



**Russian-Ukrainian conflict
Impact on the construction sector in Europe
24/04/2023**

Russia & Ukraine: key information	
General	<p>RUSSIA</p> <ul style="list-style-type: none"> • Russia's GDP decreased by 1.9% between January and October 2022. • Crude oil rose 2.4% between January and October 2022. • Inflation is 11.88% between December 2021 and December 2022 - for companies it is 19.6% (construction: 16.7%)(French Treasury). <p>UKRAINE</p> <ul style="list-style-type: none"> • The annual inflation rate was 26.5% in November 2022. • Annual GDP declined 30.8 % in the third half of 2022. • According to the latest data, more than 50% of Ukraine's energy infrastructure has been destroyed by Russian air strikes and targeted drone campaigns. Ukrainian critical infrastructure (power plants, water supply systems, etc.), businesses, hospitals, kindergartens and households need urgent support, especially as winter temperatures have fallen below zero in most Ukrainian cities (French Treasury). <p>ENERGIES</p> <p>After rising 68% from January to June, the energy component of the S&P Goldman Sachs Commodity Index (GSCI) ended the year 10% higher than the first trading day of 2022. Global events-including Russia's full-scale invasion of Ukraine, which has been ongoing since last February-contributed to greater volatility in the energy sub-index and higher prices for some energy commodities at the end of 2022.</p> <p>The S&P GSCI is a weighted average of 24 individual commodity contracts organized into five sub-indices. The weight assigned to each commodity reflects its importance to the global economy as measured by its production volume and liquidity (EIA).</p>

	<p>Components of the S&P Goldman Sachs Commodity Index (2022) percentage change since first trading day of the year</p> <table border="1"> <caption>Estimated data from the S&P Goldman Sachs Commodity Index chart (2022)</caption> <thead> <tr> <th>Commodity</th> <th>Category</th> <th>Percentage Change</th> </tr> </thead> <tbody> <tr><td>ULSD (heating oil)</td><td>energy</td><td>40%</td></tr> <tr><td>gasoil</td><td>energy</td><td>35%</td></tr> <tr><td>natural gas</td><td>energy</td><td>20%</td></tr> <tr><td>RBOB (wholesale gasoline)</td><td>energy</td><td>10%</td></tr> <tr><td>Brent crude oil</td><td>energy</td><td>5%</td></tr> <tr><td>West Texas Intermediate crude oil</td><td>energy</td><td>5%</td></tr> <tr><td>nickel</td><td>industrial metals</td><td>-15%</td></tr> <tr><td>lead</td><td>industrial metals</td><td>-10%</td></tr> <tr><td>copper</td><td>industrial metals</td><td>-10%</td></tr> <tr><td>aluminum</td><td>industrial metals</td><td>-10%</td></tr> <tr><td>zinc</td><td>industrial metals</td><td>-10%</td></tr> <tr><td>corn</td><td>agriculture</td><td>15%</td></tr> <tr><td>soybean</td><td>agriculture</td><td>10%</td></tr> <tr><td>Kansas wheat</td><td>agriculture</td><td>10%</td></tr> <tr><td>sugar</td><td>agriculture</td><td>10%</td></tr> <tr><td>cocoa</td><td>agriculture</td><td>5%</td></tr> <tr><td>Chicago wheat</td><td>agriculture</td><td>5%</td></tr> <tr><td>coffee</td><td>agriculture</td><td>-25%</td></tr> <tr><td>cotton</td><td>agriculture</td><td>-25%</td></tr> <tr><td>live cattle</td><td>livestock</td><td>15%</td></tr> <tr><td>feeder cattle</td><td>livestock</td><td>10%</td></tr> <tr><td>lean hogs</td><td>livestock</td><td>10%</td></tr> <tr><td>silver</td><td>precious metals</td><td>5%</td></tr> <tr><td>gold</td><td>precious metals</td><td>5%</td></tr> </tbody> </table> <p>Data source: S&P Dow Jones and Bloomberg, L.P. Note: ULSD = Ultra-low sulfur diesel.</p>	Commodity	Category	Percentage Change	ULSD (heating oil)	energy	40%	gasoil	energy	35%	natural gas	energy	20%	RBOB (wholesale gasoline)	energy	10%	Brent crude oil	energy	5%	West Texas Intermediate crude oil	energy	5%	nickel	industrial metals	-15%	lead	industrial metals	-10%	copper	industrial metals	-10%	aluminum	industrial metals	-10%	zinc	industrial metals	-10%	corn	agriculture	15%	soybean	agriculture	10%	Kansas wheat	agriculture	10%	sugar	agriculture	10%	cocoa	agriculture	5%	Chicago wheat	agriculture	5%	coffee	agriculture	-25%	cotton	agriculture	-25%	live cattle	livestock	15%	feeder cattle	livestock	10%	lean hogs	livestock	10%	silver	precious metals	5%	gold	precious metals	5%
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<p>Reconstruction</p>	<p>UKRAINE</p> <p>Financing</p> <p>In September 2022, the Ukrainian government, the European Commission and the World Bank, in cooperation with partners, estimated the cost of reconstruction and recovery in Ukraine at \$349 billion. This figure is expected to rise in the coming months as the war continues.</p> <p>The assessment covers the impacts of the war experienced between February 24 and June 1, 2022 and found that the physical damage of the war reached over \$97 billion. It was particularly high in the housing, transportation, trade and industry sectors. The report states that recovery and reconstruction needs in the social, productive and infrastructure sectors amount to \$349 billion, or more than 1.5 times Ukraine's GDP in 2021. Over the next 36 months, RDNA estimates that \$105 billion is needed to address urgent needs such as restoring education and health systems and infrastructure, preparing for the coming winter by restoring heating and power to homes, supporting agriculture, and repairing vital transportation routes. The safe management of debris and explosives, including landmines, also represents a substantial cost (World Bank).</p>																																																																											

Reconstruction yes, but what?

Reconstruction of Ukraine must go beyond the heavy task of rebuilding and restoring damaged physical infrastructure; efforts must address all elements of economic development. Organizations such as the Ukrainian government, humanitarian groups and global financial institutions have provided immediate assistance. The European Bank for Reconstruction and Development (EBRD) has established a recovery fund that currently contains more than US\$650 million, all in the form of grants. The purpose of the fund is to stabilize and protect private sector growth, and to provide humanitarian assistance, including food security. In addition, in May, the Biden administration pledged \$7.5 billion to the Ukrainian Ministry of Finance to help pay the salaries of health care workers and educators, of which \$1.3 billion has been sent.

For aid to go beyond this immediate (and necessary) assistance, it is important to get a detailed picture of the scope and magnitude of the costs incurred by the war:

- **Physical infrastructure:** As of August 22, 2022, the Ukrainian Ministry of Economy and the Kyiv School of Economics (KSE) estimated that the war had caused \$113.5 billion in damage to physical infrastructure. It is essential to rebuild this infrastructure so that the housing, education and employment opportunities needed for reconstruction can develop. It is also an opportunity to re-examine urban planning not just for efficiency or economic growth, but for community development.
- **Education and Workforce:** More than 2,000 educational institutions were damaged in Ukraine. Before the war, Ukraine's human capital was a critical competitive advantage. Rebuilding these institutions and creating opportunities for workers could be key to attracting returning refugees and regaining this economic advantage.
- **Financial sector:** The loss of a key trading partner in Russia has hurt Ukraine's financial sector. With issuer credit ratings of CCC+ by S&P Global Ratings and CC by Fitch Ratings, Ukraine may have difficulty raising funds on its own. It needs capital investment to strengthen its economy and enable post-war economic growth.
- **Government services and revenues:** the war not only disrupts trade, reducing excise revenues, but also hinders the collection of other taxes. The World Bank expects Ukraine's budget deficit to increase by US\$5 billion each month until the war ends.
- **Agriculture:** Ukraine's agricultural sector accounted for 11 % of the country's GDP, nearly 20% of its labor force, and nearly 40% of its total exports prior to the Russian invasion. But by June 2022, Ukraine's grain exports were down

44% from June 2021. Damage to farmland, unharvested crops, storage facilities, and more must be addressed if Ukraine's agricultural sector is to return to its previous state ([Deloitte](#)).

February 2023

The EU has sent Ukraine the first €3 billion of the €18 billion loan package, but some EU member states are already seeing that this amount will not be enough, Czech Finance Minister Zbyněk Stanjura admitted on January 17.

The €18 billion aid package for Ukraine was approved in December 2022 after difficult negotiations. According to the approved regulation, the EU can provide Ukraine with a regular financial loan with monthly payments. However, the agreed amount will probably not be enough, said Stanjura (Civic Democratic Party, ODS - affiliated with the CRE group). "When we see today and every day the attacks of the Russian army, the increasing damage they are doing to the infrastructure of Ukraine, but also to residential areas, I guess the financial needs will be even greater than we thought in November or December," Stanjura said after the meeting between EU finance ministers ([Euractiv](#)).

Meeting on Wednesday, January 23, the foreign ministers of the 27 member states agreed to provide Kiev with a further half billion euros in arms. The ministers also agreed to add another €45 million in aid. This is aimed at training Ukrainian soldiers on EU territory. These assistance measures come from the European Peace Facility, an instrument created in March 2021 to finance EU external actions with a military dimension ([All Europe](#)).

March 2023

The cost of rebuilding Ukraine could reach \$700 billion. The damage is colossal and work has already begun in some parts of the country now spared by the fighting. In August 2022, on Twitter, the Ukrainian Ministry of Defense estimated that 140,000 residential buildings had been destroyed or damaged. Since then, thousands more have been gutted. In addition, cultural heritage, bridges, roads, hospitals and power plants have been destroyed by Russian bombing. According to UN figures reported by [Voice Of America radio](#), in December, half of the country's energy infrastructure was destroyed.

If there is no lack of skills [in reconstruction], the needs are mainly material. "The first need is energy, water and heating, so the infrastructure must be repaired," explains Martin Duplantier, architect and urban planner, president of the Architecture and Project Owners Association, who works on many Ukrainian projects. But if you have to rebuild quickly, you also have to do it well.

This raises the question of quantifying the cost of rebuilding the country. A report published in September by the Ukrainian government, the World Bank and the European Commission and relayed by [Reuters](#) puts the figure at \$350 billion. But

estimating an amount "is a difficult task, especially since Ukraine does not control 18% of its territory and we do not know the date of the end of the conflict," says Yuriy Gorodnichenko, a member of CEPR and professor of economics at the University of California and co-author of [a report on the reconstruction of Ukraine](#).

"What is clear is that the figure is probably going to be around €700 billion, but it could be higher."

The task undertaken by the Ukrainians promises to be colossal, "the largest economic project (...) in Europe today", as the Ukrainian President put it [last September](#). Above all, the authorities will have to think about their priorities. "You can't repair a city of 100,000 inhabitants in the same way if only 30,000 are coming back," explains Alexander Shevchenko, the founder of [Restart Ukraine](#), a group of Ukrainian researchers, architects and urban planners, whose mission is to think about a green reconstruction of the country (France TV, [Fabien Jannic-Cherbonnel](#), 16/02/2023, Guerre en Ukraine - comment le pays prépare sa reconstruction malgré les bombes).

April 2023 - World Bank plans \$585 million for Ukraine's transmission system

The World Bank is preparing to provide a new grant to the Ukrainian transportation system through its Ukraine Emergency, Recovery, Reconstruction and Reform Trust Fund (URTF).

This new financing is the second World Bank-supported flexible emergency operation approved within two months, mobilizing partner resources through an innovative framework approach. The first operation was approved in December 2022 and focused on infrastructure repair and health services.

The Repairing Essential Logistics Infrastructure and Network Connectivity (RELINC) project will contribute to the rehabilitation of bridges and railroads essential to connect communities and improve transport links to the west to mitigate the effects of shipping disruptions in the Black Sea.

To ensure a quick and efficient repair, the project will support the purchase of modular bridges, equipment and materials to urgently repair damaged road-bridge connections and vital rail lines. It will also help finance the purchase of platform cars and additional rolling stock to increase the railroad's capacity to transport goods in containers.

According to World Bank estimates, more than 2,100 villages, 51 towns and 35 cities in areas that have returned to Ukrainian government control are experiencing disruptions in transportation networks due to the war. Direct damage to Ukraine's transportation network is significant, totaling more than \$29.9 billion, and economic losses due to transportation disruption total an additional \$26.1 billion as of June 1, 2022 ([Infrastructure Global](#)).

New joint cost assessment

A new joint assessment released by Ukraine and its international partners reveals the costs of reconstruction after a year of invasion by Russia.

	<p>The Ukrainian government, the World Bank Group, the European Commission and the United Nations now estimate the cost of Ukraine's reconstruction and recovery at 383 billion euros (\$411 billion).</p> <p>This new estimate covers the one-year period between Russia's invasion of Ukraine on February 24, 2022, and the first anniversary of the war on February 24, 2023. The cost of reconstruction and recovery is expected to span ten years and combine public and private funding requirements.</p> <p>This figure was published in the World Bank's Second Rapid Damage and Needs Assessment (RDNA2) and represents a comprehensive assessment of the impacts of war in 20 different sectors. It quantifies the direct physical damage to infrastructure and buildings and describes the impact on people's lives and livelihoods.</p> <p>The RDNA2 also includes amounts needed for recovery and reconstruction in different sectors. For example, it estimates that Ukraine will need \$14 billion for critical and priority reconstruction and recovery investments in 2023.</p> <p>The RDNA2 estimated the needs for the next decade considering inflation, market conditions, price spikes in mass construction sectors, rising insurance premiums, and a shift to less energy intensive and more resilient, inclusive, and modern design. The greatest needs are in transportation (22%), housing (17%), energy (11%), social protection and livelihoods (10%), blast risk management (9%), and agriculture (7%).</p> <p>The report's authors emphasize that the estimates of the two rapid damage and needs assessments published to date should be considered as minimum reconstruction costs, as needs will continue to grow if the war continues.</p> <p>However, the report also suggests that damage since the RDNA1 was published has not increased as much as might have been expected. This is due to several factors, including the fact that the most intense fighting has occurred in areas that were already heavily damaged. In addition, some of the country's needs have been met by the Ukrainian government with support from its partners, as seen in the health sector, where more than 500 affected health facilities have been partially or fully repaired.</p> <p>The energy and transportation sectors have also already benefited from the provision of equipment, materials, and funding for rapid repairs. In addition, the ability to keep government and essential services running has helped limit the escalating costs of recovery and reconstruction (Infrastructure Global).</p>
GENERAL BALANCE SHEET	<p>March 2023</p> <p>On February 24, 2022, Vladimir Putin unleashed his troops on Ukraine, for a lightning operation. One year of war later, Kiev continues to resist, but the toll - tens of thousands of deaths, massive destruction, an economy on its knees - is terrifying.</p> <ul style="list-style-type: none"> • 180,000 dead or wounded among Russian soldiers, 100,000 on the Ukrainian side: the toll, according to Norway, of military losses is staggering. Other Western sources mention 150,000 losses on each side. To be compared, for the Russian side, to the 15,000 Red Army soldiers killed in ten years of war in Afghanistan (1979-1989).

- In Mariupol, a southern port city, more than 20,000 Ukrainian civilians died in the battle that ended in May, according to Kiev. In total, 30,000 to 40,000 Ukrainians have lost their lives in the conflict, according to Western sources. At the end of January, the UN estimated the number of dead and wounded at 18,000, while acknowledging that "*the real figures are considerably higher*". Among the dead, more than 400 children, according to Kiev.
- Nearly 65,000 cases of alleged war crimes have been reported, according to EU Justice Commissioner Didier Reynders.
- The "*active*" front line stretches 1,500 km from north to south in eastern Ukraine, according to the head of the Ukrainian army Valery Zaloujny.
- The cost is dramatic for the country, whose GDP contracted by 35% in 2022, according to the World Bank. The Kyiv school of economics estimated in January 2023 the amount of damage at 138 billion dollars, and more than 34 billion in losses for agriculture. Unesco counts more than 3,000 schools and 239 cultural sites affected.
- Since September 2022, Moscow has systematically targeted energy infrastructure. By December, nearly half of them had been damaged in the country, plunging Ukrainians into darkness and cold.
- According to the UN, the fighting has already caused nearly 8 million people to leave Ukraine, and over 5 million are internally displaced.
- In November, the Kiel Institute estimated that Kiev's partners had pledged about €37.9 billion in military aid ([Euractiv](#)).

April 2023

In December 2021, prior to the invasion of Ukraine, Russia was exporting 7.8 million barrels per day of all types of oil, including 5 million barrels of crude oil and the remainder of refined products - volumes similar to those before the COVID-19 pandemic. Of this total, about one-third (about 2.4 million barrels per day) was sold to Europe, the largest buyer of Russian oil.

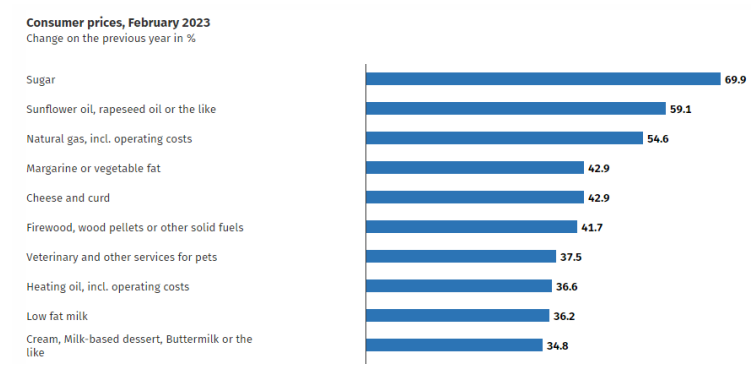
In June 2022, as part of the sixth sanctions package, the EU introduced a progressive ban on the purchase, import or transfer of crude oil (from December 5, 2022) and other refined petroleum products (from February 5, 2022), with some exceptions. This has resulted in a reduction in EU imports of about 1 million barrels/day (with the remaining imports amounting to about 1.2 million barrels of seaborne crude and 0.8 million barrels of pipeline crude, mainly due to exceptions to the embargo granted to some EU member states), or about 10 % of total EU oil demand. However, if the embargo reduces purchases from a major Russian oil customer, Russia may find other buyers (e.g., China and India) and continue to sell (and profit from) as much oil as before.

To date, the sanctions against Russia are multilateral, but not global, leaving ample room to circumvent them through third country imports, direct or indirect re-exports, or false transits.

	<p>Significantly, Russian exports to Brazil, China, India, and Turkey have increased by at least 50 % since the start of the 2022 war compared to the previous year, while Turkish exports to Russia have increased by 46 % in the six months since the imposition of sanctions.</p> <p>At the same time, the United Arab Emirates has so far remained a haven for Russian businessmen or officials sanctioned by the West. On the other hand, Kazakhstan, the largest country in Central Asia and hitherto considered a Russian ally in the region, recently adopted two potentially significant decisions: tightening visa requirements for Russian citizens and closing its trade mission to Russia.</p> <p>In the economic outlook update published in January 2022, a few weeks before the start of the Russian invasion of Ukraine, the International Monetary Fund (IMF) forecast GDP growth for Russia of +2.8% in 2022 and +2.1% in 2023. Slightly more pessimistically, the World Bank's January 2022 report had estimated Russia's GDP growth at +2.4% in 2022 and +1.8% in 2023. However, as of February-March 2022, in addition to these long-term preparations, the Russian authorities adopted several fiscal measures to mitigate the impact of the first sanctions shock. These measures (increasing social benefits, providing soft loans and tax breaks, and raising the minimum wage) amounted to 3% of GDP and were financed by oil and gas revenues, the Russian sovereign wealth fund and the reduction of the federal budget surplus. With a financial crisis averted (see exchange rate below) and military production (included in GDP) increasing, the projected deficit for 2022 was gradually reduced to -4.5% by the World Bank, -3.9% by the Organization for Economic Cooperation and Development (OECD) and -3.4% by the IMF (which revised this figure upwards to -2.2% in January 2023)(European Parliament).</p>
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	Germany	
	General	Construction
Economic conditions	<p>March 2023 German GDP is projected at 0.1% for the year 2023, while its annual inflation is expected to slow down to 7.2% (IMF). In January 2023, the inflation rate was +8.7%, compared to the same month of the previous year (German Statistical Office).</p> <p>April 2023</p>	<p>February 2023 At the end of November 2022, construction output fell by 2.2% compared to the previous month (German Statistical Office).</p> <p>At the end of November 2022, in the building and civil engineering sector, for companies with 20 or more</p>

Price developments, February 2022 - February 2023 ([German Statistical Office](#)).



employees, incoming orders decreased by 0.6% compared to the same month in the previous year ([German Statistical Office](#)).

April 2023

Building completion sales decreased by 4.8% in 2022 compared to 2021. All branches of building completion work were affected by this decline in turnover in 2022. Due to the strong increase in construction prices, nominal sales increased by 10.8%. Based on provisional results, the Federal Statistical Office also reports that the number of people employed in 2022 increased by 0.8% compared to the previous year ([German Statistical Office](#)).

Construction Order Intake, December 2022:

- +1.8% compared to the previous month (in real terms, adjusted for seasonal and calendar effects).
- -23.4% compared to the same month last year (in real terms, adjusted for seasonal and calendar effects).
- -10.4% compared to the same month of the previous year (in nominal terms).

In the building construction and civil engineering sectors, in establishments with 20 or more employees, new orders fell by 10.4% in nominal terms compared with the corresponding month of the previous year ([German Statistical Office](#)).

Raw materials & Energy

Procurement

Price / Cost

March 2023

The Russian attack on Ukraine and the sanctions imposed on Russia have had a marked impact on German foreign trade in

March 2023

Delivery bottlenecks, material shortages and rising energy prices - the Covid-19 pandemic and the war in Ukraine have

	<p>2022. According to the Federal Statistical Office, German merchandise exports to Russia fell by 45.2 % compared to 2021 to 14.6 billion euros. In the ranking of the most important German export destinations, Russia dropped from 15th to 23rd place compared to the previous year. Russia was an important energy supplier for Germany until the second half of the year. The war in Ukraine led to a sharp rise in the price of energy imports. As a result, the value of German imports from Russia increased by 6.5 % to 35.3 billion euros in 2022. The quantity of goods imported from Russia, however, decreased by 41.5 %. As a result, Russia dropped from 12th to 14th place in the ranking of the top suppliers of goods. The missing energy imports from Russia were partly replaced by supplies from other Eastern European countries, especially Kazakhstan (German Statistical Office).</p>	<p>led to significant impacts on construction in 2022. According to the Federal Statistical Office, on an annual average basis, prices for almost all construction materials increased significantly in 2022 compared with the previous year, which had already seen large price increases. The main upward effect on construction prices came from rising energy prices. Increases were seen in particular in the prices of building materials such as steel, steel products or glass, whose production is energy intensive. As an annual average, steel bars were 40.4% more expensive in 2022. The price of bright steel increased by 39.1%, reinforced concrete mesh by 38.1% and steel pipes by 32.2%, compared to the annual average of 2021. In structural work, for example, steel is often used in combination with concrete to reinforce floor slabs, ceilings or walls. Overall, metal prices are up 26.5 % in 2022 from the previous year. The price of flat glass, which is typically used for windows, glass doors, or glass walls, increased 49.3 % in 2022 compared to the annual average for 2021. For comparison: the producer price index for industrial products (total) increased 32.9% on an annual average basis in 2022 compared to 2021. Excluding energy prices, producer prices increased by 14.0% annual average in 2022 compared to 2021 (German Statistical Office).</p> <p>April 2023 Sharp increase in energy prices compared to February 2022, but month-to-month decrease: Energy prices increased 27.6% from February 2022. The large increase in energy prices is primarily due to the large increase in natural gas prices. Compared with the previous month, energy prices fell 1.4% in January 2023, primarily due to lower natural gas prices.</p>
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		<p>Natural gas prices increased by 38.9% compared to February 2022. For trade, prices increased by 91.5%, for resellers by 40.2%. Industrial consumers had to pay 8.9% more for natural gas than a year earlier. Prices for power plants rose by 26.8%.</p> <p>For all customers, natural gas prices were down 4.2% compared to the previous January.</p> <p>Electricity prices for all customer groups increased by 27.1% compared to February 2022. Prices for small commercial customers who often enter rate-linked contracts increased by 39.5%, those for private households by 38.2%. Electricity redistributors had to pay 37.0% more than in February 2022, customers with special contracts 8.5%.</p> <p>Compared to the previous month, electricity prices for all customer groups increased by 2.5% in January.</p> <p>Petroleum product prices increased 5.1 % from February 2022 and decreased 1.7 % from January 2023. Light fuel oil prices increased 8.3 % from February 2022 (-7.3% from January 2023), motor fuels increased 3.5 % (-2.0% from January 2023).</p> <p>The overall index excluding energy increased by 10.2% compared to February 2022 (+0.5% compared to January 2023)(German Statistical Office).</p> <hr/> <p>The evolution of purchase prices for construction materials continues in a differentiated manner in January 2023. In residential construction, construction prices increased by 16% during 2022.</p> <p>For most building materials, the zenith of price development appears to have been reached in mid-2022. According to the Producer Price Index data, prices calmed down somewhat in the second half of 2022, though not nearly to the initial 2019</p>
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		<p>level. This lull is now continuing for most. The only exception is mineral building materials.</p> <p>In view of the downward trend in orders and the further decline in purchase prices, it is to be expected that the price dynamics of construction services will decline thereafter. After +16.8% for construction services in the main construction sector in 2022, the ZDB expects construction services prices to rise by between +5% and +6% in 2023.</p> <p>For structural steel, there are further downward price adjustments; in December, by more than 2% compared to the previous year, by about 7%. Here, there is still a good 50 index points above the 2019 starting values.</p> <p>The sharp rise in energy prices clearly continues to drive the trend in the mineral building materials index. For example, cement increases by about 12% and bricks by about 7% compared to December 2022 (compared to the previous year's values, this is about 40% and 25% respectively). Gravels, sands and crushed natural stones move in parallel, with an increase of 7 % compared to December 2022 (and 16 % compared to January 2022). For gravels and sands at least, the persistent high level of price increases is remarkable, as the link to energy price developments is hardly supportive.</p> <p>Petroleum-based plastics continue to be fairly consistent, holding between 30 and 50 index points above the 2019 level (Das Deutsche Baugewerbe).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>Recognizing the need to make award procedures competitive again, a federal department ordered in March 2022 (through executive orders) that material price escalation clauses be agreed upon for sensitive building materials when awarding construction contracts. These measures were put in place with immediate effect and are only binding on federal construction sites. The orders address, among other things, the management of existing contracts in response to supply shortages and price increases. This will impact how customers and contractors address delivery shortages in light of the war in Ukraine or</p>	

other circumstances beyond the contractor's control, as well as conflict-induced price increases in the event of a disruption in the contract basis. In the future, the decrees will also impact the adjustment of contractual practices of concluded contracts by agreeing on **material price increase clauses** (FIEC, September 2022).

The federal government has decided to mitigate the effects of the sharp rise in energy prices with three measures, worth a total of 95 billion euros. These measures include a 9-euro ticket, a fuel discount, an increase in personal income tax, a one-time payment of 200 euros for recipients of social benefits, a 100-euro child bonus, the abolition of the tax on renewable energy sources (from July 1^{er} 2022), two heating cost subsidies for people receiving housing benefits and a 300-euro flat-rate on energy prices (paid in September 2022).

The restructured housing allowance and the new basic income for citizens that will replace the "Hartz 4" payments will increase from January 1, 2023. At the same time, the federal government is doing everything in its power to maintain the energy supply ([The Federal Government, September 2022](#)).

October 2022

A huge aid package of up to 200 billion euros is planned to protect consumers and businesses from the sharp rise in energy prices for the years 2022, 2023 and 2024.

February 2023

The Government presented its draft law on price brakes for electricity, gas and heat on November 25, 2022. The Bundestag passed this law on December 15, 2022, to come into force on December 24, 2022.

- **Brake on gas and heat prices for private households and small and medium-sized enterprises:**

The brake on gas prices will apply to citizens and small and medium-sized enterprises from March 2023, and it will also cover January and February retroactively. An allocated amount of 80% of their natural gas consumption will be capped at 12 cents per kilowatt hour, which is a reduction compared to the market price. The price cap for heat is 9.5 cents per kilowatt hour. Consumers must pay the normal market price for the rest of their consumption.

- **Gas price brakes for the industrial sector:**

Starting in January 2023, industrial customers will receive 70% of their 2021 natural gas consumption from their suppliers at a guaranteed price of 7 cents per kilowatt hour. The price for heat is capped at 7.5 cents per kilowatt hour for 70% of the quantity used in 2021. For their remaining consumption, industrial companies will also have to pay the normal market price.

- **Curbing electricity prices for households and businesses:**

- The brake on rising electricity prices provides for a cap of 40 cents per kilowatt hour on the price of electricity for households and small businesses whose annual consumption does not exceed 30,000 kilowatt hours.
- For medium and large companies with an annual consumption of more than 30,000 kilowatt hours, the price is capped at 13 cents per kilowatt hour - plus grid costs, taxes, levies and charges ([Bundesregierung News, 2023](#)).

April 2023

The German Ministry for Economic Cooperation and Development launched on Monday (March 27) a new digital platform to strengthen Germany's commitment to the reconstruction process in Ukraine. With the launch of this platform, German Minister for Economic Cooperation and Development Svenja Schulze intends to advance preparations for reconstruction in Ukraine. The new networking platform aims to connect non-state actors, exchange information and stimulate economic opportunities for the companies involved.

Rebuilding Ukraine

The platform serves as a first point of contact for all non-state actors based in Germany who wish to participate in the reconstruction process. It aims to provide companies with economic opportunities by answering the frequently asked question, "How can I get involved?"

In addition to networking and dialogue opportunities between actors involved in the reconstruction process, the platform includes the website "[Plattform Wiederaufbau Ukraine](#)". This is a resource for participants to receive information about offers, upcoming events and funding opportunities from the German government. In addition, the platform brings together individual initiatives and projects and creates synergies, for example, between the involvement of municipalities and the private sector.

Content and scope

The content of the platform will cover topics related to technical, logistical, climatic and social issues, ranging from how to rebuild houses in a cost-effective manner to how to deal with war trauma. The platform also includes partnership programs of the Ministry for Economic Cooperation and Development: 135 partnerships between German and Ukrainian municipalities, 8 partnerships between German water companies as well as 13 partnerships in the field of medical care to provide Ukrainian hospitals with medical equipment and training.

The platform is available to Ukrainian and international partners, but it is not intended to replace existing international cooperation organizations. Financial support and donations are also excluded from the platform's services ([Euractiv](#)).

Positioning of the Federation	<p>December 2022</p> <p>Joint Appeal</p> <p>In a joint appeal on December 2, 17 leading associations and chambers from the construction, planning and real estate industries made their demands to the federal government and the Bundestag as well as to the leaders of the Länder: "New housing construction in Germany is on the verge of collapse due to soaring prices, rising interest rates and a tattered financing framework. If policymakers don't take countermeasures now, we will find ourselves in a housing emergency with our eyes wide open. What we need now are targeted subsidies for new construction, faster planning and approval procedures, and tax incentives for investment." (BauIndustrie, December 2022).</p> <p>Joint position paper</p> <p>The associations and the building trades have called for measures to stabilize the construction industry. The Russian war against the Ukraine threatens to plunge Germany and Europe into an economic crisis. In contrast to past crises, the construction sector, with approximately 2 million employees and a construction volume of 400 billion euros, is currently affected by significant declines. 17% of residential construction companies were already affected by cancellations in September 2022. While new orders in residential construction fell by 24% in real terms in August compared to the level of the previous year.</p> <p>The Federal Association of Building Materials - Stone and Earth (bbs), the German Construction Industry Association (HDB), the German Construction Industry Association (ZDB) and the German Confederation of Skilled Crafts (ZDH) have discussed how to counteract the slump in the construction sector and avoid a downward spiral at the expense of affordable housing and climate protection in a joint position paper (BauIndustrie)</p> <p>March 2023</p> <p>In an interview given to the newspaper RedaktionsNetzwerk Deutschland, Mr. Hübner, President of the German Construction Association (BauIndustrie), presents the needs and expectations of the sector. He calls on the state to provide 15 billion euros per year to promote the construction of new apartments. And for transport infrastructure, i.e. rail, waterways and roads, an additional 25 billion euros. A package of 40 billion, in other words. "Now we need a clear signal from the ministries of finance, construction, transport and economic affairs. Otherwise we will also miss the climate targets" (BauIndustrie).</p>
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	Austria	
Economic conditions	General	Construction

	<p>March 2023 IMF estimates place GDP at 1% for 2023 while annual inflation would be 5.1% (IMF).</p> <p>April 2023 In the fourth quarter of 2022, Austrian GDP increased by 2.6% compared to the fourth quarter of 2021 (Statistics Austria). In February 2023, the annual inflation was 10.9%. In 2022, the inflation of the group "housing, water and energy" was 28.2% (Statistics Austria).</p>	<p>February 2023 Estimates for industry and construction by Statistics Austria show an increase in the turnover index (+19.4%) in November 2022.</p> <p>"Despite the slowdown compared to the beginning of 2022, the manufacturing sector remains on the growth path. According to an initial estimate, the turnover of Austrian construction companies in November 2022 was 9.5% higher than in the same month of the previous year," explains Tobias Thomas, managing director of Statistics Austria.</p> <p>April 2023 In January 2023, the first business cycle estimates for industry and construction published by the Austrian Statistical Institute show a 4.6% increase in sales compared to the same month of the previous year. The employment index rose by 1.5% and the hours worked index by 4.8%. "Despite a noticeable slowdown in momentum, growth continues in the production sector at the start of 2023: according to an initial estimate, turnover in industrial and construction companies was 4.6 % higher in January than in January of the previous year, and hours worked increased by 4.8 %," said Tobias Thomas, Director General of Statistics Austria. The positive development of sales figures was reflected in the early estimate for January 2023 for both industry (+4.4% year-on-year) and construction (+6.7%). Compared to a year earlier, the volume of work increased by +5.6 % in industry and +1.8 % in construction. The employment index grew moderately in industry (+2.3%) and decreased by -1.6% in construction compared to the previous year (Statistics Austria).</p>
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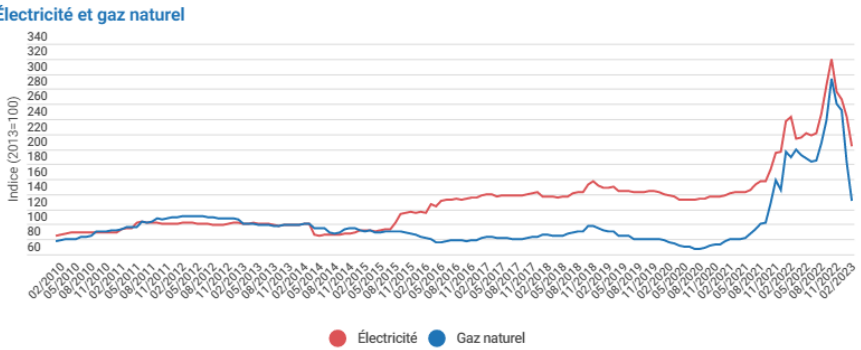
Raw materials & Energy	Procurement	Price / Cost
	<p>March 2023 Russian gas imports into Austria are reaching market shares not seen since the beginning of the war, as Gazprom is once again delivering the full contracted quantities, while deliveries from Germany and Italy are decreasing. Indeed, the return of Russian gas to Austria has already been visible since late December 2022. That month, while overall gas imports were lower than in previous years, Russian gas accounted for 71% of the total, according to data from ENTSOG and the Austrian regulator, E-Control (Euractiv).</p>	<p>March 2023 The construction price index for building and civil engineering (base year 2020) averaged 115.6 index points annually in 2022, an increase of 9.8 % from the previous year. In the 4th quarter of 2022, the index registered 118.8 points, up both from the same quarter of the previous year (+10.0%) and from the previous quarter (+1.0%).</p> <p>The overall building sector held at an annual average index level of 125.1 in 2022, up 15.6 % from 2021, as did the two building sectors of housing and subdivision construction (124.2 points, +15.0 %) and other buildings (126.3 points, +16.3 %). In the 4th quarter, the overall building sector increased to 130.2 index points (+15.6% from the same quarter a year ago; +1.4% from the previous quarter). The two construction sectors, housing and apartment building and other buildings, posted index levels of 129.1 and 131.7 in the same period, representing an increase of 15.2 % and 16.2 % over the previous year.</p> <p>On an annual average basis, civil engineering as a whole reached an index level of 102.4 points in 2022 (+1.1% compared to 2021) and thus increased much less than construction. In the 4th quarter of 2022, the index reached 103.0 points (+1.3 % compared to the same quarter of the previous year; +0.4 % compared to the previous quarter). Within the individual civil engineering sectors, the index reached 102.9 points for road construction in 2022 (+1.4% year-on-year)(Statistisches Bundesamt Austria).</p> <p>April 2023</p>

		<p>In February 2023, housing and subdivision construction costs were 5.3 % higher than in the same month a year earlier, according to the Austrian Statistical Institute. Road construction costs were up 10.4 % year over year, bridge construction costs were up 3.6 %, and building and urban water construction costs were up 7.9 %.</p> <p>Costs also increased in all civil engineering sectors compared to February 2022. The index for road construction reached 127.1 points, 10.4 % higher than in February 2022 (same level as in January 2023). Bridge construction held steady at 123.8 index points, so costs increased 3.6 % year-over-year. Compared to the previous month, the index increased by 0.1 %.</p> <p>A significant increase compared to February 2022 was recorded for transport costs, which had an impact on all construction sectors. In the construction of residential buildings and housing estates, the product groups polystyrene, foam boards as well as ready-mixed plasters and screeds and tile adhesives were also significant cost drivers. The product groups asphalt mixes and diesel, fuels also recorded significant cost increases compared with the same month of the previous year, which mainly affected the civil engineering sectors, especially road construction (Statistics Austria).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>In June 2022, the Alpine republic announced a plan to combat the rising cost of living until 2026, with 6 billion euros made available as early as 2022, and 22 billion euros by 2026. Chancellor Karl Nehammer (ÖVP) has announced the implementation of various measures, such as an increase in certain social benefits, the postponement of a CO2 tax until the fall and a reform of tax rates (Courier International, June 2022).</p>	

	<p>Austria will also cap electricity prices for households at up to 80 per cent of last year's average consumption, a measure aimed at controlling soaring energy costs. This measure will save each household an average of 500 euros a year. Austrian households will have to pay market prices for any consumption above 80% of the average. This is an incentive to reduce consumption, according to the government, which is also working on measures to help businesses (Bloomberg, September 2022).</p> <p>November 2022 The Austrian government wants to ban the installation of new oil, coal and gas heaters from 2023, and extend the ban to the replacement of existing heaters. Because Austria is heavily dependent on Russian gas, experts had called for measures to accelerate the exit from gas. From 2023, fossil fuel heaters will be banned in new buildings, and oil and coal heating systems that are no longer in use will have to be replaced by environmentally friendly heaters from 2025. Starting with oil-fired heating systems installed before 1980, the government has set a goal of no private oil and coal heaters by 2035. By 2040, all gas-fired heating systems must be replaced (Euractiv, November 2022).</p>
<p>Positioning of the Federation</p>	<p>October 2022 The Austrian Chamber of Crafts and Construction has launched a FAQ to answer all questions of construction companies. It is available on their website, and deals in particular with the topics of employment and reception of Ukrainians, consequences and recommendations on construction contracts (WKO, 2022).</p>

	Belgium	
Economic conditions	General	Construction
	<p>March 2023 In January, inflation decreased from 10.35% to 8.05% (Statistics Belgium). The IMF forecasts an annual GDP of 0.4% in 2023 (IMF).</p>	<p>March 2023 According to Embuild's latest economic survey, half of construction companies earned less profit in 2022 than in the previous year. Furthermore, the majority of contractors fear that no improvement will take place in 2023. The sharp increase in material prices and rising labor costs are affecting the profitability of construction companies.</p>

	<p>In 2022, just over 63,000 refugees from Ukraine received a temporary protection certificate in Belgium (Statistics Belgium).</p> <p>April 2023 In February, inflation decreased from 8.05 % to 6.62 %. The main price increases in February were for alcoholic beverages, vegetables, meat, rents, fish, dairy products, fruit and vehicles. Electricity, natural gas, clothing and personal care products, however, had a downward effect on the index (Belgium statistics).</p>	<p>Niko Demeester, CEO of Embuild, says in the daily newspapers Le Soir and Het Laatste Nieuws that this drop in profitability leaves little or no room for construction companies to give extra bonuses to workers (Embuild).</p> <p>April 2023 In January 2023, the seasonally adjusted index of construction output shows a 1.6 % decline from December 2022. The index adjusted for calendar effects shows a decrease of 4.8% compared to January 2022. The results for January 2023 are provisional (Belgium statistics).</p> <p>In the fourth quarter of 2022, the wage cost per hour worked increased by 7.1% on an annual basis. At the sector level, the highest increase in labour costs per hour worked (10.5%) is in the electricity, gas, steam and air conditioning supply sector (Belgium statistics).</p>
Raw materials and energy	Procurement	Price / Cost
	<p>November 2022 Belgium is expanding its Zeebrugge LNG terminal with an additional capacity of 6.4 bcm/year by 2024 and 1.8 bcm/year by 2026, built by energy company Fluxy LNG. The ten-year investment plan of Fluxys Belgium and Fluxys LNG includes a budget line of €116 million for the planned regasification extensions and a new LNG truck loading quay.</p> <p>Another measure being considered is the extension of the life of the Tihange 2 nuclear power plant - which should normally close in the first quarter of 2023. The government has asked Engie, which operates the Belgian nuclear power plants, to discuss this with the AFCN, the national nuclear safety authority (Bruegel, November 2022).</p>	<p>March 2023 January 2023 recorded a further decline in energy inflation. It stood at 5.21% compared to 32.88% in December 2022. This is a consequence of the sharp increase in energy inflation observed in January 2022 (inflation being a measure relative to the previous year) and a decrease in electricity and natural gas prices compared to last month. For electricity, inflation is currently at 2.8% compared to 35.5% last month, for natural gas it is down from 73.1% last month to -7.1% this month. Compared to last month, natural gas prices fell by 27.7% and electricity prices by 8.6%. The price of heating oil, smoothed over 12 months, rose 46.7% in one year. Fuel prices were 2.8% higher than in January last year and 0.7% higher this month than last (Statistics Belgium).</p> <p>April 2023 The construction price index rose by 1.8% in the fourth quarter of 2022 compared with the previous quarter. Annual inflation is 14.3% (Belgium statistics).</p>

	<p>April 2023</p> <p>At the end of the first Belgium-Germany energy summit on Tuesday, February 14, the two countries plan to interconnect their hydrogen networks, double gas transit to Germany and launch a study for the construction of a second electricity interconnection. Before the war in Ukraine, Berlin was heavily dependent on Russian gas - unlike Belgium, which imports very little Russian gas (6.6% of its supply in 2020). Since the start of the war and due to interruptions in Russian gas deliveries - and therefore had to intensify the diversification of its supply. Thus, Belgium's exports to Germany <u>have evolved considerably</u>, helping to offset the volumes of gas that used to be transported via Nord Stream 1 (Euractiv).</p>	<p>As far as energy is concerned, there is another significant drop in inflation this month, it stands at -7.93% (March) compared to 5.21% last month (February) and 32.88% in December 2022. Compared to last month, natural gas prices fell by 27.8% and electricity prices by 16.2%. The price of heating oil, smoothed over 12 months, has increased by 40.5% in one year. Fuel prices were 0.5% lower than in February last year and 0.2% higher this month than last (Belgium statistics).</p> <p>Electricity and Natural Gas Price Index (2010-2023)</p>  <p>The chart displays two data series: 'Électricité' (red line) and 'Gaz naturel' (blue line). The y-axis is labeled 'Indice (2013=100)' and ranges from 60 to 340 in increments of 20. The x-axis shows dates from 01/2010 to 01/2023. Both indices remain relatively stable around 100 until late 2021. Starting in late 2021, both indices begin to rise. The electricity index (red) reaches a peak of approximately 300 in early 2022 before dropping sharply to around 150 by early 2023. The natural gas index (blue) also peaks at approximately 280 in early 2022 and then drops sharply to around 100 by early 2023.</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>The federal government has taken a series of measures to help businesses deal with the energy crisis. These measures are similar to those applied during the Covid crisis and are in addition to the federal plan to promote investment in sustainable solutions and insulation. It is also to ensure that they can benefit from measures facilitating temporary unemployment and to advocate for a cap on energy prices.</p> <p><u>Measures include:</u></p> <ul style="list-style-type: none"> • The reduced VAT rate (6%) on electricity and gas; • The reduction of excise duties by 0.175€ per liter on diesel and gasoline; • The federal government, in collaboration with the Regions, is examining the implementation of the temporary crisis framework proposed by the European Commission in Belgium to support businesses in the face of soaring prices. A consultation will take place with the most affected sectors, employers' and employees' representatives. 	

- The federal government has already reduced the VAT from 21% to 6% for investments in solar panels, solar boilers and heat pumps for houses less than 10 years old (measure valid until the end of 2023). The measure to reduce VAT to 6% for demolition and reconstruction has been extended until the end of 2023 under the same conditions as today.
- Extension of the simplified temporary unemployment scheme for reasons of force majeure in the same way as at present. The worker will receive an unemployment benefit equal to 70% of his average wage capped. In addition, workers who are temporarily unemployed due to the war in Ukraine will also receive a supplement of €5.63 per day of unemployment, as well as a sectoral supplementary allowance if they are entitled to it. These allowances and supplements are subject to a tax deduction of 15% ([Belgium. de, August 2022](#)).

