this study.

Currently, 29 Codes have been implemented in the UK through British Standards and almost all the UK National Annexes are expected to be available by the end of 2006.

5. What is the actual effect of the requirement on construction firms and processes?
The Codes introduce new engineering principles in some areas and generally require a process of assimilation and adaptation by professional engineers and by regulatory bodies. Development of appropriate software for design packages is also required.

6. Is it possible to estimate the level of additional costs (or savings) associated with any of the impacts?

There will be costs to the design community associated with training, new software etc; no estimates have been identified.

It is not clear whether the resulting buildings and structures are more or less robust or expensive as compared with previous national codes. The effect is likely to be small because in each Member States the design parameters are set through national documents which will tend to reflect current practice.

7. What impact does this measure have on the competitiveness of the construction sector and of Europe as an economic entity?

Resource usage: There is an initial cost, but the Eurocodes (coupled with the mutual recognition of professional qualifications) should facilitate a market for construction design services and therefore increase the supply of design professionals in areas of shortage. In addition, they make the professional capabilities available in countries which are accustomed to working with a particular Member State’s codes (e.g. India, which uses British codes) more accessible to other European countries, thus also increasing the supply of design expertise.

International markets: The Eurocodes offer an alternative to ASCE Codes in third-country markets. Adoption of Eurocodes facilitates the introduction of products from those countries to the European market and the supply of design expertise to European markets, but also promotes the use of European specialist design expertise and educational services. This is considered significant as a long-term strategy in support of the international earnings of European engineering design firms, currently worth several billions of Euros annually.

However, the Eurocodes are only now becoming part of normal practice in the principal countries that export design services, and so their impact is helping to sustain international earnings will only be evident in the long-run.

Environment and innovation: The Eurocodes do not explicitly promote higher environmental standards or innovation.

8. Are there any comments that you wish to make on the measure, or suggestions for areas that should be explored in the second stage of the study (e.g. particular implementation problems, or ideas for changes that would reduce costs or increase effectiveness)?

The Eurocodes have not yet had significant impact on construction practice. However, the form of their application is known, with a good number of the National Application Documents drafted. Moreover, they are one of the few European policy initiatives specifically aimed at construction, and with direct relevance to the international competitive position of the engineering design sector of construction where European firms are prominent. For that reason, they should be considered for further investigation.

RGC
7th March 2006
Briefing on research and innovation policies and measures

Background
Research and innovation policies are intended to support competitiveness and to create a positive impact upon firms, networks of firms and the economy of the European Union. In the European Union, research and innovation are supported by a range of policies. The principal policy which supports research and technological development and innovation is the Framework Programme. The Seventh Framework Programme is currently under discussion. The Sixth Framework Programme is currently coming to an end. General innovation support is provided by DG Enterprise and Innovation through business services and technology transfer and technology brokerage services.

Responsibility for RTD policy is split across different Directorates General with DG Research taking a major role, but DG Information Society and DG Transport and Energy also involved significantly – in addition, some other DGs take very minor roles. DG Information Society and DG Transport and Energy have specific responsibilities for research and technological development programmes which are open to the construction sector and its supply chains. DG TREN defines and organises programmes of RTD which take place under action lines of the Framework Programme. DG TREN is currently supporting the Eco-Buildings Programme under the Sustainable Development Thematic Priority.

Technology transfer and Business Services to construction are provided through a range of organisations. Innovation Relay Centres are probably the most important providers of technology transfer and business services although recent initiatives such as Technology Transfer Schemes such as CONNET, which supports the construction sector through technology transfer, demonstration and information, operate under the European Technology Transfer Initiative (ETTI). CONNET was created to address various actions outlined in the EC’s communication (Commission communication on the competitiveness of the construction industry, COM(97), 539 final).

There is some debate currently taking place on the question of exactly what type of support to RTD the EU should provide, how it should be delivered and which parts of the Commission should take responsibility for it.

Figure 1. Seven thematic priority areas of the FP6 budget [2/3 of total FP6 budget]

<table>
<thead>
<tr>
<th>Thematic priority</th>
<th>Budget (€ million)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information society technologies</td>
<td>3,984</td>
<td>32</td>
</tr>
<tr>
<td>Life sciences and genomics</td>
<td>2,514</td>
<td>22</td>
</tr>
<tr>
<td>Sustainable development</td>
<td>2,329</td>
<td>19</td>
</tr>
<tr>
<td>Nanotechnologies and nanosciences</td>
<td>1,429</td>
<td>11</td>
</tr>
<tr>
<td>Aeronautics and space</td>
<td>1,182</td>
<td>10</td>
</tr>
<tr>
<td>Food safety and quality</td>
<td>753</td>
<td>6</td>
</tr>
<tr>
<td>Citizens and governance</td>
<td>247</td>
<td>2</td>
</tr>
<tr>
<td>Total budget</td>
<td>12,438</td>
<td>100</td>
</tr>
</tbody>
</table>
Further funds are provided under two headings: a) Structuring the European Research Area; and b) the Strengthening the Foundations of the European Research Area.

A number of groups support the interests of the sector in respect of research and innovation. The Information and Communication Technologies Working Group (ICT WG) was formed in late 1998 as a voluntary group from industry bodies and Member State representatives to support the development by the Commission of an action plan to increase the competitiveness of the European construction sector.

The Status of Research and Innovation Policies
Research and innovation policies are a category of policy action that is unlike most of the others we consider in this study for two reasons: a) policy actions are nearly always positive towards competitiveness; and b) they are voluntary, although the extent to which leading firms can ignore innovation policy is a debatable question.

In respect of the positive character of policies in this area, it should be noted that funding is competitive and firms will incur costs in the pursuit of grants. In respect of the voluntary character of much of support schemes such as the Framework Programmes, some construction firms may regard participation in the research and innovation schemes of the European Union as desirable if not essential, in order to remain competitive. In sectors such as information technology, large high-technology firms are committed to bidding for Framework Programme funds. The majority of the firms in the construction sector will not regard participation as essential for their competitiveness, however.

Thus, while the policies of the EU for research and innovation support are non-regulatory and non-compulsory, it is still appropriate to consider the following:

- to what extent they support competitiveness;
- what forms of competitiveness are supported;
- are the forms of competitiveness which are supported appropriate for construction;
- are the costs of participation in research and innovation policy appropriate given the returns which firms may enjoy;

Support of Competitiveness
The various forms of research and innovation support policy are meant to provide medium to long term support to the construction sector at the level of individual firms and at sectoral level itself. Support for individual firms comes from direct involvement by those firms in RTD through such projects under the NMP 3; support for the sector’s overall competitiveness comes from broader activities such as the SCOUT project - Sustainable construction of underground transport infrastructures under the Thematic Priority: Sustainable development Design and Manufacture of New Construction Concepts). Project Type: STRP, funded under 6th FWP (Sixth Framework Programme) (516290), from Thematic Network E-CORE ‘European Construction Research Network’, which exists to spot new technologies. Sector level support for activities to promote the development of new information technology standards under the NMP.

Support of competitiveness within the sector also comes from Innovation Relay Centres which provide business services and from technology transfer activities such as that of the European Technology Transfer Network (ETTN). IRCs not only help
with technology transfer and dissemination; they are also able to act as a gateway to RTD activities, performing classic technology brokerage role.

**Forms of Competitiveness Supported**
The Framework Programme seeks to ensure that firms are able to engage in research and innovation activities through the three principal routes: providing access to research networks and research actors; by defraying the costs of research, development and innovation through subsidy; and by providing information on innovative technologies and methods through business support, including information and dissemination programmes.

Competitiveness at the level of resource use and efficiency by buildings users is supported by all programmes. Those giving the most immediate short term benefits to efficiency resource use are demonstration projects such as the ECO Buildings Initiative. Such programmes are funded under the Sixth Framework Programme.

**Appropriateness of Support for Competitiveness for Construction**
Research and innovation are both policy areas in which the European Union is active. While EU support of RD and I activities is large, the construction sector has not generally been able to take much benefit from policy actions.

ECCREDI has pointed out that the funding mechanisms of the FPs have failed to generate large scale industrial participation within the sector as construction “SMEs, apart from specialists and materials suppliers, very seldom perform RTD and are rarely innovative since the nature of their activities rarely requires it.” ECCREDI, (2004)\(^\text{30}\). A more appropriate form of support for construction would be through dedicated sectoral support of the kind envisaged in the plan for National Technology Platforms.

The Constrinnonet\(^\text{31}\) study has shown that support of innovation within the EU is generally lacking and that support at the business level, where it would be most helpful for the sector, is not present in the quantity that would make a difference. Construction competitiveness is more likely to be improved by dissemination and information diffusion than by RTD activities.

**Costs of Participation**
The costs of participation – the cost of engagement with EU policies for research and innovation are thought generally to be high. The reason for this is that construction as a sector has not done well in early calls for FP6 under the Nanotechnologies and nanosciences, knowledge-based multifunctional materials and new production processes and devices Thematic Priority (the NMP Priority). The rate of success for funds under the NMP 3 is so low as to have led construction firms in the sector to conclude that they should no longer apply to the Framework Programmes for funding for RTD.

Those representing the sector – ECCREDI in particular – have argued that the amount of support given to the sector is not proportionate its economic importance. This is mainly because the sector contains a very large number of small firms, the majority of which firms do not innovate. Generally, participation rates for SMEs have

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\(^\text{30}\) ECCREDI position paper on the evaluation of the new instruments (Marimon Report) – November 2004

\(^\text{31}\) The CONSTRINNONET Project (“Promoting Innovation in Construction Industry SMEs”), was funded through contract IPS-2000-00002. This consortium comprised partners from 7 states in the European Union including a wide variety of organisations connected with construction. The report of Constrinnonet was completed in 2004.
been poor and have fallen since FP5, according to the Gago Report, (2005), which has looked at the IST Thematic Priority of the Framework Programme. FP6 has seen a particularly low response rate for SMEs generally.

**RESEARCH AND INNOVATION**

| Seventh Framework Programme | COM (2005) 119 |
| Energy Demonstration programme run by the energy DG | COM (2004) 9 |
| Network of Innovation Relay Centres | COM (2005) 9 |
| European Technology Transfer Network | Funded under FP5 and FP6 - Sustainable Development Line of the FPs |
| Competitiveness and Innovation framework Programme (CIP) (Forthcoming) | http://www.ecobuildings.info/ |

Dr A.J. Rigby and Professor J. Howells.
IOIR
April 2006.
H(vii) Taxation and SMEs

According to the European Commission, the construction sector is one of Europe’s largest industries, with an annual turnover in excess of €900 billion and more than 12 million employees in the EU-15 alone (Ramboll 2005).

The European Union recognizes that, in order to complete the workings of the Single Market, tax harmonization is a desirable goal. In the short to medium term, efforts are focused upon avoiding harmful tax competition and reducing tax evasion. Such policies tend to be applicable to all industries including construction services and site execution services that face the full range of taxes payable by commercial entities.

The taxes payable by SME businesses in construction include, direct taxes on profits (e.g. corporate taxes, income taxes and social security payments on the earnings of business owners), income taxes and social security taxes of employees, social security contributions paid by employers (often in addition to similar taxes withheld from employees) property taxes on permanent sites occupied by such businesses (e.g. office accommodation and storage facilities). Indirect taxes, including Value Added Taxes, environmental taxes (such as fuel duties) and customs duties.

A particular feature of the construction sector is the short-term nature of the need for labour resources in a particular location, usually as a consequence of the timescale of works carried out on a particular site. Consequently the sector is characterized by large numbers of self-employed individuals who either work alone or in informal teams (or gangs). Consequently, construction companies are often required to operate withholding taxes, for these “suppliers” in addition to their own employees.

With the exception of VAT, business taxes are managed by nation states. Consequently there is a variety of tax bases and rates applicable to construction businesses and workers in the EU. Evidence obtained from 700 companies involved in the European Tax Survey indicates that compliance costs of EU companies increase when they undertake cross-border activities in the EU and when companies expand, for example by setting up new subsidiaries in other EU Member States. The study concluded:

Compliance costs relative to sales are greater for SMEs than for large companies
Cross-border activity leads to higher compliance costs for companies
Transfer pricing requirements are a major difficulty in the company tax area
Taxation is a factor for investment location decisions
Taxation affects company structure decisions

Policy Response

Under the auspices of DG Taxation and Customs Union a number of initiatives have been undertaken or announced that are relevant to taxation of SMEs in the Construction Sector. Recently, the Commission adopted COM (2005)532 in relation to the impact of taxation on the Lisbon proposals. These include:

The Code of Conduct on Harmful Tax Competition. Although this code does not have the force of law the EU has been successful in persuading members states that have adopted competitive tax strategies to moderate their fiscal regime over time. However member states can gain substantial short-term

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33 COM(2005) 111
34 European Tax Survey (SEC(2004) 1128/2)
35 COM(2005) 532
advantages, Ireland is an example (Walsh 2000\textsuperscript{36}). It remains to be seen how effective such policies will be with regard to the newer member states.

**Home State Taxation**, in the absence of the immediate prospect of adoption of a common tax base for corporate profits\textsuperscript{37} the EU has proposed an experimental Home State Taxation for corporate profits of SMEs\textsuperscript{38} under which subsidiaries will compute their corporate tax payable in accordance with the rules of the member state in which the parent company resides.

