

Construction and related engineering services

Classification and scheduling issues

Outline

- Definition of the sector for trade negotiation and scheduling purposes
- Regulatory status quo in SADC member states?
- Scheduling options?
- Discussion on commitments and offers by SADC member states

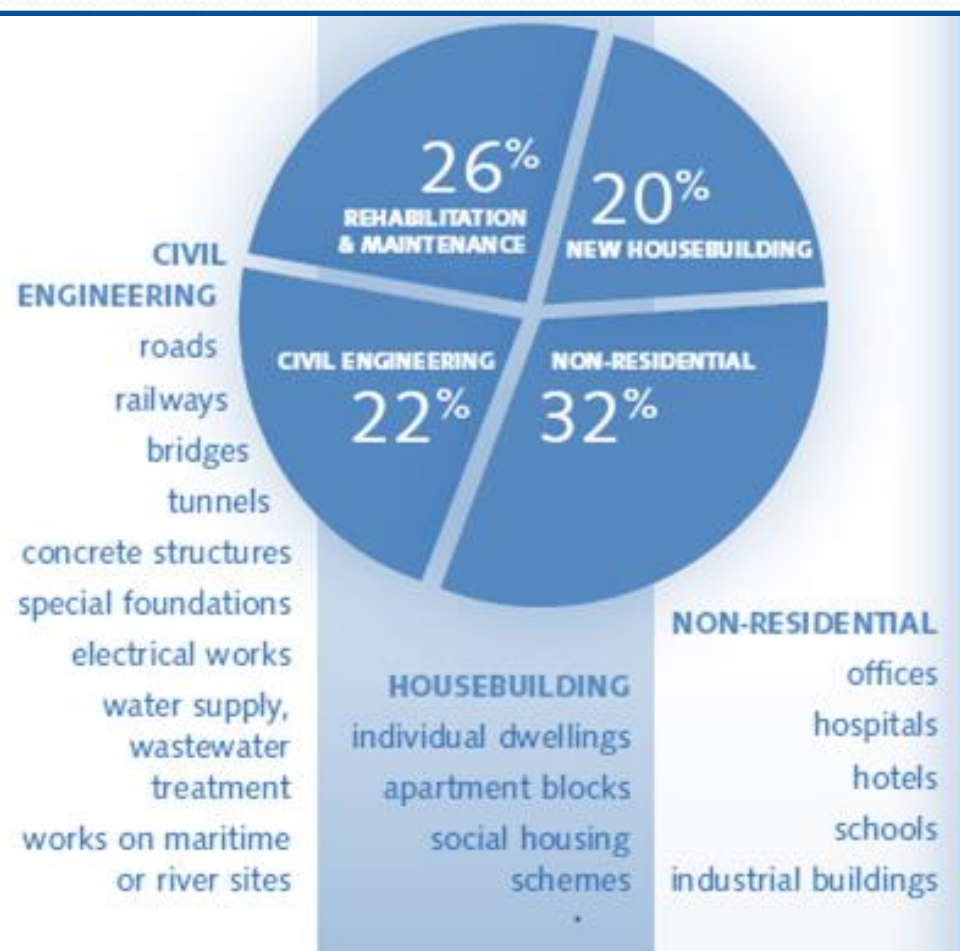
Construction services: characteristics

- Construction services provide not only buildings for human residence, but also physical infrastructure for all kinds of economic activities (e.g. telecom/energy/transport networks, civil and commercial facilities, etc.)
- Important contribution to GDP and employment.
- Characterized by a large number of SMEs generally specialising in certain fields or operating in relatively small geographic areas.
- Multinational companies tend to specialize in certain types of construction work with large private corporations and governments as their main customers.
- Licensing/qualification requirements/procedures, construction technique standards vary from country to country.

