



Doing business in Europe

Chasing competitiveness & resilience in uncertain times

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Overview

1

What is going wrong

The new & different challenges we face

2

What is going right

Reasons for hope & Europe's secret powers

3

What we can do better

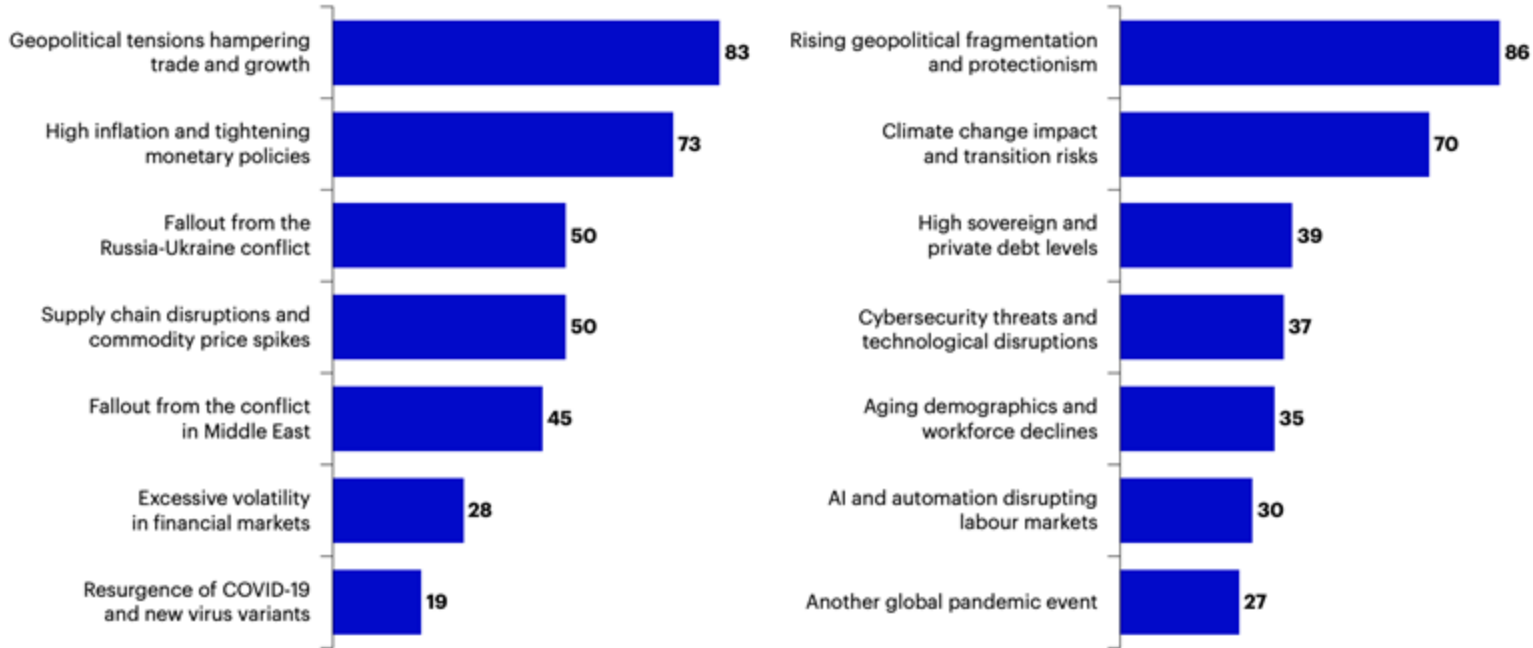
What we can do to maintain or improve resilience & competitiveness



Geopolitical risk at the forefront

From US elections to armed conflicts - preventing action on climate change

Risks to global economic growth in next year (LHS) and next 10 years (RHS) (% citations, CBs and SWFs)



Productivity crisis & lack of investment

Europe's struggles with competitiveness

Draghi to MEPs: “Europe faces a choice between exit, paralysis, or integration”


