

Budgetary discipline is necessary – so is smart investment in construction !

"Investing in the construction sector is key to rekindling growth in the real economy", commented FIEC President Luisa Todini in advance of the European Council meeting in Brussels on 8th and 9th December. She expanded further by adding "while budgetary discipline is essential, laying the ground for future competitiveness cannot be achieved by austerity alone".

"Construction is the bedrock of the economy in most of our countries", Todini recalled, adding that €1 invested in construction leads to €3 of economic benefit to the economy as a whole. "Carefully targeted investment in construction, both for maintenance and new works maintains existing jobs and creates new skilled employment" Todini continued, "Sacrificing such necessary investment for the sake of short-term deficit reductions is ultimately self-defeating as the best way to tackle government deficits in the medium term is for activity to be sustained and the economy to grow."

FIEC therefore appeals to the EU institutions and the Member States to ensure that financing for long term investment continues despite the unprecedented debt crisis facing the EU. Imaginative solutions include the implementation of project-bonds, user charging and PPP-schemes, in order to mobilise sufficient private capital to complement scarcer public funds. Given this, moves to strengthen capital adequacy requirements on financial institutions and major companies should not prevent them from continuing to make vital investments in the real economy.

Todini concluded by saying that whether through energy efficient retrofits or through helping to develop the EU's future, low carbon, transport and energy infrastructure, the craftsmen, SMEs and large firms of the European construction industry have the know-how and internationally recognised expertise for helping Europe to recover from the enduring financial and economic crisis, while helping to build sustainable buildings and infrastructure to meet future social and environmental challenges. This long term vision should not be forgotten by our leaders when they meet in Brussels tomorrow.

Previous FIEC position papers and studies are available from www.fiec.eu.

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FIEC is the European Construction Industry Federation, representing via its 33 national Member Federations in 29 countries (27 EU & EFTA, Croatia and Turkey) construction enterprises of all sizes, i.e. crafts, small and medium-sized enterprises as well as large "global players", carrying out all forms of building and civil engineering activities.