

**UNLEASHING  
THE EUROPEAN  
ECONOMY**



**Opportunities from a turbulent world**

*Insights from the 2024/25 EIB Investment Report*

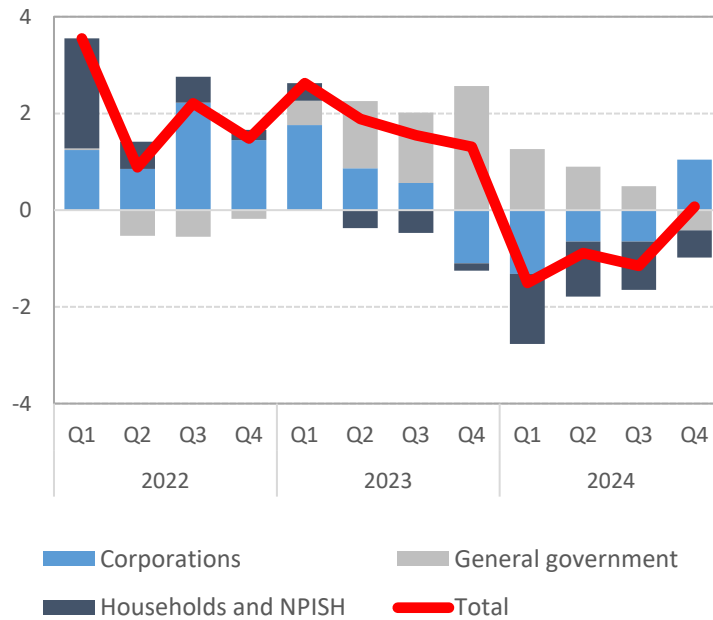
*Laurent Maurin, HoD Economic Studies Division*

**OFCE, 23 May 2025**

# Signs that investment, supported by a strong policy focus, has picked up slightly recently. But sustained increased are based on comprehensive policy packages

## Investment has picked up, supported by firms

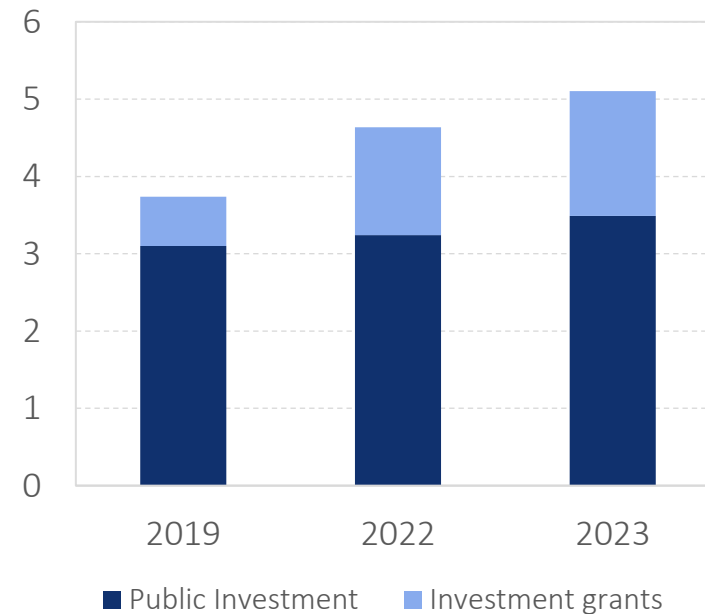
Year-on-year growth in real investment by sector (%)



Source: EIB staff calculations based on Eurostat.  
Note: EU without Ireland. Real gross fixed capital formation by sector, deflated using total investment deflator.

