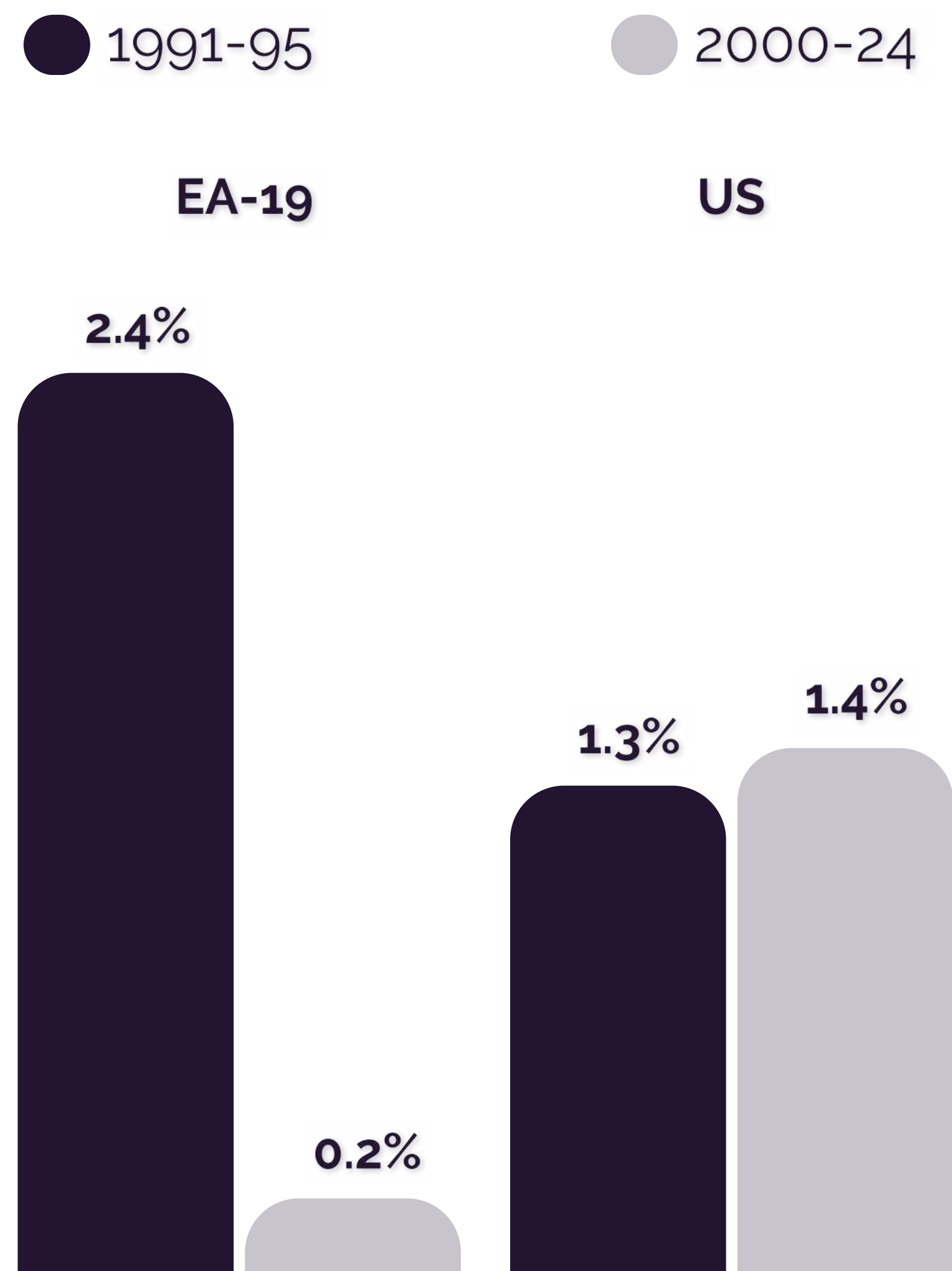
