



# Innovation, integration and simplification



European  
Investment Bank

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Stockholm, 23 May 2025

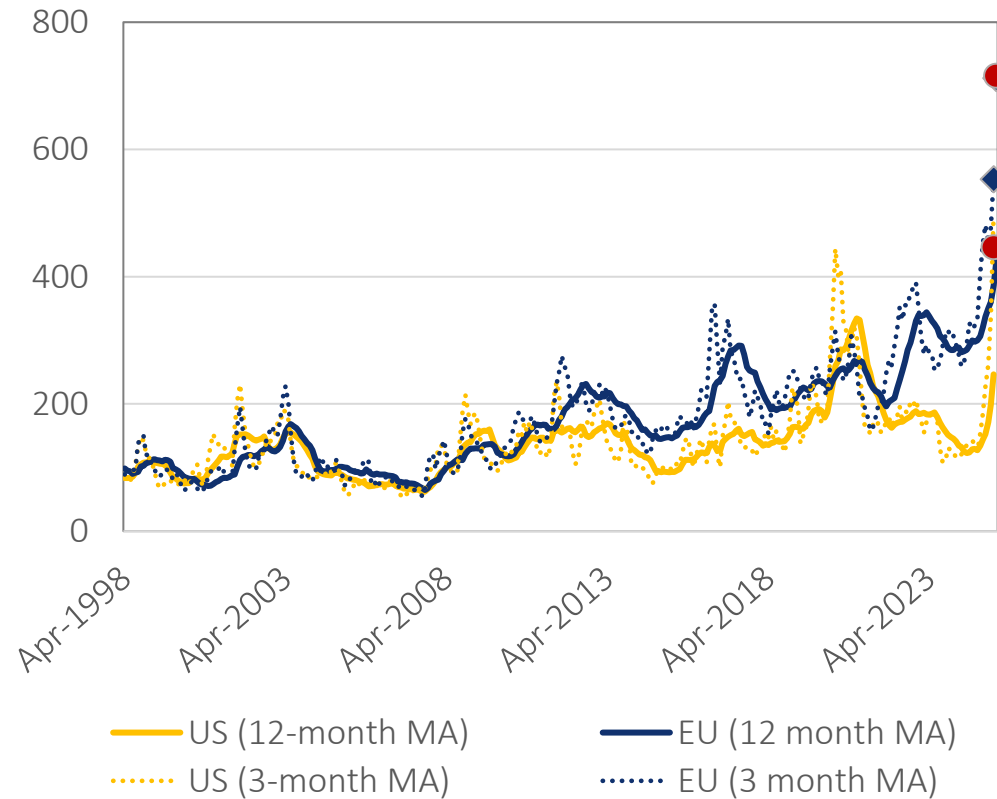
# Europe's priorities

- A new global context – with structural shifts and **widespread uncertainty**
- The need to **enhance security** and **spur competitiveness** calls for **accelerating investment in Europe**
- **Policy toolkit**
  - Integration, simplification and innovation
  - Leverage on **EU strengths** – green leadership and social investment as an enabler
  - Focus on impact of public intervention: **Targeted and European**

# In an unpredictable world, Europe has an opportunity

## Economic policy uncertainty

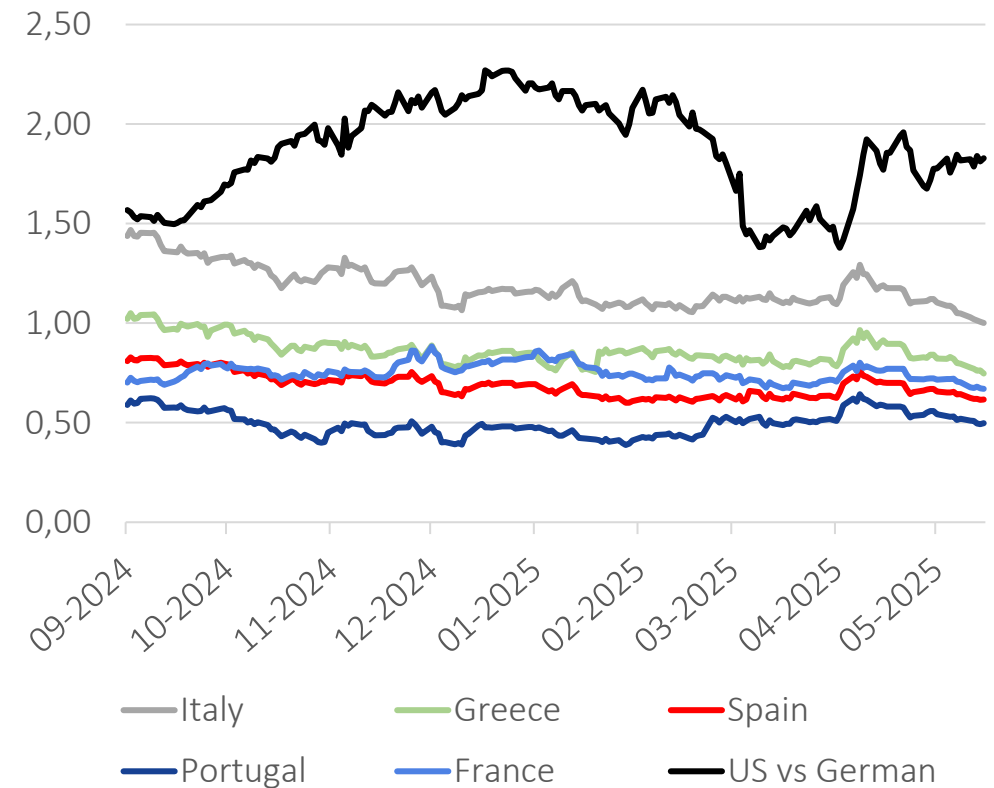
Economic Policy Uncertainty (EPU) Index



Source: EIB staff calculations based on Source: 'Measuring Economic Policy Uncertainty' by Scott R. Baker, Nicholas Bloom and Steven J. Davis at [www.PolicyUncertainty.com](http://www.PolicyUncertainty.com). IMF WEO October 2024.

