Confederation of International Contractors' Associations (CICA)
Strategic Watch: COVID-19 Overview by country and region (situation at February 17, 2021)
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

LATEST UPDATE WEEK 07

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<tr><td colspan="3">EUROPE</td></tr>
<tr><td></td><td colspan="2">Facts & Measures for Construction</td></tr>
<tr><td>European Union (EU-27)</td><td colspan="2">In both the context of the Green Deal, a flagship policy of the European Commission, and the Recovery and Resilience package, aimed at supporting the ailing EU economy through the immediate aftermath of the pandemic, the "Renovation Wave" was presented.

Definition Renovation Wave
To pursue the EU's ambition of energy gains and economic growth, the European Commission published on 14 October 2020 a new strategy to boost renovation called "A Renovation Wave for Europe – Greening our buildings, creating jobs, improving lives". It aims to double annual energy renovation rates in the next ten years. These renovations are said to enhance the quality of life for people living in and using the buildings, reduce Europe's greenhouse gas emissions, and create up to 160,000 additional green jobs in the construction sector.

Renovation Wave: Main issues from a FIEC perspective
One of the most important issues for FIEC is the planned revision of the Energy Performance in Buildings Directive (EPBD). Given that the EPBD was only recently updated and came into effect only in 2020, it would be premature to re-open the EPBD, according to FIEC. Any positive impact of the last revision of 2018 is not yet known. More than one member federation has informed FIEC that no figures on energy performance are available for new buildings constructed since the publication of the EPBD in 2018.
FIEC believes that any further changes should be conditional on the fulfilment of existing obligations. Asking for more now would make no sense and risks creating an additional burden for clients as well as contractors. FIEC has long advocated for deep renovation and a holistic approach, not only based on energy efficiency but also addressing structural, safety and accessibility problems. Thus, FIEC broadly supports the proposal to create a standard for deep renovation. The industry needs to be fully involved in the development of such a standard.

Other measures in the Renovation Wave include mandatory minimum energy performance standards, for which there is some support amongst FIEC members; a focus on the public sector taking the lead in order to stimulate orders for renovation, which FIEC strongly supports; and material recovery targets, which FIEC agrees need to be reviewed. On this point, FIEC also stresses that recovery must ensure that secondary materials are of a sufficiently</td></tr>
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	high quality and this too must be linked to standardization, to ensure confidence in the market. Without this, there will be no increase in demand and therefore no increase in the use of secondary materials. The matter of skills is also covered, as well as digitalization. While the measures in the Renovation Wave can be welcomed as a way of both supporting the recovery of the construction industry and at the same time achieving the ambitions of the Green Deal, certain conditions must be in place for success: • The full involvement of the industry in transparent consultation; • FIEC asks for material and technology neutrality to be the norm. The industry, along the entire value chain, should not be forced by legislation to use certain materials or methods over others. These must remain choices for clients, designers and contractors, who make decisions based on budget constraints and local climatic conditions as well as local traditions; • The improvement in consistency and quality of Energy Performance Certificates (EPCs), which remain central to the delivery of the Renovation Wave. EPCs must be completely reliable and fit for their intended use. Therefore, FIEC is pleased that the Renovation Wave seeks to address EPCs, aiming to raise the level of reliability; • Adequate and easily accessible financial support. Market demand has always been a critical success factor and the current climate emergency does not change that. As far as FIEC is concerned, the industry has always been enthusiastic about renovation, which is a key segment of its business. So FIEC broadly welcomes the Renovation Wave, which should create opportunities for the construction industry as well as help to achieve the goals of the Green Deal, but FIEC insists that there are conditions for success (cf. Construction Europe) (10 February 2021).
France	According to GlobalData, prior to the Covid-19 outbreak, the French construction industry grew by 2.6% in real terms in 2019. However, with the disruptions caused by the pandemic and the subsequent lockdown measures, the industry was severely impacted in 2020. According to Eurostat, the French construction industry contracted by 17.3% year on year (YoY) in the first three quarters of 2020. The industry's output in the final quarter of that year could be further affected by the second lockdown imposed in the country from late October to mid-December 2020, owing to an upsurge in Covid-19 infections. Although construction activities were exempted from the lockdown restrictions, work could be affected by labor shortages amid travel restrictions and social distancing measures. As a result of the latest lockdown, in November 2020 the Central Bank of France said that construction activities could fall by 8% of their normal levels. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData estimates that the construction industry contracted by 13.6% in real terms in 2020; however, it is expected to rebound and grow by 8.6% in 2021. The sharp growth in 2021 will mainly be driven by the very low starting base in the previous year, particularly in the second quarter. Although short-term investments in the industry could be affected by the weak consumer and investor confidence, over the forecast period, output will be supported by government spending on overall infrastructure, particularly in preparation for the upcoming summer Olympic Games in Paris in 2024. The government plans to spend EUR6.8 billion (US$8 billion) to develop and refurbish infrastructure by that year. Long-term growth in the