## Public investment and subsidies have accelerated over the past years

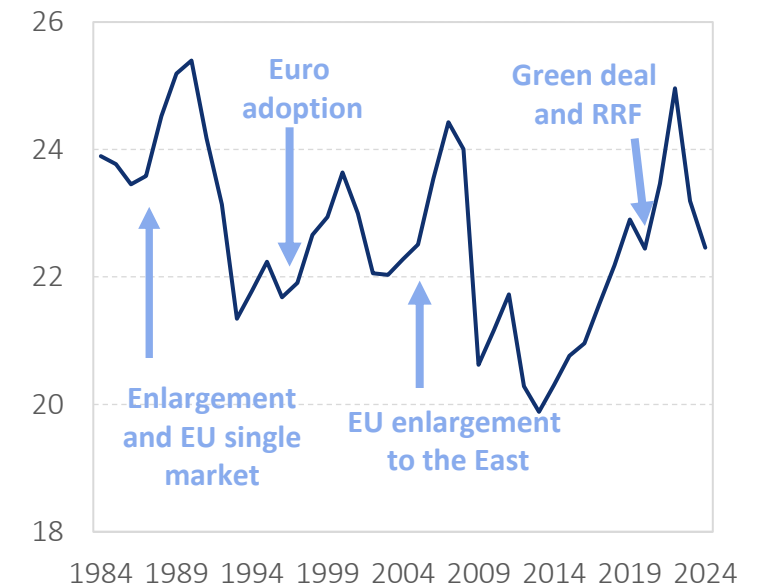
EU government investment and investment subsidies (% GDP)



Source: EIB staff calculations based on Eurostat national accounts.  
Note: By the general government.

## Investment accelerations have been associated to opening opportunities

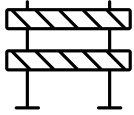
Investment intensity (% of GDP)



Source: EIB staff calculations based on IMF WEO October 2024.  
Note: The figure shows the current investment intensity (i.e., gross fixed capital formation as a share of GDP)

# This is what simplification and integration do: they create business opportunities and investment

## BARRIERS



Removing one barrier increases sector output by 3.3 pp. over a four-year period. At firm level, the best firms are the most constrained.

## COST OF BUREAUCRACY



EU firms spend 1.8% of turnover on staff employed only to deal with regulatory requirements. SMEs 2.5%.

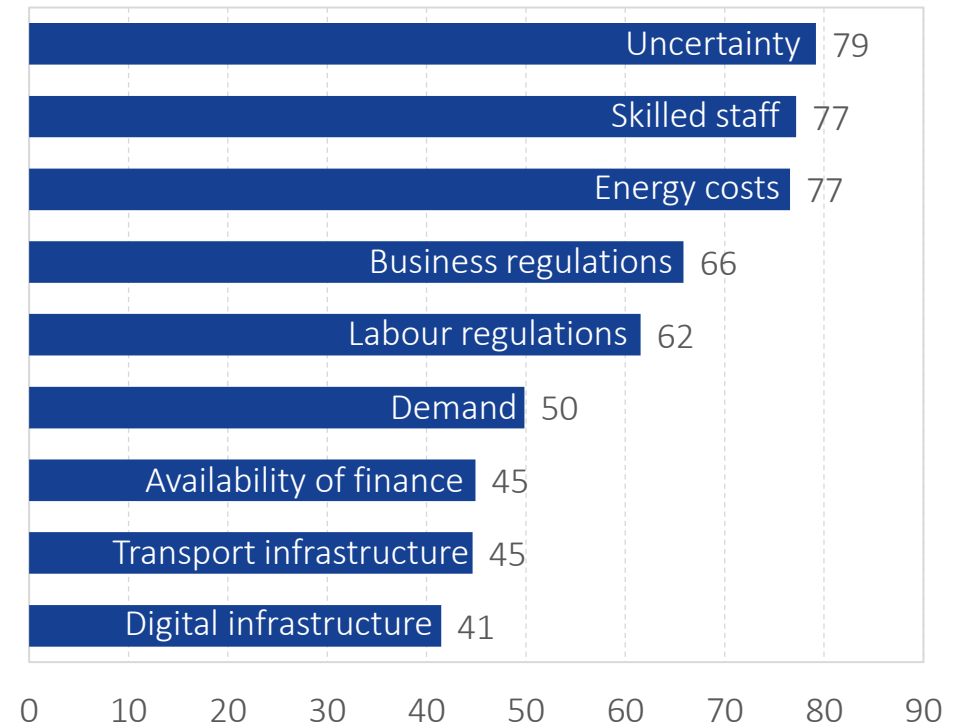
## SINGLE MARKET FRICTIONS



60% of EU exporters and 74% of innovators deal with different standards and consumer protection rules

