

# CONSTRUCTION SMEs Drivers of sustainable economic growth in **Europe** !

## *EBC Manifesto for the European Elections*

Since the last European elections in June 2009, the European economy has been stricken by a deep and long-lasting crisis, which is especially affecting crafts, small and medium enterprises of the construction sector. Hundreds of thousands construction businesses and jobs have disappeared over the past five years and the existence of many more construction SMEs is at stake. According to some experts, the 2008 output level of construction enterprises will only be reached again in 2023.

Construction SMEs need strong and targeted actions to overcome this downturn and express their full economic potential. The European Institutions and Governments should distinguish between sound budgetary management and blind austerity policies to find a way out from the crisis.

The next European Parliament must engage in providing small and medium-sized enterprises with the political environment and the economic conditions to do what they can do best: work and create jobs and wealth at a local level. Indeed, **small and medium enterprises of the construction sector are fundamental for the well-being and the recovery of the European Union.**

### At a GLANCE

- 1 - Create an encouraging financial and fiscal framework**
- 2 - Implement the Small Business Act and the 'Think Small First' principle**
- 3 - Develop entrepreneurship in vocational education and training**
- 4 - Combine Internal Market freedoms and the need of a level playing field**
- 5 - Turn environmental challenges into opportunities**
- 6 - Make standardisation accessible and suitable for SMEs**

# SETTING UP AN SME-FRIENDLY BUSINESS ENVIRONMENT

## THIS IS WHAT EUROPEAN CONSTRUCTION SMES NEED TO GET OUT OF THE CRISIS

### EBC PROPOSALS

#### 1 CREATE AN ENCOURAGING FINANCIAL AND FISCAL FRAMEWORK

Three million construction companies are waiting for growth-oriented measures and decisive actions on access to finance and fiscal policy. Bringing back confidence within the economic system and funding productive investments is of primary importance to restore growth, as blind austerity measures have proven not to work.

##### How to achieve this goal:

- ◊ **BALANCING** consolidation of public finances with a strong investment programme to stimulate growth
- ◊ **ENCOURAGING** Member States to apply and maintain reduced VAT rates for "labour-intensive services" such as housing renovation works
- ◊ **FACILITATING** SMEs' access to finance through the improvement of traditional credit lines and bank lending
- ◊ **PROVIDING** SMEs with more solid financial guarantees for investment risks through the European Investment Fund
- ◊ **ROLLING-OUT** the European financial instruments to truly reach SMEs at local level

#### 2 IMPLEMENT THE SMALL BUSINESS ACT AND THE 'THINK SMALL FIRST' PRINCIPLE

The Small Business Act SBA is a milestone in the European policy for SMEs. The SBA and its key principle of "Think Small First" recognise the central role of microenterprises and SMEs in the European economy to promote the development of entrepreneurship. Nevertheless, in spite of various policymakers' statements, European laws are still far from a punctual application of the SBA principles. Indeed, given its non-binding character, without a genuine respect of its principles the Small Business Act will remain a mere demonstration of good will.

##### How to achieve this goal:

- ◊ **CUTTING** red tape by applying the "SME Test" to all new legislative proposals and during the legislative process within the European Parliament and Council
- ◊ **USING** the full potential of the REFIT programme for existing European legislation
- ◊ **MONITORING AND EVALUATING** the implementation of the SBA at national level
- ◊ **MONITORING AND TACKLING** gold plating added by Member States to EU legislation in order to avoid the cumulative effects of too many unnecessary regulations
- ◊ **SIMPLIFYING** legislation on Occupational Health and Safety and fully implementing it to make it more suitable for small and medium enterprises
- ◊ **REINFORCING** the governance structure of the Small Business Act, such as the SME Envoys Network and the SME Assembly by associating the European Parliament to it.

#### 3 DEVELOP ENTREPRENEURSHIP IN VOCATIONAL EDUCATION AND TRAINING

The construction sector generally suffers from a lack of qualified labour. In particular, construction workers are asked to demonstrate new abilities related to energy efficiency and renewable energies. While these kinds of skills are starting to be addressed by public policies, there is still not sufficient consideration for entrepreneurship. Entrepreneurial spirit is crucial to undertaking new or innovative activities, but it is also fundamental to the generational transfer of thousands of businesses over the coming years.

##### How to achieve this goal:

- ◊ **INTEGRATING** entrepreneurship education in vocational education and training curricula
- ◊ **BETTER INVOLVEMENT** of SMEs associations and social partners in apprenticeship schemes and definition of the sector's skills
- ◊ **REINFORCING** the use of skills competitions, such as EuroSkills, to attract young people to the construction sector
- ◊ **BETTER USE** of the European Social Fund to promote green skills and training in health and safety at work
- ◊ **RECOGNITION** of EBC as a European Social Partner in construction

## 4 COMBINE INTERNAL MARKET FREEDOMS AND THE NEED OF A LEVEL PLAYING FIELD

The European Internal Market offers opportunities for growth to construction SMEs. However, the construction sector is very sensitive to different levels of labour costs, in particular when they stem from undeclared labour and social dumping. Undeclared work and bogus self-employment damage law-abiding SMEs working in compliance with the rules and respecting the social rights of their workers. This situation inevitably leads to unfair competition because these enterprises have to bear higher costs and burdens. Therefore, entrepreneurs need certain common rules at European level to prevent undeclared work, bogus self-employment and social dumping, most of all in the application of the Internal Market freedoms.

