Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at September 9, 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	Facts/Measures for construction
EUROPE	
European Union	The latest briefing from construction market forecasting network Euroconstruct predicts a slow recovery for European construction in 2021. The report also looks ahead to construction output in 2022, forecasting it will, on average, remain below the level achieved in 2019. Euroconstruct has combined figures from its 19 European member nations, resulting in a forecast of an average 9% decline by the end of 2020 (1 September). • The UK is predicted to be the market hardest hit by the coronavirus pandemic, with the 2020 decline across the Euroconstruct nations averaging just 7% when the UK's figures are excluded; • Markets in the Nordic countries (Norway, Denmark, Sweden, Finland) are remaining stable, with the total market in 2021 (bar Sweden and Finland) expected to return to around the level of 2019; • The Netherlands, the UK and Spain are expected to be the slowest to recover, while Euroconstruct's figures show Poland currently seeming 'crisis-resistant', with constant growth anticipated between now and 2022; • Other countries expecting to see construction output figures in 2022 ahead of those of 2019 are Norway, Belgium, Italy and Portugal **EU Recovery Measures** The European Recovery Plan agreed by the EU leaders on July 21 is embedded in the Multiannual Financial Framework (MFF). According to the European Commission's proposal, its overall amount is €1824.3bn. There is no specific amount earmarked for construction. However, some EU programmes' target areas are related to construction (more details can be provided by FIEC). Member States shall prepare national recovery and resilience plans setting out the reform and investment agenda of the Member State concerned for the years 2021-23. The plans will be reviewed and adapted as necessary in 2022 to take account of the final allocation of funds for 2023. **Already available national recovery plans** • **France "France Relance" (3 September)** Economic competitiveness and business innovation, energy transition, social and territorial cohesion are the three priority areas of the French recovery package. €100bn will be invested over two years, half of which will be financed by the European Union. €30bn are allocated to the energy transition, out of which €11bn have been earmarked for transportation. €4.7bn will be allocated to rail transport. Other parts will be allocated to the development of daily mobility such as cycling and public transportation. In principle, the plan emphasizes the need for green infrastructure, especially in the areas

	of transportation, water and energy. In total, it has been estimated that out of the €100bn, nearly €4bn can be directly linked to programs requiring new infrastructure work (cf. FNTP). • **Germany** Germany became the first European country to announce a post-coronavirus economic stimulus package at the beginning of June, allocating €130 bn that follows an initial roll-out of emergency measures to save the economy from the fallout of the pandemic. Among the plan's initiatives, one stands out in particular: the decision to reduce VAT by three points until the end of 2020 in order to trigger spending and consumption. The economic stimulus package also included a €25bn bridging aid (June to August 2020) for companies especially hit by the pandemic's consequences. As with the emergency aid that had already been decided in March, the shortcoming remains that the bridging aid does not apply to construction companies which will only later in the year suffer from corona-related sales drops. The reason is that construction companies still have an order backlog but will then suffer from lack of orders once the first order backlog has been proceeded (cf. Baugewerbe Verband).
UK	Scottish housing minister is calling for the UK Government to bring the VAT charge for construction work conducted on existing buildings down from 20% to 5%. In a letter addressed to chancellor of the exchequer, it is requested that the VAT change be made as a result of the exceptional circumstances faced by the construction industry during the Covid-19 pandemic. It is stressed that, according to industry partners, reduced VAT could be the most significant single step that could be taken to boost recovery in the domestic construction sector. Other reasons to reduce the VAT would be: • A reduction in the cost of such work would encourage domestic investment at a time when many households are reluctant to invest due to financial uncertainty; • The pandemic is clearly bringing major changes in the building industry and existing buildings need to be adapted in order to support these new patterns of behavior. A reduction in VAT would significantly increase building flexibility and also send a clear signal that Government is actively responding to these changing patterns; • In responding to the climate crisis, it is deemed essential by the industry to make best use of existing buildings and the current VAT treatment for new buildings would represent a negative incentive in this respect. Making existing buildings as heat and energy efficient as possible will be critical to meeting the net zero carbon emissions in the future and a reduction in VAT would incentivize such investment according to the industry representatives (1 September). The Building Safety Group (BSG) has reported a 41% decrease in the number of Covid -19 breaches occurring on construction sites over a three month period. BSG's report is based on 4,400 independent site inspections carried out between 1st June and 31st August 2020. The drop in breaches has been attributed to more companies adapting to new working practices on construction sites, including social distancing, in light of the pandemic. The most common types of Covid 19 'non-compliances' reported by BSG safety advisers over the last three months have included: • management and operatives not following social distancing guidelines; • inadequate welfare facilities on site with insufficient cleaning regimes; • too many people in the canteen area with insufficient segregation; • not enough hand sanitizing stations on site;

