



Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at July 1st, 2020)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's, MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

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Country/Region	General measures	Measures for construction
WORLD		
	According to the International Monetary Fund (IMF), <u>global growth is projected at -4.9% in 2020, 1.9 percentage points below the April 2020 World Economic Outlook forecast.</u> The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020 (June).	
EUROPE		
FIEC countries	<ul style="list-style-type: none"> • <u>FIEC's Recovery Measures (29 June)</u> 	
UK	<p>Green Recovery</p> <p>The <u>Scottish government has set out its proposals for post-coronavirus recovery, including a call for major investment in low-carbon initiatives and energy efficiency.</u> It is calling for a UK-wide £80bn stimulus package to regenerate the economy and reduce inequalities. It wants to see acceleration of major investment in low-carbon initiatives, energy efficiency and digital infrastructure.</p> <p>Other actions it proposes include that the UK government should introduce a jobs guarantee scheme for young people and extend sector-specific employment and business support schemes. It also wants to see employers' National Insurance Contributions cut and the removal of the costs of the apprenticeship levy.</p>	<p>Recovery</p> <p>UK Prime Minister Boris Johnson has set out a <u>multi-billion-euro recovery plan for the country, including the renovation of the country's schools and hospitals.</u> <u>£5bn (€5,47bn) of capital investment projects is being brought forward in England, including:</u></p> <ul style="list-style-type: none"> • £1.5bn (€1,66bn) this year for hospital maintenance and expansion; • £100m (€110,63m) this year for 29 projects in the road network, plus £10m (€11,06m) for development work to unblock the Manchester rail bottleneck; • £560m (€619,53m) and £200m (€221,26m) for repairs and upgrades to schools and colleges respectively this year; • £142m (€157,09m) for digital upgrades and maintenance to around 100 court buildings this year, £83m (€91,82m) for maintenance of prisons, and £60m (€66,38m) for temporary prison places; • £900m (€995,67m) from central government for a range of 'shovel ready' local authority projects in England over the next two years, as well as £96m (€106,20m) to accelerate investment in town centers and high streets through the Towns Fund.



	<p>The fiscal stimulus package called for by the Scottish government would be worth 4% of UK GDP. It said that the fiscal stimulus package needs to ensure that environmental benefits seen during the crisis are sustained to enable climate challenge to be addressed as the economy is renewed and rebuilt (30 June).</p>	<p>When it will finally be published in autumn, the revised National Infrastructure Strategy is expected to set a clear direction on core economic infrastructure, including energy networks, road and rail, flood defenses and waste (30 June).</p> <p>Site Operating Procedures The <u>Construction Industry Council is reviewing its coronavirus Site Operating Procedures</u> in the wake of the government’s decision to relax the so-called two-metre rule. This will be the fifth version of the Site Operating Procedures. Version 1 was published on 23rd March and Version 4 on 19th May. Throughout the various iterations, the issue of social distancing has proved thorny for the authors. Version 2 was ripped up just a few hours after publication for taking too strong a line on the topic (25 June).</p>
LATIN AMERICA		
Whole region	<p><u>South America is currently one of the global ‘hot spots’ for Covid-19 cases.</u> Brazil has had over 930,000 confirmed cases and over 45,000 deaths – the third worst in the world. Chile has over 180,000 confirmed cases and the health minister recently resigned over the government’s handling of the pandemic (cf. Construction Europe) (17 June).</p>	<p>The Inter-American Construction Federation (FIIC) met with the Inter-American Development Bank (IDB) on April 20 around the topic “Hands on the Job – Towards a Safe and Efficient Resumption of the Construction Sector amid the Current COVID-19 Pandemic”. The discussion between FIIC and IDB depicted how to promote the resumption of the construction sector while coexisting with Covid-19 in a safe and viable manner. To this end, <u>several short- and medium-term orientations and possible action plans were issued to put the construction sector at the heart of the economic recovery of Latin America and the Caribbean (LAC).</u></p>
Chile		<p>Investment Plan <u>Chile’s construction chamber (CChC) has proposed a US\$22.6 billion investment plan to reactivate the country’s infrastructure sector amidst the Covid-19 pandemic.</u> Of the US\$22.6 billion, US\$12.3 billion are private investments. CChC’s plan is divided into US\$9.6 billion for housing development and US\$13 billion for infrastructure projects. With respect to the infrastructure projects, CChC suggest executing 665 projects that are in the government’s portfolio but have yet to start works. Of these, 331 are road projects, 224 are water projects, five are energy and mining initiatives and 105 are hospital infrastructure works. CChC estimated that the country’s construction sector will not fully recover until 2022 (cf. Construction Europe) (17 June).</p>

