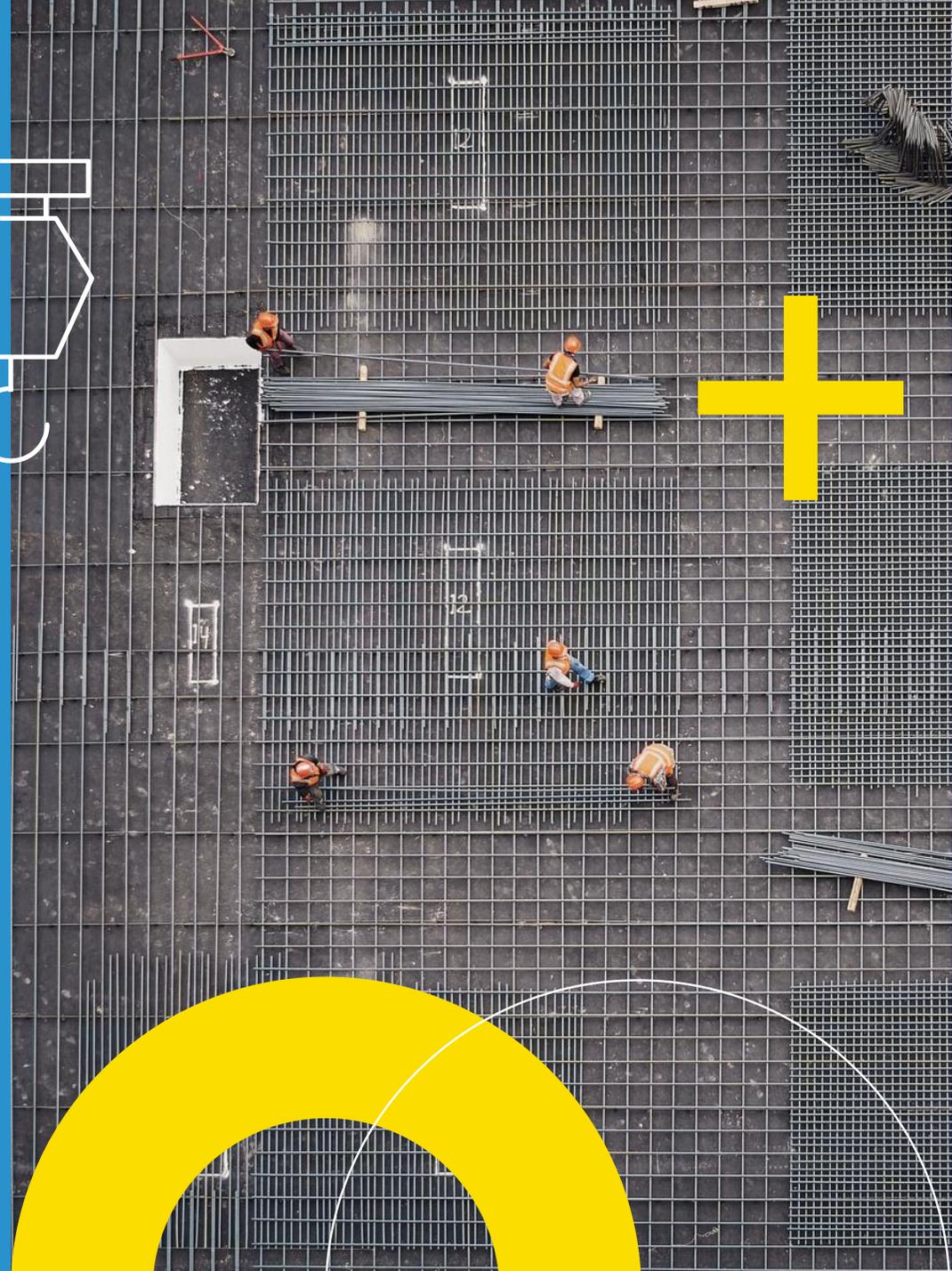
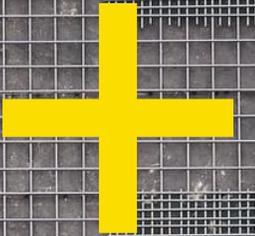