Specific support for companies

Social measures

- Companies in difficulty due to the high cost of energy will be able to benefit from a postponement of the payment of social contributions;
- The "energy" temporary unemployment scheme will be activated and aligned with the European temporary crisis framework;
- A temporary right will be granted to self-employed people who encounter difficulties due to their energy bill;
- Longer repayment plans will be provided for the social contributions of the self-employed;
- An awareness of early payment of social security contributions for the self-employed will be introduced.

Tax and financial support measures

- Tax deferral ;
- Tax debt repayment plans;
- Adjustment of existing investment allowance measures;
- Tax Exemption for Regional Assistance Measures;
- Reduction of excise duties on gas and electricity to the European minimum for the months of November and December.

Other measures

- Temporary Moratorium on Bankruptcies of Companies Affected by the Energy Crisis Due to Supplier Actions;
- Code of conduct between energy suppliers and independents and SMEs ;
- The agri-food sector being a critical sector, it will benefit from a priority energy supply in case of risk of disruption ([NewsBelgium, September 2022](#)).

November 2022 - Measures to support businesses and individuals

The federal government has stepped up its measures to support citizens and businesses during the current energy crisis. One of these measures includes a general deferral of personal, corporate, and nonresident tax payments (FY2022) from two to four months ([Embuild, November 2022](#)).

February 2023

The recent war in the Ukraine and the various sanctions against Russia, as well as the uncertainties caused by this military conflict, have led to considerable and even extreme price increases and fluctuations in a large number of finished products, semi-finished products and raw materials in recent months. This is the case for energy, fuel, aluminium, steel, copper, etc. This situation has contributed to the liquidity problems that many tenderers have recently been experiencing. In the current economic situation, it is therefore appropriate to create a possibility for the contracting authority to support its contractor by means of an advance payment that can solve the financing problems.

For the above-mentioned reasons, the Royal Decree of November 29, 2022 makes the payment of a limited advance temporarily possible, both for contracts yet to be launched and for contracts already launched that are not yet in the process of being executed, as well as for those that are already in the process of being executed.

The conditions for the granting of these advances are developed in [the FAQ](#).

The order became effective on December 19, 2022 and will expire on December 31, 2023 ([BOSA](#)).

March 2023

On February 6, the Belgian federal government reached an agreement on new energy measures that take into account the evolution of energy prices. However, these new measures are already being heavily criticized.

For several months now, the Belgian government has been implementing temporary measures to help its citizens cope with high energy prices. But these measures have come at a high cost. As proof, the country recorded the [largest budget deficit](#) in the eurozone (5.1 per cent of its GDP) in the third quarter of 2022. [According to Eurostat](#), this is mainly due to the measures taken to mitigate the impact of high energy prices.

In a [press release](#) announcing the agreement, Belgian Finance Minister Vincent Van Peteghem explained that "due to the stabilization of prices and the arrival of spring and summer, the temporary support measures are coming to an end.

"We need to reform now to protect people from high energy prices, not just today, but in the future," he continues.

The government's agreement provides for the extension of VAT to 6% (from 21%) on gas and electricity from April 2023 and a reform of the excise mechanism for these products.

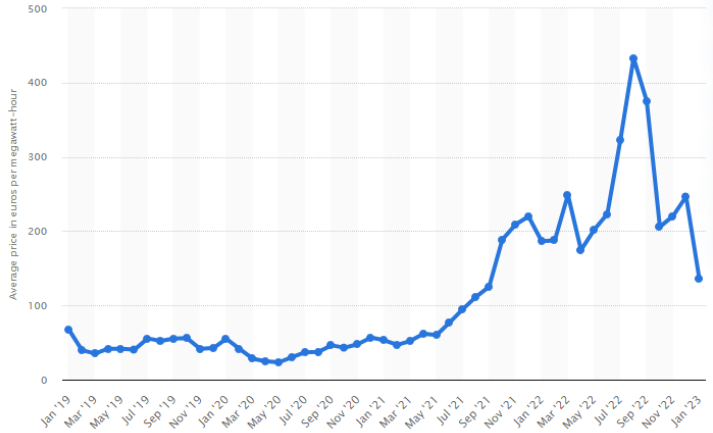
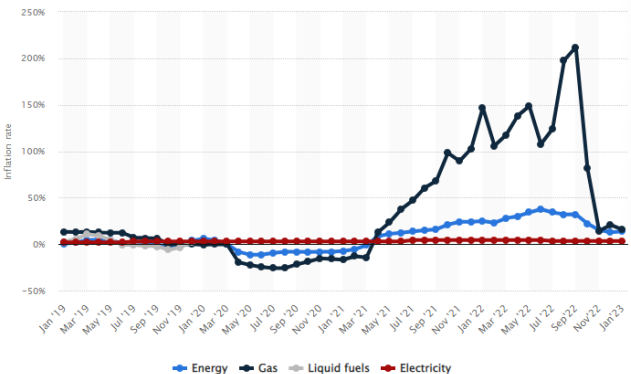
"With this reform, the price fluctuations we have seen over the past year will be smoothed out and we will ensure that basic energy consumption is protected," Van Peteghem added.

According to the press release, on an annual basis, these measures represent "a support of about 300 euros per year at current price levels".

	<p>The agreement also provides for a gradual reduction in the extended social tariff for energy, which until now has ensured an identical tariff throughout Belgium, regardless of the energy supplier or network operator. This tariff, which is currently based on the income of citizens, will be gradually reduced on the basis of their status.</p> <p>According to the Belgian consumer organization Test Achat, the return to a status-based system rather than an income-based system means that only those who receive benefits or allowances, such as the disabled, will be eligible. But for the organization, an income-based system is "a better guarantee to protect low-income families from high energy prices" (Euractiv).</p>
<p>Positioning of the Federation</p>	<p>December 2022 - review of 2022 initiatives</p> <p>In the context of the energy crisis, Embuild Wallonia and the Union Wallonne des Entreprises (UWE) have alerted the Walloon Government to the need to mobilize aid to cope with rising energy costs. The Government has announced the implementation of a series of aids to companies (direct aids, reduced rate loans, etc.), by redirecting about 10% of the resources of the PRW.</p> <p>The energy crisis, prices and availability of materials, wage indexation, rising interest rates, etc. are eroding and further weakening the affordability of housing, the number one household expense. Embuild Wallonia urges the Walloon Government to introduce a temporary moratorium on any new regulation with an additional "price impact" on construction. Embuild Wallonia also advocates the development of innovative or under-exploited projects such as PPPs with ownership and land stripping (to neutralize the price of land), standardized PPPs, or the development of innovative financing formulas, in collaboration with the banking sector, to support the acquisition of quality housing (Build).</p> <p>February 2023</p> <p>A few weeks earlier, the government made a conciliation proposal according to which companies with high profits could pay a bonus of up to €500 and those with exceptionally high profits could pay a bonus of up to €750. The cross-industry social partners have rejected this proposal, but the government nevertheless seems to want to advance this proposal into law. Embuild urges its members to wait before granting such a bonus at company level (Embuild).</p> <p>March 2023</p> <p>The Olena Zelenska Foundation implements many measures in support of the Ukrainian people. One of these measures is to provide housing for families, including those with orphans, who lost their homes due to the Russian invasion of Ukraine. These houses must be able to accommodate between 4 and 10 children and have a shelter in case of a Russian attack. The assembly of these houses must also be done quickly. The mission of Ukraine to the European Union is looking for companies willing to participate in this program. Contact Embuild for more information.</p>

		Bulgaria	
Economic conditions	General	Construction	
	<p>March 2023 GDP grew by 2.1% in the fourth quarter of 2022 compared to the same quarter of the previous year (Statistics Bulgaria).</p> <p>April 2023 In February 2023, the monthly inflation rate, as measured by the Consumer Price Index (CPI), was 0.8% from the previous month, and the annual inflation rate in February 2023 from February 2022 was 16.0%.</p> <p>In February 2023, compared to the previous month, the largest increase in prices was recorded for Food and non-alcoholic beverages (+2.4%), Communications (+1.9%), Restaurants and hotels (+1.1%), Recreation and culture (1.1%) and Health (+1.0%). The largest decrease was recorded for Housing, water, electricity, gas and other fuels (-1.2%), Clothing and footwear (-1.2%) and Transport (-0.4%)(Statistics Bulgaria).</p> <p>The index of industrial production decreased by 3.0% in January 2023 compared to December 2022. Compared to the previous month, a decrease was reported in mining and quarrying - by 10.9%, electricity, gas, steam and air conditioning supply - by 5.0% and manufacturing - by 1.9%. In January 2023, the index of industrial production fell 4.3 % from the same month in 2022.</p> <p>Compared to January 2022, a decrease was observed in the production of electricity, gas, steam and air conditioning - by</p>	<p>March 2023 The Construction output index decreased 1.6% in December 2022 from the previous month. Civil engineering output decreased by 1.7 % and building construction output - by 1.6 %.</p> <p>Compared to December 2021, the production index in construction decreased by 4.3%. A decrease was recorded in construction, by 6.1%, and in civil engineering, by 2.0% (Statistics Bulgaria).</p> <p>April 2023 Construction output increased by 2.5% between January 2022 and January 2023 :</p> <ul style="list-style-type: none"> • Building +4.6 • Civil engineering: -2.3% (Statistics Bulgaria). 	

	28.9% and in mining and quarrying - by 18.5%, while an increase was observed in manufacturing - by 4.0% (Statistics Bulgaria).	
Raw materials & Energy	Procurement	Price / Cost
	<p>March 2023</p> <p>Bulgarian oil exports to Ukraine correspond to about 1% of the total Bulgarian economy. The main fuel that Bulgaria exports to Ukraine is gas oil (also known as red diesel), which accounts for more than 90% of deliveries. Gasoline deliveries have also risen rapidly over the past six months, a phenomenon that is explained by Russian attacks on critical Ukrainian infrastructure.</p> <p>Bulgarian diesel is produced in the country's only refinery, located in the port city of Burgas, which belongs to the Russian oil company Lukoil. The latter still operates mainly with Russian oil imported by tanker via the Black Sea, thanks to an exemption from EU sanctions.</p> <p>Statistics show that Ukraine is now Bulgaria's third largest trading partner through fuel exports, replacing the United States. In 2021, Ukraine occupied only the eighth place of non-EU destinations for Bulgarian exports (Euractiv).</p>	<p>December 2022</p> <p>The total producer price index for industry decreased by 6.2% in October 2022 compared to the previous month. Lower prices were recorded in the supply of electricity, gas, steam and air conditioning by 15.3%, in the mining and quarrying industry by 3.9%, while in the manufacturing industry prices rose by 0.9% (Statistics Bulgaria).</p> <p>April 2023</p> <p>The total producer price index increased by 16.8% in January 2023 compared to the same month in 2022. Significant growth was observed in the supply of electricity, gas, steam and air conditioning by 21.7%, in manufacturing by 14.4% and in mining and quarrying by 10.7%.</p> <p>The domestic producer price index increased by 19.1% compared to January 2022. Prices rose by 19.5% in manufacturing, 18.9% in the supply of electricity, gas, steam and air conditioning and 13.4% in mining and quarrying (Statistics Bulgaria).</p> <p>Average electricity cost in Bulgaria - January 2019 to January 2023 (Statista).</p>

		 <p data-bbox="1317 730 1948 798">Energy inflation rate in Bulgaria from January 2019 to January 2023 (Statista).</p> 
<p>Measures adopted by the utilities</p>	<p>October 2022 <u>Proposed EU measures to combat the energy crisis (including price caps):</u> Bulgaria has remained silent on these issues. It would seem logical that Bulgaria would oppose price restrictions, given that it is the third largest exporter of electricity to the</p>	

	<p>EU this year and earned nearly €1.3 billion from its electricity exports in the first six months of 2022. A meeting on the subject is expected to be held in late October (Euractiv).</p> <p><u>R&D</u>: A joint working group with North Macedonia has been set up to examine the possibilities of cooperation in the electricity and natural gas transport sectors. The export of electricity from Bulgaria to the Republic of North Macedonia will be one of the central points of the working group's discussions (Council of Ministers of Bulgaria).</p> <p><u>Inflation</u>: The Council of Ministers has adopted a methodology to modify the price of a public contract due to inflation. It regulates the procedure and conditions for indexing the execution costs of public works contracts and framework agreements for works concluded under the law due to inflation, when the prices of the main goods and materials constituting the cost of the works have increased substantially. The main objective of the methodology is to address the risk of inflation by objectively and fairly indexing the value of work performed and to be performed (AOBR, September 2022).</p> <p>November 2022 The government is pushing to accelerate progress on energy efficiency in this crisis situation, including by reviving building renovation projects included in its national recovery and resilience plan, for example by allocating 25 million euros to repair 175 kindergartens and schools (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>The Bulgarian Construction Federation (AOBR) published in February proposals for urgent measures in connection with the crisis in Ukraine, including the involvement of construction companies in the employment of Ukrainian refugees. As many as 200,000 jobs could be opened. The proposals also mentioned various possible measures to limit the impact of rising energy costs, as well as measures to maintain the competitiveness of Bulgarian companies (AOBR, February 2022).</p> <p>The Federation also insisted that the second quarter quotas of structural steel from Ukraine and Russia be transferred to Turkey, India or other producing countries in order to urgently supply the necessary quantity of these products to the local market.</p> <p>April 2023 BCC discussed the problems facing the construction industry since 2021. The need to provide financial resources for indexation of construction contracts awarded by the state or municipalities was discussed at a meeting today by representatives of the Bulgarian Chamber of Construction and GERB. From the summer of 2021, this issue is the highest priority for the industry, it is of the utmost importance for the state to complete the necessary infrastructure projects - water supply and sewerage, railroad, road, explained the chairman of the board of BCC, Ilian Terziev. At the meeting, the branch</p>

	<p>organization was represented by Vice Presidents Vladimir Vutov, Ivan Mollov and Lyubomir Kachamakov. The meeting was part of the traditional series of talks between BCC and political formations. The topics of professional qualification and education and the need for legal changes to facilitate work in the sector were also discussed in the conversation (BCC).</p>
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		Cyprus	
Economic conditions	General	Construction	
	<p>March 2023 The IMF expects Cyprus' GDP to be 2.5% in 2023, while annual inflation will be 3.8% (IMF).</p> <p>April 2023 Inflation increased by 6.7 % between February 2022 and February 2023, and by 0.8 % between January 2023 and February 2023. For the period January-February 2023, inflation increased by 6.8% compared to the corresponding period of the previous year (Cyprus statistics).</p> <p>The GDP growth rate in the fourth quarter of 2022 is positive and is estimated at 4.6% compared to the corresponding quarter of 2021. The positive GDP growth rate is mainly attributed to the following sectors: "Hotels and restaurants", "Transport and storage", "Information and communication", "Wholesale and retail trade, repair of motor vehicles", "Arts, entertainment and recreation", "Other service activities" (Cyprus statistics).</p>	<p>February 2023 In the third quarter of 2023, construction output fell by 5%. The building sector experienced a slowdown of 7.3%, while civil engineering had a 10.3% increase in activity (Statistics Cyprus).</p>	
Raw materials & Energy	Procurement	Price / Cost	
	<p>November 2022</p>	<p>February 2023</p>	

	<p>Since 2009, the government has proposed to build an LNG regasification facility near the port of Vassiliko. This facility would import LNG for power generation at the Vasilikos power plant (865 MW), as well as for industrial and residential use. It would be built by the Natural Gas Public Company (DEFA), the state-owned gas company, and a Chinese-led consortium to build the LNG import terminal and related infrastructure, at a cost of 250 million euros. In June 2020, the European Investment Bank agreed to lend €150 million, followed by a €101 million grant from the European Commission, an €80 million loan from the European Bank for Reconstruction and Development and a €43 million capital contribution from the Electricity Authority of Cyprus. While the facility is under construction, it is understood that the Chinese contractors are seeking an additional €25 million in funding to cover cost overruns. This has pushed back the start-up date to July 2023 (Bruegel).</p>	<p>The cost of construction materials was 12.65% higher in November 2022, compared to November 2021. By major product category, increases were recorded in minerals (13.25%), mineral products (13.19%), metal products (12.80%), wood products, insulation materials, chemicals and plastics (12.16%), and electromechanical products (11.54%).</p> <p>April 2023</p> <p>The building materials price index for February 2023 reached 136.10 units (base year 2015=100), registering an increase of 0.06% from the previous month. Compared to the same month last year, the index recorded an increase of 10.73%. By categories of goods, increases were recorded for minerals (26.23%), mineral products (15.69%), wood products, insulation materials, chemicals and packaging products (15.69%), electromechanical products (7.85%) and metal products (3.97%) (Cyprus statistics).</p> <p>The industrial producer price index for January 2023 reached 136.3 units (base 2015=100), registering a decrease of 2.4% compared to December 2022. Compared to the corresponding month of the previous year, the index recorded an increase of 17.0%. In January 2023, compared to December 2022, the index increased by 3.8 % in mining and 0.4 % in manufacturing, while it decreased by 8.9 % in electricity supply and 2.2 % in water supply and materials recovery. Compared to the corresponding month of the previous year, an increase was recorded in the sectors of electricity production (36.6%), mining and quarrying (18.2%) and manufacturing (12.2%) and a decrease in the sector of water production and materials recovery of 1.2% (Cyprus statistics).</p>
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Measures adopted by the utilities	October 2022 Indexation of wages to inflation.
Positioning of the Federation	March 2023 The Cyprian Construction Association organized a round table at the end of January 2023, with the central topic of the current situation of the construction industry. The opportunity for participants to be informed of the current situation of the construction sector and to discuss the needs that arise with the existing data: the increase in construction costs, energy issues, the lack of an index for the recovery of additional labor costs, the lack of specialized staff, the tedious process of judging cases, will continue to affect the sector (<u>OSEOK</u>).

	Croatia	
Commercial conditions	General	Construction
	March 2023 Annual inflation was 13.1% in 2022, slightly slower than in January-November 2022 (<u>Croatia statistics</u>). GDP would be 3.5% in 2023 while inflation would be 5.5% in 2023, according to <u>IMF</u> estimates.	March 2023 In November 2022, compared to November 2021, the volume of construction work increased by 5.7%. While in November 2022, compared to October 2022, the volume of construction work increased by 1.3% (<u>Croatia statistics</u>). April 2023 According to the working day-adjusted indices, in December 2022, compared to December 2021, the volume of construction work increased by 8.7%. According to the seasonally and working day adjusted indices, the volume of construction work increased by 1.9% in December 2022 compared to November 2022 (<u>Croatia statistics</u>).
Raw materials	Procurement	Price / Cost

& Energy	<p>February 2023 As of October 2022, electricity available for the domestic market amounted to 1,381 GWhs. Compared to September 2022, the availability of electricity for domestic consumption decreased by 2.8%, while compared to October 2021 it decreased by 7.4%.</p> <p>The amount of natural gas available for domestic consumption in October 2022 was 8,062 TJ and inventories increased by 2,231 TJ, which means that the amount of natural gas available for domestic consumption in October 2022 increased by 43.3 % compared to September 2022, while compared to October 2021 it decreased by 14.5 %.</p> <p>The amount of petroleum products available for domestic consumption in October 2022 was 341,000 tons and stocks increased by 82,000 tons, which means that the amount of petroleum products available for domestic consumption in October 2022 decreased by 0.3 % compared to September 2022, while compared to October 2021 it increased by 22.7 % (Statistics Croatia, 2022).</p> <p>On July 28, 2022, the government adopted guidelines to save energy through March 31, 2023. Proposals include setting thermostat limits (e.g., heating rooms to a maximum of 21 degrees and cooling to 25 degrees), greater use of LED lighting and public transportation, and cheaper electricity rates (Bruegel, 2022).</p> <p>April 2023 As of January 2023, the availability of electricity for the domestic market was 1,619 GWhs. Compared to December 2022, the availability of electricity for domestic consumption increased by 0.4 %, while compared to January 2022, the</p>	<p>February 2023 Domestic producer prices of building materials in December 2022, compared to November 2022, increased by 0.5%, and, compared to December 2021, increased by 9.5%.</p> <p>The comparison of domestic producer prices of building materials shows that they increased by 20.3% in December 2022, compared to the average in 2015 (Statistics Croatia, 2023).</p> <p>April 2023 In February 2023, compared to February 2022 (at the annual level), the prices of goods and services for personal consumption, increased by 12.0% on average, while, compared to January 2023 (at the monthly level), they increased by 0.2% on average.</p> <p>Looking at the main divisions of the ECOICOP classification, at the annual level, the highest average increase in consumer prices was recorded in the following divisions: Restaurants and hotels, by 18.5%, Food and non-alcoholic beverages, by 17.1%, Housing, water, electricity, gas and other fuels, by 15.5%, Furnishings, household equipment and routine housekeeping, by 14.2%.</p> <p>According to the main divisions of the ECOICOP classification, at the monthly level, the highest average increase was recorded in the divisions of Transport, by 0.8%, Housing, Water, Electricity, Gas and Other Fuels, by 0.2% (Croatia statistics).</p>
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	<p>availability of electricity for domestic consumption decreased by 4.0 %.</p> <p>The amount of natural gas available for consumption in January 2023 was 10,723 TJ, and inventories were reduced by 2,723 TJ, so the amount of natural gas available for domestic consumption in January 2023 increased by 9.2% compared to December 2022, while compared to January 2022 it decreased by 27.2%.</p> <p>The amount of petroleum products available for consumption in January 2023 was 202,000 tons, and inventories were increased by 3,000 tons, so the amount of petroleum products available for domestic consumption in January 2023 decreased by 19.8% compared to December 2022, while it increased by 8.0% compared to January 2022.</p> <p>The amount of electricity available for consumption includes losses in the power system.</p> <p>As for other energy products, the quantity available for the domestic market also contains the quantities of energy products that can be found in warehouses, either in those of the final consumers or in the retail trade (Croatia statistics).</p>	
<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p>In early September, the Croatian government presented a new economic package to deal with the consequences of the ongoing energy crisis and the inflation that peaked in August. According to Prime Minister Andrej Plenković, the package is solid, fair and comprehensive, and should support and protect Croatian households, businesses and non-governmental organizations from the economic and social uncertainties expected in the second half of 2022, as well as in the first months of 2023.</p> <p>The government's measures will limit the increase in electricity prices to 9.6% and gas prices to 20%, which would otherwise have risen by 23% and 79% respectively.</p> <p>The government had already reduced the value-added tax (VAT) on gas and heating energy from 25 to 13 % permanently, and temporarily reduced the VAT on gas to 5 % from April 1, 2022, when the measures took effect, to the end of March 2023 (EuroNews).</p>	

	<p>November 2022 On July 28, 2022, the government adopted guidelines to save energy through March 31, 2023. Proposals include setting thermostat limits (e.g., heating rooms to a maximum of 21 degrees and cooling them to 25 degrees), greater use of LED lighting and public transportation, and cheaper electricity rates (Bruegel).</p>
<p>Positioning of the Federation</p>	

	Denmark	
Commercial conditions	General	Construction
	<p>March 2023 Inflation in January 2023 was 6.6%, slowing from December 2022 (Statistics Denmark).</p> <p>April 2023 In February 2023, annual inflation was 7.6% (Statistics Denmark).</p>	<p>March 2023 Q3 2022, construction turnover (Statistics Denmark):</p> <p>Turnover in construction</p> <p>Type of work:</p> <ul style="list-style-type: none"> New buildings and extensions Repair and maintenance, total Civil engineering Other occupation <p>April 2023</p>

		<p>Total floor area (adjusted for delays) Seasonal adjustment: Seasonally adjusted Phase of construction: Started Use:</p> <table border="1"> <caption>Total floor area (adjusted for delays) - m²</caption> <thead> <tr> <th>Month</th> <th>Residential building</th> <th>Production, administration etc.</th> </tr> </thead> <tbody> <tr> <td>Jun 2022</td> <td>240,000</td> <td>240,000</td> </tr> <tr> <td>Jul 2022</td> <td>320,000</td> <td>185,000</td> </tr> <tr> <td>Aug 2022</td> <td>325,000</td> <td>165,000</td> </tr> <tr> <td>Sep 2022</td> <td>225,000</td> <td>155,000</td> </tr> <tr> <td>Oct 2022</td> <td>280,000</td> <td>190,000</td> </tr> <tr> <td>Nov 2022</td> <td>295,000</td> <td>190,000</td> </tr> <tr> <td>Dec 2022</td> <td>335,000</td> <td>150,000</td> </tr> </tbody> </table>	Month	Residential building	Production, administration etc.	Jun 2022	240,000	240,000	Jul 2022	320,000	185,000	Aug 2022	325,000	165,000	Sep 2022	225,000	155,000	Oct 2022	280,000	190,000	Nov 2022	295,000	190,000	Dec 2022	335,000	150,000
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<p>Raw materials & Energy</p>	<p>Procurement</p> <p>March 2023 According to a new report from the Finnish Wind Energy Association (FWPA), the 75% increase in wind power capacity last year has significantly boosted the number of foreign investments in the country. In Finland, a total of 437 new wind turbines were commissioned last year, increasing wind power capacity by 75%. The country now has 1,393 wind turbines producing a combined output of 5,677 megawatts. Wind power now accounts for an average of 10% of the country's total energy, and that number is expected to grow. As for foreign investment in Finnish wind farms, it is also very high, as completed projects represent a total of about</p>	<p>Price / Cost</p> <p>February 2023 Civil engineering construction cost index in Q3 2022 (Statistics Denmark).</p>																								

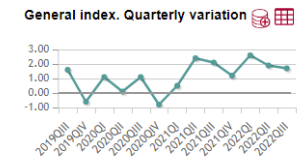
	<p>2.9 billion euros of investment in the Scandinavian country (Euractiv).</p> <p><u>Energy security</u>: The state-owned company and transmission system operator Gasgrid Finland signed a project agreement on December 16, 2022 to develop a new part of the regional hydrogen infrastructure network. Pipelines up to 5,000 kilometers long are planned to connect the Baltic Sea region and Central Europe by 2030. A project called Baltic Sea Hydrogen Collector (BHC), as well as other previously launched projects, are expected to complement the EU's hydrogen strategy and the REPowerEU plan. They will also support the EU's climate objectives, such as the Green Pact for Europe and the Fit for 55 package.</p> <p>The Baltic Sea Hydrogen Collector (BHC) project plans to connect mainland Finland, Sweden and the Åland Islands to Germany. Connections could also be built to the islands of Gotland in Sweden and Bornholm in Denmark (Euractiv).</p>	<p>Construction cost indices for civil engineering projects Unit: Index Index type:</p> <table border="1"> <caption>Estimated data from the Construction Cost Indices chart</caption> <thead> <tr> <th>Quarter</th> <th>Roads</th> <th>Earth work</th> <th>Asphalt work</th> <th>Concrete structures</th> <th>Iron structures</th> </tr> </thead> <tbody> <tr> <td>Q3 2019</td> <td>110</td> <td>110</td> <td>110</td> <td>110</td> <td>110</td> </tr> <tr> <td>Q4 2019</td> <td>108</td> <td>108</td> <td>108</td> <td>108</td> <td>108</td> </tr> <tr> <td>Q1 2020</td> <td>105</td> <td>105</td> <td>105</td> <td>105</td> <td>105</td> </tr> <tr> <td>Q2 2020</td> <td>105</td> <td>105</td> <td>105</td> <td>105</td> <td>105</td> </tr> <tr> <td>Q3 2020</td> <td>108</td> <td>108</td> <td>108</td> <td>108</td> <td>108</td> </tr> <tr> <td>Q4 2020</td> <td>110</td> <td>110</td> <td>110</td> <td>110</td> <td>110</td> </tr> <tr> <td>Q1 2021</td> <td>115</td> <td>115</td> <td>115</td> <td>115</td> <td>115</td> </tr> <tr> <td>Q2 2021</td> <td>120</td> <td>120</td> <td>120</td> <td>120</td> <td>120</td> </tr> <tr> <td>Q3 2021</td> <td>125</td> <td>125</td> <td>125</td> <td>125</td> <td>125</td> </tr> <tr> <td>Q4 2021</td> <td>130</td> <td>130</td> <td>130</td> <td>130</td> <td>130</td> </tr> <tr> <td>Q1 2022</td> <td>140</td> <td>140</td> <td>140</td> <td>140</td> <td>170</td> </tr> <tr> <td>Q2 2022</td> <td>145</td> <td>145</td> <td>145</td> <td>145</td> <td>170</td> </tr> <tr> <td>Q3 2022</td> <td>140</td> <td>140</td> <td>140</td> <td>140</td> <td>160</td> </tr> </tbody> </table>	Quarter	Roads	Earth work	Asphalt work	Concrete structures	Iron structures	Q3 2019	110	110	110	110	110	Q4 2019	108	108	108	108	108	Q1 2020	105	105	105	105	105	Q2 2020	105	105	105	105	105	Q3 2020	108	108	108	108	108	Q4 2020	110	110	110	110	110	Q1 2021	115	115	115	115	115	Q2 2021	120	120	120	120	120	Q3 2021	125	125	125	125	125	Q4 2021	130	130	130	130	130	Q1 2022	140	140	140	140	170	Q2 2022	145	145	145	145	170	Q3 2022	140	140	140	140	160
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<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> The Danish Economic Affairs Agency encourages contracting entities to be flexible and engage in dialogue, stating that contracting entities will have to accept price increases from their suppliers resulting from the consequences of the war. The Competition and Consumer Authority believes that the consequences of the war between Russia and Ukraine can serve as a basis for the application of the law on public procurement in unforeseen circumstances. <p>October 2022</p> <p>To mitigate the impact of rising energy prices on households and businesses, the government has released a budget of 6.2 billion euros in aid (Bruegel).</p> <ul style="list-style-type: none"> The Danish government set aside €13.4 million to supplement an existing scheme to help vulnerable households with a tax-free payment to help about 400,000 households with their energy bills. In February 2022, the measures were 																																																																																					

	<p>finalized and came into effect with a "heating voucher" (about €800) for 320,000 of the hardest hit households. A €33.6 million fund was also set up to support the accelerated replacement of individual gas heating systems.</p> <ul style="list-style-type: none"> • On August 10, 2022, larger heating vouchers than previously indicated were paid to 400,000 households. The final cost of the measure was 320 million euros. • In early September, Prime Minister Mette Frederiksen announced a proposal for intervention in the electricity market. The proposal addresses high energy prices and aims to maintain lighting and heating for Danish citizens. The plan is to allow consumers to defer payment of their next energy bills over a period of 5 years for anything above the level of their bills last fall. This loan scheme will create credit lines worth 6.05 billion euros for the Danish government. • On October 15, 2022, the Danish Energy Agency provisionally set a ceiling price for surplus heat at 93 DKK/GJ, with an expected effective date of January 1, 2023. <p>November 2022 The Danish Energy Agency (DEA) has launched a \$3.6 million energy saving campaign, encouraging citizens and public places to adopt energy saving behaviors (Bruegel).</p>
Positioning of the Federation	

	Spain			
Economic conditions	General		Construction	
March 2023	March 2023		February 2023	
	Annual inflation, January 2023, INE .		The annual rate of the housing price index decreases by four-tenths to 7.6 %. Housing prices increase by 1.7 % from the previous quarter (INE, December 2022).	
	Consumer Price Index. Base 2021 - January 2023			
		Monthly change	Annual change	
	Overall index	-0.2	5.9	
	Inflación subyacente	1 -0.2	7.5	

Housing Price Index. Base 2015 - Quarter 3/2022

	Quarterly variation	Annual change
General index	1.7	7.6
New dwelling	0.9	6.8
Second-hand dwelling	1.9	7.8



April 2023

Construction output in Spain is expected to grow by 1.8 % in 2023 as interest rate increases hamper construction projects in all subsectors. The residential construction segment will contract as the combination of rising interest rates and falling household disposable incomes negatively affects access to affordable mortgages. The European Next Generation Fund will support significant investments in projects focused on sustainable development, but its implementation has been slower than expected so far.

Rising energy and building materials prices are weighing on business activity and margins. New homebuilders are the most affected, as they are struggling to pass on higher input prices to end customers. The situation seems to be better for builders with public contracts, as the Spanish government wants to mitigate the impact of rising raw material prices on companies.

The Spanish construction sector is characterized by long payment terms, mainly from large groups and companies, to the detriment of smaller companies in the value chain. The average duration is around 100 to 120 days. The number of extended payments is generally high due to public customers with long payment terms, and frequent disputes over materials, facilities, etc. Late payments increased in 2022, and this negative trend will continue in 2023. Rising financing costs, as well as rising raw material and energy prices, continue to limit companies' liquidity, making it more difficult to meet payment deadlines.

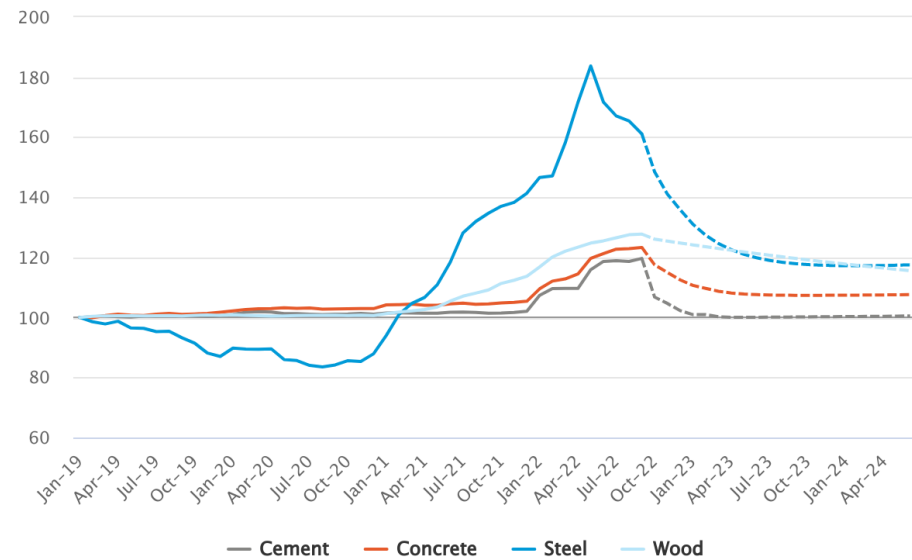
		<p>Construction failures increased 30% year-over-year over the January-November 2022 period, in part because a moratorium on pandemic-related bankruptcies expired at the end of June 2022. A further increase in construction business failures this year is expected, with small businesses active in residential construction most at risk.</p> <p>Due to low credit risk, cost pressures and weakening demand in the residential construction sector, Atradius rates the sector as "poor." Skilled labor shortages will remain a problem in the medium term, with the National Construction Confederation (CNC) estimating that Spain needs approximately 700,000 construction workers over the next two years (Atradius).</p>
Raw materials & Energies	Procurement	Price / Cost
	<p>November 2022 Spain and Portugal are currently working to create a joint energy storage solution to mitigate the impact of potential future crises like Ukraine on energy prices and supply. Hydrogen, batteries and water are being considered in this project (Euractiv).</p>	<p>February 2023 Electricity prices in Spain have continued their downward trend to around 85 euros per megawatt hour, down more than 80 % from a record high of 545 euros in March 2022, due to increased wind power generation and lower demand. In addition, the Spanish government is seeking EU approval to extend the Iberian gas price cap, which is currently set to expire on May 31, at least until the end of 2024. Spain and Portugal have had an agreement since spring 2022 to separate the price paid for natural gas used in the energy mix from that paid for cheaper sources such as solar, nuclear or hydroelectric power (Trading Economics).</p> <p>April 2023 According to data from the Spanish Ministry of Transport, Mobility and Urban Agenda, in September 2022, the cost of residential construction materials was 26.7 % higher than in January 2019 (slightly lower than the peak growth of 27.6 % in June 2022). In its analysis, CaixaBank focuses on cement, concrete, steel, and wood as representative construction materials. In September 2022, cement and concrete were about 20% more expensive than at the beginning of 2019, while the price of wood was 28% higher. Steel had become 84% more</p>

expensive, whose price in September 2022 was still 61% higher than in January 2019.

Projections of material costs in Spain, in 2023 ([CaixaBank](#)).

Projection of construction material costs in Spain based on the LME index

Index (100 = January 2019)



Note: The dotted lines indicate the projected cost of each material using an autoregressive model with an explanatory factor, the LME index. **Source:** CaixaBank Research, based on data from Bloomberg and the Ministry of Transport, Mobility and Urban Agenda.

CaixaBank Research

Annual change in industrial prices :

- Energy, which has an annual variation of 4.5%, almost two points above that of January 2023, due to the increase in the prices of production, transmission and distribution of electrical energy, higher than that of the same month of 2022 ([INE](#)).

		<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>Industrial Price Index - February 2023</p> <table border="1"> <thead> <tr> <th></th> <th>Monthly change</th> <th>Annual change</th> </tr> </thead> <tbody> <tr> <td>General index</td> <td>2.1 ↑</td> <td>7.8 ↑</td> </tr> <tr> <td>Consumer goods</td> <td>0.8 ↑</td> <td>14.9 ↑</td> </tr> <tr> <td>Capital goods</td> <td>0.4 ↑</td> <td>4.6 ↑</td> </tr> <tr> <td>Intermediate goods</td> <td>0.0 ↑</td> <td>6.6 ↑</td> </tr> <tr> <td>Energy</td> <td>6.0 ↑</td> <td>4.5 ↑</td> </tr> </tbody> </table> </div> <div style="width: 35%;"> <p>General index. Monthly change</p> </div> </div>		Monthly change	Annual change	General index	2.1 ↑	7.8 ↑	Consumer goods	0.8 ↑	14.9 ↑	Capital goods	0.4 ↑	4.6 ↑	Intermediate goods	0.0 ↑	6.6 ↑	Energy	6.0 ↑	4.5 ↑
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Intermediate goods	0.0 ↑	6.6 ↑																		
Energy	6.0 ↑	4.5 ↑																		
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>To combat the negative impacts of the war in Ukraine, the Spanish government has implemented a supportive fiscal policy, among others, through :</p> <ul style="list-style-type: none"> • A grant for the sale and purchase of fuel; • Extension of Energy Tax Rebates; • Direct assistance to energy-intensive sectors, including transportation; • New credit offers for companies in difficulty (10 billion euros); • Measures to reduce the impact of rising energy costs (6 billion euros)(OECD, June 2022). <p>The current legal framework in Spain is very restrictive with respect to the introduction of price revision clauses. According to the current law on public sector contracts, price revision in public works contracts is only possible if strict conditions are met. Price revision almost never exists in public works contracts. However, due to the exorbitant increase in the price of construction materials and the negative impact of the lack of an adequate price revision system for companies, the government approved on March 1, 2022 an exceptional price revision mechanism in public works contracts; it was amended accordingly by Royal Decree-Law 6/2022, Royal Decree-Law 14/2022 and Order HFP/1070/2022. The mechanism is complex, applies only to works that meet a series of restrictive criteria and is temporary in nature; in the opinion of the CNC, it is clearly insufficient to provide an adequate solution (CNC, February 2023).</p> <p>October 2022</p> <p>On Oct. 13, Prime Minister Pedro Sánchez detailed a new package of measures worth 3 billion euros for vulnerable consumers, or about 1.7 million households. Sánchez said the social energy bonus would be strengthened by increasing the amount of energy eligible for a discount by 15 %. The social energy premium will also be increased by a %age of 65% or 80% depending on the income level of the households. In addition to these exceptional measures, the Prime Minister announced the creation of a new "temporary" category of electricity consumers (1.5 million households) entitled to a 40% reduction on their bill. The so-called thermal bonus will be reinforced in 2022 and 2023 for vulnerable households, raising the minimum subsidy to €40 and doubling the average subsidy to €375 per household (Bruegel).</p>																			

November 2022

Spain's left-wing government approved a comprehensive energy-saving plan on Oct. 11 to reduce the country's natural gas consumption by up to 13.5 per cent by March, in line with EU directives to reduce the EU's dependence on Russia. The plan also calls for an 18% increase in Spain's gas export capacity to France through the Pyrenees, thanks to work on one of the pipelines linking the two countries. It also provides for an increase in the loading capacity of LNG tankers transporting gas to other EU countries, mainly Italy. The plan, which includes 73 measures, also includes new tax breaks on renewable energy and financial incentives to encourage more households to use solar panels and install smart meters ([Euractiv](#)).

To wit: In August 2022, the government submitted for public consultation a draft Royal Decree regulating the program of support for energy rehabilitation actions in existing buildings in the tertiary sector that would be financed by the National Energy Efficiency Fund (100 million euros) until December 2024. The fund will grant direct concessions to autonomous communities and cities to subsidize actions that reduce final energy consumption by 10% and improve efficiency (thermal envelope, use of renewable energy in thermal installations for heating, cooling, ventilation and hot water production, lighting installations, replacement of refrigeration appliances with high-efficiency appliances with energy labeling, improvement of air conditioning in data processing centers). In addition, the government will increase the Energy Efficiency in Industry program, which was launched in 2019 and will be valid until June 2023, by €100 million. It subsidizes technological improvements in industrial equipment and processes, as well as the implementation of energy management systems, in order to reduce consumption and costs of companies, increase their competitiveness, economic activity and job creation ([Bruegel](#)).

December 2022

The Minister of Transport, Mobility and Urban Agenda, Raquel Sánchez, has announced the energy efficiency strategy for the state road network (RCE) to reduce energy consumption by 50% between 2022 and 2028. Thus, the Ministry plans to invest some 510 million euros in the modernization of the lighting system, generate savings in energy demand and be less dependent on fossil fuels. The strategy includes action on lighting in tunnels and open-air sections, where intelligent lighting management systems will be implemented and the switch from high-pressure sodium luminaires to LED technology will be encouraged. The replacement of luminaires will generate savings of 30% to 40%, and up to 70% if the deployment of intelligent lighting management systems, which allow the regulation of lighting according to the presence or absence of vehicles and users, is added ([Spain Today News](#)).

February 2023

The Spanish government will ask the European Commission for permission to extend until the end of 2024 the so-called "Iberian mechanism", an exceptional measure limiting the price of gas for electricity generation in Spain and Portugal. On 9 January, in an [interview](#) with the private television channel Antena3, the minister explained that Madrid wanted the "gas ceiling" to be "as low as possible", around 45 or 50 euros, and added that this measure "could be extended, at least, until the end of 2024".

	<p>On January 10, it announced that Spain's progressive executive had submitted to the European Commission a proposal for a "fundamental regulation" <u>to reorganize the European electricity market</u> in preparation for the EU-level debate scheduled for the spring (Euractiv, 2023).</p> <p>April 2023 The European Commission has authorized the extension of the Iberian mechanism (Spain and Portugal), aimed at limiting gas prices to between 55 and 65 euros per megawatt hour. This extension is valid until the end of 2023 (Olive Press).</p>
Positioning of the Federation	

	Estonia	
Economic conditions	General	Construction
	<p>March 2023 According to Statistics Estonia, in 2022, the total output of industrial enterprises decreased by 1.9 % at constant prices compared with the previous year. Among the three main industrial sectors, production increased by 7.3% in mining and 5.4% in energy production, but decreased by 2.7% in manufacturing (Statistics Estonia).</p> <p>April 2023 The industrial producer price index, which expresses changes in producer prices of industrial goods manufactured in Estonia for the domestic market and for export, decreased by 0.2 % in February 2023 compared with January 2023 and increased by 11.6 % compared with February 2022. Eveli Šokman, chief analyst at Statistics Estonia, said that compared to January, the producer price index was most affected by lower prices in wood, electronic, paper and paper products manufacturing. The index was also influenced by</p>	<p>March 2023 According to Statistics Estonia, in 2022, the construction price index increased by 17.8% compared to the average of 2021. In the fourth quarter of 2022, the construction price index increased by 1.9% compared to the third quarter of 2022 (Statistics Estonia).</p> <p>April 2023 According to Statistics Estonia, in January 2023, the total output of industrial enterprises decreased by 7.3 % at constant prices compared with January 2022. Production decreased in all three sectors - by 14.2% in power generation, by 6.3% in manufacturing and by 2.9% in mining (Statistics Estonia).</p> <p>According to preliminary data from Statistics Estonia, in 2022 the total value of output of Estonian construction companies</p>

	<p>price increases in electricity and heat production and in the manufacture of electrical equipment.</p> <p>Compared with February 2022, the index was primarily influenced by higher prices in food, wood products, and building materials manufacturing. Lower prices in motor fuels manufacturing had the opposite effect on the index. Producer prices rose 12.1% in total manufacturing and 21.0% in food manufacturing.</p> <p>In February, the export price index remained at the same level as in January. The largest increase was in prices for electricity, clothing, and machinery and equipment. The largest decrease in prices was in mining and quarrying and for paper and petroleum products. Compared to February 2022, the export price index increased by 13.0 %.</p> <p>The import price index rose 0.3 % in February from January. The largest increases were in prices for electricity, agricultural products, and leather and footwear. Prices fell the most in mining and quarrying, paper products, and apparel. Compared to February 2022, the import price index increased by 9.6 % (Estonia statistics).</p>	<p>in Estonia and abroad decreased by 1 % compared to the previous year.</p> <p>The total value of production of construction companies was 4.2 billion euros, of which 2.8 billion euros were building construction and 1.4 billion euros were civil engineering. Compared to 2021, the volume of building construction decreased by 6% and the volume of civil engineering works (roads, bridges, port facilities, pipelines, communication and power lines, sports fields, etc.) increased by 9% (Estonia statistics).</p>
Raw materials	<p style="text-align: center;">Procurement</p> <p>October 2022</p> <p>Estonia is one of the most energy-independent countries in the EU, thanks to the country's oil shale, which accounted for 56 per cent of Estonian energy in 2020. Biofuels - mainly wood chips - account for 26% of energy, gas 7%, other renewables 6% and other fossil fuels 5%. Following Russia's aggression in Ukraine, Estonians are taking steps to stop buying Russian oil and gas. Private companies Alexela and Infotar are building an LNG terminal in Paldiski, which is expected to receive an FSRU in late fall 2022. The LNG is</p>	<p style="text-align: center;">Price / Cost</p> <p>November 2022</p> <p>The construction price index expresses the change in the cost of construction by taking into account changes in the prices of basic inputs. These are divided into three main groups: labor, construction materials, and construction machinery. Data from Statistics Estonia show that the construction price index increased by 3.8% in the third quarter of this year compared to the second quarter of 2022 and by 17.4% compared to the same period last year (Statistics Estonia)(EEEL).</p>

expected to be primarily of U.S. origin (International Trade Administration).

