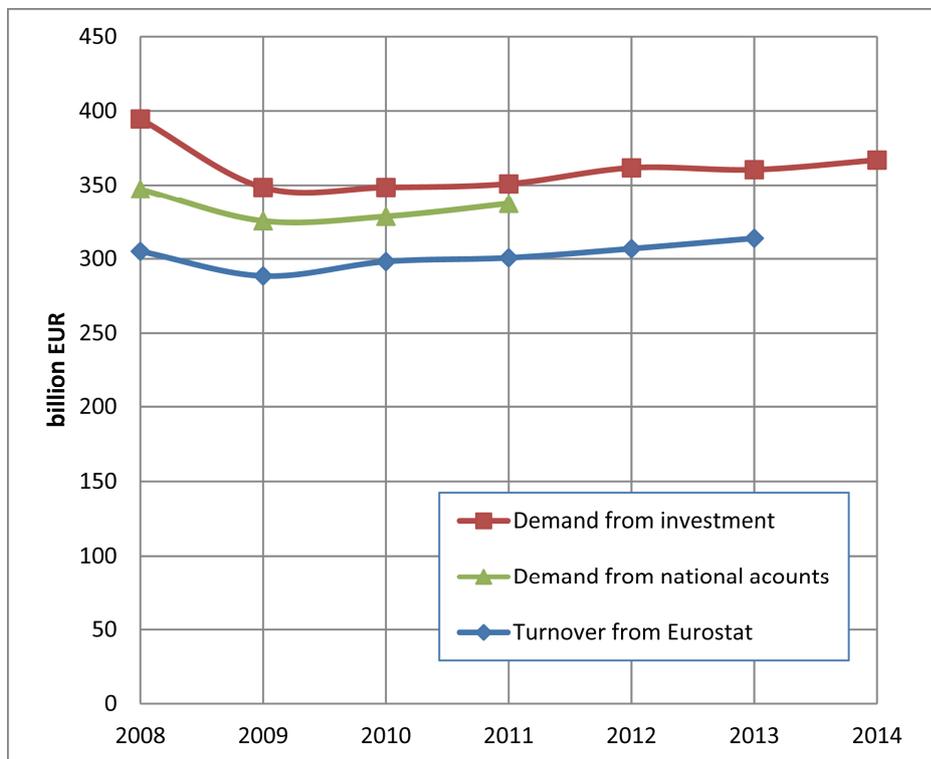


A 2% increase in demand expected for 2014

The 2012 FIDIC-EFCA Consulting Engineering Industry Survey indicated that a sharp fall in the European Union’s domestic demand for the industry’s services had most likely been reversed in 2010 by a small (1-3% per annum) increase.

On the one hand, a demand (or use) of bEUR 325 for 2010 was obtained using Supply-Use Tables published by Eurostat. Since 2009, the tables follow the new UN *System of National Accounts* and allow consulting engineering services to be separated out. These services are classified in four areas namely architecture and engineering services, research and development for engineering, test drilling, and special engineering design services with turnovers of 87, 10, 2, and 1% respectively, of the total consulting engineering industry turnover (bEUR 288 in 2010, from the Eurostat *Structural Business Statistics* database).

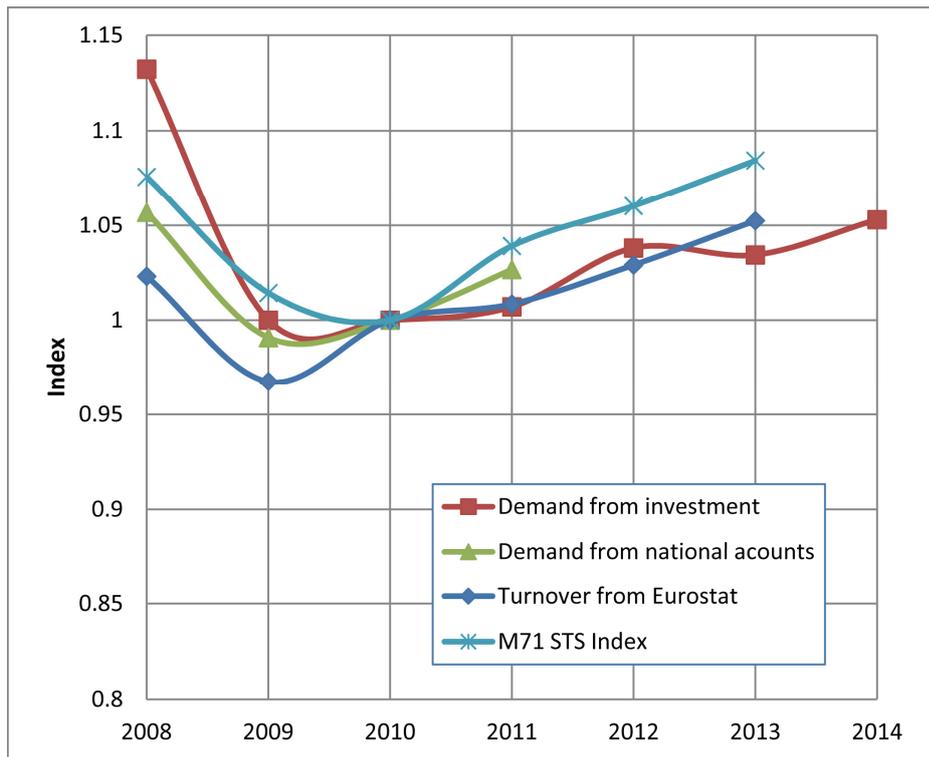
As an alternative, the demand was estimated from the investments made in the main asset groups covered by national accounts. In the EU in 2010 it amounted to 12% of the investment requiring consulting engineering services, with services arising from investments in construction, both new build and maintenance and renovation, plant and equipment, own-account in-house design, R&D, and weapon systems (accounting in 2010 for 80, 14, 3, 2, and 1% respectively, of the total demand of bEUR 349).



The first figure confirms that 2010 marked the start of a 2.0% per annum increase in consulting engineering industry turnover. Moreover, the demand estimated either from the Eurostat national accounts’ Supply-Use Tables (tables for 2008 to 2011 are now available) or

from investments mirrored the turnover. The two estimates of the demand obtained using the very different approaches agree within the error limits and are converging with time (see figure) as the national accounts data become more accurate. The main advantage of the investment approach is that it can be used to estimate the demand for services in the many countries outside the EU that do not yet publish a full set of national accounts.

The demand has been increasing at an average of 1.5% per annum since 2010 and is larger than the turnover owing to adjustments made in company accounts and the fact that the demand includes in-house own-account production.



As a final check, the second figure plots the Eurostat *Short-Term Business Statistics* (STS) index for services classified under architecture and engineering services and technical testing (Division M71 of the EU *Classification of Products by Activity*). Consulting engineering services make up 80% of the index so it is a good proxy for industry trends. It can be seen that the index started to increase at an average of 2.4% per annum in 2010, somewhat more than the indices for the consulting engineering industry demand and turnover. This perhaps indicates that growth in architecture and engineering services was more vigorous than for the other types of consulting engineering services.

18 February 2014

Further information:

Peter Boswell

- Email: peter@peterboswell.com

- Website: survey.peterboswell.net