### How to achieve this goal:

- **FIGHTING** against unfair competition and social dumping arising from an abusive use of European laws through a proper enforcement of the posting of workers directive. In this case, Member States that wish to introduce further measures should be allowed to do so
- **COOPERATING AND EXCHANGING** information on the cross-border phenomenon of undeclared work, by fully activating a European platform between labour inspectorates and ministries of the Member States
- **ESTABLISHING** a public online database enabling SMEs to check potential subcontractors' compliance with social legislation. Similar to the VIES database for VAT numbers, the system should rely on data collected by public authorities
- **HARMONISING** European Countries' social security legislation while fully complying with the principles of subsidiarity and proportionality
- **REVISING** the Services Directive to assess its proper functioning, also in relation to unfair competition

## 5 TURN ENVIRONMENTAL CHALLENGES INTO OPPORTUNITIES

The housing renovation market is increasingly more valuable for small and medium construction enterprises. These activities create numerous and skilled jobs and they are vital for many entrepreneurs to avoid defaulting. Nevertheless, to support its growth potential and encourage SMEs' access to the Green economy and the energy renovation market, it is necessary to set up the right financial and regulatory framework.

### How to achieve this goal:

- **FINDING** efficient ways to cover upfront costs of energy retrofitting works, such as a third-party financing (e.g. the British Green Deal and the Energy Performance Contracting)
- **SETTING UP** accompanying fiscal measures to support small and medium businesses' investments. As an example, reduced VAT rates on energy efficiency materials and installation should be considered a legitimate and effective tool for social and environmental policy
- **EARMARKING** proper financial means, such as structural funds. In particular, it is fundamental to establish long-term and stable incentive schemes
- **SUPPORTING** the creation of SMEs' consortia to provide concrete and coordinated measures for energy efficiency in buildings

## 6 MAKE STANDARDISATION ACCESSIBLE AND SUITABLE FOR SMES

Standardisation is unavoidable for all companies who want to access the Internal Market with the CE marking. Nevertheless, the whole standardisation process is not easily accessible due to linguistic barriers, technical and financial difficulties that make SMEs' participation very complicated. Therefore, SMEs need to be given a voice to defend their interests in the creation of and access to standards.

### How to achieve this goal:

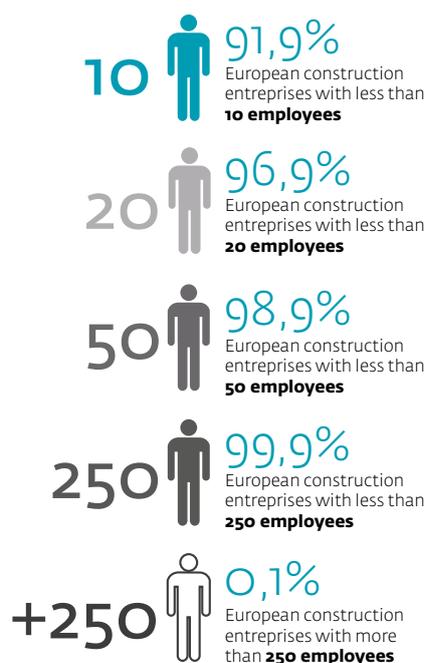
- **SUPPORTING** projects where SMEs are represented in the standardisation process. The concrete example of this is Small Business Standards - SBS
- **CARRYING OUT** an impact assessment of the Construction Products Regulation to evaluate the effects of the simplified procedures for micro-enterprises
- **TAKING** into consideration the market demand and the stakeholders needs when creating standards. Standards should not be imposed by public administration and should not be used as quasi-legislative tools

# The EUROPEAN BUILDERS CONFEDERATION EBC

is the European professional organisation representing national associations of craftsmen and SMEs working in the construction sector.

EBC was established in 1990 to defend and represent exclusively construction SMEs at the European level. Through its 20 members and partners federations, EBC represents 2 million micro, small and medium sized enterprises from the construction sector.

EBC is a member of the European Union of Craftsmen and SMEs (UEAPME), for which it chairs the Construction Forum. It is also a member of WorldSkills Europe, sits on the European Standing Committee for Construction and takes part in the European Sectoral Social Dialogue Committee.



## THE CONSTRUCTION SECTOR



10%  
of the GDP of the European Union



3 millions  
enterprises in the sector



13 millions  
workers in the sector



40%  
of greenhouse-gas emissions

## SMALL AND MEDIUM CONSTRUCTION ENTREPRISES

80%

Produce 80% of the construction industry's output



83%

Employ 83% of the total sector workforce



Create **LOCAL JOBS** for traditional manual activities which are not subjected to delocalisation



Have a huge potential to reduce **YOUTH UNEMPLOYMENT**, offering increasingly more qualified jobs



*The Voice of Construction Crafts and SMEs in Europe*