**VAT One Stop Shop**, the Commission has also proposed a VAT one stop shop system\textsuperscript{39}, enabling traders to fulfil all their VAT obligations with the Member State of establishment.

**Administrative Burdens**, the EU is currently adopting the Standard Cost Model (SCM) approach to reducing administrative burdens. The SCM will be used to assess the administrative burdens imposed by EU laws and regulations, including taxes, and it is expected\textsuperscript{40} that reductions in administrative burdens will result. An example of an existing programme of this kind is the Strategy for the Customs Union\textsuperscript{41} that includes continued simplification of customs legislation, and the introduction of a paperless environment for Customs and Trade.

**Cross Border workers**, several of the above taxation initiatives are either relatively new or are ongoing. However in the important area, for construction site workers, of the tax status of Cross Border workers the position is more established. The European Court of Justice has generally upheld the Commission Recommendation\textsuperscript{42} on the topic, and double taxation treaties exist between many member states. However, some difficulties remain – for example for taxation purposes no definition exists for “cross border worker”.

**Summary**

The European Union recognizes that, in order to complete the workings of the Single Market, tax harmonization is a desirable goal, however resistance from Member States has resulted in relatively little progress in this area. Some initiatives have recently been announced in relation to administrative burdens and home state taxation. Meanwhile useful progress has been made in respect of restraining member states from pursuing harmful tax competition and in the tax treatment of Cross Border Workers.

However, different tax policies, tax bases and tax rates in Member States continue to increase the costs of construction businesses and construction workers who wish to operate across EU borders and to influence commercial decisions about where and how business is conducted.

\textsuperscript{37} COM (2006) 157
\textsuperscript{38} COM/05/702
\textsuperscript{39} COM(2004)728
\textsuperscript{40} COM(2005) 551
\textsuperscript{41} COM(2001) 51
\textsuperscript{42} Recommendation [94/079/EC]
H(viii) Education and training

The Study Team consulted Mr Nigel Lloyd, a UK-based consultant in standards for qualifications and staff development who has carried out studies in this field for the European Commission. He provided a note on current initiatives in this area, reproduced on the following pages.

The Study Team’s concluded on the basis of this consultation and the note that the EU is committed to an ambitious programme to develop and introduce common criteria and descriptors for educational achievements, which will undoubtedly support the development of a single market for skills and qualifications. However, this programme is still under development and has not yet had an impact on the market for skills in any individual sector. Hence the policy area fell outside the scope of the study. This view was tested in subsequent interviews with professional and other groups with a direct interest in educational matters, who all confirmed that (with the exception of the specific measures identified by the Study Team in their initial assessment, such as recognition of architectural qualifications) European policies on education and training had not yet impacted on their particular interests.
EU Initiatives relating to Educational Qualifications

Note provided by Cambridge Professional Development

1. The Lisbon Strategy and Objectives
This is a period of rapid change in Academic Education and Vocational Education & Training (VET) in Europe (NB although led by the European Commission, this is a coordinated movement that goes well beyond the European Union). In the year 2000, the Heads of State and Government of the European Union signed up to an ambitious programme of change (the Lisbon Strategy): “to make the European Union the most dynamic and competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment.” They identified 13 objectives (the Lisbon Objectives):

1. An information society for all
2. Establishing a European Area of Research and Innovation
3. Creating a friendly environment for starting up and developing innovative businesses, especially SMEs (small & medium enterprises)
4. Economic reforms for a complete and fully operational internal market
5. Efficient and integrated financial markets
6. Coordinating macro-economic policies: fiscal consolidation, quality and sustainability of public finances
7. Education and training for living and working in the knowledge society
8. More and better jobs for Europe: developing an active employment policy
9. Modernising social protection
10. Promoting social inclusion
11. Improving the existing processes
12. Implementing a new open method of coordination
13. Mobilising the necessary means

The following year 32 Ministers of Education (the 25 EU Member States + 4 Candidate Countries: Bulgaria, Romania, Croatia, Turkey +3 EEA: Iceland, Liechtenstein, Norway) recognizing the central role of education and training to the Lisbon Strategy, adopted three concrete strategic objectives in order to implement the Lisbon strategy by 2010.

1. Increasing the quality and effectiveness of education and training systems in the European Union
2. Facilitating the access of all to the education and training systems
3. Opening up education and training systems to the wider world

Subsequently a set of 29 indicators for monitoring performance and progress of education and training systems in Europe have been specified.

2. The Principal Initiatives
These recent European agreements mean that developments in both education and VET are being led by the European Commission (EC) under 3 policy initiatives:

- the Bologna process is leading towards a European Higher Education (HE) Area that shares a common structure of Higher Education - a ‘single market for university degrees’.
- the Copenhagen process is leading towards a common VET structure (the EU Vocational Training Policy) - a ‘single market for VET’.
- the “Education and Training 2010 programme” on the future objectives of education and training systems in Europe, includes the compulsory education sector as well as HE and VET - promoting comparisons (benchmarking), development and convergence of formal education systems.

In order to facilitate these changes a common conceptual and documentary infrastructure is being developed. This includes:

- The validation of informal and nonformal learning = accreditation of prior (experiential) learning
It has been realised that mutual recognition of qualifications must be based on explicit listing of what has been learned (‘transparency’) and on competency (‘learning outcomes’) and these are now at the heart of all developments: “an important shift in perspective is taking place in European education and training policies. The strong support for learning outcomes is ... a crucial element in the reform of national and sectoral qualifications systems. "As a result the UK’s standards-based competency approach is being adopted across Europe, although there remains a strong allegiance to the specification of syllabus, curriculum, knowledge, and exams, particularly in formal education systems and it takes time for the new concepts to be understood.

3. Bologna Process
The Bologna process started in 1999 is leading towards a European Higher Education (HE) Area that shares a common structure of Higher Education. 40 European countries (the 32 Lisbon states plus: Albania, Bosnia-Herzegovina, “the former Yugoslav Republic of Macedonia”, the Federal Republic of Serbia and Montenegro Andorra, the Holy See, Russia, Switzerland) are busily reorganising their 5 year (and longer) courses to fit the Bologna agreement:
- a 3 year Bachelor and a 2 year Master degree as the basic framework
- the European Course Credit Transfer System (ECTS) as the basis for the ‘weight’ of a course and the overall size of a degree and promoting a ‘pick and mix’ approach to courses.
- the Diploma Supplement as a common form to describe every individual’s degree, setting out in detail (and in a standard format) what was learnt, so that an employer in a different country may easily understand.

4. Copenhagen Process
The Copenhagen process (which started in 2002) is potentially even more wide-ranging (as it covers all VET, including Further Education (FE) colleges and employers, as well as HE) and moving far faster (as it shares the endpoint of 2010). Already there are the EuroPass ‘tools’: a coordinated set of proformas and web-based databases which can be used across Europe to improve transparency and therefore comparability of training and qualifications. The process is being coordinated by CEDEFOP and implemented by a set of Technical Working Groups covering such topics as:
Lifelong Learning,
a “Common Quality Assurance Framework” for VET, the creation of a platform for quality assurance or accreditation in HE, and a ”quality charter” for mobility activities (see below);
recognition of Informal & Non-Formal Learning (experiential learning e.g. apprenticeships, work experience, voluntary and personal activities), In addition, a European inventory on methods for validation of non-formal and informal learning.

Framework on Transparency of Qualifications and Competencies.
- a common European Qualifications Framework based on a set of shared definitions of level.
Most ambitiously, a European credit transfer system for VET (ECVET), to support transparency, comparability, transferability and recognition of competences and/or qualifications, between different countries and at different levels, by developing common reference levels and taking into account relevant experiences in higher education.

There are also proposals for:
- reinforcing European mobility in VET
- making substantial efforts to ensure that disadvantaged people have access to education and employment opportunities throughout the EU;
- increasing the attractiveness of education and training in Europe by developing a European marketing strategy to support and complement national efforts to promote their education (currently mainly their HE) to the rest of the world.
5. EuroPass

Supported by an Internet-based information system and accessible through the European Job Mobility Portal, the EuroPass tools include:

- a competence-based **standard format for CVs** (curricula vitae).
- the **Diploma Supplement** (see above).
- the **Certificate Supplement**: a standard proforma on which to record details of all vocational qualifications, setting out in detail (and in a standard format) the competences and experience required to achieve that qualification, so that an employer in a different country may easily understand.
- a competence-based standard proforma on which to record all European cross-border "mobility experiences for learning purposes" (training or work experience).
- the **European Language Portfolio** is based on the Common Framework for Languages. It is a document where citizens can record the linguistic and cultural skills they have acquired. It contains in particular a Language Passport, where holders can give details on their proficiency in languages.
- a planned **glossary of vocational education terminology and concepts**. This is likely to lead to more precise and consistent use of terms in English (for example the word "knowledge") and even some changes of English terms (e.g. validation, which is likely to be used to mean accreditation of prior learning).

6. European Qualification Framework

The **European Qualifications Framework** (EQF) is a set of 8 reference levels which cover the entire range of qualifications from compulsory education to doctoral level and includes both academic and vocational, national and international. These levels are described through learning outcomes (level descriptors) so that every qualification can be assigned to a level: a neutral reference point for national and sectoral qualifications frameworks. During 2005 these levels were drafted and after a consultation in 31 countries, in early 2006 it is clear that they have received broad support.

- The EQF is a voluntary framework and will rely on mutual trust (that a level has been correctly specified by its country and/or sector).
- The 8 levels are agreed and their definitions are being finalised.
- The large majority of countries are now working towards a national qualification framework (NQF) to relate to the EQF.
- NQFs must be based on learning outcomes.
- NQFs will require a ‘self-certification’ process supporting consistency and mutual trust.
- NQFs will require integrated systems for the validation of non-formal and informal learning.
- NQFs will require robust transparent and trustworthy quality assurance mechanisms.
- Sectors will also need to be able to define levels for international sector-based qualifications.

The European Commission is preparing a formal EQF proposal to be presented to the Council of Ministers and the European Parliament in September 2006. This proposal will contain simplified reference level descriptors as well as indicate the main elements in an operational EQF.

Nigel Lloyd
Cambridge Professional Development

Tel: 08453 455 199
Email: nigell@camprof.com
### The UK National Qualifications Framework

<table>
<thead>
<tr>
<th>Original levels</th>
<th>Revised levels</th>
<th>Level Indicators</th>
<th>Examples of qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5 NVQ in Construction Project Management*</td>
<td>8</td>
<td>Specialist awards</td>
<td>Level 8 qualifications recognise leading experts or practitioners in a particular field. Learning at this level involves the development of new and creative approaches that extend or redefine existing knowledge or professional practice.</td>
</tr>
<tr>
<td>Level 7 Diploma in Translation</td>
<td>7</td>
<td>Diploma in Translation; Fellowship in Music Literacy</td>
<td>Level 7 qualifications recognise highly developed and complex levels of knowledge, which enable the development of in-depth and original responses to complicated and unpredictable problems and situations. Learning at this level involves the demonstration of high level specialist professional knowledge and is appropriate for senior professionals and managers. Level 7 qualifications are at a level equivalent to Masters degrees, postgraduate certificates and postgraduate diplomas.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Framework for Higher Education Qualification levels (FHEQ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M (masters)</td>
</tr>
<tr>
<td>D (doctoral)</td>
</tr>
</tbody>
</table>

*Note: (*) indicates a special or unique award type.*
<table>
<thead>
<tr>
<th>Level 4</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVQ in Advice and Guidance*</td>
<td></td>
</tr>
<tr>
<td>Diploma in Management</td>
<td></td>
</tr>
<tr>
<td>Higher National Diploma in 3D Design</td>
<td></td>
</tr>
<tr>
<td>Certificate in Early Years Practice</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 6</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma in Management</td>
<td></td>
</tr>
</tbody>
</table>

Level 6 qualifications recognise a specialist high level knowledge of an area of work or study to enable the use of an individual's own ideas and research in response to complex problems and situations. Learning at this level involves the achievement of a high level of professional knowledge and is appropriate for people working as knowledge-based professionals or in professional management positions. Level 6 qualifications are at a level equivalent to Bachelors degrees with honours, graduate certificates and graduate diplomas.

| Certificate or Diploma in Management |  

<table>
<thead>
<tr>
<th>Level 5</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher National Diploma in 3D Design</td>
<td></td>
</tr>
</tbody>
</table>

Level 5 qualifications recognise the ability to increase the depth of knowledge and understanding of an area of work or study to enable the formulation of solutions and responses to complex problems and situations. Learning at this level involves the demonstration of high levels of knowledge, a high level of work expertise in job roles and competence in managing and training others. Qualifications at this level are appropriate for people working as higher grade technicians, professionals or managers. Level 5 qualifications are at a level equivalent to intermediate Higher Education qualifications such as Diplomas of Higher Education, Foundation and other degrees that do not typically provide access to postgraduate programmes.

| Diploma in Construction; Certificate in Performing Arts |  

<table>
<thead>
<tr>
<th>Level 1</th>
<th>1</th>
</tr>
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<tbody>
<tr>
<td>diplomas of higher education and further education, foundation degrees, higher national diplomas</td>
<td></td>
</tr>
</tbody>
</table>

| (intermediate) |  

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### Impact of EU policies on competitiveness of construction - Final Report

