

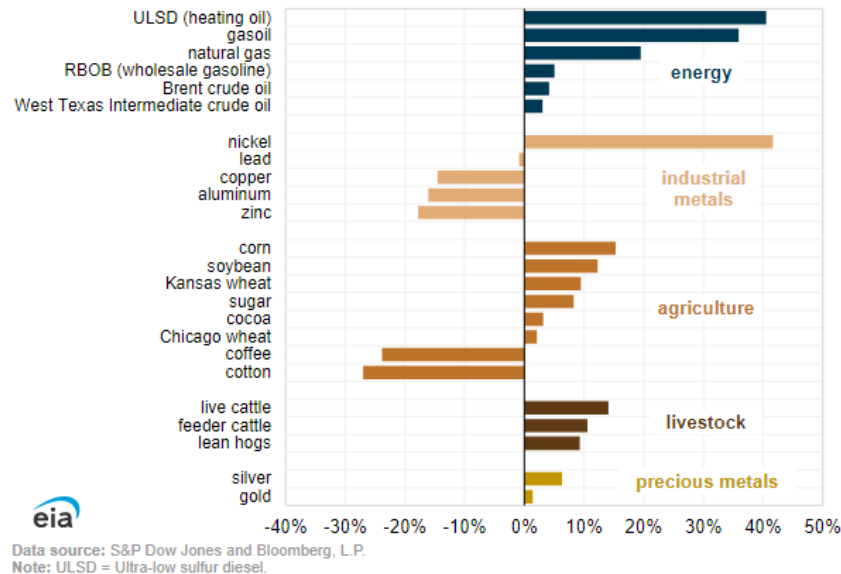


**Russian-Ukrainian conflict
Impact on the construction sector in Europe
11/02/2023**

EUROPE

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

Components of the S&P Goldman Sachs Commodity Index (2022)
percentage change since first trading day of the year



Reconstruction

UKRAINE

Financing

In September 2022, the Ukrainian government, the European Commission and the World Bank, in cooperation with partners, estimated that the cost of reconstruction and recovery in Ukraine was \$349 billion (€349 billion). This figure is expected to rise in the coming months as the war continues.

The assessment covers the impacts of the war experienced between February 24 and June 1, 2022, and found that the physical damage of the war reached over \$97 billion. It was particularly high in the housing, transportation, trade and industry sectors.

The report states that recovery and reconstruction needs in the social, productive, and infrastructure sectors amount to \$349 billion, or more than 1.5 times Ukraine's GDP in 2021. Over the next 36 months, RDNA estimates that \$105 billion is needed to address urgent needs such as restoring education and health systems and infrastructure, preparing for the coming winter by restoring heating and power to homes, supporting agriculture, and repairing vital transportation routes. The safe management of debris and explosives, including landmines, also represents a substantial cost (World Bank).

Reconstruction yes, but what?

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

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

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

	<p>were down 44% from June 2021. Damage to farmland, unharvested crops, storage facilities, and more must be addressed if Ukraine's agricultural sector is to return to its previous state (Deloitte).</p> <p>February 2023 The EU has sent Ukraine the first €3 billion of the €18 billion loan package, but some EU member states are already finding that this amount will not be enough, Czech Finance Minister Zbyněk Stanjura admitted on January 17.</p> <p>The 18 billion euro aid package for Ukraine was approved in December 2022 after difficult negotiations. According to the approved regulation, the EU can provide Ukraine with a regular financial loan with monthly payments. However, the agreed amount is unlikely to be enough, said Stanjura (Civic Democratic Party, ODS - affiliated with the CRE group). "When we see today and every day the attacks of the Russian army, the increasing damage they are doing to the infrastructure of Ukraine, but also to residential areas, I guess the financial needs will be even greater than we thought in November or December," Stanjura said after the meeting between EU finance ministers (Euractiv).</p> <p>Meeting on Wednesday, January 23, the foreign ministers of the 27 member states agreed to provide Kiev with a further half billion euros in arms. The ministers also agreed to add another 45 million euros in aid. This is aimed at training Ukrainian soldiers on EU territory. These assistance measures come from the European Peace Facility, an instrument created in March 2021 to finance EU external actions with a military dimension (All Europe).</p>
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	Germany	
	General	Construction
Economic conditions	<p>December 2022 In the third quarter of 2022, the German GDP is 1.2% (an increase of 0.4% between the second and third quarter of 2022). As for the inflation rate in Germany, it is +10.0% in November 2022 (German Statistics Office).</p> <p>February 2023</p>	<p>December 2022 Construction price increases between the third quarter of 2021 and 2022:</p> <ul style="list-style-type: none"> • Residential building, 16.5% ; • Office building, 18% ; <p>Commercial buildings, 17.5% (German Statistical Office).</p>

	<p>Annual inflation slowed at the end of 2022, reaching 8.6% at the end of December 2022. While annual GDP growth was 0.4% (German Statistical Office).</p>	<p>February 2023 At the end of November 2022, construction output fell by 2.2% compared to the previous month (German Statistical Office).</p> <p>At the end of November 2022, in the building and civil engineering sector, for companies with 20 or more employees, incoming orders decreased by 0.6% compared to the same month in the previous year (German Statistical Office).</p>
<p>Raw materials</p>	<p>Procurement</p>	<p>Price / Cost</p>
	<p>September 2022 The German energy supply is largely based on imported gas from Ukraine, Russia and Belarus. According to BAUINDUSTRIE, 1/3 of German construction companies obtain their raw materials from these countries and 39% complain about production obstacles due to material shortages (BauIndustrie, July 2022).</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 fallen from 50% to 8%; • The share of Russian gas has fallen from 55% to 35% (OECD, June 2022). <p>December 2022 In Germany, imports from Russia accounted for 2.6 percent of total imports from January to July 2022. In 2021, this share</p>	<p>November 2022 In September 2022, the producer price index for industrial products rose 45.8%. In July, the increase was +37.2%. Compared to the previous month, August 2022, the overall index rose by 2.3% in September 2022 and thus increased less strongly than in August (+7.9% compared to July 2022)(Federal Statistical Office, 2022).</p> <p>February 2023 The price of new residential building construction has risen significantly in 2022: the Federal Statistical Office has announced an increase of 16.9% for November 2022 compared to November 2021. "The explosion in construction material prices - especially in the first half of 2022 - could not be borne by construction companies alone. Companies have had to factor in rising material and energy prices when calculating costs for new projects. However, the resulting increase in construction prices is a boomerang for new residential construction. Many projects have been put on hold or even cancelled. Order intake fell by 14% in real terms in the first ten months of 2022,</p>

	<p>had been 2.4 percent. The fact that Russian goods accounted for a larger share of total German imports is due to the sharp rise in prices of raw materials and energy products (German Statistical Office).</p>	<p>and residential construction has the highest cancellation rate of all construction sectors," said Tim-Oliver Müller, managing director of the Federation of the German Construction Industry (BauIndustrie, 2023).</p> <p>Although the majority of construction materials producer prices have been declining since June 2022, they remain at a high level. In November 2022, the producer price index for bitumen was 53 percent higher than in January 2021, 49 percent higher for reinforcing steel, and 45 percent higher for structural lumber (BauIndustrie, 2022).</p>
<p>Cost of energy</p>	<p>October 2022 At the end of September 2022, the price of energy in Germany (electricity, gas and fuels) was still 51.8% higher than in September 2021. Since January 2021, this represents an overall increase of 68.82% (General Statistical Office, September 2022).</p> <p>December 2022</p> <ul style="list-style-type: none"> • Gas prices for non-households (businesses and public authorities): +38.9% compared to the second half of 2021 ; • Electricity prices for non-households: +19.3% compared to the second half of 2021 (German Statistical Office). <p>February 2023 Electricity and natural gas prices have increased on average by more than 150% (base 2015 = 100)(German Statistical Office, 2023).</p>	
<p>Measures adopted by the utilities</p>	<p>September 2022 Recognizing the need to make award procedures competitive again, a federal department ordered in March 2022 (through executive orders) that material price escalation clauses be agreed upon for sensitive building materials when awarding construction contracts. These measures were put in place with immediate effect and are only binding on federal construction sites. The orders address, among other things, the management of existing contracts in response to supply shortages and price increases. This will impact how customers and contractors address delivery shortages in light of the war in Ukraine or other circumstances beyond the contractor's control, as well as conflict-induced price increases in the event of a disruption</p>	

in the contract basis. In the future, the decrees will also impact the adjustment of contractual practices of concluded contracts by agreeing on **material price increase clauses** (FIEC, September 2022).

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

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

October 2022

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

February 2023

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

- **Brake on gas and heat prices for private households and small and medium-sized enterprises:**
The brake on gas prices will apply to citizens and small and medium-sized enterprises from March 2023, and it will also cover January and February retroactively. An allocated amount of 80% of their natural gas consumption will be capped at 12 cents per kilowatt hour, which is a reduction compared to the market price. The price cap for heat is 9.5 cents per kilowatt hour. Consumers must pay the normal market price for the rest of their consumption.
- **Gas price brakes for the industrial sector:**
Starting in January 2023, industrial customers will receive 70% of their 2021 natural gas consumption from their suppliers at a guaranteed price of 7 cents per kilowatt hour. The price for heat is capped at 7.5 cents per kilowatt hour for 70% of the quantity used in 2021. For their remaining consumption, industrial companies will also have to pay the normal market price.
- **Curbing electricity prices for households and businesses:**

	<ul style="list-style-type: none"> - The brake on rising electricity prices provides for a cap of 40 cents per kilowatt hour on the price of electricity for households and small businesses whose annual consumption does not exceed 30,000 kilowatt hours. - For medium-sized and large companies with an annual consumption of more than 30,000 kilowatt hours, the price is capped at 13 cents per kilowatt hour - plus grid costs, taxes, levies and fees (Bundesregierung News, 2023).
<p style="text-align: center;">Positioning of the Federation</p>	<p>December 2022 Joint Appeal</p> <p>In a joint appeal on December 2, 17 leading associations and chambers from the construction, planning and real estate industries made their demands to the federal government and the Bundestag as well as to the leaders of the Länder: "New housing construction in Germany is on the verge of collapse due to soaring prices, rising interest rates and a tattered financing framework. If policymakers don't take countermeasures now, we will find ourselves in a housing emergency with our eyes wide open. What we need now are targeted subsidies for new construction, expedited planning and approval procedures, and tax incentives for investment." (BauIndustrie, December 2022).</p> <p>Joint position paper</p> <p>The associations and the building trades have called for measures to stabilize the construction industry.</p> <p>The Russian war against the Ukraine threatens to plunge Germany and Europe into an economic crisis. In contrast to past crises, the construction sector, with approximately 2 million employees and a construction volume of 400 billion euros, is currently affected by significant declines. 17% of residential construction companies were already affected by cancellations in September 2022. While new orders in residential construction fell by 24% in real terms in August compared to the level of the previous year.</p> <p>The Federal Association of Building Materials - Stone and Earth (bbs), the German Construction Industry Association (HDB), the German Construction Industry Association (ZDB) and the German Confederation of Skilled Crafts (ZDH) have discussed how to counteract the slump in the construction sector and avoid a downward spiral at the expense of affordable housing and climate protection in a joint position paper (BauIndustrie).</p>

	Austria	
Economic conditions	General	Construction

	<p>December 2022 Austrian GDP increased by 1.7 percent in the third quarter of 2022, compared to the third quarter of 2021. Annual inflation now stands at 10.6 percent (Statistics Austria).</p> <p>February 2023 Austria's GDP was 1.7% in the third quarter of 2022, while its annual inflation slowed to 10.2% by the end of the year (Statistics Austria, 2022).</p>	<p>December 2022 The Austrian construction cost index increased by 7.6% in October 2022 compared to the same month last year (Austrian Statistics). While the construction price index had increased by 10.3% in the third quarter of 2022 compared to 2021 (Austrian Statistics).</p> <p>February 2023 Estimates for industry and construction by Statistics Austria show an increase in the turnover index (+19.4%) in November 2022.</p> <p>"Despite the slowdown compared to the beginning of 2022, the manufacturing sector remains on the growth path. According to an initial estimate, the turnover of Austrian construction companies in November 2022 was 9.5% higher than in the same month of the previous year," explains Tobias Thomas, managing director of Statistics Austria.</p>
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Price / Cost</p>
	<p>October 2022 Overview of Austria's energy supply (IMF, September 2022).</p>	<p>December 2022 Electricity prices increased by 24.8 percent between November 2021 and November 2022, while gas increased by 119.1 percent and firewood by 81.7 percent (Austrian Energy Agency).</p> <p>February 2023 In November 2022, the cost index for residential building construction was 6.5 percent higher than in November 2021, according to Statistics Austria. Road construction costs increased by 13.5 percent, bridge construction by 6.0</p>

	<p>(percent in final consumption)</p> <p>Sources: Eurostat, Breugel</p> <p>December 2022 Before the war in Ukraine, Austria was one of the most dependent EU member states on Russian gas, with more than 80% of its total imports coming from Russia. The government has announced that these imports from Moscow have, since the invasion, been reduced to 21% (Euractiv, November 2022).</p>	<p>percent, and sanitary engineering by 10.6 percent in one year (Statistics Austria).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022 In June 2022, the Alpine republic announced a plan to combat the rising cost of living until 2026, with 6 billion euros made available as early as 2022, and 22 billion euros by 2026. Chancellor Karl Nehammer (ÖVP) has announced the implementation of various measures, such as an increase in certain social benefits, the postponement of a CO2 tax until the fall and a reform of tax rates (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 measure will save each household an average of 500 euros a year. Austrian households will have to pay market prices for any consumption above 80% of the average. This is an incentive to reduce</p>	

	<p>consumption, according to the government, which is also working on measures to help businesses (Bloomberg, September 2022).</p> <p>November 2022 The Austrian government wants to ban the installation of new oil, coal and gas heaters from 2023, and extend the ban to the replacement of existing heaters. Because Austria is heavily dependent on Russian gas, experts had called for measures to accelerate the exit from gas. From 2023, fossil fuel heaters will be banned in new buildings, and oil and coal heating systems that are no longer in use will have to be replaced by environmentally friendly heaters from 2025. Starting with oil-fired heating systems installed before 1980, the government has set a goal of no private oil and coal heaters by 2035. By 2040, all gas-fired heating systems will have to be replaced (Euractiv, November 2022).</p>
Positioning of the Federation	<p>October 2022 The Austrian Chamber of Crafts and Construction has launched a FAQ to answer all questions of construction companies. It is available on their website, and deals in particular with the topics of employment and reception of Ukrainians, consequences and recommendations on construction contracts (WKO, 2022).</p>

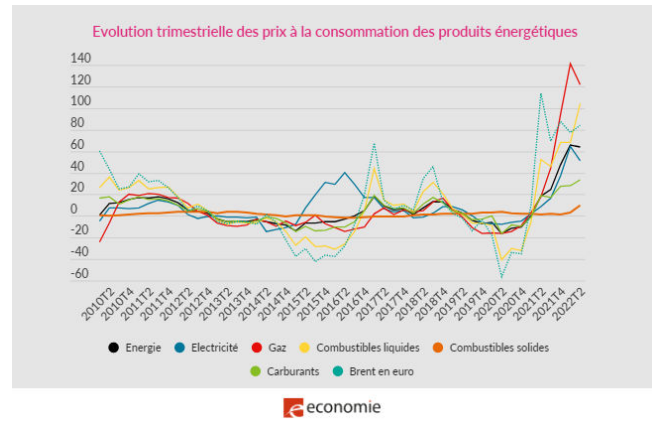
	Belgium	
Economic conditions	General	Construction
	<p>November 2022 Annual economic growth in October 2022 was 2.5 percent while annual inflation was 9.5 percent (IMF, October 2022).</p> <p>According to the European Commission's forecasts, Belgium will have the largest budget deficit in the eurozone in 2023 and 2024 and is also expected to be the only member of the zone with a debt of more than 100% of its GDP to face an increase in its debt over the same period (Euractiv, November 2022).</p> <p>December 2022</p>	<p>October 2022 The construction price index rose by 3.0% in the second quarter of 2022 compared with the previous quarter. Between September 2021 and September 2022, the increase will have been 13% (Belgium.be).</p> <p>Despite the rise in the price index, construction output has remained constant at about 4.1% since July 2022 (Eurostat).</p> <p>December 2022 Compared to the third quarter of 2021, median prices for attached and semi-detached homes increased by 6.1 percent, or €15,000. Single-family homes recorded a 4.3 percent price increase, or 15,000</p>

	<p>Inflation was 10.63% in November, down from 12.27% in October and 11.27% in September. The consumer price index decreased by 0.29 points or 0.23% in November (Statistics Belgium).</p> <p>February 2023 In December, inflation decreased from 10.63% to 10.35% (Statistics Belgium). The National Bank of Belgium forecasts a GDP of 0.6% in 2023.</p>	<p>euros. Apartments became 5.9% more expensive, representing a price increase of 13,000 euros (Statistics Belgium).</p> <table border="1" data-bbox="1232 287 2027 574"> <thead> <tr> <th rowspan="2">BELGIUM</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>% evolution</th> <th>% evolution</th> </tr> <tr> <th>(Q3)</th> <th>(Q3)</th> <th>(Q3)</th> <th>2021(Q3) / 2020(Q3)</th> <th>2022(Q3) / 2021(Q3)</th> </tr> </thead> <tbody> <tr> <td>Houses with 2 or 3 outside walls (attached + semi-detached houses)</td> <td>220,000</td> <td>245,000</td> <td>260,000</td> <td>+11.4%</td> <td>+6.1%</td> </tr> <tr> <td>Houses with 4 outside walls or more (detached houses)</td> <td>315,000</td> <td>350,000</td> <td>365,000</td> <td>+11.1%</td> <td>+4.3%</td> </tr> <tr> <td>Apartments</td> <td>204,500</td> <td>222,000</td> <td>235,000</td> <td>+8.6%</td> <td>+5.9%</td> </tr> <tr> <td>Median price (euros)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>The construction price index rose by 3.6% in the third quarter of 2022 compared with the previous quarter. Annual inflation was 14.7% (Statistics Belgium).</p> <p>February 2023 In October 2022, the construction output index remained stable compared to September 2022. The index shows a decline of 1.6% from October 2021 (Statistics Belgium).</p>	BELGIUM	2020	2021	2022	% evolution	% evolution	(Q3)	(Q3)	(Q3)	2021(Q3) / 2020(Q3)	2022(Q3) / 2021(Q3)	Houses with 2 or 3 outside walls (attached + semi-detached houses)	220,000	245,000	260,000	+11.4%	+6.1%	Houses with 4 outside walls or more (detached houses)	315,000	350,000	365,000	+11.1%	+4.3%	Apartments	204,500	222,000	235,000	+8.6%	+5.9%	Median price (euros)					
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	<p>November 2022 Belgium is expanding its Zeebrugge LNG terminal with an additional capacity of 6.4 bcm/year by 2024 and 1.8 bcm/year by 2026, built by energy company Fluxy LNG. The ten-year investment plan of Fluxys Belgium and Fluxys LNG includes a budget line of €116 million for the planned regasification extensions and a new LNG truck loading dock.</p>	<p>September 2022 Trends in the prices of gold, copper, barley, lead, iron ore and scrap, ferromolybdenum, cobalt, corn, sunflower oil, scrap metal, zinc, wheat and nickel since February 2022 (National Bank of Belgium, May 2022).</p>																																			

Another measure being considered is the extension of the life of the Tihange 2 nuclear power plant - which should normally close in the first quarter of 2023. The government has asked Engie, which operates the Belgian nuclear power plants, to discuss this with the AFCN, the national nuclear safety authority (Bruegel, November 2022).



October 2022



Cost of energy

September 2022

Russia's invasion of Ukraine has increased the volatility of prices, which had already risen sharply in recent months. The **price of oil** has risen to \$132 per barrel. The **price of gas** has also risen sharply since the start of the war in Ukraine, reaching €118 per megawatt hour. This increase in energy prices has 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>Soaring energy prices translate directly into higher prices for energy-intensive building materials, such as cement and concrete, roof tiles, bricks and tiles, insulation materials, etc. This may lead producers to stop production, given the difficulties of passing on these increases in sales prices and the demands of profitability. This may lead producers to stop production, given the difficulties in passing on these increases in sales prices and the demands of profitability.</p> <p>October 2022 Energy prices remain exceptionally high, about 27.3% higher than in October 2021 (National Bank of Belgium). Since the beginning of the crisis, energy price inflation has reached 64.7% (Belgium Economy).</p> <p>February 2023 Energy inflation reaches 32.88% (Statistics Belgium).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022 The federal government has taken a series of measures to help businesses deal with the energy crisis. These measures are similar to those applied during the Covid crisis and are in addition to the federal plan to promote investment in sustainable solutions and insulation. It is also to ensure that they can benefit from measures facilitating temporary unemployment and to advocate for a cap on energy prices.</p> <p><u>Measures include:</u></p> <ul style="list-style-type: none"> • The reduced VAT rate (6%) on electricity and gas; • The reduction of excise duties by 0.175€ per liter on diesel and gasoline; • The federal government, in collaboration with the Regions, is examining the implementation of the temporary crisis framework proposed by the European Commission in Belgium to support businesses in the face of soaring prices. A consultation will take place with the most affected sectors, employers' and employees' representatives. • The federal government has already reduced the VAT from 21% to 6% for investments in solar panels, solar boilers and heat pumps for houses less than 10 years old (measure valid until the end of 2023). The measure to reduce VAT to 6% for demolition and reconstruction has been extended until the end of 2023 under the same conditions as today. • Extension of the simplified temporary unemployment scheme for reasons of force majeure in the same way as at present. The worker will receive an unemployment benefit equal to 70% of his average wage capped. In addition, workers who are temporarily unemployed due to the war in Ukraine will also receive a supplement of €5.63 per day of unemployment, as well as a sectoral supplementary allowance if they are entitled to it. These allowances and supplements are subject to a tax deduction of 15% (Belgium. de, August 2022).

Specific support for companies

Social measures

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

Tax and financial support measures

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

Other measures

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

November 2022 - Measures to support businesses and individuals

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

February 2023

The recent war in the Ukraine and the various sanctions against Russia, as well as the uncertainties caused by this military conflict, have led to considerable and even extreme price increases and fluctuations in a large number of finished products,

	<p>semi-finished products and raw materials in recent months. This is the case for energy, fuels, aluminium, steel, copper, etc. This situation has contributed to the liquidity problems that many tenderers have recently been experiencing. In the current economic situation, it is therefore appropriate to create a possibility for the contracting authority to support its contractor by means of an advance payment that can solve the financing problems.</p> <p>For the above-mentioned reasons, the Royal Decree of November 29, 2022 makes the payment of a limited advance temporarily possible, both for contracts yet to be launched and for contracts already launched that are not yet in the process of being executed, as well as for those that are already in the process of being executed.</p> <p>The conditions for the granting of these advances are developed in the FAQ.</p> <p>The order became effective on December 19, 2022 and will expire on December 31, 2023 (BOSA).</p>
<p>Positioning of the Federation</p>	<p>December 2022 - review of 2022 initiatives</p> <p>In the context of the energy crisis, Embuild Wallonia and the Union Wallonne des Entreprises (UWE) have alerted the Walloon Government to the need to mobilize aid to cope with rising energy costs. The Government has announced the implementation of a series of aids to companies (direct aids, reduced rate loans, etc.), by redirecting about 10% of the resources of the PRW.</p> <p>The energy crisis, prices and availability of materials, wage indexation, rising interest rates, etc. are eroding and further weakening the affordability of housing, the number one household expense. Embuild Wallonia urges the Walloon Government to introduce a temporary moratorium on any new regulation with an additional "price impact" on construction. Embuild Wallonia also advocates the development of innovative or under-exploited projects such as PPPs with ownership and land stripping (to neutralize the price of land), standardized PPPs, or the development of innovative financing formulas, in collaboration with the banking sector, to support the acquisition of quality housing (Build).</p> <p>February 2023</p> <p>A few weeks earlier, the government made a conciliation proposal according to which companies with high profits could pay a bonus of up to €500 and those with exceptionally high profits could pay a bonus of up to €750. The cross-industry social partners have rejected this proposal, but the government nevertheless seems to want to advance this proposal into law. Embuild urges its members to wait before granting such a bonus at company level until there is more clarity at sector level (Embuild).</p>

	Bulgaria	
Economic conditions	<p style="text-align: center;">General</p> <p>December 2022 In November 2022, the monthly inflation rate, as measured by the consumer price index (CPI), was 0.8% compared to the previous month, and the annual inflation rate in November 2022 compared to November 2021 was 16.6% (Statistics Bulgaria).</p> <p>In the third quarter of 2022, gross domestic product (GDP) increased by 3.3 percent and gross value added (GVA) by 3.1 percent compared to the third quarter of 2021 (preliminary and seasonally adjusted data).</p> <p>February 2023 In 2023, Bulgaria's GDP is expected to grow by 3% while inflation will be 5.2% (IMF, 2023).</p>	<p style="text-align: center;">Construction</p> <p>December 2022 The production index in construction increased by 0.7% in October 2022 compared to the previous month. Civil engineering output increased by 0.8% and building construction output - by 0.6%. Compared to October 2021, the index of production in construction increased by 1.8%. An increase was recorded both in building construction by 1.9% and in civil engineering - by 1.8% (Statistics Bulgaria).</p> <p>February 2023 The production index of the "Construction" section increased by 0.4% in November 2022 compared with the previous month. Civil engineering output rose 0.9% and building construction output was unchanged. Compared to November 2021, the index of production in construction increased by 1.6%. An increase was recorded in civil engineering by 3.0% and in construction - by 0.5% (Statistics Bulgaria).</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 energy dependence on Russia, it has committed itself 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 the volumes of gas delivered by Azerbaijan via the Trans Adriatic Pipeline (TAP)(France Diplomatie, August 2022).</p>	<p style="text-align: center;">Price / Cost</p> <p>November 2022 The total index of producer prices in industry rose by 6.8% in September 2022 compared to the previous month. Higher prices were recorded in the supply of electricity, gas, mining and quarrying by 6.5% and in manufacturing by 0.7% (Statistics Bulgaria).</p> <p>December 2022 The total producer price index for industry decreased by 6.2% in October 2022 compared to the previous month. Lower</p>
Raw materials & Energy		

	<p>February 2023</p> <p><u>Azerbaijan</u>: The government has a contract for 1 bcm/year of gas from Azerbaijan and has proposed (alongside operators from Romania, Hungary and Slovakia) to increase the volume from 0.5 to 1 bcm/year following the suspension of Russian gas flows.</p> <p><u>United States</u>: in May, Bulgargaz, Bulgaria's state-owned gas company, purchased two LNG carriers from Cheniere, with support from the US government. In October, Bulgargaz received a tanker with a volume of 62 million cubic meters, with the help of the Turkish government to guarantee the capacity of the LNG terminal. In July 2022, Bulgarian company Overgas signed a memorandum of understanding with U.S.-based Exceleerate Energy to import LNG via the Vlora terminal in Albania (Bruegel, 2022).</p>	<p>prices were recorded in the supply of electricity, gas, steam and air conditioning by 15.3%, in the mining and quarrying industry by 3.9%, while in the manufacturing industry prices rose by 0.9% (Statistics Bulgaria).</p>
<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p><u>Proposed EU measures to combat the energy crisis (including price caps)</u>: Bulgaria has remained silent on these issues. It would seem logical that Bulgaria would oppose price restrictions, given that it is the third largest exporter of electricity to the EU this year and earned nearly €1.3 billion from its electricity exports in the first six months of 2022. A meeting on the subject is expected to be held in late October (Euractiv).</p> <p><u>R&D</u>: A joint working group with North Macedonia has been set up to examine the possibilities of cooperation in the electricity and natural gas transport sectors. The export of electricity from Bulgaria to the Republic of North Macedonia will be one of the central points of the working group's discussions (Council of Ministers of Bulgaria).</p> <p><u>Inflation</u>: The Council of Ministers has adopted a methodology to modify the price of a public contract due to inflation. It regulates the procedure and conditions for indexing the execution costs of public works contracts and framework agreements for works concluded under the law due to inflation, when the prices of the main goods and materials constituting the cost of the works have increased substantially. The main objective of the methodology is to address the risk of inflation by objectively and fairly indexing the value of work performed and to be performed (AOBR, September 2022).</p>	

	<p>November 2022</p> <p>The government is pushing to accelerate progress on energy efficiency in this crisis situation, including by reviving building renovation projects included in its national recovery and resilience plan, for example by allocating 25 million euros to repair 175 kindergartens and schools (Bruegel).</p>
Positioning of the Federation	<p>The Bulgarian Construction Federation (AOBR) published proposals in February 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
Economic conditions	<p>November 2022</p> <p>Inflation reached 8.6% in October 2022, an increase of 8.2% compared to the year 2021 (General Statistics Office).</p> <p>December 2022</p> <p>In November 2022, inflation increased by 8.7 percent. The GDP growth rate in the third quarter of 2022 is positive and is estimated at 5.5% compared to the corresponding quarter of 2021 (Statistics Cyprus).</p> <p>February 2023</p>	<p>October 2022</p> <p>Construction output in Cyprus fell 6.4 percent year-on-year in the second quarter of 2022, following a 6.6 percent decline in the previous quarter. This was the fourth consecutive quarterly decline. Output contracted in construction activities (-9.4% vs. -7.1% in Q1), while it rebounded in civil engineering projects (12.6% vs. -3.4%)(General Statistics Office).</p> <p>February 2023</p> <p>In the third quarter of 2023, construction output fell by 5%. The building sector experienced a slowdown of 7.3%, while civil engineering had a 10.3% increase in activity (Statistics Cyprus).</p>

	In December 2022, inflation slowed to 7.9% (down 1.12 percentage points). For the year 2022, harmonized inflation will have been 8.4% (Statistics Cyprus).	
Raw materials & Energy	Procurement	Price / Cost
	<p>November 2022</p> <p>Since 2009, the government has proposed to build an LNG regasification facility near the port of Vassiliko. This facility would import LNG for power generation at the Vasilikos power plant (865 MW), as well as for industrial and residential use. It would be built by the Natural Gas Public Company (DEFA), the state-owned gas company, and a Chinese-led consortium to build the LNG import terminal and related infrastructure, at a cost of 250 million euros. In June 2020, the European Investment Bank agreed to lend €150 million, followed by a €101 million grant from the European Commission, an €80 million loan from the European Bank for Reconstruction and Development and a €43 million capital contribution from the Electricity Authority of Cyprus. While the facility is under construction, it is understood that the Chinese contractors are seeking an additional €25 million in funding to cover cost overruns. This has pushed back the start-up date to July 2023 (Bruegel).</p>	<p>December 2022</p> <p>In October 2022, compared to October 2021, the index recorded an increase of 14.26%. By main product category, increases were recorded in metal products (16.74%), minerals (13.52%), mineral products (13.39%), wood products, insulation materials, chemicals and plastics (12.91%) and electromechanical products (11.72%) (Statistics Cyprus).</p> <p>The largest changes from the November 2021 index were recorded for electricity (32.3%) and petroleum products (16.3%)(Cyprus Statistics).</p> <p>February 2023</p> <p>The cost of construction materials was 12.65% higher in November 2022, compared to November 2021. By major product category, increases were recorded in minerals (13.25%), mineral products (13.19%), metal products (12.80%), wood products, insulation materials, chemicals and plastics (12.16%), and electromechanical products (11.54%).</p>
Measures adopted by the utilities	October 2022 Indexation of wages to inflation.	
Positioning of the Federation		

