

EIB Investment Report 2019: Uncertainty weighing on EU firm investment



(% net balance, % of firms expecting improvement minus % expecting deterioration)

Source: EIB Investment Survey 2019

EU climate investment not on track

The EIB Investment Report shows that, although substantial progress has been made, climate action investment in the EU is not yet on track. To achieve a net zero-carbon economy by 2050, the EU must raise total investment in its energy system and related infrastructure from 2% to 3% of GDP on average.

The European Union invested EUR 158 billion in climate change mitigation in 2018. At 1.2% of GDP, this is now marginally less than the United States (1.3%) and little over a third of China's performance (3.3% of GDP).

While the United States leads in climate-related R&D spending, China has recently quadrupled its spending, overtaking the EU. Europe's weak performance in climate-related R&D is a threat to its competitiveness, given the importance that still-immature technologies will have in the transition.

Slow adoption of digital technologies

The adoption of digital technologies in Europe is slow, with a growing digital divide among firms. Digital firms tend to invest more, innovate more and grow faster, enjoying first-mover advantage. However, only 58% of firms in Europe are digital compared to 69% in the US, with a particularly strong gap in the service sector (40% vs 61%). 30% of older (more than 10 years old) smaller and medium-sized companies in Europe are persistently non-digital.

Background information

The annual EIB Investment Report

The EIB annual report on Investment and Investment Finance is a product of the EIB Economics Department, providing a comprehensive overview of the developments and drivers of investment and its finance in the European Union. It combines an analysis and understanding of key market trends – in investment, infrastructure, innovation and climate change mitigation – with a more in-depth thematic focus, which this year is devoted to business dynamism and transformation, including an analysis of the start-up and scale-up process, business productivity and polarisation, as well as skills gaps. The report draws extensively on the results of the annual EIB Investment Survey (EIBIS). It complements internal EIB analysis with contributions from leading experts in the field. [EIB Investment Report 2019/2020](#)

The EIB Economics Department

The EIB Economics Department provides economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.