



European Alliance Against Coronavirus

Industrial ecosystems: **Construction**

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

3 September 2020 – Antonio Paparella, Circular Economy and construction

The ecosystem approach to Community industrial policy

- The communication ["A new industrial strategy for Europe"](#):

"ecosystems encompass all players operating in a value chain: from the smallest start-ups to the largest companies, from academia to research, service providers to suppliers".

- The communication ["Europe's moment: Repair and Prepare for the Next Generation"](#):

"The pandemic has served to reaffirm the interdependence of our economies and the importance of a fully functioning Single Market. [...] Our industrial ecosystems are increasingly integrated and connected. Research, engineering, manufacturing, assembly and servicing often take place in different parts of Europe, and allow businesses to be more competitive and focus on what they do best. This will be exactly what is needed for Europe's recovery".

The ecosystem approach to Community industrial policy

- The Commission staff working document [Identifying Europe's Recovery Needs](#)

“The notion of Ecosystems captures the complex set of interlinkages among sectors and firms spreading across countries in the Single Market [...]. The Ecosystems encompass all players operating along a value chain: the smallest start-ups and the largest companies, the research activities, the services providers and suppliers. They allow for a bottom-up approach that takes into account specificities of business models, high percentage of vulnerable players (SMEs and micro) and interdependencies.”

Why the ecosystem lens?

- Highlights **interdependencies** between Member States.
- Identifies efficiency bottlenecks and **Single Market** shortcomings.
- Takes into account the **regulatory context**.
- **Dynamic** concept and (attempted) real time measurement.

The ecosystem approach in practice

- Ecosystems as **networks** rather than (value) chains:
 - Trace the complex links across firms, sectors and institutions.
- Ecosystems include both **public and public** activities.
 - Public institutions and research centres as key actors in their interactions with firms.
- Ecosystems **evolve** continuously.
 - Not meant as a fixed and discrete unit of observation.

Industrial Ecosystems in Europe

- Social enterprises, associations and cooperatives aiming at generating a social impact, often proximity based

- Retail sales
- Wholesale connected to consumers

- Construction, maintenance, refurbishment and demolition of buildings and infrastructure (e.g. transport infrastructure, utilities)
- Manufacturing of products and equipment
- Other related services (e.g. real estate activities)

- Telecommunication
- Software and programming
- Web portals
- Manufacturing of computers and equipment

- Pharmaceutical products and equipment
- Hospitals, nursing homes, residential care

- Plant and animal production
- Processing of food
- Veterinary activities

- Passenger transport and travel
- Hotels, short term accommodation
- Restaurants and catering
- Events, theme parks

- Newspapers, books and periodicals
- Motion picture, video and television
- Radio and music

- Aircraft and spacecraft production
- Military and weapons
- Satellites

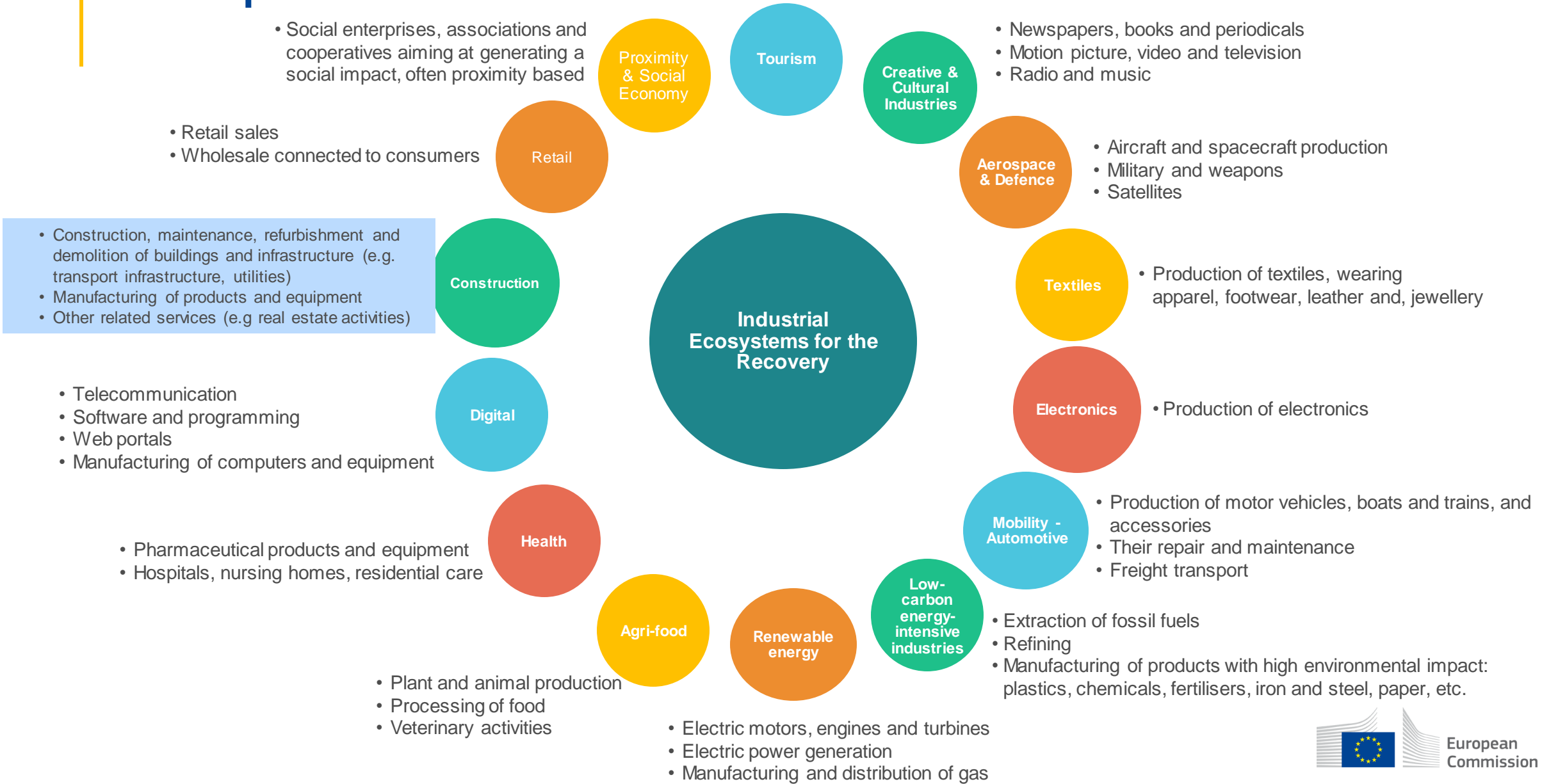
- Production of textiles, wearing apparel, footwear, leather and, jewellery

