



Russian-Ukrainian conflict
Impact on the construction sector worldwide
01/12/2022

EUROPE

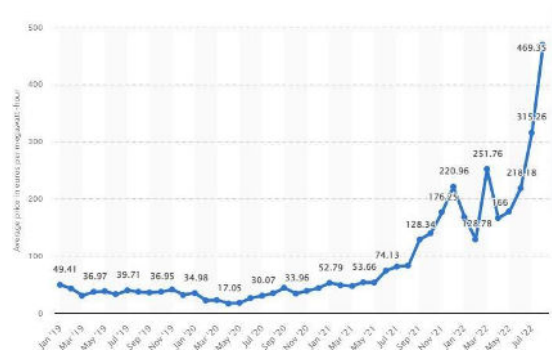
	Germany	
	General	Construction
Economic conditions	<p>German GDP grew by 0.2% in quarterly variation in Q1-2022, after a 0.3% drop in Q4-2021. This modest rebound was mainly due to a surge in investment in machinery and equipment in construction, while net exports weighed on growth. The continuing pandemic and the war in Ukraine have exacerbated supply problems in industry and fuelled the upward pressure on prices already underway. Year-on-year, GDP grew by 3.7% in Q1, but is still 0.9% below its pre-crisis level. The scenario of a stalemate in the war in Ukraine is becoming more concrete with the ever-present threat of an interruption in gas deliveries, from which Germany would not emerge unscathed in the short term, given the dependence of households and, above all, of its industry. On the other hand, if the risk of inflation increases in the coming months, the potential for a rebound in consumption remains high thanks to a still intact savings surplus and rising wages due to the increase in the number of hours worked and the Covid bonuses paid (Outlook, Crédit Agricole, May 2022).</p>	<p>In Germany, the construction sector currently accounts for 344.9 billion EUR in turnover, employing 2.6 million people, with more than 248,000 building permits in 2021 (March 2022) (Federal Statistical Office, 2022).</p> <p>Construction business sales increased in the first quarter of 2022 (+5.6% in real terms) - due to a base effect and favorable weather. However, this increase masks challenges, particularly in terms of contracts won, with a 13.1% decline in the month of June 2022 (in real terms) and an overall decline of 3% since the beginning of 2022 (January - June) (Bauindustrie, June 2022).</p> <p>Construction investment strengthened in Q1-2022 (+4.6%), still relatively unaffected by inflation and still supported by robust demand. However, the sector's PMI (Project Manager Indicator) predicts a turnaround in the short term. Despite the need to adapt to the energy and environmental transition, overall investment is expected to remain constrained between now and the end of 2022, against a backdrop of lower demand, high inflation and the threat of disruption to Russian gas supplies (Outlook, Crédit Agricole, July 2022).</p> <p>Construction evolution, 2020 - 2022</p>

		<p style="text-align: center;">Évolution de la construction</p> <p style="text-align: center;"><small>Sources : FSO, Markit, Crédit Agricole SA / ECO</small></p> <p>The market is also experiencing a labor shortage. By 2030, it is estimated that the sector will be short 100,000 workers. This trend is mainly due to the increase in the average age of workers, as well as recruitment difficulties related to the attraction of the sector (Construction Europe, September 2022).</p>
<p>Raw materials</p>	<p style="text-align: center;">Sourcing</p> <p>German energy supply is largely based on imported gas from Ukraine, Russia and Belarus. According to BAUINDUSTRIE, 1/3 of German construction companies get their rawmaterials from these countries and 39% complain about production obstacles due to material shortages (BauIndustrie, July 2022). Germany is expected to experience a real shortage as early as the summer of 2022, with an astronomical rise in prices.</p>	<p style="text-align: center;">Price / Cost</p> <p>Producer prices for construction materials, which had already risen sharply in 2021, are currently on the rise again. In July, the price index for asphalt was 50 percent higher than in the same month in 2021, while that for reinforcing steel was 45 percent higher. The producer price of diesel fuel, which is required for road and rail vehicles, was still 42.7% above the level of the previous year. This is particularly stressful for companies in</p>

	<p><u>Percentage of German materials from the Russia, Ukraine or Belarus:</u></p> <ul style="list-style-type: none"> • 26% natural gas; • 40% iron ore ; • 45% steel products; • 25% nickel ; • 75% titanium ; • 40% bitumen. <p>For the time being, most of the materials needed for construction remain available on the market. However, material manufacturers are already creating an artificial shortage. They are holding back these materials, waiting for prices to rise so that they can make a profit on the world market when the time is right. Prices have risen up to 100%, driving up the cost of infrastructure projects.</p> <p>Before the war in Ukraine, 1/3 of gas, oil and coal supplies were Russian. Germany quickly diversified its energy suppliers:</p> <ul style="list-style-type: none"> • The share of Russian oil has dropped from 35% to 12%; • The share of Russian coal has dropped from 50% to 8%; • The share of Russian gas has fallen from 55% to 35% (OECD, June 2022). 	<p>construction industry, as diesel accounts for half of the energy consumption in the construction industry. However, a slight easing could be observed at the current margin: in one month, the price dropped by 4.5%.</p> <p>The price of petroleum bitumen in July was still 49.3% higher than in July 2021, despite a 7% month-over-month decline. This is now also impacting the price of asphalt, now 32.4% higher than a year earlier (Bauindustrie, July 2022).</p> <p>Due to the significant increase in building material prices in the early months of 2022 combined with the reduced supply, prices for construction services have also increased. By April 2022, the Federal Statistical Office had reported a price increase of 13.8% (Bauindustrie, July 2022).</p> <div data-bbox="1400 758 1948 1220"> <p>Producer price indices for selected construction materials, 2021 Change rate on previous year, percent, annual average</p> <table border="1"> <thead> <tr> <th>Material</th> <th>Change rate on previous year, percent, annual average</th> </tr> </thead> <tbody> <tr> <td>Solid construction timber</td> <td>78</td> </tr> <tr> <td>Roof battens</td> <td>65</td> </tr> <tr> <td>Timber</td> <td>60</td> </tr> <tr> <td>Rebar steel</td> <td>55</td> </tr> <tr> <td>Concrete reinforcing steel mesh</td> <td>50</td> </tr> <tr> <td>Bitumen made from crude oil</td> <td>35</td> </tr> <tr> <td>Epoxy resins</td> <td>30</td> </tr> <tr> <td>Semi-finished products made of copper and copper alloys</td> <td>25</td> </tr> <tr> <td>Metals, total</td> <td>20</td> </tr> <tr> <td>Chipboards</td> <td>15</td> </tr> <tr> <td>Insulating panels made of plastic</td> <td>10</td> </tr> <tr> <td>Producer prices, total</td> <td>13.8</td> </tr> </tbody> </table> <p>© Statistisches Bundesamt (Destatis), 2022</p> </div>	Material	Change rate on previous year, percent, annual average	Solid construction timber	78	Roof battens	65	Timber	60	Rebar steel	55	Concrete reinforcing steel mesh	50	Bitumen made from crude oil	35	Epoxy resins	30	Semi-finished products made of copper and copper alloys	25	Metals, total	20	Chipboards	15	Insulating panels made of plastic	10	Producer prices, total	13.8
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<p>Cost of energy</p>	<p>The annual increase in energy prices in Germany was on average 139%, according to the latest price data at production (August 2021-August 2022).</p>																											

Electricity

In August 2022, the average wholesale electricity price in Germany exceeded **469 euros per megawatt hour**, more than five times the price recorded a year earlier. Over the past year, electricity prices have skyrocketed in Europe. This increase is the result of a myriad of factors, including increased heating demand due to cold winters, higher natural gas and coal prices, lower wind power production due to low wind speeds, and, most recently, Russia's invasion of Ukraine and extreme summer temperatures ([Statista, July 2022](#)).



In Germany, the price of electricity on the wholesale market has reached 850 euros per megawatt-hour for the one-year contract, which represents a weekly increase of 40% ([BFM, August 2022](#)).

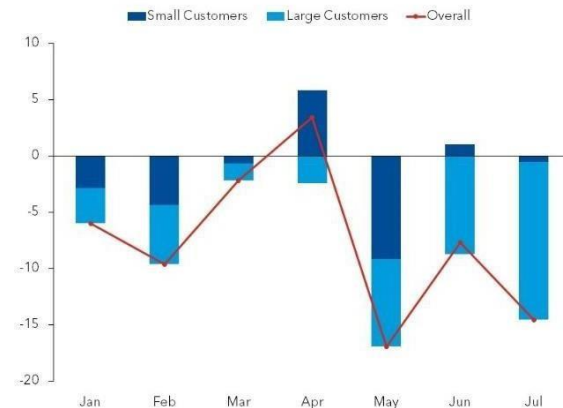
Gas

In 2021, the gas rate increased by **46.6%**. A worrying price hike that continues in 2022. At the same time, the spokesman for the Ministry of Economy and Climate had announced a worrying level of gas reserves, reduced to **35%**. In 2020, at the same time, stocks amounted to 80%.

Germany, like other European Union member states, has agreed to **reduce its gas consumption by 15 per cent** between August 2022 and March 2023, in order to avoid **gas shortages and soaring prices**. The country is already on track to meet this target. As the chart below shows, **gas consumption has already fallen by about 17%** in May, **8%** in June and **15%** in July compared to the averages of the last five years ([MFI, August 2022](#)).

On track

Germany's gas consumption was 15 percent below normal in July, in line with EU targets. (monthly gas consumption 2022, percent change from 2017-21 average for each month)



Source: Trading Hub Europe and IMF staff calculations. Note: Large customers are those with consumption greater than 1.5 GWh per year.



<p>Measures adopted by Public Authorities</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 construction materials when awarding construction contracts. These measures were put in place with immediate effect and are only binding on federal construction sites.</p> <p>Among other things, the orders address the management of existing contracts in response to supply shortages and price increases. This will impact how customers and contractors address delivery shortages considering the war in Ukraine or other circumstances beyond the contractor's control, as well as conflict-induced price increases as a case of disruption to the contract basis.</p> <p>In the future, the decrees will also have an impact on adjusting the contractual practices of the contracts entered, by agreeing on material price increase clauses (FIEC, September 2022).</p> <p>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. The measures include a 9-euro ticket, a discount on fuel, an increase in personal income tax, a one-off payment of 200 euros for recipients of social benefits, a 100-euro child bonus, the abolition of the tax on renewable energy sources (from 1^{er} July 2022), two heating cost subsidies for people receiving housing benefits and a 300-euro flat- rate on the price of energy (paid in September 2022).</p> <p>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 keep the energy supply going (The Federal Government, September 2022).</p>
<p>Positioning of the Federation</p>	<p>Hauptverband der Deutschen Bauindustrie (HDB), the German construction federation, has launched a survey with its members to find out the effects of the war in Ukraine on the construction business in Germany.</p> <ul style="list-style-type: none"> • 33% of respondents source their building materials from Russia or Ukraine. • 83% are affected by the direct or indirect effects of the war. • 80% complain about the price increase, which mainly concerns diesel or steel, but also bitumen, asphalt, wood and sheet piling. <p>In addition to this price increase, respondents regret that they can no longer obtain price commitments from suppliers. This situation has a significant impact about orders and tenders of construction companies (order cancellations, project postponement...).</p>

	Austria	
Economic conditions	General	Construction
	<p>The Austrian economy is considered one of the most stable in Europe. The country is supported by a very strong network of export-oriented SMEs, excellent academic standards and high spending on research and development. Public and private consumption is likely to support the national economy, with households benefiting from a tight labor market and higher wages. After the setback caused by the COVID-19 pandemic, the Austrian economy has rebounded strongly in 2021, with GDP growth estimated at 3.9 percent. Private consumption and significant increases in investment were the main drivers. According to IMF forecasts, economic expansion is expected to accelerate to 4.5 percent this year before settling at around 2.1 percent in 2023 (4.9 percent and 1.9 percent respectively according to European Commission projections).</p> <p>Austria has a low unemployment rate compared to other eurozone and EU countries, as well as to the global comparison. Despite the recession triggered by the COVID-19 pandemic, the unemployment rate has increased only marginally: at 6.4 percent in 2021, it is expected to follow a downward path this year (6 percent) and the next (5.5% - IMF). In the long term, labor shortages could limit economic growth, and continued global trade tensions represent another downside risk (Trade Solutions, BNP Paribas, 2022).</p>	<p>The construction sector has not only overcome the Corona pandemic but has also been able to record solid growth in 2021, even without the recovery effect. The decline in 2020 (-3.7%) is clearly overcompensated this year with 5.4% (although held back by the shortage of building materials). In 2022, above-average growth of 2.6% is also expected. The years 2023 and 2024 are then expected to see growth of just under 2% (FIEC, 2022).</p> <p>The government will support the sector's growth by improving regional connectivity through the development of the country's rail and road transport infrastructure, coupled with efforts to boost energy production. The development of Vienna Airport, the modernization of the Pottendorfer railroad, and the goal of generating 100 percent of electricity from renewable sources by 2030 are expected to support the industry and the economy (Market Research, 2021).</p>
Raw materials	Sourcing	Price / Cost

& Energies	Austria is very dependent on Russian gas. Indeed, 80% of its gas consumption comes from Russia. The rest comes from Norway. In addition, 8% of its crude oil imports also come from Russia (OECD, June 2022).	The Austrian Energy Agency reported a 256% increase in wholesale electricity prices in one year (August 2021-August 2022)(BFM, August 2022).
Measures adopted by Public Authorities	<p>In June 2022, the Alpine republic announced a plan to combat the rising cost of living until 2026, with EUR 6 billion made available from 2022, and EUR 22 billion by 2026. Chancellor Karl Nehammer (ÖVP) has announced the introduction of various measures, such as an increase in certain social benefits, the postponement of a CO2 tax until the autumn and a reform of tax rates (Courrier 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 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>	
Positioning of the Federation		

	Belgium	
Economic conditions	General	Construction
	Belgium is strategically located between Germany and France, the three largest European economies. Despite a historic recession due to the COVID-19 pandemic, the Belgian economy has recovered much faster than expected and has already reached its pre-pandemic level: according to the latest IMF estimates, GDP has grown by 5.6% in 2021 thanks to a recovery of private consumption and investments. The IMF forecasts real GDP growth of 3.1% and 1.8% in 2022 and 2023.	<p>Overall, construction rose 6.6 percent in 2021, more than offsetting the 4.5 percent decline in 2020. Excluding stimulus-related work and repair of significant flood damage in the summer of 2021, as well as the effects of the war in Ukraine, construction is expected to continue to grow and gain 1.9 percent in 2022.</p> <p>The impact of the Ukrainian crisis also remains highly uncertain. Initial estimates indicate that it would reduce growth</p>

	<p>The measures taken to mitigate the impact of the COVID-19 crisis (including sanitary measures, various regional compensation schemes for companies in case of a drop in turnover, temporary unemployment schemes) have led to a budget deficit of about 6.3% in 2021.</p> <p>Rising energy prices and unprecedented growth in labor costs (due to wage indexation) have led to overall inflation of 2.4% in 2021 (Trade Solutions, BNP Paribas, 2022)(OECD, June 2022).</p>	<p>of less than one per cent. But the impact on construction could be greater, given the extent to which the onset of the crisis has affected the confidence of households, which are important customers for construction. And also given its impact on the cost of materials and therefore of construction. According to a survey by the NBB, companies in the sector expect their activities to fall by around 5% within the next year. This would correspond to a decline of 2.5% for the whole year 2022.</p> <p>Thanks to strong growth (+10.1%), new housing construction better than rebounded in 2021 and offset the significant 6.7% decline recorded in 2020. It is expected to grow by a few more percent in 2022, due in part to the strong increase in the number of homes authorized in 2021 and for which construction is expected to be completed, or even started, in 2022. The question is, however, to what extent the consequences of the war in Ukraine will affect the replenishment of demand or even the start of new housing already authorized.</p> <p>Activity in the housing renovation sector, which against all odds grew by 2% in 2020, continues to grow despite the health crisis. As a result, it gained 4.5% in 2021 and is still expected to grow by at least 1.5% in 2022. However, the consequences of the Ukrainian war could slow down the demand for renovation work not aimed at improving energy performance (FIEC, 2022).</p> <p>Employment</p>
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		<p>Belgium: Job Trends in the Construction Sector (April 2022 - July 2022)</p> <p>The number of active Construction job openings in Belgium decreased by 2.68% year-over-year, and has decreased by 12.76% since April 2022, to 834 active job openings in July 2022 (GlobalData, September 2022).</p>
<p>Raw materials</p>	<p>Procurement</p> <p>In Belgium, some of the products needed for construction were largely imported from Russia, Ukraine or Belarus. For example, the supply of steel is made very difficult by the cessation of activity of several European steel mills that can no longer obtain inputs, or Ukrainian steel mills forced to stop production because of the war.</p> <p>Other raw materials are experiencing supply difficulties, such as wood-based materials, non-ferrous metals, polypropylene, PVC and certain components required for the manufacture of insulation materials.</p>	<p>Price / Cost</p>

	<p>These difficulties of supply as well energy prices are having an impact on the quality of our products, the respect of the execution deadlines within the framework of the contracts for construction works.</p>	<p>Evolution, since February 2022, of gold, copper and barley prices, lead, iron ore and scrap metal, ferromolybdenum, cobalt, corn, sunflower oil, scrap metal, zinc, wheat and nickel (National Bank of Belgium, May 2022).</p>
<p>Cost of energy</p>	<p>Russia's invasion of Ukraine has added to the volatility of prices, which had already risen sharply in recent months. The price of oil has risen sharply since the beginning of the conflict in Ukraine, reaching \$132 per barrel. The price of gas has also risen sharply since the beginning of the war in Ukraine, reaching €118 per megawatt hour. This increase in energy prices is having an impact on the production costs of construction companies, which are facing an increase in the price of construction materials as well as high fuel prices for construction equipment and transportation.</p> <p>Soaring energy prices result directly in higher prices for energy-intensive building materials, such as cement and concrete, tiles, ceramic bricks and tiles, insulation materials, etc. This may cause producers to stop production, as it is difficult to pass on these increases in prices. This may lead producers to stop production, given the difficulties in passing on these increases in the prices of sales and profitability requirements.</p>	
<p>Measures adopted by the public authorities</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 that applied during the Covid crisis and are in addition to the federal plan to promote investment in sustainable solutions and insulation. It is also about ensuring that they can benefit from measures facilitating temporary unemployment and advocating 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 of 0.175€ per liter on diesel and gasoline; • The Federal Government, together with the Regions, is examining the implementation of the temporary crisis framework proposed by the European Commission in Belgium in order 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 homes 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. <p>Extension of the simplified temporary unemployment scheme for reasons of force majeure under the current terms. The worker will receive an unemployment benefit equal to 70% of his or her average salary with a ceiling. In addition, workers temporarily unemployed because of the war in Ukraine will also receive a supplement of € 5.63 per day of</p>	

