Internationalisation & Competitiveness of EU Construction Enterprises

European Construction Sector Observatory

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Agenda

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4. Internationalisation in practice
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The European Construction Sector Observatory

A tool for policy makers

- Assess delivery on the Construction 2020 Strategy
- Tool for policy learning
What can you find there?

Data and information available in the observatory

- Search for ‘European Construction Sector Observatory’
- Or go to: ec.europa.eu/growth/sectors/construction/observatory

1. 28 Country Fact Sheets
   - Macro-economic context
   - Drivers, issues and barriers
   - Policy initiatives

2. 80+ Policy Fact Sheets
   - Member States’ policy initiatives
   - Focus on results achieved
   - Stakeholder perspectives

3. 5 Analytical Reports
   - Deep dive in the five thematic objectives of the Construction 2020 Action Plan
   - Aimed at supporting policy design
## Internationalisation & Construction

Drivers behind the internationalisation of the construction sector

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EU construction market **+1.5% growth until 2025**

US construction market **+5% growth until 2030**

China Global construction market share from **18%** to **26% by 2025**

Opportunities for the construction sector

“The way forward for the Eurocodes implementation in the Balkans”, 10-11 October 2018, Tirana
Internationalisation trends

1. At the macro-level
   - Share of extra-EU exports of construction related services in total sector exports: 40%
   - Growth of extra-EU trade in construction services over 2011-2015: 27.4%

2. At the micro-level
   - Intercontinental deals between 2013 and 2015: +28%
   - International turnover of EU construction companies: +9%
   - Share of turnover outside EU in 2015: 58%
Internationalisation in practice

SME barriers
SMEs, which make up 99% of the broad construction sector, face specific barriers in their expansion abroad. Notably, they are constrained by the lack of financing, expertise and market knowledge and challenged in finding appropriate business partners.

Lack of harmonisation
The lack of harmonisation in standards poses a barrier for trade and internationalisation. Standardisation of the industry is generally considered having a positive effect on the competitiveness of European business. As such, the EU is active in promoting its own standards abroad, such as the Eurocodes.

Procurement practices
Restrictive procurement practices are a key barrier to market access, although the specific restrictions vary from country to country and may entail different degrees of severity.

Movement of people
Movement of people may also pose a challenge, as for instance professional qualifications may not be recognised abroad.

Regulatory restrictions
Regulatory restrictions in trade of construction engineering and architecture services are among the biggest barrier to international expansions. Specifically, market entry may be restricted or even banned for construction companies in some countries.

Discriminatory measures
Discriminatory measures as well as the lack of transparency regarding the regulatory environment are also deterrent factors to internationalisation.
Eurocodes Implementation

1. **Opportunities**
   - Eurocodes = high standards & Quality
   - Easier to trade with outside EU countries

2. **Challenges**
   - Lack of standardised definitions has a negative impact on trade (e.g. Japan)
   - In some markets Eurocodes implementation impede competitiveness of European companies vis à vis foreign competitors
What can policy-makers do to realise the full potential of the internationalisation process?

- Internationalisation Strategies
- Application of European standards abroad
- SMEs access to foreign markets
- Trade missions and trade fairs
- Guidance and tools
- Clusters

6 pillars of project success
Conclusion

1. Focus on international collaboration to harmonise construction standards

2. Identify priority countries for internationalization
   1. Developing a targeted approach for market entry of construction players
   2. Mitigate various constraints in foreign markets, including regulatory barriers and political risk
Have fun, check ECSO

1. If you are interested in more information, more numbers, more analysis, visit the ECSO webpage at:
   ec.europa.eu/growth/sectors/construction/observatory

2. Get in touch:
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Thank you for your attention!

http://eurocodes.jrc.ec.europa.eu/