



THE CONSTRUCTION MATERIALS MARKET REQUIRES CHANGES

2025

*DEVELOPED BASED ON A REPORT PREPARED BY PMR – A TEAM OF EXPERTS IN RESEARCH AND MARKET ANALYSIS OF CENTRAL AND EASTERN EUROPEAN COUNTRIES. SPECIALIZING IN THE FOLLOWING SECTORS: CONSTRUCTION, RETAIL AND FMCG, PHARMACEUTICAL, HEALTHCARE, IT, AND TELECOMMUNICATIONS.

DEFINITION OF THE PROBLEM

The transition from the second to the third decade of the 21st century has been a period of intense growth in the import of construction products from the East on the Polish market. Due to an aggressive economic expansion policy, Russia has gained a leading position in some market segments. At the same time, Belarus has increased its activity, and countries such as Ukraine and Kazakhstan have begun to play an increasingly important role among producers of imported products. The European Union, while imposing more and more restrictions on its producers, has not revised its customs policy towards non-EU countries, placing Eastern producers in a privileged position. This issue affects a growing number of construction market segments. A clear example is the asphalt products market. At its peak, imports from Russia alone accounted for over 75% of total rolled asphalt product imports and more than 50% of other asphalt product imports.

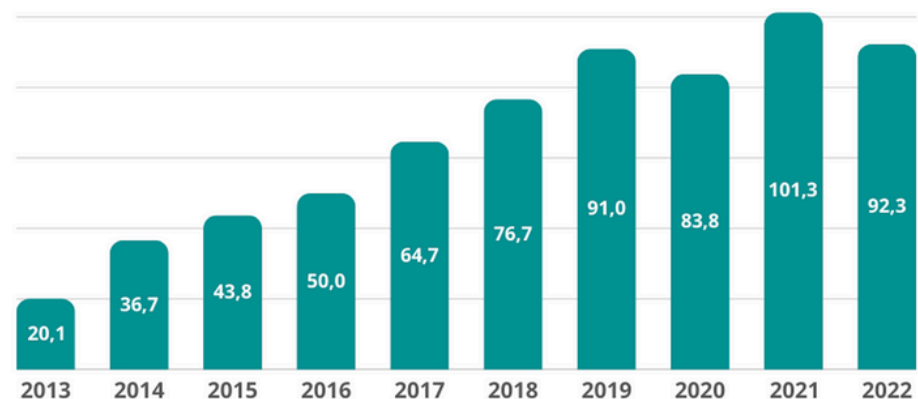


Fig. 1: Value (million PLN) of asphalt product imports from Russia to Poland – rolls. Source: PMR based on GUS (Central Statistical Office of Poland) data.

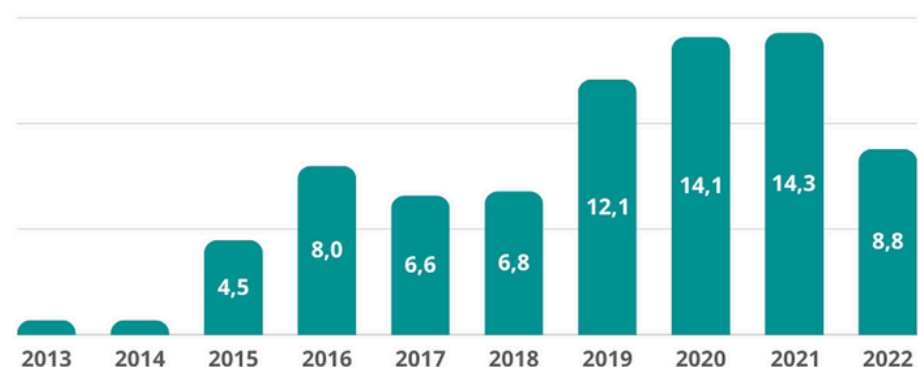


Fig. 2: Value (million PLN) of asphalt product imports from Russia to Poland – other than rolls. Source: PMR based on GUS (Central Statistical Office of Poland) data.

POLISH ENTERPRISES ARE FACING INCREASING DIFFICULTIES

The difficult economic slowdown period for European producers, combined with the dynamic expansion of Eastern companies in many market segments, has resulted in a significant decline in production. Domestic producers, who must adapt to constantly changing business conditions and lack sufficient protection, are unable to compete with Eastern manufacturers who do not face the same constraints. In Poland, rapidly increasing wage pressure and rising labor costs have also affected the export potential of Polish manufacturers. Their products are no longer as competitively priced in Western markets as they were a few years ago, leading to a decrease in the volume of sold products.