	<p>unemployment, as well as a sectoral supplementary allowance if he is entitled to it. These allowances and supplements are subject to a 15% tax deduction (Belgium.de, August 2022).</p> <p>Specific support for companies</p> <p><u>Social measures</u></p> <ul style="list-style-type: none"> • Companies that are struggling with high energy costs will be able to defer 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 are experiencing difficulties due to their energy bill; • Longer repayment plans will be provided for the social contributions of the self-employed; • An awareness of advance payments of social security contributions for the self-employed will be introduced. <p><u>Fiscal and financial support measures</u></p> <ul style="list-style-type: none"> • 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. <p><u>Other measures</u></p> <ul style="list-style-type: none"> • Temporary Moratorium on Bankruptcies for Companies Affected by the Energy Crisis Due to Supplier Actions; • Code of conduct between energy suppliers and the self-employed and SMEs; • The agri-food sector being a critical sector, it will benefit from a priority energy supply in case of risk of rupture (NewsBelgium, September 2022).
<p>Positioning of the Federation</p>	<p>The Confederation Construction (CC) has launched a FAQ about the conflict in Ukraine. It also launched a study on April 4, 2022 on the effects of the Ukrainian crisis on the sector. 300 construction companies responded.</p> <p>An action plan to support companies in the construction sector in the face of the consequences of the war in Ukraine on their activities was published by the CC on 16 May 2022. This action plan details the measures recommended by the confederation:</p> <p><u>AT THE FEDERAL LEVEL:</u></p>

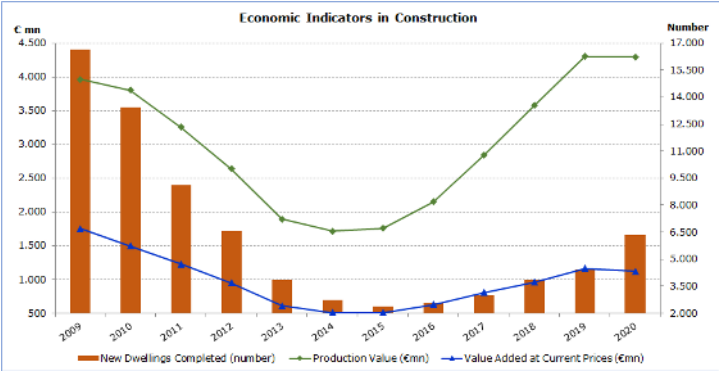
	<p>Contractual measures to be recommended in exceptional circumstances (public and private contracts)</p> <ul style="list-style-type: none"> • Granting extensions of time and ensuring non-application of late fees and penalties; • Provide for detailed price revision formulas in the specifications; • Provide/apply a transparent compensation mechanism beyond the price adjustment formula; • Consider whether to change the (technical) terms of the contracts; • In case of impossibility to execute the contract due to the unavailability of materials, accept the force majeure temporary; • Demonstrate reasonable flexibility in the application of "Breyne Act" contracts without giving up guarantees essential that it provides; • Respect the general principles of the civil code. <p>Measures allowing companies to make the increase in gas and electricity prices</p> <ul style="list-style-type: none"> • Reduce excise taxes on business gas and electricity consumption. <p>Measures to ensure the financial viability of companies impacted by the consequences of war in Ukraine</p> <ul style="list-style-type: none"> • Provide for a system of deferred payment of social security contributions and VAT; • Extension of temporary unemployment beyond June 30. <p>Measures to inform companies of the aid available to them</p> <ul style="list-style-type: none"> • Establishment of a federal point of contact for businesses. <p><u>REGIONAL MEASURES</u></p> <ul style="list-style-type: none"> • Postpone the qualitative requirements on deep renovation and new construction; • Ensure continuity of public procurement, including at the municipal level; • Accelerate the issuance of urban planning and development permits; • Ensure the implementation of support measures at the regional level; • Ensure the implementation of the various stimulus plans.
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	Bulgaria	
Economic conditions	General	Construction

	<p>In 2021, Bulgaria's economic activity was significantly affected by the COVID-19 pandemic. The country's gross domestic product (GDP) amounted to EUR 67.871 million, a decrease of EUR 6.541 million compared to 2020 (FIEC, 2022).</p> <p>The public deficit amounted to -3.7% in 2021. The public debt, which stood at 25% of GDP in 2021, would reach 26.7% in 2022, and would then be reduced. Unemployment remains limited to 5.2%.</p> <p>However, the economic situation is worsening in the context of the war in Ukraine. Bulgaria's growth slowed to 1% in the first quarter of 2022. The inflation rate has reached record highs with 16.9% in June 2022 (the highest rate recorded since May 1998 with an all-time high of 18%). The biggest increases are in transport (29.9%), food (23.5%) and water, electricity, gas and other fuels (17.1%). In this context, the Bulgarian parliament adopted anti-crisis and anti-poverty measures in late July 2022 (France Diplomatie, August 2022).</p>	<p>According to preliminary data from the National Institute of Statistics, the construction industry's output for 2021 recorded a 30.7% decrease from 2020. Based on the forecast statistical data, the revenues of construction enterprises for 2021 will register a decline (actual data will be published on November 30, 2022). The expected share of residential construction in the total operating income of the construction industry is 25.2%, non-residential construction - 23.7% and civil engineering - 51.1% respectively (FIEC, 2022).</p> <p>Employment People employed in the construction sector account for 5.7% of total employment in the economy and their number increased by 1.8% from 2020. Unemployment in the sector for 2021 is 8.4% of total unemployment. The increase in unemployment is 1.4% for the country as a whole and 14.3% for the construction sector compared to 2020 (FIEC, 2022).</p>
<p>Raw materials & Energy</p>	<p style="text-align: center;">Procurement</p> <p>Bulgaria is very concerned about European unity. In this context, although initially reluctant to accept sanctions on gas and fuel imports because of its heavy dependence on energy from Russia, it is committed to respecting the European consensus on sanctions. To do so, it has rethought its energy strategy, diversifying its gas supplies from Greece (new gas interconnection inaugurated in July 2022) and increasing gas volumes delivered by Azerbaijan via the Trans Adriatic Pipeline (TAP) (France Diplomatie, August 2022).</p>	<p style="text-align: center;">Price / Cost</p>

Measures adopted by Public Authorities	<p>The Ministry of Economy has submitted to the Council of Ministers a retroactive proposal to declare from February 24 a regime of force majeure. This will give Bulgarian companies the right to postpone the execution of contracts, payments or deliveries. The proposal comes after meetings with representatives of various economic sectors who say they are no longer able to operate due to disruptions in supply chains and soaring global prices. This measure will apply to all sectors of the Bulgarian economy.</p> <p>The government is doing its utmost to ensure sufficient supply of natural gas at affordable prices for businesses and households. At a briefing in the Council of Ministers building, it was announced that the cabinet is drafting amendments to the laws that will be adopted upon the convening of the next National Assembly. These amendments are aimed at facilitating the transition of businesses to energy sources other than natural gas (Council of Ministers, Bulgaria, August 2022).</p>
Positioning of the Federation	<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>

	Cyprus	
	General	Construction

<p>Economic conditions</p>	<p>Cyprus is an open market economy, mainly based on services. After being hit hard by the global financial crisis and the outbreak of the COVID-19 pandemic and the restrictive measures that followed resulted in a drastic reduction in GDP in 2020 (-5.1%). Supported by both private and public consumption, the economy rebounded in 2021, marking a growth of 4.8% (IMF). The tourism sector also performed relatively well (tourism receipts more than doubled in January-July 2021 compared to the same period in 2020 but remained at about 35% of GDP).</p> <p>After experiencing deflation after the onset of the crisis, headline inflation returned to positive territory in 2021 (+1.7%), reaching 8.9% in 2022, driven by rising prices for energy, services, and industrial goods excluding energy. The rate is expected to decelerate slightly to 1.1% in 2022 in a context of normalization of energy prices (TradeSolutions, BNP Paribas, September 2022).</p>	<p>The construction producer price index for the third quarter of 2021 recorded a 2.0% increase over the second quarter of 2021. By project type, an increase of 7.3% was observed for buildings and 3.1% for civil engineering projects in the third quarter of 2021 compared with the corresponding quarter of 2020 (FIEC, 2022).</p>  <table border="1"> <caption>Economic Indicators in Construction</caption> <thead> <tr> <th>Year</th> <th>New Dwellings Completed (number)</th> <th>Production Value (€mn)</th> <th>Value Added at Current Prices (€mn)</th> </tr> </thead> <tbody> <tr><td>2009</td><td>13,500</td><td>4,000</td><td>1,700</td></tr> <tr><td>2010</td><td>12,500</td><td>3,500</td><td>1,500</td></tr> <tr><td>2011</td><td>11,000</td><td>3,000</td><td>1,300</td></tr> <tr><td>2012</td><td>9,500</td><td>2,500</td><td>1,100</td></tr> <tr><td>2013</td><td>8,000</td><td>2,000</td><td>900</td></tr> <tr><td>2014</td><td>6,500</td><td>1,800</td><td>700</td></tr> <tr><td>2015</td><td>5,000</td><td>1,700</td><td>600</td></tr> <tr><td>2016</td><td>3,500</td><td>2,200</td><td>700</td></tr> <tr><td>2017</td><td>2,000</td><td>3,000</td><td>800</td></tr> <tr><td>2018</td><td>1,500</td><td>4,000</td><td>1,000</td></tr> <tr><td>2019</td><td>1,000</td><td>4,500</td><td>1,100</td></tr> <tr><td>2020</td><td>1,500</td><td>4,500</td><td>1,000</td></tr> </tbody> </table>	Year	New Dwellings Completed (number)	Production Value (€mn)	Value Added at Current Prices (€mn)	2009	13,500	4,000	1,700	2010	12,500	3,500	1,500	2011	11,000	3,000	1,300	2012	9,500	2,500	1,100	2013	8,000	2,000	900	2014	6,500	1,800	700	2015	5,000	1,700	600	2016	3,500	2,200	700	2017	2,000	3,000	800	2018	1,500	4,000	1,000	2019	1,000	4,500	1,100	2020	1,500	4,500	1,000
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<p>Raw Materials & Energy</p>	<p style="text-align: center;">Procurement</p> <p>Cyprus is very dependent on Russia for its energy supply, as 92.8% of its energy came from Russia before the war in Ukraine (All Europe, July 2022).</p>	<p style="text-align: center;">Price / Cost</p> <p>The December 2021 building materials price index reached 119.66 units (base year 2015=100), recording an increase of 0.63% compared to the previous month. Compared to the same month of the previous year, the index recorded an increase of 17.10%. By major product category, increases were recorded in metal products (30.17%), wood products, insulation materials, chemicals and plastics (19.04%), electromechanical products (13.02%), mineral products (5.41%) and minerals (4.75%)(FIEC, 2022) :</p> <ul style="list-style-type: none"> • Metals +19.66% ; • Minerals +15.81% ; • Wood, insulation materials, chemicals +15.69% (Cyprus Statistical Service, September 2022). 																																																				

Measures adopted by Public Authorities	
Positioning of the Federation	

	Croatia	
Economic conditions	General	Construction
	<p>Since 2008, the country had experienced six consecutive years of economic recession, with a GDP drop of 12% (EU data). The economy was hit hard by the crisis related to the Covid-19 pandemic (-8%, one of the most affected countries in the EU). Nevertheless, the Croatian economy returned to growth in 2021, mainly supported by strong household consumption and a better-than-expected performance of the tourism sector: the IMF estimated growth at 6.3% for the whole year. In 2022, GDP growth is forecast at 5.8% (reaching the pre-pandemic level) and 4% in 2023.</p> <p>At the same time, rising global energy and food prices have contributed to an increase in inflation, which stood at 2% in 2021 and is expected to remain stable over the forecast period (Trade Solutions, BNP Paribas, September 2022).</p>	<p>In 2019, the construction turnover in Croatia was 7.841 million EUR, positioning it in 21st position out of 27 European Union countries (INSEE, 2020).</p>
Raw materials & Energy	Procurement	Price / Cost
	<p>Croatia was very dependent on Russia for its energy supply, since up to 60% of its energy came from Russia. The investment in renewable energy sources (corresponding today to 30% of its energy) reduces little by little this dependence (Toute L'Europe, July 2022).</p>	

Measures adopted by the Public Authorities	
Positioning of the Federation	

	Denmark	
Economic conditions	General	Construction
	<p>The Danish economy was very stable before the corona pandemic and the pandemic did not hit the economy as hard as other countries. In 2021, the GDP grew by 4.7%. Prior to the war and sanctions against Russia, GDP growth was projected at 2.9% in 2022 and 1.8% in 2023. The war and sanctions are expected to impact growth forecasts, and the magnitude of that impact depends on the duration of the war and trade relations with Russia. When looking at GDP growth estimates, three different scenarios are considered. GDP is expected to decline by 0.5% to 2.6% depending on the duration of the war and the extent of the sanctions (FIEC, 2022).</p>	<p>Activity in the construction industry is expected to slow due to significant challenges related to rising material prices, labor shortages and supply issues, and rising interest rates. However, despite the slowdown, activity will remain at a high level.</p> <p>The construction industry, which has experienced exceptionally high activity, is also expecting more moderate demand. Russia's invasion of Ukraine and its aftermath is also likely to dampen investment in housing and other buildings. This is primarily because companies' supply chains are disrupted by the war, leading to material shortages and higher prices.</p> <p>Capacity constraints will slow activity in the coming years. Nearly half of construction firms are experiencing production limitations due to labor shortages, and just over one-third are experiencing production limitations due to lack of materials (Di Byggeri, June 2022).</p>

		<p>Turnover in construction Type of work:</p>
Raw materials	Procurement	Price / Cost
Cost of energy	<p>The average cost of energy has risen by 30% since April 2021, although it has been limited by domestic oil and gas production (OECD, June 2022).</p> <p>Prices of natural gas for households Energy unit: Cubic metres (M3) Price definition: Price including paid taxes and VAT (level 3) Annual consumption: Consumption 457 - 4.569 m3:</p>	

	<p>Prices of electricity for non-households Energy unit: Kilo Watt Hours (kWh) Price definition: Price including non-recoverable taxes (level 2) Unit: DKK per unit</p> <table border="1"> <thead> <tr> <th></th> <th>2018H2</th> <th>2019H1</th> <th>2019H2</th> <th>2020H1</th> <th>2020H2</th> <th>2021H1</th> <th>2021H2</th> </tr> </thead> <tbody> <tr> <td>Consumption below 20 MWh</td> <td>1.4055</td> <td>1.4062</td> <td>1.4019</td> <td>1.3720</td> <td>1.2112</td> <td>1.1559</td> <td>1.4729</td> </tr> <tr> <td>Consumption 20 - 499 MWh</td> <td>0.7531</td> <td>0.6895</td> <td>0.6757</td> <td>0.6194</td> <td>0.6732</td> <td>0.7325</td> <td>1.0623</td> </tr> <tr> <td>Consumption 500 - 1.999 MWh</td> <td>0.5876</td> <td>0.5280</td> <td>0.5086</td> <td>0.4567</td> <td>0.5110</td> <td>0.5929</td> <td>0.8655</td> </tr> <tr> <td>Consumption 2.000- 19.999 MWh</td> <td>0.5734</td> <td>0.5208</td> <td>0.5003</td> <td>0.4707</td> <td>0.5241</td> <td>0.5850</td> <td>0.8766</td> </tr> <tr> <td>Consumption 20.000 -69.999 MWh</td> <td>0.5260</td> <td>0.4566</td> <td>0.4362</td> <td>0.3928</td> <td>0.4611</td> <td>0.5497</td> <td>0.8685</td> </tr> <tr> <td>Consumption 70.000 -149.999 MWh</td> <td>0.5073</td> <td>0.4511</td> <td>0.4407</td> <td>0.3511</td> <td>0.4629</td> <td>0.5408</td> <td>0.9294</td> </tr> <tr> <td>Consumption 150.000 MWh and over</td> <td>0.5107</td> <td>0.4906</td> <td>0.4574</td> <td>0.3514</td> <td>0.4366</td> <td>0.5656</td> <td>0.9781</td> </tr> </tbody> </table>		2018H2	2019H1	2019H2	2020H1	2020H2	2021H1	2021H2	Consumption below 20 MWh	1.4055	1.4062	1.4019	1.3720	1.2112	1.1559	1.4729	Consumption 20 - 499 MWh	0.7531	0.6895	0.6757	0.6194	0.6732	0.7325	1.0623	Consumption 500 - 1.999 MWh	0.5876	0.5280	0.5086	0.4567	0.5110	0.5929	0.8655	Consumption 2.000- 19.999 MWh	0.5734	0.5208	0.5003	0.4707	0.5241	0.5850	0.8766	Consumption 20.000 -69.999 MWh	0.5260	0.4566	0.4362	0.3928	0.4611	0.5497	0.8685	Consumption 70.000 -149.999 MWh	0.5073	0.4511	0.4407	0.3511	0.4629	0.5408	0.9294	Consumption 150.000 MWh and over	0.5107	0.4906	0.4574	0.3514	0.4366	0.5656	0.9781
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Measures adopted by Public Authorities	<p>The Danish Agency for Economic Affairs 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.</p> <p>The Competition and Consumer Authority believes that the consequences of the war between Russia and Ukraine can form the basis for the application of the law on public procurement on unforeseen circumstances.</p>																																																																
Positioning of the Federation																																																																	

	Spain	
Economic conditions	General	Construction
	<p>Spanish growth is expected to slow to 4.1% by the end of 2022, and 2.2% in 2023. This slowdown is mainly due to weak external demand, a climate of uncertainty linked to the war in Ukraine and inflation. Inflation has reached 4.9% in mid-2022.</p> <p>The war in Ukraine affects the Spanish economy through increased energy costs and disruption of production chains (OECD, June 2022).</p>	<p>The country has experienced a slowdown in construction activity, mainly attributed to the impact that the pandemic is still having, the increase in the inflation rate, the delay in the implementation of the national recovery and resilience plan, and the increase in the price of energy and materials as well as the shortage of some of them.</p> <p>Implementation of the national recovery and resilience plan should lead to a reactivation of the construction activity</p>