Press Releases PLENARY SESSION 17-

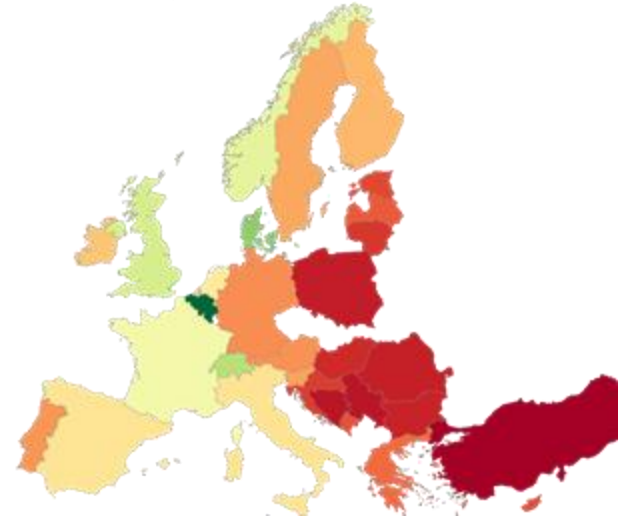
Europe's new normal: High energy bills, fading industry and one chance to fix it



Mario Draghi addresses plenary about the report he authored on boosting Europe's competitiveness © European Union 2024 - EP

Median wealth per adult

€  5212 121,284.5 237,357



Source : Global Wealth Databook 2023

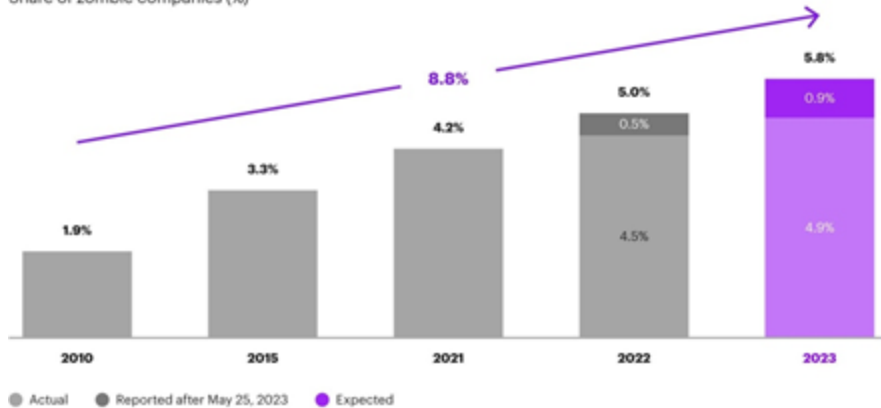
Zombie companies & shadow economy

Where the issues hide

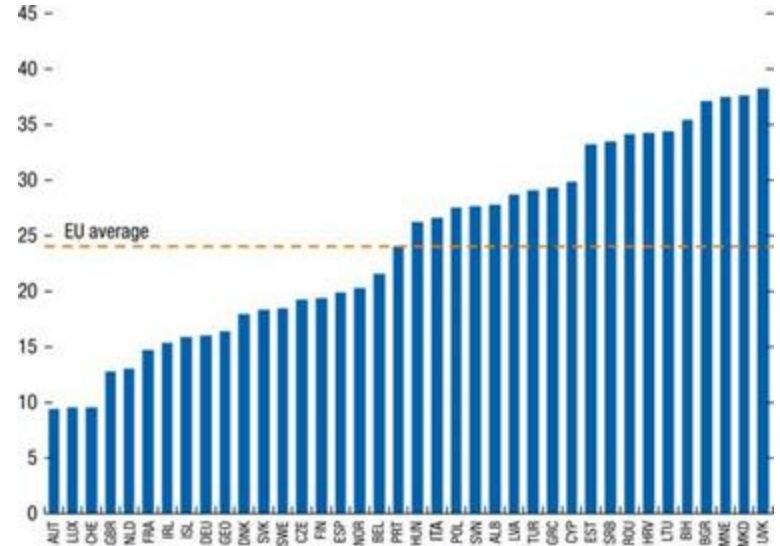
The number of zombie companies worldwide increased at an annual growth rate of 9% between 2010 and 2023

Development worldwide

Share of zombie companies (%)