	industry will be also driven by the government's plan to invest EUR80 billion (US$94.4 billion) on transport infrastructure between 2018 and 2037, of which EUR2.4 billion (US$2.8 billion) was earmarked to be invested in the first two years alone. On a positive note, work is progressing on the EUR31.7 billion (US$37.4 billion) Grand Paris Express Metro Rail project, which is claimed to be the biggest urban mobility project currently underway in Europe (cf. GlobalData) (January 2021).
Ireland	The supply of new homes could be reduced by up to 8,000 in 2021 as a result of the current stoppage in construction, the Irish Home Builders Association (IHBA) has warned. Construction sites across the State were ordered to close in February 2021 as new Covid-19 restrictions came into force for all but essential building projects. IHBA director said the hiatus was likely to aggravate the State's housing crisis. A members' survey had highlighted that work on more than 16,000 homes across 273 sites had been put on hold as result of the restrictions. With the measures expected to be kept in place until 5 March 2021, this is likely to reduce supply by around 8,000 units in 2021, and that's presuming there are no further restrictions (cf. the Irish Times) (3 February 2021).
Switzerland	Prior to the Covid-19 outbreak, output in the Swiss construction sector expanded by 0.8% in 2019 in real terms according to GlobalData. However, with the disruptions caused by the pandemic and the subsequent lockdown measures, the industry has been severely impacted in 2020. According to Eurostat, the Swiss construction industry contracted by 8.7% year on year (YoY) in the second quarter of 2020, this was preceded by a year on year (YoY) decline of 2.3% in Q1 2020. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts construction industry output to contract by 3.2% in 2020. Following the second Covid-19 outbreak, the Swiss government imposed new lockdown restrictions with the closure of non-essential businesses from 29 October 2020. However, construction sites and factories were exempted from the new lockdown measures imposed at the end of October 2020. The industry will be supported by government measures to contain the impact of the outbreak on manufacturing output and support for businesses to cope with the outbreak by providing guarantee on loans. The Swiss government's investment in transport and energy infrastructure projects is also expected to drive growth in the coming years (cf. GlobalData) (December 2020).
LATIN AMERICA	
	General Facts/Measures
Whole region	Early indicators, like industrial production and retail sales, pointed to a continuing comeback in the last quarter of 2020, boosted by sizeable fiscal stimulus, easy global financial conditions, and economic agents' resilience and adaptation to the new reality. As a result, the IMF upgraded its 2020 forecast for the region from -8.1 to -7.4%.

