

Lunch debate Kangaroo Group

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No Single market for construction products – consequences

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The building market in Europe

The building/construction market in Europe is probably one of the most conservative and innovation resistant markets amongst all industry sectors. This has a lot to do with traditions and with cultural heritage, but also with the typical European lifestyle and value concept. Besides this the construction market is a very local market, which has also to do with local climatic conditions. Therefore the regulatory framework for building houses has been a local thing over many, many years. This has led to a situation, that building regulations are normally set on level of member states, sometimes even on the level of regions or provinces (like e.g. in Austria, where we have 9 building regulations with different sets of requirements in the 9 provinces – “Bundesländer”). For the construction products industry and here especially for companies which act on many local markets this is of course not a satisfying solution, it costs a lot of administrative and cost burden to provide specific products with specific product performances for all local requirements.

This situation has as a logical consequence also led to the development of national or sometimes even local systems of product assessment and certification. Therefore before the start of the European initiative to harmonize the markets, each country had its own typical system of regulating the construction market. E.g. in Germany or in Austria we had descriptive product standards or Technical Approvals, which clearly described products with all their properties and when a product was in line with this description it was per se seen fit for being used in a building. In other countries, like e.g. in the UK, the standards were more performance oriented, they said what the targets were and it was left to the designer to assess which product is fit for which intended performance. In other countries the product assessment and certification was closely combined with an insurance system (e.g. in France). These different systems have also stipulated the development of many different national marks, certificates and labels.

The Construction Products Directive of 1989

In front of this background the EU decided long ago (in the eighties) to create a common European market for construction products. The tool being used to reach this target was the “Construction Products Directive” published in 1989 (CPD 89/106/EEC). The basic principles in this directive were so-called 6 essential requirements, which have to be met by all construction products. To prove this conformity, CEN was ordered (“mandated”) to develop product specific harmonized standards (hEN). If the manufacturer can demonstrate conformity with the requirements of the relevant European Standard (or alternatively with a European Technical Approval) he is allowed to mark his product with the CE-logo. This system had to be implemented in all MS’s, but there was a lot of reluctance and resistance and it took very long until all MS’s really implemented this directive. Even after this implementation, most of the existing “old” systems of product assessment and

marking were still kept. One typical example is the so-called Ü-mark in Germany based on an approval issued by the German "Institut für Bautechnik". The main argument for preserving such national instruments is the safety of the application of the products. Application rules are so far not harmonized in Europe (or only partly) and this is the playground for national institutions to keep their systems. This leads to a situation, that we can bring a CE marked construction product on the market in all MS's, but if we do not follow all additional rules and possibly apply additional national marks, we cannot use the product in a building. A ridiculous and absolutely unsatisfying situation!

New Construction Products Regulation

This was the reason why the EC decided to develop a new better instrument to create a common market: the Construction Products Regulation. The ideas behind this initiative are twofold: to increase the conversion of the markets and to reduce administrative burden for industry. So far so good - the draft published by the EC last autumn however did not hold what it promised. Let me just list the most critical points:

- the EC draft – although using the regulation approach – does NOT request a "declaration of performance" and based on that a CE-mark for all standardized products in all MS's, it does therefore NOT harmonize the markets;
- the EC draft foresees multiple routes to CE-marking, which creates unfair competition and confusion for the costumers;
- the draft specifically foresees easier rules for small producers, not taking into account the quality and safety of the products;
- the draft does not allow in general the use of modern electronic information technology;
- the draft creates unnecessary administrative burden, by changing the rules for the attestation of conformity without any technical reason.

At this point I would like to congratulate the EP and specifically the members of IMCO, who have contributed to a significant improvement of the EC draft in the parliament. At the moment it is not yet clear whether these improvement will be accepted in the plenary and in the Council, but at least there is some hope. Also after the IMCO vote the draft is not yet perfect – e.g. the attestation of conformity problem is not solved – but it might happen that the Council or the plenary will go backwards in the direction of the original EC draft. I urgently ask you to avoid that!

Now, if the draft would come into force as voted in IMCO, would this realize the full harmonisation of the European market for construction products?

The clear answer is NO! As long as the building regulations and therefore the legal framework for the application of construction products is still in the competence of the MS's we will not have one common market. But the new CPR would be a big step forward and could help to at least reduce some unnecessary national "specialities" and by that the administrative and cost burden for industry. In the final consequence this can also contribute to a significant improvement of the price-quality relationship of buildings and can make houses cheaper for people.

Economic situation

Before I come to the end, Ladies and Gentlemen, let me please shortly address another issue outside the scope of today's agenda. We in the construction sector are at the moment under enormous pressure on the markets. In some countries the sales of our products have gone down by 80%! Everybody is talking today about the financial sector, the car industry etc. – but who is talking about the building sector? We urgently need help from you to let our industries survive! The building industry and here especially the residential housing sector has a very high leverage effect. Every € public money invested in this sector comes back in very short time through rising VAT, income taxes etc. and at the same time creates new employment – probably more than in any other sector. And besides all this: the demand is still there, if we stop to produce new homes we will end up in few years time with a significant shortage of homes. I ask you therefore to do everything possible to motivate MS's to create new measures on national level to stimulate the housing sector and to support all efforts to open the European regional and structural funds for this residential sector.

And I have one further and last wish to you: please stop immediately the creation of new legal documents which cause us in industry a lot of effort and money – which we are lacking at the moment – but do not create any added value. There are a lot of good examples, like Ecodesign Directive, Ecolabelling Directive, Energy Labelling Directive etc. – they all have a “green” background, they all include now in their widened scope construction products, but they all do not improve the environmental situation in our area at all, they are overlapping or sometimes even contradicting other existing legislation and make our lives much more costly and difficult – and this in times where we are struggling for survival. So please help us to stop this!

Thank you very much for your attention!