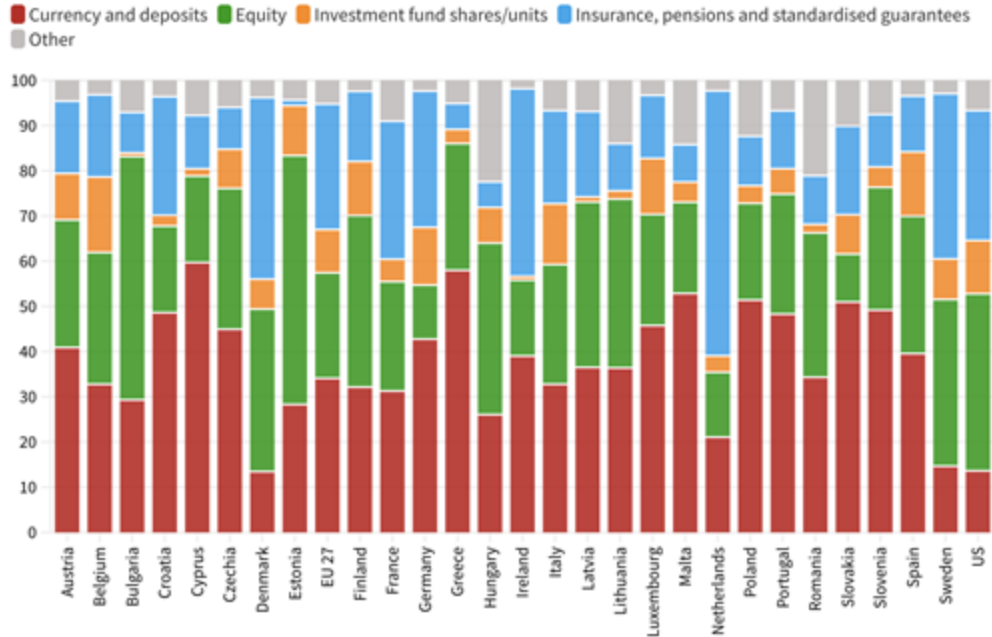
Sources: Capital IQ; Kearney analysis



Sources: IMF, The Global Informal Workforce: Priorities for Inclusive Growth

There is money in the EU (and developed markets)

Financial assets of households by type of asset, percent, 2022



Source: Bruegel based on Eurostat and OECD. Note: Other consists of monetary gold and special drawing rights, loans, debt securities, financial derivatives and employee stock options and other accounts receivable/payable. * households and non-profit institutions serving households.

2023 FDI by International Region

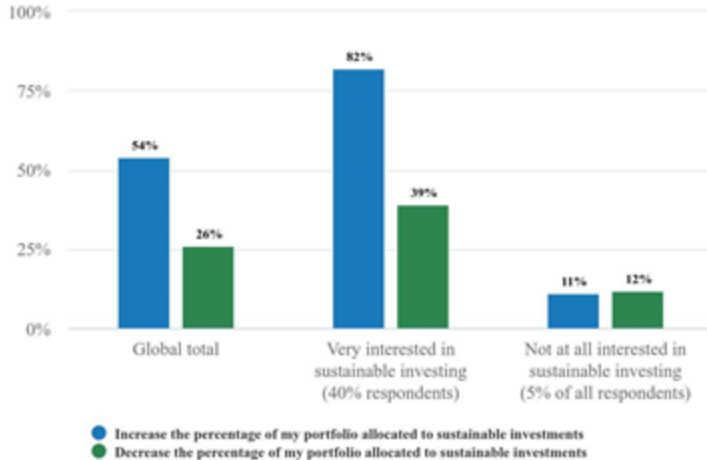
Rank	Region	Jobs	Cases	Average Jobs/Case	% of Total Jobs
1	Asia	56,060	206	273	42%
2	Western Europe	53,826	248	217	41%
3	North America (Canada and Mexico)	12,458	57	219	9%
4	Australia/Oceania	4,392	20	225	3%
5	Eastern Europe	1,560	8	208	1%
6	Middle East	1,350	18	75	1%
7	South/Central America	1,200	3	400	1%
8	Africa	1,148	20	59	1%