	Croatia	
Commercial conditions	General	Construction
	<p>Since 2008, the country has experienced six consecutive years of economic recession, with a GDP decline 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 at 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>October 2022 In August 2022, inflation reached a record high of 12.3 percent in Croatia (Statistics Croatia).</p> <p>November 2022 Annual inflation increased further, reaching 13.4 percent in November 2022, while annual GDP growth was 8.2 percent in the second half of 2022 (Croatian Bureau of Statistics).</p> <p>February 2023 GDP was 5.2% at the end of the second half of 2022, while inflation was 13.5% (Statistics Croatia).</p>	<p>In 2019, the construction turnover in Croatia was 7.841 million euros, which places it in 21st position out of 27 European Union countries (INSEE, 2020).</p> <p>October 2022 According to the seasonally and working-day adjusted indices, the volume of work in construction decreased by 0.2% in August 2022 compared to July 2022 (Bureau of Statistics Croatia).</p> <p>February 2023 <i>According to the working day-adjusted indices, in October 2022, compared with October 2021, the volume of construction work increased by 4.2%.</i> <i>According to the seasonally and working day adjusted indices, the volume of construction work increased by 0.3% in October 2022 compared to September 2022 (Croatia statistics).</i></p>
Raw materials	Procurement	Price / Cost

<p style="text-align: center;">& Energy</p>	<p>Croatia was highly dependent on Russia for its energy supply, with up to 60 per cent of its energy coming from that country. Investments in renewable energy sources (which now account for 30 per cent of its energy) are gradually reducing this dependence (All Europe, July 2022).</p> <p>November 2022 In March 2022, Croatian Prime Minister Andrej Plenković announced plans to expand capacity per FSRU at the Krk LNG terminal from 2.6 bcm/year to 2.9 bcm/year. In August 2022, the Prime Minister confirmed a further 3.2 bcm/yr expansion of the Krk LNG terminal's onshore LNG infrastructure by 2029 to bring total regasification capacity to 6.1 bcm/yr. The investment for the expansion amounts to €25 million.</p> <p>February 2023 In October 2022, the electricity available for the domestic market was 1,381 GWh. Compared to September 2022, the availability of electricity for domestic consumption decreased by 2.8%, while compared to October 2021 it decreased by 7.4%. The amount of natural gas available for domestic consumption in October 2022 was 8,062 TJ and inventories increased by 2,231 TJ, which means that the amount of natural gas available for domestic consumption in October 2022 increased by 43.3 percent compared to September 2022, while compared to October 2021 it decreased by 14.5 percent. The amount of petroleum products available for domestic consumption in October 2022 was 341,000 tons and stocks increased by 82,000 tons, which means that the amount of petroleum products available for domestic consumption in October 2022 decreased by 0.3 percent compared to</p>	<p>October 2022 Regarding the price of electricity, and since the measures introduced on October 1^{er} 2022, the government has decided to create a new category including kindergartens, schools, non-governmental organizations, hospitals, municipalities, cities and utilities, for which the price of electricity will be set at EUR 62 per MWh. As for the price of electricity for households, if they consume up to 2,500 kWh, the price will be EUR 59 per MWh, but if they consume more than 2,500 kWh, the price will increase to EUR 88 per MWh. Companies, on the other hand, will pay the price of EUR 70 per MWh for total consumption up to 250 MWh, EUR 180 per MWh for consumption between 250 MWh and 2.5 GWh, and EUR 230 per MWh for consumption above 2.5 GWh (Balkan Green Energy News).</p> <p>On average, prices for water, electricity, gas, and other fuels increased by 13.3 percent between September 2021 and September 2022 (Croatian Bureau of Statistics).</p> <p>November 2022 The Croatian Statistical Office shared data on annual price changes between October 2021 and October 2022: looking at the selected groups, the highest average annual increase in consumer prices was recorded in the "energy" group (housing, water, electricity, gas and other fuels) by 19.9 percent (Statistical Office of Croatia).</p> <p>February 2023 Domestic producer prices of building materials in December 2022, compared to November 2022, increased by 0.5%, and, compared to December 2021, increased by 9.5%.</p>
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	<p>September 2022, while compared to October 2021 it increased by 22.7 percent (Statistics Croatia, 2022).</p> <p>On July 28, 2022, the government adopted guidelines to save energy through March 31, 2023. Proposals include setting thermostat limits (e.g., heating rooms to a maximum of 21 degrees and cooling to 25 degrees), greater use of LED lighting and public transportation, and cheaper electricity rates (Bruegel, 2022).</p>	<p>The comparison of domestic producer prices of building materials shows that they increased by 20.3% in December 2022, compared to the average in 2015 (Statistics Croatia, 2023).</p>
<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p>In early September, the Croatian government presented a new economic package to deal with the consequences of the ongoing energy crisis and the inflation that peaked in August. According to Prime Minister Andrej Plenković, the package is solid, fair and comprehensive, and should support and protect Croatian households, businesses and non-governmental organizations from the economic and social uncertainties expected in the second half of 2022, as well as in the first months of 2023.</p> <p>The government's measures will limit the increase in electricity prices to 9.6% and gas prices to 20%, which would otherwise have risen by 23% and 79% respectively.</p> <p>The government had already reduced the value-added tax (VAT) on gas and heating energy from 25% to 13% permanently, and temporarily reduced the VAT on gas to 5% from April 1, 2022, when the measures came into effect, to the end of March 2023 (EuroNews).</p> <p>November 2022</p> <p>On July 28, 2022, the government adopted guidelines to save energy through March 31, 2023. Proposals include setting thermostat limits (e.g., heating rooms to a maximum of 21 degrees and cooling them to 25 degrees), greater use of LED lighting and public transportation, and cheaper electricity rates (Bruegel).</p>	
<p>Positioning of the Federation</p>		

Denmark																																																													
Commercial conditions	General	Construction																																																											
	<p>December 2022 Denmark's GDP increased by 0.5% in November 2022, compared to November 2021. However, this is a slowdown compared to the growth in October 2022 (0.8%)(Statistics Denmark). Inflation was 6% in November 2022, a slow decline from 6.2% in October (Statistics Denmark).</p> <p>February 2023 Annual inflation will have been 7.7% in Denmark, in 2022 (Statistics Denmark). The IMF forecasts a GDP of 0.6% in 2023, while inflation is expected to return to a level above 3.8% (IMF).</p>	<p>October 2022 In July 2022, construction output in Denmark was 5.5%, up slightly from 5.1% in May 2022(Eurostat).</p> <p>February 2023 In early 2023, the figures on Danish construction were shared: construction turnover, in Q2 of 2022 (Statistics Denmark).</p> <p>Turnover in construction Type of work:</p> <table border="1"> <caption>Estimated data for Turnover in construction (m DKK)</caption> <thead> <tr> <th>Quarter</th> <th>New buildings and extensions</th> <th>Civil engineering</th> <th>Repair and maintenance, total</th> <th>Other occupation</th> </tr> </thead> <tbody> <tr><td>Q4 2019</td><td>38,000</td><td>12,000</td><td>26,000</td><td>4,000</td></tr> <tr><td>Q1 2020</td><td>35,000</td><td>10,000</td><td>23,000</td><td>4,000</td></tr> <tr><td>Q2 2020</td><td>41,000</td><td>12,000</td><td>25,000</td><td>4,000</td></tr> <tr><td>Q3 2020</td><td>36,000</td><td>11,000</td><td>25,000</td><td>4,000</td></tr> <tr><td>Q4 2020</td><td>40,000</td><td>12,000</td><td>28,000</td><td>4,000</td></tr> <tr><td>Q1 2021</td><td>36,000</td><td>11,000</td><td>24,000</td><td>4,000</td></tr> <tr><td>Q2 2021</td><td>39,000</td><td>14,000</td><td>28,000</td><td>4,000</td></tr> <tr><td>Q3 2021</td><td>38,000</td><td>13,000</td><td>26,000</td><td>4,000</td></tr> <tr><td>Q4 2021</td><td>43,000</td><td>14,000</td><td>31,000</td><td>4,000</td></tr> <tr><td>Q1 2022</td><td>38,000</td><td>13,000</td><td>25,000</td><td>4,000</td></tr> <tr><td>Q2 2022</td><td>45,000</td><td>17,000</td><td>30,000</td><td>4,000</td></tr> </tbody> </table>	Quarter	New buildings and extensions	Civil engineering	Repair and maintenance, total	Other occupation	Q4 2019	38,000	12,000	26,000	4,000	Q1 2020	35,000	10,000	23,000	4,000	Q2 2020	41,000	12,000	25,000	4,000	Q3 2020	36,000	11,000	25,000	4,000	Q4 2020	40,000	12,000	28,000	4,000	Q1 2021	36,000	11,000	24,000	4,000	Q2 2021	39,000	14,000	28,000	4,000	Q3 2021	38,000	13,000	26,000	4,000	Q4 2021	43,000	14,000	31,000	4,000	Q1 2022	38,000	13,000	25,000	4,000	Q2 2022	45,000	17,000	30,000
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	<p>October 2022 Before the war in Ukraine, rising energy costs and supply difficulties, 12.1% of Denmark's energy came from gas, 39.77% from oil and 6.8% from coal (World Data).</p>	<p>November 2022 Natural gas prices for households, first half of 2022 (Statistical Office of Denmark).</p>																																																											

November 2022

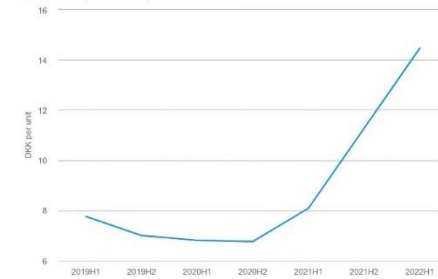
On October 1, 2022, the Danish Energy Agency began reviewing the planned closure of three power plants that could temporarily contribute to the security of electricity supply - especially during the winter of 2023/2024. Two of these are coal-fired power plants: Unit 4 of the 360 MW Studstrup power plant has been out of service since April 2022; Unit 3 of the 370 MW Esbjerg power plant is currently in operation and is scheduled to be taken out of service in April 2023 ([Bruegel](#)).

February 2023

Energy security: The government has accelerated the construction of two offshore wind power islands. One will be based in the North Sea, with a capacity of 3GW, and the other in the Baltic Sea (on Bornholm), with a capacity of 2GW. On May 18, 2022, Denmark, Belgium, the Netherlands and Germany signed a cooperation agreement in the field of offshore wind, worth 135 billion euros, in the Danish city of Esbjerg. The North Sea countries have set ambitious combined targets of at least 65GW of offshore wind capacity by 2030 and at least 150GW by 2050, as well as combined targets of about 20GW of onshore and offshore green hydrogen capacity by 2030 ([Bruegel](#)).

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:

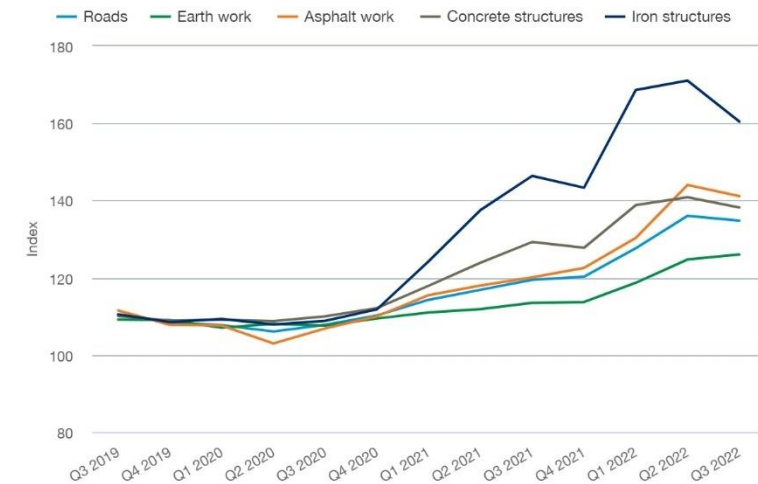


February 2023

Civil engineering construction cost index in Q3 2022 ([Statistics Denmark](#)).

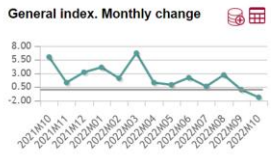
Construction cost indices for civil engineering projects

Unit: Index | Index type:



<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • The Danish Economic Affairs Agency encourages contracting entities to be flexible and engage in dialogue, stating that contracting entities will have to accept price increases from their suppliers resulting from the consequences of the war. • The Competition and Consumer Authority believes that the consequences of the war between Russia and Ukraine can serve as a basis for the application of the law on public procurement in unforeseen circumstances. <p>October 2022</p> <p>To mitigate the impact of rising energy prices on households and businesses, the government has released a budget of 6.2 billion euros in aid (Bruegel).</p> <ul style="list-style-type: none"> • The Danish government set aside €13.4 million to supplement an existing scheme to help vulnerable households with a tax-free payment to help about 400,000 households with their energy bills. In February 2022, the measures were finalized and went into effect with a "heating voucher" (about €800) for 320,000 of the hardest hit households. A €33.6 million fund was also set up to support the accelerated replacement of individual gas heating systems. • On August 10, 2022, larger heating vouchers than previously indicated were paid to 400,000 households. The final cost of the measure was 320 million euros. • In early September, Prime Minister Mette Fredericksen announced a proposal for intervention in the electricity market. The proposal addresses high energy prices and aims to maintain lighting and heating for Danish citizens. The plan is to allow consumers to defer payment of their next energy bills over a period of 5 years for anything above the level of their bills last fall. This loan scheme will create credit lines worth 6.05 billion euros for the Danish government. • On October 15, 2022, the Danish Energy Agency provisionally set a ceiling price for surplus heat at 93 DKK/GJ, with an expected effective date of January 1, 2023. <p>November 2022</p> <p>The Danish Energy Agency (DEA) has launched a \$3.6 million energy saving campaign, encouraging citizens and public places to adopt energy saving behaviors (Bruegel).</p>
<p>Positioning of the Federation</p>	

Spain																										
Economic conditions	<p align="center">General</p> <p>December 2022 Annual GDP growth was 3.8% in the third quarter of 2022, with annual inflation of 6.8% (INE).</p> <p>February 2023 Spain's GDP will be 1.2% in 2023 according to the IMF, while its inflation will be 4.9% (IMF).</p>	<p align="center">Construction</p> <p>November 2022 The annual rate of the house price index decreases by half a point to 8.0 percent (Q4). Housing prices increased 1.9 percent from the previous quarter (Q3) (NEI).</p> <div data-bbox="1272 453 2011 644"> <table border="1"> <caption>Housing Price Index. Base 2015 - Quarter 2/2022</caption> <thead> <tr> <th></th> <th>Quarterly variation</th> <th>Annual change</th> </tr> </thead> <tbody> <tr> <td>General index</td> <td>1.9 </td> <td>8.0 </td> </tr> <tr> <td>New dwelling</td> <td>0.1 </td> <td>8.8 </td> </tr> <tr> <td>Second-hand dwelling</td> <td>2.3 </td> <td>7.9 </td> </tr> </tbody> </table> </div> <p>February 2023 The annual rate of the housing price index decreases by four-tenths to 7.6 percent. Housing prices increase by 1.7 percent from the previous quarter (INE, December 2022).</p> <div data-bbox="1272 916 2011 1107"> <table border="1"> <caption>Housing Price Index. Base 2015 - Quarter 3/2022</caption> <thead> <tr> <th></th> <th>Quarterly variation</th> <th>Annual change</th> </tr> </thead> <tbody> <tr> <td>General index</td> <td>1.7 </td> <td>7.6 </td> </tr> <tr> <td>New dwelling</td> <td>0.9 </td> <td>6.8 </td> </tr> <tr> <td>Second-hand dwelling</td> <td>1.9 </td> <td>7.8 </td> </tr> </tbody> </table> </div>		Quarterly variation	Annual change	General index	1.9	8.0	New dwelling	0.1	8.8	Second-hand dwelling	2.3	7.9		Quarterly variation	Annual change	General index	1.7	7.6	New dwelling	0.9	6.8	Second-hand dwelling	1.9	7.8
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Raw materials & Energies	<p align="center">Procurement</p> <p>November 2022 Spain and Portugal are currently working to create a common energy storage solution to mitigate the impact of potential future crises like the one in Ukraine on energy prices and supply. Hydrogen, batteries and water are being considered in this project (Euractiv).</p>	<p align="center">Price / Cost</p> <p>November 2022 The energy price index decreased by 4.7 percent between September and October 2022, although it was still 54.1 percent higher than in the same period in October 2021 (INE, November 2022).</p>																								

		<div data-bbox="1256 199 2027 399"> <p>Industrial Price Index - October 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>-1.4 ↓</td> <td>26.1 ↑</td> </tr> <tr> <td>Consumer goods</td> <td>1.3 ↑</td> <td>13.8 ↑</td> </tr> <tr> <td>Capital goods</td> <td>0.2 ↑</td> <td>5.5 ↑</td> </tr> <tr> <td>Intermediate goods</td> <td>-0.1 ↓</td> <td>15.9 ↑</td> </tr> <tr> <td>Energy</td> <td>-4.7 ↓</td> <td>54.1 ↑</td> </tr> </tbody> </table>  </div> <p>February 2023</p> <p>Electricity prices in Spain continued their downward trend to around 85 euros per megawatt hour, down more than 80 percent from a record high of 545 euros in March 2022, due to increased wind power generation and lower demand. In addition, the Spanish government is seeking EU approval to extend the Iberian gas price cap, which is currently set to expire on May 31, at least until the end of 2024. Spain and Portugal have had an agreement since spring 2022 to separate the price paid for natural gas used in the energy mix from that paid for cheaper sources such as solar, nuclear or hydroelectric power (Trading Economics).</p>		Monthly change	Annual change	General index	-1.4 ↓	26.1 ↑	Consumer goods	1.3 ↑	13.8 ↑	Capital goods	0.2 ↑	5.5 ↑	Intermediate goods	-0.1 ↓	15.9 ↑	Energy	-4.7 ↓	54.1 ↑
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<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>To combat the negative impacts of the war in Ukraine, the Spanish government has implemented a supportive fiscal policy, among others, through :</p> <ul style="list-style-type: none"> • A grant for the sale and purchase of fuel; • Extension of Energy Tax Rebates; • Direct assistance to energy-intensive sectors, including transportation; • New credit offers for companies in difficulty (10 billion euros); • Measures to reduce the impact of rising energy costs (6 billion euros)(OECD, June 2022). <p>The current legal framework in Spain is very restrictive with respect to the introduction of price revision clauses. According to the current law on public sector contracts, price revision in public works contracts is only possible if strict 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; it was modified</p>																			

throughout the year by the Royal Decree-law 6/2022, the Royal Decree-law 14/2022 and the Order HFP/1070/2022. Beware, the mechanism is complex, only applies to works that meet a series of restrictive criteria and has a temporary character; in CNC's opinion, it is clearly insufficient to give a proper solution (CNC, February 2023).

October 2022

On Oct. 13, Prime Minister Pedro Sánchez detailed a new package of measures worth 3 billion euros for vulnerable consumers, or about 1.7 million households. Sánchez said the social energy bonus would be strengthened by increasing the amount of energy eligible for a discount by 15 percent. The social energy premium will also be increased by a percentage of 65% or 80% depending on the income level of the households. In addition to these exceptional measures, the Prime Minister announced the creation of a new "temporary" category of electricity consumers (1.5 million households) entitled to a 40% reduction on their bill. The so-called thermal bonus will be reinforced in 2022 and 2023 for vulnerable households, raising the minimum subsidy amount to €40 and doubling the average subsidy amount to €375 per household ([Bruegel](#)).

November 2022

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

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

December 2022

	<p>The Minister of Transport, Mobility and Urban Agenda, Raquel Sánchez, has announced the energy efficiency strategy for the state road network (RCE) to reduce energy consumption by 50% between 2022 and 2028. Thus, the Ministry plans to invest some 510 million euros in the modernization of the lighting system, generate savings in energy demand and be less dependent on fossil fuels. The strategy includes action on lighting in tunnels and open-air sections, where intelligent lighting management systems will be implemented and the switch from high-pressure sodium luminaires to LED technology will be encouraged. The replacement of luminaires will generate savings of 30% to 40%, and up to 70% if the deployment of intelligent lighting management systems, which allow the regulation of lighting according to the presence or absence of vehicles and users, is added (Spain Today News).</p> <p>February 2023</p> <p>The Spanish government will ask the European Commission for permission to extend until the end of 2024 the so-called "Iberian mechanism", an exceptional measure limiting the price of gas for electricity generation in Spain and Portugal. On 9 January, in an interview with the private television channel Antena3, the minister explained that Madrid wanted the "gas ceiling" to be "as low as possible", around 45 or 50 euros, and added that this measure "could be extended, at least, until the end of 2024".</p> <p>On January 10, it announced that Spain's progressive executive had submitted to the European Commission a proposal for a "fundamental regulation" to reorganize the European electricity market in preparation for the EU-level debate scheduled for the spring (Euractiv, 2023).</p>
<p>Positioning of the Federation</p>	

	Estonia	
Economic conditions	General	Construction
	<p>December 2022</p> <p>Estonian inflation reached 21.3% in November 2022, compared to November 2021. However, the annual change from 2021 is 4.6% in 2022 (Statistics Estonia).</p>	<p>November 2022</p> <p>According to Statistics Estonia, in the third quarter of 2022, the total value of output of Estonian construction companies in Estonia and abroad decreased by 3% year-on-year at constant prices. Considering only the domestic market, the volume of construction decreased by 4%. This slowdown is</p>

	<p>According to Statistics Estonia, in the third quarter of 2022, GDP decreased by 2.4 percent year-on-year. GDP at current prices was 9.3 billion euros (Statistics Estonia).</p> <p>February 2023 Annual inflation in December 2023 slowed to 17.6 percent. On average, annual inflation compared to the previous year will have been 19.4%. The largest impact on the consumer price index in 2022 came from housing-related price increases, which accounted for two-fifths of the total increase. "Compared to 2021, electricity that reached homes was 94.4% more expensive, gas 123.8%, solid fuels 73.5%, and thermal energy 49.1%. Food and non-alcoholic beverages contributed to almost a quarter of the total increase. Among food products, the largest increase was recorded in the prices of flour and cereals (53.6%), sugar (50.9%), other oils (49.5%) and eggs (45%). Gasoline was 30% more expensive and diesel 45.9%" (Statistics Estonia).</p>	<p>mainly due to the continued rise in construction costs (Statistics Estonia).</p> <p>December 2022 The construction price index increased by 8.3% between the third quarter of 2021 and the third quarter of 2022 (Statistics Estonia).</p>
<p>Raw materials</p>	<p style="text-align: center;">Procurement</p> <p>October 2022 Estonia is one of the most energy-independent countries in the EU, thanks to the country's oil shale, which accounted for 56 per cent of Estonian energy in 2020. Biofuels - mainly wood chips - account for 26% of energy, gas 7%, other renewables 6% and other fossil fuels 5%. Following Russia's aggression in Ukraine, Estonians are taking steps to stop buying Russian oil and gas. Private companies Alexela and Infortar are building an LNG terminal in Paldiski, which is expected to receive an FSRU in late fall 2022. The LNG is expected to be primarily of U.S. origin (International Trade Administration).</p>	<p style="text-align: center;">Price / Cost</p> <p>November 2022 The construction price index expresses the change in the cost of construction by taking into account changes in the prices of basic inputs. These are divided into three main groups: labor, construction materials, and construction machinery. Data from Statistics Estonia show that the construction price index increased by 3.8% in the third quarter of this year compared to the second quarter of 2022 and by 17.4% compared to the same period last year (Statistics Estonia)(EEEL).</p>

<p>Cost of energy</p>	<p>December 2022 Statistics Estonia reported that, compared with October 2021, the consumer price index was most affected by housing-related price changes, which accounted for one-third of the total increase. Partial energy price compensation measures for electricity, gas, and district heating went into effect in October. In addition, from October, households were able to purchase electricity as a universal service, the price of which is formed on the basis of the production price confirmed by the Competition Authority. "Solid fuels were 111.4% more expensive, gas 88.8%, electricity that reached households 83.7%, and thermal energy 49.1%. Price changes for food and non-alcoholic beverages accounted for nearly 30% of the total index increase. Gasoline was 21.9% more expensive and diesel 42.6%" (Statistics Estonia).</p>	
<p>Measures adopted by the utilities</p>	<p>September 2022 The government has released a budget of 257 million euros to fight inflation and the repercussions of the war in Ukraine:</p> <ul style="list-style-type: none"> • Strengthen energy security (investments in liquefied gas and gas reserves) ; • Tax assistance for struggling households, including energy bills; • Increasing the subsistence level from 150 to 200 EUR per month (OECD, June 2022). <p>October 2022</p> <ul style="list-style-type: none"> • On January 25, 2022, the Estonian government approved a price cap on electricity (€0.12/KWh) and gas (€65/MWh) for households and the elimination of electricity distribution fees for businesses (previously reduced by only half), in an effort to mitigate the negative effects of rising energy prices. These benefits were valid from January to March. • On September 14, 2022, a statement by Prime Minister Kaja Kallas indicated that in order to lower energy prices, many large energy companies could be allowed to close for a short period. This statement was not official policy and was disputed by many members of his government and coalition. • On August 25, 2022, the government supported the draft proposal to accelerate the transition to renewable electricity by setting a renewable electricity target for 2030 equal to 100% of total electricity consumption (previously 40%). The goal is to ensure a renewable energy supply of 650 GW in January 2023, and at least 500 GW in 2024 and 2025 through wind and solar capacity. • On September 22, 2022, the government announced that the draft state budget for 2023 included an energy subsidy equal to €50/MWh of electricity for domestic consumers, and that it would cover 80% of price increases above €80/MWh. Similarly, for gas and central heating, it would offset 80% of price increases. Households will see their bills automatically reduced by this subsidy from October 2022. He also announced investment subsidies for the energy security of large industries (Bruegel). 	

Positioning of the Federation	<p>September 2022</p> <p>In June 2022, the Estonian Construction Federation (EEEL) conducted a survey among its members to assess the impact of rising raw material prices. Most of the respondents were engaged in public contracts, the majority of which received no support given the exceptional situation (price increases and material shortages). EEEL's surveys showed that price increases averaged between 15% and 20% of the original contract value. Taking into account the total financial volume of state construction work in 2022 (about 1 billion euros), it therefore estimates the total amount of increases in the cost of state construction work at about 150-200 million euros (in 2022). In response, the EEEL has opened a discussion with the government on the introduction of exceptional measures in response to major forces (including planning for additional investments to cover an unforeseen extra budget)(EEEL, July 2022).</p> <p>October 2022</p> <p>The Estonian Construction Association issued a public appeal to the Government of the Republic of Estonia on October 12, 2022, alerting it to the worrying situation of the construction sector and the need to support it in the long term: "We ask you to sustain the construction sector by significantly increasing public investment in the construction sector and the necessary support measures to preserve the sector, so that we can continue to provide additional tax revenues to the state budget while continuing to work."</p> <p>Given the current situation of the Estonian economy (the highest inflation in the Eurozone, a sharp rise in energy prices and the resulting high construction prices, leading to a significant cooling of the construction market) it is clear that if the public sector does not significantly increase the planned investments in RES for 2023 and 2024, tens of thousands of employees will lose their jobs in the construction sector in the coming year, which will also be preceded by the closure or bankruptcy of many companies" (EEL).</p>
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	Finland	
Economic conditions	General	Construction
	<p>December 2022</p> <p>Inflation reached 9.1 percent in November 2022. In November, consumer prices rose primarily due to increases</p>	<p>December 2022</p> <p>According to Statistics Finland, the turnover of construction companies increased by 7.5% in October 2022 compared to</p>

	<p>in the price of electricity and the average interest rate on home loans, as well as increases in the price of diesel fuel and consumer credit compared with a year earlier. The year-over-year increase in consumer prices was dampened by reductions in the prices of nonreimbursable prescription drugs.</p> <p>The monthly change in consumer prices was 1.2 percent, due to higher electricity prices and an increase in the average interest rate on housing loans (Statistics Finland).</p> <p>February 2023 The annual change in inflation calculated by Statistics Finland was 9.1% in December (it remained stable compared to November 2022). In 2022, the average inflation rate was 7.1% (Statistics Finland).</p>	<p>the previous year. Sales volume, with the impact of price changes removed, increased by 1.2% (Statistics Finland).</p> <p>According to Statistics Finland, construction costs increased by 5.5 percent in November 2022 compared to November 2021. Nevertheless, the monthly change in the total index fell to zero and was negative in several input items. Among materials, the largest increases for the year were in thermal insulation (20.9%). Costs fell most per month in steel structures (-1.8%) and roofing materials (-5.1%)(Statistics Finland).</p> <p>February 2023 According to Statistics Finland, construction companies' sales increased by 4.3% in November 2022 compared to a year earlier. While the volume of sales decreased by 1.0% (Statistics Finland).</p>
Raw materials	<p style="text-align: center;">Procurement</p> <p>September 2022 As far as Finland's energy supply is concerned, in one month 85% of its oil imports from Russia have been 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 power plant 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>November 2022</p>	<p style="text-align: center;">Price / Cost</p> <p>September 2022 According to Statistics Finland, construction costs rose by 6.8% in August 2022 compared to a year earlier. Among materials, the largest increases were for steel structures (24.9%) and thermal insulation (22.7%). Wood structures continued to see a decline in cost, with a year-over-year change of -7.9% (September 2022).</p> <p>February 2023 According to Statistics Finland, construction costs increased by 5.3 percent in December 2022 compared to the previous year. Among materials, the largest increases for the year were for thermal insulation (17.8 percent) and materials for</p>

Gas infrastructure development: The Hamina LNG terminal is a facility located in the Kymenlaakso region. The operator is Hamina LNG Oy, the cost is estimated at EUR 100 million and commercial operations were expected to start in October 2022. The capacity is estimated at 0.37 bcm/year, but there are already plans to increase it soon.

Coal: On September 16, 2022, Fortum announced that Finland's last coal-fired power plant, Meri-Pori, would undergo an annual shutdown in October so that it could be deployed for commercial use at its full 560 MW capacity starting in November 2022 ([Bruegel](#)).

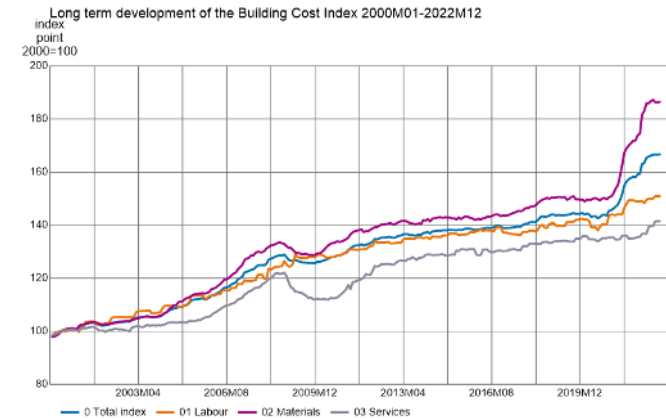
December 2022

Pipelines of up to 5,000 kilometers in length are planned to connect the Baltic Sea region and Central Europe by 2030.

A project called Baltic Sea Hydrogen Collector (BHC), as well as other previously launched projects, are expected to complement the EU's hydrogen strategy and the REPowerEU plan. They will also support the EU's climate goals, such as the Green Pact for Europe and the Fit for 55 packages.

The Baltic Sea Hydrogen Collector (BHC) project, launched on December 16 by the Finnish company Gasgrid, the Swedish gas transmission system operator Nordion Energi and two Danish companies OX2 and Copenhagen Infrastructure Partners, plans to connect mainland Finland, Sweden and the Åland Islands to Germany. Connections could also be built to the islands of Gotland in Sweden and Bornholm in Denmark ([Euractiv](#)).

heating, water, and sewage (17.1 percent). The decrease in costs for wooden structures continued and the change from the previous year was -7.6% ([Statistics Finland](#)).