April 2023

According to Statistics Estonia, in January 2023, exports and imports of goods at current prices decreased by 9 % and 1 %, respectively, compared with the same month in 2022. Estonia's exports of goods amounted to 1.5 billion and imports to 1.8 billion euros at current prices. The trade deficit was EUR 272 million, up EUR 127 million from a year earlier. Jane Leppmets, an analyst at Statistics Estonia, noted that while imports and exports of wood and wood products, raw materials, and chemical industry products also declined, the drop in exports and imports in January was primarily affected by a sharp drop in mineral fuels trade. "At current prices, mineral fuel exports in 2023 fell 55 % and imports fell 44 % compared to January of last year."

"At current prices, mineral fuel exports in 2023 fell by 55 % and imports by 44 % compared to January of last year. Electricity exports to Latvia and imports from Finland, as well as imports of various mineral products from Russia and Belarus have decreased," Ms. Leppmets added.

The main products exported in January were electrical equipment (202 million euros), wood and wood products (183 million euros), and agricultural products and food preparations (168 million euros). The largest decreases were recorded in exports of mineral products, including shale oil and electricity (174 million euros), raw materials and chemical products, including fertilizers (37 million euros), and wood and wood products, including sawn timber (14 million euros). Compared to the same period of 2022, the largest increase was recorded in exports of agricultural products and food preparations (+38 million euros). Exports of transport

	<p>equipment (+21 million euros) and machinery and mechanical appliances (+11 million euros) also increased. Compared to the previous year, the share of goods of Estonian origin in exports remained virtually unchanged, representing 67% of total exports in January 2023.</p> <p>Estonia's main partner in January was Finland (18% of total exports), followed by Latvia and Sweden (11% each). The main goods exported were electrical equipment to Finland and Sweden and mineral products, including electricity, to Latvia. Exports decreased both to non-EU countries (18%) and to EU countries (6%). The largest decreases were recorded in exports to the Netherlands, the United States and Latvia, and increases to Finland, Nigeria and Sweden (Estonia statistics).</p>	
<p>Cost of energy</p>	<p>December 2022</p> <p>Statistics Estonia reported that, compared with October 2021, the consumer price index was most affected by housing-related price changes, which accounted for one-third of the total increase. Partial energy price compensation measures for electricity, gas, and district heating went into effect in October. In addition, from October, households were able to purchase electricity as a universal service, the price of which is formed on the basis of the production price confirmed by the Competition Authority. "Solid fuels were 111.4% more expensive, gas 88.8%, electricity that reached households 83.7%, and thermal energy 49.1%. Price changes for food and non-alcoholic beverages accounted for nearly 30% of the total index increase. Gasoline was 21.9% more expensive and diesel 42.6%" (Statistics Estonia).</p>	
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>The government has released a budget of 257 million euros to fight inflation and the repercussions of the war in Ukraine:</p> <ul style="list-style-type: none"> • Strengthen energy security (investments in liquefied gas and gas reserves) ; • Tax assistance for struggling households, including energy bills; • Increasing the subsistence level from 150 to 200 EUR per month (OECD, June 2022). <p>October 2022</p>	

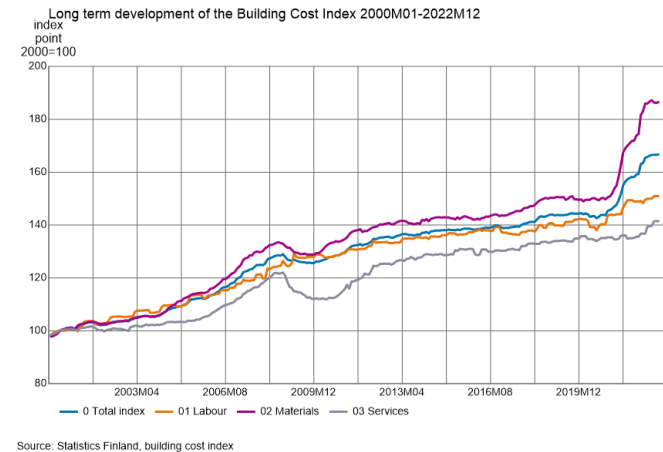
	<ul style="list-style-type: none"> • On January 25, 2022, the Estonian government approved a price cap on electricity (€0.12/KWh) and gas (€65/MWh) for households and the elimination of electricity distribution fees for businesses (previously reduced by only half), in an effort to mitigate the negative effects of rising energy prices. These benefits were valid from January to March. • On September 14, 2022, a statement by Prime Minister Kaja Kallas indicated that in order to lower energy prices, many large energy companies could be allowed to close for a short period. This statement was not official policy and was disputed by many members of his government and coalition. • On August 25, 2022, the government supported the draft proposal to accelerate the transition to renewable electricity by setting a renewable electricity target for 2030 equal to 100% of total electricity consumption (previously 40%). The goal is to ensure a renewable energy supply of 650 GW in January 2023, and at least 500 GW in 2024 and 2025 through wind and solar capacity. • On September 22, 2022, the government announced that the draft state budget for 2023 included an energy subsidy equal to €50/MWh of electricity for domestic consumers, and that it would cover 80% of price increases above €80/MWh. Similarly, for gas and central heating, it would offset 80% of price increases. Households will see their bills automatically reduced by this subsidy from October 2022. He also announced investment subsidies for the energy security of large industries (Bruegel).
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>In June 2022, the Estonian Construction Federation (EEEL) conducted a survey among its members to assess the impact of rising raw material prices. Most of the respondents were engaged in public contracts, the majority of which received no support given the exceptional situation (price increases and material shortages). EEEL's surveys showed that price increases averaged between 15% and 20% of the original contract value. Taking into account the total financial volume of state construction work in 2022 (about 1 billion euros), it therefore estimates the total amount of increases in the cost of state construction work at about 150-200 million euros (in 2022). In response, the EEEL has opened a discussion with the government on the introduction of exceptional measures in response to major forces (including planning for additional investments to cover an unforeseen extra budget)(EEEL, July 2022).</p> <p>October 2022</p> <p>The Estonian Construction Association issued a public appeal to the Government of the Republic of Estonia on October 12, 2022, alerting it to the worrying situation of the construction sector and the need to support it in the long term: "We ask you to sustain the construction sector by significantly increasing public investment in the construction sector and the necessary support measures to preserve the sector, so that we can continue to provide additional tax revenues to the state budget while continuing to work."</p>

	<p>Given the current situation of the Estonian economy (the highest inflation in the Eurozone, a sharp rise in energy prices and the resulting high construction prices, leading to a significant cooling of the construction market) it is clear that if the public sector does not significantly increase the planned investments in RES for 2023 and 2024, tens of thousands of employees will lose their jobs in the construction sector in the coming year, which will also be preceded by the closure or bankruptcy of many companies" (EEL).</p>
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		Finland																																											
Economic conditions	General	Construction																																											
	<p>March 2023 According to the IMF forecasts, the Finnish GDP will be 0.5% in 2023 while annual inflation will be 3.5%. A slowdown compared to 2022 (IMF).</p> <p>April 2023 According to Statistics Finland, the year-on-year change in consumer prices was 8.8 % in February. In January, inflation was 8.4 %. The acceleration in inflation from January to February was caused by increases in the average interest rate on home loans and higher prices for district heating, for example (Statistics Finland).</p>	<p>March 2023 According to Statistics Finland, construction companies' sales increased by 8.9% in December 2022 compared to the previous year. The volume of sales increased by 0.6% (Statistics Finland).</p> <div style="text-align: center;"> <p>Annual change in working day adjusted turnover and volume of construction, %</p> <table border="1"> <caption>Estimated data from the bar chart</caption> <thead> <tr> <th>Month</th> <th>Turnover (%)</th> <th>Sales volume (%)</th> </tr> </thead> <tbody> <tr><td>2021M12</td><td>12</td><td>8</td></tr> <tr><td>2022M01</td><td>13</td><td>8</td></tr> <tr><td>2022M02</td><td>15</td><td>10</td></tr> <tr><td>2022M03</td><td>13</td><td>8</td></tr> <tr><td>2022M04</td><td>12</td><td>5</td></tr> <tr><td>2022M05</td><td>10</td><td>2</td></tr> <tr><td>2022M06</td><td>11</td><td>2</td></tr> <tr><td>2022M07</td><td>10</td><td>2</td></tr> <tr><td>2022M08</td><td>9</td><td>1</td></tr> <tr><td>2022M09</td><td>5</td><td>-1</td></tr> <tr><td>2022M10</td><td>3</td><td>-2</td></tr> <tr><td>2022M11</td><td>2</td><td>-4</td></tr> <tr><td>2022M12</td><td>9</td><td>1</td></tr> </tbody> </table> <p>Source: Statistics Finland, index of turnover of construction</p> </div> <p>April 2023 According to Statistics Finland, the workday-adjusted sales of construction companies increased by 3.8% in January 2023 compared to a year earlier. Sales volume, with the impact of price changes removed, decreased by 2.7%. Seasonally adjusted turnover in construction and sales volume decreased in January compared to December (Statistics Finland).</p>		Month	Turnover (%)	Sales volume (%)	2021M12	12	8	2022M01	13	8	2022M02	15	10	2022M03	13	8	2022M04	12	5	2022M05	10	2	2022M06	11	2	2022M07	10	2	2022M08	9	1	2022M09	5	-1	2022M10	3	-2	2022M11	2	-4	2022M12	9	1
Month	Turnover (%)	Sales volume (%)																																											
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<p>Raw Materials and Energy</p>	<p style="text-align: center;">Procurement</p> <p>December 2022 Pipelines of up to 5,000 kilometers in length are planned to connect the Baltic Sea region and Central Europe by 2030.</p> <p>A project called Baltic Sea Hydrogen Collector (BHC), as well as other previously launched projects, are expected to complement the EU's hydrogen strategy and the REPowerEU plan. They will also support the EU's climate goals, such as the Green Pact for Europe and the Fit for 55 packages.</p> <p>The Baltic Sea Hydrogen Collector (BHC) project, launched on December 16 by Finnish company Gasgrid, Swedish gas transmission system operator Nordion Energi and two Danish companies OX2 and Copenhagen Infrastructure Partners, plans to connect mainland Finland, Sweden and</p>	<p style="text-align: center;">Price / Cost</p> <p>March 2023 According to Statistics Finland, construction costs increased by 6.4% in January 2023 compared to the previous year. Among materials, the largest increases for the year were for thermal insulation (20.2%) and materials for heating, water and sewage (17.1%). The costs of wooden structures decreased by 6.9% compared to the previous year (Statistics Finland).</p>															

the Åland Islands to Germany. Connections could also be built to the islands of Gotland in Sweden and Bornholm in Denmark ([Euractiv](#)).



April 2023

According to Statistics Finland, civil engineering costs increased by 8.8% between February 2022 and February 2023. The annual change in costs varies by subindex, from 12.3% for rock structures to 3.2% for concrete structures. Looking at the cost drivers, the largest increases are for clean machinery costs (22.4%) and purchased transportation services (13.6%) ([Statistics Finland](#)).

According to Statistics Finland, construction (building) costs rose by 6.4% in February 2023 compared to the previous year. Among materials, the largest increases for the year were in thermal insulation (25.2%) and transportation (16.5%). Steel structures (-4.7%) and roofing materials (-5.2%) were the materials with the largest monthly cost decreases. Material costs increased by 9.2% compared to the previous year.

		<p>Prices for services increased by 5.7% compared to the previous year.</p> <p>The costs that decreased the most during the month were steel structures (-4.7%) and roofing materials (-5.2%)(Statistics Finland).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>The government has decided on temporary targeted measures in response to rising energy prices. These measures are particularly focused on transport and are aimed at households, professional transport service providers and agricultural contractors:</p> <ul style="list-style-type: none"> • Since the beginning of 2021, the electricity tax for industrial users, data centers and agriculture has been reduced to the minimum rate allowed by the EU. This year, a reduced electricity tax rate will be extended to certain heat pumps, electric boilers and more data centers. The position of consumers in the electricity market has been improved by intervening in the price of energy transmission. The amount of transmission charges that can be charged to customers in 2022 is about 370 million euros lower than in 2020. • The maximum deduction for travel expenses between home and work will be temporarily increased from 7,000 to 8,400 euros in the taxes for 2022. In addition, the mileage allowance for commuting expenses when using one's own car will be temporarily increased to 0.30 euro/km (previously 0.25 euro/km). • The government is preparing amendments to the Electricity Market Act that will improve the position of consumers in the event of an energy price crisis. The aim is to increase awareness of electricity supply contracts that use dynamic pricing, also known as spot contracts (Finnish government, February 2022). <p>October 2022</p> <ul style="list-style-type: none"> • On September 1, 2022, the government presented the draft state budget for 2023, in which it proposed to reduce the VAT on the sale of electricity from 24 % to 10 % between January 1, 2023 and April 30, 2023. The reduction in VAT on electricity would only apply to the sale of electricity, not to the transmission of electricity or access to the electricity grid, which would remain subject to the standard VAT rate of 24%. Households' purchasing power would also be improved by a temporary reduction of VAT on passenger transport to 0%, which would apply to all passenger transport services currently subject to taxation, such as train, bus, cab, air and sea transport. Low-income households whose monthly electricity bill exceeds the €400 deductible (up to a maximum of €1,500) will be entitled to a subsidy covering 60% of the bill for four months between 1.1.2023 and 30.4.2023. It is estimated that these measures would affect approximately 252,000 households. 	

	<ul style="list-style-type: none"> On September 4, 2022, the government agreed to set up a €10 billion emergency facility of loans and credit guarantees to help utilities weighed down by soaring collateral demands as they trade in volatile electricity markets to meet short-term liquidity needs (Bruegel). <p>November 2022</p> <ul style="list-style-type: none"> On October 5, 2022, the government implemented an energy conservation program in state properties that aims to save 50-75 GWh and up to 10 million euros in energy costs. The "One Step Lower" campaign, which kicked off during Energy Savings Week on October 10, 2022, encourages all businesses, organizations and individuals to save energy (cooler showers, lower heating temperatures, energy saving cycles for the dishwasher, etc.)(Bruegel). <p>December 2022</p> <p>Finnish Prime Minister Sanna Marin of the Social Democratic Party (SPD)'s proposal to set a possible cap on electricity prices caught the opposition and her government colleagues off guard.</p> <p>Finnish power generation has suffered a triple blow: low temperatures, difficulties at the Olkiluoto 3 nuclear reactor and lack of wind affecting wind power generation have led to a spike in electricity prices. On December 14, the price per kilowatt hour on the power exchanges was over 60 cents.</p> <p>Ms. Marin then announced that she would organize an all-party meeting on December 19 to discuss the energy issue in Finland. Her social democratic parliamentary group presented concrete figures, suggesting that the price of electricity for households should not exceed 20 cents per kilowatt hour. In addition to the speed of the proposal, its price was also criticized. Finance Minister Annika Saarikko (Centre Party) called the suggestion "understandable" but said it would cost "billions" and have a negative impact on public finances. The government has previously lowered VAT on electricity (Euractiv).</p>
<p>Positioning of the Federation</p>	<p>December 2022</p> <p>The crisis in Ukraine is making it difficult for the member companies of the Finnish Construction Association (RT) to operate. In order to alleviate the situation of the companies, RT has, among other things, proposed to the state that the tax on light fuel oil be reduced for a limited period of time and that the tax on commercial activities be reduced to the European minimum (RT, 2022).</p> <p>RT published a report on the impact of the crisis in Ukraine on the construction sector (report available here, in Finnish).</p> <p>March 2023</p> <p>Recent surveys conducted by the Finnish Confederation of Construction Industries (RT) among its members update the outlook for the construction sector:</p>

	<ul style="list-style-type: none"> - Housing production is still at a good level and the number of unsold completed apartments is low. However, outside the growth centers of Helsinki, Tampere and Turku, the number of housing starts is falling sharply. - RT also asked its members about the impact of the war in Ukraine on the sector: The war is hampering an ever increasing number of construction companies. The shortage of materials and equipment has eased, but rising costs are still holding back production. However, bankruptcies or layoffs remain unlikely. <p>344 companies from all sectors represented at RT responded (RT).</p>
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	France	
Economic conditions	General	Construction
	<p>March 2023 On January 31, 2023, INSEE unveiled its first estimate of French economic activity growth in 2022, which has held up despite the energy crisis and soaring inflation, before a year 2023 that is certainly more difficult.</p> <p>After the euphoric post-Covid recovery in 2021 (+6.8%), activity has stalled in France, shaken by the war in Ukraine, which has caused energy prices to soar, and inflation, which has reached levels not seen in nearly 40 years.</p> <p>Insee expects a 2.5% increase in GDP in 2022 - with a negative fourth quarter at -0.2%. This is slightly below the forecasts of the Bank of France (+2.6%) and the government (+2.7%) (Euractiv).</p> <p>According to IMF forecasts, French growth in 2023 should be 0.7% (IMF).</p>	<p>March 2023 - Building Building activity is slowing markedly to +1.6% in the fourth quarter of 2022 year-on-year. However, it remains well oriented for the near future, with an average order backlog of 7.3 months at the end of January 2023. However, the upcoming crisis in new housing is confirmed and the financial situation of companies remains fragile (FFB).</p> <p>March 2023 - Public Works Constrained by soaring costs (materials, energy) which have cut into its volume of activity, public works production will contract by -6.4% in 2022 compared with 2021, despite the end-of-year recovery. The horizon remains grey as the investment efforts hoped for in this mid-term period are still not forthcoming. In this context, a further erosion of public works activity is anticipated for 2023, even though the recent easing of inflationary pressures and the resilience of the financial situation of local authorities are encouraging signals. However, a genuine acceleration in the government investment cycle remains a key factor in reversing the trend and brightening the sector's prospects.</p> <p>Lastly, even if the sector's revenues increase by +2.7% in current euros this year, the historic rise in production costs (+9.8% over a sliding 12-month period at the</p>

April 2023







Over a year, according to the provisional estimate made at the end of the month, consumer prices would increase by 5.6% in March 2023, after +6.3% the previous month. This decrease in inflation would be due to the slowdown in energy prices. Food and tobacco prices are expected to accelerate, and prices of manufactured goods and services are expected to increase year-on-year at a rate close to that of the previous month.

On a monthly basis, consumer prices would increase by 0.8% in March 2023, after +1.0% in February. Energy prices are expected to slow due to a further decline in the price of petroleum products. Services prices are also expected to slow, due in particular to a decline in transportation services prices. Food prices are expected to increase at the same rate as the previous month. Prices for manufactured goods and tobacco are expected to accelerate.

Over one year, the harmonized consumer price index would increase by 6.6 % in March 2023, after +7.3 % in February. Over one month, it would grow by 0.9%, after +1.1% the previous month ([INSEE](#)).

In its latest forecast, the Bank of France doubled its growth forecast for France for 2023 and now expects an increase of 0.6% of

end of November according to the TP01 index) is holding back the growth of its real production ([FNTP](#)).

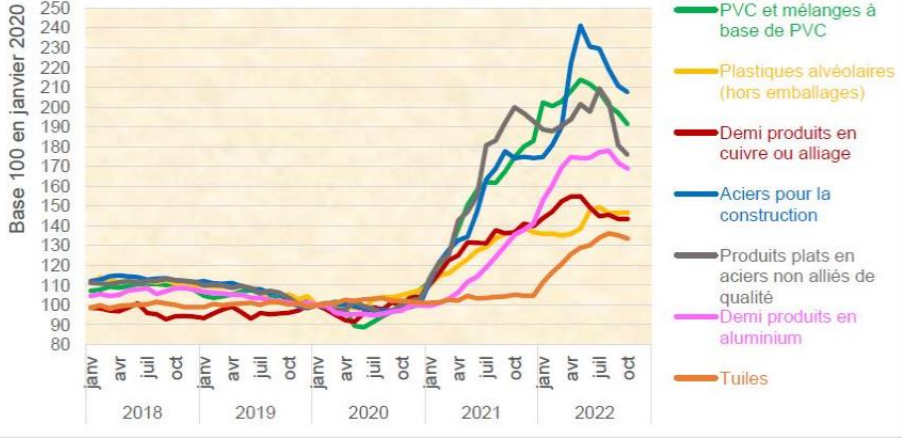
	MARCHÉS CONCLUS		-3,1 %
	HEURES TRAVILLÉES		-1,3 %
	HEURES INTÉRIMAIRES	=	-0,1 %
	EFFECTIFS OUVRIERS	=	-0,7 %

April 2023

There is little change at the beginning of 2023 for the Public Works activity. Billings remain at a slow pace, which dries up hopes of a sustained upturn in activity. While structural projects, such as the Toulouse metro, are beginning to take shape, it is the overall dynamic of investments of all sizes that must be resumed in order to accelerate the ecological transition in all regions and meet current challenges relating to mobility, water and energy.

In January 2023, work carried out picked up slightly, rising by +3% in volume over one month. As in previous months, this increase is still not enough to stimulate activity, which remains down by -4.8% compared to January 2022. In the absence of momentum, the decline in work carried out over the past 12 months has increased to -7.2% (after -6.5% at the end of December 2022). In this context, the decisions that will be taken in 2023 regarding the planning of infrastructure financing, following the submission of the COI report in particular, appear to be decisive from both an ecological and economic point of view for the future of public works ([FNTP](#)).

	<p>the gross domestic product (GDP), against 0.3% envisaged until now (Euractiv).</p>	
<p>Raw materials and energy</p>	<p style="text-align: center;">Procurement</p> <p>March 2023 In 2022, total French electricity production was 445.2 terawatt-hours (TWh), down 15% from the average between 2014 and 2021, the lowest since 1992, RTE announced. France has indeed experienced many problems that have affected its electricity fleet. As a result, France has had to import massively from its European neighbors to make up for the drop in its production. This situation is almost unprecedented, as it is the first time since 1980 (Euractiv). In particular, Belgium has become the leading exporter of electricity to France, with nearly 10 TWh of net exports, equivalent to the annual electricity consumption of 2.8 million households. This represents a reversal of the situation compared to previous years, when</p>	<p style="text-align: center;">Price / Cost</p> <p>February 2023 While average building costs (BT01 from INSEE) rose by 5.4% from the end of 2020 to the end of 2021 (twice as much as general inflation), and then by a further 6.3% over the first ten months of 2022, the relative lull in material prices observed in the last quarter of 2022 has been hit by the new surge in energy prices since the end of August, while general inflation is beginning to be translated into higher wages in the building industry</p> <p>The BT indexes are used to update and/or revise the prices of building contracts. The most generalized of these, the BT01 (all building trades) and BT50 (renovation-maintenance all trades) show strong increases, +6.8% and +5.7% between October 2021 and October 2022 (last month available), after 5.4% and 3.9% for the whole of 2021 (FFB).</p> <p><u>Industrial production price indices of some materials for the French market:</u></p>

	<p>Belgium had to rely on massive imports from France (Euractiv).</p>	 <p>Source : calculs FFB d'après Insee.</p> <p>All construction indexes (building and public works) can be consulted on the INSEE website: Building, public works and miscellaneous construction indexes in November 2022 - Informations rapides - 11 Insee.</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • Regulated gas and electricity rates are capped; • The energy voucher for the most modest households has been increased; • Road fuel tax cuts; • Increased targeted business subsidies (with conditions); • Housing Tax Relief; • Corporate Tax Relief (OECD, June 2022); • Assistance granted to companies, of all sizes and in all sectors, whose gas and electricity costs represent at least 3% of sales; • For companies in the construction sector, the government will ask public actors to apply, where possible, the doctrine of unpredictability for contracts that do not contain a price revision clause and not to apply delay penalties when the contract is in progress. 	

- Bankruptcy protection measures (government guaranteed loan, industrial growth loan, government guaranteed liquidity facility...)(FIEC, 2022).

October 2022

- On September 14, 2022, the government announced that the tariff shield, already extended until December 2022 for gas, and until February 1, 2023 for electricity, will be renewed in 2023.
The scheme includes: a 15% cap on the increase in gas and electricity prices; a limit on the average increase in bills to about €25 per month for households heating with gas; a limit on the average increase to about €20 per month for households heating with electricity; and assistance of up to €200 for French people heating with oil or wood. According to government estimates, these measures should benefit 12 million households.
- On October 6, 2022, the government officially presented the "**Energy Sobriety**" plan, which aims to reduce energy consumption by 10% over the next two years compared to 2019. The plan aims to **consume less energy and improve the energy efficiency of households, businesses, public buildings and transport**. The scheme includes financial support for households to change heating systems through the MaPrimeRenov program; the sustainable mobility package for employees is exempt from social security contributions up to €700 per year and can be combined with public transport reimbursement up to €800. In addition, energy utilities will offer incentives to reduce consumption. For example, TotalEnergies offers a bonus ranging from €30 to €120, depending on the energy savings achieved by households heating with electricity that reduce their electricity consumption by at least 5% between November 31, 2022 and March 1, 2023 (Bruegel).
- In a context where rising prices and supply difficulties are causing tensions in the execution of public contracts, the government asked the Council of State about **possible price changes and the application of the theory of unforeseeability in current contracts**. On 15 September, the Council issued a favourable, but framed, opinion (FFB).

November 2022

- On the occasion of the "24 hours of building", the Minister of Economy, Bruno Le Maire, announced the effective opening of the "**simplified one-stop shop**", a project unveiled a month ago to support businesses facing the energy crisis. However, access to this window still requires an energy consumption of more than 3% of turnover. Building companies will therefore only very rarely be concerned (FFB, Aides aux entreprises).
- **Energy crisis, the new window of help for companies accessible: Ten billion euros to help companies cope with the explosion of energy prices and thus prevent a wave of bankruptcies.** It is the envelope promised by the government which revised the operation of its first device of support. Objective: to touch "more companies with an intensity of stronger help and proportional to the increase of the invoice" of electricity and gas. To achieve this, the criteria have been reduced, the administrative procedures simplified and the payment deadlines compressed.

Among the elements reviewed to benefit from the bill payment assistance, the price of energy during the application period (September and/or October 2022) must have increased by 50% compared to the average price paid in 2021. In addition, energy expenses during the application period must represent more than 3% of last year's turnover ([Les Echos](#)).

- **In a joint statement issued Tuesday (Nov. 22), the German and French economy ministers called for a revival of European industrial policy to counter rising energy prices and the consequences of the war in Ukraine.** Robert Habeck and Bruno Le Maire said they were *"firmly resolved to work together to provide an adequate response to the most vulnerable economic sectors"*. According to the text, France and Germany will make *"joint purchases of gas [...] in order to lower prices for consumers and industry"* and say they are in favor of a *"structural reform of the electricity market"* to achieve a sustainable control of energy prices. They also announced the launch of Franco-German cooperation or working groups in strategic sectors such as hydrogen, artificial intelligence, cybersecurity, space policy, quantum computing and raw materials supply ([Euractiv](#)).

December 2022

French President Emmanuel Macron opened the "Bilateral Conference for the Resilience and Reconstruction of Ukraine" on Tuesday, December 13, in the presence of Bruno Le Maire, Minister of Economy, Finance and Industrial and Digital Sovereignty, Denys Chmyhal, Prime Minister of Ukraine and members of his government.

The Conference enabled the signing of important agreements directly responding to Ukraine's needs for its vital infrastructure. Their rehabilitation, following their destruction, is a crucial issue to ensure the continuity of essential services to the population but also to the functioning of the economy:

- Bruno Le Maire, French Minister of Economy, Finance, Industrial and Digital Sovereignty, and Odile Renaud-Basso, President of the European Bank for Reconstruction and Development (EBRD), have signed two agreements to provide €100 million in guarantees to support critical infrastructure in Ukraine. Through a risk-sharing mechanism between the French government and the EBRD, the guarantees will provide €200 million in emergency liquidity to two Ukrainian state-owned enterprises: the national energy operator Naftogaz, for the purchase of gas needed for the winter period, and the Ukrainian State Railways (UZ), for priority expenditures.
- France has signed three agreements meeting the needs of key sectors of the Ukrainian real economy:
 - 37.6 million from a concessionary loan from the Treasury for the supply of 20,000 tons of rails produced in France by the company Saarstahl should initially enable the repair of more than 150 km of Ukrainian railroads.
 - A second agreement signed between Matière and the Ukrainian governmental road agency UkrAvtodor, aims to launch the project to supply around 25 bridge kits, for which France will provide funding.
 - Finally, a third project aims to ensure the delivery of more than 20 million euros of seeds by three French exporting companies (MAS Seeds, Lideas Seeds, RAGT) to support the Ukrainian agricultural sector ([economie.gouv](#)).

	<p>February 2023</p> <p>On January 6, 2023, Bruno Le Maire announced that electricity suppliers had agreed to systematically open renegotiations for VSEs who, having renewed their contracts in the second half of 2022, pay more than €280/MWh on average for electricity over 2023. This figure will constitute a ceiling.</p> <p>The situation is thus summarized as follows:</p> <ul style="list-style-type: none"> - The VSEs connected with a power of less than 36 kVA benefit from the energy shield; - The remaining VSEs now have their contracts capped at €280/MWh in 2023; - SMEs can use the "electricity shock absorber"; - ETIs and large companies must fall back on the one-stop shop, provided that energy costs exceed 3% of their turnover (FFB). <p>In addition to the energy shield (for all VSEs regarding gas, only if they have a contract for a power of less than 36 kVA in electricity) and the electricity buffer (for other VSEs and SMEs), the Prime Minister announced, in early January, the possibility for VSEs and SMEs to request deferment of payment of their taxes (excluding VAT, ancillary taxes and repayment of levy at source) and social contributions (current contributions as Covid clearance plan in progress).</p> <p>In addition, the Minister of the Economy indicated that the energy companies had agreed to offer payment facilities, in the form of staggered invoices for the first few months of the year over several months, to VSEs and SMEs experiencing cash flow difficulties (FFB).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>Faced with rising prices and shortages of raw materials, the FFB has sent an urgent request to the public authorities to obtain a transitional measure to lower the VAT rate on fuels, as well as a freeze on energy and fuel prices. It would also like to see the partial activity resulting from the shortages fully covered. With regard to public contracts, the FFB is calling for the State to systematically take into account claims for compensation, contract amendments and the non-application of penalties for delay, as well as the implementation of the theory of unforeseeability, both in public and private contracts, in order to impose a renegotiation of prices as long as the conflict lasts (BatiActu, March 2022)</p> <p>October 2022</p> <p>The action of the FFB has borne fruit (accompanied by the MEDEF and the CPME): Faced with soaring electricity rates, Bruno LE MAIRE, Minister of the Economy, proposed to the professional organizations meeting on October 21 the establishment of a simple and general support system (all sectors, open to VSEs - including contracts of less than 37 kVA, SMEs and ETIs - subject to confirmation by the European Commission), intended for companies that do not benefit from the energy shield. With a maximum of 10 billion euros, it will replace the aid to large energy consumers, which does not work well.</p>

	<p><u>In detail, with regard to the supply of electricity:</u></p> <ul style="list-style-type: none"> • On average, companies already benefit from the fixed and regulated rate of Arenh (nuclear and hydraulic electricity shared between energy suppliers), which will probably amount to 49.5 €/MWh from 1/01/2023, on 50% of their bill ; • In addition, there would be a fixed and regulated tariff, guaranteed by the State, for 25% of the bill, as soon as the contract provides for a price per megawatt-hour higher than €325 and up to a ceiling that remains to be defined; • The complement would remain sold at the market price, today around 500 €/MWh. <p>The new aid would be charged directly on the invoice (no forms to fill out, no documents to provide)(FFB).</p> <p>March 2023 - FFB, "Energy crisis" information meeting, March 09, 2023</p> <p><u>Contents:</u></p> <ul style="list-style-type: none"> • Decipher the energy market. • How to react in your energy purchasing procedures, how to anticipate? • Financial aid on energy, CEE, tax credit, Climaxion. • The offers of BPI and your banking networks in connection with the energy crisis. <p>If you wish to participate in this meeting, please contact: mogliam@d68.ffbatiment.fr</p>
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	Greece	
Economic conditions	General	Construction
	<p>March 2023 The annual inflation between January 2023 and January 2022 was 7% (Statistics Greece).</p>	<p>March 2023 Total construction activity (private-public) in Greece, as of October 2022, which is calculated based on the number of building permits issued, amounted to 2,295. This figure corresponds to 431,737 m2 of area and 1,797,388 m3 of volume, reflecting, respectively, an 8.2% increase in the number of building permits, a 15.9% decrease in area, and a 23.6% decrease in volume, compared to the corresponding month in 2021 (Statistics Greece).</p> <p>April 2023</p>

		<p>The change in the construction output index (CPI) with base year 2015=100.0 and reference period the 4th quarter of 2022, based on provisional and working day adjusted data, is as follows:</p> <ul style="list-style-type: none"> - The production index in construction in Q4 2022 recorded an increase of 31.3% compared to Q4 2021. The CPI for Q4 2021 increased by 8.3% compared to the corresponding index for Q4 2020. - The construction production index (CPI) in Q4 2022 recorded an increase of 52.8% compared to Q3 2022. In Q4 2021, the CPI increased by 40.4% compared to the corresponding index in Q3 2021. - The seasonally adjusted production index in construction in 4Q2022 recorded an increase of 11.0% compared to 3Q2022 (Statistics Greece). <p>Total construction activity (private-public) in Greece, as of December 2022, which is calculated on the basis of the number of building permits issued, amounted to 2,519. This figure corresponds to 679,882 m² of area and 3,334,004 m³ of volume, reflecting, respectively, a 16.1% increase in the number of building permits, a 32.5% increase in area and a 47.7% increase in volume, compared to the corresponding month of 2021.</p> <p>The building permits for private construction activity issued in Greece in December 2022 amount to 2,494. This figure corresponds to 671,301 m² of area and 3,271,738 m³ of volume. Compared to the same month of 2021, there is an increase of 15.9% in the number of building permits, 33.6% in the area and 47.3% in the volume.</p> <p>Public construction activity accounted for 1.9 % of total construction volume in December 202 (Greek statistics).</p>
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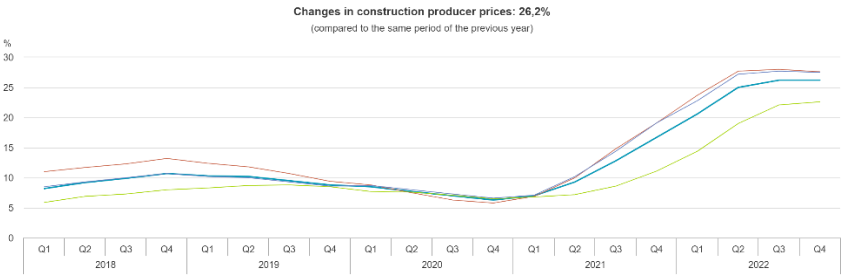
<p align="center">Raw materials & Energy</p>	<p align="center">Procurement</p> <p>March 2023 The pipeline project between Bourgas in Bulgaria and Alexandroupoli in Greece has been officially relaunched by the Bulgarian Minister of Energy, Rosen Hristov, and his Greek counterpart, Kostas Skrekas, after several months of negotiations. On February 16, 2023, the two ministers signed an agreement to establish a working group between the two countries to study the possibilities of implementing the pipeline project. Bulgarian President Rumen Radev, who met with his counterpart Katerina Sakellaropoulou as well as Prime Minister Kyriakos Mitsotakis, was also in Greece at the time of the agreement signing. <i>"The Alexandroupolis-Bourgas pipeline is an important strategic element for Bulgaria because it allows real diversification and alternative supply of non-Russian oil to the Bourgas refinery, the largest in the Balkans,"</i> said Radev at the press conference with Mitsotakis. The pipeline would increase <i>"the safety and efficiency of supplies, as it avoids the long waits and risks associated with the passage of oil tankers through the Black Sea straits,"</i> he added. The pipeline is to carry oil to the Russian refinery in Bourgas, which will then be delivered by tankers to the Aegean port. In the long term, it aims to completely replace Russian crude oil imports by sea, especially since Bulgaria has until 2024 before its current exemption from the EU embargo on Russian oil ends (Euractiv).</p>	<p align="center">Price / Cost</p> <p>March 2023 The index of the overall cost of materials in the construction of new residential buildings, with a base year of 2015=100.0 recorded an increase of 11.7% in December 2022 compared to December 2021. The corresponding index in December 2021 had recorded an increase of 7.1% compared to December 2020 (Statistics Greece).</p> <p>The major changes in the individual material category cost indices are as follows:</p> <table border="1" data-bbox="1312 635 2020 1254"> <thead> <tr> <th>Material categories</th> <th>Rates of change %</th> </tr> </thead> <tbody> <tr><td>Bricks</td><td>28.2</td></tr> <tr><td>Diesel fuel</td><td>19.8</td></tr> <tr><td>Parquet flooring</td><td>17.1</td></tr> <tr><td>Steel reinforcing rods</td><td>16.2</td></tr> <tr><td>Garage doors</td><td>14.5</td></tr> <tr><td>Builders' timber</td><td>13.6</td></tr> <tr><td>Cupreous Pipes</td><td>13.0</td></tr> <tr><td>Emulsion paints</td><td>12.0</td></tr> <tr><td>Cupboards</td><td>11.5</td></tr> <tr><td>Ready-mixed concrete</td><td>11.2</td></tr> <tr><td>Central heating radiators</td><td>10.9</td></tr> <tr><td>Floor and wall tiles generally</td><td>10.9</td></tr> <tr><td>Marble slabs</td><td>10.3</td></tr> <tr><td>Wall cupboards</td><td>9.9</td></tr> <tr><td>Aluminium door and window frames</td><td>9.2</td></tr> <tr><td>Windows</td><td>9.0</td></tr> <tr><td>Internal doors</td><td>8.8</td></tr> <tr><td>Cement</td><td>8.6</td></tr> <tr><td>Copper pipes</td><td>6.0</td></tr> <tr><td>Elevators</td><td>6.0</td></tr> <tr><td>Electric energy</td><td>-8.9</td></tr> </tbody> </table>	Material categories	Rates of change %	Bricks	28.2	Diesel fuel	19.8	Parquet flooring	17.1	Steel reinforcing rods	16.2	Garage doors	14.5	Builders' timber	13.6	Cupreous Pipes	13.0	Emulsion paints	12.0	Cupboards	11.5	Ready-mixed concrete	11.2	Central heating radiators	10.9	Floor and wall tiles generally	10.9	Marble slabs	10.3	Wall cupboards	9.9	Aluminium door and window frames	9.2	Windows	9.0	Internal doors	8.8	Cement	8.6	Copper pipes	6.0	Elevators	6.0	Electric energy	-8.9
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	<p>The government has decided to launch a €5.4 billion (2.7% of GDP) resilience plan to cope with rising prices and the impact of the war in Ukraine. Among the measures put in place:</p> <ul style="list-style-type: none"> • Property Tax Reduction; • Reduced taxes and social security contributions; • Electricity and gas subsidies for households and businesses; • Assistance to the poorest households (OECD, June 2022). <p>October 2022</p> <p>On Sept. 21, Greek Energy Minister Kostas Skrekas said the government would provide an additional 1.1 billion euros to households and businesses to protect them from rising energy prices before winter. The subsidies have three components:</p> <ul style="list-style-type: none"> • For households whose monthly consumption does not exceed 500 kilowatt hours, the value is 436 euros per megawatt hour. These households constitute the majority of Greek households. • For households consuming more than 501 kilowatt hours per month, the subsidies will offset about 70-80% of the price increase. • For companies with a consumption of more than 2000 kilowatt hours, 398 euros per megawatt hour are promised. <p>In addition to these benefits, a subsidy of 50 euros per megawatt is offered to consumers who reduce their average daily consumption by 15% year on year (Bruegel).</p> <p>November 2022</p> <ul style="list-style-type: none"> • The government has launched the "Save at Home" program to raise awareness of energy-saving behavior changes at home. In public buildings, measures range from lowering temperature levels in offices to reducing night-time lighting in public buildings, setting up a digital platform to track public sector energy consumption, and linking compliance with these measures to budget funding, with bonuses for the most efficient branches and cuts for those that do not meet their savings targets (Bruegel). • The government has strengthened the "Recycle - Switch" program to support the replacement of household appliances (e.g., air conditioners, refrigerators, freezers) with energy-efficient versions by reimbursing part of the purchase price. It also intends to launch a program (640 million euros) for the energy improvement of 2.5 million square meters of buildings used by the public sector (Bruegel). • The government wants to finance 250,000 small photovoltaic systems on the roofs of households and businesses, which will consume their energy for free (Bruegel).
<p>Positioning of the Federation</p>	<p>December 2022</p>

The Greek Association of Engineering Contractors for Public Works issued a position paper in early December, calling on the Minister of the Interior for an immediate increase in project funding to pay contract review bills ([AECPW](#)).