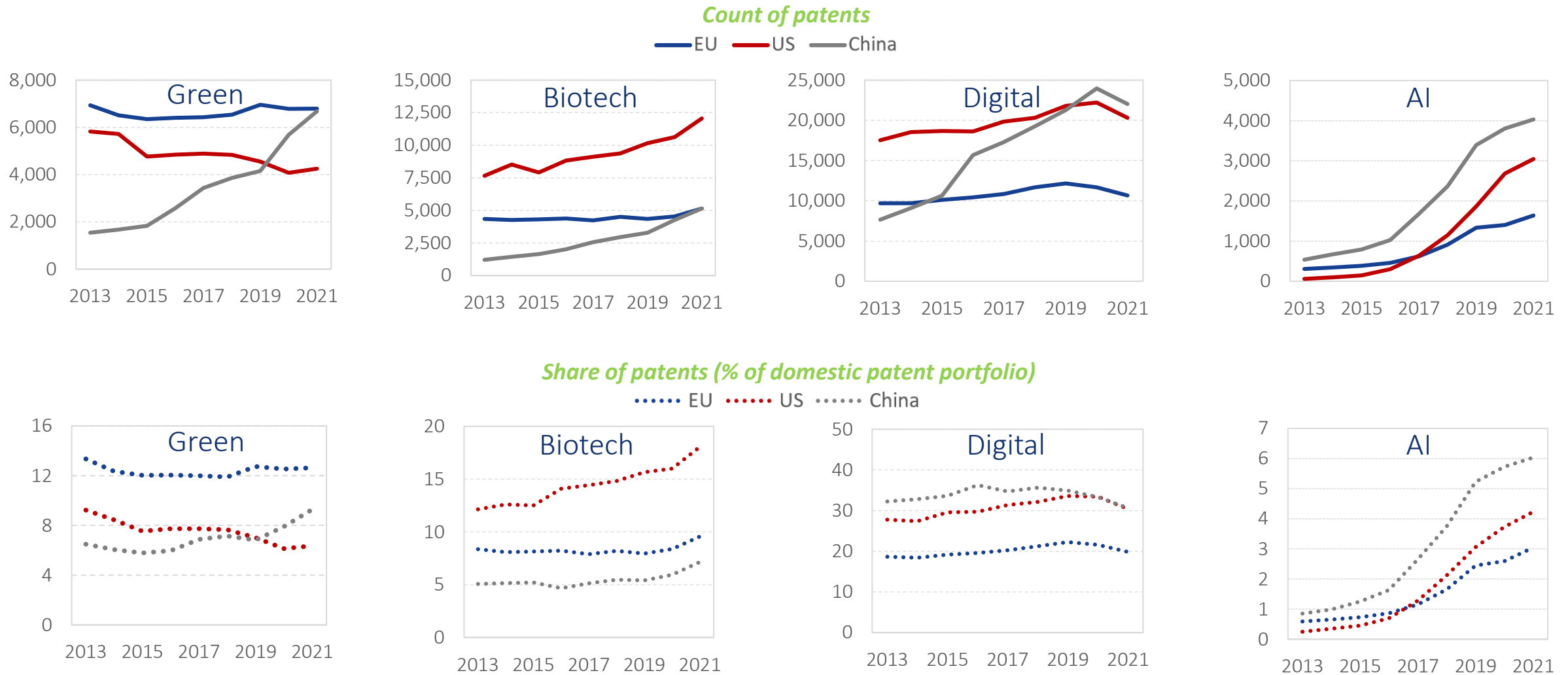
## Uncertainty, skills and energy costs remain key barriers to firms' investment

Investment obstacles in the EU (% of firms)



Source: EIBIS 2024.