	• Personal Protective Equipment (PPE) not available when required; • outdated Site Operating Procedures found on site. The Site Operating Procedures are produced by Build UK and published for the whole industry by the Construction Leadership Council. They were first published on 23rd March as the UK went into lockdown in a bid to help construction sites stay open safely. However, construction's Site Operating Procedures were subject to regular revisions. Version 5 was published on 1st July (4 September). The Construction Equipment Association (CEA) has joined Make UK (The Manufacturers Organisation) and other industry bodies in calling on the UK's Secretary of State to make the retention of apprenticeships a priority. The CEA maintains that skilled workers who will be essential within the construction industry following the coronavirus crisis, could be lost if apprenticeships are not safeguarded now. The organization adds that, without government assistance, many construction companies will find themselves unable to afford the continuation of apprenticeship schemes. In May, it says, the number of starts for 16-18-year-olds dropped 79% year-on-year (4 September).
ASIA	
Thailand	Thailand's government is reported to be planning on increasing spending on road and rail projects when the country's fiscal year begins in October in a bid to boost an economy that has been hit by a Covid-19 related decrease in exports and tourism. The financing will be a combination of the ministry's annual budget allocation from the central government, revenue from state enterprises and income from various funds. The transport budget in the new fiscal year will be around 232 billion baht (US$7.4 billion), up about 32% from the current period. Thailand's economy saw its biggest annual contraction in 22 years and a record quarterly fall in the April-June period as it fell 12.2% in the second quarter compared to the same quarter in 2019 (cf. Construction Europe) (26 August).
NORTH AMERICA	
United States	**Download the State by State Coronavirus status updates (cf. ENR)** In the US, private sector construction data is being collected in order to help contractors make better decisions during the pandemic. With the coronavirus still spreading, varying levels of economic restrictions in place, and with national elections approaching, contractors are looking for signs of how demand for projects will vary by region and type of structure. Equally important are the prospects for supply-chain disruptions, materials prices, and availability of employees, subcontractors and government workers needed to approve projects. Private sector construction data is helping to cope with these uncertainties. The data is coming from multiple sources, public and private, and is giving contractors more immediate insights into the state of the industry and how covid-19 is impacting demand and operations. Available data includes public statistics from sources like the federal Bureau of Labor Statistics, the U.S. Census Bureau, the Federal Reserve's "Beige Book," and other surveys. Survey results collected and analyzed by organizations like the Associated General Contractors of America are also supplementing the data. These surveys offer contractors an opportunity to gauge their peers' expectations for labor needs, outlook for the coming year, how federal measures like the Paycheck Protection Program are impacting construction employment and what kinds of technologies firms are using to become more efficient. There are also softwares used that track hours worked, and project financial transactions provides weekly insight into levels of construction activity by

	market, project type or size of firm, for example. Information collected from sources such as drones, construction cameras and other sensors, and on-site documentation allows the industry to track how construction practices are evolving to address covid-safety protocols and other changes. This new private sector construction data from firms like Procore, OxBlue, Smartvid.io, Multivista, and others is expanding the granularity and specificity of data available to construction industry leaders. These companies are committing to working together to help validate their respective insights and provide the industry with near-real-time information. In May, Procore began publishing data-driven insights on recent construction jobsite activity in the U.S. compared to pre-covid-19 levels. Looking at similar benchmarks, OxBlue publishes a regular state-by-state and national construction activity report using its artificial intelligence (AI) tools, and Smartvid.io has been publishing national covid-19 benchmarks for social distancing and mask wearing behaviors for workers by region in a covid-19 safety compliance report since the end of June. Multivista began reporting on the shifting usage patterns for its online construction documentation platform as they have seen clients increasingly rely on remote-based management workflow processes. Combined with already available public data and survey analyses from associations and other groups, the new information is giving executives access to greater insight into current market conditions (cf. ENR) (26 August).
AFRICA	
	General Facts/Measures
South Africa	South Africa's economy suffered a significant contraction during April, May and June, when the country operated under widespread lockdown restrictions in response to COVID-19. Gross domestic product (GDP) fell by just over 16% between the first and second quarters of 2020, giving an annualized growth rate of -51%. This contraction dwarfs the annualized slowdown of 6,1% recorded in the first quarter of 2009 during the global financial crisis. Historical data from 1960, sourced from the South African Reserve Bank, show that the second quarter of 2020 experienced the biggest fall in GDP since that year (cf. stats SA) (8 September).

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