Green is the new greed

Investors seek “green” or sustainable investment opportunities

200%

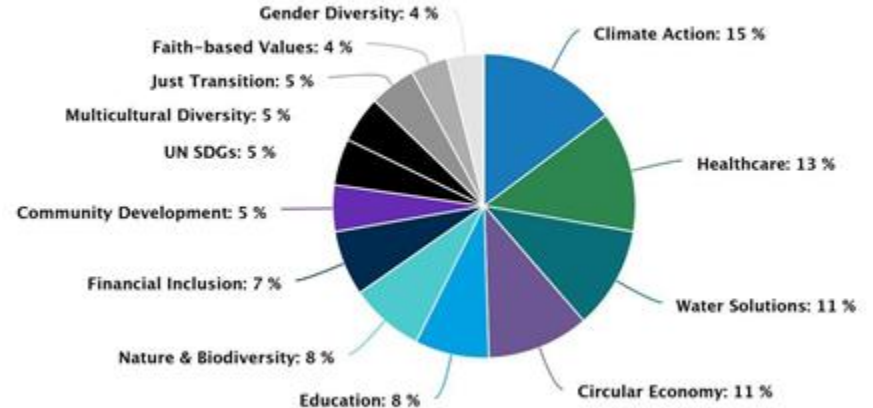
Growth of ESG assets in the US over the last 10 years



Retail sales growth, US, CAGR 2018–22, %

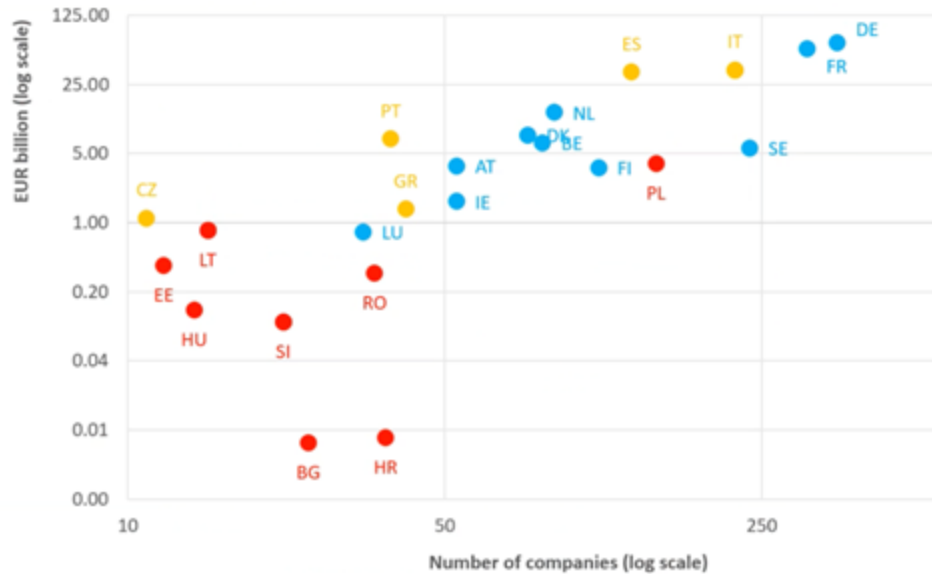
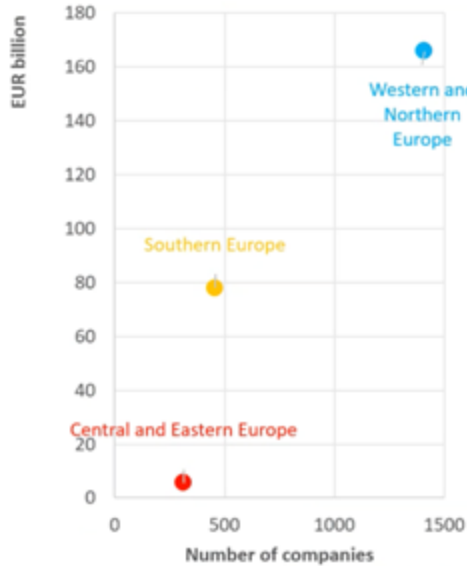