	Hungary	
Commercial conditions	General	Construction
	<p>March 2023 According to IMF estimates, Hungarian GDP will be 1.8% in 2023, while inflation will be 13.3% (IMF).</p> <p>April 2023 In February 2023, Hungarian annual inflation was 25.4%. In January it was 25.7% (Hungary statistics).</p>	<p>March 2023 The volume of production in the construction sector in December 2022 lagged behind the previous year by 3.9%. Among the main construction groups, building construction increased by 1.1%, and civil engineering decreased by 12.7%. Construction output was 3.7% lower than in November. In 2022, construction output was 3.0 % higher than in 2021. For the year as a whole, producer prices in construction - due to significant price increases in some building materials - were on average 24.5% higher than in the previous year (Statistics Hungary).</p> <p>April 2023 In January 2023, the volume of construction output was 3.6 % lower than a year earlier, the data show. Among the major construction groups, building construction output fell 4.0 % and other construction output fell 2.1 %. Construction output was down 5.0 % from December 2022 (EVOS).</p> <p>House prices, house price index, Q3 2022 During the Q1-3 2022 period, 4.6 % fewer homes were sold compared to the same period last year. This decline was observed in all quarters in both the new and used home markets. After a sharp increase in the first quarter, house price growth gradually slowed to 2.6 per cent in the third quarter. The slowdown in the rise in used home prices can be seen in all regions of the country.</p>

		<p>Housing market sales below previous levels</p> <p>After a strong 2021, housing market turnover has slowed slightly in 2022. Turnover figures for the first three quarters are 4.6 % lower than the previous year. The number of sales declined between 3% and 7% in each of the quarters examined.</p> <p>The number of sales decreased by 3 to 7 % in each of the quarters examined in both the used and new home markets.</p> <p>In the first quarter of 2022, the share of new homes in sales was less than 5 %, well below the peak of 10 % in the first quarter of 2021 (Hungary statistics).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Price / Cost</p>
	<p>September 2022</p> <p>95% of Hungary's gas and 45% of its oil comes from Russia, making it highly dependent on the latter (OECD, June 2022).</p> <p>November 2022</p> <p>On July 13, 2022, the government declared a state of emergency and adopted a 7-point plan on energy security. The government intends to increase domestic natural gas production by 0.5 billion cubic meters per year to 2 billion cubic meters per year by this winter (Bruegel).</p>	<p>March 2023</p> <p>Electricity, gas and other fuels became 52.4% more expensive between January 2022 and January 2023. In this context, natural and manufactured gas prices increased by 88.6%, firewood prices by 58.6%, butane and propane gas prices by 50.6% and electricity prices by 27.7% (Statistics Hungary).</p> <p>April 2023</p> <p>Industrial producer prices rose 29.0% on average in February 2023 from a year earlier. Domestic output prices increased by 56.4% and non-domestic output prices by 15.8%. The faster growth in domestic output prices is due to the proportion of the energy industry, where a significant increase in prices occurred, which is much larger in domestic output than in non-domestic output. In addition to the sharp rise in energy prices, the increase in prices of basic materials, wage growth and the weakening of the forint - on a yearly basis - also had an upward effect on prices. Compared to the previous month, domestic output prices fell by 1.3 % and external output prices by 2.6 %, so that industrial output prices as a whole fell by 2.2 %.</p> <p>In February 2023 compared to February 2022:</p>

		<p>Domestic producer prices increased by 56.4% on average, within which they were 27.6% higher in the manufacturing industry, representing a weight of 65%, and - due to a drastic increase in world market prices and amendments to the administrative price regulation - 127% higher in the energy industry (electricity, gas, steam and air conditioning supply), with a weight of 30%.</p> <p>In Hungary, prices increased by 73.3 % in the energy and intermediate producers sectors, by 13.7 % in the capital goods sectors, and by 34.1 % in the consumer goods sectors among the end-use groups of the production sectors of industry (Statistics Hungary).</p>  <p>Changes in construction producer prices: 26,2% (compared to the same period of the previous year)</p> <table border="1"> <caption>Approximate data from the line chart</caption> <thead> <tr> <th>Year</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>8</td> <td>10</td> <td>12</td> <td>14</td> </tr> <tr> <td>2019</td> <td>10</td> <td>10</td> <td>10</td> <td>10</td> </tr> <tr> <td>2020</td> <td>8</td> <td>8</td> <td>8</td> <td>8</td> </tr> <tr> <td>2021</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> </tr> <tr> <td>2022</td> <td>20</td> <td>25</td> <td>26.2</td> <td>26.2</td> </tr> </tbody> </table>	Year	Q1	Q2	Q3	Q4	2018	8	10	12	14	2019	10	10	10	10	2020	8	8	8	8	2021	10	15	20	25	2022	20	25	26.2	26.2
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<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>In order to counteract the negative impacts of the war in Ukraine, the government has initiated various measures, including:</p> <ul style="list-style-type: none"> • Reduction of social security contributions and salaries for companies; • Massive increase in coal production; • Reopening of the Matra thermal power plant (closed since 2021); • Citizens, who consume more than the average, will have to pay for the surplus consumed (Le Figaro, July 2022). <p>Until July 2022, Hungary did not participate in the sanctions package imposed on Russia.</p> <p>October 2022</p> <ul style="list-style-type: none"> • On July 13, the government declared a state of emergency and adopted a seven-point energy security plan. The government intends to increase domestic natural gas production to 2.0 billion cubic metres and to seek additional sources 																															

	<p>of gas. Budapest will ban exports of energy resources such as firewood and increase domestic lignite production. In addition, a lignite-fired power plant will be reopened in Matra and work on the Paks nuclear power plant near Budapest will be extended.</p> <ul style="list-style-type: none"> • From August 2022, Hungary has removed caps on gas and electricity prices for high-consumption households (those who consume more than the national average). • On July 30, Hungary changed the eligibility requirements for price-capped fuel and increased the windfall tax levied on the oil and gas company MOL. Price cap fuel, whether gasoline or diesel, is now only available to private vehicles, agricultural vehicles and cabs. The main exclusion is for company cars. As for MOL's windfall tax, it will increase from 25% to 40% on August 1. • The Commission approved Hungary's amendments to the business aid scheme to increase the maximum amount of aid to € 62,000 per undertaking active in the agricultural sector, to € 75,000 per undertaking active in the fisheries and aquaculture sectors and to € 500,000 per undertaking active in all other sectors. In addition, Hungary has notified an increase in the overall budget of around € 459 million. This will bring the total budget of the scheme to approximately €1.58 billion (Bruegel). <p>November 2022</p> <p>The European Commission's gas demand reduction initiative was only opposed by Hungary. However, the government set new targets in September 2022: to reduce gas consumption by 25 per cent this winter for businesses and public buildings, as well as to limit maximum heating temperatures in public buildings, control the cost of firewood and announce plans for a program to support energy-intensive small businesses (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>The National Association of Construction Contractors (EVOSZ) and the Public Procurement Authority (KH) have jointly published recommendations for all parties involved in the procurement process in the context of the war in Ukraine.</p> <p>The purpose of this article is to describe, in the situation of force majeure in the context of the Russian-Ukrainian war, in the case of public procurement procedures initiated before the outbreak of the war, the legal solutions that contracting authorities or contracting parties can use to execute previously concluded contracts or to publish new public procurement procedures, which are appropriate to the situation (EVOSZ, 2022).</p> <p>October 2022</p>

	<p>The Hungarian Construction Association has issued a questionnaire to its members and any construction company on their assessments and expectations for the sector in the coming months (against a backdrop of high inflation and material shortages). The questionnaire was to be completed by September 23, 2022. An analysis will be produced from it in the coming weeks (EVOSZ).</p>
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	Ireland	
Economic conditions	General	Construction
	<p>March 2023 The Consumer Price Index (CPI) increased 7.8 % between January 2022 and January 2023, down from an 8.2 % annual increase in the 12 months prior to December 2022. The division with the largest increase in the year to January was Housing, Water, Electricity, Gas and Other Fuels (+26.4%)(Statistics Ireland).</p> <p>April 2023 The Consumer Price Index (CPI) rose 8.5% between February 2022 and February 2023, following an annual increase of 7.8% in the 12 months prior to January 2023. This is the seventeenth consecutive month in which the annual increase in the CPI has been at least 5.0%. The division with the largest increase in the 12 months to February 2023 is housing, water, electricity, gas and other fuels (+26.0%). Consumer prices increased by 1.6% between January 2023 and February 2023 (Ireland statistics).</p>	<p>December 2022 Construction output volume decreased 2.7 % in the third quarter of 2022 compared with the second quarter of 2022. On a yearly basis, a 4.5% decline in volume was recorded. The civil engineering sector increased by 10.3% in the seasonally adjusted volume index between the second quarter of 2022 and the third quarter of 2022 (Statistics Ireland).</p> <p>April 2023 Construction output volume declined 3.1 % in the fourth quarter of 2022 compared with the third quarter of 2022. On a yearly basis, a decrease of 11.0% in production volume was recorded. The residential building sector increased by 1.8 % between Quarter 3 2022 and Quarter 4 2022. Between Quarter 3 2022 and Quarter 4 2022, the nonresidential building sector recorded a 6.7 % volume reduction on a seasonally adjusted basis. The civil engineering sector declined by 1.9% between Quarter 3 2022 and Quarter 4 2022. The building and construction index decreased by 3.6% on a quarterly basis and by 2.2% on an annual basis (Statistics Ireland).</p>
Raw materials	Procurement	Price / Cost

	<p>November 2022 <u>Gas infrastructure development:</u> The Shannon LNG terminal is a proposed LNG terminal in the Munster province, owned and promoted by New Fortress Energy. The facility would be developed in three phases, the first to be completed in 2022 and provide regasification capacity of 2.8 billion cubic meters per year, the second to be completed in 2025 and add 2.1 billion cubic meters per year and the third to be completed in 2029 with an additional 3.3 billion cubic meters per year (Bruegel).</p>	<p>September 2022 Rolled steel has risen to €1,500, an increase of €600 since mid-February (66% increase). Reinforcing bar prices have risen by 50% from €900 to €1,350 per ton in the last four weeks. Cable and copper increased by 31% to 8,642 euros per ton. Some types of steel are no longer available. 100% increase in delivery times for air conditioners, electronic controls and lighting equipment (ICF, 2022).</p>																								
<p>Cost of energy</p>	<p>September 2022 At the beginning of 2022, the surge in prices of many commodities (oil, gas, metals, cereals) due to the war in Ukraine led to a surge in inflation, which reached 9.6% in June 2022. Driven mainly by energy prices (heating oil +115%, gas +57%, electricity +41%), it will remain very high in the second half of the year, with inflationary pressures spreading to all goods and services (COFACE, 2022).</p> <p>October 2022 Cost of electricity for consumers, according to their consumption (excluding households)(Eurostat).</p> <div data-bbox="891 911 1704 1353" data-label="Figure"> <p>Electricity prices for non-household consumers <small>Consumption by non-household consumers - 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22</small></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Price (EUR per kWh)</th> </tr> </thead> <tbody> <tr> <td>2019, September</td> <td>~1000</td> </tr> <tr> <td>2020, April</td> <td>~950</td> </tr> <tr> <td>2020, September</td> <td>~950</td> </tr> <tr> <td>2021, February</td> <td>~950</td> </tr> <tr> <td>2021, May</td> <td>~950</td> </tr> <tr> <td>2021, August</td> <td>~950</td> </tr> <tr> <td>2021, November</td> <td>~950</td> </tr> <tr> <td>2022, February</td> <td>~950</td> </tr> <tr> <td>2022, May</td> <td>~950</td> </tr> <tr> <td>2022, August</td> <td>~950</td> </tr> <tr> <td>2022, November</td> <td>~1050</td> </tr> </tbody> </table> </div>		Month	Price (EUR per kWh)	2019, September	~1000	2020, April	~950	2020, September	~950	2021, February	~950	2021, May	~950	2021, August	~950	2021, November	~950	2022, February	~950	2022, May	~950	2022, August	~950	2022, November	~1050
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	<p>February 2023</p> <p>The Consumer Price Index (CPI) increased 8.2 % between December 2021 and December 2022, down from an annual increase of 8.9 % in the 12 months prior to November 2022.</p> <p>The divisions with the largest increases over the year were housing, water, electricity, gas and other fuels (+25.9%). The division with the largest decrease during the month was "transport" (-2.6%)(Statistics Ireland).</p>
<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p>On September 27, the Irish government presented its budget for 2023, which contains some measures to address the deepening energy crisis. In the most significant measure to date, Ireland has committed €1.25 billion to its temporary Business Energy Support Programme. This measure will allow eligible businesses to receive compensation for 40% of their increased energy bills (gas and electricity), up to a maximum of €10,000 per month. It is aimed at small companies, but medium and large companies will also benefit. The measure will apply until February 2023. In addition, €200 million has been committed to the Ukraine Enterprise Crisis Scheme, which aims to further assist businesses affected by the energy crisis and war in Ukraine. It targets internationally traded manufacturing and service sectors. In one part of the program, €2 million will be provided in grants to energy-intensive companies severely affected by rising energy prices (Bruegel).</p> <p>November 2022</p> <p>In May 2022, the government announced the provisional results of the second Renewable Electricity Support Scheme (RESS) auction, which resulted in a pipeline of 10 community projects with a total capacity of approximately 414 MW of onshore wind and 1,534 MW of solar (an increase of approximately 20% of Irish renewable energy generation). In August 2022, the government increased the offshore wind target capacity to 7 GW from 5 GW in 2030, and doubled the solar target to 5.5 GW and introduced a green hydrogen ambition of 2 GW. The government should revise its climate action plan by the end of 2022 to define the measures needed to achieve these targets (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>At a meeting between the Irish Construction Federation (ICF) and the Minister for Public Expenditure and Reform, the ICF highlighted the significant impact of hyperinflation on industry costs, which could affect current and future public works projects (including the National Development Plan and Housing for All).</p> <p>The ICF said this creates "exceptional challenges" in the sector, increasing the likelihood that some contractors will not be able to respond to tenders and may even become insolvent.</p> <p>ICF is requesting that an effective price variation clause be included in all new public works contracts and that this mechanism be applied retrospectively to all ongoing projects. This request is currently under review (ICF, 2022).</p>

	<p>October 2022 ICF conducted a survey of industry firms (202) to analyze the impact of the current economic situation on construction.</p> <ul style="list-style-type: none"> • 96% reported an increase in the cost of materials in the past three months. • 85% believe that material costs will continue to rise in the next 3 months. • 79% of respondents reported an increase in project prices over the past 3 months (CIF). <p>April 2023: ICF survey 40 % of construction companies reported an increase in sales at the end of 2022 and nearly one in four expect sales to increase in the first quarter of 2023, according to the Construction Industry Federation's latest economic outlook. Rising costs continue to be a challenge for the industry: 88% of companies surveyed saw an increase in material costs in the last quarter of 2022, and 67% expect this increase to continue in 2023. The cost of construction materials remains the top concern for construction companies over the next three to six months (74%), followed by access to a skilled workforce (72%) and ensuring a healthy profit margin on projects (65%). This is followed by continuity of work (48%) and supply chain disruptions (34%). The Construction Industry Federation's Economic Outlook surveyed 288 of its members to measure the construction sector's performance in the previous quarter (Oct-Dec 2022) and the sector's likely future performance over the next three months (Jan-Apr 2023). 77% of companies said that sustainability is now a very important part of their business, and more than half of them are seeing an increase in demand for sustainable construction from their clients. Companies are keen to access more general training on sustainability, as well as a better understanding of sustainability regulations and legislation, and how to manage an environmentally friendly and resource-efficient site. 76% of companies expect the move toward sustainability to lead to increased demand for off-site construction, and 45% expect off-site construction methods to become more common this year (ICF).</p>
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	Italy	
Economic conditions	General	Construction
	<p>March 2023 The international environment heading into 2023 is characterized by a general moderation of inflationary</p>	<p>March 2023 In December 2022, producer prices for residential and nonresidential building construction decreased 0.1 % on a</p>

	<p>pressures, due to lower energy prices, and by a more gradual tightening of monetary policy.</p> <p>In the fourth quarter of 2022, Italian GDP decreased by 0.1 % compared to the previous quarter. In 2022, the GDP growth rate was 3.9 %, higher than the average growth rate for the euro area.</p> <p>On the supply side, after three consecutive declines, industrial production increased by 1.6% in December. However, in the fourth quarter of 2022, the index decreased by 0.9% compared to the previous three months.</p> <p>In December, the number of employed persons increased, while a decrease was recorded for inactive persons (Statistics Italy).</p> <p>The Italian consumer price index decelerated in January. The positive gap with the eurozone average has decreased.</p> <p>Economic sentiment in January provided mixed signals: consumer confidence deteriorated while business confidence improved for the third consecutive month.</p> <p>April 2023</p> <p>The international environment remains characterized by high uncertainty and downside risks. The deceleration in inflation is expected to last longer than expected.</p> <p>In the fourth quarter of 2022, Italian GDP decreased slightly compared to the previous period. This result was driven by the positive contribution of net exports, offset by the negative contribution of domestic demand excluding inventories.</p> <p>On the supply side, in January, the industrial production index, after a sharp increase the previous month, fell 0.7 % from December.</p>	<p>monthly basis and increased 7.6 % on an annual basis; producer prices for road and railroad construction decreased 0.2 % from the previous month and increased 7.9 % on an annual basis.</p> <p>Over the past three months, compared to the previous three months, construction producer prices increased 0.3% for residential and nonresidential buildings and decreased 0.3% for roads and railroads.</p> <p>In 2022, compared to 2021, producer prices in residential and non-residential building construction increased by 8.2%, those for roads and railroads increased by 8.3% (Statistics Italy).</p> <p>April 2023</p> <p>In January 2023, construction output estimates increased month-over-month by 1.4%.</p> <p>In the three months to January 2023, the seasonally adjusted index of construction output increased 3.0 % from the previous quarter.</p> <p>Year-on-year, the seasonally adjusted index (the number of working days being 21 compared to 20 in January 2022) increased by 5.9 % and the unadjusted index rose by 9.6 % (Italy statistics).</p> <p>In February 2023, producer prices for residential and nonresidential building construction decreased 0.2 % on a monthly basis and increased 5.2 % on an annual basis; producer prices for road and railroad construction decreased 0.2 % from the previous month and increased 5.8 % on an annual basis.</p>
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	<p>Labor market conditions improved again in January. Full-time employees are now above the 2019 average, while the self-employed are still below pre-pandemic levels.</p> <p>Italy's Harmonized Index of Consumer Prices (HICP) rose by 9.9% on an annual basis. The gap with the eurozone, while still positive, has narrowed.</p> <p>The outlook for the Italian economy remains slightly positive. In February, consumer confidence rose with improvements spread across all components of the index, while business confidence, after three consecutive increases, remained stable (Statistics Italy).</p>	<p>In the last three months, compared to the previous three months, producer prices decreased by 0.4% for residential and non-residential buildings and by 0.3% for roads and railroads (Italian statistics).</p>
<p>Raw Materials and Energy</p>	<p style="text-align: center;">Procurement</p> <p>February 2023</p> <p>To strengthen its energy supply and make Italy the energy capital of Europe, Italian Prime Minister Giorgia Meloni visited Algeria, while her Deputy Prime Minister Antonio Tajani flew to Cairo.</p> <p>Ms. Meloni arrived in Algiers on January 22 for her first bilateral visit abroad. Since the beginning of the war in Ukraine, Algeria has become Italy's main supplier of natural gas.</p> <p>The main topics discussed were energy security, economic cooperation and stability in the Mediterranean (Euractiv).</p>	<p style="text-align: center;">Price / Cost</p> <p>February 2023</p> <p>In November 2022, producer prices for residential and nonresidential building construction decreased 0.1% on a monthly basis and increased 8.2% on an annual basis; producer prices for road and railroad construction decreased 0.4% from the previous month and increased 8.2% on an annual basis (Statistics Italy).</p> <p>April 2023</p> <p>Cost of electricity, January 2019 - January 2023: The average wholesale electricity price in Italy was €174.44 per megawatt hour in January 2023, a decrease of about 22 % year-over-year. In recent years, electricity prices in Italy have skyrocketed due to a number of factors affecting much of Europe, including increased heating demand due to cold winters, higher natural gas and coal prices, lower wind power generation due to low wind speeds, a shortage of gas supplies following Russia's invasion of Ukraine, and extreme heat during the summer months of 2022 (Statista).</p>

		<p>Average price in euros per megawatt-hour</p> <p>© Statista</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>Faced with inflation, the Italian government has put in place a 14 billion euro plan to preserve household purchasing power and business production capacity.</p> <ul style="list-style-type: none"> • Fuel Tax Reduction; • 200 EUR of aid to the most needy households; • Tax credits for energy-intensive businesses; • 25% tax on excess profits made by energy companies (France 24, May 2022). <p>October 2022</p> <p>At the end of July, the government drafted a bill entitled "Aiuti bis" for 13 billion. More than 6 billion will be used to cover the extension of previously adopted measures:</p> <ul style="list-style-type: none"> • 1.05 billion to extend the reduction of VAT on gas (from 22% to 5%) and fuel levies (30 cents per liter), 5 billion to cancel taxes on energy bills ; • Until October 31, 2022, the effectiveness of any contractual clause allowing the electricity and natural gas supplier to unilaterally modify the general contractual conditions relating to price definition is suspended. • The tax exemption limit for company bonuses has been doubled to 516 euros if used for household bills. • 350 million has been allocated to city councils and 50 million to metropolitan areas to help them meet their energy costs. 	

	<ul style="list-style-type: none"> • The transportation sector also benefited from the legislation, with an additional \$101 million on top of the \$79 million already allocated by 2022. • 3.3 billion was then used to extend tax credits to businesses, including those in the agricultural sector. <p>On September 13, the Aiuti-bis bill was approved by the Senate for an overall budget allocation of 17 billion euros (2 billion more than expected).</p> <p>The first decree of this law specifically concerns businesses: the government has decided on a reinforced tax credit, both in terms of the %age reduction and the number of eligible businesses to include SMEs, bars and restaurants (for the next three months). Companies with electric meters with an available power of 4.5 kW or more will receive a tax credit equal to 30% of the expenses incurred for the purchase of the energy component, and equal to 40% for the purchase of natural gas (Bruegel).</p> <p>November 2022</p> <p>The government's national energy conservation program includes measures to reduce gas consumption. Mandatory measures include reducing radiators by one degree (from 20 to 19 degrees) and the heating period by eliminating 15 days of consumption in October and April - for a total savings of 3.18 billion m3. Voluntary measures would save up to 2.7 billion m3 and include actions to raise awareness of important behavioral changes (e.g., reducing the temperature and duration of showers by 2 to 3 minutes, turning down the heat after boiling food and reducing the length of time the oven is turned on, using electric heat pumps used for air conditioning in the summer for heating in the winter, etc.). On October 6, 2022, the Ministry of Ecological Transition published an additional order focusing on measures to reduce heating consumption. In particular, it confirms both the 1-degree and 15-day reduction in winter consumption, but introduces some exceptions (e.g., hospitals, day care centers, swimming pools, etc.)(Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>ANCE, the Italian construction association, warns of soaring prices. The situation is now "out of control [...] because materials are scarce and many production plants are closing. Measures must be taken immediately to calm prices and compensate for the higher costs incurred by companies, otherwise the NRP construction sites will all come to a halt" (Gabriele Buia, president of ANCE).</p> <p>Workers in the public works sector denounce an unsustainable situation that jeopardizes jobs and economic rights, due to the general increase in the cost of materials.</p> <p>ANCE has launched a survey among its members which shows that nearly 75% of the projects that are going to be put on the market have old prices, and therefore obsolete.</p>

	Lithuania	
Economic conditions	General	Construction
	<p>March 2023 In January 2023, the average annual inflation is 19.3% (Lithuania statistics). Prices of housing, water, electricity, gas and other fuels increased by 47.6% (Statistics Lithuania).</p> <p>April 2023 The preliminary estimate of annual inflation (March 2023, compared to March 2022) is 15.2%. Annual inflation was mainly influenced by an increase in the prices of food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, miscellaneous goods and services (Lithuania statistics).</p> <p>In March 2023, compared to February, the economic climate indicator, i.e. the confidence of economic actors - producers, consumers and investors - in the Lithuanian economy, fell from -6.5 to -5.9%. The confidence indicator of construction fell from -10.5 to -6.8, that of consumers from -3.4 to -0.7, that of industry from -16.8 to -15.4, that of retail trade from 3 to 3.2. The services confidence indicator fell from 4.1 to 2.1. Compared to March 2022, the economic sentiment indicator decreased by 2 %age</p>	<p>March 2023 In December 2022, the volume of construction work completed increased by 0.3 % (compared to November 2022). In December 2022, the volume of construction work in the country amounted to 449.8 million euros at current prices. On a monthly basis, the volume of building construction increased by 0.7%, the volume of civil engineering construction decreased by 0.2%. In December 2022, compared with the corresponding period of the previous year, the volume of construction work completed decreased by 1.5 % at constant prices. 82.1 million and, adjusted for calendar effects, increased by 2.1% year-on-year.</p> <p>181.3 million and, adjusted for calendar effects, decreased by 8.1%. 186.4 million and, adjusted for calendar effects, increased by 3.6%. In 2022, the volume of construction work in the country amounted to 4.7 billion euros. Compared to 2021, adjusted for the calendar, it increased by 4.4% at constant prices. The share of civil engineering construction accounted for 40.9% of the total construction work carried out in the country (1.9 billion euros)(Lithuania statistics).</p> <p>April 2023 During the fourth quarter of 2022, 2,365 new residential and nonresidential buildings were completed, 24.7 % more than in the corresponding quarter of 2021. During the quarter, the construction of 2,161 new residential buildings with 4,845 dwellings was started, 52% of which were in apartment buildings. The usable area of new housing units with completed construction amounted to 466.6 thousand</p>

	<p>points and the construction indicator by 9.3 percentage points (Lithuania statistics).</p>	<p>square meters and increased by 61% compared to the fourth quarter of 2021 (Lithuania statistics).</p> <p>In the fourth quarter of 2022, housing prices increased 1.9 % from the third quarter. New housing prices rose by 5.9%: apartments in buildings rose by 6.1%, one- and two-family houses by 5.4%. A decrease in prices was recorded for existing housing: one- and two-family houses and apartments in buildings fell by 0.1% each (Lithuania statistics).</p> <p>In January 2023, the volume of construction work done increased by 1.5%. The volume of construction work carried out in the country amounted to 265.9 million euros at current prices, and compared to December 2022, it increased by 1.5% at constant prices. Over one month, the volume of building construction increased by 2.1%, the volume of construction of civil engineering works increased by 0.5%. In January 2023, compared to the corresponding period of the previous year, the volume of construction work carried out increased by 4.9% at constant prices. The volume of residential building construction amounted to 60.9 million euros and, over one year, decreased by 4.1%. The volume of non-residential building construction amounted to 108.5 million euros and increased by 8.7%. The volume of construction of civil engineering structures amounted to 96.5 million euros and increased by 7.1% (Lithuania statistics).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Price / Cost</p>
	<p>September 2022 Lithuania has completely stopped its gas and oil imports from Russia since April 2022. It now uses mainly liquefied gas (OECD, June 2022).</p>	<p>December 2022 Producer prices have increased by 23.4% since November 2021 (Statistics Lithuania).</p> <p>April 2023 In January 2023, compared with December 2022, construction input prices decreased by 0.8 %.</p>

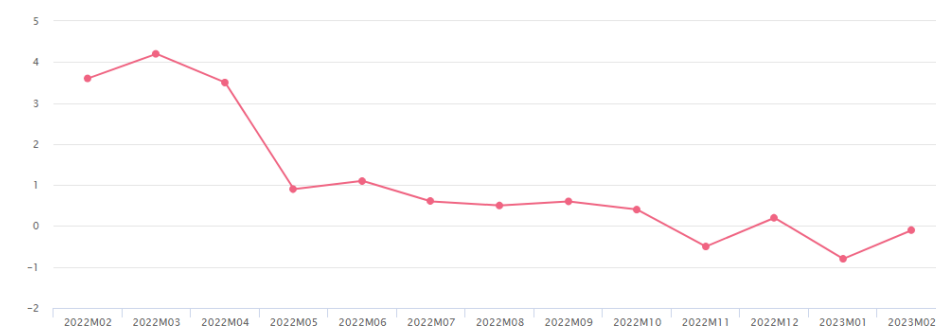
The greatest influence on the overall price change was exerted by a decrease in the prices of average gross hourly wages (3.6%), prices of building materials and products (0.1%). With regard to building materials and products, the largest decrease in prices was observed for metal products (2.6%), insulation materials and windows and doors (1.7%). The largest price increase was observed for building materials (3.7%). As for buildings and structures, the largest price decrease was recorded for residential building construction (1.2%), non-residential building construction (1.1%) and civil engineering works (0.2%)([Lithuania statistics](#)).

Fig. 1. [Changes in construction input prices over the month](#)

Compared to the previous month

Diagrams are formed automatically from the Database of Indicators; therefore, after updating the period and (or) data, information in the diagram will be also updated. The non-updated information (as of a news release publication day) is available in PDF format.

Per cent



Measures adopted by the utilities

October 2022

On April 1, 2022, the government launched a 2.26 billion euro package to counter the effects of inflation and strengthen energy independence.

To absorb energy price shocks, the government is compensating for part of the gas and electricity prices paid by individuals (570 million euros in subsidies). At the same time, companies are offered not only solutions to compensate for gas and electricity prices, with a budget of 120 million euros, but also targeted funds for affected sectors to the tune of 142 million euros.

The plan also includes **investments in energy independence** (1.12 billion euros). 275 million euros will be allocated to a new **renovation** investment platform, while subsidies for the ecological renovation and modernization of apartment buildings amount

to another 277 million euros. In addition, 46 million euros are earmarked for private charging infrastructure for electric vehicles in apartment buildings, households and private companies. 60 million euros are planned to promote the purchase and installation of solar power plants, and another 19 million euros - for the replacement of biomass and fossil fuel boilers with technologically advanced installations. Additional investments in energy independence for companies (254 million euros) and in public projects (193 million euros) are also planned.

In October, in response to the continuing crisis, the Lithuanian government released its draft budget law earlier than usual, which includes several elements aimed at solving the energy crisis. 1.5 billion euros was set aside to help raise consumer incomes by increasing the minimum wage and pensioners' salaries. Consumers are not the only ones in trouble and, like other countries, Lithuania has set aside 2.5 billion euros to help businesses affected by rising energy prices ([Bruegel](#)).

November 2022

The government has launched a package of measures including a new renovation investment platform and subsidies for the green renovation and adaptation of multi-apartment buildings, to subsidize 30% of renovation projects that will achieve at least energy performance class "B" in buildings and deploy renewable technologies. Renovation of public buildings is also planned (40 million euros).

The government has launched a package of measures that encourage the purchase and installation of solar power plants, the deployment of solar, wind and electricity storage batteries in businesses (60 million euros), the installation of an offshore wind farm in the Baltic Sea (9.8 million euros) and the deployment of solar and wind power plants in public buildings (30 million euros). In addition, it intends to implement private charging infrastructure for electric vehicles in multi-apartment buildings, households and private companies, the replacement of biomass and fossil fuel boilers with technologically advanced installations, hydrogen production equipment from renewable energy sources, the ecological renovation of buildings, the production of wood components, as well as investments in biofuel production technologies ([Bruegel](#)).

December 2022

The latest proposal by the Czech Republic for a cap on natural gas prices in the EU "is not enough," said Lithuanian Energy Minister Dainius Kreivys. "We have agreed (...) to continue to work intensively towards an agreement on a mechanism that would guarantee the stability of the gas market, security of supply, viability of our industry and low prices for our people," he added. At the end of November, the European Commission proposed a gas price cap of €275 per megawatt hour for one-month-ahead TTF contracts, but only if the price remains above that level for at least two weeks and if the price of liquefied natural gas exceeds €58 for 10 days within the two-week period.

The Czech Republic, which currently holds the rotating EU presidency, proposed last week to lower the cap to 220 euros. The cap would be triggered if prices for one-month contracts on the Dutch TTF, Europe's benchmark gas platform, exceed that level for

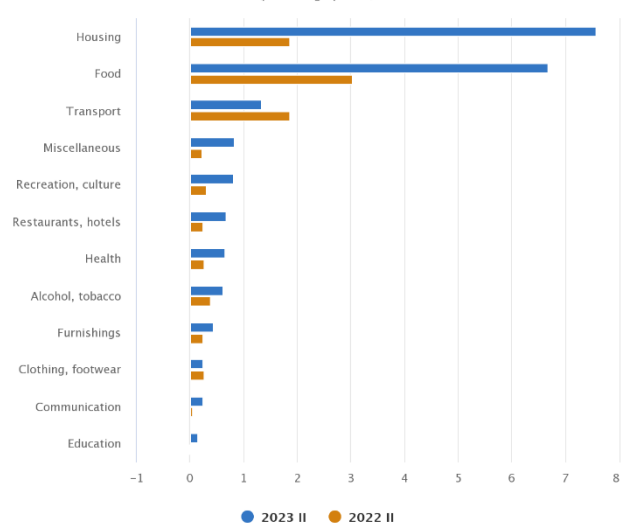
	<p>five days and are 35 euros above the LNG reference price. According to the Lithuanian energy ministry, many member countries did not agree with the Czech proposal, with positions differing on the proposed price cap, the scope of the mechanism and the conditions for its activation and deactivation (Baltic News).</p> <p>April 2023 Latvijas Dzelzceļš (Latvian Railways, LDz) is ready to continue to support the reconstruction of the Ukrainian railway industry from now on, emphasizes the chairman of the board of directors of LDz, Rinalds Plavnieks. Latvian and Ukrainian ministers and industry leaders held a meeting at the Ministry of Transport at the end of March, in which Mr. Plavnieks also participated. Plavnieks also participated. During the meeting, several issues important for strengthening cooperation between the two countries were discussed, including opportunities for LDz to participate in the maintenance and reconstruction of Ukrainian railway infrastructure and rolling stock, and the detour of Ukrainian cargo to Latvian ports using Latvian railway infrastructure. During the meeting, Oleh Nemchinov, Minister of the Cabinet of Ministers of Ukraine, commented on the need to develop alternative routes for Ukrainian freight transport routes and said that Ukraine considers Latvia as a potential ally in the rail transport network and logistics chains, as well as in the railway industry in general. The participants of the meeting paid special attention to the willingness of LDz to participate in the maintenance and reconstruction of the Ukrainian railway industry, providing its services in all key sectors of the railway industry, including maintenance and reconstruction of railway infrastructure, installation of signaling systems, repairs of rolling stock, etc. (Baltic News).</p>
<p>Positioning of the Federation</p>	<p>October 2022 In the face of drastically rising prices and the war in Ukraine, the Lithuanian Construction Association organized an information and awareness webinar in mid-October 2022 entitled "Public Construction Procurement in 2022-2023." The objective was to discuss and exchange ideas on how to improve the situation of public procurement in Lithuania. Construction market players, experts, representatives of contracting authorities and public authorities had the opportunity to make presentations, share ideas and discuss the challenges of public construction procurement, examples of good practice and necessary changes (LCA).</p>

Latvia																																		
Commercial conditions	General	Construction																																
	<p>March 2023 Consumer price changes, January 2022 - January 2023 (Latvia statistics).</p> <p>Consumer price changes over the corresponding month of previous year</p> <table border="1"> <caption>Consumer price changes (Jan '22 - Jan '23)</caption> <thead> <tr> <th>Month</th> <th>Total (%)</th> <th>Goods (%)</th> <th>Services (%)</th> </tr> </thead> <tbody> <tr><td>Jan '22</td><td>7.4</td><td>8.7</td><td>11.5</td></tr> <tr><td>Mar '22</td><td>11.3</td><td>16.9</td><td>19.3</td></tr> <tr><td>May '22</td><td>21.5</td><td>21.5</td><td>22.2</td></tr> <tr><td>Jul '22</td><td>21.5</td><td>21.8</td><td>21.8</td></tr> <tr><td>Sep '22</td><td>21.8</td><td>21.8</td><td>20.8</td></tr> <tr><td>Nov '22</td><td>21.5</td><td>21.5</td><td>21.5</td></tr> <tr><td>Jan '23</td><td>21.5</td><td>21.5</td><td>21.5</td></tr> </tbody> </table> <p>April 2023 Data compiled by the Latvian Central Statistical Office show that, compared with February 2022, industrial production decreased by 2.2 % in February 2023 (based on calendar-adjusted data and at constant prices). The decline in output was recorded in manufacturing (2.9 %) as well as in mining and quarrying (30.0 %), while electricity and gas production increased by 4.4 %, due to increased electricity production in cogeneration plants and gas distribution to consumers.</p> <p>A decline in industrial production was recorded in two of the three manufacturing sectors with the largest share of manufacturing:</p>	Month	Total (%)	Goods (%)	Services (%)	Jan '22	7.4	8.7	11.5	Mar '22	11.3	16.9	19.3	May '22	21.5	21.5	22.2	Jul '22	21.5	21.8	21.8	Sep '22	21.8	21.8	20.8	Nov '22	21.5	21.5	21.5	Jan '23	21.5	21.5	21.5	<p>March 2023 The latest data from the Central Statistical Office of Latvia show that, compared to 2021, the output in the construction sector decreased by 11.3% in 2022. The decline in output in the civil engineering sector was 13.1%, in specialized construction activities 11.3% and in building construction 9.8%.</p> <p>The decline in civil engineering output was influenced by the decrease in construction of other civil engineering projects (construction of water projects and construction of other unclassified civil engineering projects)(56.4%) as well as construction of utility projects (construction of utility projects for fluids, construction of utility projects for electricity and telecommunications)(15.9%). Production in road, railroad and bridge construction increased by 2.3%.</p> <p>A decline in output was observed in all specialized construction activities: electrical, plumbing and other building installation activities (10.9%), building completion and finishing (plastering, carpentry installation, floor and wall covering, painting and glazing)(7.9%), other specialized construction activities (roofing and other specialized construction activities not elsewhere classified)(2.4%), as well as demolition and site preparation (0.3%).</p> <p>Compared to the 3rd quarter of 2022, in the 4th quarter of 2022, production in construction did not change. Production in building construction increased by 8.3%, while in civil engineering and specialized construction activities decreased by 4.3% and 0.7%, respectively (Latvia statistics).</p>
Month	Total (%)	Goods (%)	Services (%)																															
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wood and wood and cork products manufacturing and fabricated metal products manufacturing (9.6 % and 11.3 %, respectively). A decline in industrial production was also recorded in the manufacture of machinery and equipment (4.3%), the manufacture of other non-metallic mineral products (16.5%) and the manufacture of motor vehicles, trailers and semi-trailers (motor vehicle parts and accessories) (17.1%)([Latvia statistics](#)).

The latest data from the Central Bureau of Statistics show that in February 2023, compared to February 2022, the average level of consumer prices increased by 20.3% ([Latvian statistics](#)).

Commodity group contribution to the total consumer price index during the year
(percentage points)



April 2023

According to the latest data, the construction confidence indicator stood at 7.1 in March, an improvement of 2.5 %age points from the previous month.

In March, compared with February, the assessment of expected employment trends over the next three months improved by 12.2 %age points, but the assessment of the current overall level of orders decreased by 5.1 %age points. Compared to February, the confidence indicator increased in March in all construction subsectors: building construction - by 0.6 %age points, civil engineering - by 6.4 %age points, and specialty construction activities - by 6.6 %age points.

Construction activity in March was primarily affected by poor weather conditions (indicated by 47.5% of respondents) and insufficient demand (35.0% of respondents). Lack of labor was cited as a limiting factor by 21.5% of respondents, but lack of materials or equipment was cited by 6.1%. The impact of financial hardship and other factors were cited by 14.2% and 5.6% of respondents, respectively (primarily rising prices for building materials and supply conditions). On the other hand, 15.6% of companies indicated that they did not feel any factors limiting construction activity ([Latvia statistics](#)).

Raw materials &	Procurement	Price / Cost
	December 2022	March 2023

<p>Energy</p>	<p>On December 7, work was completed on upgrading the gas interconnection between Lithuania and Latvia in the Pasvalys district of Lithuania. It is now possible to transport 90 GWh of gas through this pipeline, which is 30% more than was previously possible.</p> <p>The joint investment of Latvia and Lithuania in this project amounts to EUR 10.2 million. 4.7 million euros were provided by Lithuania and 2.1 million euros by the European Union (BNN).</p>	<p>Data from the Central Statistical Office of Latvia show that in January 2023, compared to January 2022, the average level of producer prices in Latvian industry increased by 22.9%. The price level of products sold on the domestic market increased by 37.3% and the price level of exported products by 9.4%. Prices of products exported to the eurozone countries increased by 11.8% and those exported to non-eurozone countries by 7.4%.</p> <p>The increase in prices for the supply of electricity, gas, steam and air conditioning, the manufacture of food products, the manufacture of wood and wood and cork products (except furniture), as well as the manufacture of other non-metallic mineral products had the largest impact on producer prices: the costs of supplying electricity, gas, steam and air conditioning increased by 56.1% between January 2022 and 2023 (Statistics Latvia).</p> <p>Data from the Central Bureau of Statistics show that in December 2022, compared to December 2021, the level of construction costs in Latvia increased by 19.3%. Prices of construction materials increased by 24.7%, maintenance and operating costs of machinery and equipment - by 17.5%, but the remuneration of workers - by 10.3% (Statistics Latvia).</p> <p>April 2023</p> <p>Data from the Central Statistical Office show that in February 2023, compared to February 2022, the level of construction costs in Latvia increased by 14.3%. The prices of construction materials increased by 17.3%, the costs of maintenance and operation of machinery and equipment by 12.6%, and workers' compensation increased by 9.8%.</p>
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		<p>In February 2023, compared with January, the level of construction costs fell 0.1 %. Construction materials prices fell 0.6 %, but workers' compensation increased 0.5 %, and maintenance and operating costs for machinery and equipment rose 0.3 %.</p> <p>In February, the average level of construction costs was mainly affected by lower prices for sand, as well as for metals and metal products (Latvia statistics).</p>
Measures adopted by the utilities	<p>October 2022</p> <p>On August 23, the government amended the legislation to provide for compensation for the costs of electricity grid service for businesses from October 10, 2022 to April 30, 2023, measures to partially cover the increase in heat supply and heating costs for households, as well as partial compensation for energy resource prices for energy-intensive businesses. This measure could cost the state approximately 123 million euros.</p> <p>In addition to the planned assistance for contractors, changes to the law on measures to cushion rising energy prices have also come into effect. In addition, about 250 energy-intensive companies could receive support. It is expected that the average support will amount to 200,000 euros. Thus, the Ministry of Economic Affairs expects that the support for energy-intensive companies will cost the state about 50 million euros (Bruegel).</p> <p>December 2022</p> <p>On December 13, the Latvian government decided to extend the period of increased benefits for protected electricity users until April 30, 2023. The government also decided to expand the range of beneficiaries of the benefits granted to protected users, as reported by the Ministry of Economy. This assistance, given the high electricity prices and the current benefit ratio, amounts to EUR 15 for poor or low-income households; EUR 15 for families with disabled children; EUR 15 for disabled persons of the first group or their guardian; EUR 20 for large families (BNN).</p>	

	Luxembourg	
Economic conditions	General	Construction
	March 2023	March 2023

	<p>In Luxembourg, consumer prices have been slowing since October 2022 as a result of the measures in the tripartite agreement that will keep inflation in check during 2023. STATEC is maintaining its inflation forecast for this year at 3.4%. The lifting of tariff shields at the turn of the year would push inflation back up to 4.8% in 2024. This rebound would mainly result from gas and electricity tariffs that would once again reflect real purchase prices on the wholesale markets. Indexation is also expected in the second quarter of 2024 (Statistics Luxembourg).</p> <p>April 2023 In the fourth quarter of 2022, the change in real GDP was -2.2% from the fourth quarter of 2021 and -3.8% from the previous quarter. Annual changes in real GDP for 2022 are revised as follows: +3.7% instead of +3.0% for the third quarter, +2.2% instead of +1.7% for the second quarter and +2.7% instead of +2.8% for the first quarter (Luxembourg statistics).</p> <p>In March 2023, the national consumer price index, as calculated by STATEC, increased by 0.3 % from the previous month. This change was mainly due to an increase in food prices.</p> <p>The annual inflation rate was 3.6% compared to 4.3% a month earlier (Luxembourg statistics).</p>	<p>Residential real estate prices rose 11.1 % annually in the third quarter of 2022. Although still historically high, price growth is slowing, particularly for older properties. In contrast, new home prices soared in the third quarter. According to the Observatoire de l'Habitat, the increase is mainly due to a change in contracts for unfinished new homes, which now have higher sales prices that take into account expected cost increases instead of being indexed to construction prices. Construction services prices continue to accelerate (record +15.9% year-on-year increase in Q4), which should support new housing prices (Statistics Luxembourg).</p> <p>Construction is one of the sectors where the slowdown has been most pronounced in the past year. In 2022, construction employment will grow by only 2.5% year-on-year (+2.0% in the fourth quarter), compared to +3.7% in 2021. In business surveys, construction contractors report a continued deterioration in orders since March 2022 (25% consider demand to be insufficient at the end of the year) and a less favorable employment outlook. Construction job openings reported to ADEM-which reached a record high in the second quarter of 2022-continued to decline in the fourth quarter.</p> <p>Construction output figures confirm this less buoyant climate, falling by 8.1% over one month in October in the Grand Duchy, the steepest decline in the EU (Statistics Luxembourg).</p> <p>April 2023 The year 2022 was marked by a slowdown in building permit applications, which can be explained by several economic and political factors, such as rising commodity prices and</p>
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		<p>increasing interest rates. In 2022, the country's 102 municipalities authorized the creation of 4,709 housing units, a 23% decrease compared to 2021 (- 1,396 units). However, this statistic must be qualified because 2021 was an exceptional year with 6,105 housing applications, which likely marked the catch-up from the COVID-affected year of 2020. You have to go back to 2016 to find such a low number of housing units authorized (4,566 in 2016). If we compare the number of authorized housing units to the last year before COVID (2019), we see another 16% decline (-879 units)(Luxembourg statistics).</p>
<p>Raw Materials and Energy</p>	<p style="text-align: center;">Procurement</p> <p>March 2023 Luxembourg is opposed to the European Commission's proposed overhaul of the electricity market rules. The Ministry of Energy fears that it will "slow down investment in renewable energy". While the European Commission is preparing an overhaul of the European electricity market rules to better cushion consumers' bills in the face of soaring prices, seven countries, including Denmark, Germany and Luxembourg, are opting for simple adjustments. Luxembourg therefore calls for an in-depth analysis of "the elements of the market that really need to be revised" and stresses that "any reform effort must focus on putting in place the right investment signals to ensure the massive deployment of renewable energies and energy savings. Among the strong measures, Luxembourg, like the other signatories of the letter, does not want an extension of a temporary EU measure that claws back windfall revenues from non-gas energy producers (The Gist).</p>	<p style="text-align: center;">Price / Cost</p> <p>February 2023 Residential real estate prices rose 11.1 % annually in the third quarter of 2022. Although still historically high, price growth is slowing, particularly for older properties. In contrast, new home prices soared in the third quarter. According to the Housing Monitor, the increase is primarily due to a change in contracts for unfinished new homes, which now have higher sales prices that reflect expected cost increases instead of being indexed to construction prices. Prices for construction services continue to accelerate (record +15.9% year-on-year increase in the fourth quarter), which should support new housing prices (Statistics Luxembourg).</p> <p>April 2023 In March 2023, diesel and gasoline prices were 11.4 % lower than the same month last year, Statec notes. They are returning to their January 2022 levels. Prices of petroleum products fell in March 2023 by 11.4% compared to March 2022. "They are returning to pre-war levels in Ukraine," says Marc Ferring, head of the price unit at</p>

		<p>STATEC. The price of diesel has also fallen by 1.5% in one month and the price of a liter of gasoline loses 0.8% (L'essentiel).</p> <p>In 2022, electricity and gas consumption decreased by 21% and 3% respectively. Gas and electricity costs have increased by 57% and 3% respectively (Luxembourg statistics).</p>
<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p>On September 28, the government signed a tripartite agreement in association with the three main trade unions and the Luxembourg Employers Association. The package of measures includes a series of supports for consumers and businesses to continue to fight against rising energy costs.</p> <p>To help households, the government has introduced a cap on gas prices at a maximum increase of 15 %, as well as a total freeze on electricity prices from January to December 2023. In the fuel sector, the price of heating oil has been reduced by 15 cents per liter and VAT has been reduced across the board. The standard VAT was reduced from 17% to 16%, the intermediate rate from 14% to 13% and the reduced rate from 8% to 7%. The package also tackled the cost of living by increasing the minimum wage and restructuring wage indexation. In addition, household energy allowances of between 200 and 400 euros will be distributed to eligible households.</p> <p>To support businesses, compensation for rising energy prices has been proposed through a series of incentives. The existing tax credit system has been adapted to encourage investment in green and digital transitions. As part of this, businesses are encouraged to provide their own electricity, with new subsidies for solar panels. "Power purchase agreements" are also proposed to encourage companies to source energy directly from renewable energy suppliers (Bruegel).</p> <p>November 2022</p> <p>To try to mitigate the explosion of energy costs, linked to the war in Ukraine, various aids have been put in place for companies. From November 30, small and medium-sized companies will be able to apply for government assistance, especially those whose energy costs represent 2% of their turnover for the month of application. The aid scheme for medium-sized energy-consuming companies covers the period from October 2022 to June 2023, the General Directorate for the Middle Classes announced in a statement, noting that application forms are now available on the guichet.lu website under the heading "financing and aid".</p>	

	<p>Eligible costs are the monthly incremental natural gas and electricity costs that exceed 80% of the average unit costs of natural gas and electricity incurred by the company last year from January through December 2021. The amount of assistance is calculated on the basis of the eligible costs of the project and may not exceed 70% of the eligible costs. The amount of aid is capped at 500,000 euros per group for the eligible period (The Daily).</p> <p>February 2023</p> <p>To address increases in the integrated price of electricity for residential customers beginning January 1, 2023, a tripartite agreement calls for prices to be stabilized at their 2022 level.</p> <p>This stabilization will be achieved by introducing a negative contribution via the A rate of the compensation mechanism for customers in this category, i.e. end customers whose annual consumption of electrical energy is less than or equal to 25,000 kWh.</p> <p>Thus, regardless of changes in energy prices or network charges, the prices charged to eligible customers under Rate A of the compensation mechanism will remain stable compared to 2022.</p> <p>This measure is applied automatically, no action is required and will also be reflected in the advances to be paid by the customers.</p> <p>Currently, the legal framework for the implementation of this price stabilization mechanism is being finalized (Luxembourg Energy Office).</p>
Positioning of the Federation	

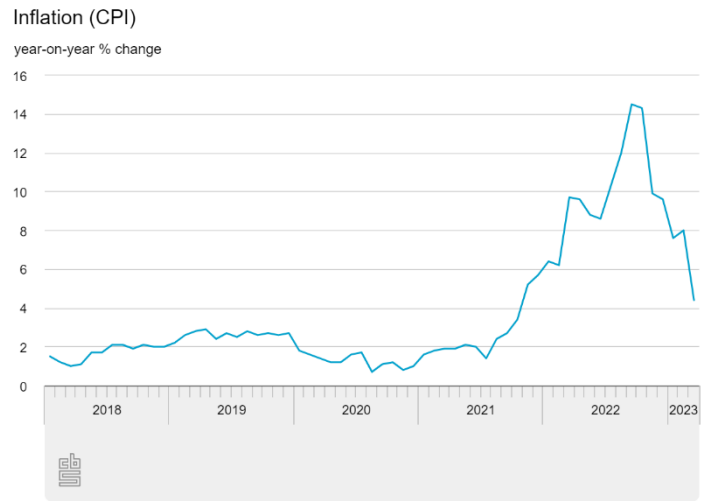
	Netherlands	
Economic conditions	General	Construction
	<p>March 2023</p> <p>The Dutch economy grew by 4.5% in 2022, following growth of 4.9% in 2021. Such growth in two consecutive years has not been recorded in this century. Inflation and household consumption have both reached record levels. This is</p>	<p>March 2023</p> <p>In January, owner-occupied housing (excluding new construction) was on average 1.1% more expensive than in the same month a year earlier, compared with 2.7% in December 2022. This is the smallest year-over-year price increase in nearly nine years. This is according to the</p>

reported by Statistics Netherlands (CBS) in an annual review of the economy for the year 2022 ([Statistics Netherlands](#)).