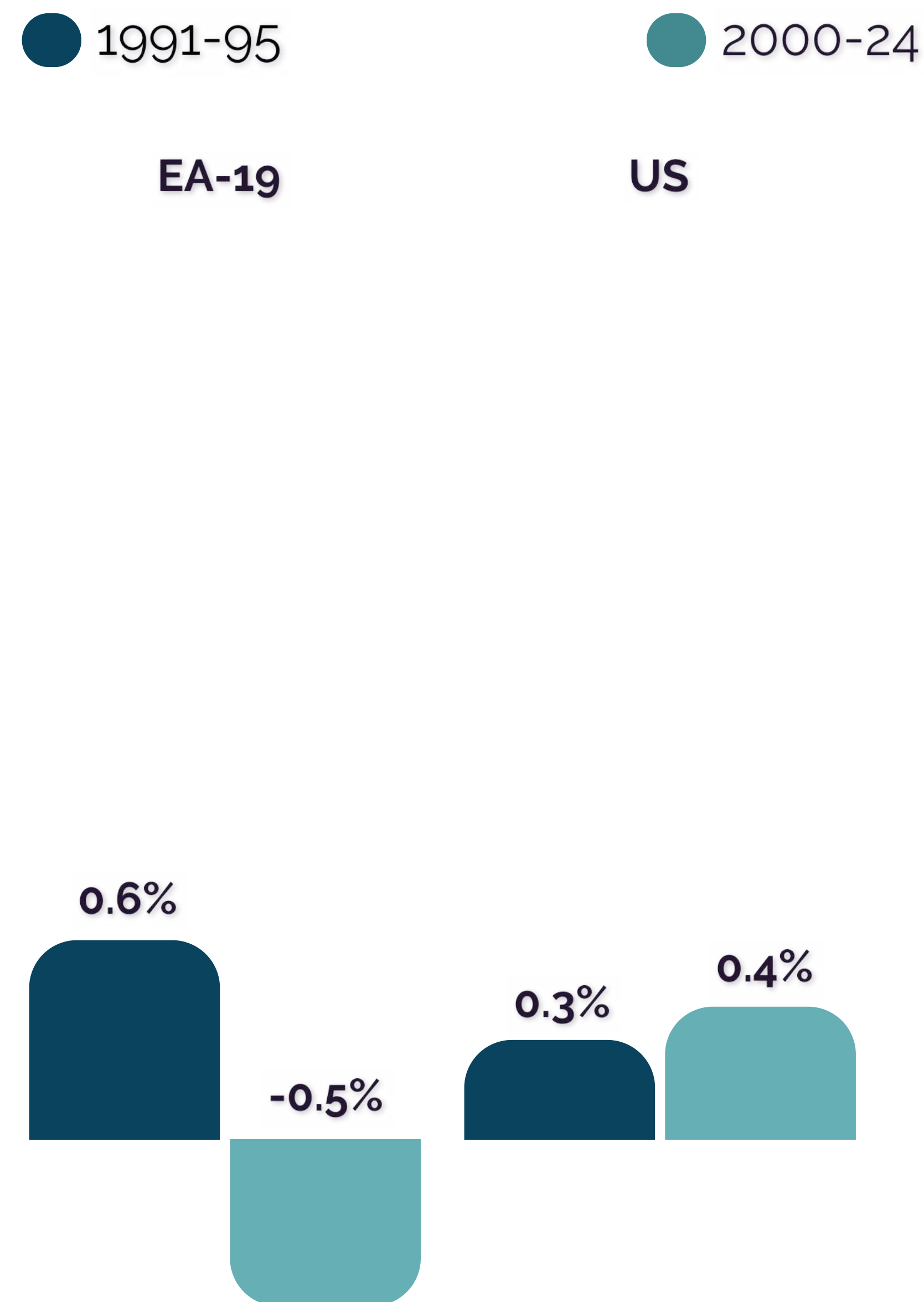


