The European construction sector

A global partner
The European construction sector: a global partner

The construction sector is of strategic importance for many countries across the world. It delivers the buildings and infrastructure needed by the rest of the economy and society.

It generates 10% of gross domestic product (GDP) in the European Union and provides 20 million jobs. It has a direct impact on the safety of persons and on the quality of life.

The energy performance and resource efficiency of buildings, infrastructure and construction products have an important impact on energy savings, the fight against climate change and the environment in general. This has triggered important innovations and built expertise in Europe for the design of sustainable buildings and construction products, including renovation.

As such, the construction sector plays an important role in the delivery of the European Union’s ‘Europe 2020’ goals for smart, sustainable and inclusive growth. The strategy for the sustainable competitiveness of the construction sector focuses on five objectives: stimulating favourable investment conditions; improving the human-capital basis; improving resource efficiency, environmental performance and business opportunities; strengthening the EU internal market and fostering the global competitiveness of enterprises.

The European Union’s internal market offers our international partners access to more than 500 million people and approximately EUR 13 trillion in GDP.

The European Union has put in place a comprehensive legislative and regulatory framework, including corresponding European standards, financial tools, information platforms, labelling schemes and other instruments, which are presented further on.

The European Union is a major actor in world trade and supports open markets, clear regulatory frameworks and the removal of barriers to trade.

The EU is engaged internationally to open opportunities for sustainable construction, cooperate with its partners in areas of mutual interest and share its expertise.

1 http://ec.europa.eu/europe2020/index_en.htm
Buildings and other construction works

Energy efficiency – towards nearly zero-energy buildings

The EU is aiming for a 20% cut in its annual primary energy consumption by 2020. The building sector, together with public transportation, has the greatest potential for savings.

The energy performance of buildings directive (EPBD)\(^3\) promotes the improvement of the energy performance of buildings, taking into account outdoor climatic and local conditions, as well as indoor climate requirements and cost-effectiveness. It applies to new buildings and old ones undergoing renovation, and lays down minimum requirements for energy performance and requirements for related framework methodologies and strengthens the role of energy performance certificates and inspections.

Sustainable construction

Sustainable buildings combine improved energy performance and reduced environmental impact throughout their life cycle. Their users enjoy better health and well-being and productivity gains that translate into cost savings.

Buildings have the potential to reach a 90% reduction in their greenhouse gas emissions by 2050.

---

According to the EPBD, all new buildings shall be nearly zero-energy buildings by 31 December 2020, and 2 years earlier for buildings occupied and owned by public authorities.

‘Nearly zero-energy building’ means a building that has a very high energy performance. The nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy produced on site or nearby.

Public authorities should set the example by renovating each year 3% of central government buildings with insufficient energy performances, as required by the energy efficiency directive (EED). This requirement is complemented by the EED obligation for Member States to put in place longer-term renovation strategies.

The implementation of the EPBD is supported by a set of European standards, dealing with the thermal performance of buildings and building components, ventilation, light and lighting, heating systems, building automation, controls and building management.

In line with the EPBD, the EU Member States have established systems of certification of the energy performance of buildings. The certificate includes the energy rating and recommendations for the cost-optimal or cost-effective improvement of the energy performance.

The EPBD has already had a positive impact on transaction prices and rents: higher energy-efficiency ratings result in substantially higher sales or rental values of buildings.

**European support initiatives**

The European Portal for Energy Efficiency of Buildings is an initiative of the European Commission that allows the finding and sharing of best practices and know-how on energy solutions for better buildings.

The Energy-Efficient Building European Initiative is an industry-driven research and demonstration programme with the vision that all European buildings will be designed, built or renovated to high energy efficiency standards by 2050.

---


5 [http://www.cen.eu/](http://www.cen.eu/)
cen/Sectors/Sectors/Construction/EPB/Pages/default.aspx

6 [http://www.buildup.eu](http://www.buildup.eu)

7 [http://www.e2b-ei.eu](http://www.e2b-ei.eu)
Resource efficiency

The great challenge faced by economies today is to integrate environmental sustainability with economic growth and welfare by decoupling environmental degradation from economic growth and ‘doing more with less’.

In parallel to the significant progress being made with regard to energy efficiency, there is a need for a more holistic approach which considers resource efficiency throughout the whole life cycle.

The main focus for sustainable buildings\(^8\) is the reduction of the environmental impact of resources such as materials, water and embodied energy, throughout the life cycle of buildings, from the extraction of building materials to demolition and the recycling of materials. More also needs to be done in the area of renovation of existing buildings.

The specific objectives are to set environmental performance standards, provide incentives for citizens and public authorities to choose resource-efficient products and services and stimulate companies to innovate. Our international partners can also benefit from this.

European legislation and support initiatives

Life-cycle thinking seeks to lower the environmental impacts and reduce the use of resources, beginning with the extraction of raw materials, moving through manufacture, distribution and use, and ending with reuse, recycling and ultimate disposal.

Life-cycle assessments provide the best framework for assessing the potential environmental impacts of goods and services. The objective is to promote life-cycle thinking in business and in policymaking, including green public procurement (GPP)\(^9\).