<table>
<thead>
<tr>
<th>Level</th>
<th>Qualification</th>
<th>Description</th>
<th>Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Level 4 Certificate in Early Years Practice</td>
<td>Level 4 qualifications recognise specialist learning and involve detailed analysis of a high level of information and knowledge in an area of work or study. Learning at this level is appropriate for people working in technical and professional jobs, and/or managing and developing others. Level 4 qualifications are at a level equivalent to Certificates of Higher Education.</td>
<td>Diploma in Sport &amp; Recreation; Certificate in Site Management; Certificate in Early Years Practice</td>
</tr>
<tr>
<td>3</td>
<td>(There is no change to level 3 in the revised NQF)</td>
<td>Level 3 qualifications recognise the ability to gain, and where relevant apply a range of knowledge, skills and understanding. Learning at this level involves obtaining detailed knowledge and skills. It is appropriate for people wishing to go to university, people working independently, or in some areas supervising and training others in their field of work.</td>
<td>Certificate for Teaching Assistants; NVQ 3; A levels; Advanced Extension Awards; Certificate in Small Animal Care</td>
</tr>
<tr>
<td></td>
<td>Level 3 Certificate in Small Animal Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Level 3 NVQ in Aeronautical Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A levels</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 1: The eight reference levels of the European Qualification Framework defined by learning outcomes

<table>
<thead>
<tr>
<th>Level</th>
<th>Knowledge</th>
<th>Skills</th>
<th>Personal and professional competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recall her prior knowledge</td>
<td>Use basic skills to carry out complex tasks Complete work or solve similar problems Evaluate personal effectiveness in simple and complex contexts</td>
<td>Accept guidance in learning Responsible for complex written and oral communications Personal responsibility for own learning</td>
</tr>
<tr>
<td>2</td>
<td>Recall and comprehend basic knowledge of a field</td>
<td>Apply basic skills to solve problems</td>
<td>Take responsibility for improving performance in work or study Develop new solutions within familiar, homogeneous groups</td>
</tr>
<tr>
<td>3</td>
<td>Apply knowledge from different fields, the range of knowledge involved in a complex issue, use logic and reasoning to draw conclusions</td>
<td>Use explicit, logical arguments, conduct experiments, apply basic knowledge</td>
<td>Solve problems using information provided</td>
</tr>
<tr>
<td>4</td>
<td>Use a wide range of field-specific and transversal knowledge</td>
<td>Develop strategies to solve problems</td>
<td>Use self-understanding to change behaviour</td>
</tr>
<tr>
<td>5</td>
<td>Use basic theoretical and practical knowledge</td>
<td>Develop strategies to solve problems</td>
<td>Make arguments for improvement to colleagues</td>
</tr>
<tr>
<td>6</td>
<td>Use theoretical and practical knowledge of a field, see knowledge in the field of and the field, use critical understanding of theories and principles</td>
<td>Develop theorems and derive conclusions</td>
<td>Analyze ideas and problems of both specialists and non-specialists</td>
</tr>
<tr>
<td>7</td>
<td>Use highly specialized theoretical and practical knowledge of a field, view what is involved in the field and why it is important</td>
<td>Demonstrate new knowledge in problems</td>
<td>Make judgments based on knowledge of relevant social and cultural issues</td>
</tr>
<tr>
<td>8</td>
<td>Use specialized knowledge to communicate ideas and explanations of complex and simple ideas, that are in the most advanced theories of a field</td>
<td>Demonstrate personal leadership, innovation and creativity in work, design and study contexts, that are unusual and creative</td>
<td>Demonstrate capacity for working collaboratively with others in a complex environment</td>
</tr>
</tbody>
</table>

- **Impact of EU policies on competitiveness of construction - Final Report**
- **Knowledge**
  - Use basic skills to carry out complex tasks
  - Complete work or solve similar problems
  - Evaluate personal effectiveness in simple and complex contexts

- **Skills**
  - Apply basic skills to solve problems
  - Use explicit, logical arguments, conduct experiments, apply basic knowledge

- **Personal and professional competence**
  - Accept guidance in learning
  - Responsible for complex written and oral communications
  - Personal responsibility for own learning
H(ix) Finance for SMEs

Two Commission Communications in 2005 reviewed EU policy measures orientated towards SMEs. These cover many fields, including finance. In this area, initiatives have included encouraging bank lending to SMEs and a decision to provide resources through the Competitiveness and Innovation Framework 2007-2013. Initiatives aimed at improving the provision of finance for SMEs were summarised in a Press Release of 30 June 2006.

EU measures are orientated particularly towards the needs of companies exploiting technological advances which require finance for start-up or expansion. Construction SMEs are, though, for the most part of a different character. They are small service companies, which do not have a large demand for capital for investment in equipment or for the development of a new product. Many firms are founded by individual tradesmen - carpenters, bricklayers, painters etc - with a few tools and a second-hand van. Lack of finance is not an inhibiting factor for them - indeed, one of the criticisms sometimes made of construction from the consumer perspective is that it is too easy for new firms, with poor understanding of the technical requirements of the industry, to establish themselves.

The Study Team concluded that EU policy towards finance for SMEs is unlikely to have significant impact on construction firms and this view was supported by the absence of any reference to finance or to EU policy in this area in the interviews.

H(x) Competition policy

The EU aims to promote and maintain competition in the supply of goods and services across the Union, as a means of promoting efficiency and innovation. To that end, the Commission has the power to investigate and, if appropriate, block mergers and acquisitions, or to require that the resulting merged firm dispose of certain assets in order to maintain a competitive market. Some mergers and acquisitions concerning firms that supply construction products have been examined by the Commission, but this is the only sector within construction with large international firms which can dominate a particular market. The market for contracting services is, in every Member State, fragmented and highly competitive with no firm having more than a few percent of the total market and most firms operating well below that level. The market for design or other professional services is similarly competitive at all levels. While mergers and takeovers take place in these sectors, to the knowledge of the Study Team, none have been referred to the Commission. The conclusion is that this aspect of EU policy has not impacted on construction outside the supply of construction products and materials, and in view of the prime focus of the study being on the design and contracting parts of the industry, the Study Team have not investigated it further.

Other aspects of competition policy, such as the overall framework for State Aids or the opening up or previously national markets (outside the public sector) to EU-wide competition, appear similarly not to have impacted on construction services, although may have had impact on construction product producers.

Implementing the Community Lisbon Programme: Modern SME Policy for Growth and Employment. COM(2005)551, 10th November 2005
45 Press Release: Growth and Jobs: Commission provides more means to finance innovative SMEs. MEMO/06/259, 30th June 2006
46 See www.europa.eu.int/comm/competition/index_en
H(xi) Industry policy

The Commission have launched a major initiative to create the conditions that will sustain a modern industrial sector, summarised in a Press Release of 5th October 2005. This is principally orientated towards manufacturing, although some of the components are relevant to construction, and construction is specifically referenced in connection with the simplification of legislation. It includes seven main cross-sectoral policy initiatives, whose relevance to construction may be summarised as follows:

**Intellectual property rights and counterfeiting**

Construction (outside construction products) is not a sector which relies on formal means of protecting intellectual property (e.g. patents) or is subject to counterfeiting

**High level group on competitiveness, energy and the environment**

The impact of environmental policies on construction is already covered in the study.

**External aspects of competitiveness and market access**

Construction is principally a national or sub-national activity. There are significant cultural etc barriers to firms operating in different Member States (which are discussed elsewhere in the report in connection with EU-wide acceptance of qualifications) but few, if any, formal barriers. Public procurement policy already opens up a large part of the construction market to wider competition. Construction is not likely to be impacted by this aspect of the initiative

**Simplification of legislation**

Construction is a priority sector, and this is reflected in the parallel study of the Construction Products Directive.

**Improving sectoral skills**

This will impact construction, but the principal measures are not yet implemented.

**Managing structural change in manufacturing**

This is not aimed at construction.

**Integrated European approach to industrial research and innovation**

The study already considers the impact of European research and innovation measures on construction. In this area is covered in the study.

The overall conclusion is that the aspects of industry policy that principally impact on construction have already been identified and covered in the study.

H(xii) Late payments and e-procurement

The Study Team found no evidence to indicate evidence that these initiatives had had impact on construction, although late payments are recognised (at least in some countries) as a problem in the industry, and there was awareness of some forms of e-procurement. None of

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47 A new industry policy: Making the EU a more attractive place for industry. MEMO/05/352, 5th October 2005
the interests contacted, though, could relate actions in their countries to EU policies of measures and accordingly the Study Team concluded that these should not be added to the list of areas for further investigation. None of the interviewees raised points relating to these areas.
I - Interview Guidance Documents, addressed to study partners

I(i) Guidance

Following the meeting on 22nd March, and further discussions by the MBS team, I am now able to send you the guidance material and other documentation for the interviews that are a crucial element in this study.

As we explained on 22nd March, the Construction Unit in DG ENTR are keen to see the interviews starting in April, in order that early findings can be reported to the MSG meeting scheduled for 15th May. However, there is no necessity to complete them in April. This Task can continue at least to the end of May – or even beyond if holidays permit.

Indeed, we will wish to have your views on how well the interview structure works after the first few interviews (say 4-6) in case there are problems or ambiguities which mean that we should revise the approach. Your views will also help us to refine the Web questionnaire, which will broadly follow the interview structure. We shall draft this before the MSG, so that it can be discussed at the meeting, but we will make it available and promote it only after that meeting.

But clearly there is a need to start the interview process now, in order to have at least those first few completed by early May so that we can include them in a presentation to the MSG. I should point out that the document is likely to cover all the main policy areas, but we are still looking at some of the minor areas and we may well cover these areas in later interviews and release an interview sheet if required.

The following sections set out the thinking that has informed the interview structure. Accompanying this note are various Annexes which contain the documentation that you will need, some of which you will need to translate.

Aims of interviews

The proposal for the study, which is now reflected in the Work Programme, envisaged that the principal means of collecting information on the impact of EU policies would be through structured interviews with construction stakeholders conducted by the study partners. These would be supplemented by a Web-based questionnaire promoted particularly (but not exclusively) in Member States other than those where interviews will take place.

The interviews have the following objectives:

1) To confirm (or otherwise) the judgements made in Task 2 on which EU policies appeared to have most significance in terms of their impacts on competitiveness

2) To provide information to assist assessment of the scale of such impacts

3) To elicit views on the way that policies were applied in practice and proposals for alternative – less burdensome or more effective – means of application

The Construction Unit have in various communications made it clear that they do want to see ideas for change coming out of the study and so aspect 3) is important.

Arrangements for interviews

It is expected that most, if not all, of the interviews will be conducted by telephone. It is suggested that the interviews be set up by telephone and that the interviewee be then sent an explanatory letter with further information about the study and a summary of the policy areas that will be discussed. The interviews should take 35 to 45 minutes.
Annex A is a draft letter for sending to interviewees which:

- confirms the time of the interview
- summarises the aims of the study
- outlines the study programme and the contribution of the interview in the whole study

The letter contains various options in wording according to whether it is being sent to a firm or to a representative body such as a trade association. It will need other changes if it is being sent to a government official or a regulatory body. The letter is a model - feel free to prepare your own version suited to the style of communications in your country.

ANNEX B is the summary of the study objectives and the study team partners that is referred to in the letter. You may wish to translate it.

ANNEX C is a summary of the principal EU policy instruments and initiatives which we are covering in the study, together with a brief outline of their possible impacts on construction. We suggest that this be translated and included with the letter. Translations of the titles of the various Directives are available from www.europa.eu.int/eur-lex. The aim of including this is to orientate interviewees, before the interviews, to the possible subjects for discussion and to encourage them to select in advance the policy areas that are most significant for them, so that the interview can concentrate on these.

We have considered whether this sheet should include details of the national pieces of legislation that implement the EC Directives etc that are named. Interviewees are likely to be more familiar with the national legislation and will recognise it – they may not be aware that it has been stimulated by a EU Directive. However, identifying all the national legislation in your country is a significant task, which may not be easily accommodated within the resources available to partners for the interviews. We have therefore decided not to include this in the summary but to establish through interview questions that the interviewees are familiar with the national legislation.

If you consider that it would be helpful to include details of the national legislation, and can easily identify it, then of course there is no problem in your modifying the summary.

We have suggested that interviewees should select three areas for discussion, but this is not a rigid limit - if they want to discuss more, then that is quite acceptable. Alternatively, they may consider that only 1 or 2 have real impact on their interests.

Structure of the interviews

The interviews first seek some general information about the interviewee and their organisation. They then move to questions about the policy areas that the interviewee has selected as being most significant for them. Finally, there are some wrap-up questions.

The questions about policy areas deliberately encourage 'free-text' responses. We see the interviews as being primarily for obtaining opinions and ideas, not for formal rating of impacts. We consider that it would not be good use of the interview to go through questions of the nature of 'please rate on a scale of 1-7......'; this is much better done through the questionnaire, which will contain a number of that type of question, asking for formal ratings of impact etc. Hence the 'wrap-up' questions include, in particular, a request to the interviewee to complete the questionnaire. Their answers to those will complement the information provided in the interview.

ANNEX D is a set of question sheets which define the structure of the interview and provide guidance and prompts for the interviewer. The sheets have been made specific to each policy area since policies differ in the form of their impacts. There are also sheets for the initial set of questions and the wrap-up questions.
It may be helpful for each interviewer to retain a set of sheets with the guidance notes and to make multiple copies of sheets with the notes deleted (see ‘Recording of interviews’, below).