NORTH AMERICA	
<p>USA</p>	<p>As COVID-19 continues to surge across America, states like Arizona, Florida, and Texas are rolling back their reopening plans; in the absence of a national roadmap for reopening (cf. Brookings).</p> <p>Recovery</p> <p>A new <u>survey conducted by the US Chamber of Commerce suggests commercial construction is positioned well for recovery post pandemic</u> with eight in ten contractors (83%) expecting revenue to increase or remain the same in the next year. According to the published results, very few contractors (16%) express high confidence in the market’s ability to provide new business opportunities in the next 12 months. However, despite the negative effects of the current crisis, there are some areas of construction that could see an uptick, including telecommunications and distribution.</p> <p>Despite Covid-19 shutdowns, 60% of contractors report having at least six months of backlog projects. More than eight in ten (83%) say their revenue will increase or remain about the same in the next year. And three in four contractors say they have moderate or high confidence that the next year will bring sufficient new business opportunities.</p> <p><u>US House Democrats have introduced a US\$1.5 trillion infrastructure plan calling for a massive increase in federal funding to repair roads, bridges, and schools while expanding broadband access in rural areas.</u> Known as the Moving Forward Act, the bill dedicates US\$300 billion to build and fix roads and bridges, US\$100 billion for low-income schools, and US\$100 billion for transit projects — but offers no details on how the programs will be paid for, according to reports. The bill is set to be voted on before 4 July. Meanwhile, the Trump Administration considers its own infrastructure proposal.</p> <p>It also provides US\$100 billion for housing, US\$100 billion to expand broadband service, US\$25 billion for clean drinking water and wastewater infrastructure, and US\$100 billion for public housing. The Moving Forward Act is considered to be the latest attempt to invest in the nation’s aging infrastructure. The House introduced a US\$760 billion plan earlier this year, but it failed to gain traction (cf. Construction Europe) (19 June).</p> <p>A new <u>report from the American Society of Civil Engineers (ASCE) has spelt out the direct impacts that Covid-19 has had on the country’s infrastructure</u> such as airports, bridges, dams, drinking water, energy, inland waterways, parks, ports, roads, schools, transit and wastewater infrastructure. It also looks at the impact on workers and offers solutions for Congress to consider in the long-term economic recovery strategy. The report notes that Covid-19 has caused a decrease in commercial water use, drivers on the road and use of public transit and airports. In addition, municipal and state budgets have had to reprioritize</p>



spending, resulting in less available support for parks, schools and other publicly owned infrastructure. Among the latest impacts are:

- an estimated US\$23.3bn loss in airport revenue due to a 95% decline in domestic air travel;
- a projected 30% revenue decline in the next 18 months for state departments of transportation (DOTs);
- approximately 17% loss in annualized revenue in the drinking water sector;
- nationwide ridership declines in transit systems;

The proposed solutions include that Congress should:

- provide an additional US\$10bn to mitigate the pandemic's growing impacts on airports;
- provide US\$50bn in immediate, short-term relief for state DOTs so that bridges, roads, and transit systems may remain safe and reliable;
- pass a multi-year surface transportation reauthorization that addresses the solvency of the Highway Trust Fund;
- include federal drinking water and wastewater assistance for ratepayers and provide water utilities with federal economic relief to combat revenue losses resulting from Covid-19;
- streamline the permitting process, particularly to connect new sources of renewable energy to the electric grid;
- include the Rebuild America's School Infrastructure Act in future economic relief packages (25 June).

Employment

The survey conducted by the US Chamber of Commerce also suggests that commercial construction industry is an important employer during the pandemic and is ready to hire more workers. One in three contractors (32%) plan to hire more workers in the next six months, while nearly half (48%) believe their workforce will stay the same. Only 15% expect to employ fewer workers (cf. Construction Europe) (24 June).



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