## The EU perceived as reliable

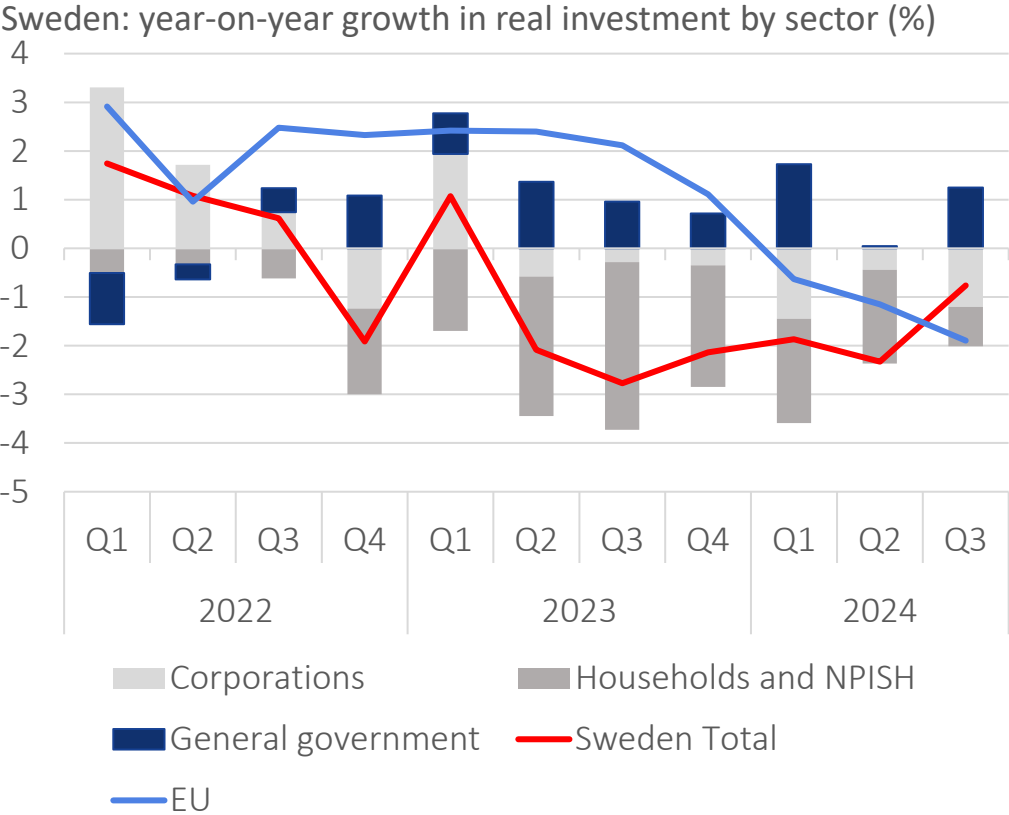
Sovereign spreads (relative to German 10Y Bund)



Source: EIB staff calculations based on Bloomberg data.

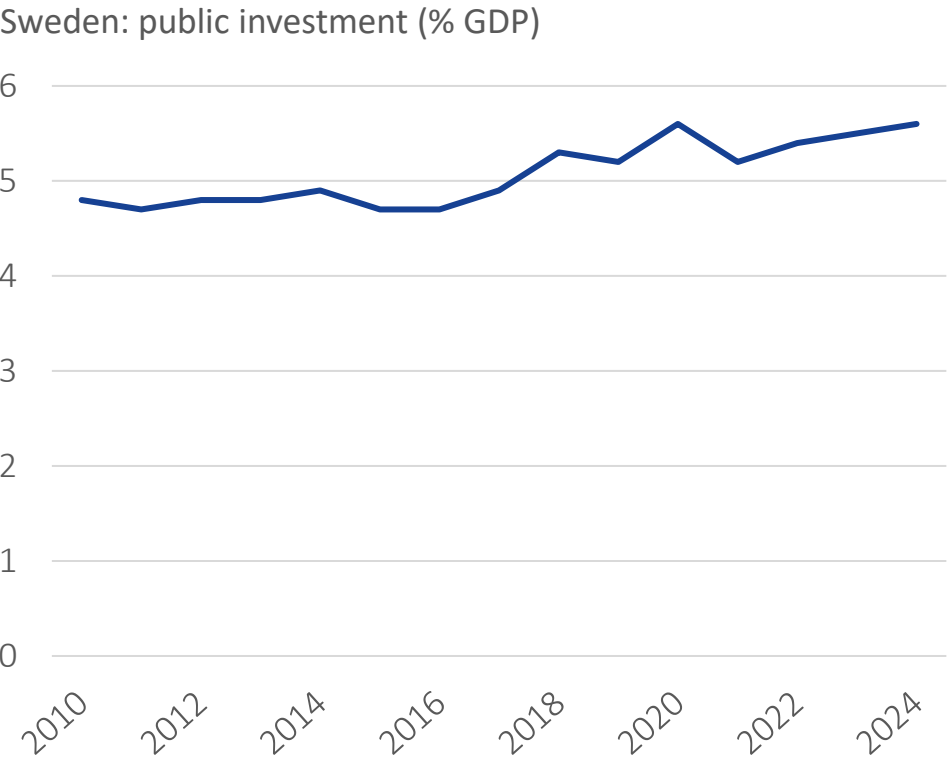
# Government investment is holding up aggregate investment

## Aggregate investment declined by 0.8% in Q3 2024 compared to Q3 2023



Source: EIB staff calculations based on Eurostat.  
Note: Real gross fixed capital formation by sector, deflated using total investment deflator.

## Public investment remained stable over time



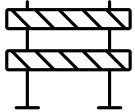
Source: EIB staff calculations based on Eurostat national accounts.  
Note: By the general government.

# European integration and simplification



# Simplification and integration create business opportunities and investment

## BARRIERS



Removing one barrier increases sector output by 3.3 pp. over a four-year period. At firm level, the best firms are the most constrained.

## COST OF BUREAUCRACY



Swedish firms spend 1.8% of turnover on staff employed only to deal with regulatory requirements.