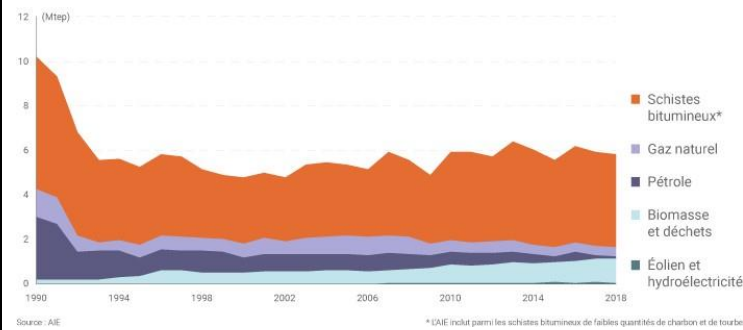
		(10% of its budget will be allocated to it), since the latter plays a key role in achieving the objectives of renovation of buildings and investments in the field of sustainable mobility infrastructure (FIEC, 2022).																		
Raw materials	Procurement	Price / Cost																		
Cost of energy	<div data-bbox="757 453 1827 708" data-label="Figure"> <p>Industrial Price Index - July 2022</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>0.0</td> <td>40.4</td> </tr> <tr> <td>Consumer goods</td> <td>0.9</td> <td>11.3</td> </tr> <tr> <td>Capital goods</td> <td>0.1</td> <td>5.8</td> </tr> <tr> <td>Intermediate goods</td> <td>-0.4</td> <td>22.1</td> </tr> <tr> <td>Energy</td> <td>-0.3</td> <td>100.6</td> </tr> </tbody> </table> <p>Energy. Annual change</p> <p>Line chart showing the annual change in energy prices from July 2021 to July 2022. The y-axis ranges from 10 to 141. The x-axis shows monthly intervals from 2021M07 to 2022M07. The chart shows a steady increase from approximately 43 in July 2021 to a peak of about 135 in March 2022, followed by a slight decline to around 100.6 in July 2022.</p> </div> <p>Energy, whose rate decreased by almost 10 points, reached 100.6%, due to the decrease in the prices of oil refining and production, transport and distribution of electrical energy (remaining higher than in July 2021). On the contrary, the increase in prices of gas manufacturing and distribution of gaseous fuels by network was noticed, since higher than that recorded in 2021 (National Statistics Spain, August 2022).</p>			Monthly change	Annual change	General index	0.0	40.4	Consumer goods	0.9	11.3	Capital goods	0.1	5.8	Intermediate goods	-0.4	22.1	Energy	-0.3	100.6
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Measures adopted by Public Authorities	<p>To combat the negative impacts of the war in Ukraine, the Spanish government has implemented a supportive fiscal policy, among other things, through:</p> <ul style="list-style-type: none"> • A grant for the sale and purchase of fuel; • Extension of energy tax rebates; • Direct aid to energy-intensive sectors, particularly transport; • New credit offers for companies in difficulty (EUR 10 billion); • Measures to reduce the impact of rising energy costs (EUR 6 billion) (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 requirements are met. As such, 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 that the lack of a proper price revision system has on businesses, the government approved on March 1, 2022, an exceptional price revision mechanism in public works contracts. Beware, the</p>																			

	mechanism is complex and applies only to work that meets a set of restrictive criteria (FIEC, September 2022).
Positioning of the Federation	

	Estonia	
Economic conditions	General	Construction
	After annual growth of 8.2% in 2021, Estonian GDP is expected to slow due to inflation and the war in Ukraine (1.3% in 2022 and 1.8% in 2023). In April 2022, inflation reached a record level of 19% (April 2021-April 2022), mainly in the energy and food sectors (OECD, June 2022).	According to Statistics Estonia , in the second quarter of 2022, the total value of output of Estonian construction companies decreased by 1.4% year-on-year at constant prices. Looking only at the Estonian construction market, the volume of construction decreased by 1.8%. The output value of Estonian construction companies amounted to EUR 1 079 million. Building construction accounted for EUR 697 million and civil engineering EUR 382 million. Compared to the second quarter of 2021, the volume of building construction decreased by 8% and the volume of civil engineering works (roads, bridges, port facilities, pipelines, communication and power lines, sports fields, etc.) increased by 14% (August 2022).
Raw materials	Procurement	Price / Cost
	The share of Russian imports in raw materials is very low (less than 2%), making Estonia the country with the least dependent on Russia in Europe (OECD, June 2022). Estonia's energy system is characterized by a heavy reliance on oil shale produced on its territory. These rocks are burned to produce heat and electricity but also "liquefied" to extract	

hydrocarbons. In 2018, these oil sales accounted for 72.7% of the country's primary energy supply and 75.9% of domestic electricity generation, according to the IEA. The importance of oil shale in Estonia gives the country "a high degree of energy independence, but also the highest carbon intensity of all IEA member countries," notes the International Energy Agency ([IAE, 2019](#)).

Estonie Approvisionnement en énergie primaire entre 1990 et 2018



Cost of energy

According to [Eurostat](#), the highest increase in electricity prices for households in the EU is recorded in Estonia (50.2%). In 2022, an Estonian worker will have to work 26 days more than in 2021 to pay his annual energy bill.

Estonia fuel prices, electricity prices

The table below shows the most recent prices per liter of octane-95 gasoline, regular diesel, and other fuels. These are retail (pump) level prices, including all taxes and fees. The information is updated weekly.

Fuels, price per litre	Date	EUR	USD
Gasoline prices	19.09.2022	1.829	1.824
Diesel prices	19.09.2022	1.849	1.844
LPG prices	19.09.2022	0.871	0.868
Heating Oil prices	19.09.2022	1.427	1.423

Measures adopted by Public Authorities

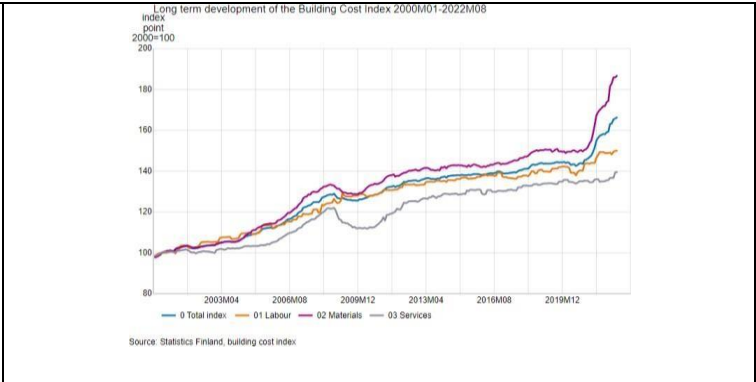
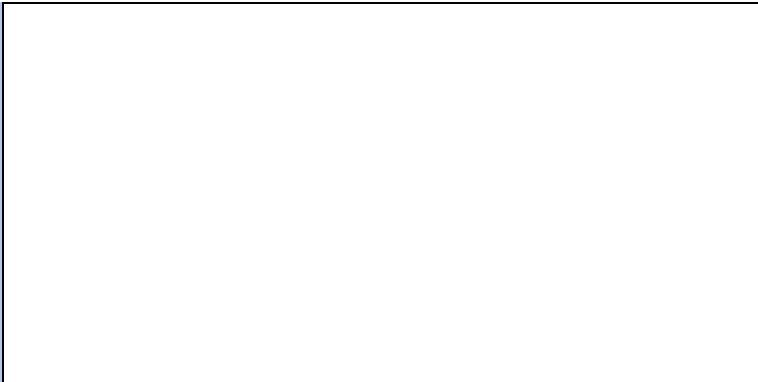
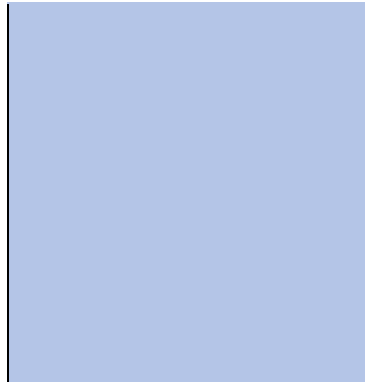
The government has released a budget of EUR 257 million to combat inflation and the effects of the war in Ukraine:

- Strengthen energy security (investments in liquefied gas and gas reserves);
- Tax assistance for households in difficulty, especially for energy bills;
- Increase the subsistence level from 150 to 200 EUR per month ([OECD, June 2022](#)).

Positioning of the Federation

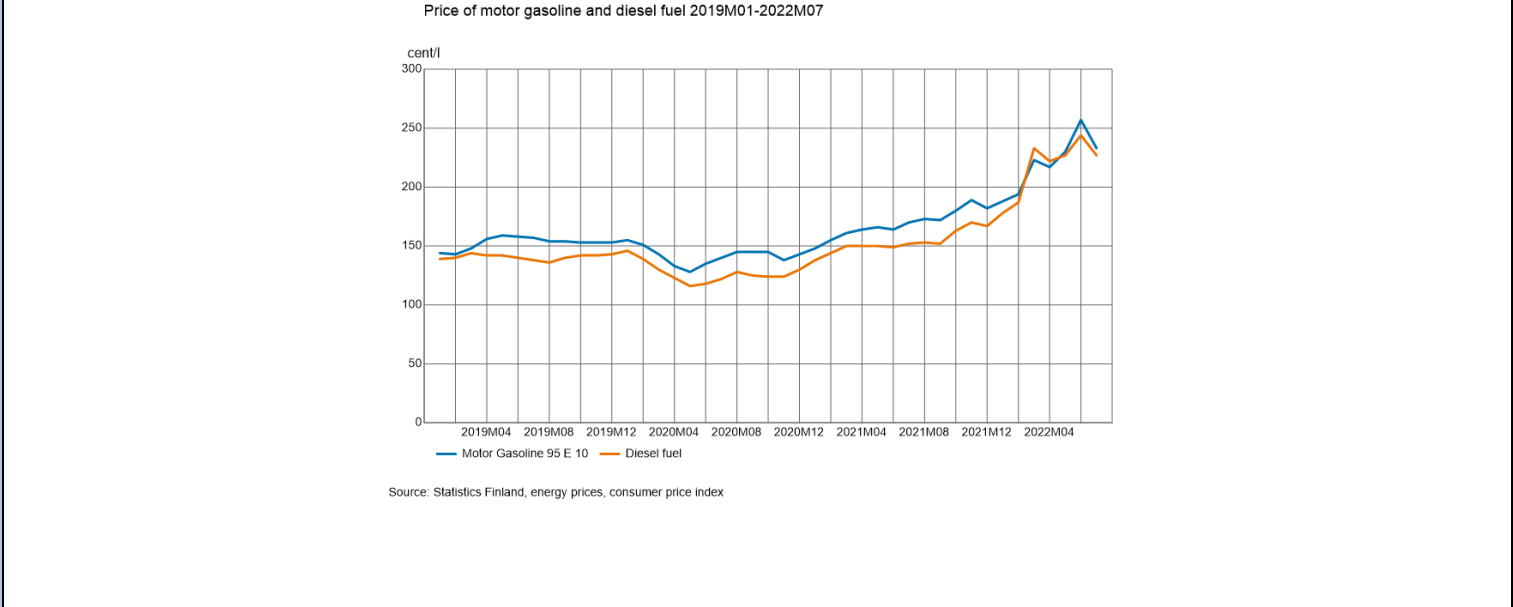
In June 2022, the Estonian Construction Federation (EEEL) conducted a survey among its members to assess the impact of rising raw material prices. Most of the respondents were engaged in public contracts, the majority of which did not receive any support in view of the exceptional situation (rising prices and shortage of materials). EEEL surveys showed that price increases averaged between 15% and 20% of the original contract value. Considering the total financial volume of state construction work in 2022 (about EUR 1 billion), it therefore estimates the total amount of increases in the cost of state construction work at about EUR 150-200 million (in 2022). In response, the EEEL has opened a discussion with the government about the introduction of exceptional measures in response to major forces (including planning for additional investments to cover an unforeseen extra budget)([EEEL, July 2022](#)).

		Finland	
Economic conditions	General	Construction	
	<p>The Finnish economy grew by 3.5% in 2021. GDP will continue to grow at a slower pace, around 1.0% in 2022. The war in Ukraine has reduced projected GDP growth from 3.0% to 1.0% (FIEC, 2022).</p>	<p>In 2021, construction volume increased by 2.0%. New building construction continued its rapid growth, driven by residential new construction. Nonresidential new construction decreased by 1.1%. Civil engineering investment continued to grow in 2021, but at a slower rate than in 2020.</p> <p>In 2022, total construction output will grow modestly. Housing starts are expected to decline, but last year's starts will continue to support residential construction volume in the first half of this year. New nonresidential construction is expected to increase this year, although the war in Ukraine is causing considerable uncertainty for investment in Finland.</p> <p>Construction employment averaged 188,000 at the end of 2021, according to the Labor Force Survey. In 2018, the average construction unemployment rate fell to 6.3%. Construction employment is expected to remain at last year's level in 2022 (FIEC, 2022).</p>	
Raw materials	Procurement	Price / Cost	
	<p>As far as Finland's energy supply is concerned, in one month 85% of its oil imports from Russia were replaced by imports from Sweden and Norway. Its gas imports (7% of Finland's final energy consumption) remain a problem and should be compensated by liquefied natural gas (LNG) imports. Finland will also become more independent from Russia thanks to a new nuclear powerplant that started operating in March 2022, which is expected to reach full capacity in July and cover 14% of Finland's total electricity consumption (COFACE, May 2022).</p>	<p>According to Statistics Finland, construction costs increased by 6.8% in August 2022 compared to a year earlier. Among materials, the strongest increases were recorded for structures in steel (24.9%) and thermal insulation (22.7%). The decline in wood structure costs continued and the year-over-year change was -7.9% (September 2022).</p>	



Cost of energy

- The pre-tax price of natural gas in June 2022 was approximately three times higher than in June 2023.
- Liquid transportation fuels appear to have peaked in price in the summer. In June 2022, the price of gasoline was 57% higher and diesel 64% higher than a year earlier.
- The total price of electricity for a typical inhabitant of an apartment building was, on average, 15% higher in June 2022 and for an inhabitant of a single-family house heated with electricity the price was 12% higher than a year earlier ([Statistic Finland, September 2022](#)).



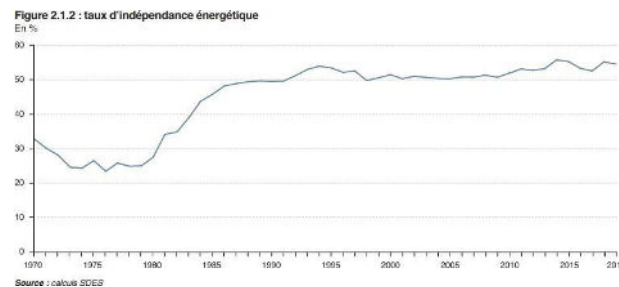
Measures adopted by Public Authorities	<p>The government has decided on temporary targeted measures in response to rising energy prices. The measures are particularly focused on transport and are aimed at households, professional transport service providers and agricultural contractors:</p> <ul style="list-style-type: 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 energy transmission prices. 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 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).
Positioning of the Federation	<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 plight of the companies, RT has, among other things, proposed to the state a time-limited tax reduction on light fuel oil and that, in commercial activities, the tax be reduced to the EU minimum (RT, 2022).</p>

	France	
Economic conditions	General	Construction

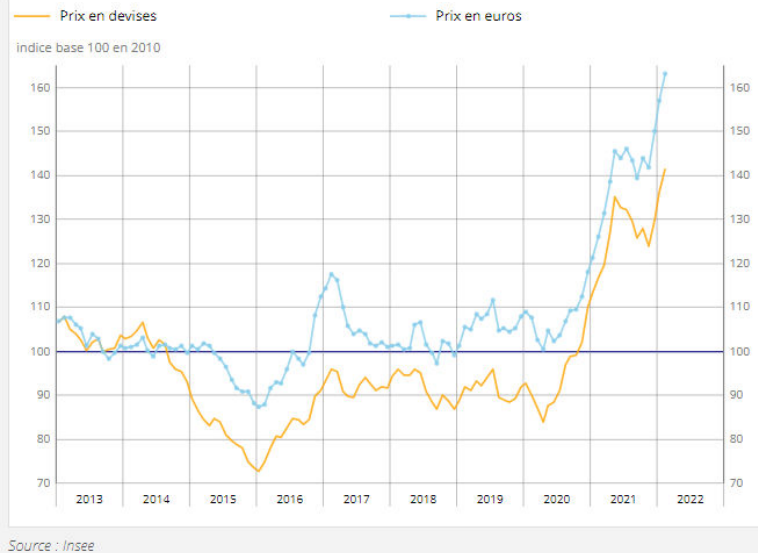
	<p>After a strong rebound in 2021, real GDP should grow by 2.4% in 2022 and 1.4% in 2023. The wave of COVID-19 in early 2022, the war in Ukraine, supply chain disruptions, and rising energy prices have clouded the economic outlook. Headline inflation is expected to reach 5.2% in 2022 and 4.5% in 2023, weighing on the household purchasing power and consumption growth. Wage growth will accelerate due to significant labour shortages and the indexation of the minimum wage. As employment growth slows, the unemployment rate will gradually rise to 8% (OECD, June 2022).</p>	<p>Building After the historic 15% drop-in activity in 2020, construction has rebounded, excluding the price effect, by 12% in 2021, leaving 5% below the pre-crisis level. However, the 5% increase in prices will bring 2021 sales to EUR 149 billion excluding taxes, as in 2019. In addition, due to the integration of work-study students in the workforce, the sector totals 1,756,000 workers, including 1,245,000 employees and 108,000 temporary workers in full-time equivalent jobs (FFB, June 2022).</p> <p>Public Works Work performed was almost stable in July 2022, compared with the previous month, at a low level. Activity remains lower by - 1.6% compared to July 2021 in constant euros (+9.6% in current euros), taking into account an average rate of inflation in production costs of more than +10% over the first six months of the year compared to the first half of 2021 (FNTP, September 2022).</p> <div data-bbox="1294 810 1989 1173"> <p>TRAVAUX RÉALISÉS indice base 100 au Q1/2016 -9.0 %</p> </div>
<p>Raw materials</p>	<p>Procurement</p> <p>For several months, France has been facing a shortage of raw materials in several sectors. The sectors affected by shortages are food and hospitality, at 82%, and almost as much the automotive industry (78%) -</p>	<p>Price / Cost</p>

notably because of the semiconductor crisis, metallurgy (75%) and fashion and luxury goods (74%). But all sectors are concerned and only two have a minority of companies reporting these difficulties, finance at 42% and IT/telecom at 38% ([La Tribune, 2022](#)).

Despite nuclear power, despite renewable energies, despite a more controlled consumption, France remains highly dependent on oil and gas imports. The country's energy independence rate is 53.1%, according to figures from the General Commission for Sustainable Development. 17% of French gas came from Russia, with Norway remaining the main source of gas for France (36%) ([Les Echos, 2019](#)).



