



EUROPEAN COMMISSION

MEMO

Brussels, 31 July 2012

Construction: unleashing the potential of low energy buildings to restore growth – further details

An action plan has been proposed by the European Commission to promote the construction sector as a driving force in the creation of jobs and for sustained growth for the economy in general (see [IP/12/869](#)). This MEMO outlines the details of the action plan.

The proposed actions include:

- 1) **stimulating favourable investment conditions** - in particular in the renovation and maintenance of buildings and infrastructures - by promoting financial instruments such as loan guarantees or project bonds and encouraging national level incentives such as reduced VAT rates
- 2) **boosting innovation and improving labour qualifications and mobility** by promoting the share of information on curricula, employment market and employer's needs
- 3) **improving resource efficiency and environmental performance**, promoting mutual recognition of sustainable construction systems in the EU
- 4) **providing standard design codes of practice** for construction companies making it easier for them to work in other Member States
- 5) **fostering the global position of European construction enterprises** to stimulate good performances and sustainable standards in third countries.

The response at European level: a strategy

To meet these challenges, the Communication focuses on five key objectives:

1) Stimulating favourable investment conditions

The **renovation of existing buildings and infrastructure maintenance is a priority**. In particular, in order to achieve the EU 2020 targets for energy efficiency, renovation activities need to be accelerated and ambitious targets set for the energy performance of existing buildings. This could **create up to 1 million new jobs** over the period from 2010 to 2020.

On June 29, EU leaders agreed a " Pact for Growth and Employment " that will leverage up to €120 billion via the European Investment Bank (EIB) to boost the financing of economies. The Pact provides for a €10 billion increased capital for the European Investment Bank, which will increase its overall lending capacity by €60 billion. The Project Bond pilot phase will bring additional investments of up to €4.5 billion for key infrastructure pilot projects. Finally, a further €55 billion from Structural Funds could be reallocated to share the EIB loan risk and provide loan guarantees for knowledge and skills, resource efficiency, strategic infrastructure and access to finance for SMEs. **This package will enable the Bank to make loans for the energy upgrading of buildings** and infrastructure projects, as well as ensuring support to SMEs.

National level fiscal incentives and financial support measures such as **reduced VAT rates, preferential interest rates and targeted subsidies** are needed to support investment. It is also necessary to ensure coherence between national instruments and EU, private funds and financial instruments. In 2013 the Commission will present recommendations on how to ensure these synergies.

Trans-European Networks (TENs) and EU policies in the fields of energy, transport and cohesion are a powerful lever for growth in the construction sector. In this context, the **€4.5 billion for "project-bonds"** is already a step toward financing major infrastructure projects. A minimal alignment of national administrative procedures will be necessary to ensure the smooth implementation of the networks' cross-border sections.

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

2) Improving human-capital in the construction sector

It is necessary to anticipate future demands on the labour market, including vocational training, to create the conditions for a better working environment and career prospects for young people. This will provide greater mobility for employees, particularly in cross-border services. An initiative at European level - with the appropriate social dialogue support - should stimulate an exchange of information on how to anticipate these needs, including the capacity of national education systems to meet future business needs.

3) Improving resource efficiency, environmental performance and business opportunities

In order to allow the concept of “sustainable construction” to be more widely used, it is necessary to develop a common understanding of resource efficiency and environmental performance in project design, construction and evaluation as Member States apply a variety of different definitions. This will contribute to the functioning of the Internal Market. Therefore, the Commission will propose initiatives to promote **mutual recognition** or harmonisation of the various **existing assessment methods** and make these methods more practical and accessible to construction companies, insurance industry and investors.

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

4) Strengthening the Internal Market for construction

Construction has been recognised as a priority sector in the Commission Communication of 8th June on the implementation of the Services Directive (see [IP/12/587](#)). The Commission will continue to analyse Member States' various regulatory and administrative approaches in order to assess their compatibility with EU legislation and any need for clarification or alignment.

Standardisation through the use of Eurocodes could facilitate this convergence process. Eurocodes, a set of design standards, are the most up-to-date codes of practice applicable to all construction materials, all major fields of structural engineering and a wide range of types of structures and products ([IP/08/259](#)). Each country can adapt the Eurocodes to their specific conditions and risk assessment regarding climate, seismic risk and traditions. Member States' implementation of Eurocodes will also be the subject of a review in 2013. Furthermore, the Commission will mandate the European Committee for Standardization (CEN) to facilitate the use of Eurocodes by construction professionals.

5) Fostering the global competitiveness of European construction companies

The Commission will continue to insist on securing ambitious market access commitments from partner countries in trade negotiations, for both commercial and procurement markets.

In addition, cooperation will be developed with Africa, Latin America, Russia and EU Neighbourhood countries with a view to introducing sustainable construction criteria in public procurement and using Eurocodes as a tool for their construction regulations.

Moreover, the EU-Africa Partnership for Infrastructure Transport offers opportunities for transcontinental connections and more reliable and safer transport system.

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

Background figures

Integrated design solutions for low energy buildings can save 80% of the energy systems' operational costs compared to standard new buildings; however there is still a limited market uptake. So far, around 20,000 low energy houses have been built in Europe of which approximately 17,000 are in Germany and Austria alone.

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

EU Member State policies on low energy buildings

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

The investment required by the proposed energy efficiency directive to improve the energy-efficiency of residential and public buildings is expected to be worth some € 25-35 billion per year by 2020¹. Public infrastructure investments represent between 0.5 and 2% of GDP in EU-27 countries.

[More information](#)

¹ "Impact Assessment of Energy Efficiency Directive" SEC(2011) 779 of 22 June 2011.