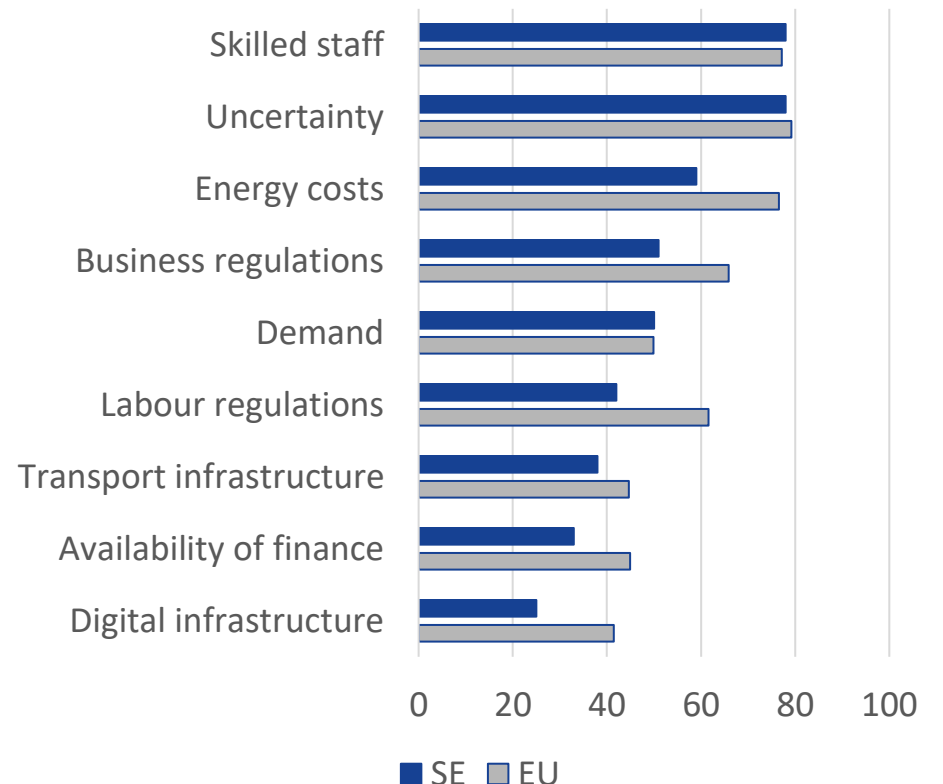
## SINGLE MARKET FRICTIONS



82% of Swedish exporters, more than the EU average (60%), deal with different standards and consumer protection rules.

## Skills, uncertainty, and energy costs remain key barriers to firms' investment

Investment obstacles (% of firms)



Source: EIBIS 2024.

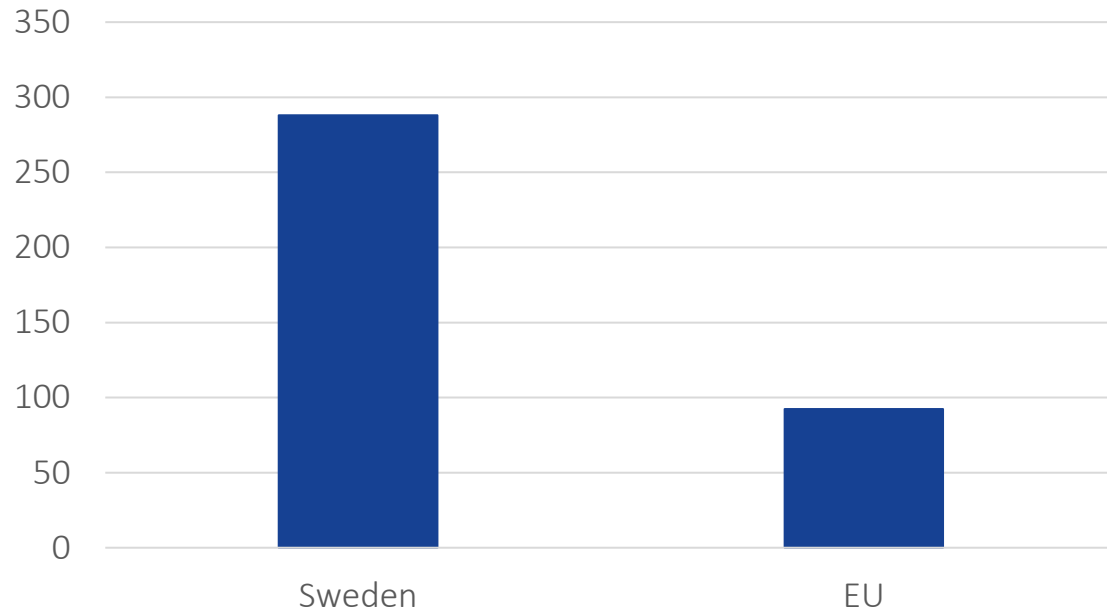
# Financing of innovative firms



# Financing of innovative firms benefits from a strong VC ecosystem and from household savings being channelled towards productive investments

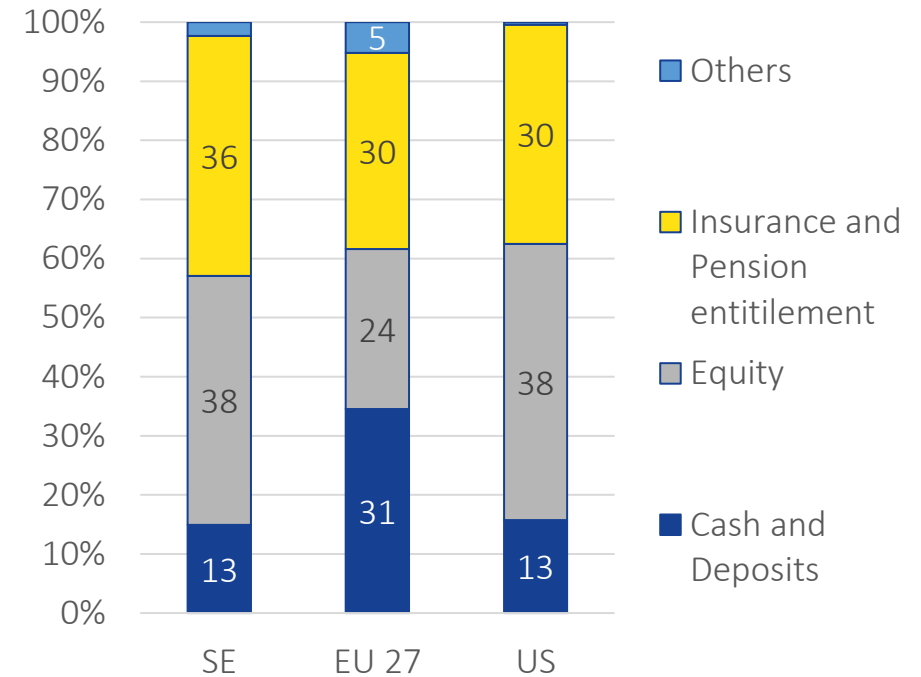
Sweden ranks #4 in Europe by VC investment since 2020, and #1 per capita

VC based companies per million people



38% of households' savings are channelled towards equity investments (vs. 24% in the EU)

Household financial assets (% of total financial assets)



Source: Fratto et al. (2024) based on PitchBook Data, Inc.