Matières premières importées (ensemble, hors énergie)



<p>Cost of energy</p>	<p>Évolution des prix de différentes énergies en France</p> <p>Prices evolution of energies in France</p>
<p>Measures adopted by Public Authorities</p>	<ul style="list-style-type: none"> • Regulated gas and electricity rates capped (15% in 2023); • The energy voucher for the most modest households has been increased; • Lower taxes on road fuels; • Increased targeted subsidies to businesses (with conditions); • Housing Tax Relief; • Corporate Income Tax Relief (OECD, June 2022); • Aid granted to companies, of all sizes and in all sectors, whose gas and electricity costs represent at least 3% of turnover; • For companies in the construction sector, the Government will ask public actors to apply, when possible, the doctrine of unforeseeability for contracts that do not contain a price revision clause and not to apply delay penalties when the contract is being executed. • Bankruptcy protection measures (government guaranteed loan, industrial growth loan, guaranteed cash flow facility by the state...)(FIEC, 2022).
<p>Positioning of the Federation</p>	<p>Faced with rising prices and shortages of raw materials, the FFB has filed an urgent request with the public authorities for 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 full coverage of the partial activity that would result from shortages. With regard to public contracts, the FFB is calling on the State to systematically take into account requests for compensation, amendments to the contract and the non-application of late penalties, as well as the implementation of the theory of unforeseeability, both in public and private contracts, with a view to imposing a renegotiation of prices for as long as the conflict lasts (BatiActu, March 2022)</p>

	Greece	
Economic conditions	General	Construction
	<p>The greek economy is showing resilience, flexibility and dynamism, despite the uncertainty caused by the recurrent waves of the pandemic, but also by the new challenges related to the Russian invasion in Ukraine. In 2021, GDP at constant prices grew by 8.3%, marking one of the best performances in the eurozone and almost fully offsetting the 9% contraction in 2020.</p> <p>In 2021, headline inflation in Greece was 0.6%, mainly due to rising energy and food prices. It was well below the eurozone average. In the baseline scenario, inflation is expected to accelerate to 5.2% in 2022, while a further increase to 7% is projected in the adverse scenario. A de-escalation of inflation is expected in 2023, if supply chains are fully restored, and energy prices decline (FIEC, 2022).</p>	<p>Construction output in Greece increased 5.7% year-over-year in Q4 2021, accelerating from 4.4% growth. Construction activity climbed 22.7% (from 26.9 % in the third quarter) and civil engineering works decreased less (-3.9% compared to -8.2%).</p> <p>Despite robust growth in the first quarter of 2021, the publisher expects the nation's construction industry to decelerate to 3.5% growth in 2021 and average a 2.6% growth rate between 2022 and 2025. Sector output will be supported by improved investor confidence and investment in transportation, renewable energy, residential, and commercial infrastructure projects. The government is focusing on the development of renewable energy projects, in line with its goal of increasing the share of renewables in the total energy mix by 35% over the next 10 years. The plan calls to produce 7.7 GW of solar PV and 7GW of wind power by 2030 (FIEC, 2022).</p>
Raw materials & Energies	Procurement	Price / Cost
	<p>At the outbreak of the war in Ukraine, Greece gets 30% of its energy from Russia.</p> <ul style="list-style-type: none"> • Natural gas: 21% ; • Oil: 55% (COFACE, 2022). 	<p>The cost of electricity increased by 79% between April 2021 and April 2022.</p>

Measures adopted by Public Authorities	<p>The government has decided to launch a EUR 5.4 billion (2.7% of GDP) resilience plan to cope with the 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; • Reduction of taxes and social contributions; • Electricity and gas subsidies for households and businesses; • Aid to the poorest households (OECD, June 2022).
Positioning of the Federation	

	Hungary	
Economic conditions	General	Construction
	<p>In 2021, the volume of GDP increased by 7.1% compared to the previous year and 2.1% compared to 2019 according to gross data. The value of the latter was EUR 154 124.4 million at current prices.</p> <p>From the point of view of production, value added increased by 9.8% in industry, 15.8% in construction, 6.2% in services and 2.2% in agriculture (FIEC, 2022).</p> <p>In November 2021, inflation reached 7.4%, partly due to rising commodity costs, and 8.2% in April 2022.</p>	<p>In 2021, construction output amounted to EUR 15.03 billion at current prices, which was 13.3% above the low base of 2020. For the year, construction output prices were on average 11.4% higher than the previous year. For the full year of 2021, building construction was up 17.1% and civil engineering was up 9.1%. In 2021, the number of contracts signed increased by 0.4% from the previous year, with 4.3% less for buildings and 5.9% more for civil engineering.</p> <p>The volume of contract stock at the end of December in construction companies was 13.1% below the level at the end of December-2020. The volume of contracts decreased by 13.9 percent for building construction and 12.5 percent for civil engineering, year-on-year (FIEC, 2022).</p>
Raw materials	Procurement	Price / Cost

& Energies	95% of Hungary's gas and 45% of its oil comes from Russia, making it very dependent on the latter (OECD, June 2022).	The cost of energy is capped in Hungary, and therefore 20% cheaper on average than its European neighbors.
Measures adopted by Public Authorities	<p>In order to counteract the negative impacts of the war in Ukraine, the government has launched various measures, including:</p> <ul style="list-style-type: none"> • Reduction of social and salary contributions 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>	
Positioning of the Federation	<p>The National Association of Construction Contractors (EVOSZ) and the Public Procurement Authority (KH) have jointly published Recommendations for all parties involved in the public procurement process in the context of the war in Ukraine.</p> <p>The purpose of this paper 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>	

	Ireland	
Economic conditions	General	Construction
	With the post-COVID-19 recovery, Ireland is expected to have a GDP of 4.8% in 2022 and 3.7% in 2023. However, inflation peaked at 8.2% in May 2022, mainly due to material shortages, rising energy and foodcosts (OECD, June 2022).	Construction output in Ireland increased 3.2% year-over-year in the second quarter of 2022, a slowdown from the 29.9% increase in the previous period. Nevertheless, this is the first period of two consecutive quarters of growth since the first quarter of 2020. The continued expansion of residential (15.2% vs. 68.1% in the first quarter) and nonresidential (1.4% vs. 19%) construction offset the decline in civil engineering (-7.6% vs. 14.8%) (Trading Economics,

		2022).
Raw materials	Procurement	Price / Cost
		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. Cables and copper increased by 31% to 8,642 € per ton. Certain types of steel are no longer available. 100% increase in delivery times for air conditioners, the controls electronic controls and lighting equipment (CIF, 2022).
Cost of energy	At the beginning of 2022, the surge in the price 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, as inflationary pressures spread to all goods and services (COFACE, 2022).	
Measures adopted by Public Authorities	To limit the impact of price increases, the government has, as of 2021, implemented measures such as: <ul style="list-style-type: none"> • Reduction of energy-related taxes (OECD, June 2022); • 	
Positioning of the Federation	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). The ICF said this creates "exceptional challenges" in the sector, increasing the likelihood that some contractors will not be able to bid on tenders and may even become insolvent. ICF requests 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. The request is under review (ICF, 2022).	

	Italy	
Economic conditions	General	Construction
	<p>Italy's GDP recovery exceeded expectations in 2021, after a sharp decline in 2020 because of the COVID-19 pandemic. The Italian National Institute of Statistics (ISTAT) reports an increase in GDP in 2021 of 6.6% compared to 2020. The National Association of Italian Constructors (ANCE) estimates that the construction sector has accounted for more than a third of GDP growth.</p> <p>The European Commission forecasts that Italy's GDP growth in 2022 will be +4.1%. In this respect, the recent international geopolitical crisis has profoundly altered the general framework, as well as the outlook for the Italian economy, triggering a further acceleration in energy and food prices (FIEC, 2022).</p>	<p>In the construction sector, the growth of 2021 (+16.4%) allows for a full return to pre-crisis levels, after the -6.2% decline recorded in 2020. Nevertheless, the gap between production levels remains significant when compared to the levels recorded before the crisis in the sector: -28.8% of investments compared to 2007.</p> <p>The notable positive trend comes mainly from housing rehabilitation, which increased by more than +20%, exceeding the forecasts made at the beginning of the year, mainly due to the exceptional effects of tax relief measures.</p> <p>Civil engineering is also estimated to have increased significantly (+15.0%), thus confirming the positive results produced by the measures introduced in recent years in favor of public investment (FIEC, 2022).</p>
Raw materials	Procurement	Price / Cost
	<p>Russia is a key trading partner for Italy for the supply of in materials raw materials, accounting for more than 40% of Italy's gas imports natural gas and more than 10% of Italian imports of refined oil products (FIEC, 2022).</p>	
Cost of energy	<p>In concrete terms, the increase in the price of raw materials such as gas and oil-derived fuels represents an increase in energy bills for industry that should reach EUR 37 billion in 2022, compared with EUR 8 billion in 2021, according to Confindustria, the Italian employers' association (RFI, February 2022).</p>	

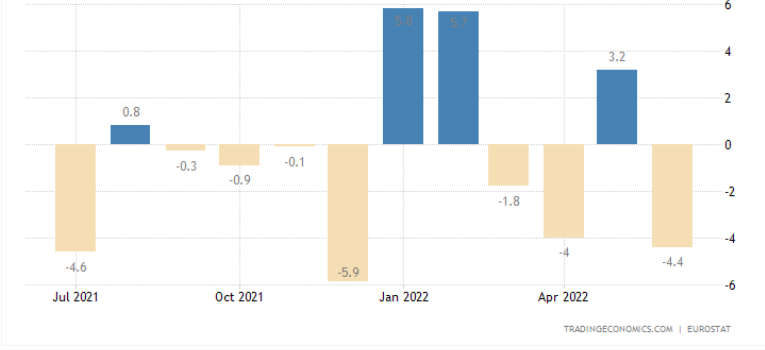
Measures adopted by Public Authorities	<p>In response to inflation, the Italian government has put in place a EUR 14 billion plan to preserve household purchasing power and business production capacity.</p> <ul style="list-style-type: none"> • Fuel Tax Reduction; • 200 EUR of assistance to the most needy households; • Tax credits for energy-intensive businesses; • 25% tax on excess profits made by energy companies (France 24, May 2022).
Positioning of the Federation	<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 are needed immediately to calm prices and compensate for the higher costs incurred by companies, otherwise the PNRR construction sites will all come to a halt" (Gabriele Buia, president of ANCE). Public Works Workers Denounce Unsustainable Situation that Threatens Jobs and Rightseconomic, due to the general increase in the cost of materials.</p> <p>ANCE has launched a survey of 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>Growth is expected to slow to 1.8% in 2022 and 1.6% in 2021. In 2023, as the war in Ukraine weighs on confidence, weakens external markets and intensifies supply-side bottlenecks. Domestic activity will continue to be supported by solid wage growth, pent-up demand, and EU inflows, but high energy prices and increased uncertainty will weigh on private spending. Labor market conditions will remain tight, despite the slowdown inactivity, due to significant skill shortages. Inflation peaks in May 2022 at 18.5% (OECD, June 2022).</p>	<p>Fig.1_Changes in construction input prices over the month <small>Comparison to the previous month</small></p> <p><small>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.</small></p> <p>Per cent</p> <table border="1"> <caption>Data for Fig.1_Changes in construction input prices over the month</caption> <thead> <tr> <th>Month</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr><td>2021M07</td><td>1.0</td></tr> <tr><td>2021M08</td><td>0.5</td></tr> <tr><td>2021M09</td><td>0.4</td></tr> <tr><td>2021M10</td><td>1.0</td></tr> <tr><td>2021M11</td><td>1.0</td></tr> <tr><td>2021M12</td><td>0.5</td></tr> <tr><td>2022M01</td><td>1.2</td></tr> <tr><td>2022M02</td><td>3.5</td></tr> <tr><td>2022M03</td><td>4.2</td></tr> <tr><td>2022M04</td><td>3.5</td></tr> <tr><td>2022M05</td><td>1.0</td></tr> <tr><td>2022M06</td><td>1.1</td></tr> <tr><td>2022M07</td><td>0.8</td></tr> </tbody> </table>	Month	Change (%)	2021M07	1.0	2021M08	0.5	2021M09	0.4	2021M10	1.0	2021M11	1.0	2021M12	0.5	2022M01	1.2	2022M02	3.5	2022M03	4.2	2022M04	3.5	2022M05	1.0	2022M06	1.1	2022M07	0.8
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Raw materials	Procurement	Price / Cost																												

	Lithuania has completely stopped its gas and oil imports from Russia since April 2022. At the moment it uses mainly liquefied gas (OECD, June 2022).	
Cost of energy		
Measures adopted by Public Authorities		
Positioning of the Federation		

Latvia		
Economic conditions	General	Construction
	<p>After the economic slowdown caused by the outbreak of the covid-19 pandemic, the country's GDP rebounded strongly in 2021 (+4.5%) thanks to significant government support measures and a strong export performance coupled with higher levels of private consumption.</p> <p>The latter is expected to be the main driver of growth over the forecast horizon, supported by strong wage growth and the excess savings accumulated in recent years. Overall, real GDP growth this year is forecast at 5.2%, while it is expected to slow slightly to 4% in 2023 (IMF)(Trade Solutions, 2022).</p>	<p>TRADINGECONOMICS.COM CENTRAL STATISTICAL BUREAU OF LATVIA</p> <p>Construction GDP, in thousands EUR, 2019-2022, Tardy Economics.</p>

Raw materials & Energies	Procurement	Price / Cost
	Latvia has already benefited from a jump in foreign demand, especially for mineral products, iron and steel, machinery and equipment, and chemicals and wood (COFACE, 2022). Depending on the year, Latvia imports 30 to 40% of its electricity from Lithuania, Estonia and Russia (before the war).	By 2021, the cost of gas in Latvia had tripled: in July 2020, the price of electricity in Latvia was €31.8 per MWh compared to €89.04 in July 2021.
Measures adopted by Public Authorities		
Positioning of the Federation		

	Luxembourg	
Economic conditions	General	Construction
	In Luxembourg, growth is expected to slow down to 2.9% in 2022 and 2.1% in 2023. War in Ukraine will affect confidence and consumption, but investment, particularly residential construction, will support growth alongside government spending. Employment and wage growth will remain robust. Rising prices for intermediate goods will push up core inflation (OECD, June 2022).	Construction output in Luxembourg decreased by 4.40% in June 2022 compared to the same month a year earlier. 
Raw materials	Procurement	Price / Cost

Luxembourg is not directly impacted by the war in Ukraine, as its trade relations with Russia are minimal. Luxembourg gets most of its energy from liquefied gas, from the Netherlands and Belgium, as well as gas from Norway. Luxembourg used to get 12% of its energy from imports, including 5% from Russian oil. By 2022, Luxembourg has diversified its oil supplies to the Middle East ([OECD, June 2022](#)).

Cost of energy

The price of gas in Luxembourg is expected to increase by 160% in the coming autumn/winter compared to the summer of 2022 (compared to 90% in the last forecast). STATEC still anticipates an 80% increase in gas prices in October 2022, followed by prices are now expected to rise by 10% in November 2022 and then 30% in January 2023 (compared to 10% previously). Electricity prices have also been adjusted, with an expected increase of 45% in January 2023 (up from 35% previously) ([STATEC, September 2022](#)).



Measures adopted by Public Authorities	<p>The government has put in place several envelopes for households and businesses to reduce the impact of rising energy and raw material costs (EUR 830 million and EUR 500 million):</p> <ul style="list-style-type: none"> • Energy bonus for the poorest households; • Reduced network charges for gas and electricity; • Guaranteed loan scheme for businesses (OECD, June 2022).
Positioning of the Federation	

	Netherlands	
Economic conditions	General	Construction
	Dutch growth is expected to grow by 2.9% in 2022 and 1.1% in 2023. Inflation will reach 9.2% in 2022, mainly due to rising prices and shortages of raw materials. It is expected to fall to 4.8% in 2023.	<p>After Dutch construction output contracted by 1.5% in 2020, the Dutch construction sector rebounded in 2021. Output grew by 1.8% in 2021, and this growth will accelerate in 2022 with a volume gain of 5.0%.</p> <p>The main drivers of this positive outlook are the investments needed for the energy transition, climate adaptation, and housing needed to alleviate stress in the residential market, the need to renovate or replace aging infrastructure structures (subject to the war in Ukraine and the impact on commodities and energy)(FIEC, 2022).</p>
Raw materials & Energy	Procurement	Price / Cost
	15% of gas and 18% of oil consumed in the Netherlands come from Russia.	
Measures adopted by Public Authorities	<p>The government has put in place measures to mitigate the impact of rising energy costs:</p> <ul style="list-style-type: none"> • Household support: EUR 800 million in energy subsidies for the poorest households; EUR 300 million in aid for home insulation. • The VAT on energy has been reduced from 21% to 9%; • Gasoline and gas taxes are reduced to 22% (OECD, June 2022). 	

Positioning of the Federation	
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	Poland	
Economic conditions	General	Construction
	<p>Poland's economy has not been as affected by the Covid-19 pandemic than other European countries. A decline in GDP of 2.5% in real terms in 2020 has been followed by strong growth of 5.7% last year. Another 4% growth is projected for 2022 (FIEC, 2022).</p> <p>Inflation in April 2022 reached 11.2% (OECD, June 2022).</p>	<p>Gross fixed capital formation in construction fell sharply by 8.5% in 2020, followed by a solid growth of 5.9% last year. The overall economic growth is positive, with a surplus of more than 4.1% expected by 2022. The share of GDP, used for construction activity, will be about 9%.</p> <p>Last year, the number of permits for houses and apartments increased by 8% over 2020, with the total figure reaching 240,000 units. Growth was seen in both the multi-family market, built by developers and investors, and the private household market.</p> <p>In 2021, residential construction investment grew strongly by nearly 10% in real terms, with forecasts for this year of 5% (FIEC, 2022).</p>
Raw materials & Energy	Procurement	Price / Cost
	<p>The country is heavily dependent on oil and gas imports: Poland used to import 55% of its hydrocarbons from Russia, 66% of which is natural gas. The government is actively preparing to diversify its supply sources (notably to Africa) (Crédit Agricole, Economic Studies, September 2022).</p>	

Measures adopted by Public Authorities	The government introduced measures in early 2022 to protect households against inflation, which will be extended until December 2022. The government has also decided to invest in national defense (budget of 2.2% of GDP in 2022 and 3% of GDP in 2023) (OECD, June 2022).																						
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	Portugal	
Business conditions	General	Construction

	<p>After the unprecedented 8.4% drop in GDP in 2020, the Portuguese economy recovered and grew by 4.8% in 2021.</p> <p>According to the Bank of Portugal's forecasts, the economy should continue to grow in the coming years, but at a moderate pace. Thus, it expects GDP growth of +5.8% in 2022, +3.1% in 2023 and +2.0% in 2024 (FIEC, 2022).</p> <p>Inflation in June 2022 reached 8.1% (OECD, June 2022).</p>	<p>According to FEPICOP estimates, the construction sector's output increased, in real terms, by 4.3% in 2021.</p> <p>After a long period of recession that began in 2002 and lasted until 2016, construction output has increased since 2017 and has been accompanied by an increase in the number of construction workers from 290,000 (on average) in 2016, to 305,400 workers (on average) in 2021.</p> <p>The increase in construction employment in 2021 has led to a reduction in unemployment in the construction, higher than that recorded for total unemployment (-15.4% and -14.2% respectively).</p> <p>Construction output is expected to grow by +3.3% in 2022, with the building construction segment increasing by 1.6% and the civil engineering segment by 5.2% (FIEC, 2022).</p>
Raw materials	Procurement	Price
	Procurement	Price / Cost
		<p>Portugal is experiencing a significant increase in the price of building materials since the beginning of 2021. Information on the price of building materials is only available until December 2021 and is provided by a Commission in charge of the price revision.</p> <p>The largest increase is in PVC pipes (+71% increase during the year 2021), wood-based materials (+65%), bitumen (+65%). Steel, on the other hand, has increased by 40%.</p>

<p>Energies</p>	<p>In 2019, fossil fuels accounted for 76% of Portugal's primary energy consumption (43% for oil). Given its limited fossil fuel resources, the country depended 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 dependence by developing renewable energy sources on its territory, in particular to produce electricity. Renewable energies thus account for more than half of the Portugal's electricity production (54% in 2019, mainly thanks to wind and hydroelectricity). (Knowledge of energy, 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>Portugal signed an agreement with the European Commission in April 2022 to unbundle the price of gas and electricity and contain the increase in costs. This exceptional situation was validated in view of Portugal's unique energy mix, which derives more than 50% of its energy from renewable sources.</p> <p>This agreement will initially cap the price of gas used in electricity generation at 40 euros per megawatt-hour, with an average target of 50 euros over the next 12 months (L'avenir, April 2022).</p>
<p>Measures adopted by Public Authorities</p>	<p>In Portugal, there is a mandatory price revision regime for public works contracts. However, this revision does not cover all the price increases. In addition, there is a gap between the publication of indices and the execution of the work, which generates 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 restrictive for companies, which must negotiate the amendment of the contract by invoking unforeseen circumstances or opt for the termination of the contract.</p> <p><u>General Measures:</u></p> <ul style="list-style-type: none"> • 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 the 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). 	