Covid-19



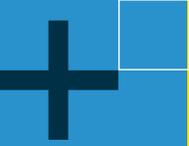
Market Update: Construction Industry Bulletin

Update 01 - 28th April 2020





The View from Ireland



Stephen Hughes
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The Construction Sector has been severely impacted by the Covid 19 Crisis across all key sub-sectors of Construction Services, Construction Products and Timber. Most company are currently closed or working remotely with skeleton staffing with the majority of companies are availing of job subsidy scheme fare payment. A number of clients have projects to support the HSE on existing critical services including the development and installation of treatment and recovery isolation units.

Like all other sectors Construction is facing severe challenges dealing with the new set of business challenges that Covid 19 brings. The safety of employees is of utmost importance and those companies that are still operational are developing new ways of working including split shifts, remote working and new business transformation processes. Issues of cash flow and the funding landscape are of current concern as are issues relating to supply chain, sources of raw material and logistics as we seek to establish a return to new normal working conditions. As our key export markets also return to activity there are growing concerns regarding market access both for product and company staff.

There is a developing concern across the sector that major government and public funded infrastructure projects committed to might be deferred or cancelled as budget gets reallocated to dealing with the current health and welfare support systems.

Finally it is worth noting that many of our construction services companies have continue to work in overseas markets on both data centres and other mission critical projects employing both Irish based and local contractors.



Introduction



As a result of the COVID-19 Global Pandemic, Enterprise Ireland construction companies are experiencing unprecedented market disruption both domestically and across international markets.

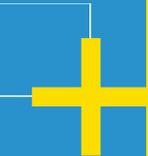
Following our last market bulletin at the end of March, this report provides a high-level sector update from the Enterprise Ireland network of overseas construction advisors on their markets. Already we are noticing the loosening of restrictions and the strategic prioritisation of the construction industry by many national Governments.



John Hunt

Lead MA

Overseas Construction



United Kingdom – John Hunt

SUMMARY

- With circa 70% of UK construction sites remaining open during the past month, we are beginning to see evidence of the closed sites beginning to reopen, particularly across the housebuilders.
- In most cases site productivity remains >50% as labour availability, material shortages and safe site working practices take effect.
- Volume manufacturers of critical materials including steel and bricks are also returning to production.

DEVELOPMENTS

- The announcement that ‘Notice to Proceed’ has been given to the detailed design and construction of the HS2 rail project was enthusiastically received by the construction Industry. A significant investment and contribution to the long term health and recovery of the industry.

SUPPORTS

- The Coronavirus Job Retention Scheme opened to applications on 20th April.
- The UK Government published a ‘support finder’ app to help businesses and self-employed people across the UK to quickly and easily determine the financial supports available.

OPPORTUNITIES/ CHALLENGES

- Opportunities are already emerging for solutions that contribute to the efficient provision of safe site working practices. Technology solutions in particular are enjoying growing demand with companies like Evercam, Go Contractor, Murphy Surveys UAV, Flowforma leading the way.
- The need to respond and adapt within markets should be considered beyond the short term. The medium to long term implications of current Government borrowing on future taxation and spending will likely provide additional incentive.



North America – Marisa Mannion

SUMMARY

- US Federal government providing loose guidelines as to methods of easing restrictions and opening by a state by state basis, interpreted by State Governor's independent of Federal mandates. Canada remains on lockdown until further notice.
- Enterprise Ireland clients supplying healthcare and pharmaceutical projects in most cases, have been classified as essential partners and are fulfilling their contracts.
- Similarly, clients offering digital product platforms and services are insulated during this crisis.