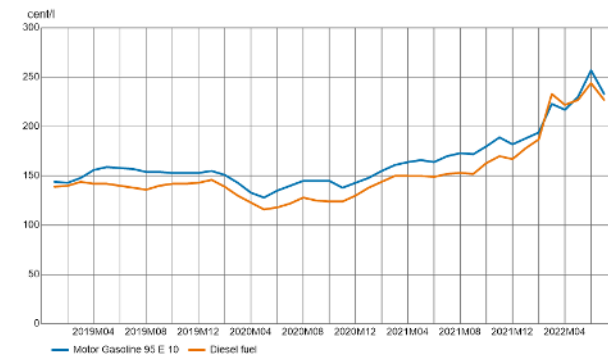
Source: Statistics Finland, building cost index

Cost of energy

September 2022

- The pre-tax price of natural gas in June 2022 was about three times higher than in June 2023.
- Liquid transportation fuels appear to have peaked in price in the summer. In June 2022, gasoline prices were 57 percent higher and diesel prices were 64 percent 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](#)).

Price of motor gasoline and diesel fuel 2019M01-2022M07

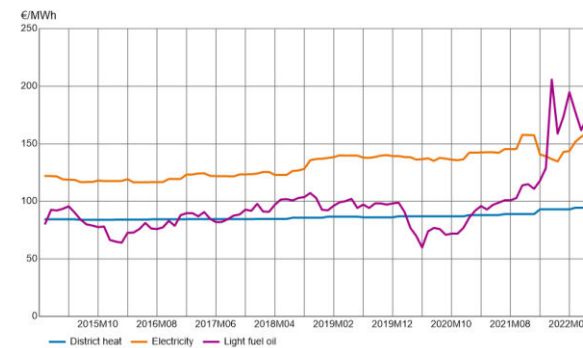


Source: Statistics Finland, energy prices, consumer price index

February 2023

In the third quarter of 2022, electricity prices were on average 40-60% higher than a year ago. Operating costs for oil-heated homes also increased significantly, with heating oil costing 68 percent more than a year earlier ([Statistics Finland](#)).

Purchase price, detached house 2015M01-2022M10



Source: Statistics Finland, energy prices

Measures adopted by the utilities

September 2022

The government has decided on temporary targeted measures in response to rising energy prices. These measures are particularly focused on transport and are aimed at households, professional transport service providers and agricultural contractors:

- Since the beginning of 2021, the electricity tax for industrial users, data centers and agriculture has been reduced to the minimum rate allowed by the EU. This year, a reduced electricity tax rate will be extended to certain heat pumps, electric boilers and more data centers. The position of consumers in the electricity market has been improved by intervening in the price of energy transmission. The amount of transmission charges that can be charged to customers in 2022 is about 370 million euros lower than in 2020.
- The maximum deduction for travel expenses between home and work will be temporarily increased from 7,000 to 8,400 euros in the taxes for 2022. In addition, the mileage allowance for commuting expenses when using one's own car will be temporarily increased to 0.30 euro/km (previously 0.25 euro/km).
- The government is preparing amendments to the Electricity Market Act that will improve the position of consumers in the event of an energy price crisis. The aim is to increase awareness of electricity supply contracts that use dynamic pricing, also known as spot contracts ([Finnish government, February 2022](#)).

October 2022

- On September 1, 2022, the government presented the draft state budget for 2023, in which it proposed to **reduce the VAT on the sale of electricity from 24 percent to 10 percent between January 1, 2023 and April 30, 2023**. The reduction in VAT on electricity would only apply to the sale of electricity, not to the transmission of electricity or access to the electricity grid, which would remain subject to the standard VAT rate of 24%. Households' purchasing power would also be improved by a temporary reduction of VAT on passenger transport to 0%, which would apply to all passenger transport services currently subject to taxation, such as train, bus, cab, air and sea transport. Low-income households whose monthly electricity bill exceeds the €400 deductible (up to a maximum of €1,500) will be entitled to a **subsidy covering 60% of the bill for four months between 1.1.2023 and 30.4.2023**. It is estimated that these measures would affect approximately 252,000 households.
- On September 4, 2022, the government agreed to set up a €10 billion emergency facility of loans and credit guarantees to help utilities weighed down by soaring collateral demands as they trade in volatile electricity markets to meet short-term liquidity needs ([Bruegel](#)).

November 2022

- On October 5, 2022, the government implemented an energy conservation program in state properties that aims to save 50-75 GWh and up to 10 million euros in energy costs. The "One Step Lower" campaign, which kicked off during Energy Savings Week on October 10, 2022, encourages all businesses, organizations and individuals to save energy (cooler showers, lower heating temperatures, energy saving cycles for the dishwasher, etc.).([Bruegel](#)).

	<p>December 2022</p> <p>Finnish Prime Minister Sanna Marin of the Social Democratic Party (SPD)'s proposal to set a possible cap on electricity prices caught the opposition and her government colleagues off guard.</p> <p>Finnish power generation has suffered a triple blow: low temperatures, difficulties at the Olkiluoto 3 nuclear reactor and lack of wind affecting wind power generation have led to a spike in electricity prices. On December 14, the price per kilowatt hour on the power exchanges was over 60 cents.</p> <p>Ms. Marin then announced that she would organize an all-party meeting on December 19 to discuss the energy issue in Finland. Her social democratic parliamentary group presented concrete figures, suggesting that the price of electricity for households should not exceed 20 cents per kilowatt hour. In addition to the speed of the proposal, its price was also criticized. Finance Minister Annika Saarikko (Centre Party) called the suggestion "understandable" but said it would cost "billions" and have a negative impact on public finances. The government has previously lowered VAT on electricity (Euractiv).</p>
<p>Positioning of the Federation</p>	<p>The crisis in Ukraine is making it difficult for the member companies of the Finnish Construction Association (RT) to operate. In order to alleviate the situation of the companies, RT has, among other things, proposed to the state a time-limited reduction of the tax on light fuel oil and that, for commercial activities, the tax be reduced to the European minimum (RT, 2022).</p> <p>RT published a report on the impact of the crisis in Ukraine on the construction sector (report available here, in Finnish).</p>

	France	
Economic conditions	General	Construction
	<p>December 2022</p> <p>In November 2022, the consumer price index (CPI) increased by 0.3% over one month, after +1.0% in October. Prices for energy (+0.9% after +5.8%), food (+0.5% after +1.7%) and - to a lesser extent - manufactured goods (+0.4% after +0.8%) slowed. Services prices remained almost</p>	<p>December 2022</p> <p>The dynamism of activity observed in September did not continue in October, allowing the sector to catch its breath. However, this trend is not growing and does not allow for the hoped-for recovery: even if it were to continue until the end of the year, public works production would show a decline of -6.6% in 2022 compared to 2021 (FNTF).</p>

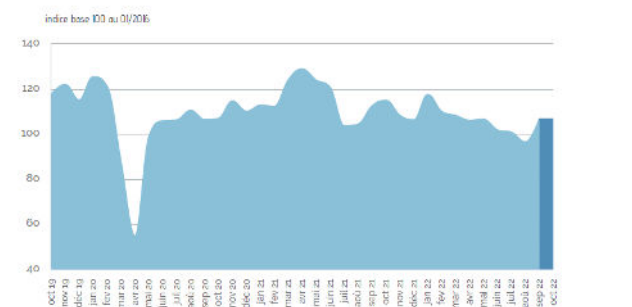
stable in November (+0.1% after +0.0% in October)([INSEE](#)).

February 2023

In December 2022, inflation fell by 0.1% over one month, after +0.3% in November. Energy prices fell (-3.6% after +0.9%) due to the decline in oil prices (-5.2% after +0.3%). Prices of manufactured goods slowed down (+0.2% after +0.4%) and those of food increased at the same pace as the previous month (+0.5%). Services prices accelerated (+0.3% after +0.1%), especially those of transportation services (+2.3% after +0.6%).

Over a year, consumer prices increased by 5.9% in December 2022, after +6.2% in November. This decrease in inflation is due to the slowdown in energy prices (+15.1% after +18.4%) and, to a lesser extent, in services (+2.9% after +3.0%). Food prices increased year-on-year at the same rate as in November (+12.1%) and manufactured goods prices accelerated (+4.6% after +4.4%)([INSEE](#)).

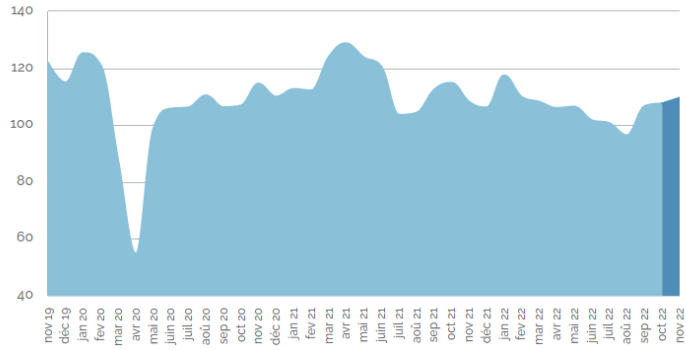
TRAVAUX RÉALISÉS



February 2023 - Public Works

Public Works is heading towards a slightly better end of the year 2022 than the previous quarter, while inflationary pressures on production costs are easing over the last few months and the business climate is warming up slightly. While these signals are encouraging, this recovery is far too timid and delayed to avoid a contraction in TP output in 2022. Moreover, the current uncertainties regarding the evolution of new orders and the level of inflation in the coming months call for caution for the beginning of 2023.

The improvement in activity, which began in September, continued in November with an increase in production volumes of +1.9% over October 2022 and +1.8% over November 2021. This improvement goes hand in hand with a lull in the rise in production costs, reflected by the slight decline in the TP01 index since the summer. However, over the last three months, work performed remains down -3.3% compared to September-November 2021. In fact, the current growth is still too tenuous to mark an inflection in the downward movement of 2022 ([FNTP](#)).

		<p>TRAVAUX RÉALISÉS ▼ -7,3 %</p> <p>indice base 100 au 01/2016</p> 
<p>Raw materials</p>	<p style="text-align: center;">Procurement</p> <p>For several months, France has been facing a shortage of raw materials in several sectors. The sectors affected by the shortage are the food industry (82%), and almost as much the automotive industry (78%) - notably due to the semiconductor crisis, metallurgy (75%) and fashion and luxury goods (74%). But all sectors are concerned and only two of them have a minority of companies reporting these difficulties, finance at 42% and IT/telecom at 38% (La Tribune, 2022).</p> <p>Despite nuclear power, despite renewable energies, despite a more controlled consumption, France remains very dependent on oil and gas imports. The country's energy independence rate is 53.1%, according to the figures of the General Commission for</p>	<p style="text-align: center;">Price / Cost</p> <p>December 2022 In November 2022, the euro price of oil fell (-5.5% after +4.8% in October). The euro prices of imported raw materials (excluding energy) continued to fall (-4.0% after -0.9%) and those of industrial raw materials decreased again (-1.4% after -1.9%)(INSEE).</p> <p>February 2023 While average building costs (BT01 from INSEE) rose by 5.4% from the end of 2020 to the end of 2021 (twice as much as general inflation), and then by a further 6.3% over the first ten months of 2022, the relative lull in material prices observed in the last quarter of 2022 has been hit by the new surge in energy prices since the end of August, while general inflation has begun to translate into higher wages in the building industry.</p> <p>The BT indexes are used to update and/or revise the prices of building contracts. The most generalized of these, the BT01 (all building trades) and BT50 (renovation-maintenance all trades) show strong increases, +6.8% and</p>

Sustainable Development. 17% of French gas comes from Russia, with Norway remaining the main source of gas for France (36%)([Les Echos, 2019](#)).

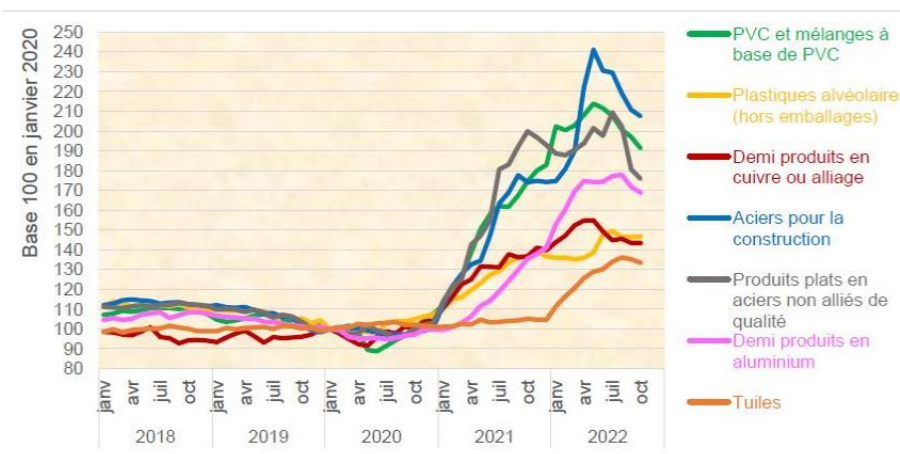
November 2022

Gas infrastructure development: Le Havre FSRU is a floating regasification and storage unit announced by the French government. The terminal is expected to be installed in the port of Le Havre, Normandy, by TotalEnergies as early as January 2023 ([Bruegel](#)).

In September 2022, at the request of the State, GazelEnergie re-commissioned the coal-fired power plant located in Moselle. Unit 6 of the Emile-Huchet power plant (Saint Avold), with a capacity of 600 megawatts (MW), will operate for 2,500 hours this winter - from October 1, 2022 until the end of March 2023 ([Bruegel](#)).

+5.7% between October 2021 and October 2022 (last month available), after 5.4% and 3.9% for the whole of 2021 ([FFB](#)).

Industrial production price indices for some materials for the French market:



Source : calculs FFB d'après Insee.

All construction indexes (building and public works) can be consulted on the [INSEE website: Building, public works and miscellaneous construction indexes in November 2022 - Informations rapides - 11 | Insee](#).

<p>Cost of energy</p>	<p style="text-align: center;">Evolution de l'indice des coûts des matériaux et de l'énergie dans les travaux publics</p> <p style="text-align: center;">Source : Insee, base 100 en 2015</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • Regulated gas and electricity rates are capped; • The energy voucher for the most modest households has been increased; • Road fuel tax cuts; • Increased targeted business subsidies (with conditions); • Housing Tax Relief; • Corporate Tax Relief (OECD, June 2022); • Assistance granted to companies, of all sizes and in all sectors, whose gas and electricity costs represent at least 3% of sales; • For companies in the construction sector, the government will ask public actors to apply, where possible, the doctrine of unpredictability for contracts that do not contain a price revision clause and not to apply delay penalties when the contract is in progress. • Bankruptcy protection measures (government guaranteed loan, industrial growth loan, government guaranteed liquidity facility...)(FIEC, 2022). <p>October 2022</p> <ul style="list-style-type: none"> • On September 14, 2022, the government announced that the tariff shield, already extended until December 2022 for gas, and until February 1, 2023 for electricity, will be renewed in 2023.

The scheme includes: a 15% cap on the increase in gas and electricity prices; a limit on the average increase in bills to about €25 per month for households heating with gas; a limit on the average increase to about €20 per month for households heating with electricity; and assistance of up to €200 for French people heating with oil or wood. According to government estimates, these measures should benefit 12 million households.

- On October 6, 2022, the government officially presented the "**Energy Sobriety**" plan, which aims to reduce energy consumption by 10% over the next two years compared to 2019. The plan aims to **consume less energy and improve the energy efficiency of households, businesses, public buildings and transport**. The scheme includes financial support for households to change heating systems through the MaPrimeRenov program; the sustainable mobility package for employees is exempt from social security contributions up to €700 per year and can be combined with public transport reimbursement up to €800. In addition, energy utilities will offer incentives to reduce consumption. For example, TotalEnergies offers a bonus ranging from €30 to €120, depending on the energy savings achieved by households heating with electricity that reduce their electricity consumption by at least 5% between November 31, 2022 and March 1, 2023 ([Bruegel](#)).
- In a context where rising prices and supply difficulties are causing tensions in the execution of public contracts, the government asked the Council of State about **possible price changes and the application of the theory of unforeseeability in current contracts**. On 15 September, the Council issued a favourable, but framed, opinion ([FFB](#)).

November 2022

- On the occasion of the "24 hours of the building", the Minister of Economy, Bruno Le Maire, announced the effective opening of the "**simplified one-stop shop**", a project unveiled a month ago to support businesses facing the energy crisis. However, access to this window still requires an energy consumption of more than 3% of turnover. Building companies will therefore only very rarely be concerned ([FFB](#), Aides aux entreprises).
- **Energy crisis, the new window of help for companies accessible: Ten billion euros to help companies cope with the explosion of energy prices and thus prevent a wave of bankruptcies.** It is the envelope promised by the government which revised the operation of its first device of support. Objective: to touch "more companies with an intensity of stronger help and proportional to the increase of the invoice" of electricity and gas. To achieve this, the criteria have been reduced, the administrative procedures simplified and the payment deadlines compressed. Among the elements reviewed to benefit from the bill payment assistance, the price of energy during the application period (September and/or October 2022) must have increased by 50% compared to the average price paid in 2021. In addition, energy expenses during the application period must represent more than 3% of last year's turnover ([Les Echos](#)).
- **In a joint statement issued Tuesday (Nov. 22), the German and French economy ministers called for a revival of European industrial policy to counter rising energy prices and the consequences of the war in Ukraine.** Robert Habeck and Bruno Le Maire said they were "*firmly resolved to work together to provide an adequate response to the most*

vulnerable economic sectors". According to the text, France and Germany will make "joint purchases of gas [...] in order to lower prices for consumers and industry" and say they are in favor of a "structural reform of the electricity market" to achieve a sustainable control of energy prices. They also announced the launch of Franco-German cooperation or working groups in strategic sectors such as hydrogen, artificial intelligence, cybersecurity, space policy, quantum computing and raw materials supply ([Euractiv](#)).

December 2022

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

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

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

February 2023

On January 6, 2023, Bruno Le Maire announced that electricity suppliers had agreed to systematically open renegotiations for VSEs who, having renewed their contracts in the second half of 2022, pay more than €280/MWh on average for electricity over 2023. This figure will constitute a ceiling.

The situation is thus summarized as follows:

	<ul style="list-style-type: none"> - The VSEs connected with a power of less than 36 kVA benefit from the energy shield; - The remaining VSEs now have their contracts capped at €280/MWh in 2023; - SMEs can use the "electricity buffer"; - ETIs and large companies must fall back on the one-stop shop, provided that energy costs exceed 3% of their turnover (FFB). <p>In addition to the energy shield (for all VSEs regarding gas, only if they have a contract for a power of less than 36 kVA in electricity) and the electricity buffer (for other VSEs and SMEs), the Prime Minister announced, in early January, the possibility for VSEs and SMEs to request deferment of payment of their taxes (excluding VAT, ancillary taxes and repayment of levy at source) and social contributions (current contributions as a plan of Covid clearance in progress).</p> <p>In addition, the Minister of the Economy indicated that the energy companies had agreed to offer payment facilities, in the form of staggered invoices for the first few months of the year over several months, to VSEs and SMEs experiencing cash flow difficulties (FFB).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>Faced with rising prices and shortages of raw materials, the FFB has sent an urgent request to the public authorities to obtain a transitional measure to lower the VAT rate on fuels, as well as a freeze on energy and fuel prices. It would also like to see the partial activity resulting from the shortages fully covered. With regard to public contracts, the FFB is calling for the State to systematically take into account claims for compensation, contract amendments and the non-application of penalties for delay, as well as the implementation of the theory of unforeseeability, both in public and private contracts, in order to impose a renegotiation of prices as long as the conflict lasts (BatiActu, March 2022).</p> <p>October 2022</p> <p>The action of the FFB has borne fruit (accompanied by the MEDEF and the CPME): Faced with soaring electricity rates, Bruno LE MAIRE, Minister of the Economy, proposed to the professional organizations meeting on October 21 the establishment of a simple and general support system (all sectors, open to VSEs - including contracts of less than 37 kVA, SMEs and ETIs - subject to confirmation by the European Commission), intended for companies that do not benefit from the energy shield. With a maximum of 10 billion euros, it will replace the aid to large energy consumers, which does not work well.</p> <p><u>In detail, with regard to the supply of electricity:</u></p> <ul style="list-style-type: none"> • On average, companies already benefit from the fixed and regulated rate of Arenh (nuclear and hydraulic electricity shared between energy suppliers), which will probably amount to 49.5 €/MWh from 1/01/2023, on 50% of their bill ; • In addition, there would be a fixed and regulated tariff, guaranteed by the State, for 25% of the bill, as soon as the contract provides for a price per megawatt-hour higher than €325 and up to a ceiling that remains to be defined; • The complement would remain sold at the market price, today around 500 €/MWh.

The new assistance would be charged directly to the invoice (no forms to fill out, no documents to provide)(FFB).

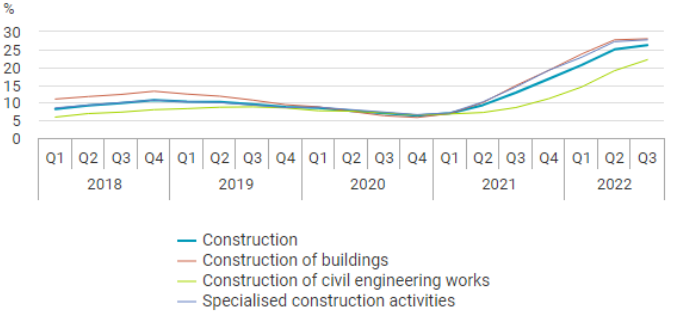
	Greece	
Economic conditions	<p>General</p> <p>November 2022 Greece's annual GDP was 7.7% in October 2022, while inflation was 9.1% (Statistics Greece).</p> <p>December 2022 Inflation in Greece reached 8.5% in November 2022 (compared to November 2021). While the GDP in the third quarter was 2.8% (Statistics Greece).</p> <p>February 2023 Inflation in Greece has slowed down over the end of the year 2022, to 7.2% (Statistics Greece).</p>	<p>Construction</p> <p>December 2022 Total construction activity (private-public) in Greece in August 2022, based on the number of building permits issued, amounted to 1,685, an increase of 12.6 percent in the number of building permits, compared to the corresponding month of 2021. Building permits for private construction activity issued in Greece in August 2022 totaled 1,667, an increase of 11.7% in the number of building permits (Statistics Greece).</p> <p>February 2023 Construction activity increased 4.2% between October 2021 and October 2022 .</p>
	<p>Procurement</p> <p>November 2022 Gas infrastructure development: A gas pipeline connecting the Greek and Bulgarian gas pipeline networks was inaugurated in October 2022. The capacity of the pipeline is expected to be 3 to 5 billion cubic meters per year with reverse flow capacity. The connection points will be Komotini in Greece and Stara Zagora in Bulgaria. The length of the pipeline will be approximately 180 km (150 km in Bulgaria, 30 km in Greece). The interconnection will allow Bulgaria to be connected to the Trans-Atlantic Pipeline (TAP), which</p>	<p>Price / Cost</p> <p>November 2022 The overall material cost index in the construction of new residential buildings with base year 2015=100.0, recorded an increase of 11.8% in October 2022 compared to October 2021 (0.5% increase between September and October 2022)(Statistics Greece).</p> <p>February 2023 The index of the overall cost of materials in new residential building construction, with a base year of 2015=100, in November 2022 recorded an increase of 11.6% compared to</p>
Raw materials & Energy		

	<p>transports Azeri gas to Europe. The cost of the project has been estimated at 220 million euros (Bruegel).</p> <p>The government has reportedly announced plans to increase lignite production by 50 percent, despite a commitment in its 2019 national energy and climate plan to phase out coal-fired power generation by 2028 and to close currently operating lignite plants, which were to be completed by 2023. Gas grid operator DESFA announced that it would keep seven coal-fired plants operating longer than planned, citing the current energy crisis (Bruegel).</p> <p>February 2023</p> <p>The Bulgarian government on Tuesday (Jan. 4) approved two documents on strengthening energy cooperation between Bulgaria and Greece, including an agreement on gas storage and a commitment to quickly build an oil pipeline. This pipeline should supply crude oil to the Lukoil Neftochim refinery.</p> <p>The memorandum focuses on the conclusion of an agreement that will allow Greek gas suppliers to reserve gas storage capacity in the Bulgarian Chiren facility. For their part, Bulgarian energy companies are to be given slots for unloading liquefied gas at Greek terminals.</p> <p>The Bulgarian government estimates that the new pipeline can be built by the end of 2024.</p> <p>The cooperation agreement between Bulgaria and Greece to ensure the security of natural gas supply and storage is in line with the relevant EU regulation adopted in June 2022 (Euractiv).</p>	<p>November 2021. The corresponding index in November 2021 had recorded an increase of 7.1% from November 2020. The overall index for November 2022, compared to the corresponding index for October 2022, recorded an increase of 0.7 percent (Statistics Greece).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p>	

	<p>The government has decided to launch a €5.4 billion (2.7% of GDP) resilience plan to cope with rising prices and the impact of the war in Ukraine. Among the measures put in place:</p> <ul style="list-style-type: none"> • Property Tax Reduction; • Reduced taxes and social security contributions; • Electricity and gas subsidies for households and businesses; • Assistance to the poorest households (OECD, June 2022). <p>October 2022</p> <p>On Sept. 21, Greek Energy Minister Kostas Skrekas said the government would provide an additional 1.1 billion euros to households and businesses to protect them from rising energy prices before winter. The subsidies have three components:</p> <ul style="list-style-type: none"> • For households whose monthly consumption does not exceed 500 kilowatt hours, the value is 436 euros per megawatt hour. These households constitute the majority of Greek households. • For households consuming more than 501 kilowatt hours per month, the subsidies will offset about 70-80% of the price increase. • For companies with a consumption of more than 2000 kilowatt hours, 398 euros per megawatt hour are promised. <p>In addition to these benefits, a subsidy of 50 euros per megawatt is offered to consumers who reduce their average daily consumption by 15% year on year (Bruegel).</p> <p>November 2022</p> <ul style="list-style-type: none"> • The government has launched the "Save at Home" program to raise awareness of energy-saving behavior changes at home. In public buildings, measures range from lowering temperature levels in offices to reducing night-time lighting in public buildings, setting up a digital platform to track public sector energy consumption, and linking compliance with these measures to budget funding, with bonuses for the most efficient branches and cuts for those that do not meet their savings targets (Bruegel). • The government has strengthened the "Recycle - Switch" program to support the replacement of household appliances (e.g., air conditioners, refrigerators, freezers) with energy-efficient versions by reimbursing part of the purchase price. It also intends to launch a program (640 million euros) for the energy improvement of 2.5 million square meters of buildings used by the public sector (Bruegel). • The government wants to finance 250,000 small photovoltaic systems on the roofs of households and businesses, which will consume their energy for free (Bruegel).
<p>Positioning of the Federation</p>	<p>December 2022</p>

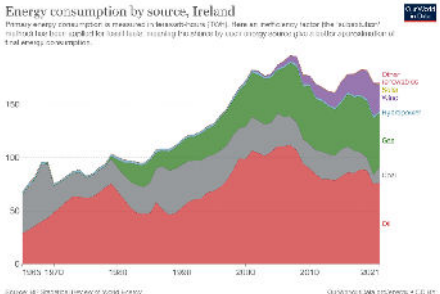
The Greek Association of Engineering Contractors for Public Works issued a position paper in early December, asking the Minister of the Interior for an immediate increase in project funding to pay for contract review bills ([AECPW](#)).