	Despite this resurgence, the IMF revised its regional 2021 growth forecast upwards to 4.1% (from 3.6% in October), based on the stronger than expected performance in 2020, an expectation of expanding vaccination efforts, better growth outlook for the United States, and higher prices of some commodities. Growth is expected to accelerate later in the year. While growth for this year in Brazil, Mexico, Chile, Colombia, and Peru was revised up, it was downgraded for the Caribbean, from 4 to 2.4%, because resumption in vital travel and tourism activity has been much slower than anticipated. The IMF forecasts that the region will go back to its pre-pandemic levels of output only in 2023, and GDP per capita in 2025, later than other parts of the world. The crisis had a disproportionately large impact on employment with losses concentrated among women, young, informal and less educated workers (cf. IMF) (8 February 2021).
	Facts & Measures for Construction
Argentina	Argentina's construction industry is estimated to have declined by 31.5% in 2020, and contract further by 5% in 2021, before recovering to 2.1% in the remaining part of the forecast period (2022-2025) according to GlobalData. Although the industry has been gradually recovering in recent months, as the government continues to push forward its reopening plan to kickstart the economy – and news of the rollout of vaccines present optimism to the short-term outlook – the level of investment in construction will likely not be enough to pull the industry out of recession in 2021. Lingering macroeconomic imbalances (including weak economic activity, a falling peso, and high levels of unemployment) are expected to continue to hold back private investment in infrastructure projects and other buildings and hinder the recovery of the industry in the coming months. Furthermore, the number of Covid-19 cases is again accelerating across the country, which could lead to a possible retightening of lockdown measures, while the potential of more government market-unfriendly policies – which could have implications in the country's economy and fiscal position ahead of the legislative election in October – pose additional downside risks to the industry's short-term outlook. GlobalData further notes that, although the gradual ease of lockdown measures in many parts of the country has contributed to the slight improvement in activity in the industry in recent months, the continued rise in Covid-19 cases and worsening economic conditions have made it more difficult for construction companies to restart their operations, with many projects facing further delays or being temporarily cancelled due to the heightened uncertainty over the economy and duration of the virus. The latest figures from the National Institute of Statistics and Census (INDEC) indicated that Argentina's construction industry continued to decline sharply in the third quarter of 2020, albeit at a slower rate than in the previous quarter, posting a year on year (YoY) decrease of 27% in Q3 2020, compared -51.9% in Q2 2020 and -19.7% in Q1 2020. On a quarter-on-quarter (Q-o-Q) basis, however, the industry rose by 52.1%, compared to a decline of 39.4% in the previous quarter (cf. GlobalData) (January 2021).
ASIA	
Indonesia	The Indonesian construction industry's output in 2020 declined by 2% in real terms due to the large-scale social restrictions policy imposed by the government to control the Covid-19 outbreak. The industry has been affected by the delays in project implementation and the reallocation of part of the government's budget towards its fight against Covid-19. According to the Badan Pusat Statistik (Statistics Indonesia), the country's value-add

	declined by 4.5% year on year (YoY) in real terms in the third quarter of 2020, following a decline of 5.4% in the second quarter and growth of 2.9% in the first quarter. However, the industry is expected to recover in 2021, by registering growth of 7.1%, assuming operations return to a normal level. Following the rebound in 2021, GlobalData expects the Indonesian construction industry to stabilize, and grow at an annual average rate of 5.2% between 2022 and 2025, supported by investments on the development of the country's overall infrastructure. Under the National Medium-Term Development Plan (RPJMN) (2020-2024), the government plans to invest IDR6 quadrillion (US$412 billion) on the development of transport, industrial, energy and housing infrastructure projects by 2024. In November 2020, the government announced that it will provide IDR42.38 trillion (US$2.6 billion) for state-owned enterprises (SOEs) in 2021, to help boost their role in supporting country's economic recovery by creating more jobs and conducting business activities. Also, an investment of IDR65.2 trillion (US$4 billion) from the Japan Bank for International Cooperation (JBIC) towards Indonesia's Sovereign Wealth Fund (SWF) will help the country's recovery in 2021 (cf. GlobalData) (January 2021). Indonesia's Sovereign Wealth Fund (SWF) is targeting US$20 billion in investment in the next few months. Indonesia hopes to launch the SWF early this year to attract funds to help it get out of its pandemic-induced recession as well as finance an ambitious infrastructure drive and a massive capital relocation project (cf. Reuters) (January 15, 2021).
Malaysia	The Malaysian construction industry has been severely affected due to the disruption caused by the Covid-19 pandemic. GlobalData estimates that the industry's output shrank by 17.2% in 2020, as construction activity was brought to a standstill across many parts of the country, owing to the impact of Covid-19 related containment measures. According to the Department of Statistics Malaysia (DOSM), the country's value-add at 2015 constant prices fell by 21.3% year on year (YoY) in the first three quarters of 2020. During this period, civil engineering works were the most affected, followed by non-residential and residential activities. The industry is expected to post a sharp recovery in 2021, assuming that there is no repeat of the containment measures that were in place in 2020, with growth supported by investments in transportation and energy projects. The industry is expected to grow by 9.8% in 2021 and register annual growth in the range of 6.0-6.6% between 2022 and 2025. In mid-December 2020, the government approved a 2021 budget worth MYR322.5 billion (US$73.3 billion), which is the largest in the country's history, and is 2.4% higher than last year's budget of MYR314.7 billion (US$76 billion). Of the total budget, 73.3% is allocated towards operational expenditure, 21.4% towards development expenditure and the remaining 5.3% towards dealing with Covid-19. The industry's growth will be supported by a recovery in economic conditions, coupled with investments in infrastructure, renewable energy, and residential, telecommunications and water infrastructure projects. As a part of the 2021 budget, the government allocated a total of MYR9.6 billion (US$2.2 billion) to the state governments of Sabah and Sarawak to upgrade road, power, and water infrastructure projects, as well as to improve health and education facilities. Forecast-period growth will also be driven by the government's target to produce 20% of its energy from renewable energy sources by 2025, and its target of building one million housing units for low-income earners by the end of 2029 (cf. GlobalData) (January 2021).