KEEPING UP WITH THE US: Why Europe's Productivity Is Falling Behind

Labour Productivity Growth



Total Factors Productivity Growth



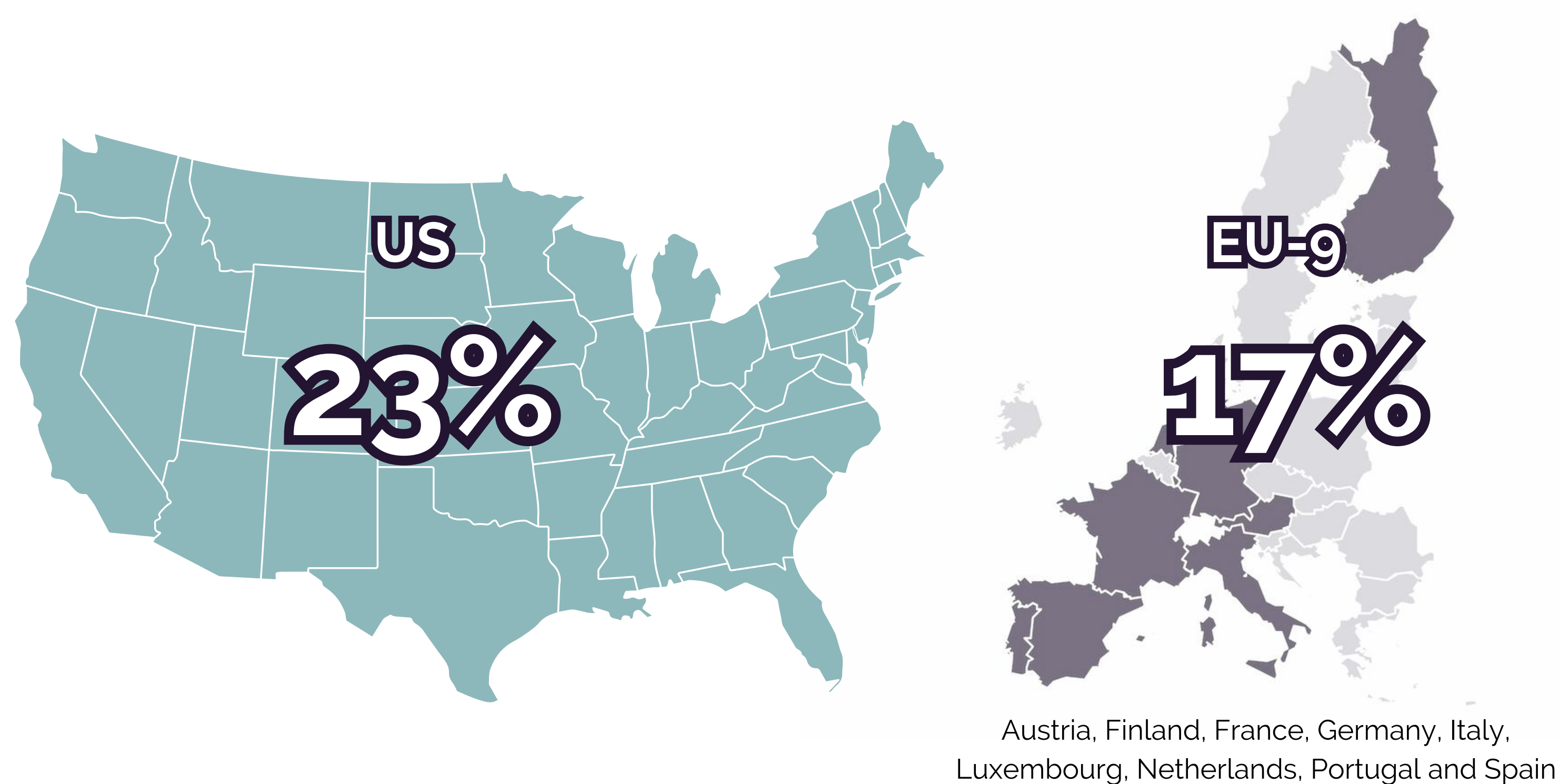
Labour productivity is a key component for long term output growth, competitiveness, and wages.