Environmental, social, and governance.
Source: NielsenIQ



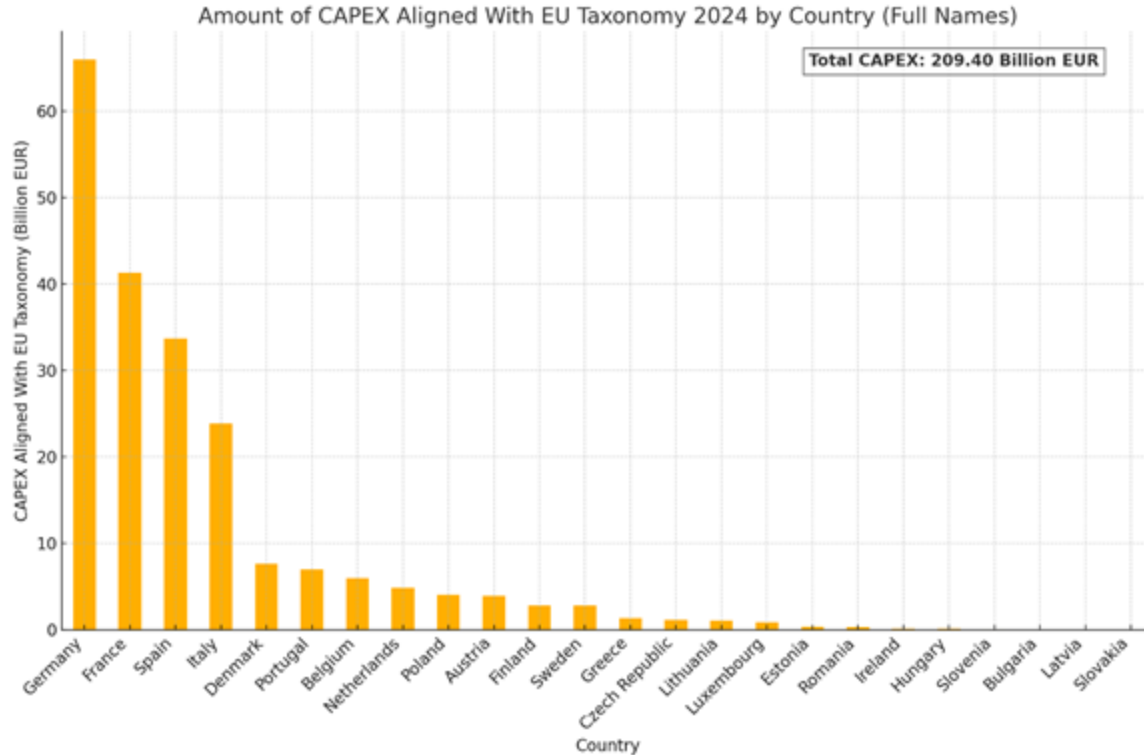
Companies in Europe: dominance of West Europe