DEVELOPMENTS

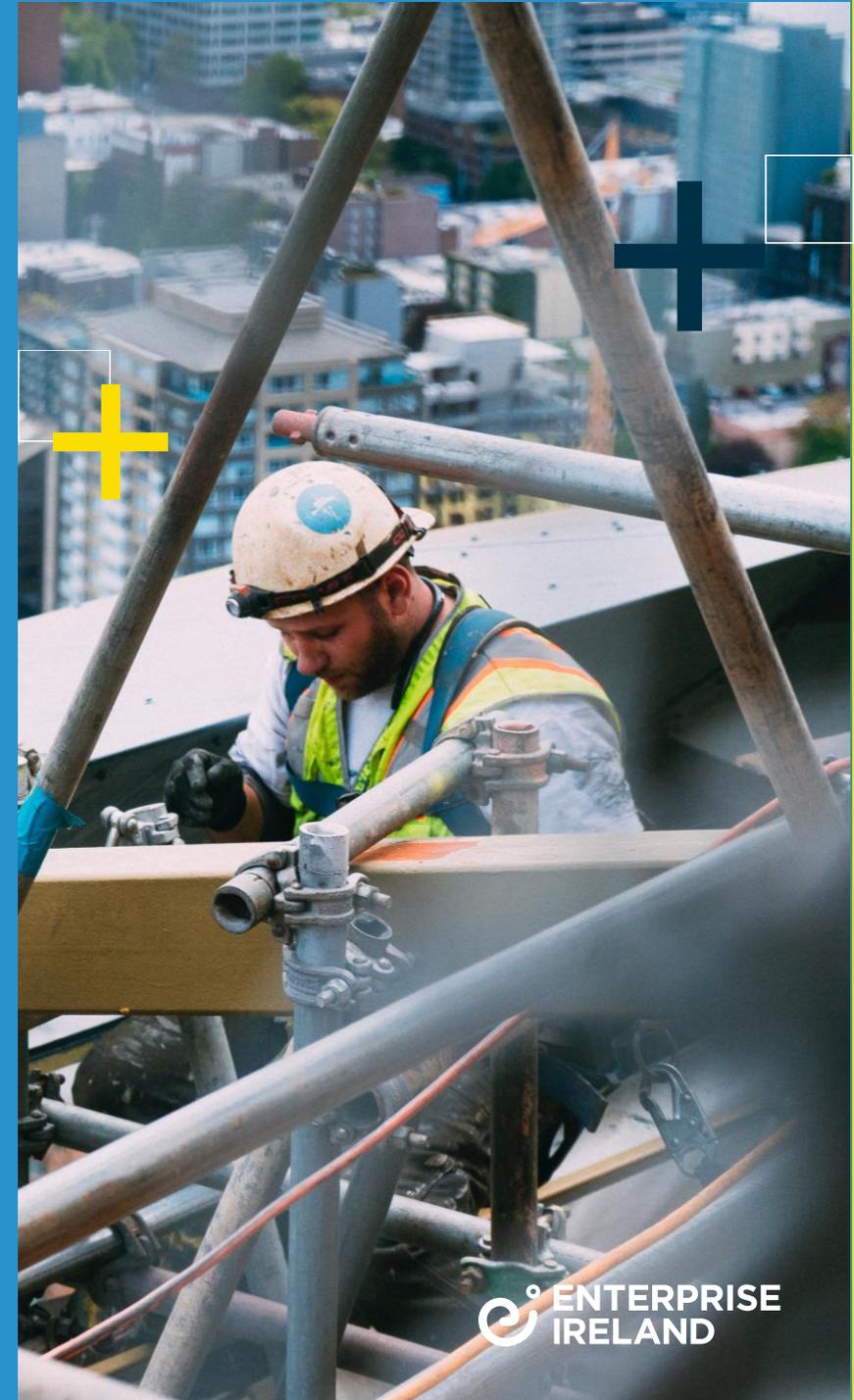
- Canada has allowed residential projects with delivery dates of July 31st or sooner to resume.
- US Office of Safety & Healthcare Administration (OSHA) will update latest construction worker safety and job-site safety guidelines on April 29th. Many trade associations and unions are planning independent “Safety Standowns” with their members to educate and rollout policy guidelines. Construction firms will be required to update their internal procedures and policy to reflect communicable disease mitigation.