NORTH AMERICA	
United States	**[Download the State by State Coronavirus status updates]** **(cf. ENR)** **Employment (December 2020)** Construction's December unemployment rate rose sharply to 9.6% from the year-earlier 5%, although the industry added 51.000 jobs during the month, the Bureau of Labor Statistics has reported. It also shows that construction's December jobless rate rose from November's 7.3% rate. Construction's job gains in November came in all industry segments except non-residential building. Heavy and civil engineering construction, which includes infrastructure projects, posted positive numbers. Even with those increases, the industry's total December employment still was down by 1.9% from the year-earlier level. The national December unemployment rate was 6.7%, the same as November's but above the year-earlier 3.6% (cf. ENR) (18-25 January 2021). **Recovery** The Biden administration has already announced its US$1.9-trillion coronavirus "rescue" plan that, however, includes only a small list of construction-related provisions according to ENR. This plan represents a legislative priority. The rescue plan's only direct construction-related funding is in its US$ 130 billion for K-12 schools (physical improvements to school facilities, such as upgrading ventilation systems and modifying indoor spaces to allow social distancing). Other provisions could have indirect benefits for construction. The plan's US$350 billion for state and local governments would keep key public personnel on the job. Using this money to shore up state and local agencies' operating budgets could avoid delaying construction projects. The rescue plan would also authorize the Labor Department's Occupational Safety and Health Administration to issue Covid-19 protection standard for workers, presumably including construction workers. But construction executives' interest was captured by Biden's Capitol Hill Agenda which will include an economic recovery proposal due in February 2021 that Biden says will "make historic investments in infrastructure, along with manufacturing, research and development and clean energy." The new administration will also seek other legislation and revamp regulatory policies in areas such as the environment and labor relations. Construction officials are awaiting the approval of a long-term infrastructure bill, the so-called "Built Back Better recovery plan" which has been announced by Biden. Biden did however not provide a price tag for the infrastructure plan, but during the presidential campaign he floated a US$2-tillion proposal. Still unknown is how such a proposal would be paid for and how broad its scope will be. Infrastructure advocates expect the plan's centerpiece to be a multiyear surface transportation reauthorization. Highway and transit programmes now are operating under a one-year stopgap, which lapses 30 September 2021. Climate related priorities would already been shaping the content of the package The American Society of Civil Engineers (ASCE) released a paper called "Failure to act: Closing the Infrastructure Investment Gap for America's Economic Future" in December 2020 and noted that the economic implications of not investing in infrastructure means that by 2039, the GDP would lose US$10 trillion, business productivity would decline by US$23 trillion and American jobs would decrease by 3 million (cf. ENR) (18-25 January 2021).