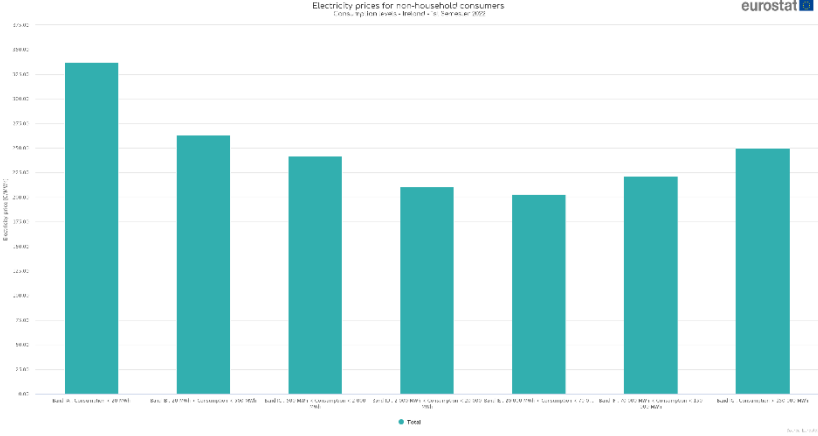
	Hungary	
Commercial conditions	General	Construction
	<p>November 2022 Annual inflation in Hungary reached 21.1% in October 2022, while annual GDP growth was 4.2% (Statistics Hungary).</p> <p>December 2022 Hungary's annual inflation rate reached 22.5% in November 2022, while annual GDP growth was 4% (Statistics Hungary).</p> <p>February 2023 At the end of 2022, inflation averaged 14.5% for the year, while the country's GDP grew by 0.4% in the last quarter of 2022 (Statistics Hungary).</p>	<p>November 2022 Changes in the production volume of construction companies compared to the same period of the previous year. Construction output increased by 1.6 percent compared to September 2021, while new orders in construction decreased by 20.9 percent since October 2021 (Statistics Hungary).</p> <p>December 2022 The production volume of construction companies decreased by 2.5% compared to the same period of the previous year. Among the main construction groups, building production decreased by 3.0%, civil engineering by 0.9%. Finally, construction output was 1.8% below the September level (Statistics Hungary).</p> <p>February 2023 Construction output in October 2022 increased by 1.3% (Statistics Hungary). In November 2022, the volume of construction output was 7.0% higher than a year earlier. Building production was up 18.6 percent. Production in the construction sector increased by 6.9% compared to October 2022. (Statistics Hungary).</p>
Raw materials & Energy	Procurement	Price / Cost
	September 2022	December 2022

	<p>95% of Hungary's gas and 45% of its oil comes from Russia, making it highly dependent on the latter (OECD, June 2022).</p> <p>November 2022 On July 13, 2022, the government declared a state of emergency and adopted a 7-point plan on energy security. The government intends to increase domestic natural gas production by 0.5 billion cubic meters per year to 2 billion cubic meters per year by this winter (Bruegel).</p>	<p style="text-align: center;">Changes in construction producer prices (compared to the same period of the previous year)</p>  <p>Change in producer prices in the construction sector in the third quarter of 2022: +26.5% (Statistics Hungary).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022 In order to counteract the negative impacts of the war in Ukraine, the government has initiated various measures, including:</p> <ul style="list-style-type: none"> • Reduction of social security contributions and salaries for companies; • Massive increase in coal production; • Reopening of the Matra thermal power plant (closed since 2021); • Citizens who consume more than the average will have to pay for the surplus consumed (Le Figaro, July 2022). <p>Until July 2022, Hungary did not participate in the sanctions package imposed on Russia.</p> <p>October 2022</p> <ul style="list-style-type: none"> • On July 13, the government declared a state of emergency and adopted a seven-point energy security plan. The government intends to increase domestic natural gas production to 2.0 billion cubic metres and to seek additional sources of gas. Budapest will ban exports of energy resources such as firewood and increase domestic lignite production. In addition, a lignite-fired power plant will be reopened in Matra and work on the Paks nuclear power plant near Budapest will be extended. • From August 2022, Hungary has removed caps on gas and electricity prices for high-consumption households (those who consume more than the national average). • On July 30, Hungary changed the eligibility requirements for price-capped fuel and increased the windfall tax levied on the oil and gas company MOL. Price cap fuel, whether gasoline or diesel, is now only available to private vehicles, 	

	<p>agricultural vehicles and cabs. The main exclusion is for company cars. As for MOL's windfall tax, it will increase from 25% to 40% on August 1.</p> <ul style="list-style-type: none"> The Commission approved Hungary's amendments to the business aid scheme to increase the maximum amount of aid to € 62,000 per undertaking active in the agricultural sector, to € 75,000 per undertaking active in the fisheries and aquaculture sectors and to € 500,000 per undertaking active in all other sectors. In addition, Hungary has notified an increase in the overall budget of around € 459 million. This will bring the total budget of the scheme to approximately €1.58 billion (Bruegel). <p>November 2022 The European Commission's gas demand reduction initiative was only opposed by Hungary. However, the government set new targets in September 2022: to reduce gas consumption by 25 per cent this winter for businesses and public buildings, as well as to limit maximum heating temperatures in public buildings, control the cost of firewood and announce plans for a program to support energy-intensive small businesses (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022 The National Association of Construction Contractors (EVOSZ) and the Public Procurement Authority (KH) have jointly published recommendations for all parties involved in the procurement process in the context of the war in Ukraine.</p> <p>The purpose of this article is to describe, in the situation of force majeure in the context of the Russian-Ukrainian war, in the case of public procurement procedures initiated before the outbreak of the war, the legal solutions that contracting authorities or contracting parties can use to execute previously concluded contracts or to publish new public procurement procedures, which are appropriate to the situation (EVOSZ, 2022).</p> <p>October 2022 The Hungarian Construction Association has issued a questionnaire to its members and any construction company on their assessments and expectations for the sector in the coming months (against a backdrop of high inflation and material shortages). The questionnaire was to be completed by September 23, 2022. An analysis will be produced from it in the coming weeks (EVOSZ).</p>

	Ireland	
Economic conditions	General	Construction

	<p>December 2022 Inflation slowed to 8.9 percent in November 2022, while GDP was 2.3 percent in the third quarter of 2022 (Statistics Ireland).</p> <p>February 2023 Inflation in Ireland is expected to slow down in 2023, to 6.5% while GDP is forecasted at 4% (IMF).</p>	<p>December 2022 Construction output volume decreased 2.7 percent in the third quarter of 2022 compared with the second quarter of 2022. On an annual basis, a 4.5% decrease in volume was recorded. The civil engineering sector increased by 10.3% in the seasonally adjusted volume index between Q2 2022 and Q3 2022 (Statistics Ireland).</p>
<p>Raw materials</p>	<p style="text-align: center;">Procurement</p> <p>October 2022</p>  <p>For information, the Irish energy mix before the war in Ukraine: 29.22% gas, 43.87% oil and 8.35% coal (World data).</p> <p>November 2022 <u>Gas infrastructure development</u>: The Shannon LNG terminal is a proposed LNG terminal in the Munster province, owned and promoted by New Fortress Energy. The facility would be developed in three phases, the first to be completed in 2022 and provide regasification capacity of 2.8 billion cubic meters per year, the second to be completed in 2025 and add 2.1 billion cubic meters per year and the third to be completed in 2029 with an additional 3.3 billion cubic meters per year (Bruegel).</p>	<p style="text-align: center;">Price / Cost</p> <p>September 2022 Rolled steel has risen to €1,500, an increase of €600 since mid-February (66% increase). Reinforcing bar prices have risen by 50% from €900 to €1,350 per ton in the last four weeks. Cable and copper increased by 31% to 8,642 euros per ton. Some types of steel are no longer available. 100% increase in delivery times for air conditioners, electronic controls and lighting equipment (ICF, 2022).</p>

<p>Cost of energy</p>	<p>September 2022 At the beginning of 2022, the surge in prices of many commodities (oil, gas, metals, cereals) due to the war in Ukraine led to a surge in inflation, which reached 9.6% in June 2022. Driven mainly by energy prices (heating oil +115%, gas +57%, electricity +41%), it will remain very high in the second half of the year, with inflationary pressures spreading to all goods and services (COFACE, 2022).</p> <p>October 2022 Cost of electricity for consumers, according to their consumption (excluding households)(Eurostat).</p>  <p>February 2023 The Consumer Price Index (CPI) increased 8.2 percent between December 2021 and December 2022, down from an annual increase of 8.9 percent in the 12 months prior to November 2022. The divisions with the largest increases over the year were housing, water, electricity, gas and other fuels (+25.9%). The division with the largest decrease during the month was "transport" (-2.6%)(Statistics Ireland).</p>
<p>Measures adopted by the utilities</p>	<p>October 2022 On September 27, the Irish government presented its budget for 2023, which contains some measures to address the deepening energy crisis. In the most significant measure to date, Ireland has committed €1.25 billion to its temporary Business Energy Support Programme. This measure will allow eligible businesses to receive compensation for 40% of their increased energy bills (gas and electricity), up to a maximum of €10,000 per month. It is aimed at small companies, but medium and</p>

	<p>large companies will also benefit. The measure will apply until February 2023. In addition, €200 million has been committed to the Ukraine Enterprise Crisis Scheme, which aims to further assist businesses affected by the energy crisis and war in Ukraine. It targets internationally traded manufacturing and service sectors. In one part of the program, €2 million will be provided in grants to energy-intensive companies severely affected by rising energy prices (Bruegel).</p> <p>November 2022 In May 2022, the government announced the provisional results of the second Renewable Electricity Support Scheme (RESS) auction, which resulted in a pipeline of 10 community projects with a total capacity of approximately 414 MW of onshore wind and 1,534 MW of solar (an increase of approximately 20% of Irish renewable energy generation). In August 2022, the government increased the offshore wind target capacity to 7 GW from 5 GW in 2030, and doubled the solar target to 5.5 GW and introduced a green hydrogen ambition of 2 GW. The government should revise its climate action plan by the end of 2022 to define the measures needed to achieve these targets (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022 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 respond to tenders and may even become insolvent. ICF is requesting that an effective price variation clause be included in all new public works contracts and that this mechanism be applied retrospectively to all ongoing projects. This request is currently under review (ICF, 2022).</p> <p>October 2022 ICF conducted a survey of industry firms (202) to analyze the impact of the current economic situation on construction.</p> <ul style="list-style-type: none"> • 96% reported an increase in the cost of materials in the past three months. • 85% believe that material costs will continue to rise in the next 3 months. • 79% of respondents reported an increase in project prices over the past 3 months (CIF).

	Italy	
Economic conditions	General	Construction

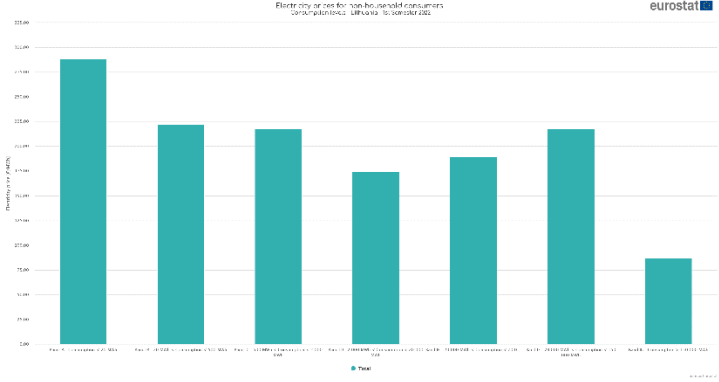
	<p>December 2022 In November 2022, the rate of change in the Italian consumer price index for the country as a whole was +0.5% on a monthly basis and +11.8% on an annual basis (identical to October). The monthly increase was mainly due to prices of regulated energy products (+4.2%) and unregulated energy products (+2.2%), processed food (+1.5%), and nondurable goods (+0.6%); prices of leisure-related services, including repairs and personal care (-0.4%) and transportation-related services (-0.2%) decreased mainly due to seasonal factors (Statistics Italy).</p> <p>February 2023 IMF projections for 2023 show a GDP of -0.2%, while inflation will be 5.2% (Statistics Italy).</p>	<p>December 2022 According to initial estimates, in the third quarter of 2022, the house price index decreased by 1.0% compared to the previous quarter and increased by 3.0% compared to the same quarter of the previous year (it was +5.2% in the second quarter) (Statistics Italy).</p> <p>February 2023 In November 2022, construction output estimates increased 0.5 percent month-over-month. In the three months to November 2022, the construction output index increased 1.4 percent from the previous three-month period. Year-on-year, the index rose 5.3%. In the first eleven months of 2022, production in the construction sector increased by 12.5% (Statistics Italy).</p>
Raw materials	<p style="text-align: center;">Procurement</p> <p>December 2022 The European Commission has given the green light to a project to build a new undersea power line that will carry clean energy from Tunisia to Italy. This is a "decisive" step to make southern Italy an "energy corridor" in Europe, which "will strengthen the energy security of the continent," according to the Italian Ministry of Environment and Energy Security. The Mediterranean energy corridor, promoted by the Italian government, would guarantee Europe a flow of clean energy, mainly solar, of 600 MW in direct current (Euractiv).</p> <p>February 2023 To strengthen its energy supply and make Italy the energy capital of Europe, Italian Prime Minister Giorgia Meloni</p>	<p style="text-align: center;">Price / Cost</p> <p>October 2022 The cost of raw materials increased by 35% in Italy (ANCE).</p> <p>November 2022 In the last three months, compared to the previous three months, producer prices in construction increased by 0.3% for residential and non-residential buildings and remained unchanged for roads and railroads (Statistics Italy).</p> <p>February 2023 In November 2022, producer prices for residential and nonresidential building construction decreased 0.1% on a monthly basis and increased 8.2% on an annual basis; producer prices for road and railroad construction decreased</p>

	<p>visited Algeria, while her Deputy Prime Minister Antonio Tajani flew to Cairo.</p> <p>Ms. Meloni arrived in Algiers on January 22 for her first bilateral visit abroad. Since the beginning of the war in Ukraine, Algeria has become Italy's main supplier of natural gas.</p> <p>The main topics discussed were energy security, economic cooperation and stability in the Mediterranean (Euractiv).</p>	<p>0.4% from the previous month and increased 8.2% on an annual basis (Statistics Italy).</p>																		
<p>Cost of energy</p>	<p>September 2022</p> <p>In concrete terms, the increase in the price of raw materials such as gas and fuels derived from oil represents an increase in the energy bill of industry, which should reach 37 billion euros in 2022, compared to 8 billion in 2021, according to Confindustria, the Italian employers' association (RFI, February 2022).</p> <p>October 2022</p> <p>Cost of electricity for consumers, according to their consumption (excluding households)(Eurostat).</p> <div data-bbox="824 804 1765 1305" data-label="Figure"> <p>Electricity prices for non-household consumers Consumption levels: Italy - 3rd Semester 2022</p> <p>Source: Eurostat</p> <table border="1"> <thead> <tr> <th>Consumption Level (MWh)</th> <th>Price (EUR/MWh)</th> </tr> </thead> <tbody> <tr> <td>20 MWh</td> <td>~400.00</td> </tr> <tr> <td>20 MWh</td> <td>~325.00</td> </tr> <tr> <td>500 MWh</td> <td>~300.00</td> </tr> <tr> <td>2,000 MWh</td> <td>~275.00</td> </tr> <tr> <td>70,000 MWh</td> <td>~250.00</td> </tr> <tr> <td>100,000 MWh</td> <td>~225.00</td> </tr> <tr> <td>70,000 MWh</td> <td>~275.00</td> </tr> <tr> <td>150,000 MWh</td> <td>~300.00</td> </tr> </tbody> </table> </div>		Consumption Level (MWh)	Price (EUR/MWh)	20 MWh	~400.00	20 MWh	~325.00	500 MWh	~300.00	2,000 MWh	~275.00	70,000 MWh	~250.00	100,000 MWh	~225.00	70,000 MWh	~275.00	150,000 MWh	~300.00
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<p>Measures adopted by the utilities</p>	<p>September 2022 Faced with inflation, the Italian government has put in place a 14 billion euro plan to preserve household purchasing power and business production capacity.</p> <ul style="list-style-type: none"> • Fuel Tax Reduction; • 200 EUR of 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). <p>October 2022 At the end of July, the government drafted a bill entitled "Aiuti bis" for 13 billion. More than 6 billion will be used to cover the extension of previously adopted measures:</p> <ul style="list-style-type: none"> • 1.05 billion to extend the reduction of VAT on gas (from 22% to 5%) and fuel levies (30 cents per liter), 5 billion to cancel taxes on energy bills ; • Until October 31, 2022, the effectiveness of any contractual clause allowing the electricity and natural gas supplier to unilaterally modify the general contractual conditions relating to price definition is suspended. • The tax exemption limit for company bonuses has been doubled to 516 euros if used for household bills. • 350 million has been allocated to city councils and 50 million to metropolitan areas to help them meet their energy costs. • The transportation sector also benefited from the legislation, with an additional \$101 million on top of the \$79 million already allocated by 2022. • 3.3 billion was then used to extend tax credits to businesses, including those in the agricultural sector. <p>On September 13, the Aiuti-bis bill was approved by the Senate for an overall budget allocation of 17 billion euros (2 billion more than expected). The first decree of this law specifically concerns businesses: the government has decided on a reinforced tax credit, both in terms of the percentage reduction and the number of eligible businesses to include SMEs, bars and restaurants (for the next three months). Companies with electric meters with an available power of 4.5 kW or more will receive a tax credit equal to 30% of the expenses incurred for the purchase of the energy component, and equal to 40% for the purchase of natural gas (Bruegel).</p> <p>November 2022 The government's national energy conservation program includes measures to reduce gas consumption. Mandatory measures include reducing radiators by one degree (from 20 to 19 degrees) and the heating period by eliminating 15 days of</p>
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	consumption in October and April - for a total saving of 3.18 billion m3. Voluntary measures would save up to 2.7 billion m3 and include actions to raise awareness of important behavioral changes (e.g., reducing the temperature and duration of showers by 2 to 3 minutes, turning down the heat after boiling food and reducing the length of time the oven is turned on, using electric heat pumps used for air conditioning in the summer for heating in the winter, etc.). On October 6, 2022, the Ministry of Ecological Transition published an additional order focusing on measures to reduce heating consumption. In particular, it confirms both the 1-degree and 15-day reduction in winter consumption, but introduces some exceptions (e.g., hospitals, day care centers, swimming pools, etc.)(Bruegel).
Positioning of the Federation	<p>September 2022</p> <p>ANCE, the Italian construction association, warns of soaring prices. The situation is now "out of control [...] because materials are scarce and many production plants are closing. Measures must be taken immediately to calm prices and compensate for the higher costs incurred by companies, otherwise the NRP construction sites will all come to a halt" (Gabriele Buia, president of ANCE).</p> <p>Workers in the public works sector denounce an unsustainable situation that jeopardizes jobs and economic rights, due to the general increase in the cost of materials.</p> <p>ANCE has launched a survey among its members which shows that nearly 75% of the projects that are going to be put on the market have old prices, and therefore obsolete.</p>

	Lithuania	
Economic conditions	General	Construction
	<p>December 2022</p> <p>Monthly inflation was 0.4% in November 2022. The annual inflation rate was 22.9% (Statistics Lithuania).</p> <p>February 2023</p> <p>At the end of December 2022, monthly inflation was 0.3%, slowing from the previous month, giving an annual inflation of 21.7% (Statistics Lithuania).</p>	<p>December 2022</p> <p>From January to September 2022, the construction work in the country was carried out for 3.2 billion euros, compared to January-September 2021, the number of construction work carried out increased by 2.5%.</p> <p>457.6 million in construction work in the country in September 2022, 1.3% less than in August (LCA).</p>

<p>Raw materials & Energy</p>	<p>Procurement</p> <p>Lithuania has completely stopped its gas and oil imports from Russia since April 2022. It now uses mainly liquefied gas (OECD, June 2022).</p>	<p>Price / Cost</p> <p>October 2022 Cost of electricity in the first half of 2022 based on consumption (excluding households)(Eurostat).</p>  <table border="1"> <caption>Estimated data for electricity cost in Lithuania (Eurostat)</caption> <thead> <tr> <th>Month</th> <th>Price per kWh (approx.)</th> </tr> </thead> <tbody> <tr><td>Feb</td><td>0.22</td></tr> <tr><td>Mar</td><td>0.20</td></tr> <tr><td>Apr</td><td>0.20</td></tr> <tr><td>May</td><td>0.18</td></tr> <tr><td>Jun</td><td>0.18</td></tr> <tr><td>Jul</td><td>0.16</td></tr> <tr><td>Aug</td><td>0.17</td></tr> <tr><td>Sep</td><td>0.17</td></tr> <tr><td>Oct</td><td>0.18</td></tr> <tr><td>Nov</td><td>0.16</td></tr> </tbody> </table> <p>December 2022 Producer prices have increased by 23.4% since November 2021 (Statistics Lithuania).</p>	Month	Price per kWh (approx.)	Feb	0.22	Mar	0.20	Apr	0.20	May	0.18	Jun	0.18	Jul	0.16	Aug	0.17	Sep	0.17	Oct	0.18	Nov	0.16
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<p>Measures adopted by the utilities</p>	<p>October 2022 On April 1, 2022, the government launched a 2.26 billion euro package to counter the effects of inflation and strengthen energy independence.</p> <p>To absorb energy price shocks, the government is compensating for part of the gas and electricity prices paid by individuals (570 million euros in subsidies). At the same time, companies are offered not only solutions to compensate for gas and electricity prices, with a budget of 120 million euros, but also targeted funds for affected sectors to the tune of 142 million euros.</p> <p>The plan also includes investments in energy independence (1.12 billion euros). 275 million euros will be allocated to a new renovation investment platform, while subsidies for the ecological renovation and modernization of apartment buildings</p>																							

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

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

November 2022

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

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

December 2022

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

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

	level for five days and are 35 euros above the LNG reference price. According to the Lithuanian energy ministry, many member countries did not agree with the Czech proposal, with positions differing on the proposed price cap, the scope of the mechanism and the conditions for its activation and deactivation (Baltic News).
Positioning of the Federation	<p>October 2022</p> <p>In the face of drastically rising prices and the war in Ukraine, the Lithuanian Construction Association organized an information and awareness webinar in mid-October 2022 entitled "Public Construction Procurement in 2022-2023."</p> <p>The objective was to discuss and exchange ideas on how to improve the situation of public procurement in Lithuania. Construction market players, experts, representatives of contracting authorities and public authorities had the opportunity to make presentations, share ideas and discuss the challenges of public construction procurement, examples of good practice and necessary changes (LCA).</p>

	Latvia	
Commercial conditions	General	Construction
	<p>December 2022</p> <p>Inflation remained stable in November, at 21.8% for goods. While services inflation rose from 10.6% to 11% between October and November (Statistics Latvia).</p> <p>February 2023</p> <p>The latest data from the Central Bureau of Statistics show that in December 2022, compared to December 2021, the average level of consumer prices increased by 20.8% (Statistics Latvia).</p>	<p>December 2022</p> <p>Construction output decreased by 3.5 percentage points between the second and third quarters of 2022 (Latvia Statistics).</p> <p>The Central Statistical Office showed that, compared to the third quarter of 2021, housing prices increased by 13.7% in the third quarter of 2022. New housing prices increased by 12.5%, but existing housing prices - by 14.0% (Statistics of Latvia).</p> <p>February 2023</p> <p>Data from the Central Bureau of Statistics show that in November 2022, compared to November 2021, the level of construction costs in Latvia increased by 19.5%. Prices of construction materials increased by 24.6%, maintenance and operating costs of machinery</p>

		and equipment - by 18.1%, but the remuneration of workers - by 10.4% (Statistics Latvia).
Raw materials & Energy	Procurement	Price / Cost
	<p>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).</p> <p>Depending on the year, Latvia imports 30 to 40% of its electricity from Lithuania, Estonia and Russia (before the war).</p> <p>December 2022</p> <p>On December 7, work on the improvement of the gas interconnection between Lithuania and Latvia was completed in the Pasvalys district in Lithuania. It is now possible to transport 90 GWh of gas through this pipeline, which is 30% more than was previously possible.</p> <p>The joint investment of Latvia and Lithuania in this project amounts to EUR 10.2 million. 4.7 million euros were provided by Lithuania and 2.1 million euros by the European Union (BNN).</p>	<p>September 2022</p> <p>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.</p> <p>November 2022</p> <p>Compared to September 2021, the level of construction costs in Latvia increased by 20.2% in September 2022. The prices of construction materials increased by 26.6%, the costs of maintenance and operation of machinery and equipment - by 17.6%, but the remuneration of workers - by 9.8%.</p> <p>In the third quarter of 2022, compared to the third quarter of 2021, the overall level of construction costs increased by 20.7 percent (BNN).</p> <p>February 2023</p> <p>Data from the Central Statistical Office of Latvia show that in December 2022, compared to December 2021, the level of producer prices in Latvian industry increased by 28.8%. The price level of products sold on the domestic market increased by 48.4% and the price level of exported products by 11.1%.</p> <p>Price increases in electricity, gas, and air conditioning, wood and cork products manufacturing (except furniture), other nonmetallic mineral products manufacturing, and metal products manufacturing (except machinery and equipment) had the largest impact on producer prices (Statistics Latvia).</p> <p>The average price level for housing-related goods and services increased by 42.8 percent. During the year, the most significant</p>

		<p>increase in prices was for thermal energy, solid fuels, natural gas and electricity.</p> <p>Prices for transportation-related goods and services increased by 12.6 percent, which was driven by a 17.9 percent increase in transportation fuel prices. Diesel prices rose by 26.2%, gasoline by 9%, but automotive gas by 5.3% (Statistics Latvia).</p>
Measures adopted by the utilities	<p>October 2022</p> <p>On August 23, the government amended the legislation to provide for compensation for the costs of electricity grid service for businesses from October 10, 2022 to April 30, 2023, measures to partially cover the increase in heat supply and heating costs for households, as well as partial compensation for energy resource prices for energy-intensive businesses. This measure could cost the state approximately 123 million euros.</p> <p>In addition to the planned assistance for contractors, changes to the law on measures to cushion rising energy prices have also come into effect. In addition, about 250 energy-intensive companies could receive support. It is expected that the average support will amount to 200,000 euros. Thus, the Ministry of Economic Affairs expects that support for energy-intensive companies will cost the state about 50 million euros (Bruegel).</p> <p>December 2022</p> <p>On December 13, the Latvian government decided to extend the period of increased benefits for protected electricity users until April 30, 2023. The government also decided to expand the range of beneficiaries of the benefits granted to protected users, as reported by the Ministry of Economy. This assistance, given the high electricity prices and the current benefit ratio, amounts to EUR 15 for poor or low-income households; EUR 15 for families with disabled children; EUR 15 for disabled persons of the first group or their guardian; EUR 20 for large families (BNN).</p>	

	Luxembourg	
Economic conditions	General	Construction
	December 2022	November 2022

	<p>The annual inflation rate was 5.9% in November 2022 while in the third quarter of 2022, GDP grew by +1.1% compared to the previous quarter and +3.0% compared to the same quarter of 2021 (Statistics Luxembourg).</p> <p>February 2023 Luxembourg's GDP reached 1.1% in the fourth half of 2022, while its annual inflation was 5.4% (Statistics Luxembourg).</p>	<p>The Chamber of Trades conducted a survey of its members, particularly in the construction sector, to establish its business projection.</p> <p>In construction, the risk that customers (households, businesses, public sector) will postpone, cancel or reduce their investment projects, particularly in the face of rising interest rates, is already a reality that is measured in terms of building permits: the volume of residential construction authorized fell by 34% in the first half of 2022 compared to the same period in 2021.</p> <p>The survey also shows a decline in the order book of 0.6 months in the third quarter of 2022, a sign of weakening demand, says the Chamber of Trades (The Daily).</p> <p>February 2023 The construction price index rose 6.8 percent between April and October 2022, marking a slight slowdown from the previous six months (+8.6 percent between October 2021 and April 2022). Over a year, residential construction prices increased by 15.9 percent. The annual rate of change thus reached its highest level since April 1975. Rising costs for energy and many construction materials, and the fact that they are being passed on to builders, are the main reasons for this further substantial increase (Statistics Luxembourg).</p>
Raw materials	<p style="text-align: center;">Procurement</p> <p>Luxembourg is not directly affected 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. Previously, Luxembourg got 12% of its energy from imports, including 5% from Russian oil. In 2022, Luxembourg diversified its oil supplies to the Middle East (OECD, June 2022).</p>	<p style="text-align: center;">Price / Cost</p> <p>February 2023 Residential real estate prices rose 11.1 percent annually in the third quarter of 2022. Although still historically high, price growth is slowing, especially for older properties. In contrast, new home prices soared in the third quarter. According to the Housing Monitor, the increase is primarily due to a change in contracts for unfinished new homes, which now have higher</p>

		<p>sales prices that reflect expected cost increases instead of being indexed to construction prices. Prices for construction services continue to accelerate (record +15.9% year-on-year increase in Q4), which should support new housing prices (Statistics Luxembourg).</p>																																																																				
<p>Cost of energy</p>	<p>September 2022</p> <p>Gas prices in Luxembourg are expected to increase in the coming fall/winter by 160% compared to the summer of 2022 (compared to 90% in the last forecast). STATEC still expects gas prices to increase by 80% in October 2022, followed by a 10% increase in November 2022 and a 30% increase in January 2023 (up from 10%). Electricity prices have also been adjusted, with a 45% increase expected in January 2023 (up from 35% previously)(STATEC, September 2022).</p>	<table border="1"> <caption>Fuel Prices in Luxembourg (Prix en euros TVAC)</caption> <thead> <tr> <th>Date</th> <th>Super 98</th> <th>Super 95</th> <th>Diesel</th> </tr> </thead> <tbody> <tr><td>13.01.2021</td><td>1.224</td><td>1.160</td><td>1.069</td></tr> <tr><td>12.02.2021</td><td>1.270</td><td>1.198</td><td>1.118</td></tr> <tr><td>11.03.2021</td><td>1.277</td><td>1.167</td><td>1.132</td></tr> <tr><td>13.04.2021</td><td>1.344</td><td>1.260</td><td>1.177</td></tr> <tr><td>19.05.2021</td><td>1.332</td><td>1.285</td><td>1.198</td></tr> <tr><td>17.06.2021</td><td>1.357</td><td>1.318</td><td>1.236</td></tr> <tr><td>16.07.2021</td><td>1.387</td><td>1.354</td><td>1.221</td></tr> <tr><td>13.08.2021</td><td>1.433</td><td>1.355</td><td>1.247</td></tr> <tr><td>14.09.2021</td><td>1.443</td><td>1.372</td><td>1.395</td></tr> <tr><td>14.10.2021</td><td>1.467</td><td>1.460</td><td>1.394</td></tr> <tr><td>15.11.2021</td><td>1.549</td><td>1.526</td><td>1.338</td></tr> <tr><td>15.11.2021</td><td>1.598</td><td>1.505</td><td>1.440</td></tr> <tr><td>16.12.2021</td><td>1.440</td><td>1.440</td><td>1.440</td></tr> <tr><td>21.01.2022</td><td>1.594</td><td>1.497</td><td>1.500</td></tr> <tr><td>08/02/2022</td><td>1.627</td><td>1.500</td><td>1.500</td></tr> <tr><td>09/03/2022</td><td>2.112</td><td>1.963</td><td>1.890</td></tr> </tbody> </table> <p>Source : Groupement pétrolier luxembourgeois</p> <p>made with Infogram</p>	Date	Super 98	Super 95	Diesel	13.01.2021	1.224	1.160	1.069	12.02.2021	1.270	1.198	1.118	11.03.2021	1.277	1.167	1.132	13.04.2021	1.344	1.260	1.177	19.05.2021	1.332	1.285	1.198	17.06.2021	1.357	1.318	1.236	16.07.2021	1.387	1.354	1.221	13.08.2021	1.433	1.355	1.247	14.09.2021	1.443	1.372	1.395	14.10.2021	1.467	1.460	1.394	15.11.2021	1.549	1.526	1.338	15.11.2021	1.598	1.505	1.440	16.12.2021	1.440	1.440	1.440	21.01.2022	1.594	1.497	1.500	08/02/2022	1.627	1.500	1.500	09/03/2022	2.112	1.963	1.890
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<p>Measures adopted by the utilities</p>	<p>October 2022</p> <p>On September 28, the government signed a tripartite agreement in association with the three main trade unions and the Luxembourg Employers Association. The package of measures includes a series of supports for consumers and businesses to continue to fight against rising energy costs.</p>																																																																					

To help households, the government has introduced a cap on gas prices at a maximum increase of 15 percent, as well as a total freeze on electricity prices from January to December 2023. In the fuel sector, the price of heating oil has been reduced by 15 cents per liter and VAT has been reduced across the board. The standard VAT was reduced from 17% to 16%, the intermediate rate from 14% to 13% and the reduced rate from 8% to 7%. The package also tackled the cost of living by increasing the minimum wage and restructuring wage indexation. In addition, household energy allowances of between 200 and 400 euros will be distributed to eligible households.

To support businesses, compensation for rising energy prices has been proposed through a series of incentives. The existing tax credit system has been adapted to encourage investment in green and digital transitions. As part of this, businesses are encouraged to provide their own electricity, with new subsidies for solar panels. "Power purchase agreements" are also proposed to encourage companies to source energy directly from renewable energy suppliers ([Bruegel](#)).

November 2022

To try to mitigate the explosion of energy costs, linked to the war in Ukraine, various aids have been put in place for companies. From November 30, small and medium-sized companies will be able to apply for government assistance, especially those whose energy costs represent 2% of their turnover for the month of application. The aid scheme for medium-sized energy-consuming companies covers the period from October 2022 to June 2023, the General Directorate for the Middle Classes announced in a statement, noting that application forms are now available on the [guichet.lu](#) website under the heading "financing and aid".

Eligible costs are the monthly incremental natural gas and electricity costs that exceed 80% of the average unit costs of natural gas and electricity incurred by the company last year from January through December 2021. The amount of assistance is calculated on the basis of the eligible costs of the project and may not exceed 70% of the eligible costs. The amount of aid is capped at 500,000 euros per group for the eligible period ([The Daily](#)).

February 2023

To address increases in the integrated price of electricity for residential customers beginning January 1, 2023, a tripartite agreement calls for prices to be stabilized at their 2022 level.

This stabilization will be achieved by introducing a negative contribution via the A rate of the compensation mechanism for customers in this category, i.e. end customers whose annual consumption of electrical energy is less than or equal to 25,000 kWh.

Thus, regardless of changes in energy prices or network charges, the prices charged to eligible customers under Rate A of the compensation mechanism will remain stable compared to 2022.