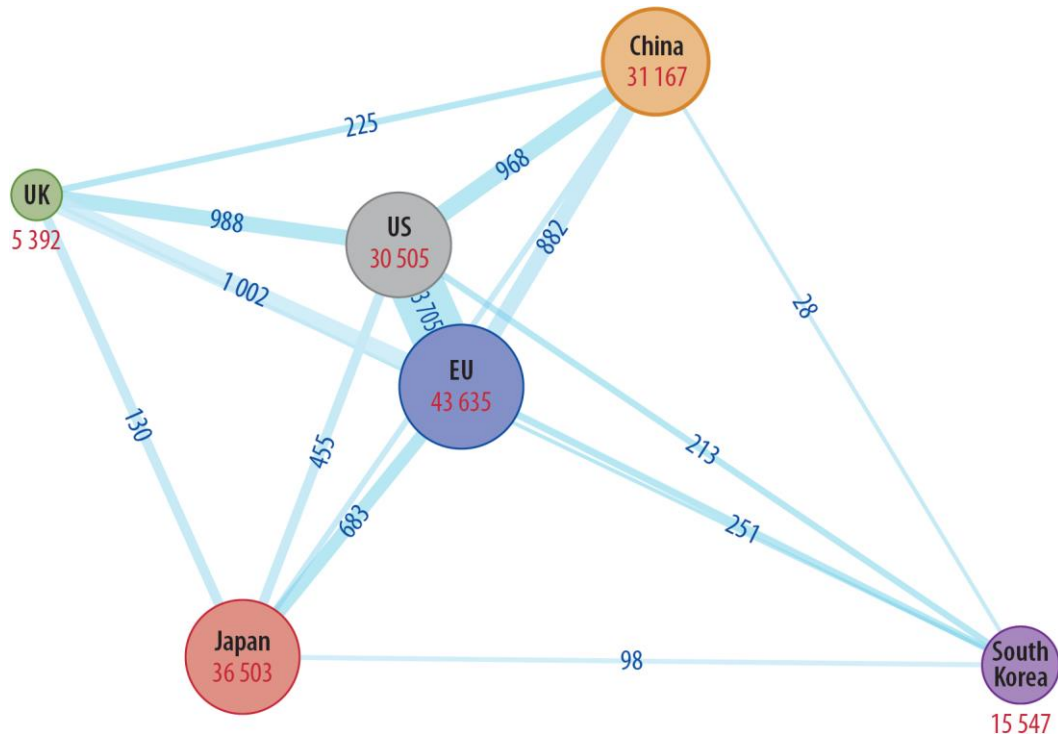
# This is much needed to foster innovation as the EU lags in digital technologies, creating potential dependencies



# Indeed, the example of the green transition show how comprehensive policy package works. The EU is benefiting from its green leadership