SUPPORTS

- An additional second phase stimulus package approved by US Senate for \$482B, which compliments an initial \$2.2T coronavirus relief package.
- Unemployment benefit claims register 26.2M as of April 23, 2020.

OPPORTUNITIES/ CHALLENGES

- Challenges for all Enterprise Ireland clients, particularly those in a market discovery, entry and expansion phase are experiencing difficulty connecting with potential partners during this time, particularly those involved with immediate COVID19 responses such as in data center and healthcare.
- Opportunities are surfacing for clients supporting BIM or digital tech platforms which may include product extensions tracking worker safety procedures and job-site safety protocol.
- There will be opportunities for Irish firms to partner with American firms as the US supports redefining its supply chain to be less dependent on China. Enterprise Ireland clients who have availed of Brexit strategic planning and exercises can lend this perspective to US partners to create added value.



Asia Pacific – Kim Gilbert

SUMMARY

- Construction sites across Australia, Korea, Japan & China have remained open however the situation is being monitored closely. For Irish companies operating in these markets, the focus is on delivering existing projects. There is very little new work being planned or negotiated until there is more clarity on each market's long term plans.
- Construction sites in Singapore & India are closed as part of Nationwide Lockdowns & will remain closed until May 2020.
- Most construction activity in Malaysia has been suspended but the exception of large government projects. Thailand has also imposed nationwide curfew.

DEVELOPMENTS

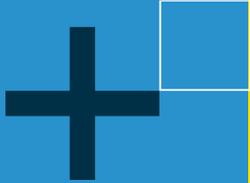
- Australian Government announces \$17.6b Stimulus package to assist Australian companies.
- Japanese Government announced EUR 13 billion financial aid package for all Japanese companies.
- Singapore construction Sector closed until May 4th 2020 with the exception of large government projects such as the Changi Terminal 5 and MRT projects.
- Indian country wide lockdown remains in place until May 2020.

SUPPORTS

- Government relief packages announced in Australia, New Zealand & Japan in addition to the work practice concessions made to facilitate more efficient working conditions on construction sites.
- Singapore Government have put concessions in place to support companies who cannot meet contractual obligations as a result of the pandemic.
- Malaysia has announced a Stimulus package for a significant part of the industry.

OPPORTUNITIES/CHALLENGES

- As there is pressure in Australia to deliver projects on time there is some opportunity for innovative solutions which increase efficiency to be considered as part of future and current builds.
- Korea's recent supplementary budget will provide a boost for infrastructure projects providing opportunities for Irish clients in the short to medium term.
- In China a significant increase in pharma production has increased the demand for prefabricated structures.
- Across the region we are beginning to see some supply shortages in building materials. This is expected to further deteriorate over the coming months.



The Nordics – Karin Angus

SUMMARY

- Construction sites remain open and operational.
- Some sites may be on the verge of closing down since they struggle getting material and staff to site.

DEVELOPMENTS

- Denmark slowly opening up parts of society after Easter. But still travel restrictions until 10 May for now.
- The greater Helsinki area isolated from the rest of the country from 28 March.

SUPPORTS

- Compensation for short term lay-offs: 75-100% and possibility to decrease work time.
- Direct subsidies to companies: Lowered employers' PRSI, direct subsidies to companies and compensation of fixed costs up to 80% .
- Compensation for sick leave costs: 13 – 30 days.

OPPORTUNITIES/ CHALLENGES

- Hyperscale datacentre projects tendering going on in Sweden and Finland.
- Design firms have been invited to supplier dialogue with the Swedish Transport Administration's East Link project.



Eurozone – Richard Engelkes

SUMMARY

- Datacentre construction across the region is ongoing and largely unimpacted compared to all other sectors. France continues to be the most impacted on regulatory constraints, the Netherlands least. The Construction sector is opening up more and more, which is a good sign. Social distancing and using additional personal protection like facemasks is the new way of working.