The waste framework directive\(^10\) — with its objective of reaching 70 % of preparation for reuse, recycling and other forms of material recovery of construction and demolition waste — contributes significantly to the European policy towards increased resource efficiency in the construction sector and to treating waste as a secondary raw material in more general terms.

Improved design, sustainable materials and a higher waste recycling rate, together with fair, flexible and coherent rules ensure

---

\(^8\) [http://ec.europa.eu/environment/eussd/buildings.htm](http://ec.europa.eu/environment/eussd/buildings.htm)


the proper functioning of the internal market and boost the competitiveness of the construction sector. It also provides an example and ample opportunities for our international partners.

Construction\textsuperscript{11} is one of the six sectors in the EU’s lead market initiative, which aims to lower barriers for new products or services. Specific measures endeavour to improve the efficiency of the regulatory framework, standardisation and public procurement practices as well as to upgrade the skills of construction workers so as to foster innovation and sustainability in construction.

The public sector is an important purchaser of buildings and can drive demand for green buildings significantly. We are striving for this in Europe and encourage our international partners to do the same.

European standards\textsuperscript{11} provide the tools for assessing and reporting the performance of buildings as regards social, economic and ecological sustainability, covering the whole life cycle. They are used throughout the EU and promoted internationally to set harmonised indicators and methods in the different certification schemes.

Structural design

The Eurocodes\textsuperscript{13} are a series of European standards providing a common approach for the structural design of buildings and other civil-engineering works.

They are used to determine the performance of construction products and are the preferred reference for technical specifications in public contracts.

They cover the basis of structural design, actions on structures and the design of concrete, steel, composite, timber, masonry and aluminium structures, together with geotechnical, seismic and structural fire design.

The Eurocodes are implemented and used in the EU and the member states of the European Free Trade Association (EFTA)\textsuperscript{14}. There is also considerable interest in their use by other countries who want to update their national standards based on technically advanced codes and to trade with the EU and EFTA.

The next generation of Eurocodes shall also cover structural glass, new performance requirements and design methods, and the assessment, reuse and retrofitting of existing structures, as well as enhanced robustness requirements.

\textsuperscript{11} http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/sustainable-construction/index_en.htm
\textsuperscript{12} http://www.cen.eu
\textsuperscript{13} http://eurocodes.jrc.ec.europa.eu
\textsuperscript{14} Iceland, Liechtenstein, Norway and Switzerland.
The focus of the Construction Product Regulation (CPR) is on the competitiveness of the sector, not least in the field of sustainable construction. Important policy priorities are the safety of the construction works and the free movement of engineering and construction services, which are facilitated through the implementation of European standards.

The Construction Products Regulation (CPR) covers seven basic requirements with regard to product standards for construction works, as follows.

1. Mechanical resistance and stability.
2. Safety in case of fire.
3. Hygiene, health and the environment.
4. Safety and accessibility in use.
5. Protection against noise.
7. Sustainable use of natural resource.

Products that comply with European legislation are free to circulate in the market. The CE marking is a declaration that the product conforms to all applicable provisions and that the appropriate conformity assessment procedures have been completed.

Assessment methods have been specified in harmonised European standards for products. They are to be applied by the manufacturers when declaring the performance of products and the national authorities when specifying requirements. Labelling and classes introduced in the standards help users choose the products most suitable for their intended use in construction works.

A European technical assessment is issued for construction products not covered or not fully covered by a harmonised standard. It includes the performance to be declared and all technical details necessary for verification of the constancy of performance.

Energy-related products used in the sector, such as windows, heaters and ventilation systems, account for a large proportion of the energy consumption in the EU. The ecodesign directive provides a coherent framework of requirements for taking into account all the environmental impacts of a product. As such, ecodesign measures enhance product quality and environmental protection and facilitate the free movement of goods.
The EU Ecolabel \(^{17}\) helps identify products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw materials through to production, use and disposal. Greener, more environmentally friendly, products of high quality available around the world are listed in the Ecolabel catalogue \(^{18}\).

The regulation on registration, evaluation, authorisation and restriction of chemicals \(^{18}\) (REACH) is relevant for construction products that use recovered substances, such as metals, aggregates and glass. The main objectives of the regulation are to ensure a high level of protection of human health and the environment from the risks that can be posed by chemicals, the free circulation of substances on the internal market and the enhancing of competitiveness and innovation.

**Green public procurement**

Public authorities have a direct influence on consumption. In the EU, their purchases represent 16 % of GDP.

Green public procurement \(^{20}\) enables them to procure goods, services and works with a reduced environmental impact throughout their life cycle. In the EU, criteria have been developed for construction materials and services, windows, glazed doors and skylights, thermal insulation, hard floor coverings and wall panels.

Green public procurement can be used to reduce the direct environmental impact of public activities while influencing the market towards the delivery of greener goods, services and works.