Output per hour worked in dollars

	EA-19	US
1990	\$53	\$53
2023	\$76	\$87

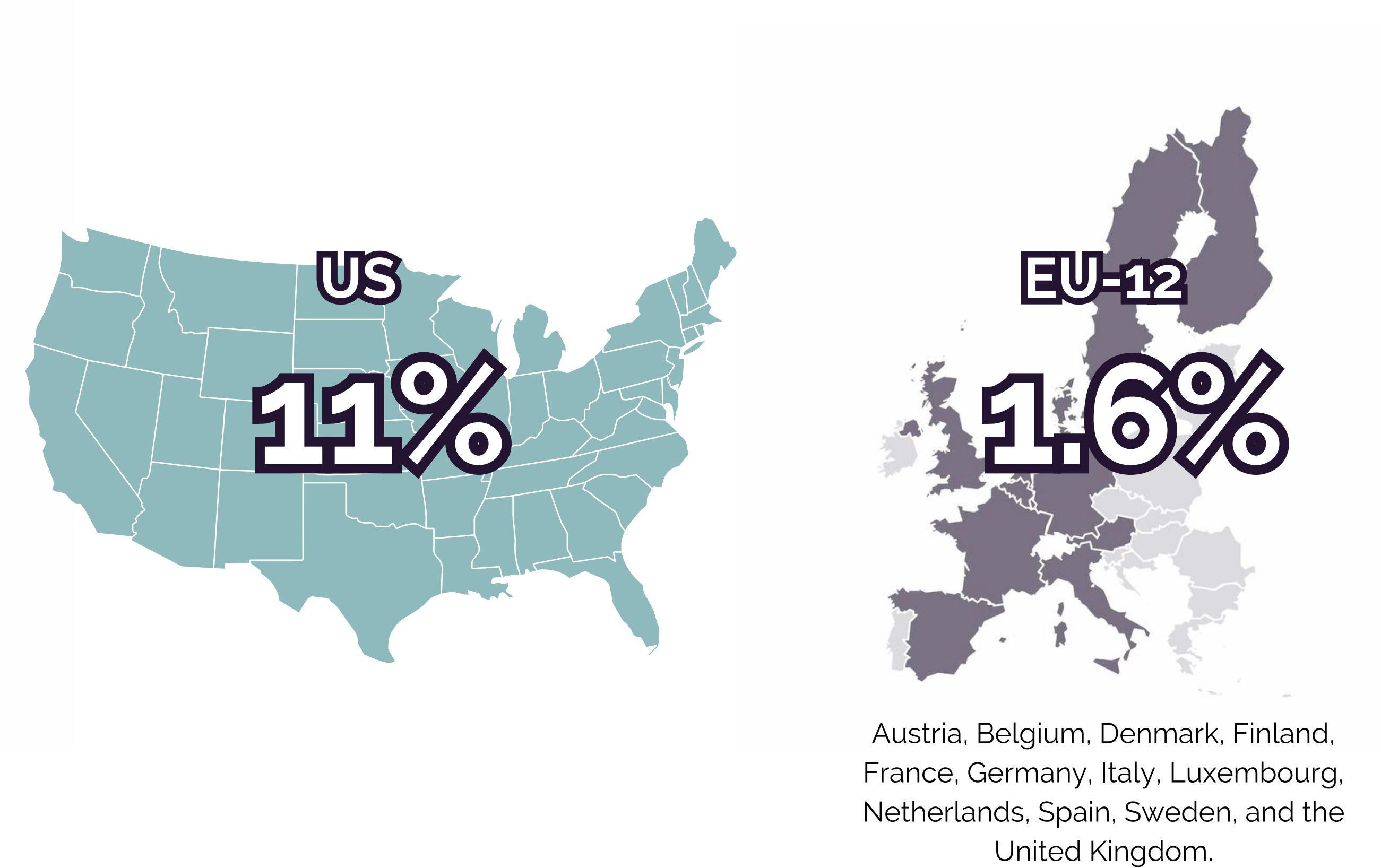
Share of intangible investments as a share of Gross Value Added (2020)

Intangible capital matters for Total Factor Productivity growth.



Contribution of ICT services to value added growth (2019)

ICT services are central to modern economies.



INWARD AND OUTWARD FDI ARE ON DECLINING TREND IN THE EU, suggesting a loss of attractiveness of the European market to foreign investments.



THE EU IS LESS DYNAMIC SINCE 2008: jobs and capital are not allocated to the most efficient firms.



1. Boost the EU R&D spending (4-5% of GDP by 2040).
2. Invest more in intangible assets & ICT infrastructure.
3. Make the EU the most competitive market globally.