<p>Positioning of the Federation</p>	<p>The Portuguese government has not yet taken any 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 deadlines and non-application of penalties for contractors who fail to meet deadlines due to delays in delivery of materials; - Clear indications to public entities so that they can compensate companies when the price revision formula does not compensate for the additional cost incurred.
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Economic conditions	<div style="display: flex; justify-content: space-between;"> General Construction </div>																																																																																																																																																																																																												
	<p>Growth in the Czech Republic is expected to increase by 1.8% in 2022 and 2% in 2023. However, major uncertainties remain as a result of rising prices, the war in Ukraine and supply chain disruptions.</p> <p>Inflation will have peaked in April 2022 at 14.2%. It is expected to fall back to around 2% by the end of 2022 (OECD, June 2022).</p> <div data-bbox="1299 558 2038 1069"> <p><i>Construction output trends, January 2019 - July 2022 (SPS, July 2022):</i></p> <p>INDEX STAVEBNÍ PRODUKCE Očištěno o pracovní dny, meziroční změny</p> <table border="1"> <caption>Estimated data from the construction output index chart</caption> <thead> <tr> <th>Year</th> <th>Month</th> <th>Monthly Change (%)</th> <th>Cumulative Change (%)</th> </tr> </thead> <tbody> <tr><td>2019</td><td>1</td><td>-1.6</td><td>-16.0</td></tr> <tr><td>2019</td><td>2</td><td>7.8</td><td>-8.2</td></tr> <tr><td>2019</td><td>3</td><td>11.8</td><td>3.8</td></tr> <tr><td>2019</td><td>4</td><td>9.8</td><td>13.6</td></tr> <tr><td>2019</td><td>5</td><td>5.4</td><td>19.0</td></tr> <tr><td>2019</td><td>6</td><td>3.8</td><td>22.8</td></tr> <tr><td>2019</td><td>7</td><td>4.3</td><td>27.1</td></tr> <tr><td>2019</td><td>8</td><td>1.0</td><td>28.1</td></tr> <tr><td>2019</td><td>9</td><td>4.4</td><td>32.5</td></tr> <tr><td>2019</td><td>10</td><td>3.0</td><td>35.5</td></tr> <tr><td>2019</td><td>11</td><td>2.4</td><td>37.9</td></tr> <tr><td>2019</td><td>12</td><td>2.1</td><td>40.0</td></tr> <tr><td>2020</td><td>1</td><td>2.6</td><td>42.6</td></tr> <tr><td>2020</td><td>2</td><td>4.8</td><td>47.4</td></tr> <tr><td>2020</td><td>3</td><td>4.8</td><td>52.2</td></tr> <tr><td>2020</td><td>4</td><td>3.1</td><td>55.3</td></tr> <tr><td>2020</td><td>5</td><td>2.6</td><td>57.9</td></tr> <tr><td>2020</td><td>6</td><td>3.1</td><td>61.0</td></tr> <tr><td>2020</td><td>7</td><td>1.4</td><td>62.4</td></tr> <tr><td>2020</td><td>8</td><td>-0.4</td><td>62.0</td></tr> <tr><td>2020</td><td>9</td><td>-2.7</td><td>59.3</td></tr> <tr><td>2020</td><td>10</td><td>-4.1</td><td>55.2</td></tr> <tr><td>2020</td><td>11</td><td>-4.5</td><td>50.7</td></tr> <tr><td>2020</td><td>12</td><td>-5.7</td><td>45.0</td></tr> <tr><td>2021</td><td>1</td><td>-4.2</td><td>40.8</td></tr> <tr><td>2021</td><td>2</td><td>-3.8</td><td>37.0</td></tr> <tr><td>2021</td><td>3</td><td>-3.8</td><td>33.2</td></tr> <tr><td>2021</td><td>4</td><td>-5.0</td><td>28.2</td></tr> <tr><td>2021</td><td>5</td><td>-3.2</td><td>25.0</td></tr> <tr><td>2021</td><td>6</td><td>-3.2</td><td>21.8</td></tr> <tr><td>2021</td><td>7</td><td>-6.8</td><td>15.0</td></tr> <tr><td>2021</td><td>8</td><td>5.1</td><td>20.1</td></tr> <tr><td>2021</td><td>9</td><td>8.1</td><td>28.2</td></tr> <tr><td>2021</td><td>10</td><td>1.3</td><td>29.5</td></tr> <tr><td>2021</td><td>11</td><td>3.4</td><td>32.9</td></tr> <tr><td>2021</td><td>12</td><td>3.8</td><td>36.7</td></tr> <tr><td>2022</td><td>1</td><td>2.4</td><td>39.1</td></tr> <tr><td>2022</td><td>2</td><td>4.1</td><td>43.2</td></tr> <tr><td>2022</td><td>3</td><td>3.4</td><td>46.6</td></tr> <tr><td>2022</td><td>4</td><td>9.8</td><td>56.4</td></tr> <tr><td>2022</td><td>5</td><td>16.7</td><td>73.1</td></tr> <tr><td>2022</td><td>6</td><td>10.4</td><td>83.5</td></tr> <tr><td>2022</td><td>7</td><td>9.9</td><td>93.4</td></tr> <tr><td>2022</td><td>8</td><td>8.2</td><td>101.6</td></tr> <tr><td>2022</td><td>9</td><td>4.8</td><td>106.4</td></tr> <tr><td>2022</td><td>10</td><td>6.8</td><td>113.2</td></tr> <tr><td>2022</td><td>11</td><td>6.6</td><td>120.0</td></tr> <tr><td>2022</td><td>12</td><td>1.8</td><td>121.8</td></tr> <tr><td>2022</td><td>1</td><td>4.2</td><td>126.0</td></tr> <tr><td>2022</td><td>2</td><td>-2.7</td><td>123.3</td></tr> </tbody> </table> </div> <p>In July, construction output fell by 2.7% in real terms year-on-year. Building authorities issued 9.2% fewer building permits and the indicative value of these permits fell by 61.0%. Year-on-year, the number of housing starts fell by 28.6%. 6.0% fewer housing units were completed (SPS, July 2022).</p>	Year	Month	Monthly Change (%)	Cumulative Change (%)	2019	1	-1.6	-16.0	2019	2	7.8	-8.2	2019	3	11.8	3.8	2019	4	9.8	13.6	2019	5	5.4	19.0	2019	6	3.8	22.8	2019	7	4.3	27.1	2019	8	1.0	28.1	2019	9	4.4	32.5	2019	10	3.0	35.5	2019	11	2.4	37.9	2019	12	2.1	40.0	2020	1	2.6	42.6	2020	2	4.8	47.4	2020	3	4.8	52.2	2020	4	3.1	55.3	2020	5	2.6	57.9	2020	6	3.1	61.0	2020	7	1.4	62.4	2020	8	-0.4	62.0	2020	9	-2.7	59.3	2020	10	-4.1	55.2	2020	11	-4.5	50.7	2020	12	-5.7	45.0	2021	1	-4.2	40.8	2021	2	-3.8	37.0	2021	3	-3.8	33.2	2021	4	-5.0	28.2	2021	5	-3.2	25.0	2021	6	-3.2	21.8	2021	7	-6.8	15.0	2021	8	5.1	20.1	2021	9	8.1	28.2	2021	10	1.3	29.5	2021	11	3.4	32.9	2021	12	3.8	36.7	2022	1	2.4	39.1	2022	2	4.1	43.2	2022	3	3.4	46.6	2022	4	9.8	56.4	2022	5	16.7	73.1	2022	6	10.4	83.5	2022	7	9.9	93.4	2022	8	8.2	101.6	2022	9	4.8	106.4	2022	10	6.8	113.2	2022	11	6.6	120.0	2022	12	1.8	121.8	2022	1	4.2	126.0	2022	2	-2.7	123.3
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Raw materials & Energies	Procurement	Price / Cost
	The Czech Republic imports about 90% of its natural gas from Russia. 50% of Czech oil consumption comes from Russia. The country has its own coal mines and imports additional coal, mainly from Poland (Euractiv, March 2022).	
Measures adopted by Public Authorities	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 of refugees and their integration into Czech society. The Ministry of Finance has examined Russian companies and companies with Russian capital about the use of pension funds.	
	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 entities with Russian and Belarusian owners to state aid, government procurement, and investment incentives in the Czech Republic, but also discusses 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 the expropriation of their property (FIEC, September 2022).	
Positioning of the Federation	<ul style="list-style-type: none"> • Questionnaire issued in March 2022 to construction companies on chain disruptions of supply, since the beginning of the war in Ukraine; • The Building Contractors Association held a roundtable discussion in September 2022 on the raw materials crisis in construction, a growing threat to the nation's industry (SPS, September 2022). • Representatives of energy-intensive industries (including construction) 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 price ceiling for electricity and gas, an incentive to reduce household consumption, a support scheme for small and medium-sized enterprises... (SPS, August 2022). 	

	Romania	
Economic conditions	General	Construction

	<p>Romania's economy has already reached its pre-pandemic level in the first half of 2022, with growth supported by strong domestic demand. The IMF forecasts growth of 4.8% this year and 3.8% in 2023.</p> <p>The continued sharp increase in energy prices has driven average inflation to 4.3% in 2021, with a forecast of 3.4% for 2022 (BNP Paribas, Trade Solutions, 2022).</p>	<p>In current prices, in 2021, net investment in new construction amounted to €14.1 million, 7.1% higher than in 2020. Similarly, in 2021, construction accounted for 6.6% of GDP, a value almost like that of 2020, respectively 6.3%.</p> <p>Civil works recorded a decrease of 9.17% compared to 2020. The increase in the volume of activity in the construction sector is reflected in the average number of employees in construction, which recorded an increase of 5% in 2021, respectively 427,500 employees in 2021 against 407,209 employees in 2020. Civil works recorded a decrease of 9.17% in 2021 (compared to 2020) (FIEC, 2022).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Prices / Costs</p>
	<p>In recent years, Romania has become increasingly dependent on Russia for its energy needs.</p> <ul style="list-style-type: none"> • By 2021, Romania was dependent on imports for 30% of its gas, of which over 80% came from Russia. • About two-thirds of the oil refined in Romania is imported, half of which comes from Russia (Euractiv, March 2022). 	<p>The average price increase for building materials was about 40%, except for some materials such as metal products, PVC products, bitumen and other non-ferrous metals, which increased by over 40%.</p>

Measures adopted by Public Authorities	<p>1) On April 14, 2022, the government approved an ordinance on the adjustment of government contract prices.</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 revision of 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 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 may take up to 2 years). ⇒ Advances and profits are not subject to price revision <p>2) Capping the price of energy and natural gas for the period 01.02-31.03.2022.</p>
Positioning of the Federation	

	Slovakia	
Economic conditions	General	Construction
	<p>The Slovak economy is expected to grow by 2.3% in 2022 and 3.4% in 2023. In May 2022, inflation will have reached 11.8%.</p>	<p>The construction sector showed signs of decline in 2021. Performance fell in new construction, only repairs and maintenance showed higher performance.</p> <p>Construction output in 2021 amounted to EUR 5.4 billion, a decrease of 2.1% compared to 2020. The work done by construction companies at the national level, decreased by 4.8% year-on-year. This decline is mainly due to a 7.8% drop in new construction. On the contrary, repair and maintenance work increased by 1.1%. On the production side, civil engineering works decreased by almost 10%, while building works decreased slightly less.</p> <p>In total, for the first four months of 2022, construction output amounted to EUR 1.6 billion (FIEC, 2022 & ZSPS, 2022).</p>
	Procurement	Prices / Costs

Raw materials & Energies	The Slovak Republic is very dependent on Russia for its energy needs and is supplied with gas and oil via facilities that cross Ukraine.	Construction prices rose 17.3% year-over-year in May 2022 and were up 1% from April 2022. In the first five months of 2022, construction prices increased 18.3 percent compared to the first five months of the year 2021 (Startitup, July 2022).
Measures adopted by Public Authorities	<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 aid for households has been put in place (tax reduction, increase in aid/child) (OECD, June 2022). • The government has issued a guideline (binding only on public contracts) on taking into account the rising cost of materials in construction, including on current contracts. This allows for a review of the production cost for the builder and the actual purchase cost (Ministry of Transport and Construction, August 2022). 	
Positioning of the Federation	The Slovak Construction Association cooperated with the Ministry of Transport and Construction on the reform of construction prices implemented by the government (indexation formula).	

	Slovenia	
Economic conditions	General	Construction
	<p>The war in Ukraine and bottlenecks in supply chains are negatively affecting economic activity (higher energy and food prices). The post-pandemic recovery has been driven mainly by domestic demand, driven by a fiscal stimulus of about 10% of GDP in 2020-2021 that has supported incomes and businesses. In 2022, economic growth is expected to be 4.6% and in 2023, 2.5% (OECD, June 2022).</p> <p>Inflation is expected to average 3.7% by the end of 2022 (Treasury, 2022).</p>	<p>Investment activity in construction has been affected by rising prices and difficulties in the supply of materials. Value added in construction increased by 2.8% in real terms in 2021. The construction sector accounts for 6.1% of total value added in Slovenia. The population's purchasing power remained high, interest rates remained low, and demand remained strong, leading to growth in residential construction.</p> <p>The value of construction work was 0.5% in 2021 compared to 2020. Construction activity has been weak due to high prices and lower availability of materials, as well as worker shortages (FIEC, 2022).</p>

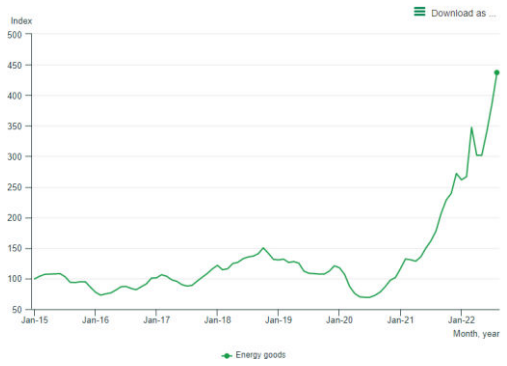
Raw materials & Energies	Procurement	Prices / Costs
	<p>18% of Slovenia's energy consumption comes from Russia: 13% of its oil and 100% of its gas were Russian. Since the beginning of the war, Slovenia has diversified its energy supplies, relying in particular on liquid gas (OECD, June 2022).</p>	<p>In the second quarter of 2022, natural gas and electricity prices rose sharply for consumers: electricity prices increased by 35%, and those of natural gas by 11%. For businesses, the cost of electricity increased by 82.1% between 2021 and 2022 (National Statistical Office of Slovenia, August 2022).</p> <div data-bbox="1422 459 1921 826"> <p>Natural gas prices, Slovenia and EU-27</p> <p>Legend: SI household consumers (blue), EU-27 household consumers (orange), SI non-household consumers (green), EU-27 non-household consumers (purple)</p> <p>REPUBLIC OF SLOVENIA STATISTICAL OFFICE</p> </div> <div data-bbox="1422 890 1921 1369"> <p>Electricity prices, Slovenia and EU-27</p> <p>Legend: SI household consumers (blue), EU-27 household consumers (orange), SI non-household consumers (green), EU-27 non-household consumers (purple)</p> <p>REPUBLIC OF SLOVENIA STATISTICAL OFFICE</p> </div>

		<p>The price of building materials has increased by more than 150%.</p> <ul style="list-style-type: none"> • Raw materials: +60%. • Metal and other natural minerals: +100%. <p>Only for the period March 2021 - March 2022:</p> <ul style="list-style-type: none"> • Concrete reinforcing bar: +245% on average • Bitumen-based products: between +120 and +140%. • Brick and ceramic products: +70%. • Polymer: between +50 and +75%.
Measures adopted by Public Authorities	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 effect until April 2022 and were aimed at 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 (EUR 200 million)(Treasury, 2022).	
Positioning of the Federation		

	Sweden	
Economic conditions	General	Construction
	Growth will slow to 2.2% in 2022 and 1% in 2023. In April 2022, inflation will have reached 6.4% (the highest rate in 30 years) (OECD, June 2022).	<p>The construction sector has only a small negative impact on GDP growth in 2020-2021. This is largely due to the relatively good level of housing starts during 2021. In total, construction investment declined by only 0.6 percent in 2021. From an employment perspective, 2020 was a weak year, with construction employment declining by 2.2 percent. However, negative employment growth has flattened and will be slightly positive in 2021, thanks to a relatively robust construction market.</p> <p>EUR 53 billion was invested in construction in 2021. However,</p>

		the production of new (residential) construction decreased by 4% in 2021, and (non-residential) construction decreased by 3% in 2021 (BYGGFÖRETAGEN, 2022)(FIEC, 2022).
Raw materials & Energies	Procurement	Prices / Costs
	Sweden is mainly impacted by the war in Ukraine on energy costs. On the supply side, trade relations before the war were weak between Sweden and Russia/Ukraine (OECD, June 2022).	Between January 2021 and January 2022, the price change for wood products was +60%. Reinforcing steel increased by almost 50%, while iron and steel increased by almost 40%. The growth of concrete products was 13% in the corresponding period (BYGGFÖRETAGEN, 2022).
Measures adopted by Public Authorities	The government has proposed the abolition of tax reductions on energy for data centers, to encourage them to have a more regulated and responsible consumption of electricity (effective January 1 ^{er} 2023) (Treasury, September 2022).	
Positioning of the Federation	The Swedish Construction Federation shared an open letter to its members' customers to request an agreement for additional time and cost control due to inflation and shortages (BYGGFÖRETAGEN, 2022).	

