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

### Labour Productivity Growth
- **EA-19:**
  - 1991-95: 2.4%
  - 2000-24: 0.2%
- **US:**
  - 1991-95: 1.3%
  - 2000-24: 1.4%

### Total Factors Productivity Growth
- **EA-19:**
  - 1991-95: 0.6%
  - 2000-24: -0.5%
- **US:**
  - 1991-95: 0.3%
  - 2000-24: 0.4%

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

### Output per hour worked in dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>EA-19</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$53</td>
<td>$53</td>
</tr>
<tr>
<td>2023</td>
<td>$76</td>
<td>$87</td>
</tr>
</tbody>
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### 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.