

**RISING PRICES FOR CONSTRUCTION MATERIALS
Members’ actions to mitigate the problems**

Country	Key elements	Actions
<p>Belgium</p>	<p>BOUWUNIE</p> <ul style="list-style-type: none"> • Comprehensive analysis – survey carried out <ul style="list-style-type: none"> ○ Half of construction companies indicate that it is difficult for them to work profitably under current prices. The main culprit is the volatile construction materials market. ○ A recent survey conducted by Bouwunie among 187 construction companies shows that 87% are experiencing delivery problems and abnormal price increases. ○ The delivery problems are jeopardizing the planning. The delays can be from 2 weeks to several months ○ The current situation is highly exceptional. Delivery problems can also jeopardize the execution times. There are fines for some public assignments. This is force majeure for the contractor, and they therefore call on clients to show the necessary flexibility. ○ 87% of the construction companies that filled in the survey are currently having problems with the delivery of certain materials and products and/or with abnormal price increases of certain products. Abnormal price increases - 16%; Delivery or supply difficulties - 8%; Both - 77% • Key asks <ul style="list-style-type: none"> ○ Asking for understanding from private customers and also the necessary flexibility for public contracts where no price revision is foreseen. 	<ul style="list-style-type: none"> • Press release • Survey • Overview of legal possibilities including different scenarios (B2B, B2PA, B2C)

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<p style="text-align: center;">France</p>	<p>CAPEB</p> <ul style="list-style-type: none"> ● Several actions, including a letter to the Minister of Economy and Finance, as well as a number of press articles ● Letter: <ul style="list-style-type: none"> ○ The price of copper rose by 27.9% year-on-year and by almost 10% in the month of December 2020, while the price of zinc rose by 22.2% year-on-year and by almost 4% in December 2020; supply difficulties also concerning wood, steel, slate ○ Legislative suggestions to integrate best practices in public procurement include: <ul style="list-style-type: none"> ▪ not systematically resort to firm price contracts, in favour of adjustable price contracts ▪ adapt the parameters for discounting in the case of a firm price contract; ▪ provide for a very limited period of validity of tenders (e.g. one month) so as not to expose companies to major economic hazards; ● Reactions took place by the French Government and Parliament ● Government press release pledging to: <ul style="list-style-type: none"> ○ ensure, on a case-by-case basis, that penalties are not applied when delays in delivery or performance are linked to soaring raw material prices or supply shortages of companies; 	<ul style="list-style-type: none"> ● CAPEB letter to Economy Minister ● Press articles (Figaro, Batiactu) ● Government press release – response to CAPEB asks ● Debate in parliament following CAPEB activity ● SNSO letter to the Prime Minister, copy sent to Economy and SMEs Ministers

	<ul style="list-style-type: none"> ○ where possible, to grant extensions of time and to consider, on a case-by-case basis, other implementation measures that would address the situation; ○ inviting local communities to support this effort <p>SNSO</p> <ul style="list-style-type: none"> ● Prices of raw materials like steel, plastic, copper, aluminium, timber and paint have soared by 30-80% ● Disruption expected to last at least until the end of 2021 ● Asking for: <ul style="list-style-type: none"> ○ a mechanism for automatically postponing the date of application of late payment penalties when the delay is due to a supply difficulty, both for public or private sector activities ○ an instruction to purchasers to enter into negotiations with public contract holders in order to share the extra costs caused by soaring raw material costs ○ a possibility to consider, despite the principle of contractual freedom, the temporary application to private professionals of the same price revaluation rules as those that apply to public buyers 	
<p>Italy</p>	<p>ANAEP</p> <ul style="list-style-type: none"> ● Letter to Minister for Economic Development <ul style="list-style-type: none"> ○ Asking to take recommendations on board, take urgent measures to curb the crisis. ○ The current Code (Stato) does not provide for adequate price revision mechanisms. ○ Price increases are unjustified and due to operators, who are speculating in view of expected recovery of the construction market. 	<ul style="list-style-type: none"> ● Letter by 4 Crafts Associations to the Minister for Economic Development ● In-depth analysis of the Confartigianato