\(^{18}\) http://ec.europa.eu/ecat


\(^{20}\) http://ec.europa.eu/environment/gpp/index_en.htm
The EU is a major actor in world trade. It promotes open markets, clear regulatory frameworks and the removal of tariff and non-tariff barriers to trade. It supports the conclusion and effective implementation of international agreements that facilitate trade, notably for sustainable and resource-efficient products and services, and undertakes joint initiatives with neighbouring and other partner countries.

In the context of its international trade negotiations, the EU has been seeking commitments to facilitate the exchange of goods and services for the benefit of both sides. A clear regulatory framework together with transparent and effective common rules and technical standards for performance assessment are essential to remove trade barriers so that all firms, particularly small and medium-sized enterprises (SMEs), have access to international markets and to the European Union’s internal market, with 28 countries and 500 million consumers.

**Goods**

- EU-27: 15%
- China: 14%
- United States: 10%
- Japan: 5%
- Others: 56%

**Services**

- EU-27: 22%
- United States: 16%
- China: 7%
- Japan: 5%
- Others: 50%
A transparent framework for the conformity assessment of products is a vital springboard for the European construction industry to increase its competitiveness in the European market and expand into global markets.

The Eurocodes provide common rules for the design of buildings and products. They facilitate the movement of goods and services and form a basis for technical and scientific collaboration between the EU and its partner countries, many of which many have already adopted them as national standards or are in the process of doing so.

The EU promotes the implementation of policies to reap the rewards of a green economy and greater resource efficiency. Various financial instruments, e.g. development aid and cooperation funds, support efforts by less-developed countries to improve resource efficiency in the context of sustainable development\(^1\) and the implementation of relevant measures.

EU actions aim to benefit the health and well-being of citizens. They are protected from substandard products and enjoy a wider choice of goods and services, better quality, lower prices and higher environmental performance.

The EU supports actions that improve the scientific and technical dialogue with international partners in order to exchange experience and good practice, boost cooperation on research and higher education and encourage innovation in construction products and works, energy and resource efficiency.

Support schemes & financial instruments

In the European Union, there are a number of instruments at EU and Member State level to speed up the market uptake of new knowledge and technologies for sustainable construction.

Support schemes

The European Construction Information Platform22 is a web portal that provides access to all relevant information on the construction sector at European and national level. This includes a set of features supporting the dissemination and communication of information to relevant stakeholders in the sector.

The EU Eco-Management and Audit Scheme (EMAS)23 is a management instrument developed by the European Commission for use by all types of organisations to evaluate, report and improve environmental performance. It spans all economic and service sectors and is applicable worldwide.

The NANDO Information System24 lists the notified bodies designated to carry out conformity assessments, among others those under the CPR.

Financing instruments

European funding for energy efficiency and renewable energy in residential buildings is available from cohesion policy programmes25, through grants and financial instruments, e.g. the renovation loan26, in the form of equity funds and loan guarantees from the European Investment Bank, the European Bank for Reconstruction.

22 http://ec.europa.eu/enterprise/sectors/construction/crip/index.jspx
23 http://ec.europa.eu/environment/emas/index_en.htm
24 http://ec.europa.eu/enterprise/newapproach/nando/index.cfm
26 http://ec.europa.eu/enterprise/sectors/construction/index.jspx
and Development and the European Energy Efficiency Fund, and also from specific instruments such as ELENA. A guide on “Financing the energy renovation of buildings with Cohesion Policy funding” has been published recently.

COSME: European SMEs can benefit of the loan guarantee and venture capital instruments available under the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises.

LIFE is an instrument for co-financing pilot or demonstration projects that contribute to the implementation, updating and development of EU environmental policy and legislation. Environment and resource efficiency are priority areas of the new LIFE regulation.

Structural Funds eligibility 2014-2020
- Less developed regions
- Transition regions
- More developed regions

29 http://ec.europa.eu/enterprise/initiatives/cosme/index_en.htm
The transition to a resource-efficient and low-carbon economy will bring important structural changes in the construction sector: on-site construction and product manufacturers will be confronted with the need for skilled labour, especially regarding near zero-energy buildings. The European Social Fund provides funding for training and education schemes. The ‘New skills for new jobs’\(^\text{32}\) agenda addresses skills gaps, anticipates future labour market needs, supports the transition to a low-carbon economy and helps people to better exploit green job opportunities.

The ‘Build up skills’\(^\text{33}\) initiative focuses on continuing education and training of on-site construction workers on energy efficiency.

The transition to a green and low-carbon economy will require significant innovation, from small incremental changes to major technological breakthroughs. Basic and applied research should identify challenges and guide actions.

The seventh framework programme has initiated a number of relevant projects on sustainable buildings. Horizon 2020\(^\text{33}\) also features resource efficiency as a key priority and thus will provide funding for projects aiming at improving the resource efficiency of buildings. Horizon 2020 will also address climate-change adaptation through its societal challenges priority.

\(^{32}\) http://ec.europa.eu/social/main.jsp?catId=822&langId=en

\(^{33}\) http://www.buildupskills.eu

\(^{34}\) http://ec.europa.eu/programmes/horizon2020