Note: The sample consists of companies that between 2013 and 2023 had market valuation between USD 500mn and 10bn

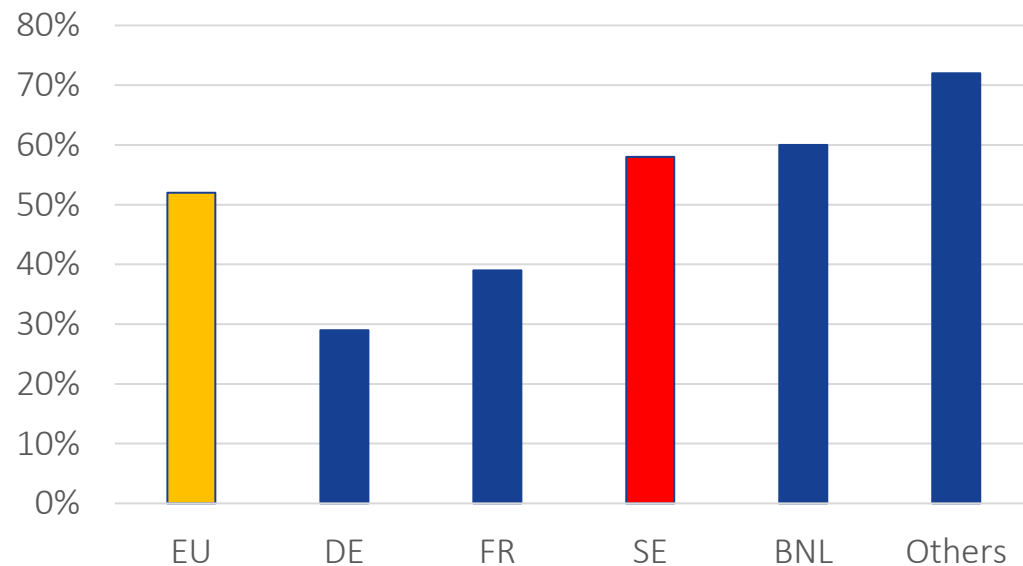
Source: EIB staff calculations based on Bloomberg, EIOPA, Eurostat, FRED and IMF.

Note: Household financial assets computed as the average over 2018-2023. EU equity exposures are an average over 2017Q4-2023Q4.

# Despite a developed VC ecosystem, Sweden suffers from a scaleup financing gap with respect to the US

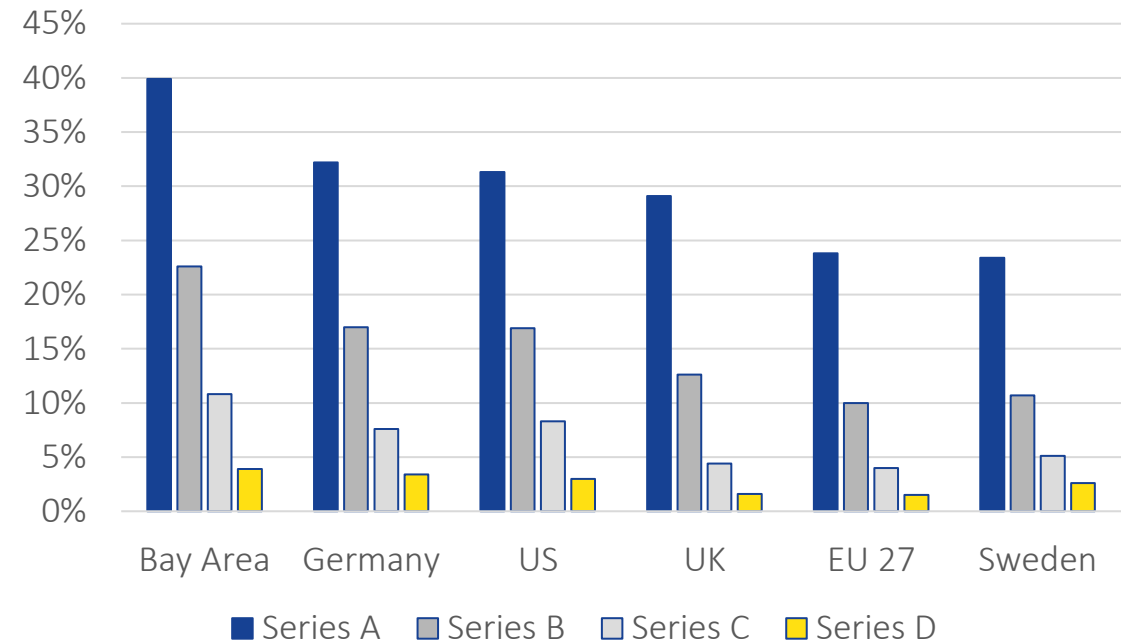
Swedish scaleups raise about 60% less capital than peers in San Francisco 10 years after establishment

Gap in cumulative capital raised after ten years (% difference relative to San Francisco)



Sweden has fewer startups progressing to Series A/B than the US, in line with the EU average

Graduation rate of startups from Seed, with seed year between 2015–2020 (%)



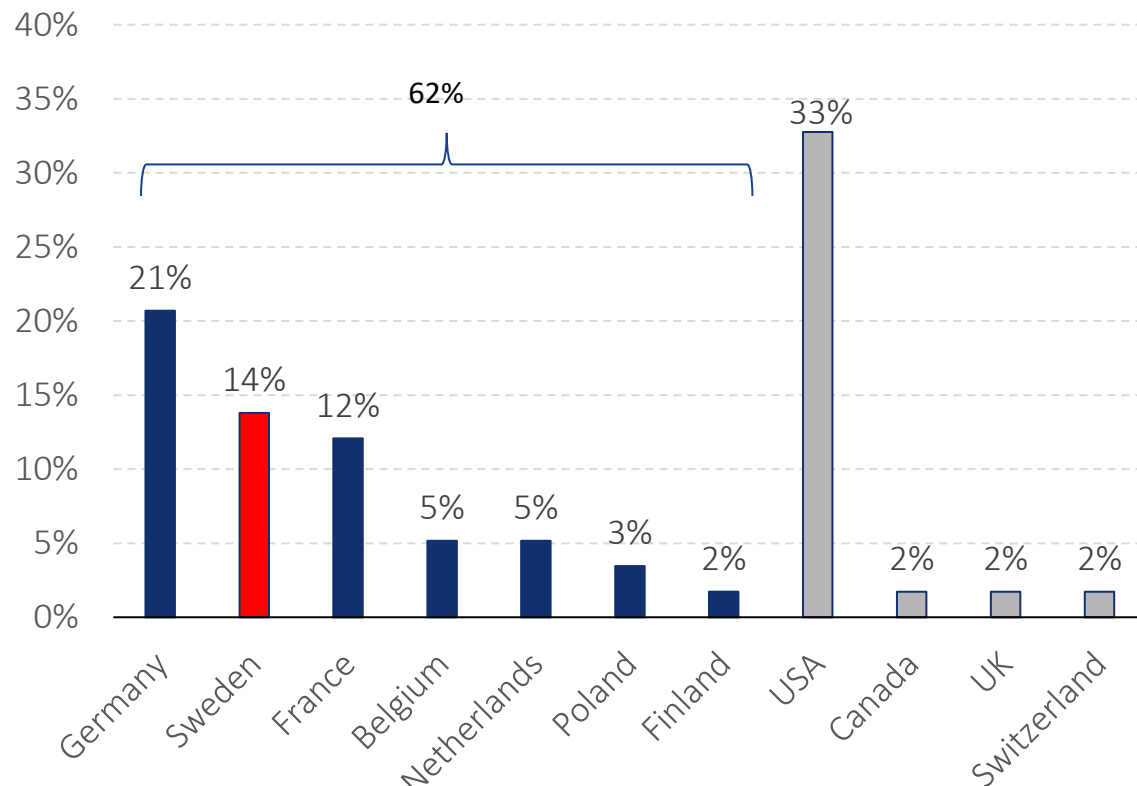
Source: EIB staff calculations based on Fratto et al. (2024) and PitchBook Data, Inc.