PACIFIC	
Australia	According to GlobalData, the Australian construction industry is expected to rebound in 2021 and grow by 2.6% in real terms, having contracted by 6.6% in 2019, with an estimated fall of 4% in 2020. The 2020 decline was due to the impact of the Covid-19 pandemic on consumer and investor confidence, coupled with plummeting oil prices and continued weakness in the residential sector. Although the construction industry was designated as an essential service, and was exempted from the lockdown restrictions, construction work was affected due to limitations on the labor availability on worksites, social distancing restrictions and supply chain disruptions. As a result, the total value of construction work completed in the country declined by 2.8% year on year (YoY) in the first three quarters of 2020, according to the Australian Bureau of Statistics (ABS). This is attributed to a fall in building construction activities, which was slightly offset by a marginal increase in civil engineering works. Growth in 2021 will be driven by the Australian government's focus on an infrastructure-led economic revival, through new and accelerated infrastructure spending. In mid-June 2020, the government announced that 15 infrastructure projects worth AUD72 billion (US$49.1 billion) will be fast-tracked, thereby supporting over 60,000 direct and indirect jobs. Moreover, the federal, state and territory governments have reached an agreement to cut approval time for infrastructure projects by half. In the fiscal year (FY) 2020/2021 (July to June) budget, announced in early October 2020, the government announced plans to invest AUD7.5 billion (US$5.4 billion) on transport infrastructure projects across the country; bringing the federal government's total commitment to infrastructure projects since the onset of the pandemic to AUD14 billion (US$9.5 billion) over the next four years. Over the remaining years (till 2025), the industry is expected to gain further momentum and register annual average growth of 3.4% between 2022-2025, supported by the government's investments on road and rail infrastructure projects, the First Home Loan Deposit Scheme, the HomeBuilder program and the upgrade to the National Broadband Network. Most state governments have released their long-delayed budgets for FY2020/2021, with significant funding towards transport, residential, health and educational infrastructure projects. Over the long term, the industry's growth will be supported by an investment of AUD110 billion (US$74.7 billion) on transport infrastructure project over the next ten years through the rolling infrastructure plan, starting from FY2020/2021 (cf. GlobalData) (January 2021).
New Zealand	The residential building sector is surging in New Zealand, with a record quarterly high in the number of new homes granted consent. The figures show the sector is responding to government support to get new houses built. New figures from Statistics New Zealand show 11,291 new homes were approved in the December 2020 quarter – the highest quarterly number ever – beating the previous record of 10,713 from the December 1973 quarter. The figures show that despite uncertainty caused by Covid-19 there is a lot of residential activity in the pipeline especially for townhouses, flats and units. The Statistics New Zealand data also showed strong growth in the construction sector despite Covid-19. The household labor force survey (HLFS) detailed an annual increase of 21,000 people employed in the construction industry of which 5,800 were women.