- Production of electronics

- Production of motor vehicles, boats and trains, and accessories
- Their repair and maintenance
- Freight transport

- Extraction of fossil fuels
- Refining
- Manufacturing of products with high environmental impact: plastics, chemicals, fertilisers, iron and steel, paper, etc.

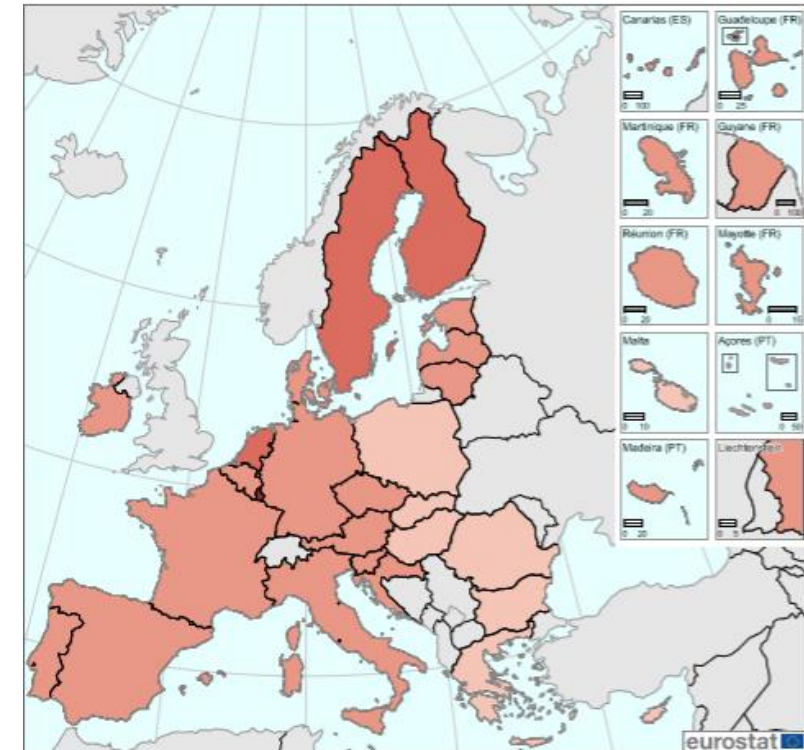
- Electric motors, engines and turbines
- Electric power generation
- Manufacturing and distribution of gas



Construction

- Identification
 - Comprises activities during the whole lifecycle of buildings and infrastructures, including design, construction, refurbishment, demolition. Contractors, construction product manufacturers, architects, engineers and others are part of the ecosystem.
 - €2400 billion turnover, 10% of the EU added value, 5 million companies, 95% SMEs, direct employment of 11 million people.
- Health bulletin
 - Over 80% of contractors were challenged to cope with sanitary measures, lack of workers and supply chain disruptions.
 - 50% reduction of activities of contractors in Q2/20, 25% in Q3/20. Losses are estimated at EUR 100 billion this year.
 - Confidence indicator is picking up since June 20.

"Constructions" ecosystem as a share of total Employment in the country
EU27



EU Initiatives

- Circular Economy Action Plan (March 2020)
- Renovation wave (Oct. 2020)
- Pact for Skills (July 2020)
- Financial support for building renovation: the Recovery and Resilience Facility, the Just Transition Mechanism, Cohesion funding, InvestEU, LIFE, Horizon Europe and the Modernisation Fund.
- The European Commission is identifying priorities per Member States for investments and reforms, to help guide negotiations with Member States, assuring EU and national priorities are addressed and aiming for consistency of Recovery and Resilience Plans between Member States.