	<ul style="list-style-type: none"> • In-depth analysis <ul style="list-style-type: none"> ○ The Federal Research Office found that in April 2021 the price increases of non-energy commodities were 33.4% compared to a year earlier, with an acceleration of price increases which in March 2021 we at +24% compared to the same month of 2020. ○ The Confartigianato estimates the potential impact of 19.2 billion euro more in a year charged of 621,000 artisans and small businesses ○ According to Confartigianato, the greatest increases are recorded for base metals with + 65.7% between March 2020 and March 2021. Particular tensions for iron ore with annual increases of + 88.1%, followed by tin (+ 77%), copper (+ 73.4%) and cobalt (+ 68.4%). And again zinc (+ 46.7%), nickel (+ 38.5%), aluminum (+ 36%), molybdenum (+ 32.4%). Alarm also on the front of energy raw materials, whose prices in March 2021 even increase by 93.6% on an annual basis. <p>CNA</p> <ul style="list-style-type: none"> • A survey conducted by the CNA Study Center, dedicated to " <i>The recovery of the construction sector between subsidies and increases in raw materials</i> " centred on SMEs operating in the sectors of installation of systems, building, doors and windows, has found that the recovery of the construction sector is threatened by the steep rise of raw materials prices. This includes elements such as the "Superbonus 110%" and subsidies • Nearly four out of five companies (79%, to be precise) in the sample report increases in the prices of materials, raw materials and equipment compared to the prices a year ago, before the pandemic broke out. • In detail, in the construction sector the most important increases in a year concern metals (+ 20.8%), with peaks exceeding + 50%; thermal insulation materials (+ 16%) with peaks ranging between + 25% and + 50%; the materials for the plants (+ 14.6%) , with peaks that exceed the + 25%, and the wood (+ 14.3%) . 	<p>Research Office</p> <ul style="list-style-type: none"> • CNA survey – conclusions circulated in various outlets
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Luxembourg	<p>FDA</p> <ul style="list-style-type: none"> Meeting with the Minister of Public Works to discuss contract adjustments (price revisions) to be carried out in the framework of public contracts <ul style="list-style-type: none"> systematic payment of advances on price revisions, given that contract adjustments are normally only taken into consideration at the time of the final account (setting up of a working group to review the current price revision formula with the specific aim of being able to pay companies advances on price revisions and thus deal with companies' liquidity/cash flow problems) Commitment by the Minister to extend the deadlines for the execution of works on public sites (official communication to be made by the Ministry) Commitment by the Minister not to apply the penalties for late performance of the contract within the agreed timeframe (official communication to be made by the Ministry) Exceptional implementation of short-time working in case of material shortage for mid-May and June. Currently in talks with the Minister for the Economy and the Minister for Labour with a view to continuing the partial unemployment scheme beyond June. 	<ul style="list-style-type: none"> Meeting with the Minister of Public Works Government commitments obtained
Netherlands	<p>AFNL</p> <ul style="list-style-type: none"> In the Netherlands, general legal conditions are in place that deal with the issue of price increases. For infrastructure works there are monthly indexes which form the basis for compensation. That said, not all customers are willing to pay and not all companies are ready to take legal action if the surplus is not settled. This system works for unforeseen increases, but the definition of "unforeseen" is not clear. 	

	<ul style="list-style-type: none"> • For ongoing construction sites this should not be an issue, because at the time of the offer and acceptance it was not foreseen that prices would increase, but remains to be seen. • In the structural steel sector (e.g. reinforced concrete) companies are trying to stockpile, as they fear that supplies from China will run out. Here the price increase is felt strongly. • In certain cases, the issue of lack of materials is more prominent than the rise of prices (e.g., experiencing great difficulty due to the limited availability of PP sewer materials for a project in The Hague) 	
Spain	<p>CNC</p> <ul style="list-style-type: none"> • Detailed position paper including a situation analysis of the prices changes for the construction sector with data, and specific proposals for changes to legal provisions that will allow to overcome the crisis • Without prices revision, the fundamental element for the rebalancing of contracts would disappear, SMEs would be harmed, the principle of risk and peril of the contractor could not be moderated, and there would be great variations in prices • The ultimate aim is to highlight the damage caused by the current regulatory regulation of price revision, and to return and return to the previous regulatory situation, where the price revision was the norm and not the exception 	<ul style="list-style-type: none"> • Position paper shared with competent authorities
Switzerland	<p>FMB</p> <ul style="list-style-type: none"> • No centralized initiatives were taken vis-à-vis national authorities – actions were taken at cantons level • FMB letter sent to all partners in the construction value chain to inform them of the situation and urge for their cooperation in resolving potential issues; • FMB letter sent to companies concerning some legal elements, notably on existing construction sites but also future construction sites 	<ul style="list-style-type: none"> • Information letter to construction value chain