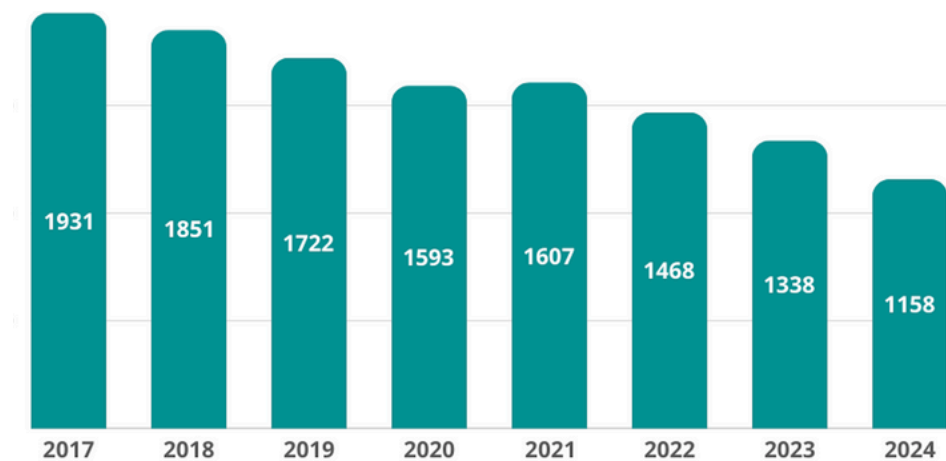


Fig. 3: Volume of sold production of joinery and carpentry products for construction (2017–2024). Source: PMR based on GUS (Central Statistical Office of Poland) data.

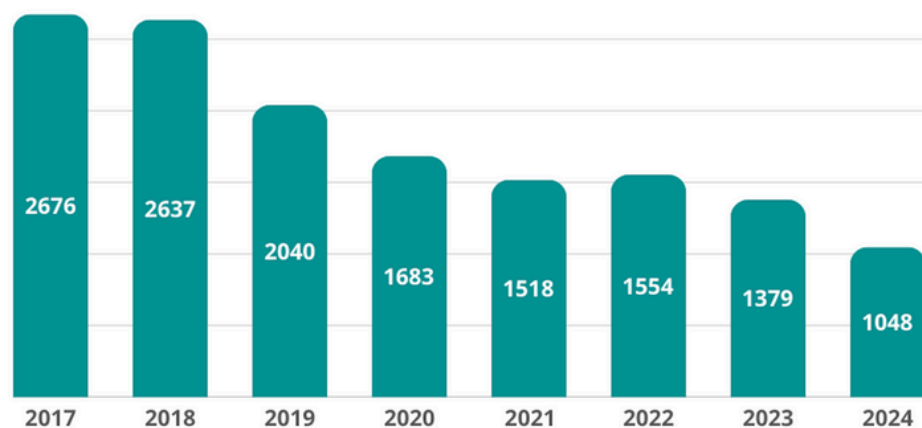


Fig. 4: Volume of sold production of hot-rolled and cold-rolled products (2017–2024). Source: PMR based on GUS (Central Statistical Office of Poland) data.

EASTERN IMPORTS THREATEN POLISH MANUFACTURERS

The flooding of the European market with construction materials from beyond the eastern border is also a result of increasingly strict regulations imposed on European producers to help EU economies meet climate goals. Current customs policies do not protect EU producers, making them less competitive against Eastern companies. This leads to the continued expansion of Eastern businesses, displacing domestic (European) production from the market. To some extent, sanctions imposed on Russia after the outbreak of the war in Ukraine have limited the problem in certain industries. The value of imports of previously mentioned asphalt roll products has decreased by nearly 50%, and non-roll asphalt product imports have fallen by more than 50%.

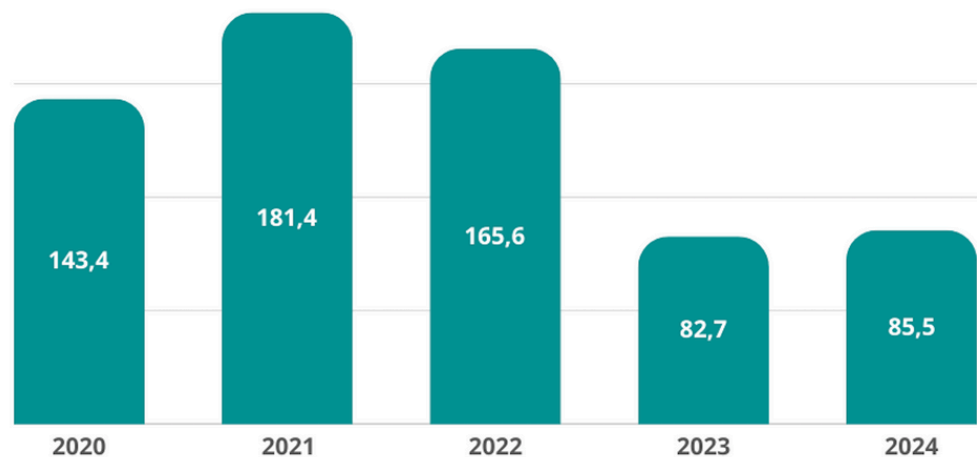


Fig. 5: Value (million PLN) of asphalt product imports – rolls, Poland. Source: PMR based on GUS (Central Statistical Office of Poland) data.