Source: State of the Swedish Tech Ecosystem, Dealroom (2025)

# Swedish VC ecosystem could gain from EU market deepening

## Sweden is the second largest IPO location among EU scaleups

IPO location (% of total EU scaleups)



Source: Authors' calculations based on data from PitchBook Data.

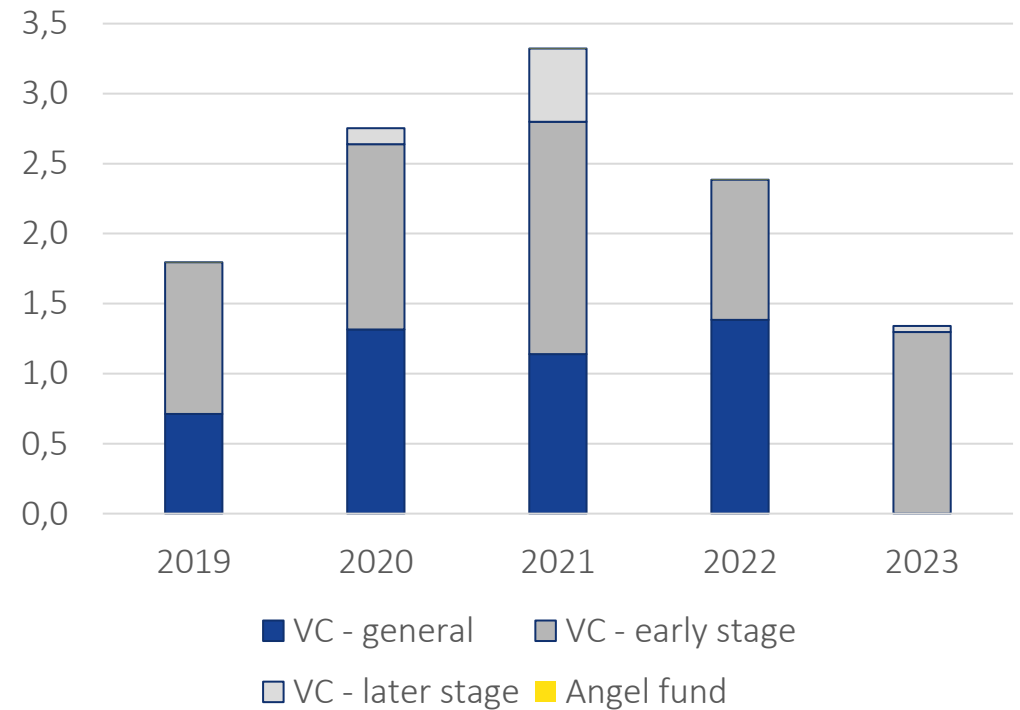
Notes: The sample consists of EU companies with a deal between 2013 and 2023 with a market valuation of between \$500 million and \$10 billion and that had an M&A. The data have not been reviewed by PitchBook analysts



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## Number of venture capital funds specialising in later-stage deals decreased after 2021

Venture capital funds investing in Europe between 2019 and 2023 (USD billion)



Source: Authors' calculations based on data from PitchBook Data.

Notes: The data refer to venture capital funds with a declared geographical preference for the European Union or individual Member States. They include closed, open and evergreen funds. The data have not been reviewed by PitchBook analysts.

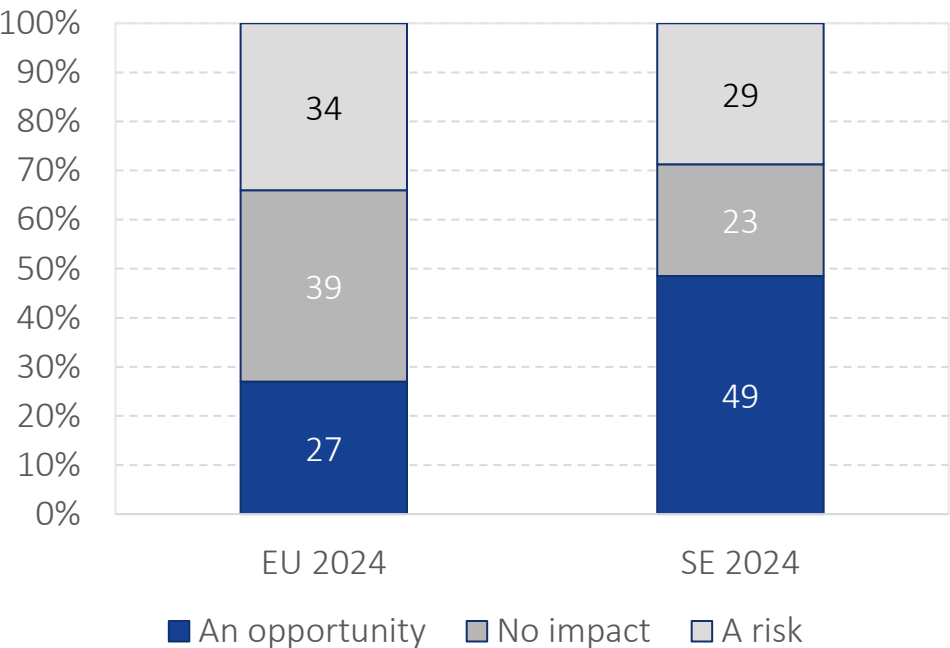


# Leveraging EU green leadership

# Swedish firms perceive green transition as an opportunity and lead among EU firms on climate actions to reduce green house gas emissions