	Norway	
Economic conditions	General	Construction
	Economic growth is expected to reach 3.5% by the end of 2022, and to slow down for the period 2023, with a prediction of 1.7% (OECD, June 2022).	The strong performance of the economy in 2021 and the lifting of some of the covid-19 related controls, had a positive effect on total construction activity. Output has increased again after a slight decline in 2020. There is, however, a labor shortage in the construction sector, as covid-19 has made it more difficult to immigrate part-time labor. Construction output decreased by only 0.9% in 2020. Including civil engineering, total construction output is estimated to have increased by 6.5% in 2021. The forecast for 2022 is less optimistic. They indicate a decline in construction

		output of about 1.5%. While the strong growth in civil engineering could this decline in total construction output and increase it by 2.5% in 2022 (FIEC, 2022).																	
Raw materials & Energy	Procurement	Prices / Costs																	
	Norway does not depend on Russia or Ukraine for its energy supplies. It benefits indirectly from the situation, becoming the main supplier to Europe (+8% of exports).	<p>The cost of gas and oil increased by 77% between August 2021 and August 2022 (Statistics Norway, 2022).</p> <p>For consumers, a +6.8% change in the consumer price index was observed for housing, water, electricity, gas and other fuels between August 2021 and August 2022 (Statistics Norway, 2022).</p> <p style="text-align: center;">Figure 2. Producer Price index, 2015=100</p> <p style="text-align: center;">Show as chart Show as table Download as ...</p>  <table border="1" style="margin-top: 10px;"> <caption>Approximate data points for Figure 2: Producer Price index, 2015=100 (Energy goods)</caption> <thead> <tr> <th>Month, year</th> <th>Index</th> </tr> </thead> <tbody> <tr><td>Jan-15</td><td>100</td></tr> <tr><td>Jan-16</td><td>100</td></tr> <tr><td>Jan-17</td><td>100</td></tr> <tr><td>Jan-18</td><td>100</td></tr> <tr><td>Jan-19</td><td>100</td></tr> <tr><td>Jan-20</td><td>100</td></tr> <tr><td>Jan-21</td><td>100</td></tr> <tr><td>Jan-22</td><td>450</td></tr> </tbody> </table>	Month, year	Index	Jan-15	100	Jan-16	100	Jan-17	100	Jan-18	100	Jan-19	100	Jan-20	100	Jan-21	100	Jan-22
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Measures adopted by the utilities	<p>The Norwegian government is reluctant to cap gas prices in particular, since it benefits from the price surge.</p> <p>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 provide assistance to households to cope with the extraordinary electricity prices through a deduction from their bills. Households will be eligible for assistance for monthly electricity consumption of up to 5000 kilowatt hours. The scheme was in place until the end of March 2022 and was administered by the transmission system operators (TSOs) (Government of Norway, 2021).</p>																		

Positioning of the Federation	<p>On March 24, 2022, the 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 a 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>
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	Switzerland	
Economic conditions	General	Construction
	<p>GDP is expected to grow by 2.5% in 2022 and 1.3% in 2023. The slowdown in demand due to the war in Ukraine will dampen export and investment growth. Consumption will be supported by the continued improvement in the labor market situation and a decline in the high savings rate. Rising prices for energy and goods affected by supply bottlenecks will weigh on growth and bring headline inflation to 2.5% in 2022, before falling back to 1.8% in 2023 (OECD, June 2022).</p>	<p>For the period from fall 2022 to summer 2023, sales in the core construction sector were 5% in nominal terms compared to 2021. The growth rate is skewed upward as construction material prices artificially increase sales. Real construction activity is growing more slowly.</p> <p>In the nonresidential construction sector, positive momentum can be expected over the next four quarters and likely beyond. In 2022, the vacancy rate has fallen to a six-year low, rents are rising, and housing permit applications were up 8% in the first half of this year compared to the same period last year.</p> <p>Building permit applications indicate that construction activity in Eastern and Central Switzerland is expected to grow strongly in the medium term. The large cantons of Berne, Aargau, Zurich and Ticino are also showing growth (Swiss Society of Contractors, September 2022).</p>
Raw materials &	Procurement	Prices / Costs

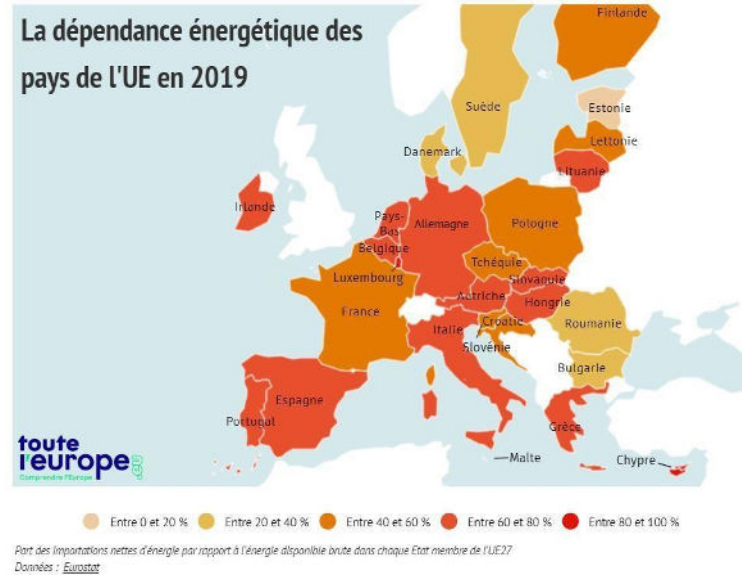
Energy	<p>The production of various building materials - in particular steel, cement and bituminous pavements - requires electricity and/or gas. About half of the steel is produced in Switzerland and the other half is imported from abroad. The Gerlafingen steel plant, the country's largest steel producer, has already declared short time working. A rise in steel prices in Switzerland is therefore possible in the coming months. A reduction in production and thus in the availability of steel is also possible (Swiss Contractors' Association).</p>	<p>The price of electricity in Switzerland (regulated) increased by 37.5% between August 2021 and 2022. The price of gas has increased from 75€ per MWH to 200€ MWH between August 2021 and 2022 (Swiss Society of Contractors).</p>
Measures adopted by Public Authorities	<ul style="list-style-type: none"> • 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. • <u>The government has passed three motions to increase the security of electricity supply:</u> <ul style="list-style-type: none"> ⇒ Support massively the construction of installations allowing the transformation and storage of solar energy in the form of synthetic gas; ⇒ Encourage the widespread development of smart grids; ⇒ Enable small players to participate in the control energy market (Swiss Info, September 2022). 	
Positioning of the Federation		

European Commission	
Restrictive measures towards Russia (Answers to the invasion of Ukraine)	<p>IN BRIEF</p> <p><u>Main sanctions taken by the EU against Russia since February 2022:</u></p> <ul style="list-style-type: none"> • Embargo on most Russian oil; • 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.
	<p>MORE DETAILS</p> <ul style="list-style-type: none"> • <u>First Package (February 23)</u>: Sanctions targeting the ability of the Russian state and government to access EU financial and capital markets and services. • <u>Second Package (February 25)</u>: Financial sector sanctions on Russia's access to capital markets the most important ones, targeting 70% of the Russian banking market, but also key public companies. • <u>Third package (March 2)</u>: Exclusion of the main Russian banks from the SWIFT system. • <u>Fourth package (March 15)</u>: 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 on new investments in the Russian energy sector, with the exception of nuclear energy and the transportation of energy products • <u>Fifth package (April 8)</u>: The EU decided to ban the import of any kind 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. <p>The member states also agreed on additional financial measures. They include a total ban on transactions and an</p>

	<p>asset freeze for four Russian banks - Otkritie, Novikombank, Sovcombank and VTB - which are now completely cut off from the markets after being disconnected from Swift.</p> <p>The European Union has also decided to ban the import of additional products from Russia worth 5.5 billion euros per year. This includes cement, rubber products and wood.</p> <p>In addition, financial and non-financial support to Russian state-owned or controlled entities under EU, Euratom, and Member State programs will be restricted. The Commission will terminate participation in and suspend all ongoing grant agreements with Russian state-owned 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.</p> <ul style="list-style-type: none"> • <u>Sixth package (June 3)</u>: The EU decides to ban imports of crude oil and refined petroleum products from Russia, with some exceptions; exclusion from the SWIFT system with respect to three more Russian banks and one Belarusian bank; suspension of broadcasting activities in the EU of three more Russian state-owned media. <p>The EU also adopted sanctions against 65 additional individuals and 18 entities. These include individuals responsible for the atrocities committed in Butcha and Mariupol.</p> <p>These sanctions are active until January 2023 (European Council, September 2022).</p>
<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 provided by the state aid rules to support the economy in the context of the Russian invasion of Ukraine.</p> <p><u>Three types of aid are provided:</u></p> <ol style="list-style-type: none"> 1) Limited amount of aid - The total amount of aid shall not exceed EUR 400 000 per enterprise at any time. Aid may be provided in the form of direct grants, tax and payment benefits or 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 the loans per beneficiary for which a guarantee is granted if it does not exceed 15% of the average annual global turnover of the company (last 3 financial years); if it does not exceed 50% of the energy costs of the last 12 months; on appropriate justification that the Member State will provide to the Commission for its assessment. 3) Aid to compensate for high energy prices.

The temporary crisis framework will be in place until 31 December 2022, with a possible extension ([European Commission, March 2022](#)).

Energy supply



March 2022 The Commission presented on March 23 ideas for collective action to be taken at the 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, which will be increased to 90% in subsequent years.
- A paper outlining 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 outreach to suppliers in order to secure 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:

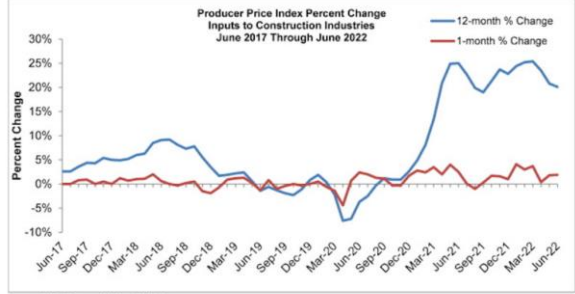
- **Capping the revenues of nuclear and renewable energy producers:** Wind, solar, biomass, hydroelectric... sell their electricity at a price above their production costs (the price of electricity being indexed to the price of gas, which has risen sharply since the war in Ukraine). The European Commission therefore proposes to capture the revenues of these companies to redistribute the income 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 rest of the proposed measures will be discussed in late September 2022, with the hope of finding a consensus.

INTERNATIONAL

North America (Canada, USA, Mexico)		
Economic state	General	Construction
	<p>CANADA Gross domestic product (GDP) rose by 0.8% in the second quarter of 2022, driven by increased business investment in inventories, non-residential structures, machinery and equipment, and household spending on services and semi-durable goods. This was the fourth consecutive quarterly increase in GDP, since 2021 (Statistics Canada, September 2022).</p> <p>Canada's annual inflation rate slowed to 6.9% in September 2022 much below the peak of 8.1% hit in June but slightly above market estimates of 6.8%. Consumer prices continued to slow for transportation (8.7% vs 10.3% in August 2022), largely due to a sustained slowdown for gasoline prices (13.2% vs 22.1%) (Trading Economics, 2022).</p> <p>UNITED STATES USA's GDP rose by 1,6% between October 2021 and October 2022, supported by private consumption that increased by 3,1%. While the annual inflation reached 8,1% in October 2022 (highest since 1985)(IMF Country Data, 2022).</p> <p>MEXICO Mexico's GDP has increased by 4.3% in the third quarter of 2022 compared to the third quarter of 2021 (INEGI Statistics Mexico, 2022).</p> <p>Annual inflation rate was of 8,4% in October 2022. Inflation has been increasing since April 2020 in Mexico, with a slight slow in January 2022. Since then, inflation has only been increasing, until reaching a point of 8.7% in September 2022 (INEGI Statistics Mexico, 2022).</p>	<p>OVERVIEW Due to greater than expected inflationary pressure and further interest rates hikes, construction output in North America is forecast to contract by 3.1% in 2022 plunging to \$1.87 trillion, compared to 2021's construction output of \$1.93 trillion, according to GlobalData.</p> <p>CANADA In 2021, the construction activity contracted by 15.1% (Statistics Canada, 2022).</p> <p>In 2022 third quarter, residential building construction costs increased by 2.5% and non-residential building construction costs rose by 2.1%. The growth was slower than the second quarter, where residential construction costs grew by 5.3% and non-residential costs were up 4.0%. Contractors attribute part of the growth in building construction costs to skilled labour shortages and high labour costs. Additionally, higher material costs, amid a limited availability of materials and equipment, particularly concrete, steel, glass and piping, contributed to higher costs. Contractors also noted that fuel prices continue to add upward pressure on construction costs (Statistics Canada, October 2022).</p> <p>Investment in building construction increased by 0.4% to \$21.1 billion in August 2022. The residential sector rose by 0.5% to \$15.7 billion, while the non-residential sector declined 0.2% to \$5.3 billion (Statistics Canada, October 2022).</p> <p>UNITED STATES Total construction activity for September 2022 (\$1,811.1</p>

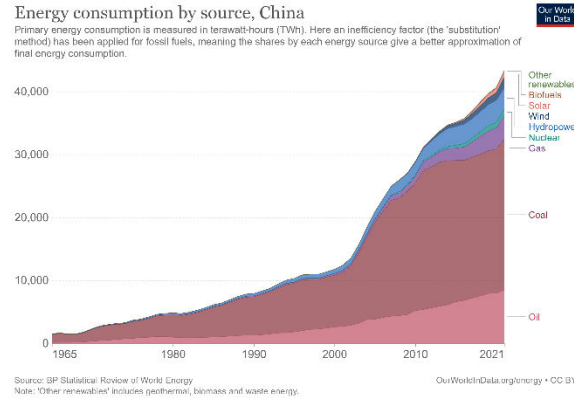
		<p>billion) was 0.2% above August 2022's activity (\$1,807.0 billion). New residential construction activity has decreased by 8% between September 2021 and September 2022 (Bureau of Economic Indicators USA, 2022).</p> <p>MEXICO The production value generated by construction companies decreased by 1.2% between August 2022 and September 2022. Since June 2020, the production activity is very uneven (since January 2019, the construction activity value has drastically decreased)(INEGI Statistics, 2022).</p>
<p>Raw materials & Energy</p>	<p>Sourcing</p>	<p>Costs</p>
	<p>CANADA Thanks to its reserves and production capacity of oil and natural gas, Canada produces more energy than its own needs, and in 2020 exported 44% of domestic energy production. In 2020, fossil fuels accounted for 76.5% of total energy supply (TES). Natural gas was the largest energy source in 2020 (39% of TES), followed by oil (33%). Canada's energy supply also consists of significant shares of hydro (12%), nuclear (8.9%), coal (3.7%) and biofuels and waste (2.6%)(IAE, 2022 Canada Report).</p> <p>The war in Ukraine reduced the global supply of natural gas, generally driving prices up. It has also reduced Europe's access to the resource. As a result, the U.S. has increased its natural gas exports to Europe, and Canada has increased its exports to the U.S., further reducing Canada's supply. Natural gas is currently five times more expensive in Europe than in Canada.</p>	<p>CANADA Electricity prices increased by 12.1% between September 2021 and September 2022 (Statistics Canada, October 2022).</p> <p>Canada's Raw Materials Price Index declined by 3.2% over the previous month in September 2022, following a revised 4.3% decrease in August. Prices for crude energy products fell by 3.6%, a third consecutive monthly decline, while those for metal ores, concentrates & scrap dropped by 2.9% (Trading Economics, 2022).</p> <p>UNITED STATES The Associated General Contractors of America report says construction input prices were up 1.1% in June from May 2022 and rose by 16.8% from June 2021 (ENR, 2022).</p>

	<p>UNITED STATES</p> <p>Trade relations are limited with Ukraine and Russia. Only 3% of crude oil imports are from Russia. Moreover, USA is a net exporter of natural gas. Since February 2022, USA has increased its supply towards Europe (both in natural gas and wheat).</p> <p>However, the supply disruptions of semiconductors and transport equipment produced in Ukraine and Russia, combined with China’s lockdowns are expected to impact USA’s production as of ending 2022, early 2023 (OECD, 2022).</p> <p>MEXICO</p> <p>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>	 <p>MEXICO</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>																																							
<p>Public Authorities measures</p>	<p>CANADA</p> <p><i>Bank of Canada – Policy interest rate</i></p> <p>In Canada, the economy continues to operate in excess demand and labour markets remain tight. The demand for goods and services is still running ahead of the economy’s ability to supply them, putting upward pressure on domestic inflation. Hence the Bank’s strategy of increasing the interest rate (Bank of Canada, 2022).</p> <p>UNITED STATES</p> <p>The Federal Reserve has now lifted its pandemic interest rate, by increasing it to 0,75% and 1%. Further increases are planned in the coming months, with a 3,25% interest rate by the end of 2023 (OECD, 2022).</p> <p>MEXICO</p>	 <table border="1" data-bbox="1691 893 1993 1181"> <thead> <tr> <th>Date*</th> <th>Target (%)</th> <th>Change (%)</th> </tr> </thead> <tbody> <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> <tr> <td>October 27, 2021</td> <td>0.25</td> <td>---</td> </tr> <tr> <td>September 8, 2021</td> <td>0.25</td> <td>---</td> </tr> <tr> <td>July 14, 2021</td> <td>0.25</td> <td>---</td> </tr> <tr> <td>June 9, 2021</td> <td>0.25</td> <td>---</td> </tr> </tbody> </table> <p>*As of 2021, a change takes effect the day after its announcement.</p>	Date*	Target (%)	Change (%)	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	---	October 27, 2021	0.25	---	September 8, 2021	0.25	---	July 14, 2021	0.25	---	June 9, 2021	0.25	---
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	<p>To cope with the surge in prices, the government put in place several measures, among them:</p> <ul style="list-style-type: none"> • Elimination of fuel taxes (can cost up to 1% of GDP); • Fuel subsidies (estimated annual cost US\$25.8 billion – approx. 1% GDP)(UNDP, 2022). <p>On the other hand, the Central Bank has increased the interest rate, to contain the inflation. The current interest rate is now at 7%, expected to reach 9% in January 2023 (OECD, 2022).</p>
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	Asia	
Economic state	General	Construction
	<p>CHINA Economic growth will slide to 4.4% in 2022 and is expected to rebound to 4.9% in 2023. Amid mounting headwinds, growth will be supported by investment in the climate transition and the frontloading of infrastructure projects. Real estate investment will remain weak due to the continuing defaults across developers and falling price expectations. Exports will remain relatively strong as companies continue to raise their market shares. Adverse confidence effects related to continuing lockdowns coupled with inadequate social protection will weigh on consumption (OECD, 2022).</p> <p>In October 2022, the national Consumer Price Index (CPI) increased by 2.1% year-on-year. From January to October 2022, on average, the national consumer price increased by 2.0% over the same period last year (Statistics of China, 2022).</p> <p>INDIA After recording the strongest GDP rebound in the G20 in 2021, the Indian economy is progressively losing momentum as inflation remains elevated due to rising global energy and food prices. Real GDP is projected to grow by 6.9% in fiscal year 2022-23 and 6.2% in 2023-24.</p>	<p>OVERVIEW The construction output in Northeast Asia is forecast to record a 4.2% growth and reach \$4.71 trillion in 2022 compared to \$4.52 trillion in 2021. It will account for 39% of the projected \$12.19 trillion of global output this year. However, the growth of construction output in Northeast Asia in 2022 has been revised downwards by 0.8% this quarter, due to the slowing construction activities across the region. GlobalData reveals that only China, Taiwan and Japan recorded real construction output growth in 2021. The remaining construction industries of the region recorded a second successive contraction last year (pandemic results). Out of the construction industries which contracted last year, only South Korea is expected to recover to its pre-pandemic output this year (Global Data, 2022).</p> <p>CHINA A cause for further concern is the slowing of activity in the Chinese construction industry, the largest in Northeast Asia and globally, with growth slowing to just 2.1% in 2021 and headwinds mounting in the first quarter of this year (Global Data, October 2022).</p>