According to Statistics Netherlands (CBS), the consumer price index (CPI) rose 7.6 % in January compared to the same month a year earlier. In December, the inflation rate was 9.6 %. The cap on energy prices, in particular, brought inflation down.

April 2023

Statistics Netherlands (CBS) reports that the inflation rate would be 4.4% in March. The estimate was calculated on the basis of incomplete source data. In February, consumer goods and services were 8.0% more expensive than a year earlier ([Statistics Netherlands](#)).



monitoring of existing owner-occupied housing prices by Statistics Netherlands (CBS) and the Dutch Agency for Cadastre, Land Registry and Mapping ([Statistics Netherlands](#)).

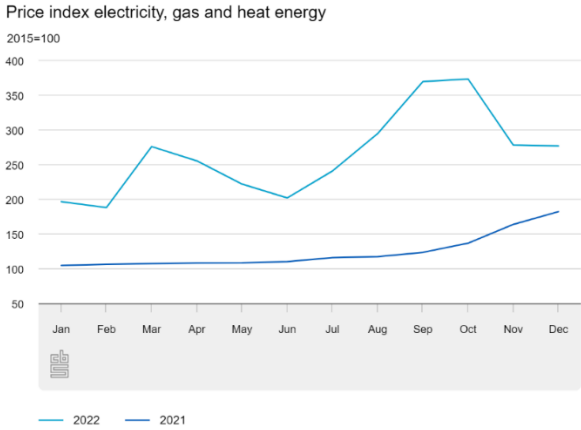
April 2023

In February, owner-occupied housing prices fell year-over-year for the first time since April 2014. Owner-occupied housing (excluding new construction) was on average 0.8 % cheaper than in February 2022. Compared with January, the price index for owner-occupied housing fell 1.5 % in February ([Netherlands statistics](#)).

Raw materials

Procurement

Price / Cost

<p align="center">& Electricity</p>	<p>15% of the gas and 18% of the oil consumed in the Netherlands comes from Russia.</p> <p>November 2022 The authorities have lifted the production cap on coal-fired power plants, which were previously only allowed to operate at less than 35% of their total capacity. According to Reuters, the removal of the cap on coal is expected to save 2 billion m3 of gas per year (Bruegel).</p>	<p>February 2023 Prices of electricity, gas and heat, comparison 2021 - 2022 (Statistics Netherlands).</p>  <table border="1"> <caption>Price index electricity, gas and heat energy (2015=100)</caption> <thead> <tr> <th>Month</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr><td>Jan</td><td>200</td><td>110</td></tr> <tr><td>Feb</td><td>190</td><td>110</td></tr> <tr><td>Mar</td><td>280</td><td>110</td></tr> <tr><td>Apr</td><td>260</td><td>110</td></tr> <tr><td>May</td><td>230</td><td>110</td></tr> <tr><td>Jun</td><td>210</td><td>110</td></tr> <tr><td>Jul</td><td>240</td><td>110</td></tr> <tr><td>Aug</td><td>290</td><td>110</td></tr> <tr><td>Sep</td><td>370</td><td>110</td></tr> <tr><td>Oct</td><td>370</td><td>110</td></tr> <tr><td>Nov</td><td>280</td><td>110</td></tr> <tr><td>Dec</td><td>280</td><td>180</td></tr> </tbody> </table>	Month	2022	2021	Jan	200	110	Feb	190	110	Mar	280	110	Apr	260	110	May	230	110	Jun	210	110	Jul	240	110	Aug	290	110	Sep	370	110	Oct	370	110	Nov	280	110	Dec	280	180
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<p align="center">Measures adopted by the utilities</p>	<p>September 2022 The government has put in place measures to mitigate the impact of rising energy costs:</p> <ul style="list-style-type: none"> • Household assistance: 800 million euros of energy subsidies for the poorest households; 300 million euros of assistance for home insulation. • The VAT on energy has been reduced from 21% to 9%; • Taxes on gasoline and gasoline are reduced to 22% (OECD, June 2022). <p>October 2022 In September 2022, the government announced that it would increase the minimum wage by 10 % to keep up with inflation and the introduction of a one-time tax on energy companies. The government also announced an electricity price cap from January 2023, limiting the price of electricity to the average price in January 2022 for an average level of consumption (about 15.5 billion euros of budget).</p> <p>Other temporary measures have been announced:</p> <ul style="list-style-type: none"> • The Dutch government has further reduced energy taxes, resulting in a revenue loss of 5.4 billion euros. 																																								

- The previously established reduction in excise duties on fuel will be extended, resulting in an additional revenue loss of 1.2 billion euros.
- The direct expense to consumers will be a one-time energy allowance for vulnerable households, worth 1,300 euros.

On October 4, the Dutch government finally reached an agreement on the price cap announced last month. To protect consumers from rising energy prices, the Dutch government will freeze the price of electricity at 0.40 euro/KWh and freeze the price of gas at 1.45 euro per cubic meter of gas. These price caps only apply to 2900 kilowatt hours of electricity and 1200 cubic meters of gas. This measure will cost some 23.5 billion euros ([Bruegel](#)).

November 2022

On September 16, 2022, the government announced wind power targets of about 50 GW by 2040 and about 70 GW by 2050 (the 2030 target is set at about 21 GW, or about 75% of total current electricity consumption). It has also announced its ambitions for large-scale hydrogen production projects in the North Sea ([Bruegel](#)).

A major insulation program was launched in April 2022, aiming to invest €4 billion to improve the energy efficiency of 2.5 million households by 2030, or nearly one-third of the country's housing stock. Homes with the lowest energy rating (E, F and G) will be renovated first, with homeowners receiving subsidies equal to 30% of the expenses and additional support for those who cannot afford the work themselves. Homes rated E, F or G will no longer be available for rent after 2030. The goal is to install 1 million hybrid heat pumps in existing buildings by 2030 and to begin phasing out mono central heating boilers. On May 17, 2022, the government announced that hybrid heat pumps will be the standard for domestic heating from 2026. Until 2030, the cabinet has set aside 150 million euros per year to continue to support homeowners in purchasing a (hybrid) heat pump. The government has also announced that houses with a bad energy label (E, F, G) will no longer be able to be rented after 2030 ([Bruegel](#)).

December 2022

The Netherlands has proposed a new idea to prevent gas price spikes in the EU in a paper circulated to European capitals. The Netherlands has proposed its own idea for a cap to limit the cost of gas purchases by so-called "price insensitive" buyers, such as those funded by the authorities or legally obliged to buy to replenish stocks before winter. According to the paper, demand from these players drove up the price of gas in August 2022, causing prices to spike on the EU's main gas trading platform.

To prevent this demand from causing further price spikes, the Dutch paper proposes a cap that could be applied to these buyers throughout the year, which would be broader in scope and lower than the Commission's current cap proposal. It

	<p>would also be reviewed monthly to avoid jeopardizing the EU's energy security. In addition, it would avoid hampering financial markets and driving down prices, according to the paper (Euractiv).</p> <p>March 2023 On January 1, 2023, a cap on energy prices came into effect. In 2023, households will pay no more than a maximum price for gas (1.45 euros per m³), electricity (0.40 euros per kWh) and district heating (47.38 euros per GJ) up to a certain level of annual consumption. The price cap has led to a decrease in inflation. In January, energy was 3.4% cheaper than a year earlier. In December, energy was still 52% more expensive.</p> <p>As a reminder, in the fall of 2022, the Dutch government announced two measures to reduce household energy costs: the temporary energy allowance and the energy price cap. The allowance, which was paid in November and December, is considered income support and therefore does not influence the CPI. In contrast, the price cap, which was implemented in January 2023, has a direct impact on the price of electricity or gas supplied and is therefore included in the CPI starting in January. This is explained in more detail in the article "How energy measures are included in the CPI" (Statistics Netherlands).</p> <p>Russian sanctions: The European Union should set up a body to combat the large-scale circumvention of EU sanctions against Russia, centrally from Brussels. This was stated on Monday (February 20) by Dutch Foreign Minister Wopke Hoekstra. Although Russia is heavily penalized by the EU's restrictive measures, "at the same time, these measures are being circumvented on a large scale," Hoekstra said. "We currently have too few means in the EU to analyze, coordinate and promote new sanctions - that's why I would like to see us set up a sanctions body in Brussels, designed [to fight] circumvention," Hoekstra said. According to the Dutch minister, "it would be a forum where member states could pool information and resources on efficiency and fraud, where we would do much more to fight circumvention. The new sanctions enforcement body would establish a watch list of sectors and trade flows with a high risk of circumvention of sanctions, according to the Dutch proposal. The proposal has yet to win the support of member states, which are traditionally cautious about reforms that require changes to their criminal laws (Euractiv).</p>
<p>Positioning of the Federation</p>	<p>November 2022 The Dutch Construction Association is closely following the externalities related to the war in Ukraine and the developments surrounding the Russian invasion. One of the most serious consequences of the conflict is the rapid increase in the price of materials and fuel. The Association provides a comprehensive overview of the impact of the war on the construction industry on the following page: Ukrainian Crisis and Rising Prices in the Sector.</p> <p>December 2022</p>

This week, representatives of customers and contractors in the construction sector reached an action agreement in the context of rising prices and supply problems for local authority infrastructure works. From the outset, the framework for action has been used by Bouwend Nederland and other partners in the sector. The aim is to limit the impact of price increases due to the war in Ukraine as much as possible and to be able to continue building with customers in times of uncertainty ([Bouwend Nederland](#)).

April 2023

A consultative policy framework is available for the Rijkswaterstaat and ProRail projects, allowing clients, contractors and their chain partners to reach agreements on price increases and delivery issues. The framework was developed jointly by all parties involved, including Bouwend Nederland, and approved by Minister Harbers of Infrastructure and Water Management, and applies at least until March 1, 2024.

Advice on price, delivery and continuity risks

Clients and contractors in the infrastructure sector are experiencing the effects of the war in Ukraine, such as a general shortage of raw materials. The parties are affected by high inflation, rapidly rising energy and labor costs, and the uncertain availability of construction materials that are essential to the infrastructure sector. The resulting risks cannot be borne by either party independently. That is why Rijkswaterstaat, ProRail, Bouwend Nederland, Techniek Nederland, Vereniging van Waterbouwers and MKB INFRA have together developed a framework for action containing advice on how to manage price risk, supply risk and continuity risk in current and future works.

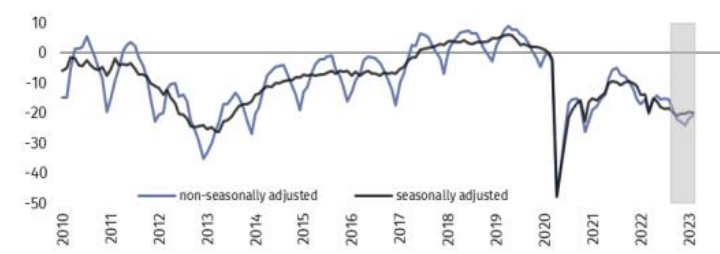
It is not a legally binding framework, but a framework for action aimed at resolving problems in projects in good consultation.

Agreements on possible offsets

The consultative framework is based on the parties' own responsibility. For example, contractors are expected to work with their chain partners to prevent cost increases and delivery problems and, if problems arise, to seek solutions themselves in the first place.

In addition, the framework stipulates that a discussion between the client, the contractor and their chain partners is always possible, that the parties are transparent and open and that they jointly seek feasible solutions. If the current contractual provisions are not sufficient, further agreements can be made on the compensation of price fluctuations in ongoing and new projects, initially through an indexing system.

In the event of excessive price increases, additional compensation may be obtained, subject to verifiable justification. In the event that delivery problems are not attributable to the contractor, the latter shall have the right to obtain extensions of time with corresponding cost compensation ([Bouwend Nederland](#)).

		Poland	
Economic conditions	General	Construction	
	<p>March 2023 According to preliminary data, in January 2023 consumer prices increased by 17.2% compared to the corresponding month of the previous year. Compared to the previous month, consumer prices increased by 2.4% (Statistics Poland).</p> <p>April 2023 According to preliminary data, in January 2023 consumer prices increased by 17.2% compared to the corresponding month of the previous year. Compared to the previous month, consumer prices increased by 2.4% (Poland statistics).</p>	<p>March 2023 In February, assessments of the general business climate indicator are at a slightly higher level than in January in all types of activities presented. The most pessimistic assessments are made by companies representing the accommodation and food services (minus 22.4) and construction (minus 20.4) sections(Poland statistics).</p> <p>Construction (graph 2) In the current month general business climate indicator (NSA) takes the value minus 20.4 and it is slightly higher than the one reported in the previous month (minus 21.7).</p>  <p>According to preliminary data, construction and assembly output (in constant prices) performed at the national level by enterprises employing more than 9 people was in January 2023, 2.4% higher than in the previous year and 55.1% lower than in December 2022 (Statistics Poland).</p> <p>April 2023</p>	

		<p>According to provisional data, construction and assembly output (in constant prices) in the country by construction companies employing more than 9 people in January 2023 was 2.4% higher than in the previous year (up 20.8% in the previous year) and 55.1% lower than in December 2022 (down 56.5% in the previous year)(statistics Poland).</p> <p>In January 2023, there were more housing units completed than in the previous year. In contrast, the number of units with permits issued or listed for construction, as well as units that have begun construction, have decreased.</p> <p>According to preliminary data, 18,200 units were completed in January 2023, 9.1% more than in the corresponding month of 2022. Developers completed 10,400 units, 16.1% more than a year ago, while private investors completed 7,600 units, 3.7% more. In these forms of construction, 98.8% of the total number of newly completed housing units were built (Poland statistics).</p>
<p>Raw materials & Electricity</p>	<p>Procurement</p>	<p>Price / Cost</p>
	<p>The country is heavily dependent on oil and gas imports: Poland used to import 55% of its hydrocarbons from Russia, 66% of which was natural gas. The government is actively preparing the diversification of supply sources (particularly to Africa) (Crédit Agricole, Economic Studies, September 2022).</p>	<p>March 2023 According to preliminary data, in January 2023, the prices of construction and assembly production compared to January 2022 increased by 13.1%, and compared to December 2022 remained at the similar level (Statistics Poland).</p>

		<p>Table 1. Price indices of construction and assembly production in December 2022 and January 2023</p> <table border="1"> <thead> <tr> <th rowspan="2">SPECIFICATION</th> <th colspan="2">12 2022</th> <th>01-12 2022</th> <th colspan="2">01 2023</th> </tr> <tr> <th>11 2022=100</th> <th>corresponding period 2021=100</th> <th></th> <th>01 2022=100</th> <th>12 2022=100</th> </tr> </thead> <tbody> <tr> <td>TOTAL</td> <td>100.6*</td> <td>114.4*</td> <td>112.7</td> <td>113.1</td> <td>100.0</td> </tr> <tr> <td>Construction of buildings</td> <td>100.6*</td> <td>115.5*</td> <td>113.5</td> <td>114.2</td> <td>100.1</td> </tr> <tr> <td>Civil engineering</td> <td>100.6*</td> <td>114.4*</td> <td>112.8</td> <td>113.2</td> <td>100.1</td> </tr> <tr> <td>Specialised construction activities</td> <td>100.7*</td> <td>113.0*</td> <td>111.2</td> <td>111.5</td> <td>99.9</td> </tr> </tbody> </table> <p>* Data revised.</p> <p>April 2023</p> <p>According to preliminary data, in January 2023, construction and assembly prices rose 13.1 % from the corresponding month a year earlier, and compared to December 2022, they remained at the same level as a month ago.</p> <p>In January 2023, compared to December 2022, slight price growth was recorded in building construction as well as in civil engineering - each by 0.1%. However, price decline was observed in specialized construction activities by 0.1%. Compared to January 2022, prices increased by 14.2% in building construction, 13.2% in civil engineering and 11.5% in specialized construction activities (Statistics Poland).</p>	SPECIFICATION	12 2022		01-12 2022	01 2023		11 2022=100	corresponding period 2021=100		01 2022=100	12 2022=100	TOTAL	100.6*	114.4*	112.7	113.1	100.0	Construction of buildings	100.6*	115.5*	113.5	114.2	100.1	Civil engineering	100.6*	114.4*	112.8	113.2	100.1	Specialised construction activities	100.7*	113.0*	111.2	111.5	99.9
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<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>The government introduced measures to protect households against inflation in early 2022, which will be extended until December 2022. The government has also decided to invest in national defence (budget of 2.2% of gdp in 2022 and 3% of gdp in 2023)(OECD, June 2022).</p>																																				

	Premier bouclier (décembre)	Deuxième bouclier (janvier)
Electricité	TVA réduite de 23% à 5% (jan.-mars)	Extension jusqu'en juil.
Gaz	TVA réduite de 23% à 8% (jan.-mars)	TVA réduite de 8% à 0% jusqu'en juil.
Chauffage	TVA réduite de 23% à 8% (jan.-mars)	TVA réduite de 8% à 5% jusqu'en juil.
Carburant	Suppression de la taxe d'accise	TVA réduite de 23% à 8% jusqu'en juil.
Produits alimentaires	/	TVA sur les produits de première nécessité passe de 5% à 0% jusqu'en juil.
Mesures d'assistance	Distribution d'un chèque aux ménages les plus pauvres	/

October 2022

On October 11, Prime Minister Mateusz Morawiecki detailed a new plan to cap the price of electricity for consumption above the limits set in September. The cap will be set at PLN 785 per MWh (€163.6/MWh or €0.16/KWh) for small and medium-sized enterprises, schools, nurseries, hospitals, social cooperatives and associations. All private and public companies will have the price cap applied to 90% of their consumption. For households, the price cap has been set at PLN 699/MWh (€144/MWh or €0.14/KWh). The price cap is expected to apply from December 2022 to December 2023. The measure will be financed by revenues from the exceptional tax on electricity producers and from the state budget ([Bruegel](#)).

November 2022

- In September, the country suspended a ban on the use of lignite for domestic heating until April 2023. In June, it said it planned "to increase thermal coal production from existing mines to 1.5 million tonnes this year" ([Bruegel](#)).
- Public authorities and local governments will be required to reduce their electricity consumption by 10% from October 1, 2022 ([Bruegel](#)).
- Poland is fast becoming the most dynamic heat pump market in Europe: by 2021, the market has grown by 66% with over 90,000 units installed to reach a total of over 330,000 units. This is likely the result of Poland's Clean Air Program, launched in 2018 and energized in May 2020, which distributes €25 billion to households over 11 years to switch from solid fuel heating. The war in Ukraine, however, appears to have accelerated household adoption, with installations

	<p>doubling from 2021. The government has offered residents up to €6,700 since 2018 to switch from coal-fired boilers to cleaner types of heating. From July 15, 2022, another version of the program - Clean Air Plus - was launched. This one increased the subsidy for thermal renovation of homes or replacement of obsolete heating boilers up to a 90% subsidy, or €16,260, also facilitating the application process (Bruegel).</p> <ul style="list-style-type: none"> • In a letter to the European institutions, Poland warns against the introduction of a carbon price for heating fuels: The Polish Minister of Climate and Environment, Anna Moskwa, is sounding the alarm on plans to extend the European Emissions Trading Scheme (ETS) to heating and transport fuels. The minister recalls that Europe is going through a period of crisis characterized by historic energy prices, with <i>"the very likely consequence that this will lead to increased energy poverty"</i> in the European Union. <i>"We cannot allow this to happen,"</i> she warns, <i>"we want our citizens to be warm and safe in winter, and this is not an issue on which there can be a compromise during the trilogues. "A warm house in winter should not be a commodity, but a citizen's right,"</i> she insists (Euractiv). <p>February 2023 In December 2022, Poland decided to introduce a €43 per megawatt-hour (MWh) cap for consumers - excluding businesses - to better protect them from rising energy prices, according to a law signed by President Andrzej Duda on 21 December (Euractiv).</p> <p>In January 2023, due to the entry into force of the Act on Special Solutions for the Protection of Electricity Consumers and the implementation of measures under the solidarity shield, from 1 January 2023, energy prices will be frozen at the level of 2022 for households whose electricity consumption does not exceed the assumed limits or if the household has the right to use the increased limits (Statistics Poland).</p>
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	Portugal	
Economic conditions	General	Construction
	<p>March 2023 Inflation was 8.65% in January 2023, while GDP was 3.1% (INE).</p>	<p>March 2023 The recently released INE flash estimate confirmed a 6.7% increase in GDP in 2022, the highest since 1987, following the 5.5% increase in 2021, which followed the historic 8.3%</p>

	<p>April 2023 Annual inflation was 8.25% (INE).</p> <p>The economic sentiment indicator rose between January and March 2023, slightly in the last month, reversing the downward movement that began a year ago. The confidence indicators for manufacturing and construction increased compared to February, while the indicators for trade and services decreased, significantly in the latter case.</p> <p>Business owners' expectations for future sales price developments fell sharply between November and March in manufacturing, reaching the lowest level since October 2020. In March, this balance also decreased significantly in the trade sector, reaching the lowest level since October 2021, while in the construction and public works sector and in the services sector, the reductions were moderate (INE).</p>	<p>decline in 2020. In the construction sector, general indicators have also developed favorably in 2022. Domestic cement consumption increased by 1.5% year-on-year. In terms of licensing by municipal councils, which is an indicator of future activity in the building construction segment, and according to the information available until the end of November 2022, there is a growth in the licensed area of 3.4% in residential buildings and 10.3% in non-residential buildings. In the public works market, in 2022, public works tenders have been opened for an amount of about 3.8 billion euros, which translates into a slight reduction of 3% compared to 2021. In terms of the total amount of public works contracts, there is a reduction of 28.8% in terms of variation over time from one year to another (FEPICOP).</p> <p>The construction output index increased 0.5 % year-over-year in December 2023, down 0.1 %age point from November 2022. The annual rates of change in construction employment and wages are 2.1 % and 5.0 %, respectively (1.9 % and 3.3 % the previous month). In 2022, construction output increased by 2.0% (3.0% in 2021). Employment and wages and salaries showed annual rates of change of 2.0% and 6.1%, respectively (1.8% and 7.4% the previous year)(INE).</p> <p>April 2023 Construction investment rose by 0.8% in 2022. Analysis of Q4 data shows a recovery in construction investment, compared to the previous quarter, with an increase of 3.3%. In terms of the total number of building permits and rehabilitation works, in 2022 there was a 2% increase in the authorized area in residential buildings and 13.9% in non-</p>
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		<p>residential buildings. In terms of housing authorizations in new construction, there was a 5% growth, to 29,924, which is the best record since 2008.</p> <p>In the public works market, January 2023 was a positive month. Indeed, in the first month of 2023, the total volume of public works contract tenders represents a significant increase of 203% compared to that recorded in January 2022. Compared to the total volume of public works contracts awarded in January through February 15, this is an increase of 141%, in terms of annual change, comparable over time (FEPICOP).</p> <p>The construction output index rose 2.2 % year-over-year in January (3-month moving average, working days, and seasonally adjusted), 1.6 %age points higher than in December. The year-on-year rates of change in employment and wages were 2.5 % and 10.6 %, respectively (2.2 % and 5.8 % the previous month)(INE).</p> <p>In January 2023, new residential construction costs are estimated to have increased 11.2 % year-over-year, 0.3 %age points (p.p.) higher than the previous month. Materials prices and labor costs rose 10.4 % and 12.4 %, respectively (INE).</p>
Raw Materials & Energy	<p style="text-align: center;">Procurement</p> <p>September 2022 In 2019, fossil fuels accounted for 76% of Portugal's primary energy consumption (43% for oil). Given its limited fossil fuel resources, the country relied on imports for 74.2% of its energy supply in 2019, one of the highest rates in the OECD, which the country aims to reduce to 65% by 2030 (and to less than 19% by 2050). Portugal has already reduced its energy</p>	<p style="text-align: center;">Price</p> <p>March 2023 The Industrial Production Price Index decelerated for the seventh consecutive month, reaching a year-on-year rate of change of 9.9% in January 2023, after reaching 25.5% in June 2022. The observed slowdown was due to lower growth in prices of Intermediate Goods. Prices in industry recorded a growth rate of 11.6% (12.9% the previous month).</p>

	<p>dependence by developing renewable energy on its territory, especially for electricity production, the IEA points out. Renewables account for more than half of Portugal's electricity generation (54% in 2019, mainly from wind and hydro). (Energy Knowledge, July 2021).</p> <p>In 2020, according to Eurostat, 5% of Portugal's imported energy came from Russia (of which 9.6% was natural gas and 6% oil). This makes Portugal the fourth least dependent on Russia for energy among the 27 member states (Portugal News, March 2022).</p>	<p>The monthly rate of change in the total index was -0.3% (0.3% in January 2022)(INE).</p> <p>In December 2022, new residential building construction costs would have increased 11.5 % year-over-year, 0.1 %age point higher than in the previous month. Material prices and labor costs rose 15.3 % and 6.1 %, respectively.</p> <p>In 2022, the construction costs of new residential buildings presented an average rate of 11.9%, 6.2 %age points higher than in 2021 (INE).</p> <p>April 2023</p> <p>In 2022, the house price index increased by 12.6%, 3.2 %age points (pp) more than the previous year. The annual price increase for existing homes (13.9%) was higher than the increase for new homes (8.7%)(INE).</p> <p>The industrial producer price index continued its slowing trend and recorded an annual change of 8.8% in February after 10.4% in January. The slowdown in prices observed in the intermediate goods group was the main factor in this development. Excluding the energy group, industrial producer prices rose by 10.5% (12.2% in the previous month). The monthly rate of change in the total index was 1.2% (2.7% in February 2022)(INE).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>In Portugal, there is a mandatory price revision regime for public works contracts. However, this revision does not cover all price increases. In addition, there is a time lag between the publication of indices and the execution of the work, which creates cash flow problems.</p> <p>In the private sector, price revision is not mandatory and most contracts do not provide for it. This is very burdensome for companies, who must negotiate a contract amendment based on unforeseen circumstances or opt to terminate the contract.</p> <p><u>General Measures:</u></p>	

- Electricity and Gas Rate Shield;
- Assistance of 10 cents per liter of fuel - limit of 50 liters per month;
- Extension, until December 31, 2026, of the measure that allows freight and passenger transport companies to deduct an amount equivalent to 120% of the expenses incurred for the acquisition, on Portuguese territory, of fuel for vehicles;
- Support for public road passenger transport (cabs and buses) up to 10 cents per liter of fuel, up to 380 liters per month for cabs and 2,100 liters per month for buses ([Portugal News, 2021](#))

October 2022

In October, the government published its 2023 budget with multiple income improvement measures. The Social Assistance Index (IAS) was updated by 8%, reaching a value of 478.7 euros. This index is the reference value for the calculation and determination of various social benefits, such as family allowances, social inclusion benefit, social insertion income, among others, which can impact the lives of 1.6 million beneficiaries. The budgeted cost is 155 million euros. The government has also increased the income tax brackets for the benefit of about 4 million people and at a cost of half a billion.

In addition to strengthening household incomes, the state budget includes a package of measures that respond to rising fuel and other commodity prices. In total, the impact of measures to mitigate rising prices and interest exceeds €2.6 billion in 2023. Support for the cost of fuel in agriculture is planned at 40 million, while the reduction of VAT on electricity (to 6%) is 90 million. The budget also provides for the return of customers currently on the unregulated natural gas market to the regulated market. Assuming that all consumers eligible to return to the regulated market actually do so, the cost is estimated at 60 million euros. Maintaining the price of public transport passes will cost 66 million. In 2023, the ISP tax (carbon footprint tax) is extraordinarily suspended.

Finance Minister Fernando Medina said Portugal will begin taxing windfall profits from oil and gas companies, in line with the recent European Union ruling, and will apply a 28 % tax on profits from crypto-currencies held for less than a year ([Bruegel](#)).

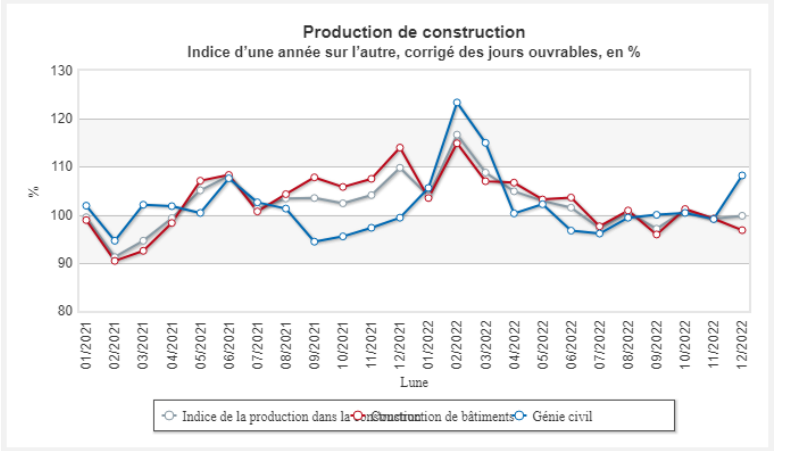
November 2022

On September 22, 2022, the government released its 2022-2023 Energy Savings Plan, which includes separate reduction measures for energy, water efficiency, and mobility, and covers the public, central and local, and private sectors, including industry, commerce, and services, as well as citizens. Measures include: limiting the temperature of indoor air-conditioning units to 18°C in winter and 25°C in summer; closing the street entrance when the air-conditioning system is on; keeping doors and windows closed; promoting local electricity production from renewable energy sources; increasing water use efficiency; etc ([Bruegel](#)).

Positioning of the Federation	<p>The Portuguese government has not yet taken specific measures for construction, although construction associations have submitted proposals:</p> <ul style="list-style-type: none"> - Price revision clause in public and private contracts; - Extension of time and non-application of penalties for contractors who fail to meet deadlines due to delays in delivery of materials; - Clear guidance to public entities so that they can compensate firms when the price adjustment formula does not compensate for the additional cost incurred.
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	Czech Republic	
Economic conditions	General	Construction
	<p>March 2023 Inflation was 15.7% in January 2023 (Statistics Czech Republic).</p> <p>According to Eurostat data, the Czech Republic, with a population of 10.5 million, is the European Union member state with the most Ukrainian refugees with temporary protection status in proportion to its population. At the end of last year, there were more than 3.5 million Ukrainian refugees with temporary protection status in the territory of the European Union. Half were staying in Germany and Poland, about a quarter in each, followed by the Czech Republic, which hosted 11 % of the refugees (Euractiv).</p> <p>April 2023 In February, consumer prices rose by 0.6 % month-on-month. The price growth in "transport" was due to the</p>	<p>March 2023 Year-on-year construction decline in output, in %, December 2022: -0.2% (Statistics Czech Republic).</p>

1.3% increase in prices of fuels and lubricants for personal transport equipment. On the other hand, prices for "housing, water, electricity, gas and other fuels" fell compared to January. Natural gas prices fell by 1.6% ([Czech Republic statistics](#)).



April 2023

Construction output fell 4.3% year-over-year in February. On a month-on-month basis, it fell by 3.7%. The planning and construction control authorities granted 13.0% fewer building permits year-on-year. The approximate value of authorized construction increased by 5.3% year-on-year. The number of housing units started decreased 4.9% y-o-y. The number of completed units increased 17.2% year-over-year.

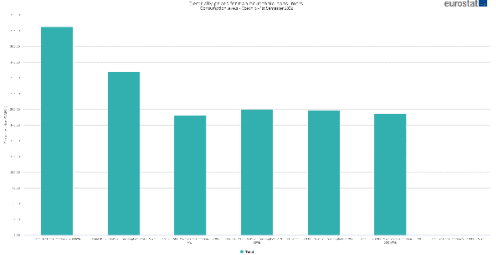
The average number of registered employees in construction decreased by 1.7 % year-on-year. Their average nominal gross monthly wage increased by 14.1% y-o-y.

According to Eurostat, construction output in the EU27 in January 2023 rose by 1.4%, year-on-year. The building sector increased by 1.5% and the civil engineering sector by 0.5%. According to a preliminary publication schedule, Eurostat will publish February 2023 data on 19 April 2023 ([Czech Republic statistics](#)).

Raw materials

Procurement

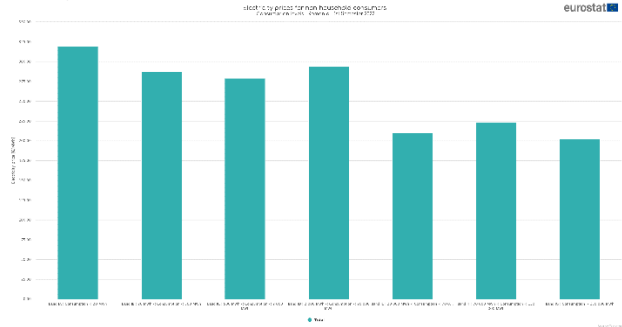
Price / Cost

<p align="center">& Energy</p>	<p>February 2023 The Czech Republic, which is currently exempt from the EU embargo on Russian oil imports, will end its current dependence on fossil fuels imported from Russia in 2024, said Minister of Trade and Industry Jozef Síkela.</p> <p>The Czech Republic, still heavily dependent on Russian oil, is exempt from the EU embargo on Russian fossil fuel imports, which was approved in May and is due to take effect on Monday (Dec. 5), so that EU countries have time to adjust and find alternative sources of oil.</p> <p>"If we manage to conclude the contracts with Algeria, Norway and Qatar, complete the interconnections we need, such as the TAL [oil pipeline], as well as other new terminals, so that we get a certain mix in terms of energy security, I think the problem of fossil fuel supply from Russia will be definitely solved in 2024," Síkela told Czech TV (Euractiv).</p>	<p>October 2022 Electricity prices for consumers (excluding households) according to their consumption, in the first half of 2022 (Eurostat).</p>  <p>April 2023 Construction prices increased both week-over-week (+0.6%) and year-over-year (+10.4%). Construction prices, according to one estimate, rose 10.4 %, year-over-year.</p> <p>Industrial producer prices fell 0.3% month-on-month. Prices fell in "electricity, gas, steam and air conditioning" (-2.1%) and "electricity transmission and distribution services" (-2.6%). Prices fell significantly in the sectors of "wood and wood products and cork" (-5.2%), "basic metals" (-1.9%) and "paper and paper products" (-1.6%). The prices of "other non-metallic mineral products" (+3.2%), "metal products" (+1.9%) increased. According to an estimate, prices of building materials and products increased by 0.9% month-on-month (Czech Republic statistics).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022 The Czech government has adopted numerous measures to help Ukrainian citizens already living in the Czech Republic or fleeing to the country. These include a plan to prepare for the migration wave and a proposed law to facilitate the reception</p>	

	<p>of refugees and their integration into Czech society. The Ministry of Finance has examined Russian companies and companies with Russian capital with regard to the use of pension funds.</p> <p>On March 30, the government discussed a comprehensive analysis of specific sanctions beyond the international framework that the Czech Republic could impose on the Russian Federation and Russian companies. It focuses primarily on the access of Russian- and Belarusian-owned entities to state aid, public procurement, and investment incentives in the Czech Republic, but also raises the possibility of a national sanctions list, which would allow for the imposition of sanctions on individuals not on the EU sanctions list and possibly expropriation of their property (FIEC, September 2022).</p> <p>October 2022</p> <p>On September 27, 2022, the government approved the new budget bill that allocates CZK 100 billion (€4 billion) to cap the price of electricity and gas. For households, prices are capped at CZK 6 (€0.24) per kWh of electricity (equivalent to €200/MWh) and CZK 3 (€0.12) for gas, and the changes are expected to be implemented starting with the November installment payments.</p> <p>On October 6, 2022, the government proposed a one-time 60% tax on energy companies and large banks involved in the production, distribution and trading of electricity and gas, as well as in the extraction of fossil fuels, oil processing and wholesale of fuels for the years 2023-2025 (Bruegel).</p> <p>November 2022</p> <p>The government has published a handbook on how to save energy during the coming winter. To encourage households to better control their consumption, it is encouraging them to apply for energy management grants. It is also setting temperature limits in private and public buildings (for example, the government has reduced the temperature in offices by 1.5 degrees and has also decided to lower the minimum temperature in working environments by at least two degrees)(Bruegel).</p> <p>The government's medium-term approaches are aimed at the renovation of buildings (including insulation of the envelope, replacement of windows, installation of modern heating) using funds from the national recovery plan and the environmental framework. So far, 40 million euros have been allocated to this program. Heat pumps are partially subsidized by the state. A new national energy saving plan provides a higher subsidy for people who insulate their homes and at the same time replace the obsolete heating system with a modern one or improve rainwater management. The government has approved an amendment that will simplify the authorization procedure for small-scale renewable sources (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>Questionnaire distributed in March 2022 to construction companies, on supply chain disruptions, since the start of the war in Ukraine;</p>

	<p>The Building Contractors Association hosted a roundtable discussion in September 2022 on the raw materials crisis in construction, a growing threat to the domestic industry (SPS, September 2022).</p> <p>Representatives of energy-intensive industries (including construction) have sent an open letter to the Prime Minister of the Czech Republic asking him to take urgent action against extreme energy prices and to support Czech industry as much as possible in the European Union, through 6 specific measures - including a cap on electricity and gas prices, an incentive to reduce household consumption, a support scheme for small and medium-sized enterprises... (SPS, August 2022).</p>
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		Romania	
Economic conditions	General	Construction	
	<p>March 2023 In January 2023, monthly inflation was 0.3%. While the GDP was in the third quarter of 2022 was 5.2% (Statistics Romania).</p> <p>Romania has taken in 109,871 Ukrainian refugees since the war began, out of 8 million refugees (Euronews).</p> <p>April 2023 The year-to-date inflation rate (February 2023 vs. December 2022) is 1.3%. The annual inflation rate in February 2023 compared to February 2022 is 15.5%. The average rate of change in consumer prices over the last 12 months (March 2022-February 2023) compared to the previous 12 months (March 2021-February 2022) is 14.9 % (Romania statistics).</p>	<p>March 2023 In December 2022, construction volume increased 14.2 % from November 2022 and decreased 0.3 % on a working-day and seasonally adjusted basis. In December 2022, the volume of construction work increased by 15.1% compared to December 2021 and by 19.1% in series adjusted for the number of working days and seasonality (Statistics Romania).</p> <p>April 2023 In February 2023, 2571 residential building permits were issued, a 23.7% increase from January 2023, and a 27.4% decrease from February 2022. In February 2023, 2571 building permits for residential buildings were issued (+23.7%). In February 2023, 2571 building permits for residential buildings were issued (+23.7%), for a total floor area of 796996 m² (+42.3%). 69.0% of all residential building permits were issued in rural areas. In February 2023, the number of building permits issued for residential buildings increased from the previous month</p>	

		(+492 permits). This increase is reflected in the following development regions: Northeast (+126 permits), Northwest (+103), Southeast (+81), West (+62), Central (+47), South Muntenia (+43) and Southwest Oltenia (+31). A decrease was recorded in the Bucharest-Ilfov development region (-1 permit)(Romania statistics).
Raw materials & Energy	Procurement	Prices / Costs
	<p>November 2022</p> <p>The government has reversed its decision to bring forward the date of the complete abandonment of coal (initially planned for 2032, then 2030 before the latest reversal) by proposing to postpone the closure of the Rovinari 3 and Turceni 7 coal-fired power plants, which are scheduled to be decommissioned by 31 December 2022.</p>	<p>October 2022</p> <p>Electricity prices for consumers (excluding households) according to their consumption in the first half of 2022 (Eurostat).</p>  <p>April 2023</p> <p>In February 2023, total industrial production prices (domestic and foreign market) decreased by 0.3 % compared to January 2023.</p> <p>Industrial production prices for the whole (domestic and foreign market) increased by 21.6% in February 2023 compared to February 2022 (Romania statistics).</p>
Measures adopted by the utilities	<p>September 2022</p> <p>1) On April 14, 2022, the government approved an ordinance on price adjustments for government contracts.</p>	

	<ul style="list-style-type: none"> ⇒ Implementation of price adjustment rules for contracts that do not include a review clause; ⇒ In case the formulas for revising the contract price are based on a statistical index (total construction cost index published by the National Institute of Statistics) whose reference data is the date of the signed contract, the reference date of the index is changed by the Emergency Ordinance No. 47, by the date of submission of the bid for the tender (provided that the period between the time when the bidder submits the bid and the date when the contract is actually signed can take up to 2 years). ⇒ Advances and profits are not subject to price revision <p>2) Price ceiling for energy and natural gas for the period 01.02-31.03.2022.</p> <p>October 2022 On September 1, the Romanian government announced that it would maintain its energy price cap until the end of August 2023, with some minor modifications. For a complete and detailed list, please click here.</p> <p>On September 9, the Commission approved the previously announced scheme to support companies of all sizes and sectors. The approved state aid amounts to €4 billion. As regards the limited amounts of aid in the form of direct grants, the aid will not exceed €62,000 and €75,000 per company active in the agriculture, fisheries and aquaculture sectors respectively, and €500,000 per company active in all other sectors. Aid under the scheme will be granted no later than 31 December 2022.</p> <p>Bloomberg reports that the country has set up an energy assistance program that compensates energy suppliers 1,300 lei (€264) per megawatt hour, but this may not be enough to help utilities during the coming winter (Bruegel).</p> <p>November 2022 The government has amended the Energy Efficiency Act to facilitate investment in projects to increase the energy performance of buildings with European subsidies as a financial guarantee; and to promote the installation of smart meters; improving household access to energy consumption data (Bruegel).</p>
<p>Positioning of the Federation</p>	

		Slovakia	
Commercial conditions	General	Construction	
	<p>March 2023 Harmonized annual inflation rose slightly in January to 15.1%. The average annual inflation rate in January 2023 reached a value of 12.7%. This is 9.3 %age points higher than its value in January of last year.</p> <p>In January 2023, the harmonized consumer price indexes increased by 2.8% month-on-month in total. The month-on-month increase in the price level was most affected by the increase in prices in the housing, water, electricity, gas and other fuels division: the positive contribution of the entire division accounted for more than one-third of total month-on-month inflation (+1.14 %age points)(Statistics Slovakia).</p> <p>As a reminder, the growth of housing and energy prices reached 14.4% in January 2023, due to adjustments in regulated prices of network industries. Gas was more expensive than in January of the previous year by 11.9%, electricity by 2.5%, thermal energy by 22.4%. Prices for water supply, sewage disposal, garbage collection and housing maintenance and repair also rose by double digits (Statistics Slovakia).</p> <p>April 2023 In March, consumer confidence in the Slovak economy increased month-on-month in all four components of the indicator. Optimism prevailed among entrepreneurs only in industry, while trade and service entrepreneurs were more skeptical. The mood in construction remained unchanged from last month.</p>	<p>March 2023 Although construction output in 2022 increased by almost €1 billion, due to inflation, it only recorded an increase of 0.1% in constant prices. Both new construction and repair and maintenance work maintained approximately the same annual performance.</p> <p>Construction output for the year 2022 reached a volume of 6.4 billion euros. Its annual nominal value increased by 950 million euros, but under the influence of record inflation, the increase after conversion into constant prices was only 0.1%. Production of new buildings with renewals (up 1.1%) and repairs and maintenance (up 0.7%) rose very slightly. Year-on-year production, broken down by type of construction, also remained at approximately the same level. Both building construction and engineering production produced the same values as in 2021.</p> <p>The work done abroad in the summary of the year reached a share of 10% of the total output of Slovak construction companies, their volume increased by almost 2% year-on-year (Statistics Slovakia).</p> <p>April 2023 In January 2023, the Slovak construction industry recorded a recovery of more than 15%, with production growth being the highest in the last five years. This positive result is the result of growth in new construction and an increase in engineering work, in terms of the type of construction. The overall result was slightly mitigated by the decrease in foreign work.</p>	

	<p>Economic sentiment in Slovakia improved in March compared to the previous month. The seasonally adjusted economic sentiment indicator (ESI) increased by 3 points month-on-month and reached the level of 90.4. The favorable development of the indicator was mainly due to more optimistic assessments by entrepreneurs in industry and among consumers.</p> <p>The industry confidence indicator (seasonally adjusted) reached -6.3 in March, after rising 8.4 points from February, the largest monthly increase in the past year. The favorable development of the indicator was influenced by more optimistic assessments of all three indicators. They expect an increase in industrial production, primarily in other manufacturing, repair and installation, and base metal and fabricated metal product manufacturing. An improvement in the overall level of orders was seen primarily in computer, electronic and optical products, machinery and equipment n.e.c. manufacturing, and pharmaceutical manufacturing. They indicated a decrease in inventories of finished goods, especially in the manufacture of transport equipment (Slovakia statistics).</p>	<p>In January, the volume of construction work reached 388.4 million and increased by 15.4% year-on-year, which is the highest growth since 2018. After adjusting for seasonal variations, construction output³) increased by 3.2% compared to December 2022.</p> <p>The total volume of production carried out by domestic companies increased by almost 20% year-on-year, the significantly higher year-on-year activity was evident in the two main components - in new construction⁴) by 26.4%, as well as in repairs and maintenance by 13.4%. Domestic construction output accounted for more than 90% of total construction output (Slovakia statistics).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Prices / Costs</p>
	<p>December 2022</p> <p>The EU oil embargo bans Russian oil imports by sea, but Slovakia, as well as Hungary and the Czech Republic, are exempt and can continue to buy Russian crude oil until the end of 2023 via the Druzhba pipeline.</p> <p>The only danger now is damage to infrastructure, Hirman said, adding that "if anything threatens us, it is Russia's attacks on Ukrainian territory." In addition, power outages on Ukrainian territory have already caused several supply disruptions in recent weeks.</p>	<p>March 2023</p> <p>Annual growth in producer prices in industry for the domestic market remained above 30% even in the first month of 2023. In construction, output prices for works slowed their growth rate, but materials rose again to 15%.</p> <p>Industrial producer prices for the domestic market rose by 33.6% year-on-year in January 2023 and increased by 8.6% month-on-month. As in previous months, the development was mainly influenced by the increase in prices in the supply of electricity and gas by almost 66% year-on-year. Other important</p>

In the event of disruptions, oil imports will be channelled to the Slovak Slovnaft refinery via Croatia and Hungary. However, changing suppliers and switching to a different type of crude oil will require time and adaptations in processing technology - an argument presented by the non-embargoed countries during the negotiations ([Euractiv](#)). In December 2022, 43.7% of Slovakia's energy was imported ([Statistics Slovakia](#)).