The sheets accommodate both interviews with representatives of firms and representative of membership bodies (e.g. European trade associations). Some modification in questions will be needed for interviews with regulatory bodies or public officials.

To provide you with further information about the policy areas, I attach in ANNEX E copies of the preliminary assessments of the impact of EU policies as they currently exist. These are for your use, not for providing to interviewees, since in some cases they are incomplete. However they will help interviewers to put responses into context and to ensure that interviewees are actually discussing impacts that derive from European requirements and initiatives.

As further background information, I attach at ANNEX F a note on competitiveness which we have developed following the discussion on 22nd March, since this is a focus for the whole study.

Recording of interviews

The initial record of the interview may be in any form convenient for the interviewer. The interview sheets may be adapted to assist the taking of notes if this is the preferred means.

However, the formal record of the interview, which will be a summary of the main points, should be made on an Excel spreadsheet which we will shortly send to you. This will reflect the structure and order of the questions on the sheets. We recommend that this record should be completed and sent to MBS within two working days of the interview, wherever possible.

Selection of interviewees

The resources allocated to partners for Task 4 should enable each partner to conduct up to 30 interviews, if these take place predominantly by telephone. The interviewees will need to reflect the range of construction stakeholders found in each partner country, as agreed on 22nd March. We have given further thought to the selection of interviewees and particularly to the balance between interviews with representative bodies and with firms. We have concluded that most interviews should be with representative bodies, with the questionnaire being the main way of obtaining inputs from firms.

ANNEX G sets out our reasoning on this point, and presents our initial list of interviewees for the UK.

We now ask you to develop your own list, following the principles set out in that note, and let us have it by Thursday 20th April since we wish to include lists from all partner countries in the Interim Report on the study which has to be delivered to the Commission by Friday 28th April.

In addition to the interviews in each partner country, MBS will hold interviews with EC officials and some European trade associations.

Conclusions

We trust that the information in this note, and in the accompanying sheets, will enable you to commence the interview process. If you have questions, or need clarification of any point, do not hesitate to be in touch with MBS, either myself or Roger Courtney.

We look forward to receiving the output from your interviews.

John Rigby
7th April 2006
Tel: +44 161 275 5928
I(ii) Letter to interviewees

Dear

Study of impact of European Community policies on the competitiveness of the construction sector

Thank you for agreeing to be interviewed as part of this study. This letter confirms the arrangements for the interview and provides further information about the study.

As agreed, I will [telephone/come to your office] on [date, time]. I envisage that the interview will take less than an hour, and trust that this will not inconvenience you.

I enclose a note which summarises the aims of the study and gives details of the members of the study team. The study has been commissioned by the Construction Unit within the Directorate General for Enterprise and Industry of the European Commission in order to inform future policy towards construction at the European level. The Unit wish to have information on the ways in which European policies have impacted on construction, and to receive proposals for reducing any adverse impacts. The main means of collecting information and views from the industry will be through interviews carried out in [the UK] and in the four other countries represented in the study consortium. The information gained through the interviews will be supplemented by the responses to a questionnaire made available on the Web and promoted to construction firms and their representative bodies across Europe.

The interviews therefore are a vital part of the study and your views will contribute significantly to the final report, which will be delivered to the Commission in the Autumn.

It may be helpful to set out some of the thinking which has informed the study so far:

1) We have been asked to focus on the impact on the competitiveness of construction. For some firms, this may be interpreted as their ability to compete with firms from the USA, Japan etc in international markets. Most construction firms, however, operate in more local - national or regional - markets and their impact on the competitiveness of the European economy relates to their ability to operate efficiently and effectively to fulfil their customers' requirements. We will wish to explore which aspects of competitiveness are most relevant for [you/your members] but expect that mainly we will be exploring the way in which European policies impact on costs or otherwise constrain business operations. Some policies, of course (e.g. those on research and innovation) potentially have the effect of stimulating business opportunities and reducing costs and we wish to explore those impacts also.

2) Many European policies and programmes impact upon construction firms because they concern matters that are relevant to all firms. An example would be policies on the reporting of company accounts. We are not concerned with such 'general' policies but with policies that are either specifically aimed at construction or have particular impact on construction because of the nature of construction markets or operations.

3) The Construction Products Directive is the subject of a separate study and is excluded from this study. In addition, we are not attempting to cover policy measures where there is either no agreement, or current uncertainty, on the form and extent of implementation, or where the measures is too recent for the impact to be assessed. Examples of such excluded measures are the proposed Services Directive and the Energy Performance of Buildings Directive.

4) Against this background, our preliminary assessment is that the principal areas of policy which we need to cover are:

   • Environmental policy (notably concerned with disposal of wastes)
• Health and safety (including the Temporary and Mobile Sites Directive and Directives on specific health and safety risks)
• Public procurement of works and services
• Free movement of labour (including the recognition of professional qualifications)
• Taxation (notably the concession taken up in some Member States that certain construction activities quality for a concessionary rate of VAT)
• Research and innovation
• Standardisation (other than the Construction Products Directive - the main measures are the structural Eurocodes)

Not all these areas impact on any individual firm or sector of construction and one of the first aims of the interview will be to establish which have the greatest impact on your [organisation/members], in order that we may concentrate on those in the rest of the interview. To assist this, I enclose a summary of the relevant legislation and other measures, with a brief account of their possible impacts.

5) Most European policies are implemented through legislation passed in the Member States and in some cases there may be a difference between the requirements of the original European Directive etc and the resulting national legislation. If you are aware of any such differences, it would be particularly valuable to have information and observations about them.

I trust that this provides sufficient background information on the study. In preparation for the interview, I would be very grateful if you would consider the following issues:

• Which areas of European policy have greatest impact on [your/your members’] activities
• The nature of the impacts – whether direct costs, administrative costs, other constraints, stimuli for markets or innovation etc - and their scale (e.g. % of turnover)
• Whether the impacts arise from national or the original European requirements
• Whether in your view there are alternative ways of satisfying the policy objectives

I look forward to [meeting/speaking with] you on [date]. Thank you in advance for your time.
## European policy areas and measures included in the study

The table below lists the policy areas and instruments which are considered to have potentially the most significant impacts on construction. It also outlines briefly the nature of those impacts. The list does not include policy measures that impact on all firms, with no distinctive impact on construction firms or operations. The regulatory measures are implemented through domestic legislation in Member States, whose requirements may differ from those in the original European instrument.

Following examination of the list, you are invited to select the policy areas with greatest impact on your operations (see final table).

<table>
<thead>
<tr>
<th>Policy area and current measures</th>
<th>Outline of effects and possible impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environment</strong></td>
<td></td>
</tr>
<tr>
<td>Wastes</td>
<td></td>
</tr>
<tr>
<td>Framework Directive on wastes</td>
<td>The overall effect of the measures relating to wastes is to establish a tight control regime on the disposal of wastes, with wastes being classified according to the perceived toxicity and all disposal sites requiring licences with define the type of wastes that each can accept. Records of wastes must be kept.</td>
</tr>
<tr>
<td>(75/442)</td>
<td></td>
</tr>
<tr>
<td>Directive on hazardous waste (91/689)</td>
<td>The measures impact on the costs of waste disposal but may stimulate actions to reduce waste quantities and/or re-use wastes.</td>
</tr>
<tr>
<td>Directive on landfill of wastes (99/31)</td>
<td></td>
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<tr>
<td>Decision on lists of wastes (2000/532)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Directives relating to a wide range of environmental impacts: noise levels for external plant, discharges to groundwater, packaging, batteries, environmental impact statements etc</td>
<td>Many other pieces of EU environmental legislation impinge on construction operations and products but these are not considered to have as significant an impact as the wastes legislation.</td>
</tr>
<tr>
<td><strong>Health and Safety</strong></td>
<td></td>
</tr>
<tr>
<td>General Directives:</td>
<td></td>
</tr>
<tr>
<td>Measures to encourage improvements in health and safety at work (89/391)</td>
<td>These Directives establish both the overall Framework and many details of the health and safety regime now applying to construction operations. In particular, the Temporary and Mobile Sites Directive establishes the requirement for formal planning of site operations (for works of more than a certain magnitude) from the health and safety perspective and places responsibilities on various parties to the works. The extension of health and safety protection to temporary workers is particularly relevant to construction.</td>
</tr>
<tr>
<td>Health and safety of fixed term or temporary workers (91/383)</td>
<td></td>
</tr>
<tr>
<td>Temporary and mobile work sites (92/57)</td>
<td></td>
</tr>
<tr>
<td>Protection of young people at work (94/33)</td>
<td></td>
</tr>
<tr>
<td>Minimum health and safety requirements for the use of work equipment (2001/45)</td>
<td></td>
</tr>
<tr>
<td>Specific Directives:</td>
<td></td>
</tr>
<tr>
<td>Manual handling (90/269)</td>
<td></td>
</tr>
<tr>
<td>Exposure to chemical agents (98/24)</td>
<td></td>
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<tr>
<td>Exposure to mechanical vibrations (2002/44)</td>
<td></td>
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<tr>
<td>Exposure to noise (2003/10)</td>
<td></td>
</tr>
<tr>
<td>Asbestos at work (2003/18)</td>
<td></td>
</tr>
<tr>
<td>Chromium in cement (2003/53)</td>
<td></td>
</tr>
<tr>
<td>Exposure to electromagnetic fields (2004/10)</td>
<td></td>
</tr>
<tr>
<td>Exposure to carcinogens or mutagens (2004/37)</td>
<td></td>
</tr>
</tbody>
</table>
Public Procurement
Directive on award of public supply, service and works contracts (2004/18)
Directive on entities in water, energy and transport sectors (2004/17). These have been supplemented by guidance on environmental considerations in procurement (COM (2001) 274) and on social considerations (COM(2001)566).

These Directives (and their predecessors) require that all public procurement above a ‘threshold’ level be open to competition from firms across the EU and require selection to be on the basis of objective criteria, either lowest price or ‘Economically Most Advantageous Tender’. They define periods for ‘concession’ or ‘framework’ contracts.

The effect of the Directives is to stimulate competition for public contracts; earlier versions were regarded by some Member States as inhibiting new, collaborative forms of procurement. These Directives establish the rights of workers to move and work freely within the EU, and to enjoy the same legal and contractual rights in their country of work as workers who are citizens of that country. In addition, there is mutual recognition of some professional qualifications, including of architects.

Labour mobility
Directive on the posting of workers (96/71)
Directive on the recognition of professional qualifications (2005/36)
Directive on rights to move and reside within the EU (2004/38)

The effect is to increase the supply of labour and professional expertise across the EU, introducing competition and potentially reducing shortfalls in availability of trade and professional skills.

Taxation
Directive on reduced VAT for certain labour-intensive services (2004/15)

This allows Member State to apply a reduced rate of VAT to some construction activities such as repair of domestic property. It is intended to combat the unofficial ‘black’ economy and to promote higher standards in construction work through creating a more favourable market for legitimate firms.

Not all EU Member States have implemented this legislation and so the policy is not relevant to some countries.

Research and innovation
Decision 1513/2002 on the multi-annual framework programme creating a European Research Area
{Eureka}
{Energy demonstration programmes}
{Innovation centres}

Successive Framework Programmes of research have supported the development of new construction materials and technologies. These have been complemented by energy research and demonstration programmes, promoting energy efficiency in buildings. The European Network of Innovation Centres promotes take-up of technological developments through linking firms (including construction firms) in different Member States.

This requires the use of Eurocodes (when available) in public procurement. The Eurocodes are expected to facilitate the provision of engineering design services across Europe, thus increasing supply and competition, and, by providing a coherent set of engineering principles which can be adopted by other countries, to promote European design expertise in international markets.

Standardisation
Recommendation 2003/887 on the implementation and use of Structural Eurocodes
Impact rating

Please select the areas with greatest impact on your organisation’s activities for discussion in the interview. We suggest that the discussion cover no more than three areas, but the number is for you to decide.

- Environment
- Health and safety
- Public procurement
- Labour mobility
- Taxation
- Research and innovation
- Standardisation
J - Interview sheets

Interview sheet 1: Initial questions

Preliminary

1.1 Name of interviewer……………………………………………………………..
1.2 Date of interview…………………………………………………………………..
1.3 Starting time of interview…………………………………………………………
1.4 Finish time of interview…………………………………………………………...
1.5 Location of interview: Interviewee’s office…... By telephone…………………..

1A  Details of interviewee

1.6 Name of interviewee…………………………………………………………………
1.7 Telephone contact details……………………………………………………………
1.8 Email contact details…………………………………………………………………
1.9 Organisation……………………………………………………………………………
1.10 Position in organisation……………………………………………………………
1.11 Length of time in position…………………………………………………………
1.12 Responsibilities in organisation……………………………………………………
……………………………………………………………………………………………………

1B  Details of organisation

1.13 Purpose/activities……………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
1.14 Data relating to size (turnover, staff numbers etc)………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
Interview sheet 2: Identification of policy areas with significant impact

2.1 Please review the list of European policy measures covered in this study. Which in your view have the main impact on your [organisation/members]? An impact can be positive or negative – for example the opportunity to move into new markets or a cost or complying with a set of regulations

[The list of policy areas should have been supplied to the interviewee before the interview, with the letter confirming the interview. They are invited to select up to 3 areas for discussion, or more if the interviewee wishes.]