	<p>While inflation will gradually decline, the current account deficit will widen due to the surge in energy import costs. Current annual inflation in India is about 6% (OECD, 2022).</p> <p>JAPAN Lockdown measures, weak external demand and surging prices for energy, materials, and commodities in the context of COVID-19 and the Russia-Ukraine war weighed on domestic demand early in the year. In these conditions, pent-up demand has risen, further boosted by substantial policy support. As a result, the economy will pick up from the slow start to the year, with GDP growth projected to be 1.7% in 2022, and 1.8% in 2023 (OECD, 2022). Annual inflation in Japan was of 2% in October 2022 (IMF, 2022).</p> <p>SOUTH KOREA Growth will moderate to 2.7% in 2022 and 2.5% in 2023. Consumption is set to strengthen, though with a drag from high inflation. From early 2023, growth will pick up due to strong investment and exports, as current uncertainties are assumed to abate. Elevated household debt and housing prices, and stronger than expected interest rate increases pose downside risks to domestic demand. A potential shortage of rare gases sourced from Russia and Ukraine could weaken semiconductor exports (OECD, 2022). Between September and October 2022, the consumer price index increased by 0,3% (Statistics South Korea, 2022).</p>	<p>INDIA India's construction sector is made of Real estate and urban development (water supply, healthcare, sanitation...). In 2021, it accounted for 9% of India's GDP (Invest India, 2022).</p> <p>SOUTH KOREA Construction output in South Korea increased 3,9% in September 2022, compared to the September 2021 (Trading Economics, 2022).</p>
<p>Raw materials & Energy</p>	<p>Sourcing</p>	<p>Costs</p>
	<p>CHINA</p>	<p>CHINA China's producer price index fell in October 2022, for the first time since December 2020, dragged down by drops in iron and steel prices. The producer price index, which tracks the</p>



INDIA

The direct impact of Russia and Ukraine’s war is rather small in India. Russia accounts for less than 1% of India’s crude oil consumption and less than 1% of coal consumption. However, the indirect impact of the war on worldwide energy and commodity is having many impacts on India: in 2021, India imported 88% of its crude oil consumption, and 29% of its coal consumption ([OECD, 2022](#)).

JAPAN

The dependance in Russia for fossil fuels is low (11%, 9% and 4%, respectively for coal, natural gas, and oil). Since 2022, Japan reduces continually its Russian importations ([OECD, 2022](#)).

SOUTH KOREA

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](#)).

price of raw materials and other input costs, fell by 1.3% in October from a year ago ([CNBC, October 2022](#)).

INDIA

The price index for the energy and fuel group increased by (0.13%) to 157.8 (provisional) in September 2022 from 157.6 (provisional) for the month of August, 2022. Prices of Electricity (5.16%) increased in September 2022 as compared to August, 2022. Prices of Mineral Oils (-1.32%) declined in September 2022 as compared to August 2022 ([Office of the Economic Advisor, 2022](#)).

SOUTH KOREA

In May 2022, energy and raw material prices remained high due to supply disruptions caused by the pandemic, which have been compounded by the ongoing war in Ukraine. South Korea relies heavily on imports for energy and key raw materials. Coal and oil-related products saw their prices rise by 2.9% (between April and May), with factory product prices growing 1.2% ([The Korea Herald, 2022](#)).

Public Authorities measures	<p>CHINA Supportive measures will be taken to mitigate the general price increase, among them the cut in taxes and charges (OECD, 2022).</p> <p>INDIA As the energy and food commodities account for 53% of the consumer price basket, the government put in place measures such as cutting the central excise duties on petrol and diesel, and import duties on coal (OECD, 2022).</p> <p>JAPAN To cope with the surge in energy prices, the Government introduced a new subsidy in March 2022, for fuel wholesalers, to moderate the fuel price increase (OECD, 2022).</p> <p>SOUTH KOREA To lighten the impact of inflation on businesses and individuals, the government decided to cut tax by 20% on gasoline and diesel, and 30% on liquified gas. Meanwhile, the central bank of South Korea rose the interest rates, from 0,75% to 1,75% (expected to be of 2,5% by the end of 2023)(OECD, 2022).</p>
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	Middle East	
Economic state	General	Construction
	<p>SAUDI ARABIA In October 2022, the annual GDP growth was of 7,9% and the annual inflation was of 2,7% (IMF, 2022). In 2023, the GDP is expected to be of 6% (OECD, 2022).</p> <p>"Russia's war in Ukraine, combined with inflation at home, have contributed to a steep rise in energy prices, thus renewing attention on Saudi Arabia as one of the world's top oil producers, and the only one to have a significant capacity to increase production quickly," noted a report from the Council on Foreign Relations, a U.S.-based think-tank (Cbc news, 2022).</p> <p>EGYPT</p>	<p>SAUDI ARABIA The construction industry in Saudi Arabia is expected to expand by 4.9% in real terms in 2022, supported by a rise in oil prices and production levels, coupled with continued progress in the country's diversification plans. According to the General Authority of Statistics (GaStat), the construction industry's value grew by 4.4% YoY in the first half of 2022. Although the industry is expected to remain stable in the second half of this year, downside risks in the short term could arise due to supply chain disruptions, rising wage costs, and the tightening of monetary policy (GlobalData, 2022).</p> <p>EGYPT Investments in the construction sector will support long-term</p>

	<p>In October 2022, the annual GDP growth was of 6,6% and the annual inflation was of 8,5% (IMF, 2022). In 2023, the GDP is expected to be of 5,1% (OECD, 2022).</p> <p>ISRAEL In October 2022, the annual GDP growth was of 6,1% and the annual inflation was of 4,5% (IMF, 2022).</p> <p>TURKIYE In October 2022, the annual GDP growth was of 5,6% and the annual inflation was of 73% (IMF, 2022).</p>	<p>economic growth through improved connectivity and help the country overcome the socioeconomic impact of ongoing crisis. According to a report published by the Ministry of Planning and Economic Development, the country aims to invest an estimated amount of EGP240.7 billion (\$15.3 billion) on the transport sector during the period 2022–23. According to GlobalData, the construction sector expanded by 6.3% in 2021 and is forecast to grow by 6.4% in 2022 and 6.5% in 2023 (GlobalData, 2022).</p> <p>TURKIYE The Turkish construction industry is expected to decline by 8.1% in 2022, following a weak first half of the year, in which output contracted by 9.8% compared to the first half of 2021. The decline has been driven by the impact of the ongoing currency crisis and soaring inflation on the Turkish economy, which is highly sensitive to changes in the value of the lira due to Turkey’s large current account deficit. According to the Turkish Statistical Institute, total construction costs rose by 106.4% year on year (YoY) in the second quarter of 2022, driven primarily by rising materials costs, which increased by 131.6%. This will weigh heavily on new investment, as well as on the progress of ongoing construction projects over the remaining part of 2022 and into 2023 (GlobalData, 2022).</p>
<p>Raw materials & Energy</p>	<p style="text-align: center;">Sourcing</p> <p>SAUDI ARABIA Two elements are pushing prices up in Saudi Arabia: - 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</p>	<p style="text-align: center;">Costs</p> <p>SAUDI ARABIA The country’s oil revenue in the first half of 2022 grew by 75% year on year (YoY), increasing from SAR248.7 billion (\$66.3 billion) in H1 2021 to SAR434 billion (\$115.8 billion) in H1 2022, boosted by the surge in prices. The rise in oil prices has bolstered the government’s funds; in August 2022, the Finance Ministry said that the budget surplus reached SAR78</p>

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](#)).

ISRAEL

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](#)).

TURKIYE

Given Turkey's high dependance on oil and gas imports, the war in Ukraine has strong impacts on its economic state. Gas imports from Russia accounts for a half of all Turkey's gas importations, while oil imports represent 30% of them ([OECD, 2022](#)).

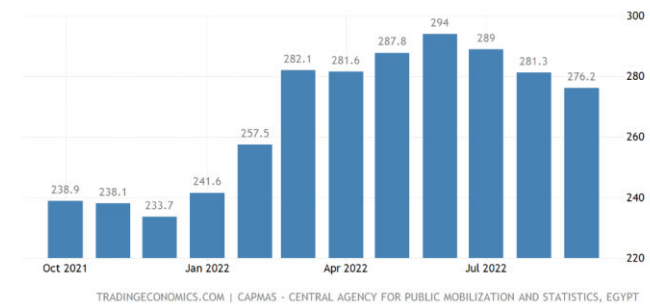
billion (\$20.8 billion) in Q2 2022 ([GlobalData, 2022](#)).

Since 2021, the price of aluminum, copper and iron have increased between 45% and 51%, while the price of steel rose by as much as 46% in some parts of Saudi Arabia ([Construction Week, Saudi Arabia, November 2022](#)).

Modular construction techniques are currently up to 30% more expensive than traditional labor-intensive methods of construction ([Construction Week, Saudi Arabia, November 2022](#)).

EGYPT

Evolution of producer prices (October 2021 - October 2022), ([Trading Economics, 2022](#)).



ISRAEL

Despite the decline in raw materials prices, the Construction Inputs Index has soared by 4.4% since the beginning of 2022. The construction materials account for only half of the index, and the crisis in the supply chain and the volatility in the price of fuel prevent buyers from benefiting from the decline in their prices.

"These declines need to be put in proportion," explains Nir

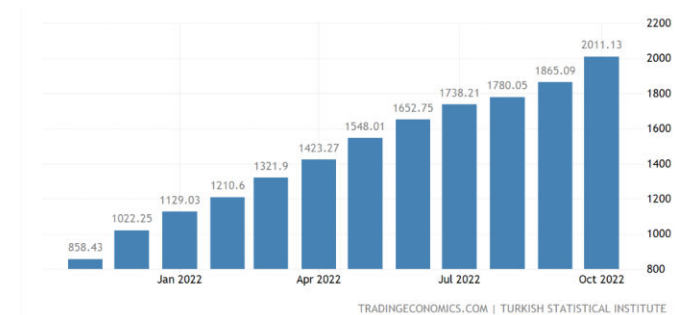
Yanushevsky, vice president of the Association of Contractors and Builders of the Country. "Steel, for example, has fallen by 33% from its peak, but from January 2020 to the present, it has risen by 114%. Transportation prices declined by 39% but increased by 620% since January 2020. We are still at prices three and four times higher than they were prior to the covid-19 crisis" ([IBA, 2022](#)).

TURKIYE

Household natural gas prices have been hiked 174% this year, small- to medium-scale industrial gas prices were raised 277% and large industrial prices by 379%.

Just in September 2022, Turkish authorities raised electricity and natural gas prices for households by around 20% and by around 50% for industry ([Reuters, 2022](#)).

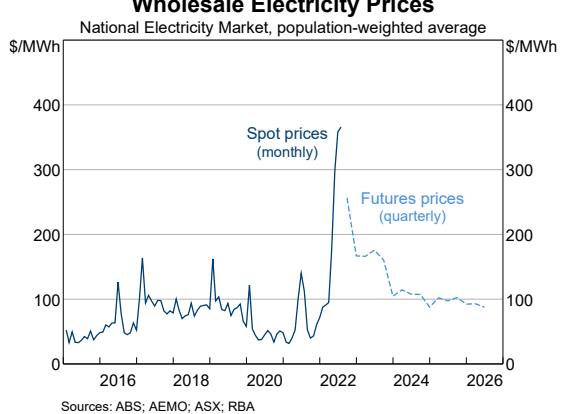
Turkish producer prices evolution (January 2022 – October 2022)([Trading Economics, 2022](#)).



Public Authorities measures	<p>EGYPT In March 2022, the government announced a mitigation package worth EGP130 billion (\$8.3 billion) to alleviate the impact of rising prices. Moreover, the country issued a Samurai bond worth \$500 million in March 2022. Additionally, the government introduced a National Structural Reform Program (NSRP) (FY2021–22 and FY2023 – 24), which seeks to improve the standard of living and service delivery to all Egyptians without discrimination (GlobalData, 2022).</p> <p>TURKIYE To mitigate the global price increase, the government has reduced the value-added tax on electricity used in residences and in agriculture, and has granted subsidies to 4 million households (OECD, 2022).</p> <p>ISRAEL To cope with the global price increase, the government increased child allowances, suspended taxes on coal for 2022, and reduced some custom tariffs (OECD, 2022).</p>
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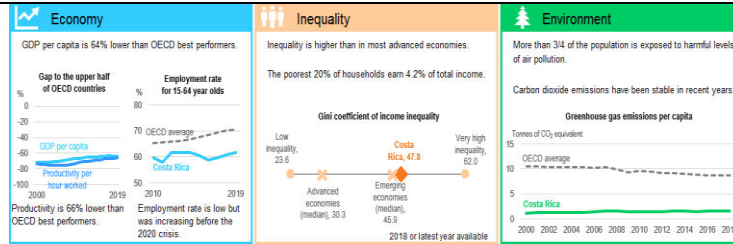
	Australia/New Zealand	
Economic state	General	Construction
	<p>AUSTRALIA Australia has imposed several financial sanctions on Russia’s 62 entities and 843 individuals. The implications for Australian businesses are not directly related to the impact of Russia but are extended by its close relationship with China. China is now in recession, with growth below 6%. The impact of the war in Australia is felt the most in the food and agri-food chain, with Russia and Ukraine accounting for a combined 20-30% of global exports of several vital commodities. The only advantage for Australia is that the states are reducing their dependence on Russian diesel and gasoline and can benefit from the US in particular (Fao.org, June 2022).</p> <p>NEW ZEALAND The most significant impacts on New Zealand were the higher</p>	<p>AUSTRALIA The Russian/Ukrainian conflict has caused many delays for construction companies in Australia due to the increase in the oil price (especially diesel) and the cost of materials (OECD, August 2022). The construction industry is registered at an annual growth of 1.8%, when it was of 2.1% in 2020. It should be at an average growth rate of 2.8% by 2023, thanks to the government’s continued focus on infrastructure (Businesswire, October 2022).</p> <p>NEW ZEALAND Russia was the 27th largest export trading partner during the year 2021 for the country, with goods exports totaling 293 millions of dollars. Almost all imports in 2021 from Russia</p>

	<p>fuel and commodity prices, financial market volatility as well as the global economic activity that might take a toll. Especially given that the annexation of Crimea by Russia in 2014 has caused significant volatility, with dairy prices that had fallen down by 40% over the course of the year 2015 (MFAT.gov, February 2022).</p>	<p>were crude oil, which generated a source of stress for the country, especially given that aluminum prices have risen by 15% since the beginning of December, and an expected rise in raw materials could affect the construction sector (MFAT.gov, February 2022).</p> <p>The construction industry contributes significantly to the country's economic state with over 15.8 billion dollars (NZ) of profit during the first quarter of 2021 (Statista, May 2022).</p>
<p>Raw materials & Energy</p>	<p>Sourcing</p>	<p>Costs</p>
	<p>AUSTRALIA</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 experiencing difficulty 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-19, which are still being felt (Journal of Québec, March 2022).</p>	<p>AUSTRALIA</p> <p>Electricity prices are supposed to soar and to rise by 50% over two years and with a further 30% by the end of the year when they were only supposed to rise by 20%. Thought the government is trying to make new deals with gas companies on the east coast, to ensure enough supply for the country (SBS News, October 2022).</p> <p>An increase of almost 50% in oil prices is to be expected, knowing that crude oil prices are already above 100 dollars a barrel. Though Australia is one of the biggest exporters of coal and gas in the world, the electricity sector has had a few disruptions to coal supplies or power stations outages and ongoing maintenance. The prices are set to have rose by 45.2% (Reserve Bank of Australia, June 2022).</p>

		<p style="text-align: center;">Wholesale Electricity Prices National Electricity Market, population-weighted average</p>  <p>NEW ZEALAND</p> <p>The price of building products sold in NZ has increased by 32% on average over the last 12 months; suppliers only predict that building prices will increase further over the next six months, and 87% of these increases are causing inflationary pressure on their business. More than 95% report that rising freight costs are creating inflationary pressures on their business, and for 63%, it even impacts their ability to supply the market (Scoop Media, August 2022).</p>
<p>Public Authorities measures</p>	<p>AUSTRALIA</p> <p>Though the government has spent more than 240 million dollars on armaments and military support to Ukraine and granted more than 9,000 Ukrainian refugees, Australia called on China to help end the war in Ukraine (VOA News, September 2022). Furthermore, the government has invested more than 60 million dollars to build better roads, and infrastructures, plus their plan of the Sydney metro. Australia’s Reserve Bank has also raised interest rates, while workers are supposed to see real salary increases starting 2023 (Forbes Advisor, November 2022).</p> <p>NEW ZEALAND</p> <p>As the country reached its highest rate since 1990 of 7.3%, up to 9.1% at the end of June, the Reserve Bank of New Zealand has like many other banks raised the interest rates, and tries to ensure price stability as much as they can, and the inflation</p>	

	<p>should go down to 5% by the end of the year, given the New Zealand dollar has also lost its value, and should be gaining back its value at the end of 2023. In August, the ABS forecast of the inflation was 4.5% in 2023, 3.1% in 2024 and 2.8% in 2025 (Capital New Zealand, November 2022).</p>
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Latin America		
Economic state	General	Construction
	<p>LATIN AMERICA The situation tightened in October 2022. Indeed, they are facing the tightening of global financial conditions, given that major central banks have raised their interest rates to counter inflation. The growth projection for Latin America and the Caribbean went from 3.5% to 3% at the end of July. The region has suffered from both covid and the Ukrainian crisis. Certain countries' economies, such as Central America, Panama, and the Dominican Republic, are weakening, given the lack of trade with the United States. The projections for 2023 of the GDP for Latin America and the Caribbean is 1.7% only (IMF, October 2022).</p> <p>COSTA RICA As of November 2022, a high inflation and a high monetary policy stance are what defines the current economic state, while exports are obstructed till 2023 but should regain growth by 2024. The annual inflation is at 12% and should decline to 4.2% by 2024. Moreover, inequality is higher than in most advanced countries with the poorest 29% households earning 4.2% of total income. Therefore, they feel the consequences of the war in Ukraine (OECD, November 2022).</p>	<p>LATIN AMERICA The Construction sector is supposed to grow approximately by 5% during these next years, independently from fiscal pressures or international issues. The issue, instead, is that not all countries from the region are on an equal level. In 2021, the construction industry in Mexico alone was one of the largest in Latin America, with a value of 121 billion dollars. The construction market in Latin America covers different projects, from commercial construction to infrastructure and energy construction (Mordor Intelligence 2022). Latin America even received an overall score of 0.17 on Global Data's March 2022 Construction Project Momentum Index, which indicates the well-being of the construction project pipeline and all stages of development. Indeed, many construction projects are not meeting their deadlines, and the infrastructure sector has a score of -0.02% putting Latin America in 9th place out of 11 regions worldwide (for reference, 5 is the best score, and -5 is the worst)(Investment Monitor, April 2022).</p> <p>COSTA RICA Costa Rica's construction sector has been expanding since January. Indeed, it has been on a constant growth for the past two years. It grew by 6.2% in January 2022, and other sectors are also growing such as water (4.5%) and transport (29.6%)</p>



(Bnamericas, March 2022).