## The EU is a central node in green technology collaboration networks

Number of green tech patents and co-patenting by country/region

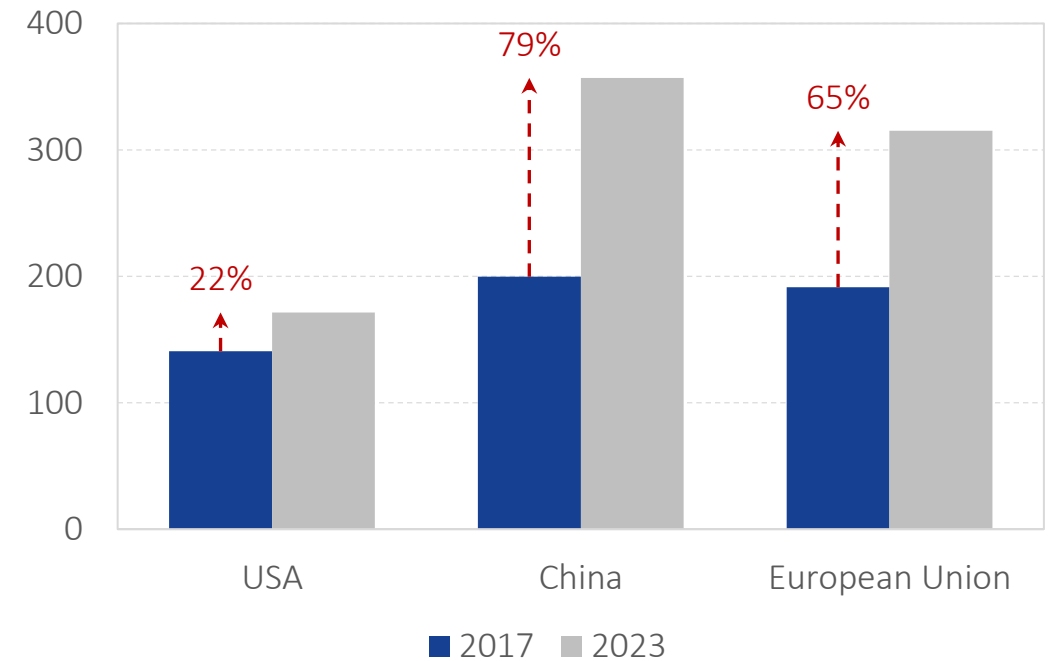


Source: PCT patents (PATSTAT), calculated by ECOOM, KU Leuven.

Note: Each circle (or node) represents a country or region. The size of the node is proportional to the number of patents for the country / region (red number within the nodes). The lines connecting the nodes ('edges') represent co-patenting links between the countries or regions. The edge labels denote the number of co-patent applications between the connected countries or regions.

## The EU is exploiting the green goods export market growth

Exports of green goods (bn EUR)

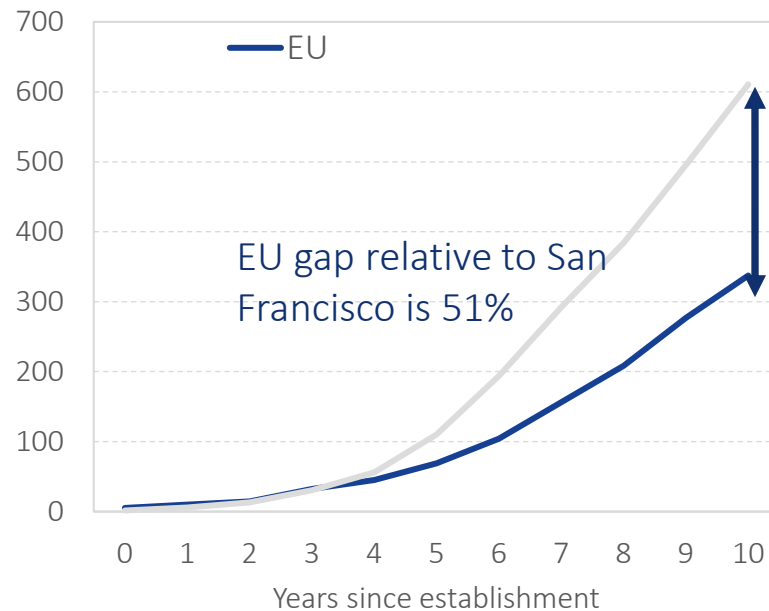


Source: EIB staff calculations based on UN Comtrade data, IMF classification of low carbon technology and environmental goods (HS 6 digits) and Eurostat PRODCOM (2024).

# Financial integration is key to bring household savings towards innovation finance across Europe and provide equity finance for innovative firms

## EU scale-up firms raise less capital than peers in San Francisco

Cumulative capital raised since establishment by scale-ups (average, mn USD)