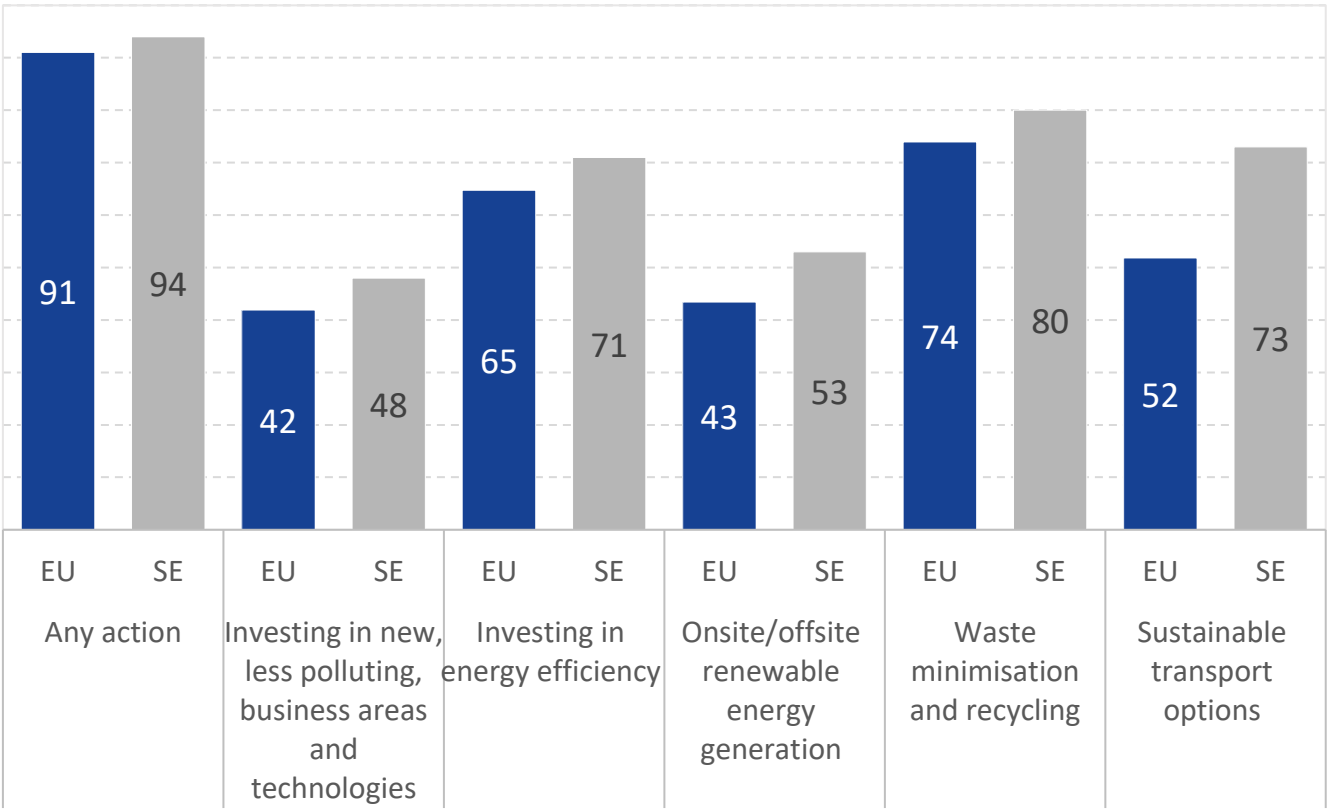
Swedish firms have more positive views on transition to stricter climate standards than EU average

Impact of climate change - transition (% of firms)



Swedish firms are more likely to take each action to reduce GHG emission than EU average

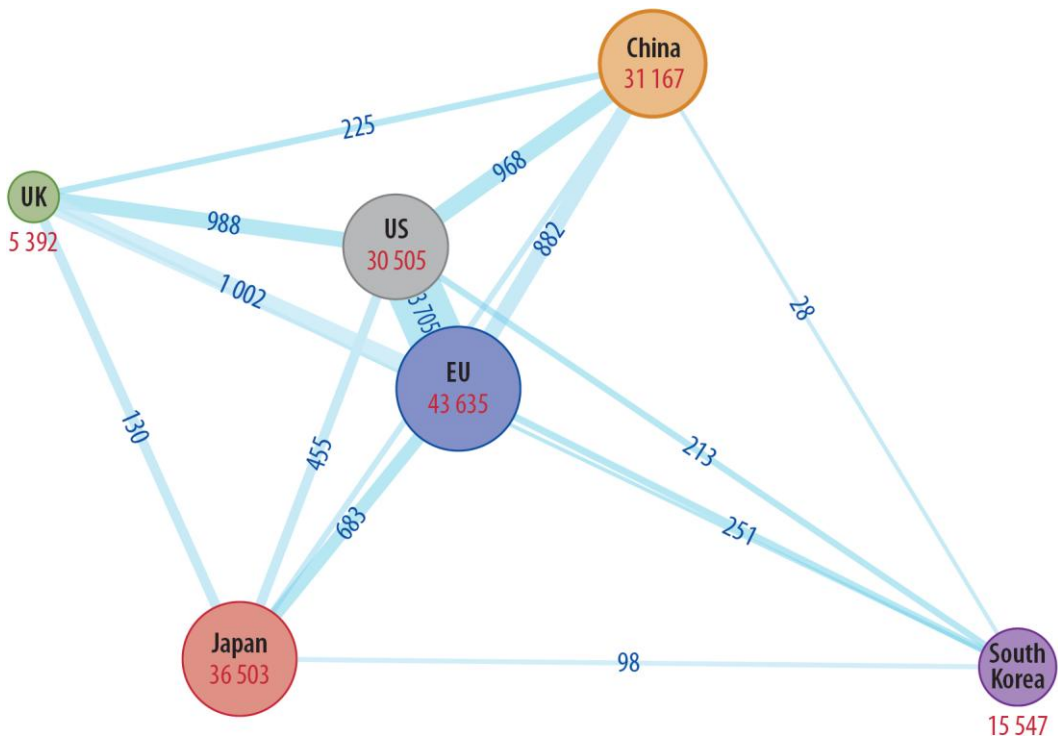
Measures to reduce greenhouse gas emissions (% of firms)



