



## **The COVID 19 crisis: Impacts on the profession of Chartered Engineering Consultants - An outlook Mai 2021**

### **Current situation in Europe**

The economic situation in Europe has further suffered in recent months and the lockdowns in the second and third wave of the pandemic have had devastating economic consequences. For Chartered Engineering Consultants, who mostly operate as small and medium-sized enterprises the pandemic is a challenging situation, pending between the problems caused by the economic decrease, the lock-downs, the high number of infections and the ongoing need to finance the running costs for qualified employees, offices, software licences etc in order to be able to take up and continue their system relevant work whenever possible.

The last months have clearly shown that Chartered Engineers are a system relevant profession that has considerably contributed to keeping the European economy running and is still doing so. Overall, Chartered Engineers have been less affected by the crisis than other sectors and will remain an important economic factor in the recovery years. Nevertheless, there is a fear that contracts assignments might decrease as a consequence of the economic decrease once the COVID19 support measures will be finished.

**Therefore, in order to make full use of the economic potential of the sector and enhance the recovery process it will be essential**

- **to strengthen the public and commercial contracting authorities to ensure that there is no decrease of contract awards after the COVID 19 crisis and in the following years;**
- **to guarantee that permits and payment flows continue in and after the COVID 19 crisis;**
- **To further promote Green Deal projects as a mean to enforce the green transition and at the same time strengthen the (engineering) economy and**
- **to recognise the important economic role of Chartered Engineers in the recovery process of the EU economy and their role as reliable employers**

### **The Overview:**

#### **Chartered Engineering professions during the COVID 19 crisis:**

#### **Examples from ECEC member organisations**

- **AUSTRIA:** As building sites were only closed in the first lockdown, the effects of the crisis were not as hard as expected as regards Chartered Engineers. Nevertheless, there is a fear that there will be a decrease in assignments once the Corona support measures will finish.



- **BULGARIA:** Also, in Bulgaria Chartered Engineering companies were much less affected than other branches. Whole companies relying on EU or Government financing are expected to be affected during the coming period, smaller companies engaged in reconstruction and repair activities should not be affected that much.
- **CYPRUS:** The peak of the negative effects will become visible when projects which began or where ongoing before the pandemic are finishing. The fast and effective utilization of the Resilience and Recovery fund and the SURE fund (employment) implementation of “Renovation Wave for Europe - greening our buildings, creating jobs, improving lives” will be key to the in the next years to come.
- **CZECH REPUBLIC:** The Construction production is expected to decline depending on how the public sector will be willing and able to invest in further contracts. Counties and municipalities will very likely have to deal with significantly reduced revenues, which will logically lead to a sharp reduction in investment. The last three years before the crisis, the sector has grown year-on-year and fell 6.6 percent during 2020, mainly due to measures against the spread of coronavirus and by the end of October 2020, the value of public contracts awarded to construction companies had fallen by 2.5 percent year-on-year to CZK 175 billion.
- **GERMANY:** Although also in Germany the Corona crisis has hit engineering firms less hard than feared, there is also no reason to give the all-clear as more than a half of German engineering offices have declared that they were feeling the negative consequences of the corona pandemic. Nevertheless, their expectations as regards assignments and economic development have increased in a current survey compared to a survey done after the first wave of the pandemic.
- **HUNGARY:** The construction industry in Hungary depends on import of goods, especially in the field of equipment’s for building mechanical works. This caused a temporary shortage of goods and the industry slowed down. Immediately after the start of the crisis, and at the second wave also, in order to boost the building of private houses and reconstruction flats the Government ordered measures, such as to reduce the VAT from 27% to 5% in this field, special financial helps and soft loans for young people that helped SME’s working on this sector. Preparations of large projects, like construction of infrastructure etc. were not stopped so far, the big engineering companies can continue their work, mostly on home office basis. Nevertheless, there are some companies affected by the virus, which had to be closed, or forced to continue its activity with a limited performance.
- **ITALY:** For 2020 a reduction of 15% of the total turnover concerning the EAS (engineering and architectural services) (-1,2 billion Euro) was expected due to an estimated decrease of 13% out of total gross fixed investment in Italy in 2020. Official macroeconomic forecasts of the Italian Government (11/ 2020) estimated an increase around 8% of the investment in the building sector in 2021, meaning an increase of 10,7% of professional turnover, due to Government measures such as the super-bonus guarantee for energy and anti-seismic measures for which a stimulation of 10 Billion expenditures/investment in the building sector was expected. Measures will come to an end in December 2022, so it will be necessary to evaluate the situation again afterwards.



- **NORTH MACEDONIA:** Although some level of decrease in engineering work was visible in the months of March-July, the industry and the engineering profession seems to be picking up quite well again. So, no major disturbance in the engineering work is expected. As engineering design specs and submissions for building permit approvals can be done digitally, engineers are effectively able to work remotely.
- **POLAND:** Construction Engineers in Poland are in better situation than other professions. There are small disruptions but many investment projects follow the schedules. More than 20 billion are already planned for road construction investments.
- **PORTUGAL:** Despite the moment of great adversity caused by the COVID-19 pandemic, many Chartered Engineers continue to exercise their profession in both public and private institutions uninterrupted, enabling the construction sector, essential to the economy, to continue their activities.
- **SERBIA:** The crisis has hit engineering firms less than feared. Financial assistance has only been required by very few firms and building permits have remained approximately the same as the year before. Nevertheless, it will be important to ensure that there is no decrease in building and infrastructure projects.
- **SLOVAKIA:** There was a market and income decrease of several percent, but there is a slight increase expected after the crisis.
- **SLOVENIA:** Also, in Slovenia the crisis did not hit engineering firms significantly so far, mostly because of stock of projects, that started before crisis and because of new infrastructure projects as public investments. A segment that almost stopped is building touristic and catering capabilities and there is some fear among engineers that reduction of projects will come with delay, since Corona crisis is hitting other segments harder and harder and it is expected that funds for investing will reduce. So, the development will very much depend on investments in building and infrastructure.
- **SPAIN:** During the first wave in 2020 the activity had an important decrease, 25% of investments were lost in the first month (April), but after summer the economy was back to in the pre-covid figures. Currently, it is necessary is to invest in projects but also in knowledge, development and digital transformation, STEM vocations, in order to strengthen presence of engineers who drive the economy and industry to get out of this crisis.
- **UKRAINE:** The Construction sector was much less hit than most other sectors. Nevertheless, the main part of the Ukrainian construction sector is housing construction with individuals as investors and because of evident financial problems the rate of housing construction is much lower now. Business support is much lower than in EU countries. The forecast is not very optimistic, but for the second half of 2021 recovery is expected.