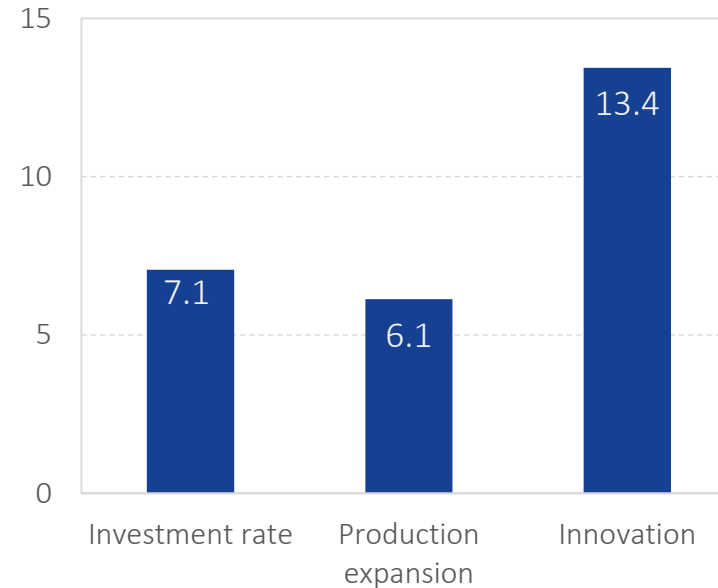


Source: Fratto et al. (2024) based on PitchBook Data, Inc.

Note: The sample consists of companies that between 2013 and 2023 had market valuation between USD 500mn and 10bn.

## Equity issuance, key enabler of firm investment, growth and innovation

Estimated impact of equity issuance on firm's investment, growth and innovation (pp.)

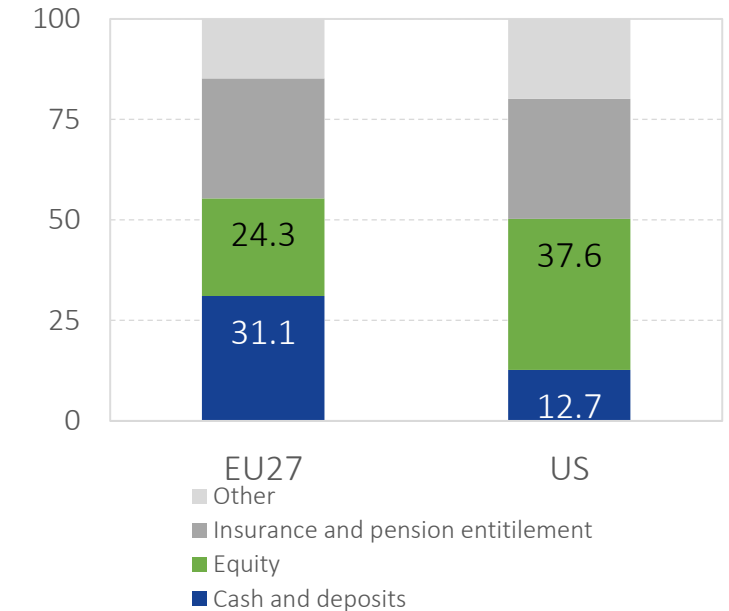


Source: Betz, Pál, Sapir, & Tran, forthcoming, based on EIBIS-ORBIS 2016-2023 sample

Note: Investment rate is the average net investment rate in the 3 years ahead. Intangible investment is the rate over total assets.

## Households' savings need more opportunities for returns

Household financial assets (% of total fin. assets)



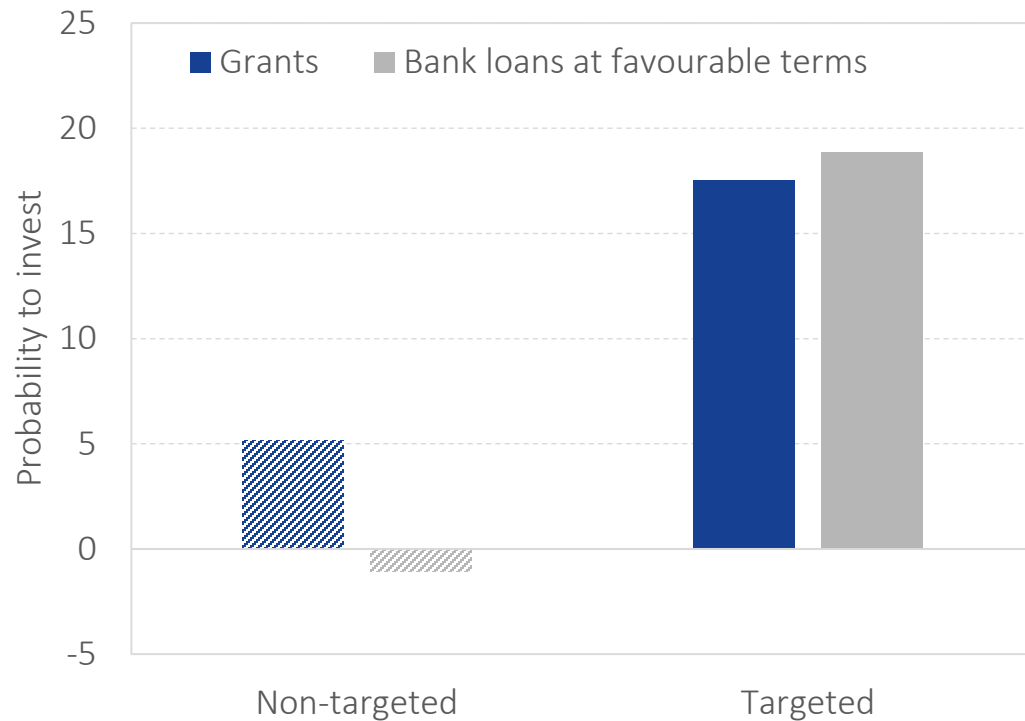
Source: EIB staff calculations based on Bloomberg, EIOPA, Eurostat, FRED and IMF.