April 2023

Slovakia has earmarked approximately 122 million euros for the development of renewable electricity generation as part of its National Recovery Plan.

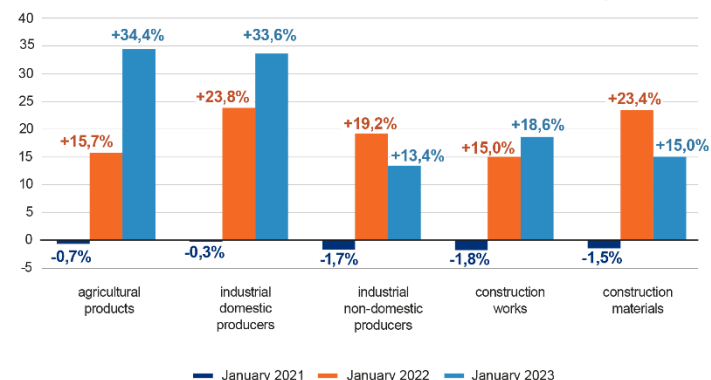
The development of renewable energy is the responsibility of the Slovak Ministry of Economy, which has already closed the first call. Most of the available 39 million euros was spent on solar energy, as other renewable power plants, such as wind farms, usually require a longer environmental assessment procedure.

With this first tranche of funds, the state supported 90 companies - mostly industrial companies - but also retail chains or companies in the energy sector whose main income-generating activity is electricity production ([Euractiv](#)).

sectors in the structure of Slovak industry also experienced dynamic price increases - in the manufacture of transport equipment, producer prices rose by 12% year-on-year, and in the manufacture of rubber and plastics by almost 20% ([Statistics Slovakia](#)).

Change of prices in production area

(year-on-year in %)



April 2023

Industrial producer prices slowed their growth to the level of early last year, animal product prices remained at their peak. Growth in industrial producer prices for the domestic market slowed in the fourth quarter after rising rapidly since the beginning of last year, also because of the gradual lowering of energy prices. Prices for agricultural products have also been gradually declining since last summer, mainly due to a considerable drop in agricultural output prices. Construction materials prices have fallen to the level of June 2021. Industrial producer prices for the domestic market rose 27.9 % year on year in February 2023 and 8.6 % month on month. As in

		<p>previous months, the development was influenced mainly by a 57.7% year-on-year increase in electricity and gas prices. Other important sectors in the structure of Slovak industry also recorded price increases: producer prices rose by 9.9% y-o-y in the manufacture of transport equipment, by 23.2% in the manufacture of food and beverages and by 18.3% in the manufacture of rubber and plastic products.</p> <p>At the same time, the growth rate of producer prices in petroleum product manufacturing maintained a downward trend, with prices in this manufacturing industry currently up 13.3% year-on-year. The manufacture of metals and metal products is the only industry in which prices have slightly decreased by 3.7% year-on-year.</p> <p>In total, year-to-date industrial producer prices for the domestic market have increased by 13.9% year-on-year.</p> <p>Industrial producer prices for the external market rose 10.4% year-on-year and fell 0.4% month-on-month.</p> <p>In total, for the two months of 2023, industrial producer prices for the domestic market increased by 11.9% compared to the previous year (Slovakia statistics).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • A price cap has been negotiated with the electricity and gas suppliers, which is active until 2024; • A package of household supports has been put in place (tax cuts, increased aid/children)(OECD, June 2022). • The government has issued a directive (binding only for public procurement) on taking into account the rising cost of materials in construction, including on current contracts. This revises the production cost for the builder and the actual purchase cost (Department of Transportation and Construction, August 2022). <p>October 2022</p> <ul style="list-style-type: none"> • On September 14, the Minister of Labour, Social Affairs and Family, Milan Krajniak, said that the government will soon adopt laws that will cap the prices of electricity, gas and heating. 	

	<ul style="list-style-type: none"> On 19 October, the Prime Minister - Eduard Heger - threatened to stop electricity exports to neighbouring countries (even if the electricity had already been purchased by foreign companies) if a decision on price caps was not taken at the European level (<u>Bruegel</u>). <p>November 2022</p> <ul style="list-style-type: none"> The government has launched an <u>awareness campaign</u> to inform citizens about how to save energy (<u>Bruegel</u>). The government has announced a program to subsidize households wishing to install heat pumps and has allocated 15 million euros for this purpose. 500 million from the EU stimulus package) from September 2022 (<u>Bruegel</u>).
<p>Positioning of the Federation</p>	<p>September 2022 The Slovak Construction Association cooperated with the Ministry of Transport and Construction on the reform of construction prices implemented by the government (indexation formula).</p> <p>October 2022 The Association of Trade Unions in Industry and Transport (APZD) has called on the government to immediately and quickly implement a plan to help Slovak industrial companies at the end of September. According to the association, the current situation on the energy market is so serious today that the Slovak government should urgently present its own plan to help the industry and vulnerable groups of the population.</p> <p>February 2023 Price increase and shortage: "It affected the national and international markets. It is a huge increase in prices, which was also associated with a shortage of certain materials. Even now, we see an increase in the prices of building materials by 20% to 150% compared to the price level of 2020," Pavol Kováčik, President of the professional organization of builders, told SITA. As a result, last year the ZSPS prepared draft methodological guidelines for dealing with the rising cost of construction materials in transportation and civil works. At present, together with the Ministry of Transport of the Slovak Republic, they are solving the practical issues of implementation of the methodological instruction on completed constructions, because since its publication last September until today, it has not been applied as widely as expected (<u>ZSPS</u>).</p>

Slovenia		
Economic conditions	General	Construction
	<p>March 2023 In one year, the prices of goods rose by an average of 10% and those of services by 7.8%. In one year, electricity prices fell by 9% and mitigated inflation by 0.4 %age points. Prices in the group "housing, water, electricity, gas and other fuels" increased by 9.9% between February 2022 and February 2023 (Statistics Slovenia).</p> <p>April 2023 Annual inflation was 10.5% between March 2022 and March 2023. Over the course of a year, prices for goods rose by an average of 12.4 % and for services by 6.9 %. On the goods side, prices for nondurable goods rose 15.7 %, semi-durable goods rose 6.1 %, and durable goods rose 5.9 %. The annual growth rate was the highest (by 2.9 %age points) due to higher food prices: meat prices rose by 18.2%, bread and cereals by 20.1%, and milk, cheese and eggs by 24.4%. The sharp rise in electricity prices (by 49.0%), which is also the result of the partial abolition of the measures to mitigate the consequences of rising energy costs introduced a year ago, added 1.2 p.p. to annual inflation (Slovenia statistics).</p>	<p>March 2023 The value of construction increased from the previous month of January 2023 by 10.6%. It increased by 0.5% for building, 10.3% for civil engineering, and 12.7% for specialized construction activities. At the annual level, the value of construction increased by 74.5%. It increased by 131.9% for buildings, 39.6% for civil engineering and 14.9% for specialized construction activities. The value of construction in 2022 increased by 33.9% compared to the same period last year. It increased by 83.8% for buildings, 12.1% for civil engineering and 13.1% for specialized construction activities (Statistics Slovenia).</p> <p>April 2023 The value of construction put in place higher than the previous month ... On a monthly basis, the value of construction put in place increased by 9.9%. It increased by 27.4% for buildings, 4.6% for civil engineering and 1.1% for specialized construction activities. ... and more than a quarter more than a year ago, mainly due to buildings On an annual level, the value of construction put in place increased by 26.7%. It increased by 44.8% for buildings, 16.1% for civil engineering and 14.8% for specialized construction activities (Statistics Slovenia).</p>
Raw materials & Energy	Procurement	Prices / Costs
	March 2023	December 2022

	<p>In January 2023, total net electricity generation was 1.214 GWh. Compared to December, it increased by 2%, and compared to January 2022, it decreased by 1%. The production of hydro power plants increased by 26%, thermal power plants by 36% and nuclear power plant by 2%. In parallel with the drop in production at thermal power plants, fuel consumption also fell. Total fuel consumption decreased by 33% compared to the previous year. 964 GWh of electricity was imported and 866 GWh was exported. Compared to January 2022, imports increased by 18% and exports by 27% (Statistics Slovenia).</p>	<p>The average natural gas price for domestic consumers in Slovenia in the third quarter of 2022 increased by 22% compared to the second quarter of 2022 and amounted to 0.094 EUR/kWh. In the same period, the average natural gas price without value added tax for non-residential consumers increased by 19%; it amounted to 0.075 EUR/kWh. In the third quarter of 2022, the average electricity price for domestic consumers increased by 31% compared to the previous quarter and was 0.205 EUR/kWh. During this period, the average electricity price for non-residential consumers increased by 25%; it was 0.204 EUR/kWh (Statistics Slovakia).</p> <p>April 2023 Construction costs for new residential buildings have increased ... In the fourth quarter of 2022, they increased by 4.0% from the previous quarter and by 17.2% from the fourth quarter of 2021. Compared to 2021, they increased by 14.4% in 2022.</p> <p>... as well as the costs of building materials ... Building materials costs increased for the ninth consecutive quarter. They were up 1.4 % from the previous quarter. Compared to the fourth quarter of 2021, they increased by 17.8 %. Compared to 2021, they increased 21.7 % in 2022.</p> <p>... and labor costs Labor costs increased 7.1% from the previous quarter. Compared to the fourth quarter of 2021, they increased by 16.6%. Compared to 2021, they increased by 7.3% in 2022 (Slovenia statistics).</p>
Measures adopted by the utilities	September 2022	

The Slovenian government confirmed at the end of January 2022 the introduction of an energy voucher system and other measures to mitigate rising energy prices. Prepared by the Ministry of Infrastructure, these measures were in force until April 2022 and targeted the most vulnerable groups, businesses and farmers, in the form of energy vouchers, reduced grid charges for electricity and lower excise duties on heating oil and gasoline (200 million euros)([Treasury, 2022](#)).

October 2022

The government has introduced support measures for medium and large companies between June 1 and December 31, 2022, by co-financing the costs of electric energy and natural gas beyond a double increase in their prices. The amount of assistance depends on the change in the company's rate situation in 2021 and 2022. Small and medium-sized companies can receive aid of up to 50% of eligible costs and large companies up to 30% of eligible costs. When they prove a loss of business, energy-intensive companies will be able to claim up to 70 % of eligible costs; the maximum amount of aid is €2 million. The government has also earmarked €6 million for favourable liquidity facilities for small and medium-sized enterprises affected by the crisis. The total value of the business measures is estimated at €86 million.

The government has announced that it will pay a new one-off energy allowance of €200 (the amount of the allowance increasing with the number of children in a household). The allowance will be paid to individuals or families receiving financial assistance or income support in the period between August 1, 2022 and March 31, 2023. The allowance will be received by approximately 71,000 individuals and families. The cost of the measure is estimated at €35 million ([Bruegel](#)).

November 2022

In September 2022, the government approved a law with energy crisis measures that allows it to impose lighting and air temperature limitations for heating purposes in public buildings for up to one year after the expiration of the emergency declaration. In addition, it introduces rewards for consumers who choose to voluntarily reduce their gas and electricity consumption by 15 per cent between October 1, 2022 and March 31, 2023 through pro-rata refunds of the contribution to renewable energy sources ([Bruegel](#)).

The Slovenian government has unveiled a bill that would impose a one-time tax on energy companies in 2022 and 2023 to subsidize renewable energy and fund measures to reduce electricity demand during peak periods. Under the proposal, any revenue above 180 euros per MWh of electricity generated in Slovenia and sold on the wholesale market would go to the national budget.

Electricity companies whose production costs exceed 180 euros per MWh would be exempted, as would electricity produced from natural gas and small installations with a peak power of less than 500 kW.

An exceptional tax would also be imposed on companies that produce and process crude oil and natural gas in Slovenia ([Slovenia Times](#)).

March 2023

	<p>The SPIRIT agency for entrepreneurship, internationalization, FDI and technology has received nearly 2,000 applications for energy grants from companies seeking a total of 399.5 million euros. 650 million has been earmarked for this measure. According to the legislation in force, companies have access to five types of aid. These differ in terms of the share of co-financing of eligible costs and the maximum subsidy. They can be obtained for electricity, gas and steam, and cover between 40% and 80% of eligible costs.</p> <p>Companies had until noon on Feb. 28 to submit their applications and can still withdraw them until March 8, SPIRIT said. The first payment, for the first quarter of this year, must be completed by the end of the month. Between April and December, payments will be made monthly.</p> <p>Starting next month, companies will be eligible to receive 80% of one-twelfth of the award per month. The remaining 20% will be paid next year, before the end of February 2024.</p> <p>The assistance will be provided as part of a package of more than €1 billion adopted by Parliament in December 2022, which also includes public subsidy schemes for leave and part-time work (SloveniaTimes).</p>
Positioning of the Federation	

	Sweden	
Commercial conditions	General	Construction
	<p>March 2023 Annual inflation between January 2022 and January 2023 was 11.7% in Sweden. While in the fourth half of 2022, the GDP decreased by 0.4% (Statistics Sweden).</p> <p>April 2023 Sweden's GDP decreased by 1.0% in February, compared to the previous month, as shown in the preliminary compilation of the GDP indicator. "GDP fell by 1.0% in February, which was partly due to lower household consumption. Taking into account the higher figures from January, the Swedish economy seems to have</p>	<p>March 2023 According to preliminary figures for 2022, 54,850 housing units were started in new buildings. This represents a 19 % decrease from 2021, when construction of 67,645 units was initiated.</p> <p>Construction of 42,850 units in multi-family buildings has been initiated in 2021, which is a 20% decrease from 2021. Of these units, 62% are rented, compared to 61% in 2021.</p> <p>Construction began on 12,000 one- and two-family units, 14% fewer than a year earlier.</p>

	<p>started 2023 with approximately the same level of activity as in the previous five quarters," says Mattias Kain Wyatt, economist at Statistics Sweden.</p>	<p>In addition, the conversion of multi-unit buildings resulted in approximately 2,400 units in 2022, compared to 3,344 units in 2021.</p> <p>The 2022 figures on new construction have been adjusted upwards by 7%, which corresponds to the average delay in reporting from the previous year. The 2022 figures for conversions have been adjusted upwards by 23% (Statistics Norway).</p> <div data-bbox="1420 520 1921 863"> <p>Number of started dwellings 2002–2022</p> <table border="1"> <caption>Estimated data for Number of started dwellings 2002–2022</caption> <thead> <tr> <th>Year</th> <th>Multi-dwelling buildings</th> <th>One- or two-dwelling buildings</th> </tr> </thead> <tbody> <tr><td>2002</td><td>12,000</td><td>8,000</td></tr> <tr><td>2004</td><td>18,000</td><td>10,000</td></tr> <tr><td>2006</td><td>32,000</td><td>13,000</td></tr> <tr><td>2008</td><td>12,000</td><td>10,000</td></tr> <tr><td>2010</td><td>18,000</td><td>10,000</td></tr> <tr><td>2012</td><td>16,000</td><td>8,000</td></tr> <tr><td>2014</td><td>28,000</td><td>10,000</td></tr> <tr><td>2016</td><td>48,000</td><td>12,000</td></tr> <tr><td>2018</td><td>42,000</td><td>10,000</td></tr> <tr><td>2020</td><td>45,000</td><td>12,000</td></tr> <tr><td>2022</td><td>40,000</td><td>10,000</td></tr> </tbody> </table> </div> <p>April 2023 Construction output decreased 0.7 % in February 2023 compared with the same month last year. Output in this sector decreased by 0.7% in fixed prices. The construction sector, which accounts for 8.5% of total private sector value added, contributed -0.1 %age points to the change in total private sector output (Statistics Sweden).</p>	Year	Multi-dwelling buildings	One- or two-dwelling buildings	2002	12,000	8,000	2004	18,000	10,000	2006	32,000	13,000	2008	12,000	10,000	2010	18,000	10,000	2012	16,000	8,000	2014	28,000	10,000	2016	48,000	12,000	2018	42,000	10,000	2020	45,000	12,000	2022	40,000	10,000
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<p>Raw materials & Energy</p>	<p>Procurement</p> <p>February 2023 On January 12, 2023, the Swedish state-owned mining company LKAB declared that it had discovered more than one</p>	<p>Prices / Costs</p> <p>March 2023 The producer price index decreased 5.2 % in January 2023 compared to December 2022. Prices decreased 2.3 % in the</p>																																				

	<p>million tons of rare earth oxides in the Kiruna region in the north of the country. This is the largest deposit of its kind ever discovered in Europe. <i>"Thanks to this mine, the electrification, self-sufficiency and independence of the EU from Russia and China will take shape,"</i> said Minister of Energy, Trade and Industry Ebba Busch in the statement (Euractiv).</p>	<p>export market and 7.7 % in the domestic market. In the import market, prices decreased by 0.6 %. The annual rate according to the producer price index was 11.8 % in January (18.7 % in December).</p> <p>The largest negative contribution to the domestic market came from the decline in prices for trade and electricity transmission services. This was offset by higher prices for district heating, food, chemicals and chemical products, computer, electronic and optical products, electricity distribution services and several other products.</p> <p>In the export market, the main negative contribution came from lower prices for electricity generation. This was offset by higher prices for pulp, paper and cardboard, electrical equipment, other machinery and equipment, metal products, base metals, motor vehicles, trailers and semi-trailers, and waste collection, treatment and disposal and materials recovery services.</p> <p>The main contribution to the decline in the import market came from lower prices for electricity generation. Prices also fell for basic chemicals, base metals and metal products, natural gas and crude oil. This decline was offset by higher prices for electrical equipment, food products, other machinery and equipment, and several other product groups (Statistics Sweden).</p>
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	Producer Price Index, home sales	Export Price Index	Import Price Index
Crude oil			-0.1
Natural gas, liquefied or in gaseous state			-0.1
Food products	0.3		0.2
Wood and products of wood and cork, except furniture; articles of straw and plaiting materials			0.1
Pulp, paper and paperboard		0.2	
Chemicals and chemical products	0.2	0.1	
Basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms			-0.2
Other chemical products			0.1
Plastic products			0.1
Other non-metallic mineral products	0.1		0.1
Basic metals	0.1	0.1	-0.2
Fabricated metal products, except machinery and equipment	0.1	0.2	-0.1
Computer, electronic and optical products	0.2		0.1
Electrical equipment	0.1	0.2	0.3
Machinery and equipment n.e.c.	0.1	0.2	0.2
Motor vehicles, trailers and semi-trailers		0.1	0.1
Repair and installation services of machinery and equipment	0.1		
Generation of electricity		-3.8	-1.2
Transmission services of electricity	-0.3		
Distribution services of electricity	0.2		
Trade services of electricity	-9.6		
District heating	0.4		
Natural water, water treatment and supply services	0.1		
Waste collection, treatment and disposal services; materials recovery services	0.1	0.1	

The construction cost index for multi-family buildings increased 2.2 % in January 2023 compared with December 2022. The annual rate of change in the construction cost index was 16.3 % in January compared with the corresponding month in 2022, compared with 15.6 % in December (Statistics Sweden).

	Index	Change in percent	
	January	December 2022– January 2023	January 2022– January 2023
Contractors' costs (82%)	138.6	1.1	10.7
Construction clients' costs (18%)	169.6	6.7	43.9
Total Construction cost index (100%)	144.1	2.2	16.3

April 2023

The producer price index decreased 1.0 % in February compared with January 2023. Prices decreased 0.9 % in the export market and 1.1 % in the domestic market. In the import market, prices decreased by 0.4 %. The annual rate according to the producer price index was 9.3% in February (11.8% in January).

In brief:

- Energy-related products contributed 1.4 %age points to the decline in the domestic market.
- The monthly rate for refined petroleum products was negative in all markets, falling 5.2% in the domestic supply price index and 4.8% in the producer price index.

		<ul style="list-style-type: none"> The annual rate for consumer goods in the domestic supply price index was 16% in February (compared to 16.2% in January)(Statistics Sweden). <p>The construction cost index for multi-family buildings increased by 1 % in February 2023 compared with January 2023. The annual rate of change in the construction cost index was 16.5 % in February compared with the corresponding month in 2022, up from 16.3 % in January.</p> <p>In brief:</p> <ul style="list-style-type: none"> The highest annual rate of change since September 1974. Interest costs increased 162.5% between February 2022 and February 2023. Annual variations in electricity costs have remained high (Sweden statistics).
Measures adopted by the utilities	<p>September 2022</p> <p>The government has proposed to eliminate the energy tax rebate for data centers to encourage them to have more regulated and responsible electricity consumption (effective January 1, 2023)(Treasury, September 2022).</p> <p>October 2022</p> <p>On March 21, the government presented a new package of measures to deal with the rising fuel and electricity prices resulting from the invasion of Ukraine. The tax on diesel and gasoline will be temporarily reduced from June to October 2022 to the lowest level allowed by European regulations (€0.17 per liter). The total cost of this measure is estimated at €360 million. A compensatory payment of between €96 and €144 has also been approved for private car owners. The total cost of this measure is estimated at €380 million. Additional funds will be distributed for the purchase of electric vehicles (up to €6,700 in financial aid). The additional cost is estimated at 370 million euros. The compensation program described above has also been extended by one month (at an additional cost of 86 million euros). The housing allowance for families with children has also been temporarily increased from July to December 2022. The additional child allowance will be equivalent to 25% of the preliminary housing allowance and will amount to a maximum of €128 per month. The total cost is estimated at €48 million.</p>	

	On the other hand, the Swedish government has presented proposals with a longer-term vision, and the seat is expected to come into force in 2023. They contain a combination of targeted and untargeted measures: A simpler travel allowance system, replacing the current system with a tax cut based entirely on distance from home to work (without regard to means or travel costs), a frozen greenhouse gas reduction mandate for diesel and gasoline for next year until 2022 levels, and a GDP indexation pause on diesel and gasoline prices in 2023. In response to Russia's suspension of gas exports, Sweden has announced that it will provide €23.4 billion to struggling Nordic and Baltic utilities in the form of credit guarantees. The guarantees will be provided by the Swedish National Debt Office and will mainly go to Swedish companies (Bruegel).
Positioning of the Federation	The Swedish Construction Federation shared an open letter with its members' customers to request agreement for additional time and cost control due to inflation and shortages (BYGGFÖRETAGEN, 2022).

	Norway																																				
Economic conditions	General	Construction																																			
	<p>March 2023 In 2022, the GDP was 3.3% (3.9% in 2021) (Statistics Norway).</p> <p>Annual inflation between January 2022 and 2023 was 7% (Statistics Norway).</p> <p>April 2023 Between February 2022 and 2023, annual inflation was 6.3%. The annual inflation of the group "Housing, water, electricity, gas and other fuels" was 4.4% (Norway statistics).</p>	<p>March 2023</p> <table border="1"> <caption>Construction. Index of production. Changes in per cent and weights. 2015=100^{1 2}</caption> <thead> <tr> <th rowspan="3"></th> <th colspan="2">Index of production. Seasonally adjusted</th> <th colspan="2">Index of production. Calendar adjusted</th> </tr> <tr> <th>Monthly change</th> <th>Twelve-month change</th> <th colspan="2">Weights</th> </tr> <tr> <th>January 2023 / December 2022</th> <th>January 2023 / January 2022</th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>Construction</td> <td>-0.4</td> <td>0.4</td> <td colspan="2">100.0</td> </tr> <tr> <td>Construction of buildings</td> <td>-0.7</td> <td>-0.6</td> <td colspan="2">36.6</td> </tr> <tr> <td>Civil engineering</td> <td>0.0</td> <td>-0.3</td> <td colspan="2">11.0</td> </tr> <tr> <td>Specialised construction activities</td> <td>-0.5</td> <td>0.9</td> <td colspan="2">52.4</td> </tr> </tbody> </table> <p>¹ Adjusted for working-days and for public holidays in Norway. ² The weights are updated annually, and are valid for the entire year.</p> <p>Construction output between January 2022 and 2023 increased by 0.6%, while monthly output between December 2022 and January 2023, decreased by 0.4% (Statistics Norway).</p> <p>April 2023</p>				Index of production. Seasonally adjusted		Index of production. Calendar adjusted		Monthly change	Twelve-month change	Weights		January 2023 / December 2022	January 2023 / January 2022			Construction	-0.4	0.4	100.0		Construction of buildings	-0.7	-0.6	36.6		Civil engineering	0.0	-0.3	11.0		Specialised construction activities	-0.5	0.9	52.4	
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		<p>Construction output between February 2022 and February 2023 increased by 0.3%, while monthly output between January 2023 and February 2023 decreased by 0.2% (Statistics Norway).</p> <p>Between February 2022 and February 2023, the turnover of "Extraction, mining, manufacturing and electricity" increased by 4.7%. The turnover of "Electricity, gas and steam" increased by 18.6% in one year (Norway statistics).</p>
Raw materials & Energy	Procurement	Prices / Costs
	<p>November 2022 A new gas pipeline called "Baltic Pipe", linking Norway to Poland via Denmark, is in the final stages of construction and should be operating at full capacity - 10 billion m³ - from the end of October 2022 (Bruegel).</p>	<p>March 2023 Between January 2022 and January 2023, prices in the group "housing, water, electricity, gas and other fuels" increased by 4.7% (Statistics Norway).</p> <p>Regarding civil engineering activities, between the fourth half of 2021 and 2022, their production cost increased by 2.9% (Statistics Norway).</p> <p>In addition, construction labor costs increased by 4.6% between the fourth semesters of 2021 and 2022 (Statistics Norway).</p>
Measures adopted by the utilities	<p>September 2022</p> <ul style="list-style-type: none"> The Norwegian government is reluctant to cap gas prices in particular, as it benefits from the price surge. The government had introduced a temporary scheme to help Norwegians cope with their electricity bills this winter, as energy prices recently hit new records. The scheme will allow households to cope with the extraordinary electricity prices by deducting a sum from their bills. Households will be eligible for assistance for monthly electricity consumption of up to 5,000 kilowatt hours. The scheme is in place until the end of March 2022 and is administered by the transmission system operators (TSOs) (Government of Norway, 2021). <p>October 2022 At the beginning of September, the government allocated nearly one billion euros more - from the revenues of the state-owned electricity grid company Statnett - to its program to protect consumers from rising energy bills. The measure will now cover 90</p>	

	<p>per cent of the portion of electricity bills above the price of 0.70 kronor per kilowatt hour (€0.067/KWh). The total cost of the program, which is to remain in place until at least March 2023, is therefore €3.4 billion.</p> <p>A few weeks later, Industry Minister Jan Christian Vestre presented a scheme covering companies whose electricity costs exceed 3 % of revenues in the first half of 2022, amounting to 288 million euros. The subsidy presented by the government will compensate 25% of electricity tariffs exceeding a threshold of 0.70 kronor per kWh (Bruegel).</p> <p>November 2022 Beginning November 24, 2022, businesses that spend more than 3% of their revenue on electricity can apply for funding. Businesses have until December 11 to apply. This assistance consists of:</p> <ol style="list-style-type: none"> 1. 25% support for electricity prices above 70 øre/kWh. This support requires the company to carry out an energy mapping. 2. An additional 20% support for electricity prices above 70/kWh if the company also commits to implement energy efficiency measures within two years (BNL).
<p>Positioning of the Federation</p>	<p>September 2022 On March 24, 2022, BNL allowed two CEOs of member companies (wood industry) to present their challenges and demands to the Norwegian Minister of Trade and Industry. They were able to reiterate the need for dialogue between business and government, the need to establish business support measures in this period and the need to speed up the flow of goods (BNL, 2022).</p> <p>April 2023 NHO's latest skills barometer shows that the construction industry is missing 10% of the apprenticeship that the industry needs. The Norwegian Construction Industry Association believes that education should be driven by the needs of the business community, not the wishes of students. Last year, NHO firms missed out on approximately 38,200 new employees, including 11,400 new employees with higher vocational training, 18,600 new craft employees, and 2,600 apprentices. Of these, 360 represented a persistent apprenticeship gap in the construction industry. BNL believes that the vocational and educational programs offered by counties must be responsive to the needs of local working life. In the association's view, the wishes of students cannot control the sizing of instructional and academic programs. Over the past year, more than half of BNL members have tried to recruit professionals without success. NHO's Skills Barometer shows that workers with skilled trades (75%), technical vocational school (64%), and technical and engineering skills (60%) are particularly lacking (BNL).</p>

Switzerland		
Commercial conditions	General	Construction
	<p>March 2023 Last year, Switzerland's official price watchdog handled 60 % more consumer complaints than in 2021, most of which were due to prices in the energy sector. Some 30% of the 2,368 requests received last year were energy-related, Stefan Meierhans said Monday. Because of the large number of complaints, Meierhans said he adjusted his priorities in early 2022 to focus on heating, power and fuels. He also asked gas supply companies to use reserves from previous years to mitigate price increases (SwissInfo).</p> <p>April 2023 The Consumer Price Index increased 0.2% in March 2023 from the previous month, reaching 106.0 points (December 2020 = 100). Inflation was +2.9% compared to the same month a year earlier. These are the results of the Federal Statistical Office (FSO). The 0.2 % increase from the previous month was due to several factors, including higher prices for air travel, package tours and new cars. Fruit vegetables also saw a price increase, as did clothing and shoes, due to the end of seasonal sales. On the other hand, prices for additional accommodation fell, as did those for heating oil and berries (Statistics Switzerland).</p>	<p>March 2023 The main construction sector is highly mobilized. As a result, employment has remained at a high level throughout the year. In 2022, contractors and their employees achieved a turnover of CHF 23.3 billion, a nominal increase of 0.7% compared with 2021. The increase in the price of building materials could only be passed on in part, so the level of profit margins remained low. A slight slowdown in the construction industry is expected in 2023.</p> <p>As in 2021, sales have passed the 23 billion franc mark in 2022. Construction activity now stands at 23.3 billion francs (+0.7%). However, with building material prices rising significantly in 2022, actual output fell slightly by 2.0% compared with the previous year. Profit margins therefore remain very low (2-3%) and competition extremely tough. In addition, the increase in the price of building materials could only be partially passed on to the building owners.</p> <p>As in the previous year, new orders exceeded construction activity by around half a billion francs. However, the outlook for the coming months is not favorable in all sectors. After the non-residential construction sector in 2021 made up for the backlog in 2020 caused by the coronavirus crisis, its orders fell by 12% in 2022. The housing sector also recorded</p>

	<p>Supply bottlenecks and the strengthening of COVID-19 measures are weighing on the international economy in the winter of 2021/22. The expert group has revised its growth forecast for Switzerland in 2022 downward to 3.0 % (GDP adjusted for sporting events). A growth rate of 2.0% is expected for 2023 due to the normalization of the economy, which means that the Swiss economy is expected to grow at above-average rates for another two years after 2021 (3.3%)(Statistics Switzerland).</p>	<p>fewer orders, in contrast to the public sector (Swiss Society of Contractors).</p>
<p>Raw materials & Energy</p>	<p style="text-align: center;">Procurement</p> <p>March 2023 Swiss wind power plants produced 153 gigawatt hours of electricity in 2022, up 5% from the previous year, the Swiss Wind Energy Association said. Most of it was produced during the winter months, when nearly two-thirds of wind power is generated. At the same time, solar and hydropower production decreases in the winter, making these sources "ideal partners," according to the association. However, wind power accounts for only a small share of total energy production in Switzerland. The proportion of electricity generated by new renewable energies (solar, wind, biomass and small hydro projects) has risen from 10.3% in 2020 to 11.5% in 2021, according to official figures published in September. Swiss wind power was produced by 41 plants across the country, with production varying according to wind conditions, according to Suisse Eole. Switzerland still has relatively few wind power plants compared to its neighbors. France, Germany and Austria have 7,000 between them and "show us the way", says the association (SwissInfo).</p>	<p style="text-align: center;">Prices / Costs</p> <p>March 2023 In the summer of 2022, prices for energy and various building materials peaked. Recently, prices have been on the decline. SSE believes that the decline in prices is likely to continue. The global economy is slowing down, leading to lower energy and commodity prices. The price of crude oil is the barometer of the global economy. Despite political factors such as the war in Ukraine, the price of oil has fallen by 25% since the summer of 2022. The continued slowdown in economic activity is expected to drive oil prices down further in the near future. Political uncertainty has led to sharp fluctuations in gas and electricity prices. The price of natural gas has quadrupled and the price of electricity has increased tenfold. In the meantime, the situation has calmed down. The price of gas is expected to rise again somewhat by the end of the winter. Possible delivery difficulties have driven up the price of steel since the beginning of 2021. However, the peak was reached last summer. Prices have now returned to their pre-Ukraine conflict levels. This decline has continued into the first quarter of 2023.</p>

		<p>Building materials, mainly produced on the domestic market, such as concrete, cement and bricks, have seen their price level maintained for a long time. Due to the Ukrainian conflict and more expensive energy imports, production costs have also increased domestically. Corresponding tenders for energy, electricity or CO2 have already been implemented or announced recently. Concrete and brick factories have recently implemented or announced corresponding price increases for energy, electricity or CO2. Depending on the energy source used for the production of a building material, prices could be revised downwards in the coming weeks. Most building materials should be cheaper over the next three months. But even for materials for which suppliers have announced price increases, construction companies should insist on a comprehensible explanation (<u>Swiss Contractors' Association</u>).</p> <p>April 2023</p> <p>In February 2023, the producer and import price index fell 0.2 % from the previous month, reaching 109.0 points (December 2020 = 100). In particular, petroleum and natural gas as well as petroleum products saw a decline in prices. Electricity, on the other hand, has become more expensive. Compared to February 2022, the price level of all domestic and imported products increased by 2.7 %. These are the results of the Federal Statistical Office (FSO).</p> <p>The increase in the producer price index from the previous month was due in part to higher electricity prices. Concrete, cement and plaster products, glass and glass products, and paper and paperboard also became more expensive. On the other hand, prices for petroleum products, pharmaceuticals, aluminum products, and meat fell.</p>
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		<p>The import price index recorded a decrease in prices compared to January 2023, especially for petroleum and natural gas. Petroleum products, organic chemical products, plastics in primary form, flat glass, computers, and pharmaceutical preparations also became cheaper. On the other hand, price increases were observed for non-ferrous metals and products derived from them, as well as flat steel products and hollow glass. The same applies to ceramic flags, vehicle tires and concrete, cement and plaster products (Swiss statistics).</p>
<p>Measures adopted by the utilities</p>	<p>This winter, Switzerland could be faced with electricity and gas shortages. The Federal Council is planning a staggered procedure depending on the severity of the situation: calls for savings, restrictions on consumption, quotas or even partial cuts in the network.</p> <p><u>The government has passed three motions to strengthen the security of the electricity supply:</u></p> <ul style="list-style-type: none"> ⇒ Support massively the construction of installations allowing the transformation and the storage of solar energy in the form of synthesis gas; ⇒ Encourage the widespread development of smart grids; ⇒ Giving small players the opportunity to participate in the control energy market (Swiss Info, September 2022). <p>November 2022 On 23 November 2022, the Federal Council opened the consultation procedure on measures to be taken in the event of an electricity shortage. The aim of the consultation is to create legal and planning certainty for companies so that they can prepare themselves. An electricity shortage would entail enormous economic costs. Measures such as quotas or load shedding should therefore be avoided at all costs (Swiss Economy).</p> <p>April 2023 One year after the invasion of Ukraine, the destruction is immense. And although the fighting continues unabated, there is already talk of reconstruction. The Swiss government believes that Switzerland has an essential role to play in this regard, and not only when the war is over.</p>	

	<p>At the initiative of Swiss President Ignazio Cassis, the first Ukraine <u>Recovery</u> Conference (URC) was held in July 2022 in Lugano, with the participation of 58 international delegations and hundreds of representatives of the business community and the private sector.</p> <p>The Lugano conference also saw initiatives from civil society, including from Bern University of Applied Sciences (BFH) professor Thomas Rohner. Shortly after the invasion of Ukraine on February 24, 2022, he asked himself how his institution could help. Thomas Rohner set up a network to realize his project to develop a curriculum for Ukrainian refugees in Switzerland, in order to train them for the reconstruction of their country. The topics addressed are directly related to Ukraine. These are concrete projects developed in the classroom, such as damage analysis, planning the supply of water and electricity, or participating in the reconstruction of destroyed buildings and infrastructure.</p> <p>A crucial point had to be settled beforehand: the financing. The training costs 6,500 francs, plus travel and other expenses. Refugees can hardly afford this. Thomas Rohner therefore arranged for companies, foundations and private individuals to sponsor the training and pay the costs. In addition, a childcare system was organized, since many of the students have children (SwissInfo).</p>
<p>Positioning of the Federation</p>	

European Commission	
<p>Restrictive measures against Russia (In connection with the invasion of Ukraine)</p>	<p>IN BRIEF</p> <p>Main sanctions taken by the EU against Russia since February 2022:</p> <ul style="list-style-type: none"> • Embargo on most Russian oil products • Embargo on Russian coal • Exclusion of several Russian banks from the Swift banking system • Freezing of the Russian Central Bank's assets outside Russia • Closure of European airspace to Russian aviation • Closure of EU ports to Russian ships • Closure of the Union's roads to Russian carriers • Ban on the sale of aircraft and equipment to Russian airlines

- Embargo on Russian gold
- Russia Today and Sputnik banned from broadcasting in the EU
- Freezing of assets of Vladimir Putin and Russian oligarchs

MORE DETAILS

- First Package (February 23, 2022): Sanctions targeting the ability of the Russian state and government to access EU financial and capital markets and services.
- Second package (February 25, 2022): Sanctions on the financial sector, affecting Russia's access to the most important capital markets, targeting 70% of the Russian banking market, as well as major state-owned enterprises.
- Third package (March 2, 2022): Exclusion of the main Russian banks from the SWIFT system.
- Fourth package (March 15, 2022): A total ban on transactions with certain Russian state-owned enterprises, with the exception of state-owned banks, railways, and the shipping registry; a ban on imports of steel products currently subject to EU safeguards; and a ban on new investments in the Russian energy sector, with the exception of nuclear energy and the transportation of energy products.
- Fifth package (April 8, 2022): The EU decided to ban the import of any type of Russian coal or coal exported from Russia, which the European Commission estimates represents a loss of revenue of about €8 billion per year for Russia. This measure took effect in August 2022.

The member states also agreed on additional financial measures. They include a total trading ban and asset freeze for four Russian banks - Otkritie, Novikombank, Sovkombank and VTB - which are now completely cut off from markets after being disconnected from Swift.

The European Union has also decided to ban the import of additional products from Russia, worth 5.5 billion euros per year. These include cement, rubber products and wood.

In addition, financial and non-financial support to Russian state-owned or state-controlled entities under EU, Euratom and Member State programs will be restricted. The Commission will terminate its participation and suspend all ongoing grant agreements with Russian public bodies or related entities under Horizon 2020 and Horizon Europe,

Euratom and Erasmus+. No new contracts or agreements with Russian public bodies or related entities will be concluded under these programs.

- Sixth package (June 3, 2022): EU decides to ban imports of crude oil and refined petroleum products from Russia, with some exceptions; exclusion of three more Russian banks and one Belarusian bank from the SWIFT system; suspension of broadcasting activities in the EU of three more Russian state media.

The EU also adopted sanctions against 65 additional individuals and 18 entities. These include individuals responsible for the atrocities in Butcha and Mariupol.

- Seventh package (July 25, 2022): A new ban on the purchase, import or transfer of gold of Russian origin, including jewelry; tightening of export controls on dual-use goods; tightening of the ban on Russian ships entering ports; clarifications of existing measures, for example in the areas of public procurement, aviation and the judiciary; individual sanctions against 54 additional individuals and 10 entities, including the mayor of Moscow and Sberbank, a major financial institution.
- Eighth package (September 29, 2022): New import ban on Russian products from the aeronautical and chemical sectors; No European will be allowed to sit on the board of directors of Russian companies under penalty of sanctions; Agreement to cap Russian oil prices ([Euractiv](#)).
- Ninth Package (December 7, 2022):

First, the Commission proposes to add nearly 200 individuals and entities to our sanctions list. This includes the Russian armed forces, as well as military officers, defense industry companies, members of the State Duma and Federation Council, ministers, governors, and political parties. The list includes key individuals responsible for the brutal and deliberate Russian missile strikes against civilians, the abduction of Ukrainian children, Ukrainian children taken to Russia, and the theft of Ukrainian agricultural products.

Second, the Commission proposes to introduce sanctions against three more Russian banks, including a total ban on transactions against the Russian Regional Development Bank, in order to further paralyze Putin's financial machine.