Two-thirds of companies account for 2/3 or Taxonomy-aligned CapEx



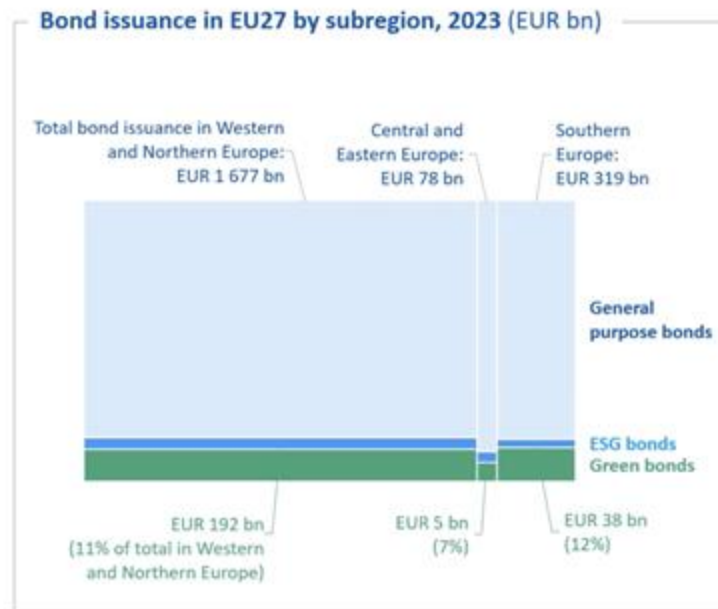
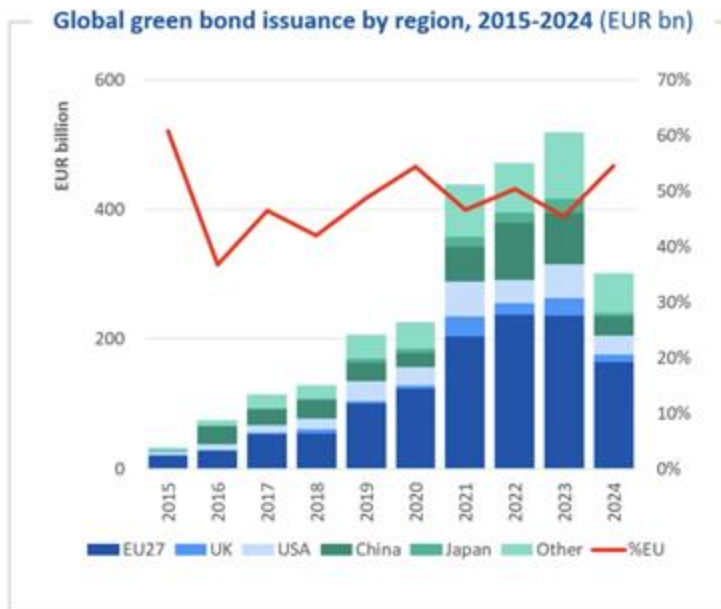
EU Taxonomy CapEx uptake

CEE countries lagging when it comes to EU Taxonomy uptake



The investor hunger for green bonds

Small volumes and a fragmented market in CEE



Source: Dealogic DCM, Orbis. JRC calculations (10/2024). Covering first 6 months of 2024.

*Southern Europe has the highest share of green bond issuance
Central and Eastern Europe lags both in volumes and share of issuance*

It's resilience, stupid!

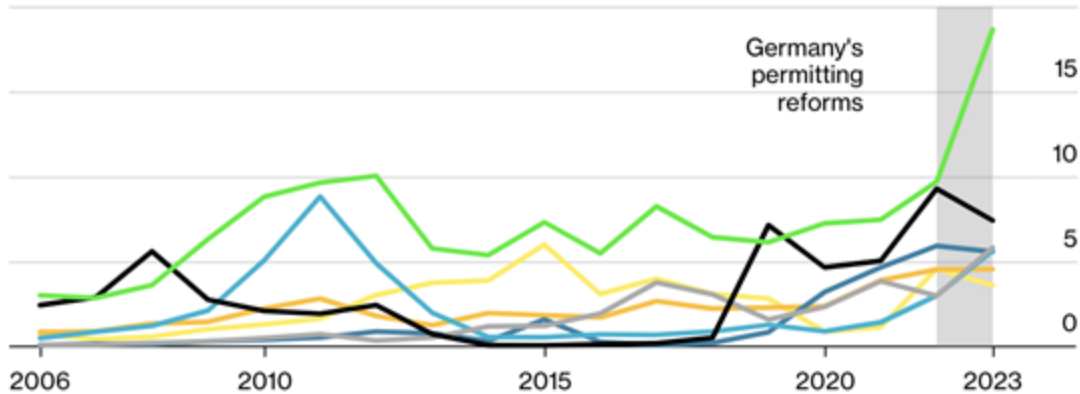
Competitiveness is linked to resilience & cost efficiency

Germany aims to get 80% of its electricity from renewables by 2030

Germany has pursued the most aggressive permitting reforms across Europe since 2022, which shows in its renewables buildout