	<p>This measure is applied automatically, no action is required and will also be reflected in the advances to be paid by the customers.</p> <p>Currently, the legal framework for the implementation of this price stabilization mechanism is being finalized (Luxembourg Energy Office).</p>
Positioning of the Federation	

	Netherlands	
Economic conditions	General	Construction
	<p>December 2022 Dutch inflation slowed to 9.9% in November 2022. The sharp decline in inflation is mainly due to changes in energy prices (electricity, gas and district heating). In November, energy was 70% more expensive than a year earlier. In October, the year-on-year increase was 173% (CBS).</p> <p>February 2023 According to the Netherlands Bureau of Statistics (CBS), the consumer price index rose by 9.6 percent in December 2022 compared to the same month a year earlier. Energy price developments had a downward effect on inflation. The annual inflation rate is 10.0 percent in 2022 compared to the previous year (CBS).</p> <p>According to the second estimate from Statistics Netherlands (CBS), gross domestic product (GDP) decreased by 0.2</p>	<p>November 2022 In October, owner-occupied housing (excluding new construction) was on average 7.8 percent more expensive than in the same month a year earlier. The price increase was 9.4 percent in September. This is the sixth consecutive month that price increases have stabilized (CBS).</p> <p>February 2023 In December, owner-occupied housing (excluding new construction) was on average 2.7 percent more expensive than in the same month a year earlier, compared with 4.9 percent in November. This was the smallest year-over-year price increase in more than seven years. In addition to the December figures, Statistics Netherlands (CBS) is able to provide annual figures. In 2022, prices of owner-occupied housing rose by an average of 13.6 percent compared to the previous year (CBS).</p>

	percent in the third quarter of 2022 compared to the second quarter of 2022 (CBS).																																							
Raw materials & Electricity	Procurement	Price / Cost																																						
	<p>15% of the gas and 18% of the oil consumed in the Netherlands comes from Russia.</p> <p>November 2022 The authorities have lifted the production cap on coal-fired power plants, which were previously only allowed to operate at less than 35% of their total capacity. According to Reuters, the removal of the cap on coal is expected to save 2 billion m3 of gas per year (Bruegel).</p>	<p>February 2023 Prices of electricity, gas and heat, comparison 2021 - 2022 (Statistics Netherlands).</p> <p>Price index electricity, gas and heat energy 2015=100</p> <table border="1"> <caption>Price index electricity, gas and heat energy (2015=100)</caption> <thead> <tr> <th>Month</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr><td>Jan</td><td>200</td><td>100</td></tr> <tr><td>Feb</td><td>190</td><td>100</td></tr> <tr><td>Mar</td><td>280</td><td>100</td></tr> <tr><td>Apr</td><td>260</td><td>100</td></tr> <tr><td>May</td><td>230</td><td>100</td></tr> <tr><td>Jun</td><td>210</td><td>100</td></tr> <tr><td>Jul</td><td>240</td><td>100</td></tr> <tr><td>Aug</td><td>300</td><td>100</td></tr> <tr><td>Sep</td><td>370</td><td>100</td></tr> <tr><td>Oct</td><td>370</td><td>100</td></tr> <tr><td>Nov</td><td>280</td><td>100</td></tr> <tr><td>Dec</td><td>280</td><td>100</td></tr> </tbody> </table>	Month	2022	2021	Jan	200	100	Feb	190	100	Mar	280	100	Apr	260	100	May	230	100	Jun	210	100	Jul	240	100	Aug	300	100	Sep	370	100	Oct	370	100	Nov	280	100	Dec	280
Month	2022	2021																																						
Jan	200	100																																						
Feb	190	100																																						
Mar	280	100																																						
Apr	260	100																																						
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Measures adopted by the utilities	<p>September 2022 The government has put in place measures to mitigate the impact of rising energy costs:</p> <ul style="list-style-type: none"> • Household assistance: 800 million euros of energy subsidies for the poorest households; 300 million euros of assistance for home insulation. • The VAT on energy has been reduced from 21% to 9%; • Taxes on gasoline and gasoline are reduced to 22% (OECD, June 2022). <p>October 2022</p>																																							

In September 2022, the government announced that it would increase the minimum wage by 10 percent to keep up with inflation and the introduction of a one-time tax on energy companies. The government also announced an electricity price cap from January 2023, limiting the price of electricity to the average price in January 2022 for an average level of consumption (about 15.5 billion euros of budget).

Other temporary measures have been announced:

- The Dutch government has further reduced energy taxes, resulting in a revenue loss of 5.4 billion euros.
- The previously established reduction in excise duties on fuel will be extended, resulting in an additional revenue loss of 1.2 billion euros.
- The direct expense to consumers will be a one-time energy allowance for vulnerable households worth 1,300 euros.

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

November 2022

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

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

December 2022

	<p>The Netherlands has proposed a new idea to prevent gas price spikes in the EU in a paper circulated to European capitals. The Netherlands has proposed its own idea for a cap to limit the cost of gas purchases by so-called "price insensitive" buyers, such as those funded by the authorities or legally obliged to buy to replenish stocks before winter. According to the paper, demand from these players drove up the price of gas in August 2022, causing prices to spike on the EU's main gas trading platform.</p> <p>To prevent this demand from causing further price spikes, the Dutch paper proposes a cap that could be applied to these buyers throughout the year, which would be broader in scope and lower than the Commission's current cap proposal. It would also be reviewed monthly to avoid jeopardizing the EU's energy security. In addition, it would avoid hampering financial markets and driving down prices, according to the paper (Euractiv).</p>
<p>Positioning of the Federation</p>	<p>November 2022</p> <p>The Dutch Construction Association is closely following the externalities related to the war in Ukraine and the developments surrounding the Russian invasion. One of the most serious consequences of the conflict is the rapid increase in the price of materials and fuel. The Association provides a comprehensive overview of the impact of the war on the construction industry on the following page: Ukrainian Crisis and Rising Prices in the Sector.</p> <p>December 2022</p> <p>This week, representatives of customers and contractors in the construction sector reached an action agreement in the context of rising prices and supply problems for local authority infrastructure works. From the outset, the framework for action has been used by Bouwend Nederland and other partners in the sector. The aim is to limit the impact of price increases due to the war in Ukraine as much as possible and to be able to continue building with customers in times of uncertainty (Bouwend Nederland).</p>

	Poland	
Economic conditions	General	Construction
	<p>December 2022</p> <p>Consumer prices in November 2022, compared to the corresponding month of the previous year, increased by 17.5% (with an increase in prices of goods - by 18.8% and</p>	<p>December 2022</p> <p>According to preliminary data, construction and assembly output (in constant prices) in the country by construction companies with more than 9 employees increased in</p>

	<p>services - by 13.2%). Compared to the previous month, consumer prices rose by 0.7% (of which 0.7% for goods and 0.6% for services) (Statistics Poland).</p> <p>February 2023 The annual inflation will finally have been 16.6% (slowing down compared to the previous months).</p>	<p>November 2022 by 4.0% year-on-year (a 12.8% increase in the previous year) and by 9.1% compared with October 2022 (a 9.0% increase in the previous year) (Statistics Poland).</p> <p>February 2023 In 2022, there were more housing completions than in 2021. Even though, the number of units for which permits have been granted as well as the units for which construction has begun, have decreased.</p> <p>According to preliminary data, 238.6 thousand housing units were completed in the period from January to December 2022, 1.7% more than in the corresponding period of 2021. Developers have completed 143.8 thousand units - 1.3% more than a year ago, while private investors have completed 91.0 thousand units, 3.2% more. In these forms of construction, 98.4% of the total number of newly completed housing units were built. As for the other forms of construction, i.e. cooperatives, municipalities, public building companies and enterprises, 3.8 thousand dwellings were completed (4.6 thousand in the previous year)(Statistics Poland).</p> <p>According to preliminary data, construction and assembly production (in constant prices) carried out on the national territory was 0.8% lower than in the same period of 2021 and 17.3% higher than in November 2022 (Statistics Poland).</p>
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		<p>Table 1. Index numbers of construction and assembly production (constant prices)</p> <table border="1"> <thead> <tr> <th rowspan="2">SPECIFICATION</th> <th colspan="2">12 2022</th> <th>01-12 2022 ²</th> </tr> <tr> <th>11 2022=100</th> <th>12 2021=100</th> <th>01-12 2021=100</th> </tr> </thead> <tbody> <tr> <td>CONSTRUCTION</td> <td>117.3</td> <td>99.2</td> <td>106.2</td> </tr> <tr> <td>Construction of buildings ^Δ</td> <td>118.4</td> <td>96.3</td> <td>111.7</td> </tr> <tr> <td>Civil engineering works ^Δ</td> <td>121.4</td> <td>101.4</td> <td>102.8</td> </tr> <tr> <td>Specialised construction activities</td> <td>109.1</td> <td>98.3</td> <td>105.4</td> </tr> </tbody> </table> <p><small>^Δ Abbreviated form according PKD 2007.</small></p>	SPECIFICATION	12 2022		01-12 2022 ²	11 2022=100	12 2021=100	01-12 2021=100	CONSTRUCTION	117.3	99.2	106.2	Construction of buildings ^Δ	118.4	96.3	111.7	Civil engineering works ^Δ	121.4	101.4	102.8	Specialised construction activities	109.1	98.3	105.4
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<p>Raw materials & Electricity</p>	<p style="text-align: center;">Procurement</p> <p>The country is heavily dependent on oil and gas imports: Poland used to import 55% of its hydrocarbons from Russia, 66% of which was natural gas. The government is actively preparing the diversification of supply sources (particularly to Africa)(Crédit Agricole, Economic Studies, September 2022).</p>	<p style="text-align: center;">Price / Cost</p> <p>December 2022 According to preliminary data, in November 2022, prices for construction and assembly production compared to the corresponding month of the previous year increased by 14.7%, and compared to October 2022 - by 0.6%. In November 2022, compared to October 2022, price growth was recorded in building construction by 0.4%, civil engineering - by 0.5% as well as in specialized construction activities - by 0.9% (Statistics Poland).</p>																							
<p>Measures adopted by the utilities</p>	<p>September 2022 The government introduced measures to protect households against inflation in early 2022, which will be extended until December 2022. The government has also decided to invest in national defence (budget of 2.2% of gdp in 2022 and 3% of gdp in 2023) (OECD, June 2022).</p>																								

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

October 2022

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

November 2022

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

	<p>installations doubling from 2021. The government has offered residents up to €6,700 since 2018 to switch from coal-fired boilers to cleaner types of heating. From July 15, 2022, another version of the program - Clean Air Plus - was launched. This one increased the subsidy for thermal renovation of homes or replacement of obsolete heating boilers up to a 90% subsidy, or €16,260, also facilitating the application process (Bruegel).</p> <ul style="list-style-type: none"> • In a letter to the European institutions, Poland warns against the introduction of a carbon price for heating fuels: The Polish Minister of Climate and Environment, Anna Moskwa, is sounding the alarm on plans to extend the European Emissions Trading Scheme (ETS) to heating and transport fuels. The minister recalls that Europe is going through a period of crisis characterized by historic energy prices, with <i>"the very likely consequence that this will lead to increased energy poverty"</i> in the European Union. <i>"We cannot allow this to happen,"</i> she warns, <i>"we want our citizens to be warm and safe in winter, and this is not an issue on which there can be a compromise during the trilogues."</i> <i>"A warm house in winter should not be a commodity, but a citizen's right,"</i> she insists (Euractiv). <p>February 2023 In December 2022, Poland decided to introduce a cap of €43 per megawatt-hour (MWh) for consumers - excluding businesses - to better protect them from rising energy prices, according to a law signed by President Andrzej Duda on December 21 (Euractiv).</p> <p>In January 2023, due to the entry into force of the Act on Special Solutions for the Protection of Electricity Consumers and the implementation of measures under the solidarity shield, from 1 January 2023, energy prices will be frozen at the level of 2022 for households whose electricity consumption does not exceed the assumed limits or if the household has the right to use the increased limits (Statistics Poland).</p>
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	Portugal	
Economic conditions	General	Construction
	<p>December 2022 Inflation was 9.94% in November 2022, while GDP growth was 4.9% in the third quarter of 2022 (Statistics Portugal).</p> <p>February 2023</p>	<p>December 2022</p>

	<p>IMF projections call for a GDP of 0.7% in 2023, while inflation will be 4.7% (IMF).</p>	<p>In the first nine months of 2022, year-on-year changes in Construction Investment in the Construction sector recorded increases of 0.8%, despite the acceleration of inflation, rising interest rates and the delay in the start of planned public works.</p> <p>In September, the new housing construction cost index rose 13.4 percent, year-over-year, 0.9 percentage points (p.p.) higher than the previous month, against annual changes of 18.6 percent in the material component index and 6.1 percent in the labor component index.</p> <p>In October, in the public works market, the evolution is less negative, both for promoted and awarded bids. Thus, in the first 10 months of 2022, the volume of tenders for public works promoted shows an annual reduction of 10.8% (it was -15.9% in the previous month) and the volume of contracts signed registers a comparable annual variation over time of -31.6% (FEPICOP).</p> <p>February 2023</p> <p>After an estimated 3.4 percent increase in construction output in 2022, the forecasts indicate growth in activity, anticipating a real increase in the gross value of sector output in 2023 of between 2.4 percent and 4.4 percent, a range corresponding to a midpoint of 3.4 percent.</p> <p>In the housing segment, there is a positive evolution of the main indicators in 2022, compared to the same period of the previous year. Thus, forecasts for 2023 indicate a growth rate of between 1.5% and 4.5%, which corresponds to a midpoint of 3.0%, in this segment, after the 3.7% increase estimated for 2022.</p> <p>For the non-residential building segment, slight growth is expected in 2023, ranging from 0.2% to 1.2%, following a</p>
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		<p>scenario of modest production growth in both the private and public sectors.</p> <p>As for the civil engineering segment, it is expected to remain dynamic in 2023, with annual growth between 4% and 6% in its gross production value, due to the planned investments in the RRP and Portugal 2020, which is at the end of its cycle.</p> <p>Thus, it is expected that in 2023, in line with the European Commission's forecast for the evolution of investment in construction, the construction sector will continue to make an important contribution to the evolution of the national economy, with total production, in real terms, in the middle of the forecast range, increasing by 3.4% and amounting, in value, to 21,782.5 million euros (FEPICOP).</p>
Raw materials	Procurement	Price
		<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 Price Review Commission.</p> <p>The largest increase is in PVC pipes (+71% increase during 2021), wood-based materials (+65%), bitumen (+65%). Steel, on the other hand, increased by 40%.</p>
Energy	Procurement	Price / Cost
	<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 relied on imports for 74.2% of its energy supply in 2019, one of the highest rates in the OECD, which the country aims to reduce to 65% by 2030 (and to less than 19% by 2050). Portugal has already reduced its energy dependence by developing renewable energy on its territory, especially for electricity production, the IEA points out. Renewables account for more than half of Portugal's</p>	<p>November 2022</p> <p>Diesel will drop by five cents and gasoline by 4.5 cents, according to a market source reported by ECO. In the space of one month, diesel, the most used fuel in Portugal, has already dropped by 32 cents and gasoline by 25 cents (Portugal News).</p> <p>February 2023</p>

	<p>electricity generation (54% in 2019, mainly from wind and hydro). (Energy Knowledge, July 2021).</p> <p>In 2020, according to Eurostat, 5% of Portugal's imported energy came from Russia (of which 9.6% was natural gas and 6% oil). This makes Portugal the fourth least dependent on Russia for energy among the 27 member states (Portugal News, March 2022).</p>	<p>In November 2022, new housing construction costs are estimated to have increased by 11.7% year-on-year, or 0.6 percentage points from the previous month. Material prices and labor costs showed annual changes of 15.4% and 6.7%, respectively (Statistics Portugal).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>In Portugal, there is a mandatory price revision regime for public works contracts. However, this revision does not cover all price increases. In addition, there is a time lag between the publication of indices and the execution of the work, which creates cash flow problems.</p> <p>In the private sector, price revision is not mandatory and most contracts do not provide for it. This is very burdensome for companies, who must negotiate a contract amendment based on unforeseen circumstances or opt to terminate the contract.</p> <p><u>General Measures:</u></p> <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 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>October 2022</p> <p>In October, the government published its 2023 budget with multiple income improvement measures. The Social Assistance Index (IAS) was updated by 8%, reaching a value of 478.7 euros. This index is the reference value for the calculation and determination of various social benefits, such as family allowances, social inclusion benefit, social insertion income, among others, which can impact the lives of 1.6 million beneficiaries. The budgeted cost is 155 million euros. The government has also increased the income tax brackets for the benefit of about 4 million people and at a cost of half a billion.</p>	

	<p>In addition to strengthening household incomes, the state budget includes a package of measures that respond to rising fuel and other commodity prices. In total, the impact of measures to mitigate rising prices and interest exceeds €2.6 billion in 2023. Support for the cost of fuel in agriculture is planned at 40 million, while the reduction of VAT on electricity (to 6%) is 90 million. The budget also provides for the return of customers currently on the unregulated natural gas market to the regulated market. Assuming that all consumers eligible to return to the regulated market actually do so, the cost is estimated at 60 million euros. Maintaining the price of public transport passes will cost 66 million. In 2023, the ISP tax (carbon footprint tax) is extraordinarily suspended.</p> <p>Finance Minister Fernando Medina said Portugal will begin taxing windfall profits from oil and gas companies, in line with the recent European Union ruling, and will apply a 28 percent tax on profits from crypto-currencies held for less than a year (Bruegel).</p> <p>November 2022 On September 22, 2022, the government released its 2022-2023 Energy Savings Plan, which includes separate reduction measures for energy, water efficiency, and mobility, and covers the public, central and local, and private sectors, including industry, commerce, and services, as well as citizens. Measures include: limiting the temperature of indoor air-conditioning units to 18°C in winter and 25°C in summer; closing the street entrance when the air-conditioning system is on; keeping doors and windows closed; promoting local electricity production from renewable energy sources; increasing water use efficiency; etc (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>The Portuguese government has not yet taken specific measures for construction, although construction associations have submitted proposals:</p> <ul style="list-style-type: none"> - Price revision clause in public and private contracts; - Extension of time and non-application of penalties for contractors who fail to meet deadlines due to delays in delivery of materials; - Clear guidance to public entities so that they can compensate firms when the price adjustment formula does not compensate for the additional cost incurred.

	Czech Republic	
Economic conditions	General	Construction

December 2022

In November, the inflation rate reached 14.5 percent (monthly basis) while annual inflation averaged 3.8 percent in 2022 compared to 2021 ([Statistics Czech Republic](#)).

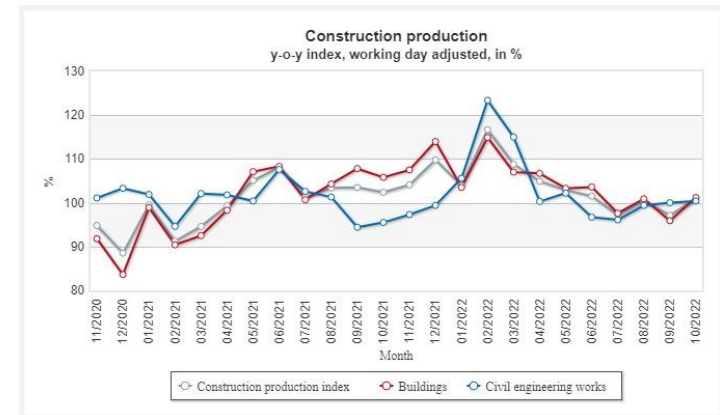
February 2023

In the fourth quarter of 2022, consumer prices were unchanged from the third quarter of 2022. Consumer prices rose 15.7 percent in the fourth quarter of 2022, year-over-year, 1.9 percentage points lower than in the third quarter of 2022 ([Statistics Czech Republic](#)).

Price declines, primarily in the transportation sector, were offset by price growth, particularly in housing, water, electricity, gas, and other fuels, recreation and culture, and food and nonalcoholic beverages. The average inflation rate for 2022 was 15.1 percent.

December 2022

In October, construction output rose 1.0% in real terms year-over-year (y/y). On a monthly basis (m-o-m), it increased by 1.8%. The planning and building control authorities granted 6.5% fewer building permits year-on-year. The approximate value of authorized construction increased by 11.1% compared to the previous year. The number of housing units started decreased by 27.7% from the previous year. The number of completed housing units decreased by 0.6% year-on-year ([Statistics Czech Republic](#)).



Prices for construction works increased month on month (+0.3%) and year on year (+11.9%). Producer prices for services in the business sector increased month-on-month (+0.2%) and year-on-year (+6.5%) ([Statistics Czech Republic](#)).

February 2023

		<p>The chart shows the year-over-year index for construction production, adjusted for working days, from December 2020 to November 2022. The y-axis represents the percentage index, ranging from 80 to 130. Three data series are plotted: 'Construction production index' (blue line with circles), 'Buildings' (red line with circles), and 'Civil engineering works' (grey line with circles). All series show a significant dip in early 2021, followed by a recovery and a peak in early 2022, before declining towards the end of the period.</p>
<p>Raw materials & Energy</p>	<p style="text-align: center;">Procurement</p> <p>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).</p> <p>November 2022 The worsening energy crisis has accelerated the launch of projects to build new nuclear power plants, including a small modular reactor (SMR), which is easier and faster to build than large nuclear reactors. One of these could be built at the Temelín nuclear power plant between 2032 and 2035, while preparations continue for the construction of two standard units to build new reactors with a capacity of 2.4 GW by 2036.</p> <p>February 2023 The Czech Republic, which is currently exempt from the EU embargo on Russian oil imports, will end its current</p>	<p style="text-align: center;">Price / Cost</p> <p>October 2022 Electricity prices for consumers (excluding households) according to their consumption, in the first half of 2022 (Eurostat).</p> <p>The bar chart displays electricity prices for consumers (excluding households) in the first half of 2022. The y-axis represents the price in EUR per kWh, ranging from 0.00 to 0.25. The x-axis shows the months from January to June. The prices are relatively stable, starting at approximately 0.18 EUR/kWh in January and ending at about 0.17 EUR/kWh in June.</p>

	<p>dependence on fossil fuels imported from Russia in 2024, said Minister of Trade and Industry Jozef Síkela.</p> <p>The Czech Republic, still heavily dependent on Russian oil, is exempt from the EU embargo on Russian fossil fuel imports, which was approved in May and is due to take effect on Monday (Dec. 5), so that EU countries have time to adjust and find alternative sources of oil.</p> <p>"If we manage to conclude the contracts with Algeria, Norway and Qatar, complete the interconnections we need, such as the TAL [oil pipeline], as well as other new terminals, so that we get a certain mix in terms of energy security, I think the problem of fossil fuel supply from Russia will be definitely solved in 2024," Síkela told Czech TV (Euractiv).</p>	
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>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 with regard to the use of pension funds.</p> <p>On March 30, the government discussed a comprehensive analysis of specific sanctions beyond the international framework that the Czech Republic could impose on the Russian Federation and Russian companies. It focuses primarily on the access of Russian- and Belarusian-owned entities to state aid, government procurement, and investment incentives in the Czech Republic, but also raises the possibility of a national sanctions list, which would allow for the imposition of sanctions on individuals not on the EU sanctions list and possibly the expropriation of their property (FIEC, September 2022).</p> <p>October 2022</p> <p>On September 27, 2022, the government approved the new budget bill that allocates CZK 100 billion (€4 billion) to cap the price of electricity and gas. For households, prices are capped at CZK 6 (€0.24) per kWh of electricity (equivalent to €200/MWh) and CZK 3 (€0.12) for gas, and the changes are expected to be implemented starting with the November installment payments.</p>	

	<p>On October 6, 2022, the government proposed a one-time 60% tax on energy companies and large banks involved in the production, distribution and trading of electricity and gas, as well as in the extraction of fossil fuels, oil processing and wholesale of fuels for the years 2023-2025 (Bruegel).</p> <p>November 2022</p> <p>The government has published a handbook on how to save energy during the coming winter. To encourage households to better control their consumption, it is encouraging them to apply for energy management grants. It is also setting temperature limits in private and public buildings (for example, the government has reduced the temperature in offices by 1.5 degrees and has also decided to lower the minimum temperature in working environments by at least two degrees)(Bruegel).</p> <p>The government's medium-term approaches are aimed at the renovation of buildings (including insulation of the envelope, replacement of windows, installation of modern heating) using funds from the national recovery plan and the environmental framework. So far, 40 million euros have been allocated to this program. Heat pumps are partially subsidized by the state. A new national energy saving plan provides a higher subsidy for people who insulate their homes and at the same time replace the obsolete heating system with a modern one or improve rainwater management. The government has approved an amendment that will simplify the authorization procedure for small-scale renewable sources (Bruegel).</p>
<p>Positioning of the Federation</p>	<p>September 2022</p> <p>Questionnaire distributed in March 2022 to construction companies, on supply chain disruptions, since the start of the war in Ukraine;</p> <p>The Building Contractors Association hosted a roundtable discussion in September 2022 on the raw materials crisis in construction, a growing threat to the domestic industry (SPS, September 2022).</p> <p>Representatives of energy-intensive industries (including construction) have sent an open letter to the Prime Minister of the Czech Republic asking him to take urgent action against extreme energy prices and to support Czech industry as much as possible in the European Union, through 6 specific measures - including a cap on electricity and gas prices, an incentive to reduce household consumption, a support scheme for small and medium-sized enterprises... (SPS, August 2022).</p>

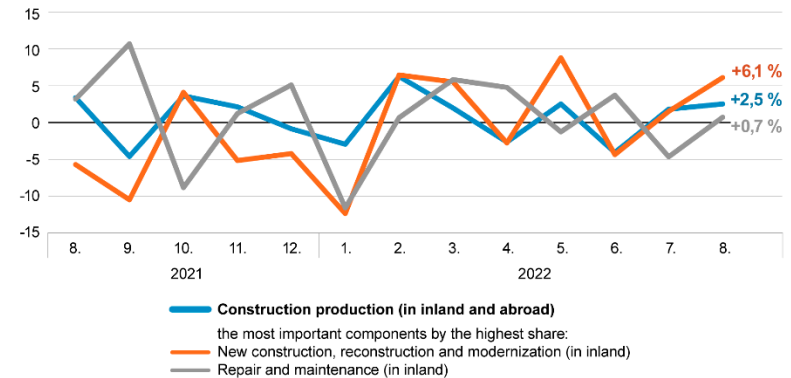
Romania		
Economic conditions	General	Construction
	<p>December 2022 The year-to-date inflation rate (November 2022 vs. December 2021) is 15.9% (Statistics Romania).</p> <p>February 2023 The IMF predicts that the Czech Republic's GDP will be 1.5% in 2023, while inflation will be 8.6% (IMF).</p>	<p>November 2022 In October 2022, 3,290 construction permits for residential buildings were issued, down 15.2% from September 2022 and 22.8% from October 2021 (National Statistics Office Romania).</p> <p>In September 2022, the volume of construction work increased by 8.2% compared to August 2022 and the volume of construction work increased by 26.4% compared to September 2021 (National Statistical Office of Romania).</p> <p>February 2023 According to January 2023 estimates, there will be a moderate decline in the volume of construction activity output for the next three months (-9%). Business leaders expect a moderate decline in the number of employees (-7%). Construction prices are expected to grow (+39%)(Statistics Czech Republic).</p>
Raw materials & Energy	Procurement	Prices / Costs
	<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>November 2022 The government has reversed its decision to bring forward the date of the complete abandonment of coal (initially</p>	<p>September 2022 The average price increase for building materials was about 40%, with the exception of some materials such as metal products, PVC products, bitumen and other non-ferrous metals, which increased by more than 40%.</p> <p>October 2022 Electricity prices for consumers (excluding households) according to their consumption in the first half of 2022 (Eurostat).</p>

	<p>planned for 2032, then 2030 before the latest reversal) by proposing to postpone the closure of the Rovinari 3 and Turceni 7 coal-fired power plants, which are scheduled to be decommissioned by 31 December 2022.</p>	
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ol style="list-style-type: none"> 1) On April 14, 2022, the government approved an ordinance on price adjustments for government contracts. <ul style="list-style-type: none"> ⇒ Implementation of price adjustment rules for contracts that do not include a review clause; ⇒ In case the formulas for revising the contract price are based on a statistical index (total construction cost index published by the National Institute of Statistics) whose reference data is the date of the signed contract, the reference date of the index is changed by the Emergency Ordinance No. 47, by the date of submission of the bid for the tender (provided that the period between the time when the bidder submits the bid and the date when the contract is actually signed can take up to 2 years). ⇒ Advances and profits are not subject to price revision 2) Price ceiling for energy and natural gas for the period 01.02-31.03.2022. <p>October 2022</p> <p>On September 1, the Romanian government announced that it would maintain its energy price cap until the end of August 2023, with some minor modifications. For a complete and detailed list, please click here.</p> <p>On September 9, the Commission approved the previously announced scheme to support companies of all sizes and sectors. The approved state aid amounts to €4 billion. As regards the limited amounts of aid in the form of direct grants, the aid will not exceed €62,000 and €75,000 per company active in the agriculture, fisheries and aquaculture sectors respectively, and €500,000 per company active in all other sectors. Aid under the scheme will be granted no later than 31 December 2022.</p> <p>Bloomberg reports that the country has set up an energy assistance program that compensates energy suppliers 1,300 lei (€264) per megawatt hour, but this may not be enough to help utilities during the coming winter (Bruegel).</p>	

	<p>November 2022 The government has amended the Energy Efficiency Act to facilitate investment in projects to increase the energy performance of buildings with European subsidies as a financial guarantee; and to promote the installation of smart meters; improving household access to energy consumption data (Bruegel).</p>
<p>Positioning of the Federation</p>	

	Slovakia	
Commercial conditions	General	Construction
	<p>December 2022 Inflation continued to rise, reaching 15.4% in November 2022 (annualized). GDP grew by 1.4% in the third quarter of 2022 (National Statistical Office of Slovakia).</p> <p>February 2023 According to IMF projections, in 2023, Slovak GDP will be 1.5% while annual inflation will be 10.1% (a slowdown compared to 2022)(IMF).</p>	<p>October 2022 In August, construction output is resilient to inflation and is up 2.5 percent year-over-year, mainly due to domestic work on new buildings.</p> <p>Construction activity, September 2021 - August 2022 (Statistical Office of Slovakia).</p>

Construction production (at constant prices, year-on-year %)



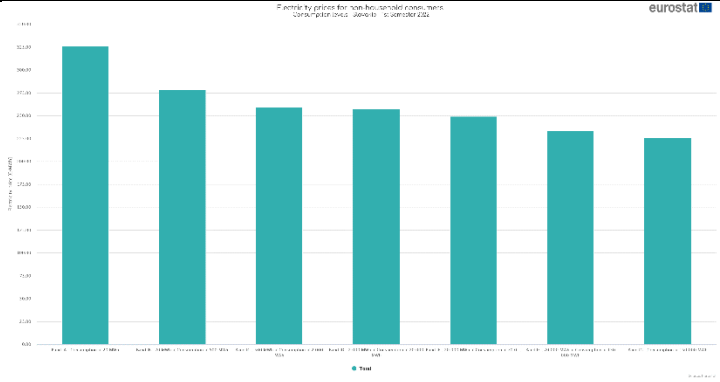
February 2023

In November 2022, construction performance declined year-over-year for the second consecutive month. It was mainly affected by a decline in non-domestic output, the highest so far in 2022. Domestic output was also in negative numbers, due to a decline in other construction.

Construction output fell 3.2 percent year-over-year. On a monthly basis, construction was 2% lower than the previous month.

New construction increased by 2.2%, repairs and maintenance by 1.3%. Despite this, its decline was influenced by a significant decrease in other construction work, by almost half (other construction work includes geological exploration, soil clearing or demolition in places where construction will not be continued)([Statistics Slovakia](#)).