Note: Household financial assets computed as the average over 2018-2023. EU equity exposures are an average over 2017Q4-2023Q4.

# Direct public support is more effective when targeted and European

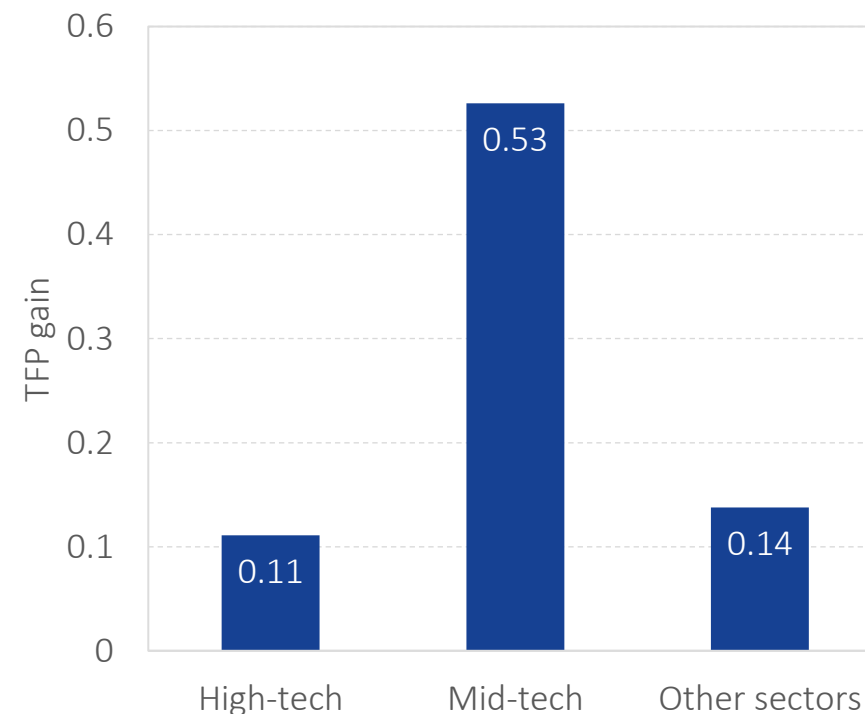
## Firms are more likely to invest in policy objectives when support is **targeted**

Impact of targeted vs. non-targeted support on probability to invest (pp.), *for energy efficiency but the same holds for innovation and cleantech*



## EU instruments are less distortionary

Estimated productivity gain from coordinating policy support compared to current situation (pp.)



The current turbulences can become an opportunity for the EU

In this context, it becomes even more pressing for the EU:

To unlock business opportunities through **market integration** and **simplification**

To reduce **tech dependencies** with specific **policies for innovation finance**

To continue **leveraging** on European strengths and its **green leadership**

To better coordinate **policy support and policies** to maximise the impact of available resources!