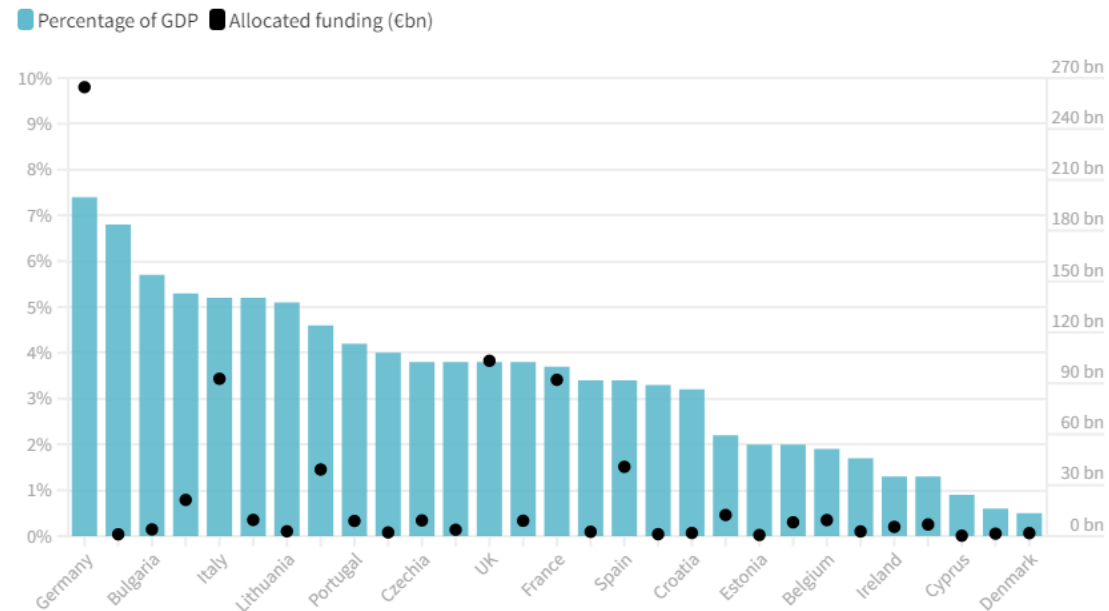
	<p>Third, the Commission also wants to impose new export controls and restrictions, especially on dual-use goods. These include essential chemicals, nerve agents, electronic and computer components that could be used in the service of the Russian war machine.</p> <p>Fourth, the Commission will cut off Russia's access to all kinds of drones and unmanned aerial vehicles. We propose to ban the direct export of drones to Russia as well as the export to any third country, such as Iran, that might supply drones to Russia (The European Commission).</p> <ul style="list-style-type: none"> • <u>Tenth Sanctions Package (February 24, 2023):</u> On the first anniversary of Russia's invasion of Ukraine, member states have reached an agreement to try to weaken Moscow. The European Union approved on Friday evening, February 24, a new set of sanctions to hit the economy of Russia and Iranian companies accused of supporting its invasion of Ukraine, announced the Swedish Presidency on its Twitter account. The United States had also strengthened sanctions earlier in the day. The 10th package includes new restrictions on EU exports to Russia worth 11 billion euros, and the freezing of assets of three Russian banks and numerous entities, including Iranian companies. The list includes 120 names, but it remains confidential until its publication in the Official Journal of the EU (Les Echos).
<p>Aid to European countries affected by the crisis in Ukraine</p>	<p>On March 23, the European Commission adopted a temporary crisis framework to allow member states to use the flexibility offered by state aid rules to support the economy in the context of the Russian invasion of Ukraine.</p> <p><u>Three types of assistance are provided:</u></p> <ol style="list-style-type: none"> 1) Limited amount of aid - The total amount of aid must not exceed EUR 400,000 per company at any time. Aid may be given in the form of direct grants, tax benefits and payments or in other forms such as repayable advances, guarantees, loans and equity. 2) Liquidity support in the form of public guarantees and subsidized loans - The total amount of loans per beneficiary for which a guarantee is granted if it does not exceed 15% of the company's average annual global turnover (last 3 financial years); if it does not exceed 50% of the energy costs of the last 12 months; upon appropriate justification that the Member State will provide to the Commission for its evaluation. 3) Assistance to offset high energy prices. <p>The temporary crisis framework will be in place until 31 December 2022, with a possible extension (European Commission, March 2022).</p>

April 2023

Summary of the funds allocated, as a %age of GDP, by European countries to protect households and businesses from the energy crisis (September 2021 - January 2023)([Bruegel](#)).



Governments earmarked and allocated funding to shield households and firms from the energy crisis (Sep 2021 - Jan 2023), % GDP.
Last update: 13.02.2022.



Energy supply

March 2022

The Commission presented on 23 March ideas for collective action at European level to address the root causes of the existing problem in the gas market and ensure security of supply at reasonable prices for the next winter season and beyond.

- A legislative proposal introducing an obligation that sets the minimum level of gas storage for the next winter at 80% to ensure security of energy supply, to be increased to 90% in subsequent years.

- A document describing the options for market intervention at the European and national levels, and assessing the advantages and disadvantages of each option.

Partnerships with third countries to collectively purchase gas and hydrogen have also been considered by the Commission, which is ready to create a *task force* on joint gas purchases at EU level. By pooling demand, the *task force* would facilitate and strengthen the EU's international approaches to suppliers to ensure cheap imports for the coming winter.

September 2022

The Commission has presented 9 measures to fight against the rise in energy prices. Among these measures:

- **Capping the revenues of nuclear and renewable energy producers:** Wind, solar, biomass, hydroelectric... sell their electricity at a price higher than their production costs (the price of electricity being indexed to the price of gas, which has risen sharply since the war in Ukraine). The European Commission therefore proposes to capture the revenues of these companies to redistribute them to vulnerable households and businesses;
- **Gas price cap;**
- **Reduction of 15% of member states' consumption between August 2022 and August 2023** (reduction of consumption at peak hours) ([Vie Publique, September 2022](#)).

The remainder of the proposed measures will be discussed in late September 2022, with the hope of finding a consensus.

November 2022

The European Commission has unveiled a formal proposal to establish what could soon be the first ever European cap on gas prices. This extraordinary measure will serve as a safety cap and will only be triggered in the event of high volatility and rampant speculation in the gas markets. This cap is based on two conditions:

- If FTT prices reach or exceed €275 per megawatt hour for at least two weeks.
- If FTT prices are €58 above the liquefied natural gas (LNG) market benchmark for at least 10 consecutive trading days ([EuroNews, November 2022](#)).

The Europeans finally agreed on Friday 02 December on the threshold beyond which purchases of Russian oil transported by sea will be impossible. It is set at 60 dollars a barrel, a little less than its current price of 65 dollars. If the price were to fall below 60 dollars, a limit set at 5% below the market price would apply. In concrete terms, shipowners, insurers and reinsurers will be prohibited from covering black gold cargoes once this purchase price is exceeded. And as 90% of Russian oil transported by sea is insured by groups based in G7 and EU countries, this price cap should also be imposed at the global level, including China and India ([Le Figaro](#)).

December 2022

On December 9, 2022, the Commission, together with industry players, research institutes, associations and other stakeholders, launched the European Solar PV Industry Alliance.

The alliance will help mitigate supply risks by ensuring diversification of supply through more diversified imports and larger-scale manufacturing of innovative and sustainable PV panels in the EU. In a joint statement, the Commission and the alliance signatories identified immediate priorities for 2023.

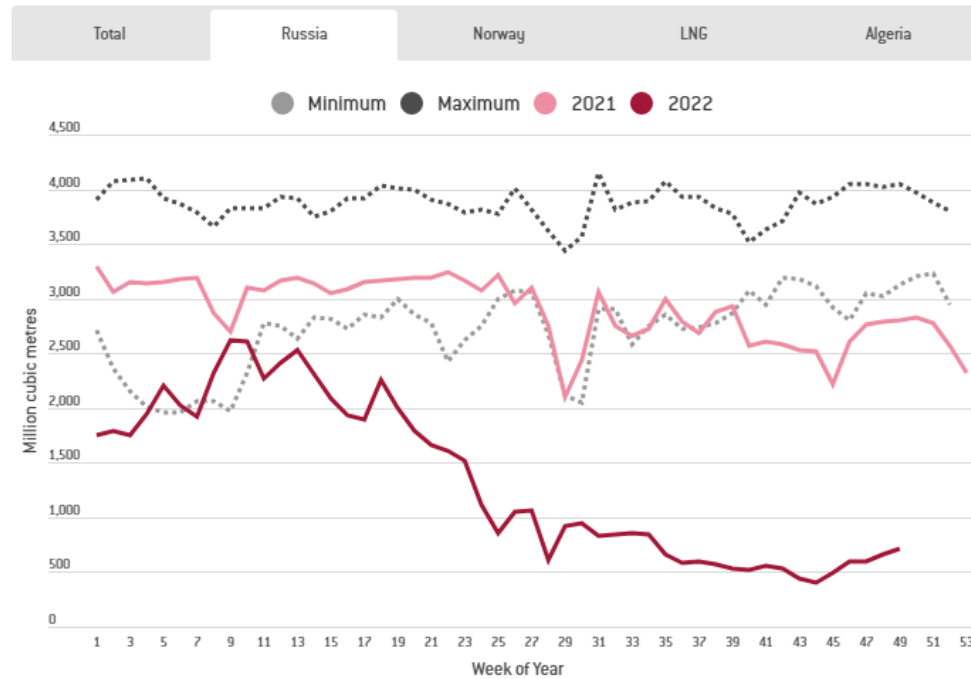
It will focus its efforts on the following:

- Securing investment opportunities in European solar PV;
- to promote a favourable environment for the European solar photovoltaic energy sector;
- diversify supply and build supply chain resilience.

The new alliance has endorsed the goal of achieving 30 GW of European generation capacity by 2025, across the entire value chain. Achieving this goal would generate a new GDP of €60 billion per year in Europe and create more than 400,000 new jobs ([European Commission](#)).

More information available on the Commission's actions to tackle the energy crisis in Europe: [EU action to tackle the energy crisis \(europa.eu\)](#).

Gas imports from Russia (Europe 27 + UK), from December 2022 ([Bruegel](#)) :



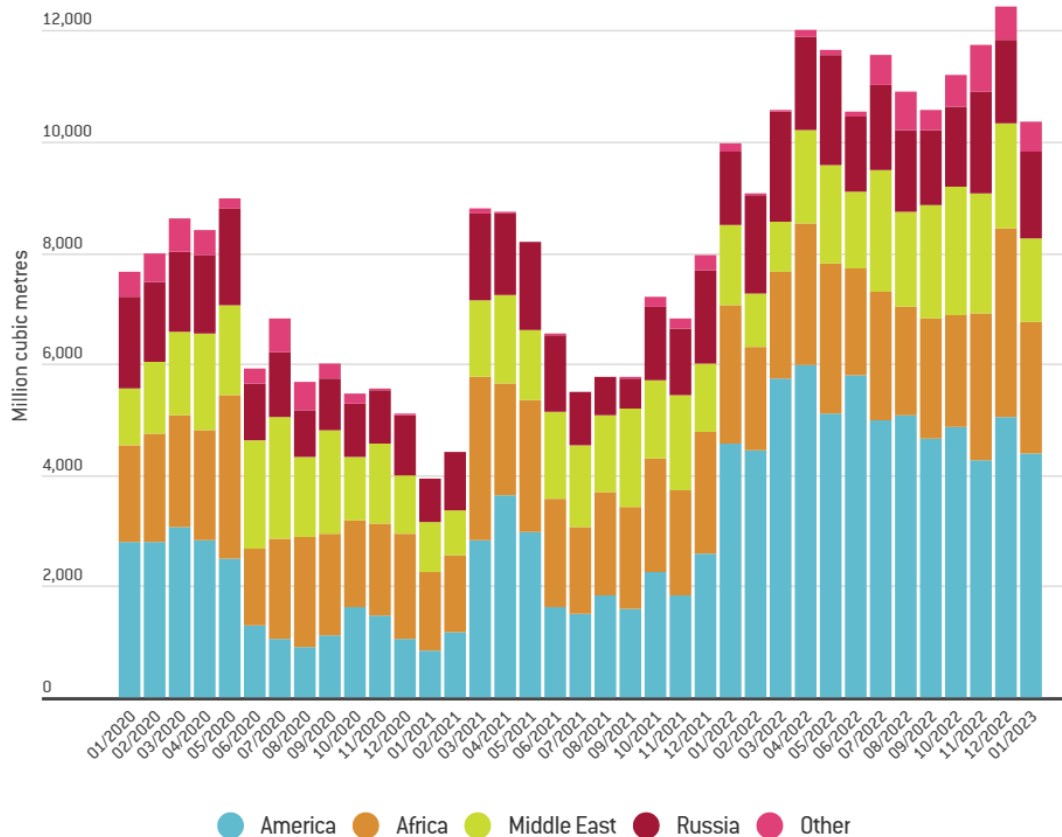
European energy ministers decided on Monday 19 December to ban gas purchases above 180 euros per megawatt hour. This consensus was reached after several weeks of negotiations, and it will spare countries reluctant to intervene in the markets (All Europe).

March 2023

The figure shows monthly EU27 LNG imports by region of origin since January 2020. While in the summer of 2021, natural gas imported from Russia via pipelines started to decrease, Russian LNG volumes reaching European LNG terminals have, to date, not been affected ([Bruegel](#)).

Figure 4: EU27 LNG monthly imports by region of origin

Last updated: 14/02/2023 [updated every month]



Legislation

Proposed revision of the state aid framework against the backdrop of the war in Ukraine and the energy crisis - The European Commission is considering extending the period of application of these temporary rules until 31 December 2023

(instead of 31 December 2022, until now). The ceilings for aid authorized to support companies in the face of rising gas and electricity prices have not been changed, but are now calculated over a calendar year and no longer "at a given moment". Thus, an industrialist will be able to receive up to 2 million euros per year, or even up to 50 million for certain energy-intensive companies. Heating and cooling bills are also now taken into account in the calculation of the additional cost of energy supply for companies. In addition, a chapter has been added to allow aid to encourage the reduction of electricity consumption ([Background](#)).

Formal adoption of the regulation on super-profits and electricity demand reduction - The written validation procedure for this emergency regulation adopted by the energy ministers of the 27 Member States on 30 September was completed on 6 October. "All delegations voted in favor, except for the Slovak and Polish delegations, which voted against," says the note from the Council Secretariat.

December 2022

The European Commission is expected to publish in the next few days a consultation document for Member States on the reform of the electricity market. How to bring electricity prices back to more reasonable levels? With European industry alarmed at the effect of soaring prices on its competitiveness and a new fever pitch looming for next winter - against a backdrop of tensions over gas and electricity supplies - the European Commission's promised electricity market reform project will officially be put on the table. More information soon ([Les Echos](#)).

February 2023

Electricity market reform: the EU begins discussions

In response to soaring energy prices, the European Commission is preparing an overhaul of its electricity market so that all consumers can benefit from renewable energy at reasonable prices.

Unlike the emergency measures that were rushed through last year, the electricity market reform will take longer because it requires much longer deliberations between member states and the European Parliament.

The European Commission has planned to present its market reform proposal in March 2023, but this will be preceded by a public consultation. The bloc's member states are also working on the reform and will begin discussions in an energy working group led by the Swedish Presidency of the EU Council ([Euractiv](#)).

The public consultation is open from 23 January 2023 until 13 February 2023 : [Electricity Market - Reform of the organisation of the electricity market in the EU \(europa.eu\)](#)

April 2023

The foreign ministers of the EU-27 approved on Monday 20 March an action plan to supply Kiev with shells and to replenish the strategic stocks of member states, which have been badly affected since the beginning of the Russian invasion of Ukraine. In detail, one billion euros will be used to enable member states to replenish their ammunition stocks by May 31. Since the beginning of the conflict, several of them have taken shells to supply Kiev and will therefore be reimbursed up to 1,000 to 1,300 euros per head. The second billion is intended to finance joint purchases of 155 mm ammunition delivered directly to the Ukrainians. The stated objective is to reduce the delivery time for these strategic weapons to 6-8 months. These amounts will be financed by the European Peace Facility, an instrument of the European defence policy set up in 2021. The third component is intended to increase the production capacity of several arms companies across the continent ([All Europe](#)).

INTERNATIONAL

NON-EU COUNTRY		
	General Facts & Measures	General Facts & Measures: Construction
Türkiye	<p>April 2023 The inflation was of 50,51% in March 2023, which slowed compared to the previous month (55,18%)(statistics Türkiye).</p>	<p>April 2023 Total turnover increased by 68.1% on annual basis,including industry, construction, trade, and services sectors. In particular, industry increased by 44.9%, construction increased by 136.5%, trade increased by 76.0% and services increased by 86.1% on annual basis in February 2023. Total turnover index (2015=100) including industry, construction, trade, and services sectors decreased by 5.1% on monthly basis in February 2023. In particular, construction increased by 5.1%, industry decreased by 5.0%, trade decreased by 7.3% and services decreased by 1.5% on monthly basis in February 2023 (statistics Türkiye).</p>
	Raw materials & Energy: Sourcing	Raw materials & Energy: Costs
Turkiye		<p>April 2023 In February 2023, construction cost index (CCI) increased by 2.08% compared with previous month and increased by 72.37% compared with the same month2022. Material index increased by 3.43% and labour index decreased by 1.20% compared with the previous month. Also, material index increased by 62.52% and labour index increased by 103.99% compared with2022. Building construction cost index increased by 2.43% compared with previous month and increased by 73.73% compared with the same month of2022. Material index increased by 4.02% and labour index decreased by 1.32% compared with the previous month. Material index increased by 63.88% and labour index increased by 104.10% compared with the previous year.</p>

		Construction cost index for civil engineering increased by 0.94% compared with previous month and increased by 67.94% compared with the same month of 2022. Material indexes increase by 1.54% and labour index decreased by 0.74% compared with the previous month. Also material index increased by 58.24% and labour index increased by 103.59% compared with the previous year (statistics Türkiye).
	Public Authorities measures	
Türkiye	<p>April 2023</p> <p>The Monetary Policy Committee has decided to keep the policy rate (one-week repo auction rate) constant at 8.5%. Although recently released data point to a stronger economic activity than anticipated, recession concerns in developed economies as a result of geopolitical risks and interest rate hikes continue, and conditions threatening financial stability have emerged. While the negative consequences of supply constraints in some sectors, particularly basic food, have been alleviated by the strategic solutions facilitated by Türkiye, the high level in producer and consumer inflation continues on an international scale. The effects of high global inflation on inflation expectations and international financial markets are closely monitored. While the divergence in monetary policy steps and communications of central banks in advanced economies continue due to their diverse economic outlook, coordinated steps are taken that prioritize financial stability through swap agreements and new liquidity facilities. Financial markets have been adjusting their expectations that the central banks would end the rate hike cycles in the near term.</p> <p>Before the disaster of the century, leading indicators have been pointing to a stronger domestic demand compared to foreign demand as well as an increase in the growth trend in the first quarter of 2023. The impact of the earthquake on production, consumption, employment and expectations is being extensively evaluated. While the earthquake is expected to affect economic activity in the near term, it is anticipated that it will not have a permanent impact on performance of the Turkish economy in the medium term. While share of sustainable components of economic growth remains high, the stronger-than-expected contribution of tourism revenues to the current account balance continues throughout the year. On the other hand, domestic consumption demand, high level of energy prices and the weak economic activity in main trade partners keep the risks on current account balance alive. Sustainable current account balance is important for price stability. The rate of credit growth and allocation of funds for real economic activity purposes are closely monitored. As announced in the 2023 Monetary Policy and Strategy document, the Committee will continue to decisively use the tools supporting the effectiveness of the monetary transmission mechanism and the entire policy toolset, particularly funding channels, will be aligned with targets. The Committee will prioritize the creation of supportive financial conditions to minimize the effects of the disaster and support the necessary recovery.</p>	

	<p>While level and underlying trend of inflation have been improved with the support of the implemented integrated policy approach, the effect of earthquake-driven supply-demand imbalances on inflation is closely monitored. It has become even more important to keep financial conditions supportive to preserve the growth momentum in industrial production and the positive trend in employment after the earthquake. Accordingly, the Committee has decided to keep the policy rate unchanged. The Committee assessed that the current monetary policy stance is adequate to support the necessary recovery in the aftermath of the earthquake by maintaining price stability and financial stability. The effects of the earthquake in the first half of 2023 will be closely monitored.</p> <p>The CBRT will continue to use all available instruments decisively until strong indicators point to a permanent fall in inflation and the medium-term 5% target is achieved in pursuit of the primary objective of price stability (TCMB).</p>
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NORTH AMERICA		
	General Facts & Measures	Facts & Measures for Construction
Canada	<p>March 2023 The IMF forecasts that Canada’s GDP will be of 1.5% in 2023, and the annual inflation is forecasted to be of 4.2% (IMF).</p> <p>April 2023 The annual inflation in March 2023 was of 4,3% (Bank of Canada).</p> <p>Results from the first-quarter 2023 Business Outlook Survey and the Business Leaders’ Pulse surveys from January through March 2023 show a subdued sales outlook and plans for modest growth</p>	<p>April 2023 The Canadian construction industry is expected to contract by 0.9% in 2023, due to inflationary pressure, higher energy prices, supply chain disruptions, a skilled labor shortage, increasing construction costs and a decline in investor confidence. According to Statistics Canada, the total value of investment in residential buildings fell by 5.1% year on year (YoY) in 2022, with single dwelling construction falling by 6.4% and multiple dwelling construction falling by 3.5%. With these constraints and challenges continuing, the industry is expected to recover marginally in 2023, growing by 0.9%, aided by transportation and energy infrastructure projects, in addition to investment allocated by Federal and Regional governments in the 2023 Budget. Earlier in 2022, the province of Ontario unveiled its 30-year transit plan to develop a transportation network with an initial budget of CAD84.7 billion (\$65.7 billion) by 2030. Over the forecast period, the industry’s output will also be supported by the development of infrastructure projects in the industrial, residential, and commercial sectors. Imperial, a</p>

	<p>in capital expenditures. The labour market remains tight, but pressures have eased from high levels.</p> <ul style="list-style-type: none"> • Businesses anticipate that their sales will grow but at a slower pace. For many firms, this slowdown will follow a period of exceptional strength over the past year. Businesses also link their expectations of weaker sales growth to interest rate increases, high inflation, and concern about a recession. Some firms, mostly those whose sales depend on housing activity and household consumption, expect outright sales declines, but the share of these firms is smaller than in the previous survey. • Generally, businesses plan to invest more in the next 12 months. However, positive investment intentions have decreased in each quarter since early 2022, reflecting the impact of higher interest rates and recession worries. • Firms continue to view the labour market as tight, though labour shortages and wage growth pressures have eased. Demand for labour has softened over the past several quarters but continues to be robust—more than half of firms still plan to increase their workforce over the next 12 months. • Firms' inflation expectations have moderated, but most businesses still think inflation will stay well above 2% until at least 2025. 	<p>Canadian manufacturing company, announced in January 2023 that it approved an investment of CAD720 million (\$558.6 million) for the construction of Canada's largest renewable diesel facility, which is expected to be completed by the end of 2025. Furthermore, the Federal Government is on track to deliver more than CAD72 billion (\$55.9 billion) in financial support through the National Housing Strategy by 2027-28, and CAD13.2 billion (\$10.2 billion) allocated to the construction of housing projects for women and children fleeing family violence, seniors, and Indigenous peoples in 2022 (GlobalData).</p>
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	<ul style="list-style-type: none"> Businesses anticipate that their input and output price increases over the next year will remain larger and more frequent than usual. However, as supply and demand continue to normalize, firms expect the size and pace of output price increases to moderate from those over the past 12 months. This suggests that firms are gradually shifting closer to their normal price-setting practices (Bank of Canada). 	
United States	<p>January 2023</p> <p>In 2023, the GDP is projected to grow by 1% while the annual average inflation is supposed to be around 3.5% (IMF, 2022).</p>	<p>April 2023</p> <p>Total Construction spending during February 2023 was estimated at a seasonally adjusted annual rate of \$1,844.1 billion, 0.1% ($\pm 0.7\%$) below the revised January estimate of \$1,845.4 billion. The February figure is 5.2% ($\pm 1.2\%$) above the February 2022 estimate of \$1,753.1 billion. During the first two months of this year, construction spending amounted to \$260.8 billion, 5.9% ($\pm 1.2\%$) above the \$246.1 billion for the same period in 2022.</p> <p>Private Construction Spending on private construction was at a seasonally adjusted annual rate of \$1,453.2 billion, virtually unchanged from ($\pm 0.5\%$) the revised January estimate of \$1,453.6 billion. Residential construction was at a seasonally adjusted annual rate of \$852.1 billion in February, 0.6% ($\pm 1.3\%$) below the revised January estimate of \$857.0 billion. Nonresidential construction was at a seasonally adjusted annual rate of \$601.0 billion in February, 0.7% ($\pm 0.5\%$) above the revised January estimate of \$596.7 billion.</p> <p>Public Construction in February, the estimated seasonally adjusted annual rate of public construction spending was \$391.0 billion, 0.2% ($\pm 1.3\%$) below the revised January estimate of \$391.8 billion. Educational construction was at a seasonally adjusted annual rate of \$84.6 billion, 0.9% ($\pm 2.0\%$) below the revised January estimate of \$85.4 billion. Highway construction was at a seasonally adjusted annual rate of \$120.6 billion, 0.3% ($\pm 4.1\%$) above the revised January estimate of \$120.3 billion (United States Census Bureau).</p>
Mexico	April 2023	April 2023

	<p>In March 2023, the annual inflation was of 6,85% in Mexico (slowing compared to February)(INEGI).</p> <p>In March 2023, the total National Producer Price Index (PPI), including oil, increased 0.20 % at a monthly rate and 1.81 % at an annual rate. In the same month of 2022, it grew 1.72 % at a monthly rate and 10.17 % at an annual rate.</p> <p>By groups of economic activities, at a monthly rate, prices of primary activities increased 0.50 % and those of tertiary activities, 0.91 %. Secondary activities prices fell 0.19 %.</p> <p>The Index of Goods and Services of Intermediate Use, including oil, decreased 0.38 % at a monthly rate and 1.20 % at an annual rate.</p> <p>In the reference month, the Index of Final Goods and Services, including oil, rose 0.42 % at a monthly rate and 3.03 % at an annual rate (INEGI).</p>	<p>Construction Industry volume index, December 2022 – February 2023 (Banxico).</p> <table border="1"> <thead> <tr> <th></th> <th>Dec 2022</th> <th>Jan 2023</th> <th>Feb 2023</th> </tr> </thead> <tbody> <tr> <td colspan="4">Construction industry volume index</td> </tr> <tr> <td>Total</td> <td>96.23</td> <td>92.50</td> <td></td> </tr> <tr> <td>Building</td> <td>98.52</td> <td>97.39</td> <td></td> </tr> <tr> <td>Construction of civil engineering works or heavy work</td> <td>66.14</td> <td>49.98</td> <td></td> </tr> <tr> <td>Specialized construction work</td> <td>148.65</td> <td>156.60</td> <td></td> </tr> </tbody> </table> <p>Source: INEGI.</p>		Dec 2022	Jan 2023	Feb 2023	Construction industry volume index				Total	96.23	92.50		Building	98.52	97.39		Construction of civil engineering works or heavy work	66.14	49.98		Specialized construction work	148.65	156.60	
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<p>Canada</p>	<p>March 2023</p> <p>December 2022 closed a year that saw numerous external challenges which influenced Canada's energy sector. Canadian energy producers finished the year by posting an increase in the production of primary energy, up 5.1% to 2.0 million terajoules in December. Compared with December 2021, four of the six energy subsectors reported higher production, notably natural gas (+5.9%) and crude oil (+4.3%).</p> <p>Production of secondary energy products increased 4.9% in December 2022, which was</p>	<p>April 2023</p> <p>Elevated borrowing costs continue contributing to the decline in new house prices.</p> <p>In February, new home prices fell the most in St. Catharines–Niagara (-1.3%), Victoria (-0.9%) and Gatineau (-0.9%), with builders noting deteriorating market conditions as the reasons for the declines.</p> <p>High mortgage rates continued slowing housing demand, with the Canada Mortgage and Housing Corporation reporting 44.1% more unsold, newly constructed single-family homes in Canada in February 2023 compared with February 2022. Similar conditions were seen in the resale housing market, with the number of national sales decreasing 40.0% year over year in February 2023, as reported by the Canadian Real Estate Association.</p> <p>In February, prices were also down in Toronto (-0.3%) and Vancouver (-0.1%), the two largest housing markets in Canada, and thus largely contributing to the decline of the national index.</p>																								

<p>largely attributable to the refined petroleum products sector (+5.3%).</p> <p>An in-depth review of 2022 is available in the section titled "Energy year in review 2022" at the end of this release.</p> <p>Production of crude oil and equivalent products increased 4.2% to 24.5 million cubic metres in December. This was the sixth consecutive monthly year-over-year increase, as international demand for energy products remained strong.</p> <p>The overall increase in December was driven by higher oil sands extraction, up 3.4% to 15.9 million cubic metres. Crude bitumen production rose 5.4% to 9.8 million cubic metres, while synthetic crude oil production edged up 0.2% to 6.1 million cubic metres. Production remained strong despite a week of extreme cold weather in Western Canada, which caused temporary disruptions to some operations.</p> <p>According to the Raw Materials Price Index, the price of crude oil and bitumen was up 16.4% from December 2021, the smallest year-over-year rise since energy prices started to increase sharply that year. In December 2022, the Organization of Petroleum Exporting Countries decided to continue with crude oil production cuts, citing falling demand for oil and a possible recession in key economies.</p> <p>Exports of crude oil and equivalent products were down 6.1% to 18.4 million cubic metres in</p>	<p>Prices for new homes increased in Trois-Rivières (+0.2%) and Winnipeg (+0.1%) in February.</p> <p>New house prices decline at the national level: Canada's most expensive housing markets see muted annual price changes.</p> <p>Nationally, new house prices increased 1.4% on a year-over-year basis, which is significantly lower than the annual change of 10.9% recorded in February 2022, when the Bank of Canada policy interest rate was still at its all-time low of 0.25%, compared with the current rate of 4.5%. As well, lumber prices, which put upward pressure on construction costs one year ago, fell 52.5% year-over-year in February 2023.</p> <p>According to the Canadian Home Builders' Association, builder confidence declined over the previous year, with its single-family Housing Market Index declining 58.7 points in the fourth quarter of 2022 (26.2) compared with the fourth quarter of 2021 (84.9). The report links the decline to the uncertainty in the housing market, amid high interest rates.</p> <p>In Canada's most expensive markets, which include the Greater Golden Horseshoe (Oshawa, Toronto, Hamilton, St. Catharines–Niagara, Kitchener–Cambridge–Waterloo and Guelph), Vancouver and Victoria, new home price changes were muted year over year, ranging from -1.1% to +0.3%.</p> <p>In contrast, comparatively less expensive housing markets in Canada, particularly Calgary (+6.8%), Windsor (+4.9%) and Ottawa (+4.5%), posted the largest annual price increases among the cities surveyed. These increases have also moderated compared with February 2022, when annual growth stood at 18.7% in Calgary, 20.7% in Windsor and 20.2% in Ottawa (statistics Canada).</p>
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	<p>December. Exports to the United States by pipeline decreased 7.5% following a disruption to flows on the Keystone pipeline, after a leak was discovered in Kansas on December 7. Total electricity generation in Canada rose 2.3% year over year to 61.9 million megawatt-hours (MWh) in December. Increases in generation from hydroelectric (+4.4%), combustible (+3.8%) and wind (+2.0%) sources compensated for an 11.1% drop in nuclear generation.</p> <p>Ongoing refurbishment at units of Ontario's Darlington Nuclear Generating Station, as well as unplanned maintenance at the Point Lepreau Nuclear Generating Station in New Brunswick, reduced generation in December.</p> <p>Ontario's use of combustibles rose 25.1% in December to compensate for reduced nuclear generation levels. In contrast, a 7.9% drop in Saskatchewan's combustible generation partially offset the overall increase. In 2022, Saskatchewan began purchasing electricity from Manitoba to reduce its dependence on combustibles.</p> <p>Exports of electricity to the United States climbed 6.2% year over year in December to 5.2 million MWh. The increase in exports was largely driven by Manitoba's ongoing recovery from the effects that the 2020 and 2021 drought had on the province's hydroelectric generation (Canada Statistics).</p>	
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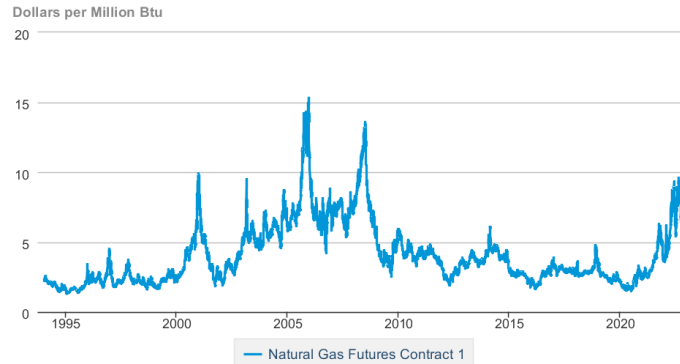
United States

March 2023

Global liquid fuels production: the EIA forecasts of oil production in Russia included a steep decline in the coming months resulting from the EU's ban on seaborne petroleum products from Russia that began February 5. Russia recently announced a crude oil production cut of 0.5 million barrels/day for March, and the EIA expects declines to be more than that, with Russia's production falling by 0.7 million barrels/day in March. Despite the declines in March, recent petroleum exports from Russia have outpaced expectations, and we have revised our oil production forecast for Russia upwards by 0.4 million barrels/day in 2023. Overall, we expect global oil and liquid fuels production will average 101.5 million barrels/day in 2023, up 1.6 million barrels/day from 2022 (EIA).

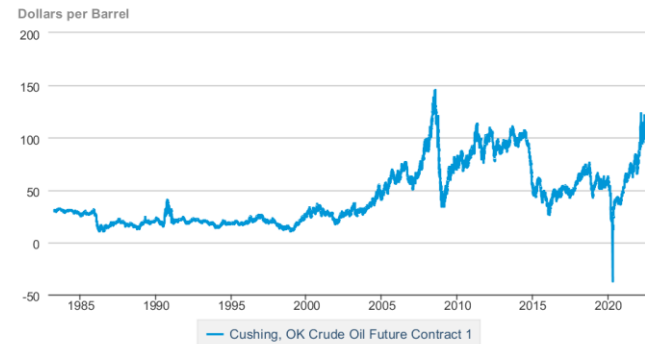
March 2023

Natural Gas Futures Contract 1



eia Data source: U.S. Energy Information Administration

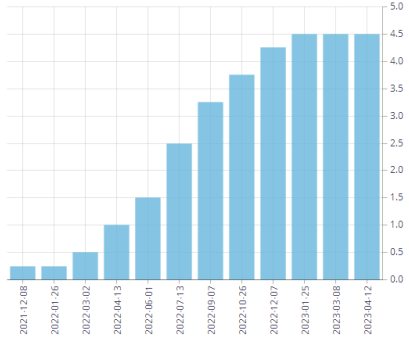
Cushing, OK Crude Oil Future Contract 1



eia Data source: U.S. Energy Information Administration

Natural gas consumption: EIA expects U.S. natural gas consumption to average 99.1 billion cubic feet per day (Bcf/d) in the first quarter of 2023 (1Q23), down 5% from Q1 2022. The decline in consumption is the result of very mild temperatures that have reduced demand for space heating. The largest decline is in residential and commercial consumption, which we expect will be 11% less in 1Q23 than in 1Q22.

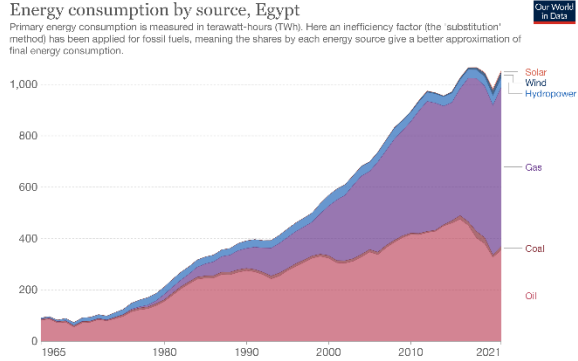
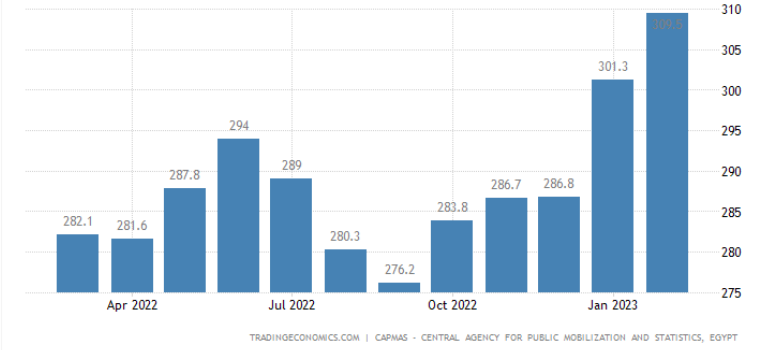
		<p>Natural gas inventories and price: As a result of less natural gas consumption than expected, EIA forecasts that the United States will close the withdrawal season at the end of March with more than 1.9 trillion cubic feet of natural gas in storage, 23% more than the five-year average and 27% more than forecasted in the January STEO. The Henry Hub natural gas spot price in our forecast averages about \$3 per million British thermal units (MMBtu) in 2023, down by more than 50% from last year. EIA had expected almost \$5/MMBtu in the January STEO forecast.</p> <p>Electric power prices: EIA forecasts indicates that wholesale electricity prices fall in 2023. The decline in price reflects the forecast drop in natural gas prices from 2022 to 2023. Natural gas is the most-used fuel for power generation in the United States. In addition, increasing electricity generation from renewable sources contributes to lower power prices.</p> <p>Global Liquid fuels consumption: EIA expects global liquid fuels consumption to increase by 1.5 million barrels per day (b/d) in 2023 from 2022 and by an additional 1.8 million b/d in 2024. China is the main driver of growth in 2023 as the country shifts away from its zero-COVID policy, a shift that will increase travel. Growth in 2024 is more evenly distributed among countries as global GDP growth accelerates from 2.0% in 2023 to 3.2% in 2024.</p> <p>U.S. gasoline consumption: EIA raised its forecast for U.S. gasoline consumption in 2023 and 2024 by about 2% compared with last month’s outlook. Data revisions from the <u>Federal Highway Administration</u> resulted in a lower estimate of 2022 vehicle miles traveled (VMT). EIA now estimate VMT fell in 2022 compared with 2021. For the same period, EIA also reduced its estimate of vehicle fuel efficiency. The reduction in the vehicle efficiency estimates more than offset the lower VMT. These changes to historical data carried through to the forecast and resulted in EIA raising its forecast for gasoline consumption (<u>EIA</u>).</p>
Mexico	Trade and economic ties are weak with Ukraine and Russia. However, the country could be impacted through its importations from the USA. As the United States have increased their exports towards Europe, the supplies towards Mexico are fewer and more expensive (OECD, 2022).	<p>December 2022</p> <p>Prices of construction materials increased by 18.5% on average in a year as of May 2022. Between April and May 2022, asphalt’s price went up by 6.8%, rebar rose 3.4% while wire and wire rod increased 2.5%. INEGI reported that the prices of 44 out of the 49 construction materials included in its analysis increased between the end of April and the end of May 2022 (Reforma, 2022).</p>

		Public Authorities measures																																							
Canada	<p>April 2023 Canada's policy interest rate, December 2021 – April 2023.</p>  <table border="1" data-bbox="1205 370 1635 790"> <thead> <tr> <th>Date*</th> <th>Target (%)</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr><td>April 12, 2023</td><td>4.50</td><td>---</td></tr> <tr><td>March 8, 2023</td><td>4.50</td><td>---</td></tr> <tr><td>January 25, 2023</td><td>4.50</td><td>+0.25</td></tr> <tr><td>December 7, 2022</td><td>4.25</td><td>+0.50</td></tr> <tr><td>October 26, 2022</td><td>3.75</td><td>+0.50</td></tr> <tr><td>September 7, 2022</td><td>3.25</td><td>+0.75</td></tr> <tr><td>July 13, 2022</td><td>2.50</td><td>+1.00</td></tr> <tr><td>June 1, 2022</td><td>1.50</td><td>+0.50</td></tr> <tr><td>April 13, 2022</td><td>1.00</td><td>+0.50</td></tr> <tr><td>March 2, 2022</td><td>0.50</td><td>+0.25</td></tr> <tr><td>January 26, 2022</td><td>0.25</td><td>---</td></tr> <tr><td>December 8, 2021</td><td>0.25</td><td>---</td></tr> </tbody> </table>	Date*	Target (%)	Change (%)	April 12, 2023	4.50	---	March 8, 2023	4.50	---	January 25, 2023	4.50	+0.25	December 7, 2022	4.25	+0.50	October 26, 2022	3.75	+0.50	September 7, 2022	3.25	+0.75	July 13, 2022	2.50	+1.00	June 1, 2022	1.50	+0.50	April 13, 2022	1.00	+0.50	March 2, 2022	0.50	+0.25	January 26, 2022	0.25	---	December 8, 2021	0.25	---	
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United States	<p>April 2023 Facing the worst banking crisis since 2008 and the highest inflation rate in a generation, the Federal Reserve chose to keep fighting price rises and announced another hike in interest rates. The US central bank announced ending March that its benchmark interest rate would rise another quarter of a %age point to a range of 4.75% to 5% – its ninth consecutive rate rise and the highest rate since 2007. A year ago, interest rates were close to zero (The Guardian).</p>																																								
Mexico	<p>January 2023 The Bank of Mexico raised its interest policy rate to 10.5% in December 2022 (Banco de Mexico).</p>																																								

MIDDLE EAST & AFRICA		
	General Facts & Measures	Facts & Measures for Construction
Saudi Arabia	<p>April 2023 In March 2023, the Consumer Price Index (CPI) increased by 2.7%, compared to March 2022, lower than the previous inflation rate of 3.0% in February 2023. The main driver of CPI inflation in March was the higher prices of housing, water, electricity, gas, and other fuels by 7.4%, and food and beverages by 2.3% (statistics Saudi Arabia).</p> <p>In February 2023, the Industrial Production Index (IPI) increased by 6.0% compared to February 2022. The IPI continued to show positive growth rates due to the high production in mining & quarrying, manufacturing activity and electricity & gas supplies (statistics Saudi Arabia).</p>	<p>April 2023 Saudi Arabia's sovereign wealth fund has invested a total of \$1.3 billion in four local construction companies, as part of the fund's capital increase initiatives. The Public Investment Fund (PIF) has acquired stakes in Nesma & Partners Contracting Co., El Seif Engineering Contracting Co., AlBawani Holding Co., and Almabani General Contractors Co., according to a press release. These new transactions are part of PIF's strategy to support and enable key strategic sectors in Saudi Arabia, in line with the goals outlined in Vision 2030, the Fund said in a statement. It further noted that these investments will enable the construction services sectors to scale up capacity, expand capabilities, stimulate growth, drive the adoption of advanced technologies and improve local supply chains for current and future projects in the Kingdom. PIF's investments are also expected to help these companies expand their operations and businesses beyond Saudi Arabia. "These partnerships demonstrate PIF's commitment to unlocking the capabilities of key strategic sectors in Saudi Arabia, including the construction & building components and services sector, which has been identified as one of 13 strategic sectors locally," said Yazeed A Al-Humied, deputy governor and head of MENA Investments at PIF. PIF said its investment in four national champions will support local capacity expansion across the sector and stimulate private sector participation and investment to meet current and future demand, in line with Vision 2030. Abdulaziz Al Turki, chairman of Nesma & Partners Contracting Co. said that this partnership will "strengthen our position as one of the leading construction companies in Saudi Arabia, and will empower us to contribute towards achieving the Vision 2030 objectives."</p>

		<p>On his part, Khaled El Seif, chairman of El Seif Engineering Contracting Co., said: "The investment will support the growth and development of the sector and will contribute to scaling up capacity and private sector local content, enabling us to deliver world-leading projects in the country as we strive to become the leading player in the sectors in which we operate."</p> <p>Earlier in January, data released by the Sovereign Wealth Fund Institute suggested that the PIF has maintained the sixth spot in the list of top sovereign wealth funds in the world with assets worth \$607.42 billion.</p> <p>The PIF is leading the economic diversification journey in Saudi Arabia through strategic international and national investments. Currently, the PIF owns 71 companies in 10 different sectors and has created more than 500,000 direct and indirect jobs.</p> <p>In November 2022, PIF Governor Yasir Al-Rumayyan said that the fund is planning to create even more employment opportunities. "We want to create 1.8 million jobs, and these are quality jobs. It is not only the figures we are looking at, but the quality of these figures, the quality of these jobs," said Al-Rumayyan.</p> <p>Al-Rumayyan also noted that the PIF has a detailed strategy to increase the fund's assets to reach between \$2 to \$3 trillion by the end of this decade.</p> <p>"We have a complete plan from now till 2030, on how to reach a trillion and reach between \$2 to \$3 trillion, and Crown Prince Mohammed bin Salman is determined to reach it," he said (Arab News).</p>
Egypt	<p>March 2023 Egypt's GDP is projected to be 4.4% in 2023, while the annual inflation will be of 12% (IMF).</p>	<p>April 2023 In their Egypt Infrastructure report, Fitch Solutions predicted that the Egyptian construction industry will increase by 6.8% year on year, followed by average annual growth of 7.4% between 2024 and 2027. "We expect the conditions currently sustaining robust regional outperformance in Egypt's construction market - strong economic</p>