PANAMA

Panama is one of the countries of Latin America that suffered the most from the economic consequences of COVID-19, but in 2021 the industry rebounded to an estimate 47.8%. In August 2021, the government announced more than 4.8 billion dollars affected to infrastructure development sectors, so the construction industry should be stabilizing towards 12% of average growth between 2022-2025 (Businesswire, March 2022).

GUATEMALA

Guatemala was able to bounce back from the COVID-19 pandemic thanks to the construction sector which represented 5.5% of the national GDP according to the Central American Bank for Economic Integration (CABEI) and should grow by 4.8% in 2022. The government announced different national development initiatives, which will increase the investments for the country towards rural infrastructure, housing as well as logistics. This program will boost the economy. Many of these projects are highways (310M\$), Harbors (800M\$), three airports (135M\$) etc. (International Trade Administration, August 2022).

HAITI

Haiti's current state, is faced with political instability, increasing violence, insecurity and fragility, it still is to this day the poorest country in Latin America, and amongst the poorest countries in the world (World Bank, November 2022).

CUBA

Cuba has decided to consider the Russian version of events that had been promoted throughout social media and television, and in some reports, it was even said that what was happening in Ukraine was "minimal and superficial". Two days before the beginning of the war in February, Russia had postponed the debt payments of Cuba till 2027 which were loans that aloud power generations, metals and transportation infrastructures (VOA News, April 2022).

Raw materials & Energy

Sourcing

LATIN AMERICA

Latin America countries benefit from large endowments of minerals that are essential to the production of low carbon technologies such as lithium, copper, silver, bauxite, zinc, manganese, and nickel. Renewable energy deployment has also been very successful in Latin America, that are the

Costs

LATIN AMERICA

Though it might be tough to find relevant data country by country, there are sufficient data that show how vulnerable the region is to price variations and how certain materials have been affected because of the war in Ukraine.

lowest-cost source of new power generation and renewable energy capacity per capita that is twice the world average ([IRENA Website](#)).

GUATEMALA

One of the advantages of the country is the supply of raw materials and construction equipment. Indeed, according to Import Statistics Guatemala imported more than 1 billion in construction materials (an increase of 40% compared to 2020), which is why they were able to be protected from the consequences of the Ukrainian war ([International Trade Administration, August 2022](#)).

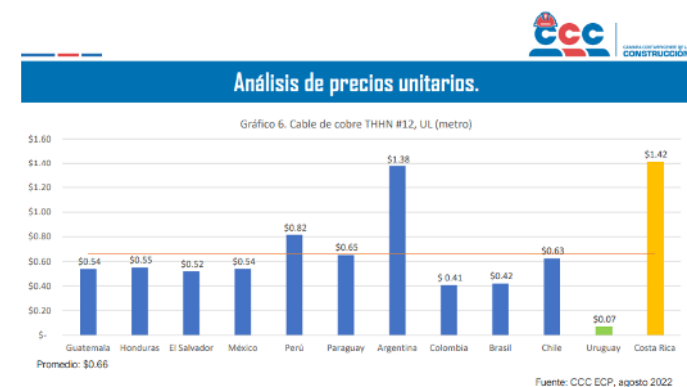
Energy prices exposure

Country	Overall impact of higher energy prices	Crude oil/NGL imports vs. exports	Oil rents (revenue - cost of production) as % of GDP	Energy subsidies	Political risk	Transition risk	Inflationary risk
Guyana	Very positive						
Brazil	Very positive						
Colombia	Positive						
Costa Rica	Positive						
Mexico	Neutral						
Suriname	Neutral						
Venezuela	Neutral						
Ecuador	Neutral						
Panama	Neutral						
Argentina	Negative						
Dominican Republic	Negative						
Chile	Very negative						
Peru	Very negative						

Sources: IMF, World Bank, IEA, BN Americas, AMI analysis

Indeed, this shows how countries might be affected by the political, transition, inflationary risk on the energy prices for example ([IMF, 2022](#)).

Furthermore, thanks to data from the FIIC, we were able to see that the countries are especially vulnerable to price variations and especially expensive. For instance, for a copper wire these are the price variations depending on the countries (FIIC, August 2022).

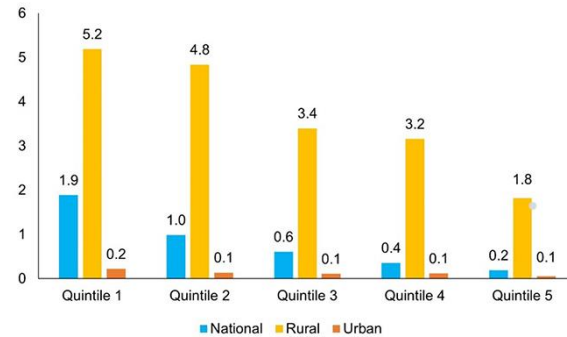


Public Authorities measures	<p>LATIN AMERICA One of the advantages of the country was the supply of raw materials and construction equipment. Indeed, according to Import Statistics Guatemala imported more than 1 billion in construction materials (an increase of 40% compared to 2020), which is why they were able to be protected from the consequences of the Ukrainian war (International Trade Administration, August 2022).</p> <p>GUATEMALA As said previously, the government and thus hand in hand with help from the United States has constituted a consequent growth plan for the country itself.</p> <p>COSTA RICA Costa Rica could be exempted from the increase in energy costs, particularly thanks to its green points. Indeed, the country has just succeeded in producing 100% of its electricity thanks to renewable energies for more than two months in 2019. Costa Rica has already set the goal of becoming the first carbon neutral country by 2022. For these two months, they had focused on their main energy source: water and have been developing hydraulic electricity even in rural zones of the country which allows 98% of the population to have access to water. Moreover, the government had also invested in geothermic equipment especially in 2014, with more than 950 million invested in geothermic equipment near the Rincon de la Vieja volcano (EDF, ENR, August 2019).</p>
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		South America	
Economic state	General	Construction	
	<p>SOUTH AMERICA The current economic state of South America is different from one region to another. Indeed, though they have been able to recover from the COVID-19 pandemic strongly, the war in Ukraine is one more challenging the countries of South America. Due to the war, the countries have been facing a rise in energy and commodity prices and a global gasoline trade deficit. They have been able to counter certain aspects of the war in Ukraine, given Ukraine, Russia and Belarus only receive 0.6% of the region's exports. However, Paraguay, Jamaica, and Ecuador had 4 to 6.6% of their total exports. The forecast</p>		

	<p>for South America's GDP is 2.1% for 2022 and 2% for 2023. The largest economies that are Brazil and Mexico are expected to underperform in 2022, with only 0.7% of the expected GDP (Deloitte, June 2022).</p> <p>ARGENTINA One of the largest economies in South America, with a GDP of \$490 billion, is endowed with fertile lands, gas, lithium, and renewable energies. Increase of 10.4% of GDP in 2021, after a fall of 9.9% in 2020 (OECD, November 2022).</p> <p>VENEZUELA Though the country has faced a few difficulties in the last few years, it is expected to benefit from reduced inflation and an expansion of its economy of 9.8% in 2022 and should grow at a steady 5.4% in 2023. It has been growing at its fastest pace in 15 years, representing a rebound for the country thanks to the substantial oil reserves.</p> <p>BRAZIL The country could sustain growth even during inflation and has received higher prices for substantial oil, iron, and agricultural commodities exports. Inflation peaked again but reduced to 8.7% in August after obtaining a high of 12.1% in April. Brazil's most significant exports, including iron ore, crude petroleum, and soybeans, have all shown price declines this past year, and with the threat of global recession, the export growth should come down (Deloitte, October 2022).</p>	
<p>Raw materials & Energy</p>	<p>Sourcing</p>	<p>Costs</p>
	<p>SOUTH AMERICA Sourcing is an issue in South America, given many people do not even have access to energy. Seventeen million people lack access to electricity and 75 million to clean cooking fuels</p>	<p>SOUTH AMERICA Though it might be tough to find relevant data country by country, there are sufficient data that show how vulnerable the region is to price variations and how certain materials</p>

and technologies, a situation also exacerbated by the rising fossil fuel prices because of the war in Ukraine. The proportion of people without access to electricity by income quintile (rural, urban, and total):



In some countries of South America, such as Nicaragua, or Bolivia, 30 to 40% do not have access to electricity. The same issue is seen with the costs and access of water and sanitation services, as well as the energy dependence to the water supply (also affected by the rising fuel prices)([CEPAL, Water and Electricity review, September 2022](#)).

have been affected because of the war in Ukraine.

Public Authorities measures

SOUTH AMERICA

The CEPAL proposed an idea in September 2022 of investing 2.6% of regional GDP annually over the next ten years to universalize access to essential drinking water, sanitation, and electricity services; therefore, it could create up to 4.1 million direct green jobs per year, reducing pollution and incentivize to use of renewable energy ([CEPAL, September 2022](#)).

ARGENTINA

Agreement with the International Monetary Fund in early 2022 for a new Extended Fund Facility (EFF), a program that will allow the country to postpone its maturities with the agency and strengthen its reserves during the short term, reaching equilibrium in 2025 ([World Bank, October 2022](#)).

Multilateral Development Banks	
	<p>ASIAN DEVELOPMENT BANK (AsDB)</p> <p>Russia is a major trading partner for many countries in the region. One of the main impacts has been the disruption of trade and supply chains which, on top of global supply chain disruptions following the COVID-19 pandemic, has caused spiking food and energy prices. Some countries also have many migrant workers in Russia, and the war will likely increase returnees or reduce remittances.</p> <p>For example, around 133,000 Uzbek migrant workers had returned home by end of March. In Pakistan, almost 10 million Pakistanis were projected to fall into poverty from 2020-2022 due to soaring food and energy prices. Overall, higher food and energy prices threaten to undermine gains in poverty reduction in the last decade.</p> <p>AsDB has a countercyclical facility that provides fast-disbursing emergency budget support during times of crisis. They enhanced this facility in May and subsequently rolled out the Building Resilience with Active Countercyclical Expenditures (BRACE) Programs¹ to help members cope with external shocks such as the invasion. They already approved a \$500 million loan for Uzbekistan, a \$1.5 billion loan for Pakistan, a \$50 million grant for Tajikistan, and a \$50 million package for the Kyrgyz Republic (ADB, October 2022).</p> <p>AFRICAN DEVELOPMENT BANK (AfDB)</p> <p>In the short term, the increase in the global oil prices is expected to elevate the cost of production in 12 East African countries, but not South Sudan which is a net oil exporter. This has already led to increases in food prices, a major driver of inflation in the region. The war is expected to trigger a migration of global investors from East Africa, resulting in portfolio outflow and currency depreciations. The depreciation of currencies in countries like Ethiopia and Kenya may elevate inflationary pressure through exchange rate pass-through and increase the cost of debt service.</p> <p>Mitigating the effects of the Russia-Ukraine conflict will require appropriate temporary fiscal and monetary policies in the short-to-medium term. These measures could include temporary targeted transfers to the most vulnerable where safety nets exist, or temporary subsidies on food and fuel to contain inflation in the short term. However, countries face complex policy trade-offs: while containing inflationary pressures without unduly undermining growth, cushioning vulnerable groups against the surge in energy and food prices without adding to fiscal and debt vulnerabilities, and managing exchange rate adjustments in response to tightening global monetary and financial conditions In the longer term, there is need for East African countries to identify alternative commodity markets to enhance market diversification and cushion the region's trade against future</p>

¹ Program for food security, price stability and business support.

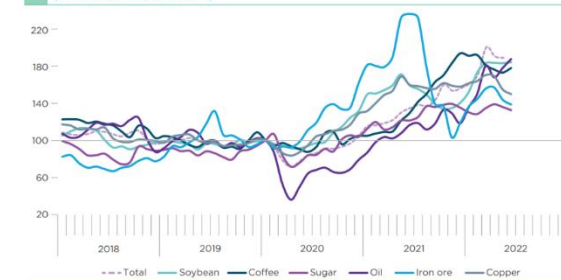
external shocks. The African Continental Free Trade Area offers an important option in this regard. Energy security is also critical including through investments in renewable energy. During the transition, harnessing the region's natural gas potential, for instance in Tanzania, will promote the development of gas as an alternative transition fuel ([AFDB, October 2022](#)).

INTER-AMERICAN DEVELOPMENT BANK (IDB)

After increasing steadily from mid-2020 due to the recovery that followed the pandemic, commodity prices soared again following Russia's invasion of Ukraine. In March 2022, the conflict pushed commodity prices above the precrisis highs of 2008. The overall index rose by 52.3% in 2021, driven by energy (99.7%), which increased in response to the recoveries in global demand and economic activity. The conflict in Ukraine caused a new shock due to Russia's role as the world's largest gas exporter, second- largest oil exporter, and major global fertilizer supplier, while both Russia and Ukraine are significant producers of wheat, sunflower, and maize. In the first half of 2022, the overall commodity price index grew by 49.9%, with energy up by 99.3%. Meanwhile, nonenergy products grew at a substantially lower rate (14.9%), and the increase for food and beverages (22.9%) was markedly greater than for agricultural commodities (6.8%) and metals (2.3%).

However, after peaking at the beginning of the war, the price increase then slowed. Although prices remain at historically high levels and are likely to be elevated for the duration of the conflict, by July 2022, the overall index was 4.1% below the high point of March 2022. While energy remained at comparatively high levels (in July it was 3.6% above March 2022 levels), nonenergy products fell by 15.3% between April and July 2022. This downward trend is explained by monetary tightening in advanced economies, the appreciation of the US dollar, and the slowdown in external demand. Oil prices increased by 62.6% on average in 2021 as a result of recovering demand and supply shortages caused by the moderate pace at which OPEC countries withdrew production limits and the slow production increase in non-OPEC countries. In the first half of 2022, oil prices rose by 69.1% due to Russia's role in the oil market. They peaked in July 2022 and then entered a downward phase. In response to these falling prices and anticipating lower demand due to the slowdown in the world economy, OPEC+ agreed to lower production as of October 2022, which may shore up prices in the coming months ([IDB, November 2022](#)).

FIGURE 4 * PRICES OF THE MAIN EXPORT PRODUCTS FROM LATIN AMERICA AND THE CARIBBEAN
(Index 2010=100, 2018-2022)

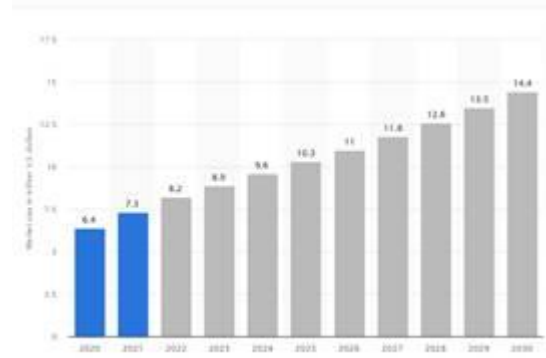


Source: IDB Integration and Trade Sector with data from Bloomberg (products) and IMF (total index).

EUROPEAN BANK FOR CONSTRUCTION AND DEVELOPMENT (EBRD)

The EBRD's €2 billion Resilience and Livelihoods Framework will help Ukraine and the countries directly affected by the war. The priorities for EBRD support include trade finance, emergency liquidity, energy security and municipal services. In partnership with the Bank, the European Union is providing a €22.25 million unfunded guarantee to Ukraine Railways through the European Fund for Sustainable Development (EFSD). In addition, €2.75 million has been allocated from the EBRD Shareholders Special Fund (SSF). EBRD's support will ensure continued provision of vital energy services to affected people and businesses. The Bank focuses on providing working capital to the two leading energy companies (Naftogaz, gas & utilities company, and Ukrenergo, electricity transmission system operator). It will also help them adapt to the disruption of the war. The Bank has signed an unfunded guarantee with the EU worth €35.625 million to provide critical working capital for Ukrenergo. The EBRD Shareholder Special Fund (SSF) additionally contributed €1.875 million. EBRD committed up to €3 billion in financings for 2022-2023 ([EBRD, 2022](#)).

	Worldwide	
Economic state	General	Construction
	<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 (IMF).</p> <p>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>Global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024 (IMF).</p>	<p>2021 projections The Construction Market size was valued at USD 7.28 trillion in 2021 and is predicted to reach USD 14.41 trillion by 2030. However, volatility in raw material prices and supply chain disruptions are expected to restrain the growth of the market during the forecast period.</p> <p>Size of the global construction market in 2021, with forecasts from 2021 to 2030 (in trillion U.S. dollars)</p>





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