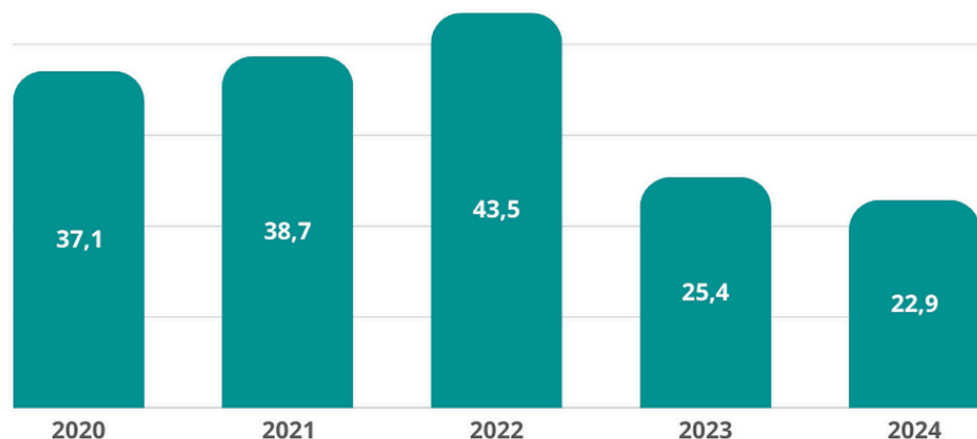


Fig. 6: Value (million PLN) of asphalt product imports – other than rolls, Poland. Source: PMR based on GUS (Central Statistical Office of Poland) data.

SANCTIONS DO NOT SOLVE THE PROBLEM

The recently introduced 8th package of economic sanctions against Russia (Council Regulation (EU) 2022/1904 of October 6, 2022) prohibits the direct or indirect import of goods listed in Annex XXI (including bituminous shingles and roofing felts) if they originate from or are exported from Russia. However, in the long term, sanctions do not solve the problems of Polish and European construction materials producers. The issue extends beyond just Russia, and sanctions are likely to be lifted sooner or later. Additionally, not all industries have been subjected to sanctions. Belarus, a close ally of Russia, is systematically strengthening its position in the wood products market and remains a key player in the glass market, with a 16.5% market share. Shockingly, the war years have been a period of intense growth in imports from Belarus.

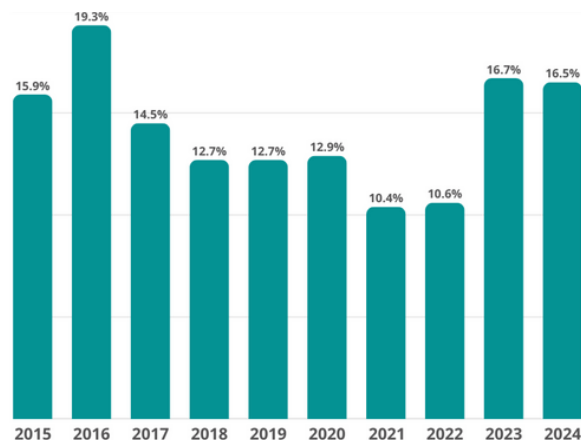


Fig. 7: Percentage share of Belarusian imports in total Polish glass imports. Source: PMR based on GUS (Central Statistical Office of Poland) data.

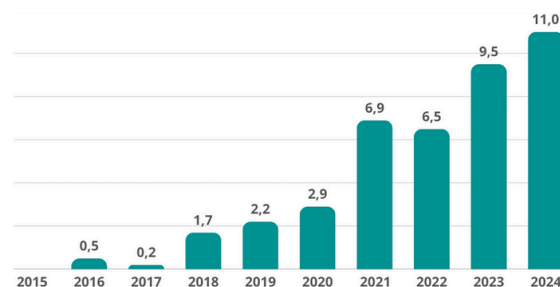


Fig. 8: Value (million PLN) of imports of glass sheets, plates, tiles, and blocks from Belarus to Poland. Source: PMR based on GUS (Central Statistical Office of Poland) data.

EASTERN IMPORTS ARE INCREASING

The issue of product imports is not limited to Russia and Belarus. Eastern manufacturers, free from EU-imposed restrictions, have dominated many key economic sectors essential for the construction industry in Poland. This is particularly true for imports from Ukraine, which have taken over the market for joinery products, cement, pig iron, spiegeleisen, as well as pipes and tubing. In all these market segments, the value of imports from Ukraine has at least doubled in recent years. Meanwhile, countries like Kazakhstan and China are also becoming increasingly active in these markets.

