

How far is too far?

## Green transition – is well-intended regulation killing competitiveness?

In EFCA's last article, we gave an initial analysis of the EU elections and reflected on what the impact of the hard-right leaning grouping of parties in the European Parliament might mean for legislation aimed at improving sustainability in the built environment. Since then, the new European Parliament started its term and took a summer break and the focus shifted towards the appointment of European Commissioners and their policy briefs. Ursula von der Leyen, now officially European Commission President for her second term in office, is struggling to achieve gender balance in her eventual new team and several countries are yet to confirm their choice, including Belgium, my own adopted country, writes Sue Arundale, Director General, European Federation of Engineering Consultancy Associations (EFCA).

Continuing to look at the big-picture issues affecting our sector, this month we examine the global situation and we compare, in particular, the EU's competitiveness with that of the other major economic powers. We chew over the question of whether or not the EU is "over-regulated", and we consider the outcome of the US Presidential election and whether ultimately, that will change what appears to be the American competitive advantage/easier environment for firms in architecture, engineering and construction (AEC).

### Economic and cultural backdrop

Readers are well aware that globally, the sector is subject to regional differences in approach to economic policy on the one hand, and business culture on the other. The US is often seen to be more business-friendly, while China supports many state-owned enterprises with subsidies,

resulting in regular frustration from EU companies that cannot compete on a level playing field in large public tenders. European companies work to renowned EU high standards and operate in a regulatory environment explicitly geared towards achieving sustainability in the built environment, and to tackling the climate emergency within an increasingly demanding legal framework.

International firms and their respective federations at global level often compare their "regional" circumstances when they meet up for the annual gathering of the International Federation of Consulting Engineers (FIDIC), its members and their member firms. Held every second year in Geneva and every alternate year at another location, the Global Infrastructure Conference is one of the large events in a programme that includes the General Assembly Meeting. Discussion points at this conference often include innovation, the climate challenge, skills shortages, soaring material costs, competitiveness and funded infrastructure, the latter frequently support by the multilateral development banks.

This year the theme is "Transforming lives with infrastructure – investing in and building a better world for all". Among the many panelists from around the world, Inés Ferguson, EFCA President, will participate in a discussion on the "politics" of infrastructure and influencing governments. One of her discussion points will focus on challenges, versus the disadvantages, of the EU political set-up.

### Green transition good ... right?

After years working in this sector, for me personally there can only be one answer to that question. The dilemma is



Sue Arundale, Director General, EFCA.

how far is too far, when the measures are not just encouraged, but actually enforced within a legal framework. In the EU, we tend to start by seeking voluntary improvements, often through EU projects, non-regulatory initiatives and promoting best practice. Before very long, these approaches can eventually find their way into regulation. Frequently decried as red tape, such regulation has not only noble intentions, but comes after years in development, through the partnership between the co-legislators in the European Parliament and the member states.

Very little in the EU is ever imposed on the member states, so when we want to point the finger at someone, we have to look as much towards our own national Ministers as to the EU institutions. This process is something to admire, not criticise. Indeed, recent discussions between EFCA and FIDIC, about strengthening collaboration for the benefit of the sector at global level, have shed some light on the EU's legislative process, with a growing interest from other regions, some of which have actively sought speakers from the EFCA community for their own events. Earlier this year, for example, a Belgian and an Italian firm provided speakers

for the Asia Pacific regional webinar on Disaster Resilient Infrastructure.

### So which approach is better?

The short and inconclusive answer is that different governments offer both good and bad, in terms of the economic and legal framework for the consulting

engineering sector. True, America's federal Inflation Reduction Act has often been cited as a "carrot" for investment in clean energy, as opposed to the more stringent measures including taxonomy, that govern investment in the EU. However, the two economic superpowers operate within different circumstances and have very different back-stories, meaning that any attempt to choose a winner is not based on like-for-like criteria. It could be interesting to look at this again long into the future when we see the impact of the respective green transitions and the extent to which they have achieved climate neutrality and solved the climate emergency.

### Will the October US elections change anything?

It remains to be seen of course, but my guess is not really. On the other hand, we should perhaps look closer to home to see what the new EU leaders will do to deal with the growing recognition that the EU is lagging behind. It is now struggling to remain competitive and facing a huge challenge caused by our over-dependence on the energy supplies, materials, skilled workers and digital infrastructure of other economic superpowers. The lack of EU autonomy is now rapidly focusing minds and our leaders are only too aware of how close we came to choosing a more radical European Parliament in June. EU citizens are fed up and ready to look to the extremes for solutions.

Not quite out of the woods yet, European Commissioners who, after all, are appointed by countries that are facing the same political risks back home, would be wise to bear in mind the "over-regulation" accusation, alongside the ever-growing desperation of voters facing uninhabitable climates, soaring costs, and creaking and failing infrastructure. There are also the disturbing levels of hatred towards those seeking to enjoy what they see as a system and lifestyle that works very well, compared to what they are fleeing.

The multi-faceted challenges facing world, EU and national leaders are immense, and the decisions being made now will have far-reaching consequences for the future wellbeing of not just people, but the planet. ■