# EU is benefiting from its green leadership

## EU is a central node in green technology collaboration networks

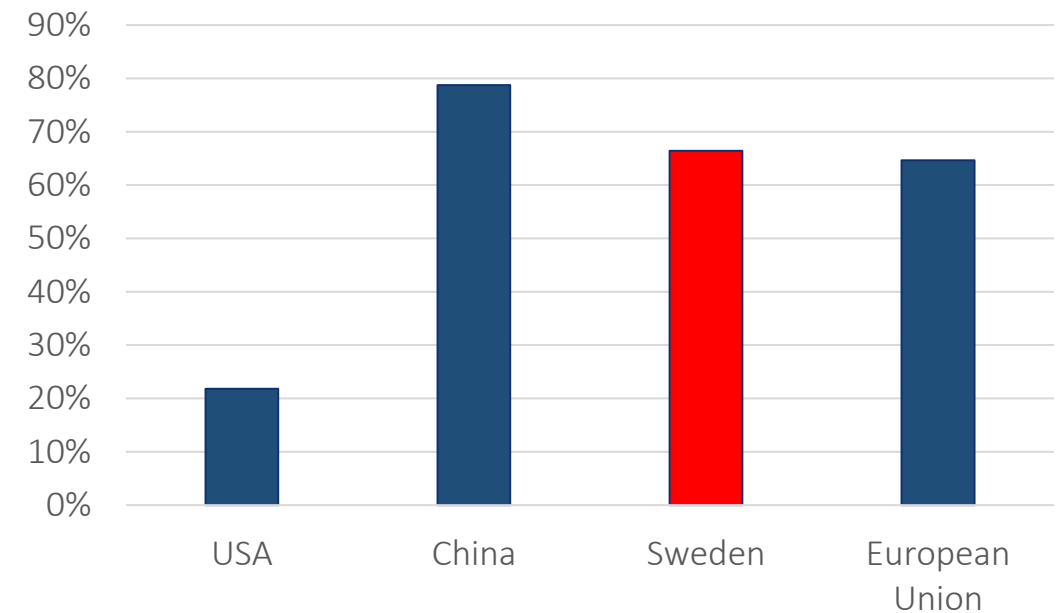
Number of green tech patents and co-patenting by country/region



Source: PCT patents (PATSTAT), calculated by ECOOM, KU Leuven.  
Note: Each circle (or node) represents a country or region. The size of the node is proportional to the number of patents for the country / region (red number within the nodes). The lines connecting the nodes ('edges') represent co-patenting links between the countries or regions. The edge labels denote the number of co-patent applications between the connected countries or regions.

## EU is exploiting growth in green goods export market

Green goods exports, growth rates, 2017-2023 (cumulative)



Source: EIB staff calculations based on UN Comtrade data, IMF classification of low carbon technology and environmental goods (HS 6 digits) and Eurostat PRODCOM (2024).