		<p>Construction production (at constant prices, year-on-year %)</p> <p>STATISTICAL OFFICE OF THE SLOVAK REPUBLIC</p> <p>Construction turnover decreased compared to October 2022 and also decreased year-over-year in November 2022, by 1.4 percent (Statistics Slovakia).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p> <p>The Slovak Republic is highly dependent on Russia for its energy needs and is supplied with gas and oil through facilities that cross Ukraine.</p> <p>November 2022</p> <p>On August 25, 2022, the Slovak Nuclear Regulatory Authority issued the final authorization for the commissioning of Unit 3 of the Mochovce Nuclear Power Plant. The power company Slovenske Elektrarne has completed the fuel loading and the plant is expected to be operational from the end of 2022. The new unit will produce about 3.7 TWh per year, covering 13% of Slovakia's electricity consumption (Bruegel).</p>	<p>Prices / Costs</p> <p>September 2022</p> <p>Construction prices increased 17.3 percent year-over-year in May 2022 and were up 1 percent from April 2022. In the first five months of 2022, construction prices increased 18.3 percent from the first five months of 2021 (Housing Starts, July 2022).</p> <p>October 2022</p> <p>Electricity prices for consumers (excluding households) according to their consumption, in the first half of 2022 (Eurostat).</p>

	<p>December 2022</p> <p>The EU oil embargo bans Russian oil imports by sea, but Slovakia, as well as Hungary and the Czech Republic, are exempt and can continue to buy Russian crude oil until the end of 2023 via the Druzhba pipeline.</p> <p>The only danger now is damage to infrastructure, Hirman said, adding that "if anything threatens us, it is Russia's attacks on Ukrainian territory." In addition, power outages on Ukrainian territory have already caused several supply disruptions in recent weeks.</p> <p>In the event of disruptions, oil imports will be channelled to the Slovak Slovnaft refinery via Croatia and Hungary. However, changing suppliers and switching to a different type of crude oil will require time and adaptations in processing technology - an argument presented by the non-embargoed countries during the negotiations (Euractiv).</p> <p>In December 2022, 43.7% of Slovakia's energy was imported (Statistics Slovakia).</p>	 <p>February 2023</p> <p>In December 2022, construction prices increased by 20.9% year-on-year, while for the whole of 2022, construction prices increased by 18.3%.</p> <p>Prices for building materials increased by 13.3% year-on-year, but decreased slightly from November 2022. In total, year-to-date growth has reached 22.9% (Statistics Slovakia).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • A price cap has been negotiated with the electricity and gas suppliers, which is active until 2024; • A package of assistance for households has been put in place (tax reduction, increase in aid/children)(OECD, June 2022). • The government has issued a directive (binding only for public procurement) on taking into account the rising cost of materials in construction, including on current contracts. This revises the production cost for the builder and the actual purchase cost (Department of Transportation and Construction, August 2022). <p>October 2022</p> <ul style="list-style-type: none"> • On September 14, the Minister of Labour, Social Affairs and Family, Milan Krajniak, said that the government will soon adopt laws that will cap the prices of electricity, gas and heating. 	

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

		Slovenia	
Economic conditions	General	Construction	
	<p>November 2022 GDP growth was 3.4% in the third quarter of 2022, while inflation reached 10% (Statistics Slovenia).</p> <p>February 2023 According to IMF projections, in 2023 Slovenian GDP will be 1.7% while annual inflation will be 5.1% (IMF).</p>	<p>December 2022 On a monthly basis, the value of construction put in place increased by 8.5%. It increased by 16.7% for buildings and 8.7% for civil engineering, while it decreased by 7.9% for specialized construction activities. On an annual basis, the value of construction put in place increased by 54.6%. It increased by 144.7% for buildings and 14.4% for civil engineering, while it decreased by 6.5% for specialized construction activities (Statistics Slovenia).</p> <p>February 2023 The confidence indicator fell in retail trade, construction, and services. The average in 2022 was higher than in the previous year in retail trade, services, and construction, and lower in manufacturing.</p> <p>The confidence indicator was 4 percentage points (p.p.) lower than the previous month and 8 p.p. lower than in January 2022, but 28 p.p. higher than the long-term average. The confidence indicator declined due to the deterioration in employment expectations by 10 p.p., while overall order books improved by 2 p.p. The average confidence indicator for 2022 was 22 p.p., 4 p.p. higher than in 2021.</p> <p>Most construction firms reported that the high cost of materials was the main factor limiting their activities (55% of firms, 1 p.p. more than in January 2022). This is followed by a shortage of skilled labor (49%, 6 p.p. more) and high labor costs (40%, 10 p.p. more)(Statistics Slovenia).</p>	

		<p>In 2022, 6% fewer building permits were issued than in 2021. For residential buildings, 5% more building permits were issued and for non-residential buildings, 15% less. The floor area of buildings for which building permits were issued in 2022 was 8% higher than in 2021. The planned floor area of residential buildings was 11% larger and that of non-residential buildings was 4% larger.</p> <p>With building permits issued in 2022, nearly 4,800 newly constructed units were planned, 11% more than in 2021. In single-family buildings, 3% more units were planned and in buildings with two or more units, 23% more. The planned floor area of the dwelling units was 6% more than in 2021. In single-family buildings, the average size of dwellings was 168 m² (in 2021 170 m²) and in buildings with two or more dwellings 84 m² (in 2021 89 m²)(Statistics Slovenia).</p>
<p>Raw materials & Energy</p>	<p>Procurement</p> <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>Prices / Costs</p> <p>December 2022</p> <p>The average natural gas price for domestic consumers in Slovenia in the third quarter of 2022 increased by 22% compared to the second quarter of 2022 and amounted to 0.094 EUR/kWh. In the same period, the average natural gas price without value added tax for non-residential consumers increased by 19%; it amounted to 0.075 EUR/kWh.</p> <p>In the third quarter of 2022, the average electricity price for domestic consumers increased by 31% compared to the previous quarter and was 0.205 EUR/kWh. During this period, the average electricity price for non-residential consumers increased by 25%; it was 0.204 EUR/kWh (Statistics Slovakia).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022</p> <p>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</p>	

	<p>April 2022 and targeted the most vulnerable groups, businesses and farmers, in the form of energy vouchers, reduced grid charges for electricity and lower excise duties on heating oil and gasoline (200 million euros)(Treasury, 2022).</p> <p>October 2022</p> <p>The government has introduced support measures for medium and large companies between June 1 and December 31, 2022, by co-financing the costs of electric energy and natural gas beyond a double increase in their prices. The amount of assistance depends on the change in the company's rate situation in 2021 and 2022. Small and medium-sized companies can receive aid of up to 50% of eligible costs and large companies up to 30% of eligible costs. When they prove a loss of business, energy-intensive companies will be able to claim up to 70 percent of eligible costs; the maximum amount of aid is €2 million. The government has also earmarked €6 million for favourable liquidity facilities for small and medium-sized enterprises affected by the crisis. The total value of the business measures is estimated at €86 million.</p> <p>The government has announced that it will pay a new one-off energy allowance of €200 (the amount of the allowance increasing with the number of children in a household). The allowance will be paid to individuals or families receiving financial assistance or income support in the period between August 1, 2022 and March 31, 2023. The allowance will be received by approximately 71,000 individuals and families. The cost of the measure is estimated at €35 million (Bruegel).</p> <p>November 2022</p> <p>In September 2022, the government approved a law with energy crisis measures that allows it to impose lighting and air temperature limitations for heating purposes in public buildings for up to one year after the expiration of the emergency declaration. In addition, it introduces rewards for consumers who choose to voluntarily reduce their gas and electricity consumption by 15 per cent between October 1, 2022 and March 31, 2023 through pro-rata refunds of the contribution to renewable energy sources (Bruegel).</p> <p>The Slovenian government has unveiled a bill that would impose a one-time tax on energy companies in 2022 and 2023 to subsidize renewable energy and fund measures to reduce electricity demand during peak periods. Under the proposal, any revenue above 180 euros per MWh of electricity generated in Slovenia and sold on the wholesale market would go to the national budget.</p> <p>Electricity companies whose production costs exceed 180 euros per MWh would be exempted, as would electricity produced from natural gas and small installations with a peak power of less than 500 kW.</p> <p>A one-time tax would also be imposed on companies that produce and process crude oil and natural gas in Slovenia (Slovenia Times).</p>
<p>Positioning of the Federation</p>	

	Sweden	
Commercial conditions	General	Construction
	<p>December 2022 Inflation reached 9.5 percent at the end of 2022, while GDP growth was 0.6 percent (Statistics Sweden).</p> <p>February 2023 Sweden's GDP decreased by 0.5% in December 2022, compared to the previous month. For the fourth quarter as a whole, GDP decreased by 0.6%, compared to the previous quarter. The results for the final quarter of the year indicate that GDP increased by 2.4% in 2022, compared to the previous year. The 12-month inflation rate was 10.2 percent in December 2022, up from 9.5 percent in November (Statistics Sweden).</p>	<p>December 2022 Preliminary figures show that 43,750 units were started in the first three quarters of 2022. This is 9% less than in the same period in 2021, when construction of 48,170 dwellings was started (Statistics Sweden).</p> <p>February 2023 The Multi-Dwelling Construction Cost Index increased 0.4 percent in December 2022 compared with November 2022. The annual rate of change in the Construction Cost Index was 15.6 percent in December compared with the corresponding month in 2021, up from 15.2 percent in November (Statistics Sweden).</p>
Raw materials & Energy	Procurement	Prices / Costs
	<p>Sweden is mainly impacted by the war in Ukraine on energy costs. On the supply side, trade relations between Sweden and Russia/Ukraine were weak before the war (OECD, June 2022).</p> <p>November 2022 The government has commissioned Vattenfall, the Swedish electricity producer and distributor, to study extending the life of Ringhals 3 and 4 (currently scheduled to operate until 2040). The government would invest SEK 400 billion (36.5 billion euros) in credit guarantees for the construction of new nuclear power plants and has asked state-owned Vattenfall to start planning the project. The new government will also</p>	<p>November 2022 The multiple housing construction cost index increased 1.3 percent in October 2022 from September 2022. The annual rate of change in the construction cost index was 15.3 percent in October compared with the corresponding month in 2021, compared with 14.6 percent in September (Statistics Sweden).</p> <p>February 2023 Electricity: The producer price index increased 2.1 percent in December compared with November 2022. The export market was unchanged in December compared to November 2022. Prices increased 4.2 percent in the domestic market. In</p>

	<p>make regulatory changes to simplify the nuclear construction process, including introducing a fast-track regulatory procedure for reactor types that have been approved in other EU countries (Bruegel).</p> <p>February 2023 On January 12, 2023, the Swedish state-owned mining company LKAB declared that it had discovered more than one million tons of rare earth oxides in the Kiruna region in the north of the country. This is the largest deposit of its kind ever discovered in Europe. <i>"Thanks to this mine, the electrification, self-sufficiency and independence of the EU from Russia and China will take shape,"</i> said Minister of Energy, Trade and Industry Ebba Busch in the statement (Euractiv).</p>	<p>the import market, prices decreased by 1.0 percent. The annual rate of the producer price index was 18.7 percent in December (19.5 percent in November). The annual rate of the producer price index was 18.7 percent in December 2022. Compared to December 2021, prices increased 45.1 percent for energy-related products. Prices increased by 14.8 percent for consumer goods and 12.8 percent for capital goods (Statistics Sweden).</p> <p>Contractors' costs for building materials decreased by 0.9 percent. Costs for reinforcing steel and iron and steel including reinforcing steel decreased the most, by 7.3 percent and 4.1 percent, respectively. This decrease was offset by the fact that the costs of flooring materials, white goods, other building materials, and carpentry increased by 0.3 to 1.2 percent (Statistics Sweden).</p>
<p>Measures adopted by the utilities</p>	<p>September 2022 ^{er}The government has proposed to eliminate the energy tax rebate for data centers to encourage more regulated and responsible electricity use (effective January 1, 2023)(Treasury, September 2022).</p> <p>October 2022 On March 21, the government presented a new package of measures to deal with the rising fuel and electricity prices resulting from the invasion of Ukraine. The tax on diesel and gasoline will be temporarily reduced from June to October 2022 to the lowest level allowed by European regulations (€0.17 per liter). The total cost of this measure is estimated at €360 million. A compensation payment of between €96 and €144 has also been approved for private car owners. The total cost of this measure is estimated at €380 million. Additional funds will be distributed for the purchase of electric vehicles (up to €6,700 in financial aid). The additional cost is estimated at 370 million euros. The compensation program described above has also been extended by one month (at an additional cost of 86 million euros). The housing allowance for families with children has also been temporarily increased from July to December 2022. The additional child allowance will be equivalent to 25% of the preliminary housing allowance and will amount to a maximum of €128 per month. The total cost is estimated at €48 million. On the other hand, the Swedish government has presented proposals with a longer-term vision, and the seat is expected to come into force in 2023. They contain a combination of targeted and untargeted measures: A simpler travel allowance</p>	

	system, replacing the current system with a tax cut based entirely on distance from home to work (without regard to means or travel costs), a frozen greenhouse gas reduction mandate for diesel and gasoline for next year until 2022 levels, and a GDP indexation pause on diesel and gasoline prices in 2023. In response to Russia's suspension of gas exports, Sweden has announced that it will provide €23.4 billion to struggling Nordic and Baltic utilities in the form of credit guarantees. The guarantees will be provided by the Swedish National Debt Office and will mainly go to Swedish companies (Bruegel).
Positioning of the Federation	The Swedish Construction Federation shared an open letter with its members' customers to request agreement for additional time and cost control due to inflation and shortages (BYGGFÖRETAGEN, 2022).

	Norway	
Economic conditions	General	Construction
	<p>December 2022 Annual GDP growth in the third quarter of 2022 was 0%, while annual inflation was 6.5% (Statistics Norway).</p> <p>February 2023 According to IMF projections, GDP growth will be 2.6% in 2023, while annual inflation will be 3.8% (IMF).</p>	<p>November 2022 The construction output index decreased by 0.2% between September and October 2022, while it increased by 2.2% between October 2021 and October 2022 (Statistics Norway).</p> <p>February 2023 Here are the latest trends in the Norwegian construction sector:</p> <ul style="list-style-type: none"> • Change in the number of housing starts: +6.8%. • Change in road construction costs compared to the same quarter of the previous year: +12.3%. • Change in construction output index: 0.3% (Q4 2022)(Statistics Norway).
Raw materials	Procurement	Prices / Costs

<p style="text-align: center;">& Energy</p>	<p>Norway does not depend on Russia or Ukraine for its energy supply. It benefits indirectly by becoming Europe's main supplier (+8% of exports).</p> <p>November 2022 A new gas pipeline called "Baltic Pipe", linking Norway to Poland via Denmark, is in the final stages of construction and should be operating at full capacity - 10 billion m³ - from the end of October 2022 (Bruegel).</p>	<p>December 2022 The price of the index "housing, water, electricity, gas and other fuels" rose by 4.9% (Statistics Norway). Construction costs increased by 5.5% between November 2021 and 2022, for residential buildings (Statistics Norway). Electricity prices increased by 116% between the third quarter of 2021 and the third quarter of 2022 (Statistics Norway).</p> <p>February 2023 Residential housing construction costs increased by 6.3% between December 2021 and 2022 (Statistics Norway).</p> <p>At the end of December 2022, the annual increase in electricity costs was 116.2% (Statistics Norway).</p>
<p style="text-align: center;">Measures adopted by the utilities</p>	<p>September 2022</p> <ul style="list-style-type: none"> • The Norwegian government is reluctant to cap gas prices in particular, as it benefits from the price surge. • The government had introduced a temporary scheme to help Norwegians cope with their electricity bills this winter, as energy prices recently hit new records. The scheme will allow households to cope with the extraordinary electricity prices by deducting a sum from their bills. Households will be eligible for assistance for monthly electricity consumption of up to 5,000 kilowatt hours. The scheme is in place until the end of March 2022 and is administered by the transmission system operators (TSOs) (Government of Norway, 2021). <p>October 2022 At the beginning of September, the government allocated nearly one billion euros more - from the revenues of the state-owned electricity grid company Statnett - to its program to protect consumers from rising energy bills. The measure will now cover 90 per cent of the portion of electricity bills above the price of 0.70 kroner per kilowatt hour (€0.067/KWh). The total cost of the program, which is to remain in place until at least March 2023, is therefore €3.4 billion.</p> <p>A few weeks later, Industry Minister Jan Christian Vestre presented a scheme covering companies whose electricity costs exceed 3 percent of revenues in the first half of 2022, amounting to 288 million euros. The subsidy presented by the government will compensate 25% of electricity tariffs exceeding a threshold of 0.70 kroner per KWh (Bruegel).</p>	

	<p>November 2022</p> <p>Beginning November 24, 2022, businesses that spend more than 3% of their revenue on electricity can apply for funding. Businesses have until December 11 to apply. This assistance consists of:</p> <ol style="list-style-type: none"> 1. 25% support for electricity prices above 70 øre/kWh. This support requires the company to carry out an energy mapping. 2. An additional 20% support for electricity prices above 70/kWh if the company also commits to implement energy efficiency measures within two years (BNL).
<p>Positioning of the Federation</p>	<p>On March 24, 2022, BNL allowed two CEOs of member companies (wood industry) to present their challenges and demands to the Norwegian Minister of Trade and Industry. They were able to reiterate the need for dialogue between business and government, the need to establish business support measures in this period and the need to speed up the flow of goods (BNL, 2022).</p>

Switzerland		
Commercial conditions	General	Construction
	<p>November 2022</p> <p>Inflation in Switzerland remained stable in November, at an annual rate of 3%, announced the Federal Statistical Office. The stability of the index compared to the previous month "<i>is the result of opposing trends that have broadly offset each other,</i>" explains the office, noting that housing rents but also gas and fuel prices have increased (Le Figaro).</p> <p>In its latest Economic Outlook, the OECD lowered its growth forecast for Switzerland to 2.1% of GDP in 2022 (from 2.5%) and 0.6% in 2023 (from 1.3%), mainly due to the expected decline in private spending (Treasury).</p> <p>February 2023</p>	<p>December 2022</p> <p>The construction producer price index rose 3.2 percent between April and October 2022, reaching 112.7 points (October 2020 = 100). This result reflects an increase in building and civil engineering prices. On a year-over-year basis, construction prices increased by 8.3 percent (FSO).</p>

	<p>The Consumer Price Index (CPI) decreased 0.2% in December 2022 from the previous month, reaching 104.4 points (December 2020 = 100). Inflation was +2.8% compared to the same month a year earlier. Average annual inflation also reached +2.8% in 2022 (FSO).</p>	
<p>Raw materials & Energy</p>	<p>Procurement</p>	<p>Prices / Costs</p>
	<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 mill, 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>October 2022</p> <p>Electricity costs</p> <ul style="list-style-type: none"> • The total cost on the regulated market is currently 19.4 cents/kWh on average; next year it will be 26.5 cents/kWh (+37%). • In contrast, under the free market, the cost of electricity will increase by a factor of 10 to 20. • This corresponds to an increase in the cost of electricity of 375% to 785%. According to the press, companies were able to negotiate more moderate price increases in some cases. <p>Cost of gas</p> <ul style="list-style-type: none"> • One of the reasons for the rising costs of electricity is the rising price of gas. At the beginning of 2022, the wholesale price of natural gas in Europe was about 75 euros per MWh. By the end of August, this price had passed the 300 euro mark. Since then, it has fallen again to around 200 euros (Swiss Society of Contractors).
<p>Measures adopted by the utilities</p>	<p>This winter, Switzerland could be faced with electricity and gas shortages. The Federal Council is planning a staggered procedure depending on the severity of the situation: calls for savings, restrictions on consumption, quotas or even partial cuts in the network.</p> <p>The government has passed three motions to strengthen the security of the electricity supply:</p>	

	<ul style="list-style-type: none"> ⇒ Support massively the construction of installations allowing the transformation and the storage of solar energy in the form of synthesis gas; ⇒ Encourage the widespread development of smart grids; ⇒ Giving small players the opportunity to participate in the control energy market (Swiss Info, September 2022). <p>November 2022</p> <p>On 23 November 2022, the Federal Council opened the consultation procedure on measures to be taken in the event of an electricity shortage. The aim of the consultation is to create legal and planning certainty for companies so that they can prepare themselves. An electricity shortage would entail enormous economic costs. Measures such as quotas or load shedding should therefore be avoided at all costs (Swiss Economy).</p>
Positioning of the Federation	

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

MORE DETAILS

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

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

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

In addition, financial and non-financial support to Russian state-owned or state-controlled entities under EU, Euratom and Member State programs will be restricted. The Commission will terminate its participation and suspend all ongoing grant agreements with Russian public bodies or related entities under Horizon 2020 and Horizon Europe, Euratom and Erasmus+. No new contracts or agreements with Russian public bodies or related entities will be concluded under these programs.

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

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

- Seventh package (July 25, 2022): A new ban on the purchase, import or transfer of gold of Russian origin, including jewelry; tightening of export controls on dual-use goods; tightening of the ban on Russian ships entering ports; clarifications of existing measures, for example in the areas of public procurement, aviation and the judiciary; individual sanctions against 54 additional individuals and 10 entities, including the mayor of Moscow and Sberbank, a major financial institution.

- Eighth package (September 29, 2022): New import ban on Russian products from the aeronautical and chemical sectors; No European will be allowed to sit on the board of directors of Russian companies under penalty of sanctions; Agreement to cap Russian oil prices ([Euractiv](#)).

- Ninth Package (December 7, 2022):

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

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

Third, the Commission also wants to impose new export controls and restrictions, especially on dual-use goods. These include essential chemicals, nerve agents, electronic and computer components that could be used in the service of the Russian war machine.

	<p>Fourth, the Commission will cut off Russia's access to all kinds of drones and unmanned aerial vehicles. We propose to ban the direct export of drones to Russia as well as the export to any third country, such as Iran, that might supply drones to Russia (The European Commission).</p>
<p>Aid to European countries affected by the crisis in Ukraine</p>	<p>On March 23, the European Commission adopted a temporary crisis framework to allow member states to use the flexibility offered by state aid rules to support the economy in the context of the Russian invasion of Ukraine.</p> <p><u>Three types of assistance are provided:</u></p> <ol style="list-style-type: none"> 1) Limited amount of aid - The total amount of aid must not exceed EUR 400,000 per company at any time. Aid may be given in the form of direct grants, tax benefits and payments or in other forms such as repayable advances, guarantees, loans and equity. 2) Liquidity support in the form of public guarantees and subsidized loans - The total amount of loans per beneficiary for which a guarantee is granted if it does not exceed 15% of the company's average annual global turnover (last 3 financial years); if it does not exceed 50% of the energy costs of the last 12 months; upon appropriate justification that the Member State will provide to the Commission for its evaluation. 3) Assistance to offset high energy prices. <p>The temporary crisis framework will be in place until 31 December 2022, with a possible extension (European Commission, March 2022).</p>
<p>Energy supply</p>	<p>March 2022</p> <p>The Commission presented on 23 March ideas for collective action at European level to address the root causes of the existing problem in the gas market and ensure security of supply at reasonable prices for the next winter season and beyond.</p> <ul style="list-style-type: none"> • A legislative proposal introducing an obligation that sets the minimum level of gas storage for the next winter at 80% to ensure security of energy supply, to be increased to 90% in subsequent years. • A document describing the options for market intervention at the European and national levels, and assessing the advantages and disadvantages of each option. <p>Partnerships with third countries to collectively purchase gas and hydrogen have also been considered by the Commission, which is ready to create a <i>task force</i> on joint gas purchases at EU level. By pooling demand, the <i>task force</i> would facilitate and strengthen the EU's international approaches to suppliers to ensure cheap imports for the coming winter.</p> <p>September 2022</p> <p>The Commission has presented 9 measures to fight against the rise in energy prices. Among these measures:</p>

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

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

November 2022

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

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

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

December 2022

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

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

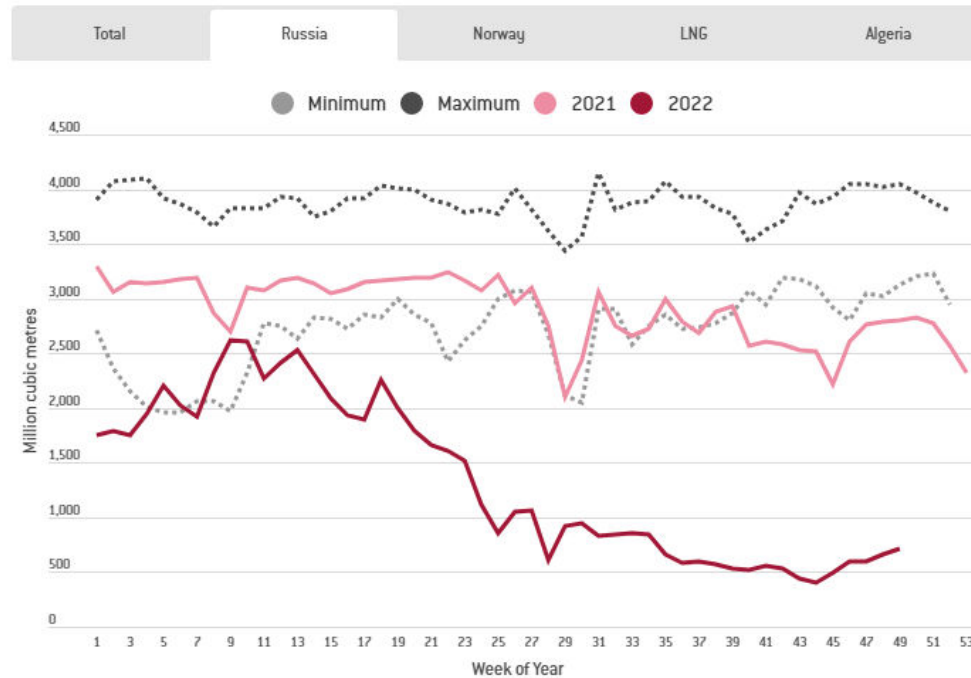
It will focus its efforts on the following:

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

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

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

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



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

Legislation

Proposed revision of the state aid framework against the backdrop of the war in Ukraine and the energy crisis - The European Commission is considering extending the period of application of these temporary rules until 31 December 2023 (instead of 31 December 2022, until now). The ceilings for aid authorized to support companies in the face of rising gas and electricity prices have not been changed, but are now calculated over a calendar year and no longer "at a given moment". Thus, an industrialist will be able to receive up to 2 million euros per year, or even up to 50 million for certain energy-intensive companies. Heating and cooling bills are also now taken into account in the calculation of the additional cost of energy supply for companies. In addition, a chapter has been added to allow aid to encourage the reduction of electricity consumption ([Background](#)).

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

December 2022

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

February 2023

Electricity market reform: the EU begins discussions

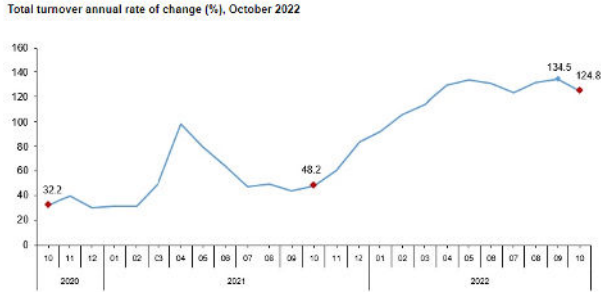
In response to soaring energy prices, the European Commission is preparing an overhaul of its electricity market so that all consumers can benefit from renewable energy at reasonable prices.

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

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

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

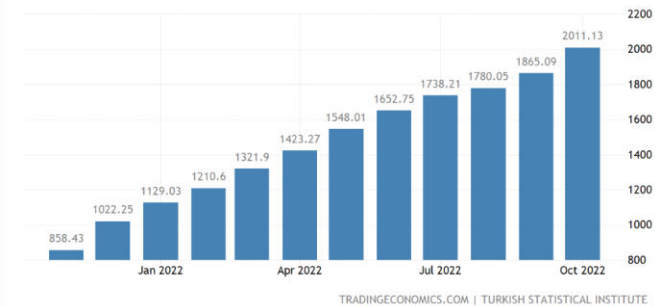
INTERNATIONAL

NON-EU COUNTRY		
	General Facts & Measures	General Facts & Measures: Construction
Turkiye	<p>January 2023 GDP growth lost momentum in the third quarter of 2022, falling to 3.9% year on year, from 7.7% in the second quarter.</p> <p>The moderation was driven by a contraction in fixed investment, compounded by softer private consumption and exports growth. Fixed investment fell 1.3% in Q3, marking the worst result since Q2 2020 (Q2: +5.0% yoy). In addition, household spending growth softened to 19.9% year on year in Q3 compared to a 22.5% expansion in Q2, as record-high inflation took a toll on consumers' pockets. Meanwhile, government spending improved to 8.5% in Q3.</p> <p>On the external front, exports of goods and services growth fell to 12.6% in Q3, the lowest since Q1 2021 (Q2: +16.4% yoy). Conversely, imports of goods and services growth sped up to 12.2% in Q3 (Q2: +5.8% yoy), which was the highest reading since Q2 2021 (<u>Focus Economics, 2022</u>).</p> <p>February 2023 According to the IMF predictions, Turkiye's GDP will be of 3% in 2023, while the inflation rate should be at 51,2% (a decrease compared to 2022)(IMF).</p>	<p>January 2023 Total turnover index (2015=100) including industry, construction, trade, and services sectors increased by 124.8% on annual basis in October 2022 (<u>TUIK</u>).</p>  <p>February 2023 Confidence index of construction increased by 0.6% since the beginning of 2023. The number of orders is expected to increase (<u>TUIK</u>).</p> <p>The service producer price index increased by 85.06% in 2022 for engineering services (<u>TUIK</u>).</p>
	Raw materials & Energy: Sourcing	Raw materials & Energy: Costs
Turkiye	<p>December 2022 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 (<u>OECD,</u></p>	<p>December 2022 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</p>

2022).

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](#)).



February 2023

In November 2022, construction cost index increased by 103.47% compared with the same month of the previous year. Material index increased by 108.55% and labour index increased by 87.92% compared with the previous year ([TUIK](#)).

Energy prices decreased by 2.12% in December, and annual inflation in this group dropped by 23.57 points to 94.43%. Despite the hike in municipal water prices, energy prices fell in this period due to tumbling fuel prices in tandem with the decline in international crude oil prices ([TMB](#)).