Environment
Health and safety
Public procurement
Labour mobility
Taxation
Research and innovation
Standardisation

2.2 Are there any other areas of EU policy or legislation that you consider should be included in the study and discussed in the interview?

………………………………………………………………………………………………………..

[If the interviewee does wish to discuss a policy area other than those identified, record the discussion on the most appropriate form of interview sheet (generally, policies either concern aspects of regulation or offer opportunities – research, new markets etc – and the sheets reflect these different types of impact). Then make the formal record on the ‘other’ sheet on the Excel spreadsheet.]

2.3 We would like to have an idea of the relative importance of European policies in the overall context of [your/your members’] business. Please consider the measure or policy area with in your view the most significant impact. If it relates to regulation, does it represent a major cost or constraint on the business, or is it just one of a number of requirements which [you/your members] have to comply with? Alternatively, if it is a different sort of measure (e.g. concerned with opening up new markets or supporting research) does it make a large difference to [your/your members’] business or are there much more important positive impacts from other sources?

[Probe the measures (e.g. national legislation, other initiatives or competition) that are regarded as having the main influences.]

………………………………………………………………………………………………………..

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………………………………………………………………………………………………………..
Interview sheet 3: Environmental policies

3.1 EU policy measures concern many different aspects of the environment: noise, wastes, water quality, air pollution, packaging etc. Which aspect of environmental policy has had the main impact on [your/your members’] business activities?

………………………………………………………………………………………………………

3.2 Are there other areas of environmental policy that you wish to discuss?

………………………………………………………………………………………………………

[It is expected that the main area for discussion will be wastes policy; if the interviewee wishes to discuss other areas go through the same set of questions again.]

3.3 How has the European legislation in this area been incorporated into national law?

………………………………………………………………………………………………………

………………………………………………………………………………………………………

[This question probes how familiar the interviewee is with the legislative requirements. It is expected that ‘experts’ in trade associations etc will be more familiar with the details (title, date etc) of the actual legislation while representatives of firms may be familiar with the requirements but may not be able to give full details of the legislation. If there is any doubt about whether they are discussing the requirements derived from EU legislation, some probing may be required. The summary of policy measures and the assessments of policy areas will provide interviewers with relevant background.

If it appears that the interviewee has completely mistaken what the EU legislation is about, then move on to the next subject for discussion.]

3.4 What have been the main impacts of these environmental requirements on [your/your members’] activities?

[Note: the answer should be in terms of changes to actual physical/operational processes, or to the results of such processes, not in terms of costs]

………………………………………………………………………………………………………

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………………………………………………………………………………………………………

3.5 Did the introduction of the requirements cause [you /your members] to make a significant change from previous operating practices (or other types of change)? If so, what changes were required?

[This probes whether the measure merely consolidated what was existing practice or genuinely made an impact.]

………………………………………………………………………………………………………

………………………………………………………………………………………………………
3.6 Are you able to estimate the annual cost associated with implementation of the measure(s)?

[This may need some exploratory discussion with trade associations - they may perhaps give a typical figure for a firm, or a total cost for their members, or a national figure. However they respond, try to follow through in questions 6-8 so that the answers are consistent.]

3.7 Does this cost arise from direct operational requirements (e.g. extra transport costs) or administrative (e.g. reporting) requirements?

[If possible, probe the main factors that lead to increased costs and obtain an estimate of the split between operational and administrative costs]

3.8 How significant is the cost in business terms?

[Can the cost be expressed as a proportion of relevant operating costs, turnover, final prices etc?]

3.9 Have there been any compensating savings (e.g. through stimulating different work practices)?

[Prove the changes that have been made to reduce the impact.]

3.10 Other than their impact on costs, have these environmental requirements had any other consequences for [you/your members]? For example, have they:

a. enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
b. improved (or detracted from) client satisfaction
c. improved labour productivity or skills
d. enhanced environmental performance and sustainability of your operations
e. stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]

3.11 Overall, has this measure affected your/your members’ ability to compete with other firms?

3.12 If so, are these firms in your country, in other EU Member States, or outside Europe?
[Probe the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness.]

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………………………………………………………………………………………………………
………………………………………………………………………………………………………

3.13 Would you wish to see changes in the way that the legislation operates – or should it be withdrawn or replaced?

………………………………………………………………………………………………………

3.14 Do you think that there are other ways of achieving the same environmental objectives, but at lower cost?

[Probe for ideas for change which will reduce compliance costs or increase flexibility in operation without sacrificing environmental standards.]

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………………………………………………………………………………………………………
………………………………………………………………………………………………………
Interview sheet 4: Health and safety policies

4.1 EU policy measures concern many different aspects of health and safety: noise, vibrations, carcinogens, safety management, etc. Do you wish to discuss the policy area as a whole or to discuss particular health and safety measures?

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4.6 Are you able to estimate the annual cost associated with implementation of the measure(s)?

[This may need some exploratory discussion with trade associations – they may perhaps give a typical figure for a firm, or a total cost for their members, or a national figure. However they respond, try to follow through in questions 6-8 so that the answers are consistent.]

4.7 Does this cost arise from direct operational requirements (e.g. training or certification costs) or administrative (e.g. reporting) requirements?

[If possible, probe the main factors that lead to increased costs and obtain an estimate of the split between operational and administrative costs]

4.8 How significant is the cost in business terms?

[Can the cost be expressed as a proportion of relevant operating costs, turnover, final prices etc?]  

4.9 Have there been any compensating savings (e.g. through stimulating different work practices)?

[Probe the changes that have been made to reduce the impact.]

4.10 Other than their impact on costs, have these health and safety requirements had any other consequences for [you/your members]? For example, have they:

- enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
- improved (or detracted from) client satisfaction
- improved labour productivity or skills
- enhanced environmental performance and sustainability of your operations
- stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]

4.11 Overall, has this measure affected your/your members’ ability to compete with other firms? If so, are these firms in your country, in other EU Member States, or outside Europe?

[Probe the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness.]
4.12 Would you wish to see changes in the way that the legislation operates – or should it be withdrawn or replaced?

4.13 Do you think that there are other ways of achieving the same objectives, but at lower cost?

[Probe for ideas for change to enable construction firms to operate more efficiently without prejudicing health and safety standards.]
Interview sheet 5: Public procurement

5.1 How has the European legislation in this area been incorporated into national law?

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[This question probes how familiar the interviewee is with the legislative requirements. It is expected that ‘experts’ in trade associations etc will be more familiar with the details (title, date etc) of the actual legislation while representatives of firms may be familiar with the requirements but may not be able to give full details of the legislation. If there is any doubt about whether they are discussing the requirements derived from EU legislation, some probing may be required. The summary of policy measures and the assessments of policy areas will provide interviewers with relevant background.

The principal Directives governing public procurement have changed recently and may not have been incorporated into national legislation. However, the objectives have not changed and so discussion of the impacts of EU policy can set in the context of previous Directives, which were first introduced in the late 1980s.

If it appears that the interviewee has completely mistaken what the EU legislation is about, then move on to the next subject for discussion.]

5.2 What have been the main impacts of public procurement requirements on [your/your members’] activities?

[Public procurement measures can have both positive and negative impacts. They open opportunities for firms, but at the same time may increase the level of competition. They also require clients and firms to operate according to defined procedures. The response is likely to depend upon the type of organisation that the interviewee represents. The answer should be in terms of changes to actual operational processes, or to commercial relationships, or to the ability to take market opportunities, not in terms of costs.]

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5.3 In terms of procedural requirements, did the introduction of the requirements cause [you/your members] to make a significant change from previous operating practices (or other types of change)? If so, what changes were required?

[This question is principally aimed at clients. The discussion could usefully probe any differences between the original impact of the legislation and changes consequent on the most recent Directives which, for example, allow a greater range of commercial relationships.]

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5.4 Are able to make any estimate of extra costs consequent on the requirements? Do these relate to any particular aspect of the requirements?

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5.5 How significant are these costs in relation to the overall cost of the procurement process?

[The answer might be in terms of a percentage increase, or just a qualitative assessment that the costs were or were not significant.]

5.6 Are you able to estimate any financial benefits consequent on implementation of public procurement requirements?

[Clients may be able to make a judgement about whether they have obtained lower prices as a result of increased competition. Firms may be able to point to contracts in new markets. It would be particularly interesting to have information about cross-border impacts, i.e. contracts placed with firms in another Member State or contracts obtained in another Member State. Trade associations (including client associations) may be able to give examples, even if they cannot give an overall estimate of financial benefits.]

5.7 Have public procurement requirements had any non-financial consequences for [you/your members]? For example, have they:

- enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
- improved (or detracted from) client satisfaction
- improved labour productivity or skills
- enhanced environmental performance and sustainability of your operations
- stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]

5.8 Overall, have these measures affected your/your members’ ability to compete with other firms? If so, are these firms in your country, in other EU Member States, or outside Europe?

[This may not be relevant to, e.g. public sector clients. For firms, explore the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness.]

5.9 Would you wish to see changes in the way that the public procurement legislation operates?

5.10 Do you think that there are other ways of achieving the same objectives, but at lower cost?
5.11 Can it stimulate other beneficial changes in construction?

[Probe for ideas for change to enable clients and construction firms to operate more efficiently, for firms to have more market opportunities, for projects to be delivered at lower cost or for ways in which public procurement can stimulate other beneficial changes - to innovation, environmental performance, health and safety in the industry.]
Interview sheet 6: Labour mobility

6.1 How has the European legislation in this area been incorporated into national law?

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This question probes how familiar the interviewee is with the legislative requirements. It is expected that ‘experts’ in trade associations etc will be more familiar with the details (title, date etc) of the actual legislation while representatives of firms may be familiar with the requirements but may not be able to give full details of the legislation. If there is any doubt about whether they are discussing the requirements derived from EU legislation, some probing may be required. The summary of policy measures and the assessments of policy areas will provide interviewers with relevant background.

If it appears that the interviewee has completely mistaken what the EU legislation is about, then move on to the next subject for discussion.

6.2 What have been the main impacts of EU policy on labour mobility on [your/your members’] activities?

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[Labour measures can have both positive and negative impacts. They increase the supply of labour and serve to lower costs, but at the same time they increase the level of competition and so may be regarded as having a negative impact on locally-based workers. The response is likely to depend upon the type of organisation that the interviewee represents. The answer should be in terms of changes to labour markets - ability to hire etc - not in terms of costs. It would be helpful to distinguish, in this question and later questions, between the effect of measures that concern the ability to work across the EU, and those that relate to recognition of qualifications.]

6.3 Have [you /your members] made any significant changes in your operating practices (or other types of change)?

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[This question is aimed at exploring whether firms have been pro-active in employing workers or professionals from other EU Member States, or have used firms in other Member States because their employees have mutually recognised qualifications.]

6.4 Are you able to estimate the impact of these policies in financial terms?

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[Firms may be able to make a judgement about whether they have had lower labour costs as a result of increased competition, or have been able to out-source work at lower cost. Conversely, employee representative bodies may refer to a loss of earnings by locally-based workers. Probe for specific examples.]
6.5 Have labour mobility policies had any non-financial consequences for [you/your members]? For example, have they:

- enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
- improved (or detracted from) client satisfaction
- improved labour productivity or skills
- enhanced environmental performance and sustainability of your operations
- stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]

6.6 Overall, have these policies affected your/your members’ ability to compete with other firms?

6.7 If so, are these firms in your country, in other EU Member States, or outside Europe?

[For firms, explore the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness.]

6.8 Would you wish to see changes in the way that the policies on labour mobility and recognition of qualifications are implemented?

6.9 Do you think that there are other ways in which construction could benefit from the stock of skills and qualified professionals that is available within the EU, e.g. by extending mutual recognition to construction professions other than architecture?

[Probe for ideas for change which would assist the flow of labour and skills into construction or promote the use of professional skills across the EU.]
Interview sheet 7: Taxation

7.1 How has the European legislation in this area been incorporated into national law?

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[It would be advisable to check prior to conducting the interviews whether the policy to allow reduced VAT on certain construction activities has actually been implemented. If not, and the interviewee has indicated that they wish to discuss taxation, it may indicate that they wish to discuss another aspect of taxation that does not derive from EU requirements. There could then be a discussion of how the EU might assist in promoting or modifying that aspect of taxation, recorded under Q7 below.]

If it appears that the interviewee has completely mistaken what the EU legislation is about, then move on to the next subject for discussion.]

7.2 What have been the main impacts of reduced VAT on [your/your members’] business activities?

[The response should be in terms of changes to market prospects or judgments about level of employment amongst the firms concerned, not in terms of costs.]

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7.3 Are you able to estimate the benefits in financial terms?

[Firms or trade associations may be able to make a judgement about whether they have gained business or whether there has been any impact on the quantity of business going to ‘black economy’ or non-registered firms. Officials may be aware of studies of the subject.]

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7.4 Has the concession on VAT led to any extra costs (e.g. in administration)? Is it possible to estimate these?

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7.5 Have the VAT concessions had any non-financial consequences for [you/your members]?

For example, have they:

a) enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
b) improved (or detracted from) client satisfaction
c) improved labour productivity or skills
d) enhanced environmental performance and sustainability of your operations
Competitiveness of construction sector – Final Report

e) stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]
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7.6 Overall, has this measure affected your/your members’ ability to compete with other firms?
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7.7 If so, are these firms in your country, in other EU Member States, or outside Europe?

