



Ms. Ursula Von der Leyen, President
Mr. Frans Timmermans, Executive
Vice-President
EUROPEAN COMMISSION
Rue de la Loi 200 / Wetstraat 200
1040 Bruxelles / Brussel
Belgium

Brussels, 12 May 2022

Subject: Construction SMEs and crafts need urgent measures to face the increasing raw material and energy prices

Dear President Ursula Von der Leyen,

Dear Executive Vice-President Frans Timmermans,

Due to the Covid-19 pandemic construction SMEs and crafts were already facing very significant difficulties with a lack of supply and increases in the prices of essential materials for their activity, such as steel, glass, cement and ceramics (the production of which is closely linked to energy prices, notably gas price). The Russian invasion of Ukraine came to accentuate a situation that is now becoming unbearable. Indeed, the increasing prices of fuels such as diesel, gasoline and natural gas have risen exorbitantly, complicating even further the context in which our construction companies are operating, with the prices of timber, aluminium, copper, plastics, iron, nickel, titanium, bitumen and their subsequent construction products peaking for a third year in a row.

Although some European governments, notably in France, Italy and Germany, have taken note of the issues and have responded with limited measures, the European Union must now ensure a rapid, solid, coherent and coordinated EU-wide reaction to this crisis, jeopardizing not only the ambitious Green transition of the European economy and society, but also the Recovery and Resilience Plans post-Covid.

Today, many micro, small and medium-sized construction companies are forced to limit or to stop their real activity in construction sites, are discouraged to accept new or to renew contracts, are pressured by suppliers requesting quicker and higher payments, are losing clients who feel or are afraid of the impact on the cost of their works, or are unable to respond to procurement bids as rising costs are not properly taken into account by public authorities.

We therefore call on the European Commission to support our construction SMEs with concrete initiatives in these very turbulent times, specifically we ask you to encourage politically and support financially Member States to:

- **Provide temporary financial aid to micro, small and medium-sized companies in order to compensate for the increasing fuel, energy and materials costs and help them maintain their activity;**

- **Set up an energy cost cap at European level to combat speculation and excessive increases;**
- **Order contracting authorities to proceed, as promptly as possible with the payment of compensation to companies due to the increases in the prices of materials under existing contracts;**
- **Give priority to the payment of construction SMEs by public authorities;**
- **Encourage public purchasers to adopt a behaviour that takes account of exceptional circumstances. This should include inter alia and on a case-by-case basis depending on the situation of each company: amending/modifying contracts; applying unforeseen circumstances or force majeure clauses; suspending penalties related to the current geopolitical situation; postponing execution deadlines; and including a price revision clause in all future contracts;**
- **Encourage Member states to proceed with lowering VAT rates to boost renovation and construction activity across the EU;**
- **Publish more frequent economic data on the impact on materials prices, so that the construction industry can better anticipate the impact on its activities;**
- **Impose a transparency rule in wholesale gas supply contracts, notably those from Russia;**
- **Postpone any planned measures to ban the use of certain fuels or to tax fuels for the construction sector;**
- **Suspend temporarily the EU steel safeguard measures and EU anti-dumping duties on steel products.**

Constituting around 95% of the construction sector, small companies and crafts are the overwhelming majority of companies active in the European construction sector, which represents almost 9% of the EU GDP. They are the hands implementing the environmental ambitions of the European Union, by delivering on the Renovation Wave ambition and creating a built environment that is less dependent on energy fluctuations and more environmentally responsible.

We thank you for your interest and remain at your disposal should you require additional information.



Fernando Sigchos Jiménez
EBC Secretary General



Philip van Nieuwenhuizen
EBC President