Public Authorities measures

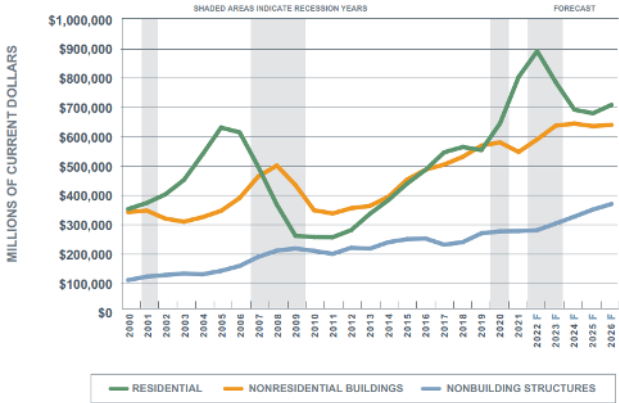
Turkiye	<p>December 2022</p> <p>To mitigate the global price increase, the government has reduced the value-added tax on electricity used in residences and in agriculture, and has granted subsidies to 4 million households (OECD, 2022).</p>
	<p>January 2023</p> <p>The Central Bank of Turkey left its interest rate unchanged at 9% in December, as expected, saying the current policy rate is adequate. The central bank expects the disinflationary process to start on the back of the measures taken. The annual inflation rate in Turkey slowed for the first time in 18 months to 84.4% in November, from 85.5% in October. Looking at growth, the bank said leading indicators for the current quarter point to a slowdown in growth due to the weakening of foreign demand (Trading Economics, 2022).</p>
	<p>February 2023</p> <p>The Central Bank will continue to use all available instruments decisively until strong indicators point to a permanent fall in inflation and the medium-term 5% target is achieved in pursuit of the primary objective of price stability (TMB).</p>

NORTH AMERICA		
	General Facts & Measures	Facts & Measures for Construction
Canada	<p>January 2023</p> <p>Real gross domestic product (GDP) rose 0.7% in the third quarter, the fifth consecutive quarterly increase. Growth in exports, non-residential structures, and business investment in inventories were moderated by declines in housing investment and household spending. Final domestic demand, composed of expenditures on final consumption and capital investment, edged down 0.2%, following a 0.6% increase in the second quarter (Statistics Canada, 2022).</p> <p>The Consumer Price Index (CPI) rose by 6.8% year over year in</p>	<p>January 2023</p> <p>The Canadian Construction Association's (CCA) "Day on the Hill" was held on Tuesday, November 15, 2022. Representatives of Canada's construction industry are calling on the federal government to make changes to modernize Canada's immigration policy and update the Temporary Foreign Worker Program to address the most severe labor shortage Canada has seen in over 50 years.</p> <p>While all provinces and sectors of the Canadian economy are reeling from historically high vacancy rates, the situation is particularly acute for the construction sector.</p>

	<p>November 2022, following a 6.9% increase in October 2022. Excluding food and energy, prices rose by 5.4% on a yearly basis in November 2022, following a gain of 5.3% in October 2022. Slower price growth for gasoline and furniture was partially offset by faster growth in mortgage interest cost and rent.</p> <p>On a monthly basis, the CPI rose 0.1% in November following a 0.7% gain in October. On a seasonally adjusted monthly basis, the CPI was up 0.4% (Statistics Canada, 2022).</p>	<p>The federal government has an ambitious growth plan that includes repairing, maintaining, and upgrading aging infrastructure, while ensuring that infrastructure is climate resilient in the future. However, the construction industry is currently struggling to fill more than 81,000 positions nationwide. This means that critical projects such as schools, hospitals, power generation facilities, roads, bridges, and trade corridors that connect the communities not only to each other, but to the global marketplace, are at risk of being delayed or cancelled.</p> <p>The government's recent announcement that Canada would seek to welcome up to 500,000 new immigrants per year by 2025 (CCA, 2022).</p>
<p>United-States</p>	<p>January 2023</p> <p>In 2023, the GDP is projected to grow by 1% while the annual average inflation is supposed to be around 3.5% (IMF, 2022).</p>	<p>January 2023</p> <p>Total construction activity for October 2022 (\$1,794.9 billion) was 0.3% below the revised September 2022 (\$1,800.1 billion)(Bureau of Economic Indicators USA, 2022).</p> <p>Privately-owned housing starts in November 2022 were at a seasonally adjusted annual rate of 1,427,000. This is 0.5% below the revised October 2022 estimate of 1,434,000.</p> <p>February 2023</p> <p>The US engineering and construction (E&C) industry began 2022 on a bright note after achieving strong growth of 8% in construction spending in 2021. While the value added reached \$1 trillion in Q2 2022, gross output stood at \$2 trillion in Q2 2022 compared to \$1.9 trillion in Q2 2021. But a closer look at current market dynamics suggests that 2023 will likely experience differentiated growth rates across different industry segments. On the one hand, the nonresidential segment is likely to be buoyed by funds entering the market from the Infrastructure Investment and Jobs Act (IIJA) and the CHIPS and Science Act of 2022. The CHIPS and Science Act provides \$52.7 billion for American semiconductor research,</p>

development, manufacturing, and workforce development and is expected to drive construction in 2023 and beyond. On the other hand, residential construction companies are relatively more pessimistic about the industry outlook for the next year compared to other segments. The residential segment may witness sluggish growth due to weakening consumer demand. So, while some segments may be more bullish than others, there are headwinds, such as inflation and supply chain issues, which may continue to affect the industry overall in the coming year. The construction industry is expected to continue feeling the effects of increased prices—from the rising prices of steel, lumber, and fuel to the increased cost of skilled labor. Therefore, the industry could experience project completion delays, increased construction costs, and reduced profit margins (Read Deloitte’s full study).

**Total Construction Spending Put in Place
Estimated for the United States**



[North America: Engineering and construction industry overview, 2023.](#)

Mexico	<p>January 2023 In November 2022, inflation rate slowed to 7,8%, while GDP growth was of 1,2% (INEGI Statistics Mexico & IMF).</p>	<p>December 2022 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>
Raw materials and energy sourcing		Raw materials and energy costs
Canada	<p>December 2022 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>January 2023 Forbes made some projections for the year 2023, regarding the state of the USA energy sector, among them:</p> <ul style="list-style-type: none"> • The expansion of the renewable energy industry (fueled by the Inflation Act and the Bipartisan Infrastructure Law); • The oil prices will hit \$100 again; • The average U.S. price for a gallon of regular gas at the pump will hit \$5 again (FORBES, 2023).
United-States	<p>January 2023 The Energy Information Agency made some forecasts for 2023:</p> <ul style="list-style-type: none"> • Increase in U.S. electricity generation from solar and wind. The EIA expects renewable sources to provide 24% of U.S. generation in 2023, up from 20% in 2021. • Natural gas fuels 38% of U.S. electricity generation in 2022, up from 37% in 2021, but the EIA forecasts it to fall back to 36% in 2023. Coal-fired electricity generation falls from 23% of the U.S. total in 2021 to 19% in 2023. 	

Mexico	Trade and economic ties are weak with Ukraine and Russia. However, the country could be impacted through its importations from the USA. As the United States have increased their exports towards Europe, the supplies towards Mexico are fewer and more expensive (OECD, 2022).	December 2022 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).
Public Authorities measures		
Canada	January 2023 Bank of Canada – Policy interest rate The bank increased its interest rate up to 4,25% at the end of 2022. In January 2022, the interest rate was of 0.25% (Bank of Canada, 2022).	
United-States	December 2022 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).	
Mexico	January 2023 The Bank of Mexico raised its interest policy rate to 10.5% in December 2022 (Banco de Mexico).	

MIDDLE EAST & AFRICA

General Facts & Measures	Facts & Measures for Construction
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<p>Overview</p>	<p>The Economist Intelligence Unit points to likely growth in construction of 3.5 or 4% on average over the next two years for Gulf Co-Operation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates). High energy prices have proven an export boon to countries in the region and the EIU describes a substantial pipeline of projects in energy, power, water and transport infrastructure, commercial and residential real estate, and industrial developments, with many contracts yet to be awarded.</p> <p>Meanwhile, Research and Markets expects the South African construction industry to stabilize at an annual average growth rate of 3% from 2023 to 2026, with the recovery there supported by government investments in transport, energy, water and residential projects (Construction blog).</p> <p>Fitch Solutions predicts that construction in the Middle East and North Africa (Mena) will see a growth rate of 5% in 2023, outstripping the global rate of 2.3%, thanks to high oil prices, burgeoning project pipelines, and what it called “impending disinflation in materials prices” (Global construction review).</p> <p>SUB-SAHARAN AFRICA</p> <p>Construction output in Sub-Saharan Africa grew by an estimated 1.7% in 2022, compared to a growth of 3.2% registered in 2021. The industry is forecast to record growth of 3.2% in 2023, however, significant downside risks persist, most notably the rising debt levels across the region, says GlobalData, data and analytics company.</p> <p>Chinese funding has been a major source of growth for infrastructure projects in the region in the last two-decades, helping Africa bridge its \$100 billion-a-year infrastructure deficit. However, post-pandemic Chinese economic slowdown coupled with the substantial losses on the loans it granted to multiple countries is resulting in a recalibration of Chinese focus on the Belt and Road Initiative (BRI) and a slowdown in Chinese investment in the region. Alongside, a tightening of monetary policy across the developed countries is also affecting the region, while higher interest rates because of high inflation is weighing on both business investments and household consumption (GlobalData).</p>	
<p>Saudi Arabia</p>	<p>January 2023</p> <p>According to estimates by the General Authority for Statistics (GASTAT), GDP of Saudi Arabia grew by 8.8% in Q3/2022 compared to Q3/2021. In comparison to Q2/2022, real GDP growth was 2.1%. This growth is mainly due to the high increase in Oil activities by 14.2% y-o-y (4.5% q-o-q), but also non-oil activities grew by 6.0% y-o-y while (Statistics Saudi-Arabia, 2022).</p>	<p>December 2022</p> <p>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</p>

	<p>February 2023 The GDP of Saudi Arabia was of 5.4% in the fourth quarter of 2022, while its annual inflation was of 3.3% (Statistics Saudi Arabia).</p>	<p>arise due to supply chain disruptions, rising wage costs, and the tightening of monetary policy (GlobalData, 2022).</p>
Egypt	<p>January 2023 Statista predicts the GDP to continuously increase between 2022 and 2027 by in total 194.9 billion U.S. dollars (+41.55%). The GDP is estimated to amount to 663.99 billion U.S. dollars in 2027 (Statista, 2022). Core inflation is at 21,5% (Central Bank of Egypt, 2022).</p> <p>February 2023 The projected GDP for 2023 is of 4% according to the IMF.</p>	<p>December 2022 Investments in the construction sector will support long-term 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>
Israel	<p>January 2023 Israel GDP is forecasted at 3% in 2023 while inflation is expected to be of 3.6% (IMF, 2022).</p>	<p>January 2023 The construction industry in Israel is expected to grow by 4.1% to reach ILS 1,12,043 million, ending 2022. Despite near-term challenges in certain construction sectors, medium to long term growth story in Israel remains intact. The construction industry in Israel is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, of 3.6% during 2022-2026 (Market Research, 2022).</p> <p>The construction and infrastructure industry in the State of Israel is in deep crisis. There is a shortage in the supply of <u>housing</u>, infrastructure contractors are collapsing, and housing prices are increasing.</p> <p>In the run-up to the government elections, the Fund for the Encouragement and Development of the Construction Industry, through the Israeli Builders Association, presented the leaders of the parties running in the Knesset elections with a comprehensive plan for dealing with the housing crisis.</p>

		The comprehensive plan contains data, figures, and applicable solutions to save the industry. The plan was produced after much work in collecting data, processing, and understanding the needs of the industry and the steps needed. At the center of the plan is a proposed landmark agreement to the government, to be signed between all parties involved in the industry: government, local authorities and contractors (IBA, 2022).
	Raw materials and energy sourcing	Raw materials and energy costs
Saudi Arabia	<p>December 2022</p> <p>Two elements are pushing prices up in Saudi Arabia:</p> <ul style="list-style-type: none"> - The kingdom's dependence on imported building materials, particularly from China and Europe. While the government has recognized the need to increase their production locally, this is likely to take some time thus the construction industry is likely to remain reliant on imported materials, at least in the short-term. - The high demand because of the construction and building boom in the region (Construction Week, Saudi Arabia, November 2022). 	<p>January 2023</p> <p>Price rate of oil is currently at \$73,53, in January 2023, which a 1,3% increase compared to December 2022 (Saudi Central Bank, 2023).</p>
Egypt	<p>January 2023</p> <p>For information: Egypt's energy mix consumption in 2021 (WorldData, 2022).</p>	<p>January 2023</p> <p>Producer prices in Egypt increased to 286.70 points in November from 280.70 points in October of 2022 (Trading Economics, 2022).</p>

	<p>Energy consumption by source, Egypt</p> <p>Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels, meaning the shares by each energy source give a better approximation of final energy consumption.</p> <p>Source: BP Statistical Review of World Energy Note: 'Other renewables' includes geothermal, biomass and waste energy. OurWorldinData.org • CC BY</p>	<p>TRADINGECONOMICS.COM CAPMAS - CENTRAL AGENCY FOR PUBLIC MOBILIZATION AND STATISTICS, EGYPT</p>
<p>Brazil</p>	<p>December 2022</p> <p>The impact of the war on Israel is limited to indirect effects of global prices increase in energy and food commodities. Direct trade with Russia and Ukraine only accounts for 1% of Israel's trade balance. Israel is also largely self-sufficient in natural gas, 40% of its total energy supply (OECD, 2022).</p>	<p>December 2022</p> <p>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).</p>
Public Authorities measures		
<p>Saudi Arabia</p>	<p>December 2022</p> <p>The Saudi Central Bank raised its repo rate to 5%. The Saudi repo rate exceeds the November inflation reading of 3%. Saudi Arabia typically follows the US central bank policy as the Riyal is pegged to the dollar (Saudi Central Bank).</p>	
<p>Egypt</p>	<p>January 2023</p>	

	<p>The Central Bank of Egypt raised its key overnight deposit rate to 16.25% in December 2022, well above market expectations since the start of the bank’s tightening cycle in March. The central bank noted that major monetary authorities expect inflation to ease next year and that commodity prices have dropped more than their previous forecasts believed. Still, policymakers underscored that many upside risks on global commodity price levels persist and that growth in the Egyptian economy has already pointed to a solid recovery, paving the need for tighter monetary policy. In the meantime, the central bank also raised its overnight lending rate to 17.25% (Central Bank of Egypt, 2022).</p>
<p>Israel</p>	<p>January 2023 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> <p>February 2023 The president of the Israeli Builders Association, Raul Srugo, was welcomed at the "Savings Plan" in Arc 12 to warn against a rise in the interest rate, saying: "I think the situation today in the world, the last time it was the Second World War. The corona event and the war in Ukraine have changed the physical problems. A halt in supply chains, high energy prices. Therefore, all this leads to an increase in the price of materials and products around the world, and it is not clear that stopping demand by raising interest rates is the way to stop it," he explained. "They raised the interest rate too high. We see that we went to 3.75 at the beginning of the year, when it's 4% at the end of the year. So, what will happen over the course of the year? Will they continue to raise the interest rate above 4%? Where do we go from here?" asked Srugo. "What's happening is that the interest rate increase is a game changer, on the one hand it's stopping demand, people are buying fewer apartments, but on the other hand developers and contractors are also building less. We've seen housing starts drop to 60 apartments a year instead of the 80 expected, so that's bad." (IBA).</p>

SOUTH & LATIN AMERICA		
	General Facts & Measures	Facts & Measures for Construction

Overview

January 2023

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 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](#)).

February 2023

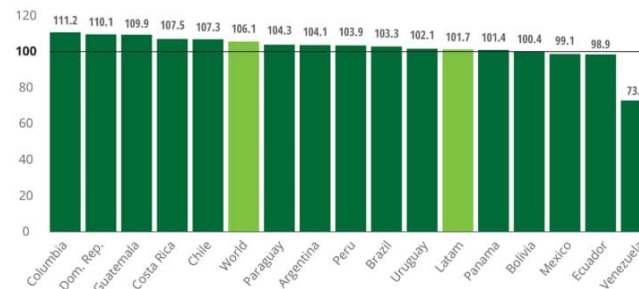
A global economic slowdown will dampen South and Latin America's growth prospects, but a reconfiguration of the global economy following the war in Ukraine may give rise to unexpected opportunities for the region.

The far-reaching impacts of the ongoing war in Ukraine, such as persistently high energy and food costs, have further weakened a global economy already reeling under the lingering economic challenges of the COVID-19 pandemic. Most economic forecasts in recent months have reflected this sentiment. The International Monetary Fund, for example, recently downgraded its global growth forecast for 2023 to 2.7%—0.9 percentage points lower than its April 2022 estimate ([Deloitte, January 2023](#)).

FIGURE 1

Estimated economic growth index in Latam at the end of 2022

GDP of select Latam countries (2019 = 100)



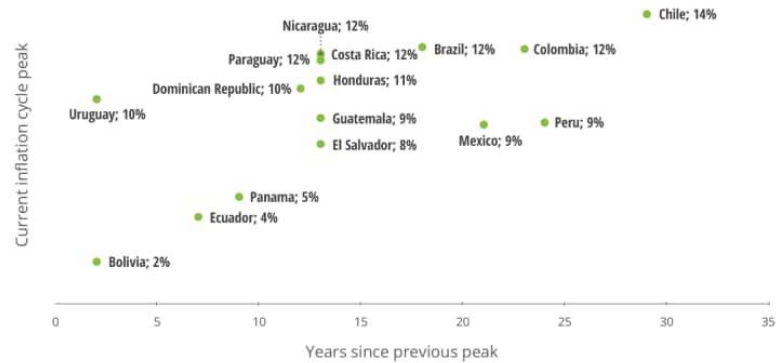
Note: A figure below 100 indicates that GDP has yet to surpass its prepandemic size.

Sources: Econosignal based on official reported data; International Monetary Fund; World Economic Organization.

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FIGURE 3

Several countries in the region are experiencing inflation rates not seen in decades



Note: Not pictured—Argentina (83%, 30 years since the previous peak) and Venezuela (4310%, 1 year since the previous peak).

Sources: Various Latam central banks; Central American Monetary Council; Venezuelan Finance Observatory.

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Argentina

December 2022

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](#)).

January 2023

Argentina's GDP is projected to be of 2% in 2023, while inflation should reach the 76.1% according to the IMF projections ([IMF](#)).

February 2023

Argentina's monthly inflation in December 2022 was of 5.1%, which represented a 94.8% annual inflation ([Central Bank of Argentina](#)).

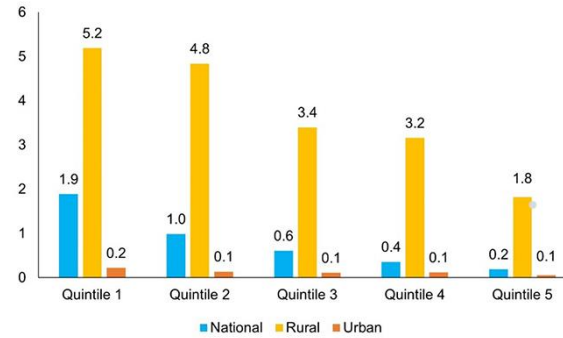
January 2023

Ending 2022, the construction industry output in Argentina was of -0.5% compared to the previous month, and -1.5% compared to the end of 2021 ([Statistics Argentina, 2022](#)).

What are the main causes that will lead to a drop in the sector's activity in the period December 2022-February 2023?

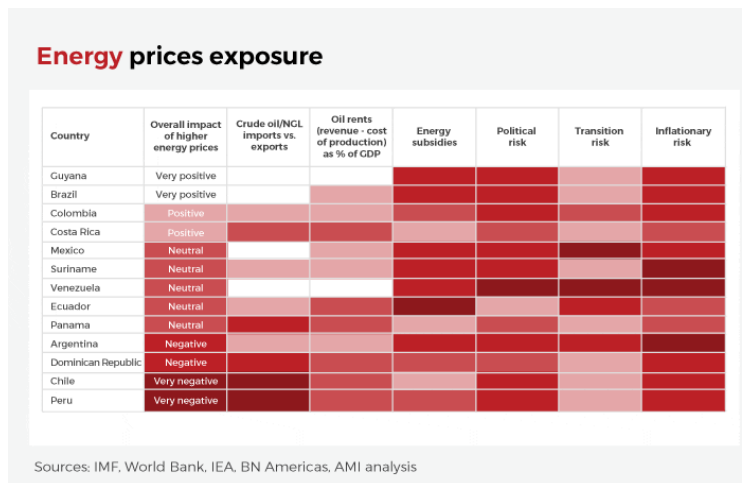
		<table border="1"> <thead> <tr> <th></th> <th>Empresas que realizan principalmente obras privadas</th> <th>Empresas que realizan principalmente obras públicas</th> </tr> </thead> <tbody> <tr> <td>Inestabilidad de los precios</td> <td>24,5</td> <td>24,3</td> </tr> <tr> <td>Costo de la actividad económica</td> <td>20,9</td> <td>18,0</td> </tr> <tr> <td>Alta costo de la construcción</td> <td>18,1</td> <td>8,9</td> </tr> <tr> <td>Falta de créditos</td> <td>16,7</td> <td>7,7</td> </tr> <tr> <td>Atrases en la cadena de pagos</td> <td>12,8</td> <td>20,6</td> </tr> <tr> <td>Otras</td> <td>7,4</td> <td>8,7</td> </tr> <tr> <td>Alta costo de los créditos para la construcción</td> <td>1,9</td> <td>8,8</td> </tr> <tr> <td>Alta costo de los créditos destinados a la compra de inmuebles</td> <td>0,0</td> <td>0,0</td> </tr> </tbody> </table>		Empresas que realizan principalmente obras privadas	Empresas que realizan principalmente obras públicas	Inestabilidad de los precios	24,5	24,3	Costo de la actividad económica	20,9	18,0	Alta costo de la construcción	18,1	8,9	Falta de créditos	16,7	7,7	Atrases en la cadena de pagos	12,8	20,6	Otras	7,4	8,7	Alta costo de los créditos para la construcción	1,9	8,8	Alta costo de los créditos destinados a la compra de inmuebles	0,0	0,0
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Bolivia	January 2023 Bolivia's GDP is projected to be of 3.2% in 2023, while inflation should reach the 3.6% according to the IMF projections (IMF).																												
Brazil	December 2022 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). January 2023 Brazil's GDP is projected to be of 1% in 2023, while inflation should reach the 4.7% according to the IMF projections (IMF).	February 2023 The National Index of Civil Construction, released by the IBGE, closed 2022 with an increase of 10.90% in construction costs, second highest rate since 2014 in the payroll-tax exempt series, with a decrease of 7.75 percentage points against 2021 (18.65%). In December, the rate recorded a change of 0.08%, and was 0.07 percentage points below the rate in the previous month (0.15%), having remained on a downward trend in the year and recorded the lowest index since 2022 (IBGE).																											
Costa Rica	January 2023 Costa Rica's GDP is projected to be of 2.9% in 2023, while its	December 2022 Costa Rica's construction sector has been expanding since January																											

	inflation should reach 6.4% (IMF).	2022. 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%) (Bnamericas, March 2022).
Colombia	January 2023 Colombia's GDP is projected to be of 2.2% in 2023, while its inflation should reach 7.1% (pick at 9.7% in October 2022)(IMF).	January 2023 GDP from Construction in Colombia increased to 11797.82 COP Billion in the third quarter of 2022 from 11145 COP Billion in the second quarter of 2022 (Trading Economics).
Venezuela	December 2022 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. January 2023 Venezuela's GDP is projected to be of 6.5% in 2023, while the inflation will be at 195% (IMF).	
	Raw materials and energy sourcing	Raw materials and energy costs
Overview	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 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):	



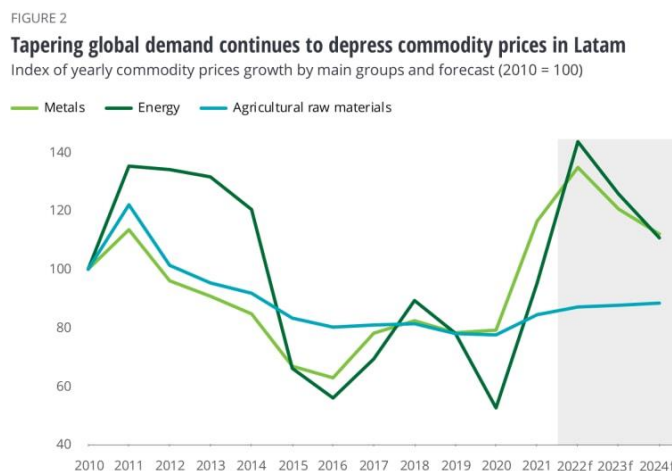
In some countries of South America, such as Nicaragua, or Bolivia, 30 to 40% do not have access to electricity. The same issue is seen with the costs and access of water and sanitation services, as well as the energy dependence to the water supply (also affected by the rising fuel prices)([CEPAL, Water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

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.



February 2023

Prospects for 2023 are less rosy than those for 2022, as several headwinds cloud the regional outlook. There is an increasing belief that a recession (or a larger slowdown) is set to hit the US economy within the next 12 months: A survey by Bloomberg in October pins the odds of a downturn in the United States at 60%. This has tapered global demand, which in turn has depressed the prices of oil and other commodities (figure 2). For example, compared to 2022 peaks, oil is down 27%, copper 24%, zinc 28%, nickel 33%, silver 25%, gold 14%, wheat 29%, soybeans 10%, and maize 10%.⁶ The conspicuous exception is gas, whose price has soared since the start of the war in Ukraine—up 79% in the US market and 109% in Europe ([Deloitte, January 2022](#)).



Note: f denotes forecast.

Source: The World Bank, "Commodity markets," accessed October 2022.

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There are also opportunities for the region in this economic and political context: Lithium-ion batteries are a key part of the world's clean-energy transition, particularly in the electric car and consumer product industries. An estimated 106,000 metric tons of lithium was mined in 2021 alone—an all-time high and a 258% increase from 2015. And almost half of the world's lithium comes from a region in the Andes Mountains known as the "Lithium Triangle," jointly governed by Argentina, Bolivia, and Chile.

Global lithium production is expected to grow up to 420,000 tons by 2031:

	<ul style="list-style-type: none"> • Chile will more than double its outputs, and Argentina’s production will rise nine-fold to 57,000 tons, making it the second-largest global producer between 2027 and 2028. If these projections materialize for Argentina, the credit will go to increased foreign investment in the sector and better economic policies compared to its neighboring countries. • In addition, Argentina could become the world’s leading exporter as it has 13 projects in its pipeline in different salt-flat brine basins with proven lithium content, more than any other country in the world. Looking to encourage investment, the Argentinian government lowered export taxes for the mining sector. In the coming years, this industry is expected to generate US\$4 billion in exports annually (4.5% of 2022 exports). • Production in Bolivia is not expected to skyrocket despite being the country with the world’s largest resources of the metal. In Bolivia, state control over lithium has long been prioritized. According to the vice minister of Altas Tecnología Energéticas de Bolivia, the country extracted only 0.2 tons of lithium (compared to 6,000 tons by Argentina or 26,000 by Chile in 2021). Chile is currently the world’s second-largest producer of lithium. However, considering the many challenges the country’s mining sector faces, such as increased regulation and protests by environmental and indigenous groups, lithium production is expected to grow at a slower pace in the coming years. Moreover, business confidence is low and many companies, including major Chilean producers, are seeking tax incentives and a friendlier regulatory framework outside the country, especially in Argentina (Deloitte, January 2023). 	
Argentina	<p>January 2023 In the third quarter of 2022, the original series index of the synthetic energy indicator (ISE) – energy production; registered an increase of 2.3% compared to the same period of 2021. The seasonally adjusted series index presents, in the third quarter of 2022, a decrease of 4.1% compared to the previous quarter and the trend cycle-series index registers a negative variation of 1.3% compared to the previous quarter (Statistics Argentina).</p> <p>February 2023 The wave of sanctions on Russia’s products in the wake of its invasion of Ukraine has opened the door for several Latam countries to step in and supply select commodities to international markets.</p> <p>Vaca Muerta, located in the Patagonia region of Argentina, is the world’s second-largest shale gas reserve and fourth largest in terms</p>	<p>January 2023 Argentina average sales price of Crude Oil data was reported at 444.155 USD/Cub m in November 2022. This records a decrease from the previous number of 446.275 USD/Cub m for October 2022 (CEIC).</p> <p>Prices for steel products have increased by 0.8%, aluminum 2.1%, metals 10.8% and crude oil 2.6% (Q4 2022)(Central Bank of Argentina).</p>

	<p>of shale oil. Even in a conservative scenario, this reserve alone could position Argentina among the top 20 oil-exporting countries within the next 10 years, may reduce natural gas imports by 60% in the next two years, and would help the country achieve self-reliance in gas in the next 10 years. To realize this potential, Argentina needs more infrastructure spending to move its natural gas reserves to cities and ports. This is a major challenge since the country has a very unstable macroeconomic environment. However, after various roadblocks—some political in nature—and several years, the much-needed gas pipeline “Nestor Kirchner” will be completed in mid-2023. It is expected to save LNG imports close to US\$3,000 million, which would significantly alleviate the country’s balance of payments.</p> <p>Because of the geopolitical divisions created by the war in Ukraine, the increase in demand for gas from Southeast Asia, and the global transition to cleaner energies, LNG consumption and imports will keep increasing in the near term, which is an opportunity for Argentina to become an important supplier. If a specific regulatory framework is developed in the sector, to protect investors from changes in local legislation and ensure the availability of their dividends, it could raise investments to generate up to US\$27 billion in export revenues starting 2027–29 (30% of projected exports for 2022). In 2022, the cumulative volume of oil exports grew by 178% annually compared to the previous period (Deloitte, January 2023).</p>	
Brazil		<p>January 2023 In November 2022, prices of industry fell by 0.54% from October. Nine of the 24 activities of industry surveyed recorded positive changes in price against the immediately previous month. On the other hand, 12 activities had recorded higher average prices in October against the previous month.</p>

		<p>The four main changes were those of other chemicals (-4.41%); tobacco (2.38%); toiletries, soaps, and cleaning products (2.04%); and printing (1.95%).</p> <p>Among the activities, which, in November 2022 recorded the highest cumulative changes in the year, are: pulp and paper (19.47%), printing (18.07%), petroleum refining and biofuels (17.50%) and beverages (16.80%)(Statistics Brazil).</p>
Guatemala	<p>December 2022</p> <p>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).</p>	
Public Authorities measures		
Overview	<p>December 2022</p> <p>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).</p> <p>One of the advantages of the region 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>	
Argentina	<p>December 2022</p> <p>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).</p> <p>January 2023</p>	

	In January 2023, the Central Bank of Brazil raised its interest rate to 75% (Central Bank of Argentina).
Brazil	January 2023 The Brazilian Central Bank aims at keeping its interest rate to 13.75% until the end of January 2023 (13.25% in July 2022; 2% in February 2021)(Central Bank of Brazil).
Colombia	January 2023 The Central Bank of Colombia raised its benchmark interest rate to 12% in December, in line with market expectations, pushing borrowing costs to the highest since 2001 after inflation continued to accelerate in November. The annual inflation rate accelerated for the sixth straight month to 12.53% in November, the highest since March 1999 and above market expectations (Trading Economics).
Costa Rica	December 2022 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).
Guatemala	January 2023 Guatemala Central Bank decided on a 3.75% interest rate in November 2022 (1.75% in April 2022)(Central Bank of Guatemala).