[Since the changes relate essentially to SMEs, it is expected that the response will relate to other locally-based firms. Explore the reasons for any perceived impacts on competitiveness.]
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7.8 Would you wish to see changes in the way that the VAT concession legislation operates?
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7.9 Do you think that there are other ways of achieving the same objectives? Could VAT be used to stimulate other beneficial changes in construction?

[Probe for ideas for change to stimulate other beneficial changes - to innovation, environmental performance, health and safety in the industry.]
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Interview sheet 8: Research and innovation

8.1 Please outline the ways in which [you/your members] have participated in European research or innovation programmes.

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[This question established the level of which provides a context for the subsequent answers. It would be helpful to probe the roles played – as project Co-ordinator, member of project team, participant in seminars/workshops about research/demonstration projects, user of innovation services etc – and to identify specific projects and the European programmes that funded them.]

If it appears that the interviewee has misunderstood the EU role in supporting research and innovation, then move on to the next subject for discussion.]

8.2 What have been the main impacts of consequences of [your/your members’] involvement in research or demonstration projects or other European activities related to innovation?

[The response should be in terms of business changes: introduction of new design approaches technologies, processes etc, or to introduction to new markets, commercial relationships, etc]

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8.3 Are you able to estimate any consequential financial benefits?

[Firms may be able to point to income from new products, or business carried out as a result of making contacts through research programmes. Clients may have been able to utilise new, more economic designs or technologies. Probe for specific examples.]

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8.4 What have been the non-financial benefits for [you/your members]? For example, has involvement in research or innovation programmes:

a) enhanced (or detracted from) the quality of your services or of the final constructed output that is provided
b) improved (or detracted from) client satisfaction
c) improved labour productivity or skills
d) enhanced environmental performance and sustainability of your operations
e) stimulated a search for new ways of working or new technologies, or enhanced the ability to take in new ideas

[Probe specific examples]

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8.5 Overall, had involvement in European research and innovation affected your/your members’ ability to compete with other firms?

8.6 If so, are these firms in your country, in other EU Member States, or outside Europe?

For firms, explore the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness.

8.7 Would you wish to see changes in the way that European research and innovation programmes operate?

8.8 Do you think that their aims or they way they are structured could be more suited to construction interests?

Issues in the past have included the scale of European projects, which have sometimes been too large for construction interests, the orientation towards technological rather than process issues, the perceived level of administrative effort involved and lack of funding for promotion of research outputs. The CRAFT programme aimed at SMEs and the energy demonstration projects have sometimes been cited as examples of programmes more suited to construction firms.
Interview sheet 9: Standardisation (structural Eurocodes)

9.1 How has the European legislation in this area been incorporated into national law?

[Discussion of this policy area is intended to relate to the implementation and impact of the structural Eurocodes. The area differs from the others in that these are not yet all available, and the legislation or guidance moves necessary to ensure that they are used in public procurement may not have been introduced. The interviewee may therefore comment that there is no current requirement to use the Eurocodes. However, since the Eurocodes have been in preparation for some years, there could still be perceptions of their current impact and likely future impact.

If the interviewee appears from the response to Q1 to be referring not to the Eurocodes but to another aspect of standardisation, the discussion can continue unless they are referring to the Construction Products Directive, which is not within the scope of this study. In that case, move on to the next subject for discussion.]

9.2 What (if any) have been the impacts of the structural Eurocodes on [your/your members’] activities?

[The response may be that so far there have not been any, or that firms and clients are having to familiarise themselves with new approaches to design, attend seminars etc.]

9.3 What do you expect the impacts to be once the Eurocodes are all available for use?

[Probe for any impacts that relate to the ability to operate across Member States or internationally, since the Eurocodes are expected to facilitate the development and international promotion of European design capabilities.]

9.4 Are you able to estimate any financial benefits consequent on implementation of the Eurocodes?

[Firms may be able to make a judgement about their ability to draw on lower-cost design inputs or to enter new markets including those outside Europe.]

9.5 Are able to make any estimate of extra costs consequent on the introduction of the Eurocodes?
9.6 How significant are these costs in relation to the overall cost of the design process?

[The answer might be in terms of a percentage increase, or just a qualitative assessment that the costs were or were not significant.]

9.7 Do you expect the introduction of Eurocodes to have any non-financial consequences for [you/your members]? For example, will they:

a) enhance (or detract from) the quality of your services or of the final constructed output that is provided
b) improve (or detract from) client satisfaction
c) improve labour productivity or skills
d) enhance environmental performance and sustainability of your operations
e) stimulate a search for new ways of working or new technologies, or enhance the ability to take in new ideas

[Probe specific examples]

9.8 Overall, do you expect these measure affected your/your members’ ability to compete with other firms?

9.9 If so, are these firms in your country, in other EU Member States, or outside Europe?

[For firms, explore the market in which the firm/members operate and the reasons for any perceived impacts on competitiveness. As noted earlier, one aim of the Eurocodes is to present a suite of design codes that countries outside Europe might adopt, thus facilitating the promotion of European design expertise in those countries. It would be helpful to know if this expectation is shared by interviewees.]

9.10 Would you wish to see changes in the implementation of the Eurocodes or the extension of a European approach to design to other aspects of construction design, e.g. environmental design?

[Probe for ideas for promoting common standards design approaches that, for example, could promote sustainability.]
Interview sheet 10: Final questions

10.1 Do you wish to make any further comments about the impact of European policies and policy measures on construction?

[Prompt for comments on measures still under discussion.]

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10.2 Would you be willing to be contacted again if we wished to follow up any points?

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10.3 Would you willing to complete an electronic questionnaire?

[Explain that the questionnaire will cover the same types of question, but will ask for more structured (1-7 etc) ratings of impact. It would be very helpful to have that to complement the responses given in the interview.]

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10.4 Would you be willing to promote the questionnaire [to your members]?

[For trade associations – or possibly national officials]

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Thank you for your time and contribution.
K - Questionnaire specification

English text of Questionnaire on www.mbs.ac.uk/EuroImpactSurvey

Opening page

Study of impact of European Community Policies on the competitiveness of the construction sector

Thank you for being willing to complete the questionnaire for this study, which is being carried out for the European Commission by a research consortium led by Manchester Business School in the UK. The study will inform future policy towards the construction sector, and the regulatory environment in which it operates. It is one element in Commission’s strategy to create for Europe an economy that is as competitive as any in the World.

For a brief summary of the study, click here. [Link to summary of study]

For further information about the policies that are being studied click here. [Link to the note on policies sent to interviewees]

The questionnaire is in three parts:

Section 1 - general questions about you and your organisation which will help us to place your responses in context

Section 2 - sets of questions about different areas of European policy, which ask how policy instruments such as Directives and initiatives like research programmes have affected your organisation. Some of these may not be relevant to you - there is no requirement to complete every set of questions. With a few exceptions, the same questions are repeated for each policy area and so once you have completed the questions for one policy area you will be familiar with the format.

Section 3 - some closing questions which give you the opportunity to express any further views.

At the end of each page, you will have several options:

BACK will take you to the previous page

NEXT will take you to the next page

SAVE will save the responses that you have given so that you may come back to the questionnaire later to complete it

FINISH will submit your responses to Manchester Business School

There is also an indicator so that you can see your progress through the questionnaire.

Thank you again for your input.

The Study Team
Manchester Business School
University of Manchester
UK

To contact the study team, click here. [link]
Section 1 – Information on you and your organisation

In order to be able to relate your responses to the data we receive from people in similar organisations, we would like some information about you and your organisation.

1 Personal data

1.1 What is your name

Free text response

1.2 The country in which you live

Drop down menu: Member States and ‘other’
If ‘other’, give details

1.3 The name of your organisation

Free text response

1.4 Your job title

Free text response

1.5 How long have you held that job?

Drop down menu of options:
<5, 1-5, >5 years

Your organisation

1.6 Is your organisation an Association or other form of representative body for construction interests (including construction employees)?

Response: Yes/no

If the answer is Yes, go to Q1.9

1.7 Which term best describes your organisation?

Drop-down menu with options:

- Contractor
- Specialist sub-contractor
- Architect
- Engineer
- Other design professional
- Cost consultant
- Technical approval body
- Government department
- Regulatory body (technical, health and safety etc)
- Client for construction
- Other

If your organisation is a government body or a regulatory body, go to Q1.11

1.8 How many employees does your organisation have?

Drop-down menu with options:

- 1-10
- 10-50
- 50-250
- >250

Go to Q1.11

1.9 Which type of construction interest does your organisation represent?
Competitiveness of construction sector – Final Report

*Drop-down menu with options:*

- Contractor
- Specialist sub-contractor
- Architect
- Engineer
- Other design professional
- Cost consultant
- Technical approval body
- Client for construction
- Employees

1.10 How many members does your organisation have?

*Drop down menu with options:*

- <100
- 101-500
- 501-1000
- >1000

1.11 Please summarise in less than 30 words the purpose of your organisation

<

*Free text response*
Section 2 - Views on the impacts of European policies

In this Section, we ask for your responses to questions on the impact of European policies on your organisation. European policies which involve regulation (e.g. environmental policy) are implemented through national legislation in Member States. You may not be familiar with the original European Directive or other measure, but you will know about the impact of the national legislation that puts it into effect.

The Section covers seven policy areas:

- Environmental policies
- Health and safety
- Public procurement
- Free movement of labour
- Taxation
- Research and Innovation
- Standardisation

Some may not be relevant to you. The first question about each policy area asks if this area is important enough for you to want to respond to questions about it. If your answer is ‘no’, then the questionnaire will take you to the start of the questions for the next area. There is no requirement to answer questions about every area – please select the areas that are most important for your organisation or the members of your organisation.

Please also have in mind the following guidance:

- **If you are employed by a firm**, we would like you to respond on behalf of your firm.
- **If your organisation is a trade association or other form of representative body**, then when we ask about ‘your organisation’ we would like your views on the impact on your members’ interests.
- **If you come from a government body or regulatory body**, please respond with your judgements of the impact on the construction interests which come within your responsibilities.

We recognise that you may find some of the judgements difficult to make, but do not spend too long on any individual question. Your response will be combined with many others to provide a good overall assessment of the level of impact.

Please click ‘NEXT’.
2.1 **Environmental policies**

2.1.1 EU policy measures concern many different aspects of the environment: noise, wastes, water quality, air pollution, packaging etc. Do you wish to give views about this area of EU policy?

*Response: Yes/No*

*If ‘No’, go to Section 2.2 [link]*

2.1.2 Which aspects of environmental legislation have had the greatest impact on your organisation? Rate the most important as 1, the next as 2 etc. If an aspect of policy has had no impact, rate it 0.

*Response: list of policy areas for rating*

- Wastes and landfill
- Air quality
- Water quality
- Noise
- Packaging
- Other

*If ‘other’, please give further information (free text response)*

2.1.3 Considering the aspect of environmental policy that has the greatest impact on your organisation (rated 1 above), please select the phrase that best describes the impact of the policy measures (regulations or other controls) in this area on your organisation.

*Select from options:*

- highly significant benefit – makes a real difference
- moderately significant benefit - useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact – unhelpful but not especially important
- highly significant cost or other negative impact – makes a real difference

2.1.4 Please make a judgement on the overall costs or benefits to your organisation caused by these policy measures.

*Response: select from options:*

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.1.5 Considering the total costs associated with the policy measures, please say whether these costs arise largely from operational requirements or administrative (reporting etc) requirements.
Response: select from options:

- Operational costs are much larger than administrative costs
- Operational costs are rather larger than administrative costs
- Operational costs are about the same as administrative costs
- Operational costs are rather smaller than administrative costs
- Operational costs are much smaller than administrative costs

2.1.6 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:

2.6.1.1. The quality of your services or of the final constructed output
2.6.1.2. Your level of client satisfaction
2.6.1.3. The level of labour productivity or skills
2.6.1.4. Your environmental performance
2.6.1.5. The introduction of new ways of working or new technologies

Response for each: select from options:

- Positive impact
- No impact
- Negative impact

2.1.7 Please select the phrase that best describes the overall impact of the policy measures on your ability to compete with other firms:

Response: select from options

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.1.8 Where are the ‘other firms’ with which you compete based?

Response: select from options:

- In your town, city or region
- Mainly in my country
- Mainly in other EU Member States
- Mainly outside Europe
2.2 Health and safety policies

2.2.1 EU policy measures concern many different aspects of health and safety: noise, vibrations, carcinogens, safety management etc. Do you wish to give views about this area of EU policy?

Response: Yes/No

If ‘No’, go to Section 2.3 [link]

2.2.2 Which aspects of health and safety policy have had the greatest impact on your organisation? Rate the most important 1, the next 2 and so on. If an aspect of policy has had no impact, rate it 0.

Response: list of policy areas for rating

- Temporary and Mobile Sites Directive requirements
- Requirements for working at heights or manual handling
- Controls on noise or vibration
- Controls on materials (e.g. asbestos, cement)
- Other

If ‘other’, please give further information (free text response)

2.2.3 Considering the aspect of health and safety policy that has the greatest impact on your organisation (rated 1 above), please select the phrase that best describes the impact of the policy measures (regulations or other controls) in this area on your organisation.