		<p>growth, ongoing political and macro-economic stability, and a young and growing population - to remain in place over the coming years," the Egypt Infrastructure report said.</p> <p>The Fitch report also forecasted that in the medium-term run, Egypt's privatization drive will increase the scope for private sector participation in the country's infrastructure sector and support construction growth.</p>
Israel	<p>April 2023</p> <p>The inflation increased by 0.4% in March 2023 compared to February 2023. It was 103.2 points compared to 102.8 points in the previous month (base: average 2022 = 100.0 points)(statistics Israel).</p>	<p>March 2023</p> <p>According to the publisher, construction industry in Israel is expected to grow by 3.9% to reach ILS 116,417 million in 2023. Despite near-term challenges in certain construction sectors, medium to long term growth story in Israel remains intact. The construction industry in Israel is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, of 3.3% during 2023-2027. The construction output in the country is expected to reach ILS 132,570.4 million by 2027 (Research&Markets).</p>
Raw materials and energy sourcing		Raw materials and energy costs
Saudi Arabia	<p>December 2022</p> <p>Two elements are pushing prices up in Saudi Arabia:</p> <ul style="list-style-type: none"> - The kingdom's dependence on imported building materials, particularly from China and Europe. While the government has recognized the need to increase their production locally, this is likely to take some time thus the construction industry is likely to remain reliant on imported materials, at least in the short-term. - The high demand because of the construction and building boom in the region (Construction Week, Saudi Arabia, November 2022). 	<p>March 2023</p> <p>Saudi Arabia's state-controlled oil giant Aramco on Sunday reported a record net income of \$161.1 billion for 2022 — the largest annual profit ever achieved by an oil and gas company. Aramco said net income increased 46.5% over the year, from \$110 billion in 2021. Free cash flow also reached a record \$148.5 billion in 2022, compared with \$107.5 billion in 2021. "This is probably the highest net income ever recorded in the corporate world," Aramco CEO Amin Nasser said on a Sunday earnings call.</p> <p>The results are nearly triple the profit that <u>oil major ExxonMobil</u> posted for 2022, bolstered by soaring oil and gas prices through last year, along with higher sale volumes and improved</p>

		<p>margins for refined products. Oil and gas prices surged at the start of 2022, with western sanctions on Russia for its invasion of Ukraine steadily tightening access to Moscow’s supplies, particularly seaborne crude, and oil products.</p> <p>Oil prices have since pulled back more than 25% year-on-year, with hot inflation and rising interest rates overshadowing a more bullish demand outlook from China. Brent and WTI prices fell 6% last week alone. Brent last traded at around \$80 dollars per barrel (CNBC).</p>																								
<p>Egypt</p>	<p>January 2023 For information: Egypt’s energy mix consumption in 2021 (WorldData, 2022).</p>  <p>Energy consumption by source, Egypt Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels, meaning the shares by each energy source give a better approximation of final energy consumption.</p> <p>Source: IEP Statistical Review of World Energy Note: 'Other renewables' includes geothermal, biomass and waste energy. OurWorldInData.org/energy • CC BY</p>	<p>April 2023 Producer Prices in Egypt increased to 309.50 points in February from 301.30 points in January of 2023 (Trading Economics).</p>  <table border="1"> <thead> <tr> <th>Month</th> <th>Price Index</th> </tr> </thead> <tbody> <tr> <td>Apr 2022</td> <td>282.1</td> </tr> <tr> <td>May 2022</td> <td>281.6</td> </tr> <tr> <td>Jun 2022</td> <td>287.8</td> </tr> <tr> <td>Jul 2022</td> <td>294</td> </tr> <tr> <td>Aug 2022</td> <td>289</td> </tr> <tr> <td>Sep 2022</td> <td>280.3</td> </tr> <tr> <td>Oct 2022</td> <td>276.2</td> </tr> <tr> <td>Nov 2022</td> <td>283.8</td> </tr> <tr> <td>Dec 2022</td> <td>286.7</td> </tr> <tr> <td>Jan 2023</td> <td>286.8</td> </tr> <tr> <td>Feb 2023</td> <td>309.5</td> </tr> </tbody> </table> <p>TRADINGECONOMICS.COM CAPMAS - CENTRAL AGENCY FOR PUBLIC MOBILIZATION AND STATISTICS, EGYPT</p>	Month	Price Index	Apr 2022	282.1	May 2022	281.6	Jun 2022	287.8	Jul 2022	294	Aug 2022	289	Sep 2022	280.3	Oct 2022	276.2	Nov 2022	283.8	Dec 2022	286.7	Jan 2023	286.8	Feb 2023	309.5
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<p>Israel</p>	<p>December 2022 The impact of the war on Israel is limited to indirect effects of global prices increase in energy and food commodities. Direct trade with Russia and Ukraine only accounts for 1% of Israel’s trade balance. Israel is also largely self-sufficient in natural gas, 40% of its total energy supply (OECD, 2022).</p>	<p>April 2023 This month, fuel prices decreased by 0.6%. In the last 20 months, fuel prices have increased by 6.2%. The price index of mining and quarrying for local destinations decreased by 6.2% in March 2023 and reached the level of 2.222 points compared to 6.222 points in the previous month (statistics Israel).</p>																								

	Public Authorities measures
Saudi Arabia	<p>March 2023 The Saudi Central Bank raised its repo rate to 5,25% (Saudi Central Bank).</p>
Egypt	<p>January 2023 The Central Bank of Egypt raised its key overnight deposit rate to 16.25% in December 2022, well above market expectations since the start of the bank's tightening cycle in March. The central bank noted that major monetary authorities expect inflation to ease next year and that commodity prices have dropped more than their previous forecasts believed. Still, policymakers underscored that many upside risks on global commodity price levels persist and that growth in the Egyptian economy has already pointed to a solid recovery, paving the need for tighter monetary policy. In the meantime, the central bank also raised its overnight lending rate to 17.25% (Central Bank of Egypt, 2022).</p>
Israel	<p>March 2023 A call by the Association of Contractors, Chambers of Commerce, the Manufacturers' Association, and the High-Tech Association to the political system to show courage and sit down for negotiations until the crisis is resolved. Raul Srougo, president of the Association of Contractors and Land Builders, said, "The country is torn and ripped apart, the Israeli economy has entered a bad economic spiral due to the uncertainty that could intensify as this situation continues. Today, the greatest danger to the business sector in general, and to the construction and infrastructure industry, is a slowdown in business production, a halt in investments and the inability of business owners to plan their operations in advance. Currently, there is an absolute fixation and automatic preference in the economy to defer activity, investment, and purchases. The price of each day of deferral is enormous and we will all pay it. Our industry alone accounts for a huge share of the activity of the entire economy. On behalf of all those who are active in the construction and infrastructure industry in Israel, I tell you that the top officials of the political system immediately came back and made agreements. You do not have the privilege of letting us all wait any longer, you must speak out and reach an agreed plan before it is too late" (IBA).</p>

SOUTH & LATIN AMERICA		
	General Facts & Measures	Facts & Measures for Construction
Overview	<p>April 2023 The Latin America and the Caribbean (LAC) region has proved to be relatively resilient in the face of increased debt stress, stubborn inflation, and uncertainty arising from the Russian invasion of Ukraine. Income and employment have largely recovered from the pandemic, poverty has receded, and markets remain guardedly optimistic about the near future. However, global uncertainty is rising, including a recent wave of bank failures in the US and Europe. Strengthening resilience, both on the health and macroeconomic fronts, will be paramount. Progress remains pending in both vaccination coverage and health system preparedness, while the institutionality of macroeconomic policy in some countries is being questioned (World Bank).</p>	
Argentina	<p>April 2023 The overall level of the Wholesale Domestic Price Index (WPI) registered an increase of 5.1% in March 2023 over the previous month. This variation is the result of a 4.9% increase in domestic products and a 6.9% increase in imported products (statistics Argentina).</p>	<p>April 2023 In February 2023, the synthetic indicator of construction activity (ISAC) shows a drop of 6.3% with respect to the same month of 2022. The accumulated of the first two months of 2023 of the original series index shows a drop of 1.9% with respect to the same period of 2022. In February 2023, the seasonally adjusted series index shows a negative variation of 2.7% with respect to the previous month and the trend-cycle series index shows a negative variation of 0.3% for the same comparison (statistics Argentina).</p>
Brazil	<p>April 2023 In February 2023, industry prices changed -0.30% from January. The cumulative index in the year reached -0.01%, lowest figure in a month a February since the start of the time series, in 2014. The cumulative index in 12 months was 1.38%. Eleven of the 24 activities of industry surveyed recorded negative changes in price against the immediately previous month. The four biggest changes were: wearing apparel (4.91%); mining and quarrying industry (3.00%); other chemicals (-2.43%); and beverages (1.79%). The main contribution came from other chemicals, the main highlight in the composition of the aggregate result. The activity was responsible for -0.21 percentage points (p.p) of influence on the change in general industry (-0.30%). Also in this respect, other activities that also stood</p>	

	out were petroleum refining and biofuels (with -0.20 p.p. of influence, food products (0.18 p.p) and mining and quarrying industries (0.14 p.p)(IBGE).							
Colombia	April 2023	April 2023 In the fourth quarter of 2022 (October-December), GDP at constant prices increased 2.9% compared to the same quarter of 2021. When analyzing the result of the value added by large branches of activity, a decrease in the value added of construction of 1.9% in its annual variation is observed, which is mainly explained by the reduction in the value added of civil works (-12.8%), the decrease in value added of specialized activities (1.1%) and the increase recorded in the value added of buildings (4.0%) recorded in the value added of buildings (statistics Colombia).						
	Raw materials and energy sourcing	Raw materials and energy costs						
Argentina		April 2023 The general level of the Construction Cost Index (CCI) in Greater Buenos Aires for March 2023 recorded an increase of 4.5% with respect to the previous month. This result is the result of a 5.5% increase in the Materials, a 3.5% increase in the Labor and a 3.8% increase in the General Expenses (statistics Argentina).						
Brazil	April 2023 In the seasonally adjusted series, the national industrial output changed - 0.2% in February 2023 over January. It was the third negative figure in a row, accumulating a drop of 0.6% in this period.	April 2023 The National Index of Civil Construction (Sinapi) changed by 0.20% in March, 0.12 percentage points above the February rate (0.08%). The cumulative index in the last twelve months was 9.06%, below the 9.92% registered in the previous twelve months. The March 2022 index was 0.99%. The national cost of construction, per square meter increased in March to R\$ 1,689.13, of which R\$ 1,002.60 related to materials and R\$ 686.53 to labor force. In February it had closed at R\$ 1,685.74.						
	<table border="1"> <tr> <td>February 2023 / January 2023</td> <td>-0.2%</td> </tr> <tr> <td>February 2023 / February 2022</td> <td>-2.4%</td> </tr> <tr> <td>Cumulative in the year</td> <td>-1.1%</td> </tr> </table>	February 2023 / January 2023	-0.2%	February 2023 / February 2022	-2.4%	Cumulative in the year	-1.1%	
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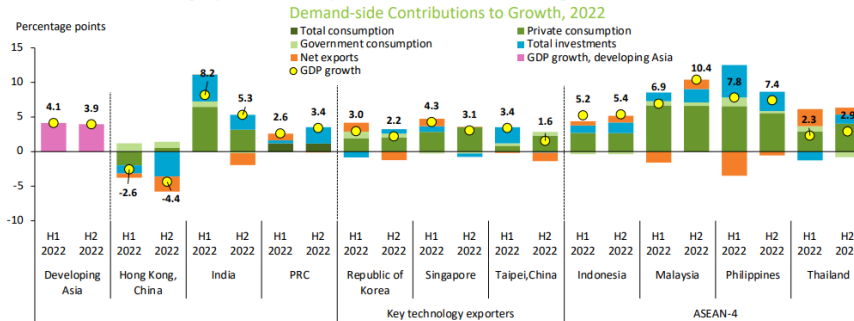
	Cumulative in 12 months	-0.2%	<p>In March, the share of materials changed by 0.07%, decreasing by 0.03 percentage points in relation to February (0.10%). This rate follows the stability trend observed in indices since October last year. Considering the March 2022 index (0.48%), there was a decrease of 0.41 percentage points.</p> <p>The workforce increased by 0.40%, with a rise of 0.36 percentage points in relation to February (0.04%). Compared to March 2022 (1.75%), there was a decrease of 1.35 percentage points.</p> <p>The first quarter of 2023 closed at: 0.14% (materials) and 1.25% (labor force). The cumulative indices in twelve months were 8.13% (materials) and 10.42% (labor force), respectively (IBGE).</p>
	Quarterly moving average	-0.2%	
	<p>In the seasonally unadjusted series, it retreated 2.4% against February 2022. As a result, the cumulative index in the year hit -1.1% and the cumulative indicator over the last 12 months hit -0.2%.</p> <p>Two out of four major economic categories and nine out of 25 sectors surveyed reduced their production. Among the activities, the most important negative influences came from food products (-1.1%), chemicals (-1.8%) and pharmaceuticals (-4.5%), the first one registering the second consecutive month of retreat in the output, a period in which it accumulated a reduction of 3.8%; the second one stepping up the drops recorded in December 2022 (-0.7%) and in January 2023 (-1.5%); and the last one accumulating a loss of 16.9% in 2023. Other relevant negative contributions came from electrical machines, appliances, and material (-3.5%) and fabricated metal products (-1.4%).</p> <p>Among 16 activities that rose their output, mining, and quarrying industries (4.6%) exerted the major impact in February 2023 and stepped up the expansion of 3.4% reported last January, when it interrupted two consecutive months of drop in the production, a period in which it accumulated a reduction of 8.0%. It is worth highlighting the advances in beverages (3.6%), coke, petroleum products and biofuels (0.5%), printing and reproduction of recorded media (11.2%), miscellaneous manufacturing (4.0%), basic metals (0.8%) and computer, electronic and optical products (2.0%)(IBGE).</p>		
Public Authorities measures			
Costa Rica	<p>March 2023</p> <p>Adherence to the fiscal rule is assumed to keep public spending in check, making it possible to meet the government’s fiscal targets over the projection horizon. Central government net lending is projected to fall to 4% in 2022, 2.6% in 2023 and 2.2% in 2024. Under these assumptions, public debt will peak at around 70% in 2022 before starting to decline. Monetary policy tightening is assumed to continue until the end of 2022 with the policy rate reaching 9%. Monetary policy is assumed to start easing in late 2023 with the inflation rate nearing the</p>		

	upper bound of the 2-4% inflation tolerance band. The policy rate is expected to be cut by 50 basis points in 2023Q4 and 2024Q1, and by 25 basis points in each of the following three quarters, reaching 7.25% by 2024Q4 (OECD).
Guatemala	January 2023 Guatemala Central Bank decided on a 3.75% interest rate in November 2022 (1.75% in April 2022)(Central Bank of Guatemala).

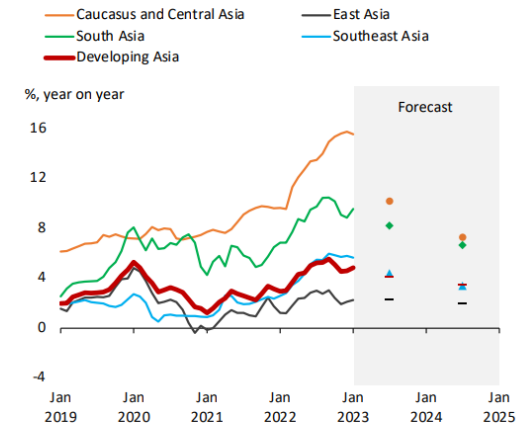
ASIA		
	General Facts & Measures	Facts & Measures for Construction
Overview	<p>April 2023</p> <p>Growth in developing Asia is forecast at 4.8% this year and in 2024, up from 4.2% last year. The People's Republic of China's (PRC) recovery and healthy domestic demand in India will be the region's main growth supports this year and next.</p> <p>Inflation is forecast to moderate this year and next, from 4.4% in 2022 to 4.2% in 2023 and 3.3% in 2024, gradually moving closer to pre-pandemic averages.</p> <p>An array of immediate and emerging challenges could still hold back the region's recovery. Policy makers should stay vigilant in the post-pandemic environment of higher inflation, interest rates, and debt. Governments must continue supporting multilateralism and lean against the risks of global fracturing (ADB).</p> <p>Asian Development Outlook, ADB, April 2023</p>	

Developing Asia's growth moderated in H2 2022 due to weakening global demand

Falling exports slowed growth in H2 2022 in key technology exporters, while stronger private consumption and investment boosted growth in 4 ASEAN economies.



Regional inflation is projected to decelerate...



Source: Asian Development Outlook database.

China

April 2023

The annual GDP for the first quarter of 2023 is of 4,5% in the RPC ([statistics China](#)).

In March 2023, the national Consumer Price Index (CPI) increased by 0.7 % year-on-year. Among them, the urban increased by 0.7 % and the rural increased by 0.6 %; food prices increased by 2.4 %, while nonfood prices increased by 0.3 %; consumer goods prices increased by 0.5 % and service prices increased by 0.8 %. From January to March, on average, the national consumer price increased by 1.3 % over the same period last year.

In March, the national consumer price decreased by 0.3 % month-on-month. Among them, the price in urban areas decreased by 0.3 % and the price in rural areas decreased by 0.3 %; food prices decreased by 1.4 %, while nonfood prices were flat; consumer goods prices decreased by 0.5 % and service prices increased by 0.1 % ([statistics China](#)).

April 2023

In March, the added value of industries above designated size increased by 3.9 % year-on-year (the growth rates of added value are the actual growth rates after deducting price factors). On a month-on-month basis, in March, the added value of industries above designated size increased by 0.12 % over the previous month. From January to March, the added value of industries above designated size increased by 3.0 % year-on-year.

In terms of three categories, in March, the added value of the mining industry increased by 0.9 % year-on-year, the manufacturing industry increased by 4.2 %, and the production and supply of electricity, heat power, gas and water increased by 5.2 %.

In terms of economic types, in March, the added value of state-holding enterprises increased by 4.4 % year-on-year; share-holding enterprises increased by 4.4 %, and enterprises funded by foreign investors and investors from Hong Kong, Macao and Taiwan increased by 1.4 %; and private enterprises increased by 2.0 %.

		<p>From the perspective of industries, in March, the added value of 26 of the 41 major industries kept year-on-year growth. Among them, the mining and washing of coal increased by 0.7 %, the petroleum and natural gas exploitation industry increased by 2.2 %, the processing of food from agricultural and sideline products decreased by 4.9 %, the manufacture of wines, beverages and refined tea decreased by 1.0 %, the textile industry decreased by 3.1 %, the manufacture of raw chemical materials and chemical products increased by 7.1 %, the manufacture of non-metallic mineral products increased by 3.8 %, the smelting and pressing of ferrous metals increased by 6.0 %, and the smelting and pressing of non-ferrous metals increased by 7.0 %, the manufacture of general-purpose machinery increased by 4.6 %, the manufacture of special-purpose machinery increased by 7.3 %, the manufacture of automobiles increased by 13.5 %, the manufacture of railway, ship, aerospace and other transport equipment increased by 8.6 %, the manufacture of electrical machinery and apparatus increased by 16.9 %, the manufacture of computers, communication equipment and other electronic equipment increased by 1.2 %, and the production and supply of electricity and heat power increased by 5.3 %.</p> <p>In terms of products, in March, the output of 347 of 620 products increased year-on-year. 127.25 million tons of steel, a year-on-year increase of 8.1 %; 205.80 million tons of cement, up 10.4 %; there were 6.28 million tons of ten kinds of non-ferrous metals, up 6.9 %; ethylene was 2.61 million tons, up 3.6 %; there were 2.608 million motor vehicles, up 11.2 %, including 668,000 new energy vehicles, up 33.3 %; the power generation was 717.3 billion kwh, a year-on-year increase of 5.1 %; the crude oil processing capacity was 63.29 million tons, a year-on-year increase of 8.8 %.</p> <p>In March, the product sales rate of industrial enterprises was 94.1 %, a year-on-year decrease of 0.6 %age point; industrial enterprises</p>
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		<p>realized an export delivery value of 1,259.6 billion yuan, a year-on-year nominal decrease of 5.4 % (statistics of China).</p>
<p>India</p>		<p>March 2023</p> <p>India is pumping up its infrastructure spending, a move the government says will create much-needed jobs.</p> <p>At the annual budget announcement in February, the finance ministry said it will be <u>pumping up capital expenditure by 33% to 10 trillion rupees (\$120.96 billion)</u>, as India is <u>set to be the world’s fastest growing economy</u>.</p> <p>However, economists who spoke to CNBC aren’t so optimistic. They say the number of jobs that can be created from a surge in infrastructure investments may be fewer than the government expects.</p> <p>Employment in India is divided into different sectors: organized and unorganized.</p> <p>Businesses in the organized sector are often licensed by the government and pay taxes. Employees are usually full-time staff and have a consistent monthly salary. Companies in the unorganized sector are usually not registered with the government and employees work ad hoc hours with irregular salaries.</p> <p>When people in India are “too poor not to work,” they’ll result in doing “residual work” with very low incomes such as driving rickshaws, carrying luggage, or even selling vegetables on the street, Kumar said.</p> <p>According to Kumar, the organized sector only makes up 6% of India’s workforce. On the other hand, 94% of jobs are in the unorganized sector — with half the jobs in agriculture.</p> <p>As India’s infrastructure sector becomes more reliant on technology and automation, the upcoming boom in projects will create jobs for the organized sector, Kumar said. A lack of investments in the unorganized sector hence leaves many stuck with unstable jobs without a fixed income (CNBC).</p>

Japan	March 2023 The IMF revised down its GDP forecast for Japan, with a 1,6% GDP for 2023, and a 1,6% annual inflation (IMF).	March 2023 According to the publisher, construction industry in Japan is expected to grow by 4.6% to reach JPY 35,516 billion in 2023. Despite near-term challenges in certain construction sectors, medium to long term growth story in Japan remains intact. The construction industry in Japan is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, of 3.8% during 2023-2027. The construction output in the country is expected to reach JPY 41,240.9 billion by 2027 (Research and Markets).
South Korea	March 2023 The IMF reviewed its forecasts for 2023: Korea's GDP is expected to be of 2% while the annual inflation will be of 3.8% (IMF).	
	Raw materials and energy sourcing	Raw materials and energy costs
China		April 2023 Among the producer price of industrial products, the price of means of production decreased by 3.4 %, affecting the overall level of producer price of industrial products decreased by about 2.65 % age points. Among them, the price of the mining industry decreased by 4.7 %, the price of the raw material industry decreased by 4.2 %, and the price of the processing industry decreased by 2.8 %. The price of means of living increased by 0.9 %, affecting the overall level of producer price of industrial products increased by about 0.20 %age point. Among them, the prices of food and clothing both increased by 2.0 %, general commodity prices increased by 0.5 %, and durable consumer goods prices decreased by 0.2 % (statistics of China).
India	March 2023	April 2023 The annual rate of inflation based on all India Wholesale Price

<p>Coal - Coal production increased by 13.4% in January 2023 over January 2022.</p> <p>Crude Oil - Crude Oil production declined by 1.1% in January 2023 over January 2022. Its cumulative index declined by 1.3% during April to January, 2022-23 over the corresponding period of previous year.</p> <p>Natural Gas - Natural Gas production increased by 5.3% in January 2023 over January 2022.</p> <p>Petroleum Refinery Products - Petroleum Refinery production increased by 4.5% in January 2023 over January 2022. Its cumulative index increased by 5.4 per cent during April to January, 2022-23 over the corresponding period of previous year.</p> <p>Steel - Steel production increased by 6.2% in January 2023 over January 2022.</p> <p>Cement - Cement production increased by 4.6% in January 2023 over January 2022.</p> <p>Electricity - Electricity generation increased by 12.0% in January 2023 over January 2022 (Office of the Economic Advisor).</p> <p>India will secure oil from anywhere if the terms are beneficial, India's energy minister told CNBC. India is the <u>third largest oil consumer</u> in the world, and according to Hardeep Singh Puri, accounts for 30% of global consumption". Today we feel confident that we'll be able to use our market to source from wherever we must, from wherever we get beneficial terms," the minister told</p>	<p>Index (WPI) number is 1.34% (Provisional) for the month of March, 2023 (over March, 2022) against 3.85% recorded in February, 2023. Decline in the rate of inflation in March, 2023 is primarily contributed by fall in prices of basic metals, food products, textiles, non-food articles, minerals, rubber & plastic products, crude petroleum & natural gas and paper and paper products.</p> <ul style="list-style-type: none"> - Fuel & Power (Weight 13.15%): The index for this major group declined by 1.26% to 156.8 (provisional) in March, 2023 from 158.8 (provisional) for the month of February, 2023. Prices of Coal (0.07%) increased in March, 2023 as compared to February, 2023. Prices of Mineral Oils and Electricity declined by 0.24% and 4.95% respectively in March, 2023 as compared to February 2023. - Primary Articles (Weight 22.62%): The index for this major group increased by 1.16% to 175.0 (provisional) in March, 2023 from 173.0 (provisional) for the month of February, 2023. Prices of Minerals (8.16%), Crude Petroleum & Natural Gas (4.61%) and Food Articles (1.13%) increased in March, 2023 as compared to February, 2023. Prices of Non-food Articles declined by 2.05% in March, 2023 as compared to February, 2023 (Office of the Economic Advisor).
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	<p>CNBC's Tanvir Gill on "Squawk Box Europe," as part of India's energy week. India has been buying Russian oil at a steep discount since global powers-imposed sanctions on the Kremlin in a bid to cut down its ability to raise funds for its war against Ukraine. India's oil imports jumped to a five-month record in December 2022 as the country actively ramped up its purchases of Russian crude, according to Reuters. The report also said that some 70% of January cargoes of Russian oil are going to India, and that the South Asian country is the top buyer of Moscow's Ural grade oil for several months now. "We didn't allow the geopolitical turbulence or the pandemic or anything else to come in the way of our ability to supply to our consumer," Puri added (CNBC).</p>	
<p>Japan</p>		<p>March 2023</p> <p>The industry ministry plans to reduce increases in household electricity bills given the recent decline in fuel import prices, people familiar with the matter have said. Seven utilities have applied for the ministry's approval to hike regulated household electricity rates by 28% to 45%, citing surging fuel costs on the back of Russia's invasion of Ukraine and the yen's sharp depreciation.</p> <p>Tohoku Electric Power, Hokuriku Electric Power, Chugoku Electric Power, Shikoku Electric Power, and Okinawa Electric Power hope to raise rates from April and Tokyo Electric Power Company Holdings Inc. and Hokkaido Electric Power in June.</p> <p>But strict screening of their applications would push back the hikes. The firms calculated rate increase margins based on the average fuel costs three months prior to their applications. Specifically, Tohoku, Hokuriku, Chugoku, Shikoku and Okinawa took into account the average costs for July-September last year, while Tepco used August-October average costs and Hokkaido for September-November.</p>

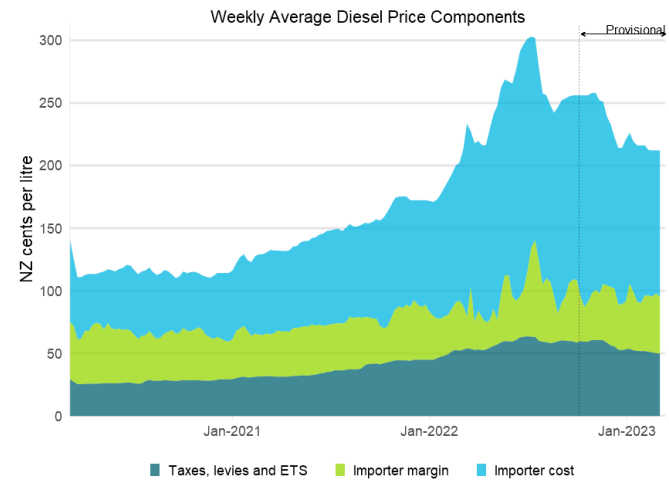
		<p>However, an expert panel with the Electricity and Gas Market Surveillance Commission found it would be more appropriate to use the average costs for the three months through January this year (2023).</p> <p>After recalculations using the November-January average, the initially figured hikes became smaller at all utilities.</p> <p>The proposed hikes based on peak fuel prices have drawn strong backlash from the public (The Japan Times).</p>
South Korea	<p>December 2022</p> <p>The direct impact of Russia and Ukraine’s war is minimal on South Korea (not having direct ties with them). However, South Korea suffers from the worldwide inflation, especially on the semi-conductors’ products (OECD, 2022).</p>	<p>January 2023</p> <p>South Korea will raise electricity prices for the first quarter of 2023 by 13.1 won per kilowatt-hour, a 9.5% increase that is the highest in four decades. The Korea Electric Power Corp (KEPCO) is expected to post a deficit of more than 30 trillion won (\$23.73 billion) in 2022, after a 6 trillion won deficit in 2021, due to a rise in global energy prices that had not been reflected in domestic prices (Reuters, 2022).</p>
Public Authorities measures		
China	<p>April 2023</p> <p>The People's Bank of China (PBoC) left its key lending rates steady for the eighth straight month at April fixing, as the economic recovery has returned on track after the withdrawal of most anti-COVID measures last December. The one-year loan prime rate (LPR), which the medium-term lending facility uses for corporate and household loans, was kept unchanged at 3.65%; while the five-year rate, a reference for mortgages, was maintained at 4.3%. The move came after the central bank held its medium-term policy rate at 2.75% earlier in the week. The board continued to bolster liquidity support as it rolled over maturing medium-term policy loans with higher cash offerings for the fifth month in April (Trading Economics).</p>	
India	<p>April 2023</p> <p>India’s central bank held its benchmark interest rate, or its policy repurchase rate, at 6.50%, defying expectations for the Reserve Bank of India to hike 25 basis points. The Indian rupee weakened 0.15% shortly after the announcement (CNBC).</p>	
Japan	March 2023	

	<p>The Bank of Japan (BoJ) maintained its short-term interest rate at -0.1% and that for 10-year bond yields around 0% during its January meeting by a unanimous vote. The central bank also kept its 0.5% cap for bond buying, defying market speculation, and signaling that policymakers aren't seeking a looser grip on bond yields after the unexpected tweak of the yield curve control range in December. Meanwhile, in a quarterly outlook report, the board cut its 2022 GDP growth forecast slightly to 1.9% from 2.0%, citing slowdowns in overseas economies and high commodity prices. For 2023, the bank slashed its GDP outlook to 1.7% from 1.9%. The inflation remained unchanged, standing around 3% in 2022 and projected 1.6% in 2023. The BoJ reiterated it would take extra easing measures if needed while expecting short-and long-term policy interest rates to stay at their present or lower levels (Trading Economics).</p>
South Korea	<p>March 2023</p> <p>South Korea's central bank said the lagged effects of its aggressive streak of monetary tightening would have a bigger negative impact on economic growth this year than in 2022.</p> <p>The Bank of Korea (BOK) estimated that its 300 basis points of rate increases in the current tightening cycle would drag down the country's economic growth rate by 1.4 %age points in 2023, compared with 0.9 %age points last year.</p> <p>They are expected to lower consumer inflation by 1.3 %age points this year, versus 0.4 %age points a year before, according to the central bank's quarterly monetary policy report (Reuters).</p>

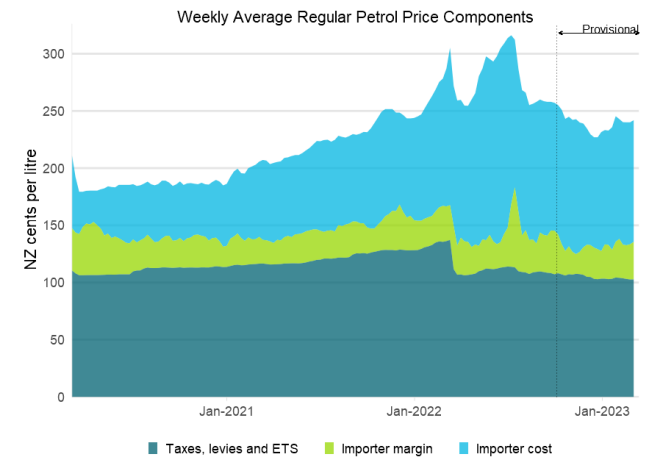
OCEANIA		
	General Facts & Measures	Facts & Measures for Construction
Australia	<p>April 2023</p> <p>In seasonally adjusted terms, the January 2023 monthly business turnover indicator showed:</p> <ul style="list-style-type: none"> • Falls in seven of the 13 published industries. • The largest fall was in electricity, gas, water, and waste services (-10.1%). • The largest rise was in other services (4.5%). • Through the year, rises were seen in all 13 published industries (Australian Bureau of Statistics). 	<p>April 2023</p> <p>The Construction industry recorded the largest %age increase in business turnover in February, rising 4.6 %, according to monthly figures released today by the Australian Bureau of Statistics (ABS). Robert Ewing, ABS head of business indicators, said: "After a fall in January of 3.3 %, turnover for non-residential builders and engineering firms drove the February rise, as the industry works through a large pipeline of infrastructure projects.</p>

	<p>Business turnover indicator, change in turnover, seasonally adjusted</p> <table border="1"> <caption>Business turnover indicator, change in turnover, seasonally adjusted</caption> <thead> <tr> <th>Industry</th> <th>December 2022 to January 2023 (%)</th> <th>January 2022 to January 2023 (%)</th> </tr> </thead> <tbody> <tr><td>Other services</td><td>~3.5</td><td>~18.5</td></tr> <tr><td>Mining</td><td>~3.5</td><td>~-3.7</td></tr> <tr><td>Retail trade</td><td>~1.5</td><td>~11.5</td></tr> <tr><td>Professional, scientific and technical ...</td><td>~1.5</td><td>~11.5</td></tr> <tr><td>Manufacturing</td><td>~1.5</td><td>~-2.9</td></tr> <tr><td>Administrative and support services</td><td>~1.5</td><td>~21.7</td></tr> <tr><td>Wholesale trade</td><td>~1.5</td><td>~21.7</td></tr> <tr><td>Arts and recreation services</td><td>~1.5</td><td>~21.7</td></tr> <tr><td>Construction</td><td>~1.5</td><td>~15.4</td></tr> <tr><td>Transport, postal and warehousing</td><td>~1.5</td><td>~21.7</td></tr> <tr><td>Accommodation and food services</td><td>~1.5</td><td>~21.7</td></tr> <tr><td>Information media and telecommunic...</td><td>~1.5</td><td>~10.5</td></tr> <tr><td>Electricity, gas, water and waste servi...</td><td>~1.5</td><td>~10.5</td></tr> </tbody> </table>	Industry	December 2022 to January 2023 (%)	January 2022 to January 2023 (%)	Other services	~3.5	~18.5	Mining	~3.5	~-3.7	Retail trade	~1.5	~11.5	Professional, scientific and technical ...	~1.5	~11.5	Manufacturing	~1.5	~-2.9	Administrative and support services	~1.5	~21.7	Wholesale trade	~1.5	~21.7	Arts and recreation services	~1.5	~21.7	Construction	~1.5	~15.4	Transport, postal and warehousing	~1.5	~21.7	Accommodation and food services	~1.5	~21.7	Information media and telecommunic...	~1.5	~10.5	Electricity, gas, water and waste servi...	~1.5	~10.5	<p>“The industry is up 15.4 % on the same time last year, reaching its highest level since January 2010 when the turnover indicator series began. The cost of construction has been rising due to increasing input material prices and high labour demand.”</p> <p>Administrative and support services recorded the second largest monthly rise in turnover (+2.4 %), followed by Transport, postal and warehousing (+2.1 %).</p> <p>Mining saw the largest fall in turnover (-3.7 %), aligning with a <u>decline in iron ore exports</u> and a drop in global lithium prices. This was followed by Manufacturing, which fell 2.9 %, with weakness seen across metal and chemical manufacturers.</p> <p>All 13 selected industries recorded year-on-year increases, led by Accommodation and food services and Administration and support services (both +21.7 %), followed by Manufacturing (+15.7 %)(Australian Bureau of Statistics).</p>
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<p>New Zealand</p>	<p>March 2023 The IFM forecasts a GDP of 1.9% in 2023, and an annual inflation of 3.9% (IMF).</p> <p>April 2023 The consumers price index increased 6.7% in the 12 months to March 2023, according to figures released by Stats NZ today. The 6.7% increase follows a 7.2% increase in the 12 months to December 2022 (New Zealand statistics).</p> <p>The GDP fell by 0.6% in the December 2022 quarter, following a 1.7% rise in the September 2022 quarter, according to quarterly figures released by Stats NZ (New Zealand Statistics).</p>	<p>March 2023 The volume of building activity fell 1.6% in the December 2022 quarter, compared with the September 2022 quarter, Stats NZ said. The volume of residential building work fell 2.6%, while non-residential building work rose 0.4%, over the same period.</p> <p>“Residential building activity eased in the December 2022 quarter, leading to the first fall in the total volume of building work since the COVID-19-impacted September 2021 quarter,” construction statistics manager Michael Heslop said.</p> <p>The value of building work put in place was \$34 billion in the year ended December 2022. This is up 20% compared with the year ended December 2021.</p> <p>The building types that contributed most to this increase were:</p> <ul style="list-style-type: none"> • offices, administration, and public transport buildings at \$1.7 billion (up 46%) • storage buildings at \$1.6 billion (up 40%) 																																										

		<ul style="list-style-type: none"> factories and industrial buildings at \$1.6 billion (up 33%). <p>In the past 12 months residential construction costs increased 13% and non-residential costs increased 10% (New Zealand Statistics).</p>
	Raw materials and energy sourcing	Raw materials and energy costs
Australia	<p>December 2022</p> <p>Australia had already banned the import of petroleum, oil, coal, and gasoline, as well as alumina and bauxite, in July. Since October 2022, Australia has banned the import of Russian gold and is having trouble in importing fertilizers due to its dependence on Ukraine and Russia. Shipping costs have also increased not only because of the war but also because of the disruptions related to covid, which are still being felt (Journal of Québec, March 2022).</p>	<p>April 2023</p> <p>Electricity prices are available on CEIC's website, per region: Australia Electricity Prices CEIC (ceicdata.com).</p>
New Zealand	<p>Energy mix</p> <p>Energy consumption by source, New Zealand</p> <p>Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels, meaning the shares by each energy source give a better approximation of final energy consumption.</p> <p>Source: BP Statistical Review of World Energy Note: 'Other renewables' includes geothermal, biomass and waste energy.</p> <p>OurWorldInData.org/energy • CC BY</p>	<p>March 2023</p> <p>A slowdown in prices is expected from the Ministry of the Business, Innovation and Employment (MBIE)(cf. Tables below)(MBIE).</p>



Source: Ministry of Business, Innovation and Employment - 2023



Source: Ministry of Business, Innovation and Employment - 2023

		<p>Weekly Average Premium Petrol 95R Price Components</p> <p>NZ cents per litre</p> <p>Jan-2021 Jan-2022 Jan-2023</p> <p>■ Taxes, levies and ETS ■ Importer margin ■ Importer cost</p> <p>Source: Ministry of Business, Innovation and Employment - 2023</p>
Public Authorities measures		
Australia	<p>April 2023</p> <p>The Australian Government has partnered with states and territories to deliver the Energy Price Relief Plan to address the impacts of price increases due to global energy pressures on families, small businesses, and manufacturers.</p> <p>The Energy Price Relief Plan will:</p> <ul style="list-style-type: none"> • Take action to limit gas prices: Tackling high gas prices by the Commonwealth introducing a 12-month emergency gas price cap, to be set at \$12 per gigajoule on new wholesale gas sales by east coast producers subject to consultation. • Take action to limit coal prices: The NSW and Queensland Governments are acting by effectively setting ceilings for the price of coal used for electricity generation to \$125 a ton, with the Commonwealth to contribute to costs. • Provide targeted energy bill relief for households and business: The Australian Government will partner with states and territories to deliver targeted and temporary relief on power bills to eligible Australian households and small businesses that are customers of electricity retailers. The Commonwealth will establish an Energy Bill Relief Fund with up to \$1.5 billion to deliver relief directly to electricity bills. Commonwealth support will be contingent on the relevant state or territory matching funding on a dollar-for-dollar basis. • Invest in cleaner, cheaper, more reliable energy for the future (Australian Bureau of Statistics). 	
New Zealand	<p>March 2023</p> <p>On 22 February 2023, the Reserve Bank of New Zealand increased the interest rate from 4.25% to 4.75%. The next update will be on April 5th (RBNZ).</p>	

FIDIC

The Guidance Memorandum

March 2023

FIDIC has published a new guidance document to assist the users of its construction contracts when dealing with the effects of inflation and shortages of labor and goods following the global pandemic and the war in Ukraine. **View the guidance below.**

The guidance memorandum: FIDIC contracts guidance, on the effects of inflation and unavailability of goods and labor following the global Covid-19 pandemic and the war in Ukraine, contains an outline of the provisions in FIDIC's various general conditions of contract which can be relevant to help users deal with a number of scenarios which may arise when dealing with the above issues ([FIDIC](#)).

⇒ [FIDIC policy and membership position pieces](#)

MULTI-LATERAL DEVELOPMENT BANKS

EUROPEAN BANK FOR CONSTRUCTION AND DEVELOPMENT

March 2023 – [EBRD's role in Ukraine as of January 2023](#)

THE EBRD'S ROLE IN UKRAINE



Our commitment to Ukraine

The EBRD is supporting Ukraine and its real economy when the country needs it most – in the here and now.

We are committed to providing €3 billion of financing over 2022-2023 to help keep Ukraine's businesses and economy functioning.

In 2022 we deployed €1.7 billion in support of Ukraine. In addition €200 million was also directly mobilised from partner financial institutions. We wouldn't have been able to do all this without the generous grants and guarantees provided by donor partners – more than €1 billion for Ukraine in 2022.

We have been operating in Ukraine for over three decades and are the largest institutional investor there.

€3 billion
Financing committed over 2022-2023

€1.7 billion
Deployed in 2022

€200 million
Mobilised from partner financial institutions

The story so far

529

projects in Ukraine

€18,096 million

cumulative EBRD investment

€4,670 million

current portfolio of projects

The EBRD is the largest institutional investor in Ukraine

As of December 2022



On a visit to Kyiv, EBRD President Odile Renaud-Basso told Ukraine's President Volodymyr Zelenskyy of the Bank's determination to support Ukraine against Russia's aggression.



Our response to the war

The EBRD strongly condemned the Russian invasion from the start, and our response was immediate and wide-ranging, channelling finance and assistance where needed most.

We have continued to disburse funds to clients, for example by providing working capital, and enhanced our Trade Facilitation Programme to provide extra support for the import and distribution of essential goods.

Our support for Ukraine targets five main areas:

- ▶ Trade finance
- ▶ Energy security
- ▶ Vital infrastructure and provision of liquidity to municipalities
- ▶ Food security
- ▶ The private sector.

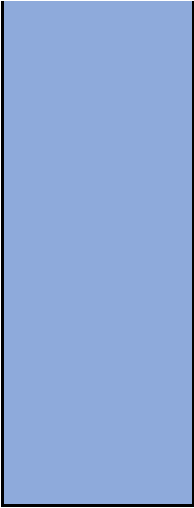
Portfolio Composition



Worldwide		
Economic state	General	Construction
	<p>April 2023</p> <p>Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia’s invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 % in 2021 to 3.2 % in 2022 and 2.7 % in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic (IMF).</p>	<p>April 2023</p> <p>The short-term outlook for the global construction industry is clouded by high levels of uncertainty. With a looming economic recession in major markets due to soaring energy prices and high interest rates, prospects for growth will be muted in 2023. Tighter monetary policy and lower household purchasing power will weigh on demand for new buildings. Aggressive policy tightening by central banks in 2022 has lifted borrowing rates and thereby reduced the demand for building construction work. However, a large backlog of work will help to mitigate somewhat the impact on construction work done during 2023. Infrastructure investment will drive growth in construction activity. Governments worldwide continue to champion major infrastructure projects to boost their economy’s productive potential and drive the post-Covid economic recovery. This will see civil engineering be the fastest-growing sector in the construction market. Construction materials supply-side constraints will ease but not dissipate in 2023. In advanced markets, labour shortage has become a serious issue. Tight labour markets and lack of a skilled workforce increase wage costs for builders in many advanced markets. In Europe this could become a structural problem in the mid-term future. Construction costs will rebase at a higher level. A correction in the mismatch between supply and demand will ease the pressures driving construction cost growth. However, we do not expect construction costs to fall back to pre-Covid levels. Work towards a more sustainable future will remain steady. The global push towards a less carbon-intensive future will continue in 2023 and beyond, with further</p>

investment in renewable energy generation and other green infrastructure.

The construction industry is a major user of natural resources. From energy usage to emissions, it has a huge impact on the environment. According to the International Energy Agency (IEA), the buildings and construction sector accounts for a whopping 36% of worldwide energy use and 40% of CO2 emissions globally. Heavy plants used in construction still lean heavily on fossil fuels. Fabrication and shipping of construction materials have a massive impact on carbon emissions. Global cement manufacturing currently accounts for 8% of CO2 emissions annually, for example, with a rising rates due to ongoing urbanization around the world. Amid widespread concern about climate change and the need to cut down emissions, there is increasing pressure on construction firms to reduce their environmental impact. Planning, building materials and construction processes must all change comprehensively. Supply chains must be rethought, and an understanding of the materials required for a life-cycle approach will become crucial. Revisions to building regulations are already changing the boundaries for the minimum requirements expected in construction today. This can be challenging, as the example of the Netherlands shows, where construction has been impacted by the need for nitrogen reduction and tighter rules introduced regarding per- and polyfluoroalkyl substances (PFAS) in the soil. This has resulted in **building project delays and postponement of building permits during the past few years**. Some benefits already visible Public construction is currently a strong driver towards more sustainability. National Highways in the UK, for instance, has committed itself to reduce construction-related emissions by 50% until 2030. As this report shows, public initiatives in advanced markets related to sustainability help to sustain the industry during



a rather subdued market environment. There are many examples of this trend. The civil engineering segment in Belgium is supported by public investment in clean energy projects, while the Inflation Reduction Act boosts spending in energy-efficient and sustainable building activities in the United States. The Next Generation EU fund supports large investments in projects with a sustainability aspect, benefiting the Italian and Spanish construction sectors. A widespread phenomenon is increasing demand for renovation/upgrades to improve energy efficiency, and to comply with tighter environmental standards. The residential renovation work segment focused on energetic renovation (heating, ventilation, isolation and renewable energy) benefits from fiscal support/tax deductions e.g. in Belgium, France and Italy ([Atradius](#)).



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