February 2023: South America and Latin America – Main macroeconomic forecasts (Deloitte)

FIGURE 7 Argentina: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	-2.6	-2.1	-9.9	10.3	5.2	0.5	
Inflation (YoY, eop)	47.6	53.8	36.1	50.9	94.1	85.0	
Exchange rate (ARS/USD, eop)	37.8	59.9	84.1	102.8	177.1	307.1	
Population (million)	44.5	44.9	45.4	45.8	46.3	46.8	
Unemployment rate (% average)	9.2	9.8	11.6	8.8	7.3	8.0	
Public sector balance (% of GDP)	-5.4	-4.4	-8.6	-4.6	-4.4	-3.9	
Public debt (% of GDP)	85.2	88.8	102.8	80.6	76.8	75.7	
Current-account balance (% of GDP)	-5.2	-0.8	0.9	1.4	0.4	0.1	
Reference interest rate (% eop)	59.3	55.0	38.0	38.0	75.0	66.0	
<small>Note: f = Econosignal forecast. Source: Econosignal based on the Central Bank of Argentina, National Institute of Statistics and Censuses, and Ministry of Economics of Argentina.</small>							

FIGURE 8 Brazil: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	1.8	1.2	-3.9	4.6	2.9	1.0	
Inflation (YoY, eop)	3.4	4.5	5.5	10.2	5.8	5.1	
Exchange rate (BRL/USD, eop)	3.9	4.0	5.2	5.6	5.3	5.2	
Population (million)	208.5	210.1	211.8	213.3	214.9	216.5	
Unemployment rate (% average)	12.4	12.0	13.8	13.2	10.0	10.1	
Public sector balance (% of GDP)	-7.0	-5.9	-13.3	-4.4	-6.3	-7.3	
Public debt (% of GDP)	85.6	87.9	98.7	93.0	88.2	88.9	
Current-account balance (% of GDP)	-2.7	-3.5	-1.7	-1.7	-1.5	-1.8	
Reference interest rate (% eop)	6.50	4.50	2.00	9.25	13.75	10.75	
<small>Note: f = Econosignal forecast. Source: Econosignal based on the Brazilian Institute of Geography and Statistics and International Monetary Fund.</small>							

FIGURE 9 Bolivia: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	4.2	2.2	-8.7	6.1	3.5	2.9	
Inflation (YoY, eop)	1.5	1.5	0.7	0.9	3.1	3.4	
Exchange rate (BOB/USD, eop)	6.9	6.9	6.9	6.9	6.9	6.9	
Population (million)	11.3	11.5	11.7	11.8	12.0	12.1	
Unemployment rate (% average)	4.0	4.0	8.3	5.1	4.1	3.9	
Public sector balance (% of GDP)	-8.1	-7.2	-12.7	-9.3	-8.5	-7.2	
Public debt (% of GDP)	53.1	59.3	78.1	82.6	82.4	83.6	
Current-account balance (% of GDP)	-4.3	-3.3	-0.4	0.5	0.9	0.5	
Reference interest rate (% eop)	N/A	N/A	N/A	N/A	N/A	N/A	
<small>Note: f = Econosignal forecast. Source: Econosignal based on the National Institute of Statistics of Bolivia, Central Bank of Bolivia, and International Monetary Fund.</small>							

FIGURE 10 Chile: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	4.0	0.7	-6.2	11.9	2.3	-1.1	
Inflation (YoY, eop)	2.6	3.0	3.0	7.2	12.8	5.0	
Exchange rate (CLP/USD, eop)	682.0	770.4	734.7	849.1	859.5	878.0	
Population (million)	18.8	19.1	19.5	19.7	19.9	20.1	
Unemployment rate (% average)	7.4	7.2	10.8	8.9	7.8	8.2	
Public sector balance (% of GDP)	-1.5	-2.7	-7.2	-7.5	-1.7	-2.5	
Public debt (% of GDP)	25.8	28.3	32.6	36.3	37.7	40.2	
Current-account balance (% of GDP)	-4.6	-5.2	-1.9	-6.7	-6.9	-4.7	
Reference interest rate (% eop)	2.75	1.75	0.5	4.0	11.0	6.75	
<small>Note: f = Econosignal forecast. Source: Econosignal based on the National Institute of Statistics of Chile and International Monetary Fund.</small>							

FIGURE 11 Colombia: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	2.6	3.2	-7.0	10.7	8.0	2.2	
Inflation (YoY, eop)	3.2	3.8	1.6	5.6	13.1	6.5	
Exchange rate (COP/USD, eop)	3,212	3,383	3,629	3,967	4,848	4,600	
Population (million)	48.2	49.3	50.3	51.0	51.6	52.2	
Unemployment rate (% average)	9.7	10.5	16.1	13.7	11.6	10.8	
Public sector balance (% of GDP)	-3.1	-2.5	-7.8	-7.1	-5.6	-4.5	
Public debt (% of GDP)	49.3	50.3	64.7	63.8	62.5	61.0	
Current-account balance (% of GDP)	-4.1	-4.4	-3.5	-5.7	-5.0	-4.5	
Reference interest rate (% eop)	4.25	4.25	1.75	3.0	12.0	7.5	
<small>Note: f = Econosignal forecast. Source: Econosignal based on Central Bank of Colombia, National Department of Statistics Colombia, and Ministry of Finance and Public Credit of Colombia.</small>							

FIGURE 12 Costa Rica: Main macroeconomic forecast							
	2018	2019	2020	2021	2022f	2023f	
Real GDP (YoY % change)	2.6	2.2	-4.1	7.8	4.0	3.0	
Inflation (YoY, eop)	2.0	1.5	0.9	3.3	7.88	4.0	
Exchange rate (CRC/USD, eop)	605	571	610	642	593.2	687	
Population (millions)	5.0	5.1	5.1	5.2	5.2	5.3	
Unemployment rate (% eop)	12.0	12.4	20.0	13.7	12.7	11.2	
Public sector balance (% of GDP)	-5.7	-6.7	-8.0	-5.0	-4.7	-4.0	
Public debt (% of GDP)	51.8	56.4	67.2	68.3	69.4	69.3	
Current-account balance (% of GDP)	-3.0	-1.3	-1.0	-3.3	-4.8	-4.4	
Reference interest rate (% eop)	5.25	2.75	0.75	1.25	9.25	7.0	
<small>Note: f = Econosignal forecast. Source: Econosignal based on International Monetary Fund, LatinFocus, and Central Bank of Costa Rica.</small>							

Other forecasts available here: [Latin America economic outlook | Deloitte Insights](#)

ASIA		
	General Facts & Measures	Facts & Measures for Construction
Overview	<p>January 2023 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 (GlobalData, 2022).</p>	
China	<p>January 2023 In November 2022, the national Consumer Price Index (CPI) increased by 1.6% year-on-year. Among them, the urban increased by 1.5% and the rural increased by 1.7%; food prices increased by 3.7%, while nonfood prices increased by 1.1%; consumer goods prices increased by 2.3% and service prices increased by 0.5%. From January to November, on average, the national consumer price increased by 2.0% over the same period last year. In November, the national consumer price decreased by 0.2% month-on-month (Statistics of China, 2022).</p> <p>February 2023 China's economy is set to rebound this year as mobility and activity pick up after the lifting of pandemic restrictions, providing a boost to the global economy. The economy will expand 5.2% this year, according to our latest projections, versus 3% last year. That's good news for China and the world as the Chinese economy is now expected to contribute a quarter of global growth this year (IMF).</p> <p>In 2022, annual inflation was of 2% in China (IMF).</p>	<p>January 2023 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>February 2023 China Construction Industry Report 2022: Chinese Government Plans to Pump \$1 Trillion into the Construction of Infrastructure Megaprojects - Forecast to 2026 The construction industry in China is expected to grow by 8.5% to reach CNY 9,508 billion in 2022. The growth momentum is expected to continue over the forecast period, recording a growth of 7.3% during 2022-2026. The construction output in the country is expected to reach CNY 12,582.5 billion by 2026 (Global News Wire).</p>

<p>India</p>	<p>January 2023 The annual inflation was of 6,1% in 2022 (Statistics of India, 2023). The IMF has projected India's GDP growth at 6.8% for 2023 and has warned of debt sustainability risks. While it projects inflation to reach 6,9% (CNBC, 2022).</p> <p>February 2023 Projections for India's GDP are now of 6.1% for 2023 (Statistics of India).</p>	<p>January 2023 The market size, estimated by income, of the Commercial Building Construction industry is Rs.15771 billion (equivalent of 179 billion euros) in 2022. Construction industry in India will continue to be dynamic thanks to the increased demand from real estate, in addition to infrastructure projects. Indian Real Estate sector predictable to range a market size of Rs.70 trillion by 2030 (equivalent to 795 billion euros). Its input to the country's GDP is likely to be roughly 13% by 2025. Approximately, there are 3 sectors of construction: structures, infrastructure plus industrial (Comaron).</p> <p>February 2023 The Indian construction industry is expected to receive a significant boost in 2023, supported by a sharp increase in capital expenditure as part of the Financial Year (FY) 2023/2024 Budget, says GlobalData, a data and analytics company. In its latest budget, the government increased its total expenditure by 7.5%, from an estimated expenditure of INR41.9 trillion (\$522.2 billion) in FY2022/2023 to INR45 trillion (\$561.6 billion) in FY2023/2024. The capital investment outlay for FY2023/2024 is equivalent to 3.3% of the country's GDP and is nearly three times the outlay made in FY2019/2020.</p> <p>Pooja Dayanand, Analyst at GlobalData, comments: "The sharp increase in capital investment is in line with the government's focus on boosting economic growth and increasing job creation, through investment in infrastructure development. The increase in funding will also be necessary for assisting ministries in implementing projects that have been delayed by constraints such as rising interest rates and construction material prices, and labour shortages."</p>
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Japan	<p>January 2023 The annual inflation was of 3.8% by the end of 2022 in Japan (Statistics of Japan).</p> <p>February 2023 The Japanese GDP is expected to be of 1.8% in 2023 (IMF). Annual inflation as of 4% in December 2022 (Statistics of Japan).</p>	<p>January 2023 The Japanese construction industry is forecast to grow by 3.2% in 2022, after expanding by an estimated 4% in 2021. Over the remainder of the forecast period, the industry is expected to record an annual average growth of 0.8% between 2023 and 2026, supported by investments in the renewable energy, telecommunication, and manufacturing sectors (Businesswire, 2022).</p>
South Korea	<p>January 2023 The IMF revised its growth prevision to 2% in 2023 and the annual inflation is expected to be of 3.8% (IMF). The current annual inflation in South Korea was of 5.1% in December 2022 (0,2% between November and December 2022)(Statistics of South Korea, 2022).</p> <p>February 2023 The inflation increased by 0.8% from the preceding month and rose 5.2% from the same month of the previous year (Statistics Korea). The GDP is expected to be of 1,7% in 2023 (IMF).</p>	<p>December 2022 Construction output in South Korea increased 3,9% in September 2022, compared to the September 2021 (Trading Economics, 2022).</p>
	Raw materials and energy sourcing	Raw materials and energy costs
China	January 2023	January 2023

	<p>In November, the policy of ensuring supply and prices of energy has been vigorously promoted, and the advanced energy production capacity has been released in a steady manner. The production of raw coal, crude oil, natural gas, and electric power of industries above designated size kept a year-on-year growth. Compared with October, the growth rate of raw coal and crude oil accelerated, while that of natural gas and electric power was slowed down. To keep warm and supply this winter, raw coal producers continue to increase production and supply. In November, 390 million tons of raw coal were produced, a year-on-year increase of 3.1% (Statistics of China, 2022).</p>	<p>In December 2022, prices for natural gas had increased by 15,5% and prices for coal by 7.4% (Statistics of China, 2022).</p> <p>February 2023 In mid-January 2023, according to the monitoring of the market prices of 50 kinds of important means of production in 9 categories in the national circulation field, the prices of 33 kinds of products increased, 14 kinds decreased, and 3 kinds kept at the same level, compared with that in early January 2023, among them:</p> <ul style="list-style-type: none"> • Metal +1.1%; • Chemical products -0.6%; • Natural gas -6.7%; • Coal +2%; • Petroleum +3.5% (Statistics of China).
<p>India</p>	<p>December 2022 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).</p>	<p>January 2023 The price index for Fuel and Power group increased by 2.84% to 159.6 (provisional) in November 2022 from 155.2 (provisional) for the month of October 2022. Prices of Mineral Oils (3.61%) and Electricity (2.42%) increased in November 2022 as compared to October 2022 (Office of the Economic Advisor, 2022).</p> <p>February 2023 Fuel and power prices have increased by 18,09% between December 2021 and December 2022:</p> <ul style="list-style-type: none"> • Crude Petroleum & Natural Gas prices declined by 10.81% in December 2022 as compared to November 2022. • Prices of Electricity increased by 9.51% in December 2022 as compared to November 2022. • Prices of Mineral Oils declined by 4.64% in December

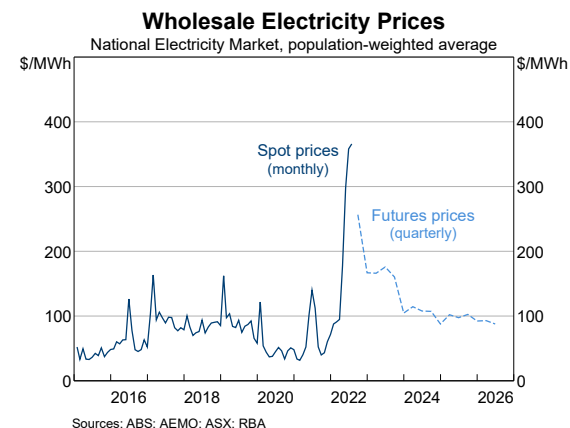
		2022 as compared to November 2022 (Statistics India).
Japan	December 2022 The dependance in Russia for fossil fuels is low (11%, 9% and 4%, respectively for coal, natural gas, and oil). Since 2022, Japan reduces continually its Russian importations (OECD, 2022).	
South Korea	December 2022 The direct 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).	January 2023 South Korea will raise electricity prices for the first quarter of 2023 by 13.1 won per kilowatt-hour, a 9.5% increase that is the highest in four decades. The Korea Electric Power Corp (KEPCO) is expected to post a deficit of more than 30 trillion won (\$23.73 billion) in 2022, after a 6 trillion won deficit in 2021, due to a rise in global energy prices that had not been reflected in domestic prices (Reuters, 2022).
Public Authorities measures		
China	December 2022 Supportive measures will be taken to mitigate the general price increase, among them the cut in taxes and charges (OECD, 2022).	
India	December 2022 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).	
Japan	December 2022 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).	
South Korea	December 2022 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).	

SOUTH AMERICA		
	General Facts & Measures	Facts & Measures for Construction
Australia	<p>January 2023 Australia's GDP was of 0.6% in the last quarter of 2022 (Australian Bureau of Statistics).</p> <p>While the annual inflation was of 3.5% ending 2022 (Bank of Australia).</p> <p>February 2023 In December 2022, the annual inflation was of 7.8% in Australia (Australian Bureau of Statistics).</p>	<p>January 2023 The Australian construction industry is expected to contract by 3.3% in real terms in 2022, before recording a successive contraction of 2.7% in 2023. The value of construction work completed contracted sharply in Q2 2022, by 4.3% year-on-year (YoY) and 3.8% quarter-on-quarter (QoQ). Weakening leading indicators, including the value of building approvals that fell by 16.4% YoY and 0.8% QoQ in Q2 2022, lend further support to our forecast.</p> <p>A significant rise in project costs due to an increase in building material and energy costs, and skill and labour shortages, is expected to weigh on construction activity and new construction investment in the second half of this year and into 2023.</p> <p>Further, the continued tightening of monetary policy by the Reserve Bank of Australia (RBA) is expected to exert downward pressure on the construction demand in the country. As interest rates rise, increased borrowing costs and slowing economic growth are expected to deter new private construction investments in Australia (GlobalData, 2022).</p> <p>February 2023 In the fourth quarter of 2022, in engineering construction:</p> <ul style="list-style-type: none"> • Seasonally adjusted work done rose 3.5%. • Seasonally adjusted work done for the private sector rose 4.5%. • Value of work commenced rose 87.4% in original terms.

		<ul style="list-style-type: none"> • Trend work done rose 0.8% (Australian Bureau of Statistics). <p>In the fourth quarter of 2022, in building construction:</p> <ul style="list-style-type: none"> • Total dwelling commencements fell 5.2% to 45,489 dwellings. • New private sector house commencements fell 4.9% to 28,895 dwellings. • New private sector other residential commencements fell 5.2% to 15,618 dwellings. • The value of building work done rose 1.5% to \$30.6 billion (Australian Bureau of Statistics).
New Zealand	<p>January 2023 Gross domestic product (GDP) rose by 2.0% in the September 2022 quarter, following a revised 1.9% rise in the June 2022 quarter (Statistics New Zealand).</p> <p>Inflation reached 7.7% in the September 2022 quarter (Statistics New Zealand).</p> <p>February 2023 Annual inflation has reached 7.2% in 2022 (New Zealand Statistics).</p>	<p>January 2023 The construction industry in New Zealand contracted contract by 1.0% in 2022, as the industry struggles from similar issues faced by the Australian construction industry.</p> <p>The New Zealand construction industry was weak in H1 2022, with activity contracting by 2.5% YoY. Leading indicators suggest construction activity improved in the second half of the year (GlobalData, 2022).</p>
	Raw materials and energy sourcing	Raw materials and energy costs
Australia	<p>December 2022 Australia had already banned the import of petroleum, oil, coal, and gasoline, as well as alumina and bauxite, in July. Since October 2022, Australia has banned the import of Russian gold and is having trouble in importing fertilizers due to its dependence on Ukraine and Russia. Shipping costs have also increased not only because of the war but also because of the</p>	<p>January 2023 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</p>

disruptions related to covid, which are still being felt ([Journal of Québec, March 2022](#)).

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](#)).



February 2023

The producer costs were 5.8% higher in 2022 than in 2021:

- Output of building construction (+1.6%), due to ongoing supply chain disruptions for imported products, coupled with high demand for finishing stage materials and skilled labour shortages.
- Heavy and civil engineering construction (+1.5%), due to increased costs for diesel and strong demand for skilled labour.
- Computer and electronic equipment manufacturing (+4.2%) due to exchange rate impacts.
- Offsetting the rise were price falls in:

		<ul style="list-style-type: none"> • Petroleum refining and petroleum fuel manufacturing (-10.0%), due to a fall in global crude oil prices and a rise in global fuel production. • Electricity supply; gas supply; and water supply, sewerage and drainage services (-2.6%), due to a fall in industrial electricity prices following a decrease in wholesale prices (Australian Bureau of Statistics).
New Zealand		<p>January 2023 Producer output and input prices have increased in the September 2022 quarter: prices received by producers of goods and services (outputs) increased by 1.6% compared with the June 2022 quarter. Prices paid by producers of goods and services (inputs) increased by 0.8% over the same period (Statistics New Zealand).</p>
Public Authorities measures		
Australia	<p>January 2023 By the end of December 2022, Australia’s banking interest rate was of 3.1% (0.5% in May 2022)(TradingEconomics, 2022).</p>	
New Zealand	<p>January 2023 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 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>	

MULTI-LATERAL DEVELOPMENT BANKS

ASIAN DEVELOPMENT BANK	<p>January 2023</p> <p>In December 2022, ADB shared its forecasts for the year 2023 on the region: a downed revision compared to the previous forecasts.</p> <ul style="list-style-type: none">• Three main headwinds continue to hamper recovery in developing Asia: recurrent lockdowns in the People’s Republic of China (PRC), the Russian invasion of Ukraine, and slowing global growth. Growth forecasts for the region are revised down from 4.3% to 4.2% in 2022 and from 4.9% to 4.6% in 2023.• Regional inflation forecasts are revised down slightly for 2022 from 4.5% to 4.4% but upgraded for 2023 from 4.0% to 4.2%. Even with the deteriorating outlook, developing Asia will grow more than other regions and suffer less inflation than most (ADB, 2022). <p>ADB is closely monitoring the impact the invasion of Russia has in Asia. A webinar was organized on that subject in November 2022, of which the replay is available since mid-December 2022.</p> <p>Russia’s invasion of Ukraine—and the associated sanctions—interrupted the COVID-19 pandemic recovery in Central and West Asia. The resulting supply chain disruptions and surging inflation have undermined business in the region, particularly for smaller firms. Yet impacts have differed creating two distinct groups of countries: those with limited impact but increased business opportunities and those where the spillovers from the invasion have left businesses struggling. The seminar will discuss key findings from the business surveys conducted in seven Central and West Asian countries and explore needed policy actions (ADB, 2022).</p> <p>The Russian invasion of Ukraine added stress to a global economy that was just recovering from the effects of the coronavirus disease (COVID-19) pandemic. In Asia and the Pacific, the greatest economic impact of the invasion has been among economies in Central and West Asia due to their geographic proximity, historical ties, and strong economic links with the Russian Federation. The region has not yet fully absorbed the macroeconomic effects as some are longer term than others. The region may be close to both the Russian Federation and Ukraine, but countries still showed some degree of economic resilience to impact of trade sanctions. Nonetheless, disruptions to global supply chains will continue to affect the region, particularly as economies seek alternative trade routes or invest in import substitution. The second volume of the Asia Small and Medium-Sized Enterprise Monitor (ASM) 2022 provides important facts and analysis that could help governments in the region design and implement effective MSME¹ policies amid increasing global economic uncertainty.</p>
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¹ micro, small, and medium-sized enterprise

	<p>Briefly, the results suggest that the region’s economies will incur losses to GDP. Kazakhstan and the Kyrgyz Republic have the most to lose yet also the most to gain, depending on the degree of import substitution. Without redirecting trade, the maximum impact on an economy that could be expected is a loss of 4.6% to Kazakhstan’s GDP. Considering sector-specific sanctions, the largest negative impact would again be in Kazakhstan, with an estimated GDP loss of 0.4%. Sectors most affected include the electrical sectors, transport, equipment, chemicals, machinery, and mining. With redirection, assuming an economy would be able to supply the demand for inputs previously imported from the Russian Federation, Kazakhstan could expect a GDP gain of 2.1%–3.7%. The Kyrgyz Republic, by contrast, could expect a GDP loss of –0.2% to –4.2%. The sector most affected would-be textiles and transport equipment. With import substitution (redirection), the Kyrgyz Republic would add 0.1%–2.4% to GDP.</p> <p>Examining individual countries in more detail, the magnitude of the impact differs across Central and West Asia. For the South Caucasus countries of Armenia and Georgia, initial downside risks have become opportunities (stronger remittances, and inflows of tourists and skilled labor) fueling double-digit growth during the first half of 2022. Azerbaijan, as an oil-exporting country, benefited from high oil prices, while faced with inflationary pressure from the global surge in food prices. Kazakhstan and Uzbekistan maintained moderate economic growth, while the Kyrgyz Republic and Tajikistan saw more robust GDP growth. Given the private sector’s dominant share of GDP (varying from 40% to 70%), the impact on private businesses was mitigated by policy response measures. Several economies faced initial external shocks and prepared policy response measures. However, without a sufficient fiscal buffer or sovereign wealth fund, these countries approached their development partners for emergency financing support to implement policy measures that supported affected businesses, vulnerable groups, and ensuring food security, among others. Country responses can be split into two groups: (i) West Asia, those experiencing relatively limited impact—Armenia, Azerbaijan, and Georgia; and (ii) Central Asia, those hit hard by the sanctions against the Russian Federation—Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan. Those experiencing limited impact do not have comprehensive anti-crisis plans, while those more affected have action plans to minimize the adverse effects (ADB, 2022).</p>
<p>AFRICAN DEVELOPMENT BANK</p>	<p>January 2023</p> <p>Ending October 2022, The African Development Bank projects a risk of stagflation in Africa, with real GDP projected to grow by 4.1% in 2022, significantly lower than the 6.9% in 2021. And average inflation is expected to accelerate to 13.5% in 2022, up from 13.0% in 2021, due to a sharp rise in commodity prices, particularly for energy and food. Rising oil prices are increasing the transportation cost and driving up the price of other basic commodities across Africa. The Russia and Ukraine war has heightened growing uncertainty and amplified volatility in financial and capital markets. Tighter global financial conditions – with higher interest rates to combat inflation are expected to significantly curtail access to financing, exacerbating the debt vulnerability of African countries, of which over 60% are already in or at a high-risk of - debt distress.</p>

	<p>Against this background, the African Development Bank intends to publish a special issue titled “The Impact of Russia-Ukraine war on African Economies” in its quarterly Journal, the African Development Review. The issue will analyze the impact of the Russia-Ukraine war on African economies with an emphasis on submissions that address the socio-economic short- and long-term implications on the African economy, particularly on the agricultural sector and food security. This issue is expected to be produced in February 2023 (AFD, 2022).</p>
<p>INTER-AMERICAN DEVELOPMENT BANK</p>	<p>January 2023</p> <p>In the months before the Russia-Ukraine war, GDP was rebounding, while employment was lagging. Job losses had been particularly acute for women, workers in the informal sector, and those with less education. As a result, poverty and inequality had grown. Evidence was also emerging of persistent job losses in the sectors most vulnerable to automation. Apparently, the crisis accelerated the trend towards adopting new technology, which impacted labor markets. At the same time, the region was emerging from the COVID-19 crisis with more debt, less fiscal space, and higher inflation. In early 2022, growth rates were faltering, and policymakers were already facing complex challenges. Against this backdrop, the Russian invasion of Ukraine had a strong impact on the global economy, and thus the region. As a result, uncertainty increased, preexisting challenges were heightened, and new challenges arose. The 2022 edition of the IDB Latin American and Caribbean Macroeconomic Report analyzes the challenges, outlines the opportunities, and provides recommendations to boost stronger, inclusive, and sustainable growth in this context. Enhanced fiscal and labor market architectures are required for a faster recovery and reduced inequality. The outlook is challenging on account of both external and domestic factors. The global economy presents several risks. Inflationary pressures are increasing across the world, leading major central banks to raise interest rates and unwind expansionary monetary policies. In addition, geopolitical security risks have grown given the Russia-Ukraine conflict and could pose a significant threat to the global recovery, as well as trigger volatility in financial markets and increase inflationary pressures. Russia and Ukraine are significant exporters and importers. They are closely linked to the global economy, and the conflict could have unpredictable consequences. Fortunately, the region’s direct trade links with Russia are relatively small, with a few exceptions, such as meat from Paraguay, inorganic chemicals from Jamaica, or fruit from Ecuador. Likewise, and except for fertilizers, the region imports little from Russia. In the case of fertilizers, imports from Russia represent close to 20% of imports for the average country in the region. Substituting these markets, both for exports and imports, is a crucial task for the region. These and other risks require close monitoring and evaluation. This report analyzes growth prospects, fiscal and monetary policy, and the outlook for the external sector. The recommendations stress the need for a new fiscal and labor market architecture. Policymakers should seize the window of opportunity provided by the crisis to improve the outlook for the region (IDB, 2022).</p>

**EUROPEAN BANK FOR
CONSTRUCTION AND
DEVELOPMENT**

January 2023

Actions of the EBRD up to date:

- **Energy Security:** EBRD's support ensures continued provision of vital energy services to affected people and businesses. The Bank focuses on providing working capital and grants to the two leading state owned energy companies: Naftogaz (gas & utilities company), and Ukrenergo (electricity transmission system operator).

Progress to date: The Bank has signed two unfunded guarantees to finance emergency working capital of Ukrenergo: an EU guarantee worth €35.625 million extended through the European Fund for Sustainable Development (EFSD), and a guarantee provided by the UK worth €48.6 million. The EBRD Shareholder Special Fund (SSF) additionally contributed €1.875 million. A contribution from the Netherlands of €72 million in the form of a grant to Ukrenergo will be signed soon to help the company undertake urgent repairs of the electricity infrastructure.

The Bank has also signed two unfunded guarantees to support the purchase of gas by Naftogaz: a guarantee extended by Canada worth €36.5 million, and a guarantee provided by Germany worth €50 million. In addition, the US has allocated €63.5 million of its contribution to the Crisis Response Special Fund for the same purposes. Recently, the Bank has signed a contribution agreement with Norway of some EUR 200 million that will provide Naftogaz with a grant to make additional critical gas purchases.

- **Vital Infrastructure:** The Bank is focused on providing emergency liquidity support and critical capex loans to renew and ensure continued operations and avoid a collapse of essential transport and logistics services. Our focus is on emergency capital expenditures to improve the resilience of delivery networks, which will promote trade and exports, and expand service coverage, including in remote areas. The Bank's key effort in this sector was focused on providing emergency liquidity financing to Ukrainian Railways, the Ukrainian state-owned railway operator.

Progress to date: In partnership with the Bank, the European Union has provided a €22.25 million unfunded EFSD guarantee to Ukrainian Railways. In addition, €2.75m has been allocated from the SSF.

- **Municipal Infrastructure:** Many cities and municipal facilities have been badly affected by the war. The EBRD focuses on providing emergency liquidity financing for hard pressed municipal budgets to renew and ensure continued operations and uninterrupted provision of essential services (e.g. district heating, water and wastewater, solid waste

and public transport). This liquidity support is designed to safeguard livelihoods and essential public services for the local population and internally displaced people.

Progress to date: The Bank has been preparing several projects with Ukrainian municipalities to provide emergency liquidity support. The projects will be backed up by CRSF guarantees including €12.5 million from the US for a project in Lviv. In addition, the Bank secured contributions from Sweden (SEK 100 million) and Norway (NOK 20 million) to the Eastern Europe Energy Efficiency and Environment Partnership (E5P) Fund that will be used as CAPEX grants for the Ukraine’s municipal infrastructure sector ([EBRD, 2022](#)).

February 2023

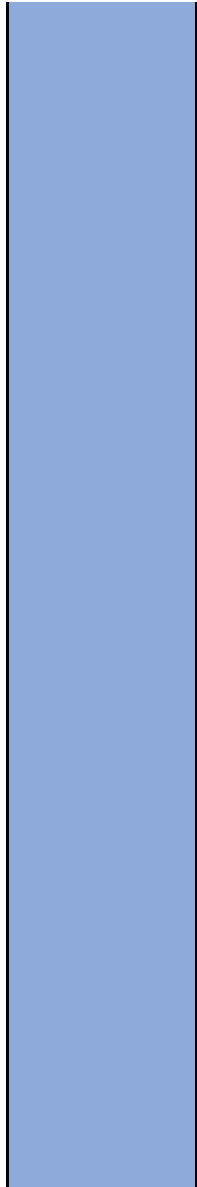
The European Bank for Reconstruction and Development (EBRD) has deployed €1.7 billion in Ukraine in 2022 and mobilized a further €200 million via partner banks. This represents more than 10 per cent of the total business of the Bank.

This means the EBRD is on track to deliver on its commitment to invest €3 billion for Ukraine by the end of 2023, with the exceptional support of shareholders and donors who share part of the risk of the investments the EBRD has taken on its own book. The results come in the face of the extremely challenging global economic environment in the wake of Russia’s war on Ukraine – confirming the EBRD’s countercyclical role in support to its countries of operations and clients.

“The Bank and its shareholders moved swiftly, following the beginning of the war, to provide adequate support,” said EBRD President Odile Renaud-Basso. “This impressive operational performance is testimony to our resilience and determination to support our countries of operation and clients.”

To support the real economy in Ukraine through investments in vital infrastructure, energy and food security, trade, and support for the private sector, the EBRD deployed €1.7 billion. A further €200 million were mobilized from partner banks ([EBRD](#)).

Worldwide		
Economic state	General	Construction
	<p>February 2023</p> <p>Global growth is projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024. The forecast for 2023 is 0.2% point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8%. The rise in central bank rates to fight inflation and Russia’s war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic (2017–19) levels of about 3.5% (IMF).</p>	<p><u>The Construction Market size was valued at USD 7.28 trillion in 2021 and is predicted to reach USD 14.41 trillion by 2030.</u></p> <p>The demand for construction is increasing due to huge economic growth in developing countries and low interest rates in number of developed countries. Also, factors such as increasing private sector investments in construction, technological development, and rising disposable income are expected to propel the growth of the market during the forecast period. Moreover, increased infrastructure and housing spending by governments across the globe is invigorating the market growth.</p> <p>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><u>Size of the global construction market in 2021, with forecasts from 2021 to 2030 (in trillion U.S. dollars)</u></p>



February 2023

The global infrastructure construction market size was \$4.6 trillion in 2021 and is expected to grow at an AAGR of more than 2% between 2022-2026. Growth in global infrastructure construction output gathered pace in 2021 having been impacted in 2020 by the disruption caused by the COVID-19 pandemic, but growth momentum has since been hit by soaring material costs and rising borrowing costs. Infrastructure construction has been bolstered by government efforts worldwide to invest in projects to generate economic growth momentum.

The infrastructure construction projects market research report provides insight into the project pipelines for roads, railways, power generation, water and sewerage, marine and inland water infrastructure, and airports.

Infrastructure Construction Projects Market Segmentation by Sectors

The key sectors in the global infrastructure construction market are roads, railways, electricity & power, water and sewerage, and airports and other infrastructure. Road infrastructure has the highest share in terms of value.

Railways: Regions with a relatively high population density per km of railway, such as South-East Asia, are typically investing relatively high levels (as a percentage of GDP) in railway infrastructure, while those regions that already have a high railway capacity per capita, such as Western Europe, have low investment relative to GDP. While North-East Asia, excluding China, and Western Europe recorded a relatively similar level of railway infrastructure construction output in 2021 (in nominal



terms). Tokyo to Nagoya Maglev Railway Line is one of the top railway projects.

Roads: Between 2017 and 2021, the average annual road construction output as a percentage of gross domestic product was highest in Eastern Europe. It can be attributed predominantly to an increase in spending on road infrastructure supported by Chinese investment through the Belt and Road initiative and the preceding 16 + 1 grouping. Dzhubga to Sochi Road Development of Russia is one of the top road projects.

Electricity & power: The global energy transition is gaining momentum, the upcoming UN Climate Change Conference (COP27) has highlighted growing international cooperation to reduce carbon emissions. The EU plans to invest heavily in accelerating the energy transition, the REPowerEU program plans to increase energy security, clean energy investment, and energy savings measures. Tibet Yarlung Tsangpo Hydroelectric Power Plant of China is one of the top electricity & power projects ([GlobalData](#)).



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