Response: select from options:

- highly significant benefit – makes a real difference
- moderately significant benefit – useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact – unhelpful but not especially important
- highly significant cost or other negative impact – makes a real difference

2.2.4 Please make a judgement on the overall cost or benefits to your organisation caused by these policy measures.

Response: select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.2.5 Considering the total costs associated with the policy measures, please say whether these costs arise largely from operational requirements or administrative (reporting etc) requirements.

Response: select from options:
• Operational costs are much larger than administrative costs
• Operational costs are rather larger than administrative costs
• Operational costs are about the same as administrative costs
• Operational costs are rather smaller than administrative costs
• Operational costs are much smaller than administrative costs

2.2.6 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:

2.2.6.1. The quality of your services or of the final constructed output
2.2.6.2. Your level of client satisfaction
2.2.6.3. The level of labour productivity or skills
2.2.6.4. Your environmental performance
2.2.6.5. The introduction of new ways of working or new technologies

Response for each: select from options:

• Positive impact
• No impact
• Negative impact

2.2.7 Please select the phrase that best describes the overall impact of the policy measures on your ability to compete with other firms:

Response: select from options;

• They have greatly assisted our ability to compete
• They have moderately assisted our ability to compete
• There has been some benefit but it is not significant
• There is no impact on our ability to compete
• They have made it more difficult to compete, but the difference is not significant
• They have had a moderately adverse impact on our ability to compete
• They have greatly reduced our ability to compete

2.2.8 Where are the ‘other firms’ with which you compete based?

Response: select from options:

• In my town, city or region
• Mainly in my country
• Mainly in other EU Member States
• Mainly outside Europe
2.3 Public procurement policies

2.3.1 EU public procurement policy measures control how public bodies and other organisations such as energy and water utilities may award contracts. Do you wish to give views about this area of EU policy?

Response: Yes/No

If ‘No’, go to Section 2.4 [link]

2.3.2 Which aspects of public procurement policy have had the greatest impact on your organisation? Rate the most important 1, the next 2 and so on. If an aspect of policy has had no impact, rate it 0.

Response: List of policy areas for rating

- Procedures for advertising contracts
- Constraints on types of contract (e.g. ‘Framework’ contracts)
- Rules on Public-private partnerships
- Inclusion of non-financial (e.g. social) criteria in selection
- Competition in public contracts from firms across the EU
- Other

If ‘other’, please give further information (free text response)

2.3.3 Considering the aspect of public procurement policy that has the greatest impact on your organisation (rated 1 above), please select the phrase that best describes the impact of the policy measures (regulations or other controls) in this area on your organisation.

Response: select from options:

- highly significant benefit – makes a real difference
- moderately significant benefit - useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact - unhelpful but not especially important
- highly significant cost or other negative impact - makes a real difference

2.3.4 Please make a judgement on the overall cost or benefits to your organisation caused by these policy measures.

Response: select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.3.5 Considering the total costs associated with the policy measures, please say whether these costs arise largely from operational requirements or administrative (reporting etc) requirements.
Response: select from options:

- Operational costs are much larger than administrative costs
- Operational costs are rather larger than administrative costs
- Operational costs are about the same as administrative costs
- Operational costs are rather smaller than administrative costs
- Operational costs are much smaller than administrative costs

2.3.6 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:

2.3.6.1. The quality of your services or of the final constructed output
2.3.6.2. Your level of client satisfaction
2.3.6.3. The level of labour productivity or skills
2.3.6.4. Your environmental performance
2.3.6.5. The introduction of new ways of working or new technologies

Response for each: select from options:

- Positive impact
- No impact
- Negative impact

2.3.7 Please select the phrase that best describes the overall impact of the policy measures on your ability to compete with other firms:

Response: select from options

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.3.8 Where are the ‘other firms’ with which you compete based?

Response: Select from options:

- In my town, city or region
- Mainly in my country
- Mainly in other EU Member States
- Mainly outside Europe
2.4 Policies on free movement of labour

2.4.1 EU policies on the free movement of labour aim to remove barriers to movement of people between countries and to protect the interests of workers from other Member States. They also include mutual recognition of architectural qualifications. Do you wish to give views about this area of EU policy?

**Response:** Yes/No

*If ‘No’, go to Section 2.5 [link]*

2.4.2 Which aspects of policy on free movement of labour have had the greatest impact on your organisation? Rate the most important 1, the next 2 and so on. If an aspect of policy has had no impact, rate it 0.

**Response:** list of policy areas for rating:

- Ability of workers to move between Member States
- Protection of conditions for workers from other Member States
- Recognition of professional qualifications
- Other

*If ‘other’, please give further information (free text response)*

2.4.3 Considering the aspect of policy on free movement of labour that has the greatest impact on your organisation (rated 1 above), please select the phrase that best describes the impact of the policy measures in this area on your organisation.

**Response:** select from options:

- highly significant benefit – makes a real difference
- moderately significant benefit – useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact – unhelpful but not especially important
- highly significant cost or other negative impact – makes a real difference

2.4.4 Please make a judgement on the overall cost or benefits to your organisation caused by these policy measures.

**Response:** select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.4.5 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:
2.4.5.1. The quality of your services or of the final constructed output
2.4.5.2. Your level of client satisfaction
2.4.5.3. The level of labour productivity or skills
2.4.5.4. Your environmental performance
2.4.5.5. The introduction of new ways of working or new technologies

*Response for each: select from options:*

- Positive impact
- No impact
- Negative impact

2.4.6 Please select the phrase that best describes the overall impact of the policy measures on your ability to compete with other firms:

*Response: selection from options*

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.4.7 Where are the ‘other firms’ with which you compete based?

*Response: select from options:*

- In my town, city or region
- Mainly in my country
- Mainly in other EU Member States
- Mainly outside Europe
2.5 Policies on taxation

2.5.1 EU policies on taxation principally concern Value Added Tax (VAT). For construction, the main policy has been a concession that Member States may reduce the rate of VAT on certain construction activities in order to discourage people from using unregistered firms in the informal economy. Do you wish to give views about this area of EU policy?

Response: Yes/No

If 'No', go to Section 2.6 [link]

Please select the aspect of taxation policy that particularly affects your organisation.

Response: List of policy areas for rating:

- Reduced rate of VAT
- Other

If 'other', please give further information (free text response)

Please select the phrase the best describes the impact on your organisation of the policy measures in the area that you selected:

Response: select from options:

- highly significant benefit – makes a real difference
- moderately significant benefit - useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact - unhelpful but not especially important
- highly significant cost or other negative impact - makes a real difference

2.5.4 Please make a judgement on the overall cost or benefits to your organisation caused by these policy measures.

Response: select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.5.5 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:

2.5.5.1. The quality of your services or of the final constructed output
2.5.5.2. Your level of client satisfaction
2.5.5.3. The level of labour productivity or skills
2.5.5.4. Your environmental performance
2.5.5.5. The introduction of new ways of working or new technologies
Response for each: select from options:

- Positive impact
- No impact
- Negative impact

2.5.6 Please select the phrase that best describes the overall impact of the policy measures on your ability to compete with other firms:

Response: select from options:

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.5.7 Where are the ‘other firms’ with which you compete based?

Response: Select from options:

- In my town, city or region
- Mainly in my country
- Mainly in other EU Member States
- Mainly outside Europe
2.6 Research and innovation policies

2.6.1 EU policy measures to promote research and innovation include the Framework programmes of research, the Innovation Relay Centres, and research and demonstration programmes to promote energy efficiency. Has your organisation participated in or used the results of these programmes or been aware of their outputs?

Response: Yes/No

If 'No', go to Section 2.7

2.6.2 In which ways has your organisation participated in European research or innovation programmes or been aware of the results from them?

Response: Select any number from options:

- Coordinator of research project
- Participant in research project
- Attended research conference/seminar
- Participant in demonstration project
- Attended demonstration project conference/seminar
- Used outputs from research or demonstration programme
- Been aware of outputs from research or demonstration programme
- Used services of Innovation Relay Centre
- Other

If ‘other’, please provide further information

Free text response

Please select the phrase that best describes the impact on your organisation:

- highly significant benefit - made a real difference
- moderately significant benefit - useful but not especially important
- some benefit - a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact - unhelpful but not especially important
- highly significant cost or other negative impact - made a real difference

2.6.4 Please make a judgement on the overall cost or benefits to your organisation caused by these policy measures.

Response: select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.6.5 We would like to know whether the policy measures have had any other impacts on your organisation. Please indicate whether there has been an impact on the following aspects:
2.7.4.1.6. The quality of your services or of the final constructed output
2.7.4.1.7. Your level of client satisfaction
2.7.4.1.8. The level of labour productivity or skills
2.7.4.1.9. Your environmental performance
2.7.4.1.10. The introduction of new ways of working or new technologies

Response for each: select from options:

- Positive impact
- No impact
- Negative impact

2.6.6 Please select the phrase that best describes the overall impact of research and innovation programmes on your ability to compete with other firms:

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.6.7 Where are the ‘other firms’ with which you compete based?

Response: Select from options:

- In my town, country of region
- Mainly In my country
- Mainly in other European Member States
- Mainly outside Europe
2.7 Standardisation policies - Eurocodes

2.7.1 This section is not concerned with the Construction Products Directive (CPD) which is the subject of a separate study. The main standardisation measures that relate to construction, other than the CDP, are those concerning the Structural Eurocodes which are intended to be the basis of structural design across Europe.

The Eurocodes are not yet fully implemented, but their development is well advanced. The questions in this section therefore relate to your expectations of their impact, rather than their current impact.

Do you wish to give views about this area of EU policy?

Response: Yes/No

If 'No', go to Section 3 [link]

2.7.2 Please select the phrase that best describes the impact that you believe the introduction of the Structural Eurocodes will have on your organisation:

Response: select from options:

- highly significant benefit – made a real difference
- moderately significant benefit – useful but not especially important
- some benefit – a positive effect rather than negative, but not significant
- Neither a benefit nor an adverse impact
- some additional cost or other negative effect, but not significant
- moderately significant cost or other negative impact – unhelpful but not especially important
- highly significant cost or other negative impact – made a real difference

2.7.3 Please make a judgement on the overall cost or benefits to your organisation that you expect as a consequence of the introduction of the Structural Eurocodes.

Response: select from options:

- Trivial (for example, less than 0.1% of turnover)
- Small (for example, less than 1% of turnover)
- Significant (for example, greater than 1% of turnover)
- Not able to judge

2.7.4 We would like to know whether you expect the Structural Eurocodes to have any other impacts on your organisation. Please indicate whether you expect there to be an impact on the following aspects:

2.7.4.1. The quality of your services or of the final constructed output
2.7.4.2. Your level of client satisfaction
2.7.4.3. The level of labour productivity or skills
2.7.4.4. Your environmental performance
2.7.4.5. The introduction of new ways of working or new technologies

Response for each: select from options:

- Positive impact
- No impact
- Negative impact
2.7.5 Please select the phrase that best describes the expected overall impact of the introduction of the Structural Eurocodes on your ability to compete with other firms:

- They have greatly assisted our ability to compete
- They have moderately assisted our ability to compete
- There has been some benefit but it is not significant
- There is no impact on our ability to compete
- They have made it more difficult to compete, but the difference is not significant
- They have had a moderately adverse impact on our ability to compete
- They have greatly reduced our ability to compete

2.7.6 Where are the ‘other firms’ with which you compete based?

Response: Select from options:

- In my town, city or region
- Mainly in my country
- Mainly in other European Member States
- Mainly outside Europe
Section 3– Final questions

This final section gives you the opportunity to offer views on any other aspects of European Community policies or to add to your earlier responses.

3.1 Do you wish to make any comments on the impact of the policy measures that have been covered by this questionnaire? In particular, do you have suggestions for changes that would reduce the burden on firms or would make the measures more suited to firms in the construction industry?

*Free text response*

3.2 Do you wish to comment on any European policy measures that have *not* been covered by this questionnaire?

*Response: Yes/No*

*If ‘No’ go to Q9.5 [link]*

3.3 Please state the policy area and if possible the specific measure

*Free text response*

Please give your comments, including if possible your suggestions for how the policy measure might be improved

*Free text response*

3.4 Would you be willing to be contacted by the study team if we wished to follow up any of the responses that you have given?

*Response: Yes/No*

3.5 If ‘Yes’, please give your contact details:

- Telephone (including national code)
- Email

And finally

Thank you for taking time to complete the questionnaire. We would be very grateful if you could encourage other firms or organisations concerned with construction to complete it so that we may have a large number of responses.

If you have any questions, please contact the study team [here](link).
L - Organisations for promotion of questionnaire

This is a preliminary list of organisations in Member States not represented in the study consortium that the study team will contact to inform them of the study and to invite them to promote the questionnaire. In addition, the team have numerous contacts in the university sector throughout Europe.