DEVELOPMENTS

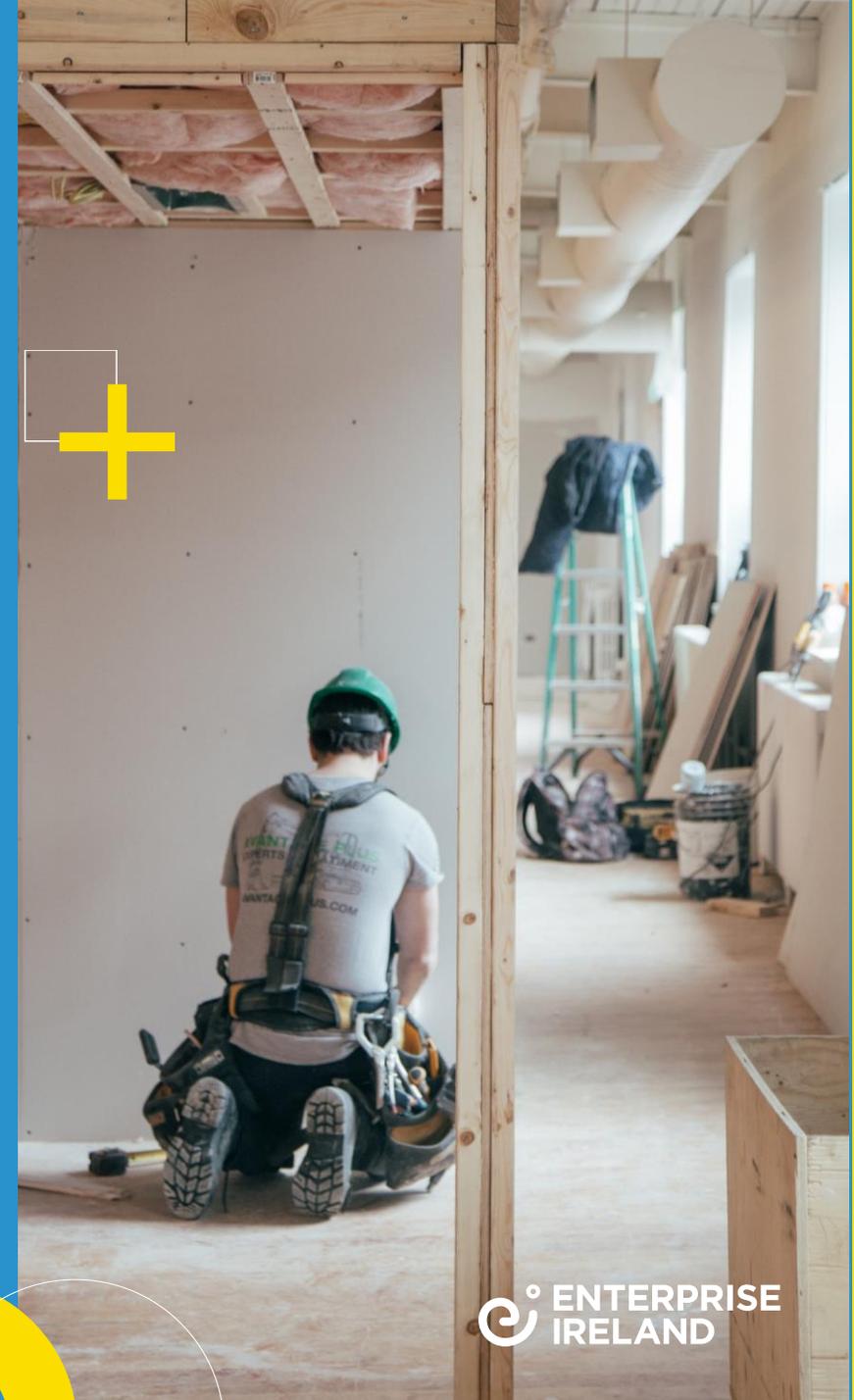
- Construction is still ongoing within the Eurozone.
- Different rules and regulations around travel into a country.
- Social distancing varying 1.5-2.0 meters.
- Facemasks on sites.
- Uncertainty around new investments.
- Supply chain & Logistics are still ongoing as ports are still open for business. Volumes are low, which impacts the amount of moves.