	The Covid-19 restrictions placed a lot of pressure on the construction sector, but government representatives assume that through the Construction Sector Accord and the Rapid Mobilization Playbook the government has been assisting the sector and helping underpin economic recovery. There would be confidence in the sector with a vast variety of building and infrastructure projects coming on stream to provide employers the certainty to invest in capacity and their workforce. As part of the response to Covid-19, the government also launched a comprehensive support package for apprentices and their employers, assuring job security for existing apprentices and creating openings for new ones (4 February 2021).
MIDDLE EAST & NORTH AFRICA	
Algeria	According to GlobalData, the Covid-19 outbreak halted the Algerian construction industry's growth, with output declining by 3.4% in real terms in 2020. Low oil prices further worsened the situation, as the country generates 70% of its revenue from oil and gas exports. However, with the recovery in the global economy and the slowdown in Covid-19 infections, oil prices are expected to recover this year, leading to an increase in the government's ability to spend on major infrastructure projects. GlobalData expects the construction industry to grow by 3% in 2021. Prior to the Covid-19 outbreak, the government was focusing on tourism, retail, and other commercial infrastructure with an aim to diversify the economy and to reduce its dependence on the oil sector. Once the Covid-19 situation stabilizes, the government is expected to continue its efforts at diversification to boost the economy and create employment opportunities. This should create growth opportunities for the construction industry, with the industry expected to rebound and grow by 3% in 2021. The government's efforts to enhance regional connectivity through the development of the country's rail and port infrastructure, coupled with efforts to boost the residential construction market, will support the industry's growth over the forecast period. In addition, the government's aim to expand renewable energy resources is expected to attract investments in energy infrastructure projects, which will in turn fuel growth in the industry (cf. GlobalData) (January 2021).
United Arab Emirates (UAE)	GlobalData expects the construction industry in the United Arab Emirates (UAE) to rebound in 2021, growing by 3.1% in 2021, following a decline of 4.8% registered in 2020. The industry is then expected to expand at an annual average of 3.8% between 2022 and 2025. In this context, the approval of a new Dubai Building Code would be a positive development; the new code outlines a revised set of construction rules and standards and seeks to reduce construction costs by streamlining building rules. The UAE announced in August 2020 that it will deliver a three-stage 'flexible package' of measures to strengthen the economy, including steps to support the labor market and support investment. The medium-term outlook looks promising, as the government continues with its infrastructure plans, given various government initiatives such as the Energy Strategy 2050, the Sheikh Zayed Housing Programme and the Dubai Tourism Strategy. Infrastructure projects are a key part of the UAE's economic expansion, as not only the Emirate, but the overall Gulf Cooperation Council (GCC) region, still has huge infrastructure needs, as it seeks to build efficient transport and logistics networks as well as reliable supplies of clean energy. Also, Israel and the UAE have reached a historic deal to normalize ties opening up investment opportunities, where the countries agreed to develop a joint strategy to boost co-operation in the energy sector (cf. GlobalData) (January 2021).

	For example, in October 2020, the two countries and the US established the US$3bn Abraham Fund to promote economic co-operation and prosperity in the Middle East and North Africa (MENA). Once operational, the fund aims to deliver 'people-focused investments' that should boost regional trade, enable strategic infrastructure projects (especially digital and energy infrastructure), and increase energy security and agricultural productivity (December 2020).
Nigeria	GlobalData notes that the Nigerian construction industry struggled in 2020, with output declining by 7.7% in real terms, owing to disruptions caused by the Covid-19 outbreak and the subsequent lockdown measures. According to the National Bureau of Statistics (NBS), the Nigerian construction industry contracted by 31.8% year -on year (YoY) in the second quarter of 2020, although the industry recovered in Q3 2020, with a year on year (YoY) growth of 2.8%. In 2021, the industry is expected to recover in line with the slowdown in Covid-19 cases and the recovery in the global economy. GlobalData expects the construction industry to grow by 4% in 2021. Growth in 2021 will be driven by a sharp recovery in output levels compared to periods when works were not permitted or were severely restricted in 2020 (this will particularly be the case when comparing Q2 2021 output levels with those in Q2 2020, when activities were completely halted in a time of a strict imposed lockdown). Post 2021, the industry is expected to post an annual average growth rate of 2.8% in real terms between 2022-2025, supported by the government's plan to invest in the country's infrastructure. The 2021 Appropriation Bill, presented by President Buhari to the National Assembly in October 2020, is designed to continue achieving the goals of the Economic Sustainability Plan, which provides a road map for post-Covid-19 economic recovery to transition from the Economic Recovery and Growth Plan (2017-2020) to the successor Medium-Term National Development Plan (2021-2025). The industry is also expected to be supported by the government's plans to improve energy and transport infrastructure. Moreover, the Petroleum Industry Bill (PIB) will be discussed in the Nigerian Senate, which has faced legislative delays since 2007, is expected to bring in new investments in energy infrastructure. The PIB aims to increase government revenue from oil and establish a strong legal and regulatory framework for the Nigerian oil industry. The plunge in global oil prices brought about by the Covid-19 pandemic, which triggered a 60% collapse in Nigerian government revenues in 2020, may lead to a pressing need to reform the sector. Without the reforms under the PIB, the country remains, to some extent, an uncertain investment (cf. GlobalData) (January 2021).

GO TO THE MAP