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Austrian Institute for Economic Research</td>
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<td>Belgium</td>
<td>Belgian Building Research Institute</td>
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<td>SECO – Technical Control</td>
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<td>Czech Republic</td>
<td>Ministry of Industry and Trade</td>
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<td>Denmark</td>
<td>Ministry of Economic and Business Affairs</td>
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<td>Agency for Enterprise and Construction</td>
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<td>Danish Association of Construction Clients</td>
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<td>Danish Building Research Institute</td>
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<td>Estonia</td>
<td>Ministry of Economic Affairs</td>
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<td>Finland</td>
<td>Technical Research Centre (VTT)</td>
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<td></td>
<td>Confederation of Finnish Construction Industries</td>
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<td>Germany</td>
<td>Ministry for Employment and Education</td>
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<td>Hungary</td>
<td>Ministry of Economic Affairs</td>
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<td></td>
<td>EMI – Quality Control and Innovation in Building</td>
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<tr>
<td>Ireland</td>
<td>Department of the Environment</td>
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<tr>
<td>Italy</td>
<td>Central Institute for Industrialisation and Technology of Construction</td>
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<td>Netherlands</td>
<td>Government Building Agency</td>
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<td>Foundation for Building Research</td>
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<td>Foundation for Civil Engineering Research</td>
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<td>Ministry of Economic Affairs</td>
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<td>Ministry of Housing Spatial Planning and the Environment</td>
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<td>Norway</td>
<td>Norwegian Building Research Institute</td>
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<tr>
<td>Portugal</td>
<td>National Laboratory for Civil Engineering</td>
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<tr>
<td>Spain</td>
<td>Institute for Construction and Cement, Edward Torroja</td>
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<td></td>
<td>Labein Technological Centre</td>
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24th April 2006
M - Details of interviewees

### European Union

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<td>Paul Brejon and Valéry Laurent</td>
<td>Technical Direction</td>
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<td>Véronique Fouilleroux</td>
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<td>Designers</td>
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<td>Jean-Paul Viguer</td>
<td>Operational Executive Technical Director</td>
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<tr>
<td>International Affairs Directorate (DAEI)</td>
<td>Maurice Girault</td>
<td>Statistician - Manager for the analysis department of the construction sector</td>
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<tr>
<td>Directorate General of Urban Affairs, Housing and Construction (DGUHC)</td>
<td>Bruno Lebenthal</td>
<td>Head, European Affairs</td>
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<tr>
<td>Contractors and specialist sub-contractors</td>
<td>Mr. Michael DACHY LIDIS, Mr. E. ANAGNOSTOPOULOS</td>
<td>Vice-President, Legal Adviser</td>
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<tr>
<td></td>
<td>Mr. Ch. KONSTANTOPOULOS</td>
<td>Vice President</td>
</tr>
<tr>
<td>Association of Greek Constructing Companies</td>
<td>Mr. George VLACHOS, Mr. KARKATZOS, Mr. MASTROGIANNIS</td>
<td>Chairman, Vice Chairman, Member</td>
</tr>
<tr>
<td>Panhellenic Union of Public Works Contractors Association</td>
<td>Mr. Gregoris GREGOROPOULOS</td>
<td>President</td>
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<tr>
<td>Technical Chamber of Greece</td>
<td>Mrs Matina PISIMISI</td>
<td>Member of Permanent Committee for Safety and Health at the Workplace</td>
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<tr>
<td>Designers</td>
<td>Mr. LYBERIDIS</td>
<td>Private Consultant</td>
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<tr>
<td>Cost consultants</td>
<td>Mr. Christos KOSTIKAS</td>
<td>Chairman and major shareholder</td>
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<tr>
<td>Institute for Economic Studies of the Construction Industry (IOK)</td>
<td>Mr Panagiotis ANAGNOSTOPOULOS</td>
<td>Technical Sector</td>
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<tr>
<td>Product and materials suppliers</td>
<td>Mr Konstantinos KARASOULAS</td>
<td>General Director</td>
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<tr>
<td>Union of Hellenic Ready Mixed Concrete Industries</td>
<td>Mr. THEODOROU</td>
<td>General Director of Aluminium companies</td>
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<tr>
<td>Hellenic Cement Industry Association</td>
<td>Mr. Nikolaos KOTITSAS</td>
<td>General Director</td>
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<tr>
<td>Association of Greek Heavy Clay Industries</td>
<td>Mr Ioannis GILLIS</td>
<td>Advisor</td>
</tr>
<tr>
<td>Employee representatives</td>
<td>Ms Christina THEOCHARI</td>
<td>Environmental Secretary</td>
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<td>Housing providers</td>
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### Regulatory bodies

#### Health and Safety enforcement

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<tr>
<th>ELINYAE</th>
<th>Mrs Theoni KOUKOULAKI</th>
<th>Scientific personnel</th>
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#### Government

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<tr>
<th>Hellenic Ministry for the Environment, Physical Planning and Public Works</th>
<th>Mr. Sofoklis TZOVARIDIS</th>
<th>Head of Unit - Section of Technical Prescription and Regulations</th>
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<tbody>
<tr>
<td>Hellenic Ministry for the Environment, Physical Planning and Public Works – General Secretariat of Public Works</td>
<td>Mr. Sarantis PANTELIAS</td>
<td>Technical Advisor of the General Secretary</td>
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Competition of the construction sector – Final Report

**Poland**

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<th>Organisation</th>
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<th>Position</th>
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<tr>
<td>Contractors and specialist sub-contractors</td>
<td>PROCHEM SA (construction company)</td>
<td>Witold J. Drzejewski</td>
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<tr>
<td>Korporacja Budowlana DORACO Spółka z o.o. (construction company)</td>
<td>Przemysław Marszałkowski</td>
<td>Vice President of the Board</td>
</tr>
<tr>
<td>MOSTOSTAL S.A. (construction company)</td>
<td>Anna Wolszczak</td>
<td>Research and Development Engineer</td>
</tr>
<tr>
<td>Hydrobudowa - 6 S.A. (construction company)</td>
<td>Andrzej Tryk</td>
<td>Foremost specialist in health and safety (BHP)</td>
</tr>
<tr>
<td>Krośnieńskie Przedsiębiorstwo Budowlane w Krośnie S.A. (construction company)</td>
<td>Anna Stec, Stanisław Śliwka</td>
<td>Controlling Specialist in Public Procurement</td>
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<tr>
<td>BUDOPOL S.A. (construction company)</td>
<td>Daniel Mackiewicz</td>
<td>Quality Assurance Manager (by proxy)</td>
</tr>
<tr>
<td>WARBUD S.A. (construction company)</td>
<td>Iwona Jarmakowska, Agnieszka Kępkas</td>
<td>Lawyer / Environmental Specialist</td>
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<tr>
<td>PBM PO-UDNIE S.A. (construction company)</td>
<td>Eulalia Gulik</td>
<td>Sales Manager</td>
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<tr>
<td>UNIBUD BEP S.A. (construction company)</td>
<td>Jan Grigoruk</td>
<td>Controlling Manager</td>
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<tr>
<td>BAUMA S.A (construction company)</td>
<td>Maja Barmowska</td>
<td>Marketing &amp; Market Analysis Specialist</td>
</tr>
<tr>
<td>Polish Union of Construction Employers (PZPB Polski Związek Pracodawców Budownictwa)</td>
<td>Edward Szwarc</td>
<td>Vice-president</td>
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<tr>
<td>INSTALEXPORT S.A.</td>
<td>Zbigniew Bachman</td>
<td>President</td>
</tr>
<tr>
<td>Polish Izba Przemysłowo-Handlowa Budownictwa (Polish Chamber of Building Industry and Commerce)</td>
<td>Jerzy Szczepanik, Dzikowski</td>
<td>Partner, Proxy of the Managing Board</td>
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<tr>
<td>Other professional</td>
<td>Jacek Lenart</td>
<td>Vice-president</td>
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<td>Product and materials suppliers</td>
<td>Cement Manufacturers Association (Polskie Stowarzyszenie Producentów)</td>
<td>Grzegorz Krechowiecki</td>
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Competitiveness of construction sector – Final Report

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<tr>
<th>Employee representatives</th>
<th>Giulio</th>
<th>Secretary General</th>
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<tr>
<td>Labour Union “Builders” (Związek Zawodowy “Budowlani”)</td>
<td>Jakub Kus</td>
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<tr>
<td>Polish Union of Developers (PZFD Polski Związek Firm Deweloperskich)</td>
<td>Jacek Bielecki</td>
<td>Head of Office</td>
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<tr>
<td>Main Inspectorate for Environmental Protection</td>
<td>Krystyna Panek-Gondek</td>
<td>Head of the International Cooperation and European Integration Department</td>
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<td>National Labour Inspectorate (PIP) Państwowa Inspekcja Pracy</td>
<td>Krzysztof Kowalik</td>
<td>Head of Prevention Department</td>
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<tr>
<td>Ministry of Transport and Construction (Dept. of Housing Strategy and Development)</td>
<td>Dobrobosław Dowiat-Urbański</td>
<td>Deputy Head of Department</td>
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<tr>
<td>The Polish National Energy Conservation Agency (KAPE S.A.)</td>
<td>Arkadiusz Wglarz</td>
<td>Project Coordinator</td>
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### Sweden

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<th>Organisation</th>
<th>Interviewee(s)</th>
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<tr>
<td>Contractors and specialist sub-contractors</td>
<td>Thage Andersson</td>
<td>MD</td>
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<tr>
<td>Designers</td>
<td>Otto Magnusson</td>
<td>Half owner/Production Director</td>
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<tr>
<td>Svensk Teknik och Design</td>
<td>Lise Langseth</td>
<td>MD</td>
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<tr>
<td>Sveriges Arkitekter</td>
<td>Katarina Nilsson</td>
<td>International liaison</td>
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<tr>
<td>WSP</td>
<td>Rikard Appelgren</td>
<td>MD</td>
</tr>
<tr>
<td>White</td>
<td>Anders Svensson</td>
<td>MD</td>
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<tr>
<td>Sweco</td>
<td>Lars Brolin</td>
<td>Group Manager</td>
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<tr>
<td>Byggteknik</td>
<td>Christian Lassen</td>
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<td>Anders Kiviärvi</td>
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<td>Byggmaterialindustrierna</td>
<td>Hans Ewander</td>
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<td>Finjabetong</td>
<td>Gull-Britt Jonasson</td>
<td>MD</td>
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<td>Bo-Klok</td>
<td>Lars Wild-Nordlund</td>
<td>Product Manager</td>
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<td>Ledarna</td>
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<td>SABO</td>
<td>Gösta Gustavsson</td>
<td>Project manager</td>
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<td>MKB</td>
<td>Lars Birve</td>
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<td>Stefan Sandesten</td>
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<td>Börje Svensson</td>
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<td>Ingemar Nilsson</td>
<td>Director Property Management</td>
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<td>Riksbyggen</td>
<td>Roger Pojanen</td>
<td>Business Area Manager Construction</td>
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<td>SP (Swedish standards)</td>
<td>Jan-Olaf Johansson</td>
<td>Marketing, Business Development</td>
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<td>Arbetsmiljöverket</td>
<td>Andreas Patay</td>
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## United Kingdom

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<tr>
<td>Contractors and specialist sub-contractors</td>
<td>Stephen Radcliffe</td>
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<td>Construction Confederation Federation of Master Builders</td>
<td>Andrew Large</td>
<td>Director of External Affairs</td>
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<tr>
<td>National Specialist Contractors Confederation</td>
<td>Sneha Doshi</td>
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<tr>
<td>Construction Industry Council</td>
<td>Richard Biggs</td>
<td>Senior Policy Development Manager</td>
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<tr>
<td>Royal Institute of British Architects</td>
<td>Ian Pritchard</td>
<td>Director of Lifelong Learning</td>
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<tr>
<td>White Young Green, (Consulting Engineers)</td>
<td>Robert Slota</td>
<td>Professional Director, Civil and Structural Engineering</td>
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<tr>
<td>Scott Wilson (Consulting Engineers)</td>
<td>Simon Hindshaw</td>
<td>Director, Poland</td>
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<tr>
<td>Royal Haskoning (Consulting Engineers)</td>
<td>Clive Marsden</td>
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<tr>
<td>Griffiths and Armour (insurance brokers)</td>
<td>Ewan MacGregor</td>
<td>Director</td>
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<tr>
<td>Mace (Construction Managers)</td>
<td>Laurent Serive-Mattei</td>
<td>Associate Director</td>
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<tr>
<td>Davis Langdon Everest (Cost Consultants)</td>
<td>Richard Baldwin</td>
<td>Director, Europe</td>
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<td>Construction Products Association</td>
<td>John Tebbit</td>
<td>Industry Affairs Director</td>
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<td>Transport and General Workers’ Union</td>
<td>Bob Blackman</td>
<td>National Secretary for Construction</td>
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<td>General and Municipal Workers Union</td>
<td>Phil Davies</td>
<td>National Officer for Construction</td>
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<td>Union of Construction and Allied Trades</td>
<td>Jonathan Green</td>
<td>Senior Researcher</td>
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<td>Office of Government Commerce</td>
<td>Sally Collier</td>
<td>Director, Procurement Policy</td>
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<td>Cambridge University</td>
<td>David Adamson</td>
<td>Former Director of Estates</td>
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<td>Local Authority Building Control Ltd</td>
<td>Paul Everall</td>
<td>Chief Executive</td>
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<td>National Housebuilding Council</td>
<td>Neil Smith</td>
<td>Group Head of Technical</td>
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<tr>
<td>Department of Trade and Industry</td>
<td>Elizabeth Whatmore</td>
<td>Head, Construction Sector Unit</td>
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<tr>
<td></td>
<td>Richard Mills</td>
<td>Head of Regulatory Impact Assessment, Construction Sector Unit</td>
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