

**Confederation of International Contractors' Associations (CICA)**

**Strategic Watch: COVID-19 Overview by country and region (situation at January 20, 2021)**

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

## Germany

Country/Region	General measures	Measures for construction
<b>GERMANY</b>		
<b>Lockdown</b>	<p><a href="#">New Covid-19 infections picked up considerably from the start of October 2020</a>, triggering new containment measures from 2 November 2020. Other and stricter containment measures were introduced in December 2020 and extended in January 2021 (cf. OECD) (December 2020).</p>	<p>The construction sector was exempted from the lockdown restrictions imposed in April 2020.</p>
<b>Economic outlook</b>	<p><a href="#">Activity is projected to contract by around 5.5% in 2020</a>, driven by falling private consumption, business investments and exports.</p> <p>Growth is set to recover slowly to 2.8% in 2021 and 3.3% in 2022. Private consumption and exports initially rebounded rapidly, but demand for services will stay weak into 2021 as virus containment measures have been tightened. Further uncertainty will constrain the recovery of investment as well as demand for capital goods exports before general deployment of a vaccine increases confidence (cf. OECD) (December 2020).</p> <p><b>Exports</b>  <a href="#">Despite significant recovery from May 2020, in September 2020 the value of exports remained 10% lower than one year earlier</a> and key capital goods, such as automotive manufacturing, were still around 15% below pre-crisis levels (cf. OECD) (December 2020).</p>	<p>The German construction industry expanded by 3.5% in real terms in 2019, driven by public and private sector investments in both building and civil engineering works. Growth in the construction industry was driven by growth in the residential sector, with an increase in building permits by 1.8% in 2019, and the government's efforts to ease the housing shortage.</p> <p><a href="#">Construction activities held up relatively well in the first three quarters of the year, with the construction sector exempted from the lockdown restrictions imposed earlier in 2020</a>. According to Eurostat, the industry's value-add recorded growth of 2% year-on-year (YoY) in the first nine months of 2020. Although the residential sector registered growth during this period, the commercial sector and civil engineering works witnessed lower levels of activity. The industry's outlook in the final quarter of the year could be affected by the resurgence of Covid-19 cases in the country, which prompted the government to reimpose a partial lockdown from early November to mid-December, which is now being extended and hardened.</p>

		<p>GlobalData expects the German construction industry to grow by 0.8% this year and rebound with an annual average growth rate of 2.6% between 2021-2024. This growth will be supported by the government's focus on improving regional connectivity through the development of the country's rail and road transport infrastructure, coupled with efforts to boost energy production. The construction of the Fehmarn belt underwater tunnel between Germany and Denmark, which is worth EUR7 billion (US\$7.8 billion), will drive growth in the industry in the medium term. Growth will also be supported by the 10-year plan to invest EUR86 billion (US\$94.7 billion) on the maintenance and modernization of the country's rail network between 2020 and 2030 (cf. GlobalData) (December 2020).</p>
<b>Employment</b>	<p><a href="#">Short-time work has cushioned the increase in unemployment</a>, but sustained falls in the unemployment rate are not expected until after mid-2021, once employees on short-time work have been reabsorbed. The unemployment rate increased by 1.4 percentage points over the first six months of 2020 before levelling off, with increases tempered by widespread take-up of government-supported short-time work (cf. OECD) (December 2020).</p>	
<b>Recovery</b>	<p>Germany became the first European country to announce a post-coronavirus economic stimulus package.</p> <p><a href="#">Two fiscal packages were announced in March and June 2020</a>, financed by supplementary budgets of €156 billion (4.5% of GDP) and €61.8 billion (1.8% of GDP) respectively as the exception clause to the public debt brake was triggered (cf. OECD) (December 2020).</p> <p>Among the plans' initiatives, one stands out in particular: the decision to reduce VAT by three points until the end of 2020 in order to trigger spending and consumption.</p> <p>The economic stimulus package also included bridging aid (June to August 2020) for companies especially hit by the pandemic's consequences.</p>	<p>Concerning the German economic support measures decided in June, shortcomings remain according to the German construction federation: The bridging aid does not apply to construction companies which will only later in the year suffer from corona-related sales drops. The reason is that construction companies still have an order backlog but will then suffer from lack of orders once the first order backlog has been proceeded (cf. Baugewerbe Verband).</p> <p>In September 2020, the <a href="#">German cabinet approved the draft budget for 2021, which involves increasing spending by EUR413.4 billion (US\$455.3 billion) next year</a>. To counter the impact of the pandemic, the government is focused on a broad investment initiative. The draft budget involves an allocation of EUR55 billion (US\$60.6 billion) on investment spending in 2021, and EUR48 billion (US\$52.9 billion) annually during 2022 and 2024. Over the next four years, most of the investment will be made on road, rail, and waterways infrastructure (cf. GlobalData) (December 2020).</p>



Since March 25, 2020

## Other Overviews

- Download the [European Construction Industry Federation's \(FIEC's\) Covid-19 Coverage](#)
- Download the [French Federation of Public Works' \(FNTP\) Covid-19 Coverage](#) (in French only)