SUPPORTS

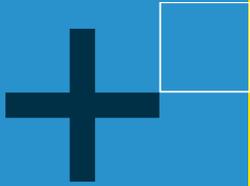
- Local general governmental supports are in place and can be applied when established in country. Local Construction Associations discuss regularly on the importance of construction and keeping construction sector working in a safe manner.

OPPORTUNITIES/ CHALLENGES

- Opportunities (short term) will remain in: Datacenters and Pharma. Future (mid term) opportunities are in: Sustainable energy (Hydrogen plants, biowaste plants, waste logistics), Grid.
- Multi-industry associations have petitioned the Ministries for Industry to stimulate recovery with high public investment in infrastructure, public housing & reforms.



MENA – Mohammed Afif



SUMMARY

- Countries in MENA region had taken extreme measures to limit the spread of Covid-19. Long curfew hours were put in place and construction activities were suspended until further notice, except for necessary water, electricity and telecommunication projects. Some construction sites are still running with minimum number of labours and after getting the required permissions from the government.
- Bahrain was the first country to ease the lockdown and allowed the construction activities to kick off again with minimum number of labours and social distancing.
- In the UAE and Saudi Arabia the government started the preparation of the reopening, and due to the holy month of Ramadan the restaurants were given the permission to work for longer hours, and in UAE residents are allowed dining in restaurants and cafes (up to 30% of its capacity) and can move from 6am to 10pm without a permit.

DEVELOPMENTS

- In terms of projects in pre execution, Saudi Arabia named recently the preferred bidder for the Jubail 3 B IWP, and bidding is progressing for the utilities package for Al-Qiddiya Mega Project.
- In UAE, ADNOC is in bidding stage for the four main packages of its estimated 20 bn Hail and Ghasha Sour Gas Field Development
- In Egypt bids have been submitted in for the planned Alexandria based plant to produce propylene and its derivatives PPE.

SUPPORTS

- Many governments in MENA region has been working with banks, regulatory organisations to support residents, and affected businesses. **Saudi Arabia** is taking the lead where the Saudi Arabian Monetary Authority unveiled a \$13.3 billion package. The “Supporting Finance for the Private Sector” program will support SMEs through three components, including \$8 billion to support banks defer SME payments, \$3.5 billion for concessional financing and \$1.6 billion to support loan making to small businesses. There are also numerous tax related measures, including extending deadlines for filing tax returns and paying those taxes. Public sector workers will continue to receive salaries, and government has further announced to bear 60% of employees’ salaries paid by the private sector to Saudi nationals for a period of three months and ceiling of \$2.39 billion.
- The **UAE** government offered a stimulus package worth Dh126bn (\$33 billion), **Egypt** will allocate an economic package worth EGP 100 billion (\$6.4 billion), and **Tunisia** government is allocating 2.5 billion dinars (\$850 million).

OPPORTUNITIES/CHALLENGES

- Construction in healthcare sector is on demand of building temporary hospitals to the residents returning to their home countries.
- Retrofitting opportunities for public building to occupy labours, in order to enhance the social distancing at labour camps.
- Infrastructure works in mega projects was the least affected by Covid-19.



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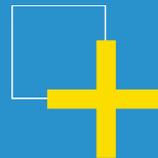
During this unprecedented period Enterprise Ireland is on hand to support you in overseas markets, to help you secure and sustain existing business relationships and to research opportunities that may emerge during the crisis. Please connect with our experienced Market Advisors by email to discuss further.

Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets. We work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets.

In this way, we support sustainable economic growth, regional development and secure employment.

Learn more at www.enterprise-ireland.com

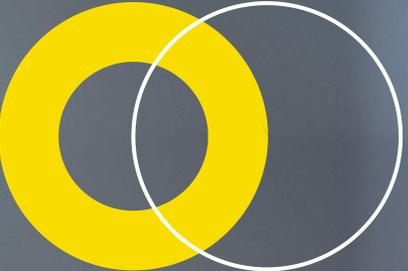
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