Sector definition

Industry description of the sector
(EIC, volume of turnover, 2011)

GATS description of the sector
(MTN.GNS/W/120)



SERVICES SECTORAL CLASSIFICATION LIST

SECTORS AND SUB-SECTORS

CORRESPONDING CPC

3.	<u>CONSTRUCTION AND RELATED ENGINEERING SERVICES</u>	
A.	<u>General construction work for buildings</u>	512
B.	<u>General construction work for civil engineering</u>	513
C.	<u>Installation and assembly work</u>	514+516
D.	<u>Building completion and finishing work</u>	517
E.	<u>Other</u>	511+515+518

CONSTRUCTION AND RELATED ENGINEERING SERVICES (1)

3.A. General construction work for buildings (CPC Prov 512)

- Construction work (new work, additions, alterations and renovation work*) for **all types of buildings, residential or non-residential**, whether privately or publicly owned.

3.B. General construction work for civil engineering (CPC Prov 513)

- Construction work for **structures other than buildings**, such as highways and streets, railways and airfield runways, bridges and tunnels, waterways and harbours, dams, pipelines, communication and power lines, mining and manufacturing plants, and stadia and sports grounds.

CONSTRUCTION AND RELATED ENGINEERING SERVICES (2)

3.C. Installation and assembly work (CPC Prov 514 and 516)

- This item groups the **assembly and erection of prefabricated constructions** (CPC 514), and **installation work** (CPC 516) such as heating, ventilation and air conditioning, water plumbing, electrical work, insulation work, lift and escalator construction work, etc.

3.D. Building completion & finishing work (CPC Prov 517)

- This item covers **building completion and finishing work** such as glazing, plastering, painting, floor and wall tiling, carpentry, interior fitting and decoration, ornamentation fitting, etc.)

CONSTRUCTION AND RELATED ENGINEERING SERVICES (3)

3.E. Other (CPC Prov 511, 515 and 518) includes:

- **Pre-erection work** at construction sites (site investigation, demolition work, site preparation work for mining, etc.);
- **Special trade construction work** (foundation work, water well drilling, roofing, concrete work, steel bending and erection, and masonry work);
- **Renting services** related to equipment for construction or demolition of buildings or civil engineering works, **with operator**.

Sector description: Where are the “related engineering services”?

- In W/120, ambiguity exists regarding the respective coverage of "Engineering services" (CPC 8672) and "Construction and related engineering services“:

8672 Engineering services

86721 Advisory and consultative engineering services

86722 Engineering design services for the construction of foundations and building structures

86723 Engineering design services for mechanical and electrical installations for buildings

86724 Engineering design services for the construction of civil engineering works

86725 Engineering design services for industrial processes and production

86726 Engineering design services n.e.c

86727 Other engineering services during the construction and installation phase

86729 Other engineering services

Sector description: Where are the “related engineering services”?

- In W/120, ambiguity also exists regarding the respective coverage of “Integrated engineering services” (CPC 8673) and “Construction and related engineering services”.

8673 Integrated engineering services

86731 Integrated engineering services for transportation infrastructure turnkey projects

86732 Integrated engineering and project management services for water supply and sanitation works turnkey projects

86733 Integrated engineering services for the construction of manufacturing turnkey projects

86739 Integrated engineering services for other turnkey projects

Problems with the W/120 sector description

- A number of services closely related to construction are classified elsewhere in W/120, under professional services: engineering and integrated engineering services, but also architectural services, urban planning and landscape architectural services:

8671 Architectural services

86711 Advisory and pre-design architectural services

86712 Architectural design services

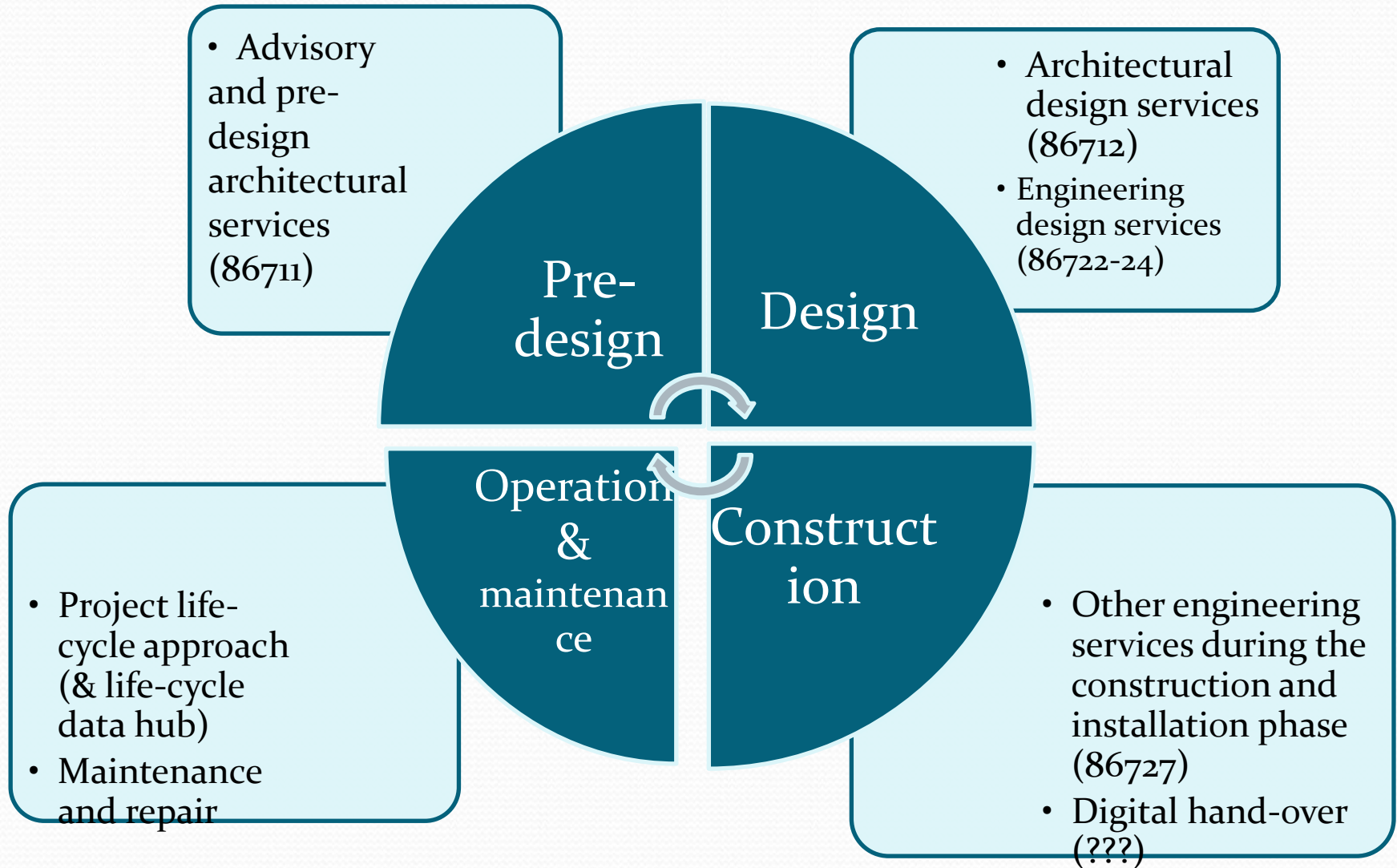
86713 Contract administration services

86714 Combined architectural design and contract administration services

86719 Other architectural services

- W/120 and CPC provisional do not explicitly cover services provided by surveyors and topographical engineers.

From concept to completion and beyond: need for a cluster or checklist?



Should the following measures be scheduled?

1. Contractors must be registered with the appropriate regulatory body.
2. Only locally incorporated construction companies can undertake construction projects in the country.
3. Construction companies must obtain a building permit before starting an construction work.
4. All construction companies must ensure their workers benefit from workers' compensation insurance.
5. Construction companies must employ at least 80% of nationals.
6. Equipment used in construction works must be of national origin.

Should the following measures be scheduled?

1. Municipalities set zoning requirements and are responsible for approving building applications, issuing building permits, and conducting building inspections.
2. Exclusive rights are granted for construction, maintenance and management of highways.
3. Engineers must have their technical qualifications duly recognized.
4. Foreign construction companies can only undertake construction projects financed with foreign investment.
5. Preferences may be granted to national contractors in bidding for government contracts.