Germany Spain Türkiye Italy Poland France UK

20 GW of newly built solar and wind power



Source: BloombergNEF

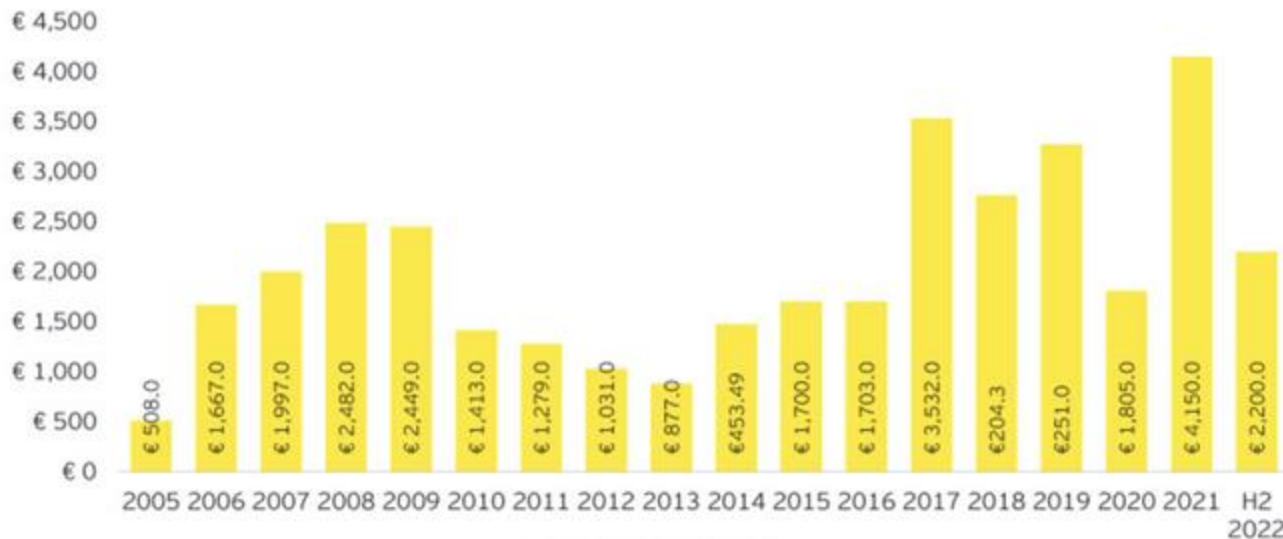
In Germany and Italy, 54% and 53% of companies intend to buy most key items from regional suppliers by 2026.

French producers have even higher ambitions, with 91% planning to produce and sell most of their products in the same region by 2026, over doubling from 44% today.

CEE as the new opportunity

CEE & Romania - better fit for impact investing & transition finance

Investment value in the CEE – 2003 – 2022 (EUR million)



● In 2021, it was still **ONLY 3% of the total EUR 138 billion** invested across the continent = ONLY 0.2% as a proportion of GDP compared to 0.8% in Western Europe.

● Investment is highly concentrated: **Poland and the Czech Republic** accounted for **1/3 of invested capital in 2021**.

■ Investment value



Resources & free information/guidance/help

[European Single Access Point](#) & [latest announcement by ESMA](#)

[Green Assist](#) – a free Advisory Service for Sustainable Investments Support is a new advisory initiative under InvestEU, funded from the LIFE programme

Sustainable finance newsletters: By the [EU Platform on Sustainable Finance](#) and by [ISFC, the Sustainable Finance newsletter](#)

[EU Taxonomy Compass](#) – the official website to navigate which activities are in scope of the EU Taxonomy

[EU Taxonomy User Guide \(official\)](#)

MSCI [EU Taxonomy Reported Data – User Guide](#)

Publyon – [A complete guide](#) (basic info about Taxonomy and CSRD)

ESMA's [long-term vision on the functioning of the Sustainable Finance Framework](#)

Platform on Sustainable Finance [report on a compendium of market practices](#)

EFRAG - [Voluntary reporting standard for SMEs \(VSME\)](#)



THANK YOU!

We always overestimate the change that will occur in the next two years -
and underestimate the change that will occur in the next ten.

Don't let yourself be lulled into inaction.
(Bill Gates)

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