

# New EIB report: Boosting Investments in European digital ventures to unleash the full potential of 5G



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- Study makes recommendations for more ambitious 5G investment in Europe
- European ventures developing 5G-related applications and business models are facing significant public and private sector financing shortfalls
- Investment in 5G is higher in the United States and Asia than in Europe

The accelerating rollout of 5G infrastructure has become a key battleground in a broader struggle for control over the industries of the future. At the same time, the race to build 5G networks and reap the significant benefits that they offer to all economic actors has gained urgency in light to the intensified digitalisation triggered by the global COVID-19 pandemic. Europe, however, is in danger of falling behind its global competitors.

In this context, a new study by the European Investment Bank (EIB) and the European Commission (under their joint [InnovFin Advisory](#) programme) highlights that Europe needs to significantly increase investment in innovative 5G digital ventures to unleash the full potential of 5G innovations. It is the first comprehensive analysis of the EU's readiness to finance the large-scale technological, industrial and innovation transition arising from 5G technology.

**Read the full study: [Accelerating the 5G transition in Europe – How to boost investments in transformative 5G solutions](#)**

Read the executive summary [here](#)

The picture that emerges is one of a significant funding gap between Europe and the United States in terms of venture capital funding for the 5G innovation ecosystem of between €4.6 billion and €6.6 billion annually. This investment gap represents a major challenge for the rapid evolution of 5G in Europe, which runs the risk of being left behind in the race for 5G leadership, in the uncertain context of recovery from the pandemic.

5G innovation is a key driver for fostering European competitiveness, innovation and economic growth while securing Europe's strategic digital autonomy. It is therefore critically important for Europe to significantly increase investment in the 5G innovations and digital innovations ecosystem in order to maintain a strong position in the global 5G technology race. The study suggests that increasing equity investments in both the early and growth stages of digital startups will be key to further developing and adopting 5G technologies.

"Smaller businesses in particular will benefit from transition to 5G technology. We need to tap into the agility and creativity of smaller ventures, to make sure Europe doesn't miss out on the vast possibilities and new growth pathways 5G has to offer," said [Teresa Czerwińska](#), **EIB Vice-President responsible for Innovation and the Digital Economy**. "As the international financial institution with the largest digitalisation portfolio, the EIB Group stands ready to work closely with all stakeholders to provide the capital and advice needed to help the EU realise the full potential of 5G innovations."

The empirical evidence from the study demonstrates the challenge of supporting the scaling-up of leading innovators and ensuring that they can grow in Europe. One key recommendation is to allocate sufficient public capital through both national budgets and the EU programmes, such as the Recovery and Resiliency Fund and InvestEU, to the 5G ecosystem to catalyse additional private sector investment. Public sector investments will be most effective if supported by a shared single market strategy, promoting homogeneity and standardisation across the continent.

An EU-level 5G financing strategy should aim to maximise synergies between the substantial investments on the supply side and the demand-side investments in new services and solutions triggered by 5G connectivity. Finally, the study shows a lack of awareness among SMEs and startups regarding the available financing options for 5G ventures in Europe. The European Commission will now review the results and recommendations when considering future steps to address the challenges identified and to create opportunities for venture capital for 5G in Europe.