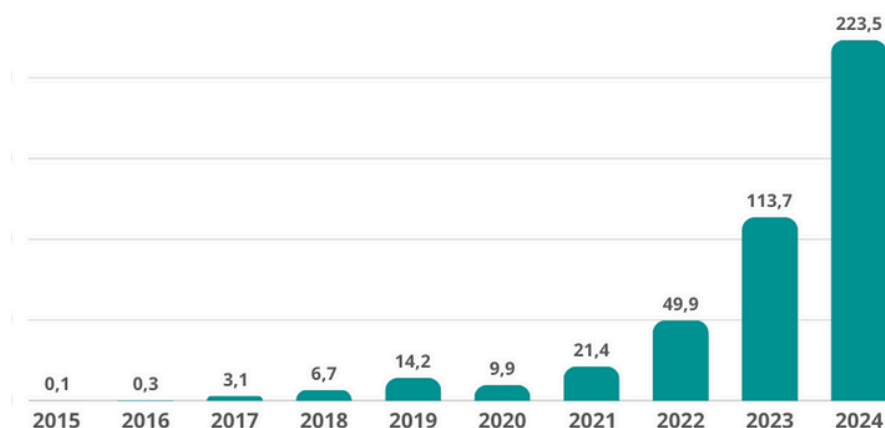


Fig. 9: Value (million PLN) of cement imports from Ukraine to Poland. Source: PMR based on GUS (Central Statistical Office of Poland) data.

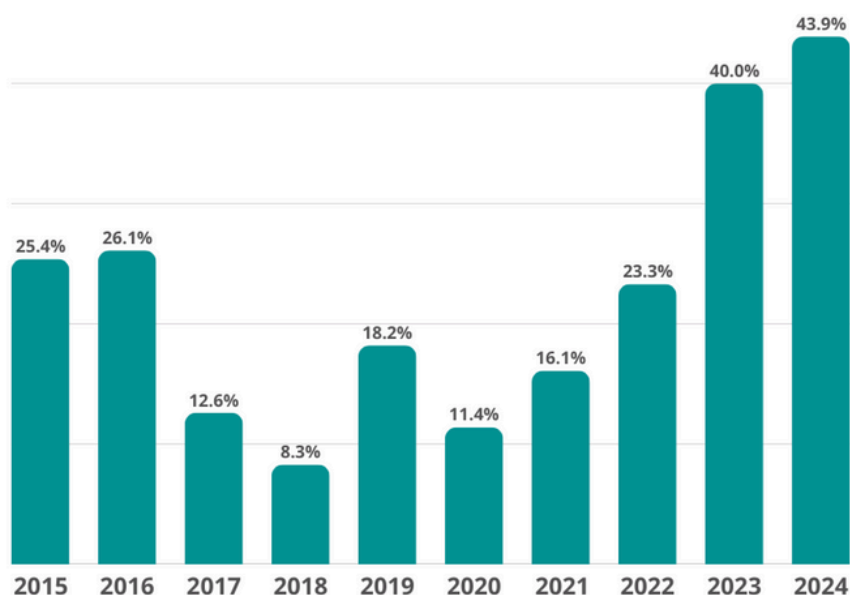


Fig. 10: Percentage share of Ukrainian imports in total Polish imports of pig iron and spiegeleisen. Source: PMR based on GUS (Central Statistical Office of Poland) data.

WE NEED FAIR LEGAL AND CUSTOMS SOLUTIONS

Policies that promote Eastern manufacturers, including unfavorable customs regulations, go against European interests, weaken the internal market, and contradict the EU's climate goals. The market requires regulations and fair provisions that do not favor manufacturers who minimize product costs at the expense of environmental sustainability. Otherwise, price dumping by Eastern producers could quickly eliminate domestic enterprises from the market. If the EU and member state governments fail to take concrete actions soon, Europe risks becoming dependent on Eastern construction materials manufacturers. This will undoubtedly weaken Europe's economic independence and, in the long run, deepen the construction industry's challenges, making it reliant on Eastern producers.

Expected Solutions

Initiatives that can effectively change the market situation include:

- **Restoring customs balance. Currently, EU import duties on bituminous products, including those from Russia and Belarus, are set at 0%, while EU exports are subject to a 12% duty.**
- **Introducing protective tariffs on bituminous products and semi-finished goods from outside the EU to limit their access to the European market.**
- **Applying EU Trade Defense Instruments (TDI), such as anti-dumping and countervailing duties, in response to the dumping prices of construction materials.**



THANK YOU



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