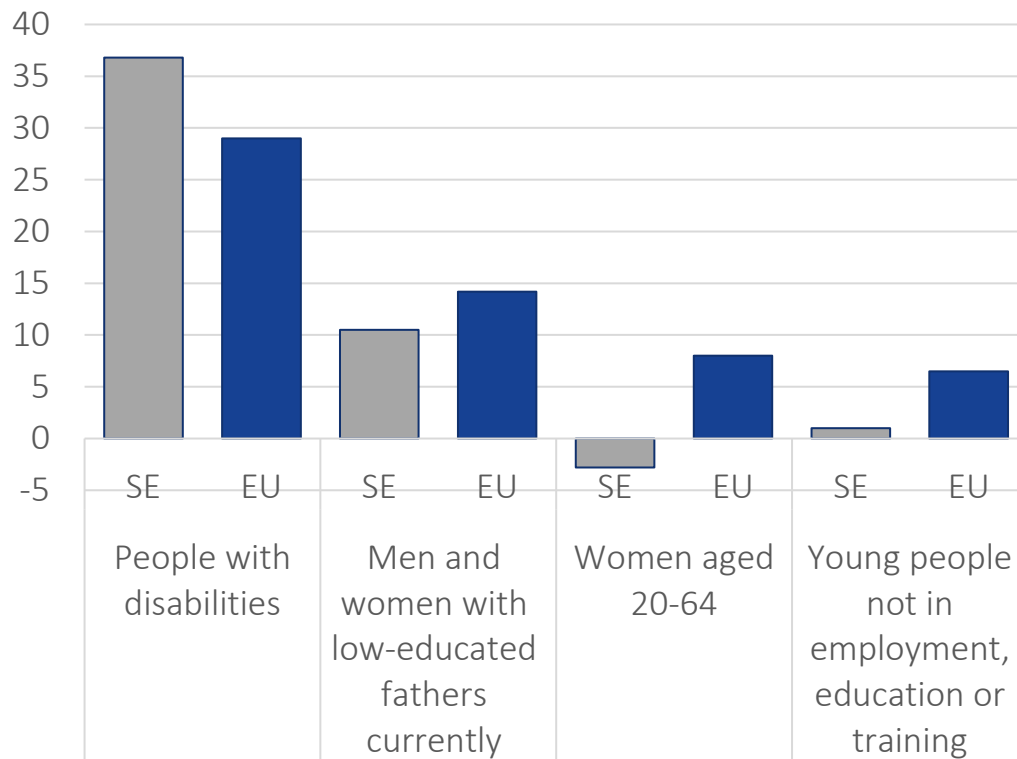


# Social investment as an enabler

# Social investment brings economic returns, with potential areas for further growth

## Participation gap of population groups relative to benchmark countries

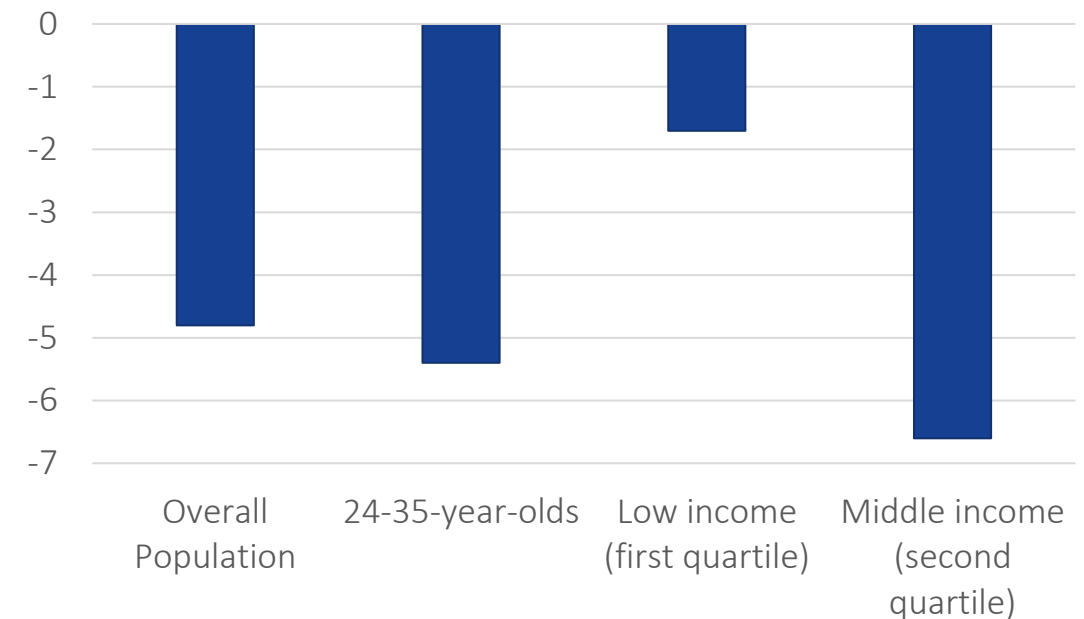
Gap to benchmark country (in percentage points)



Source: EIB staff estimations based on Eurostat.

## Home ownership rates fell across different social demographic groups

Sweden: Change in home ownership rates (in percentage points), 2023 vs. 2005



Source: EIB staff calculations based on EU-SILC.

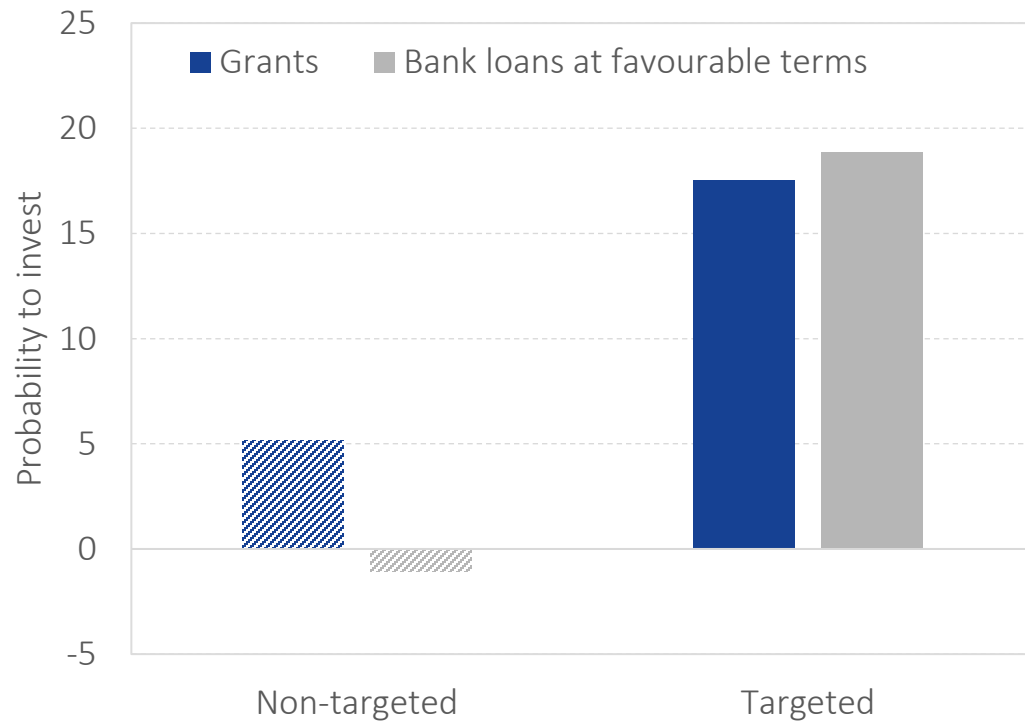
# Maximising impact: targeted and European



# Direct public support is more effective when targeted and European

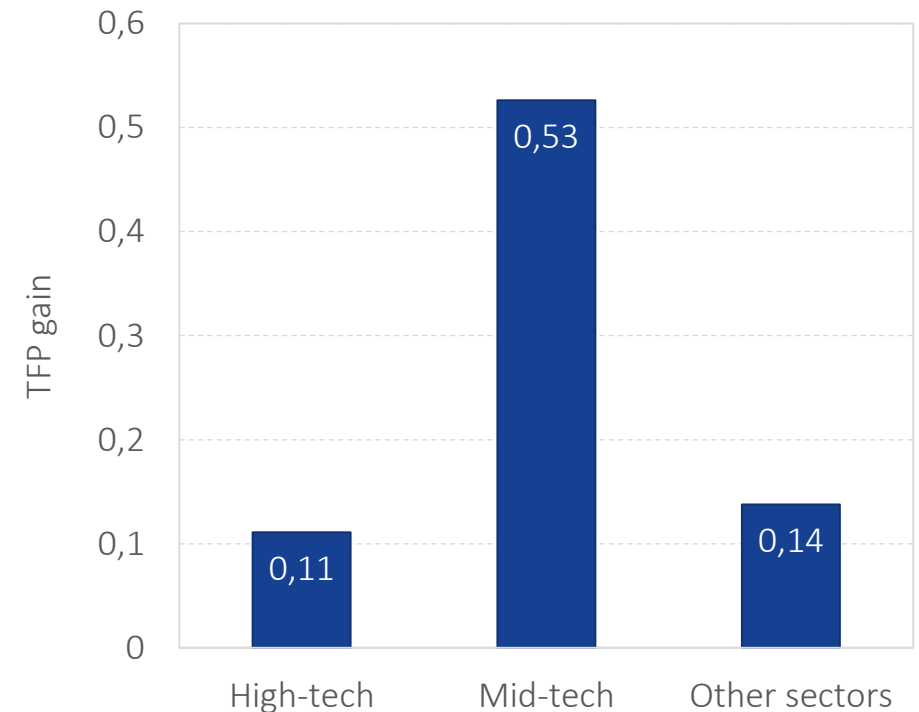
## Firms are more likely to invest in policy objectives when support is **targeted**

Impact of targeted vs. non-targeted support on probability to invest (pp.),  
*for energy efficiency but the same holds for innovation and cleantech*



## EU instruments are less distortionary

Estimated delta in productivity loss from coordinating policy support (pp.)



# Conclusions

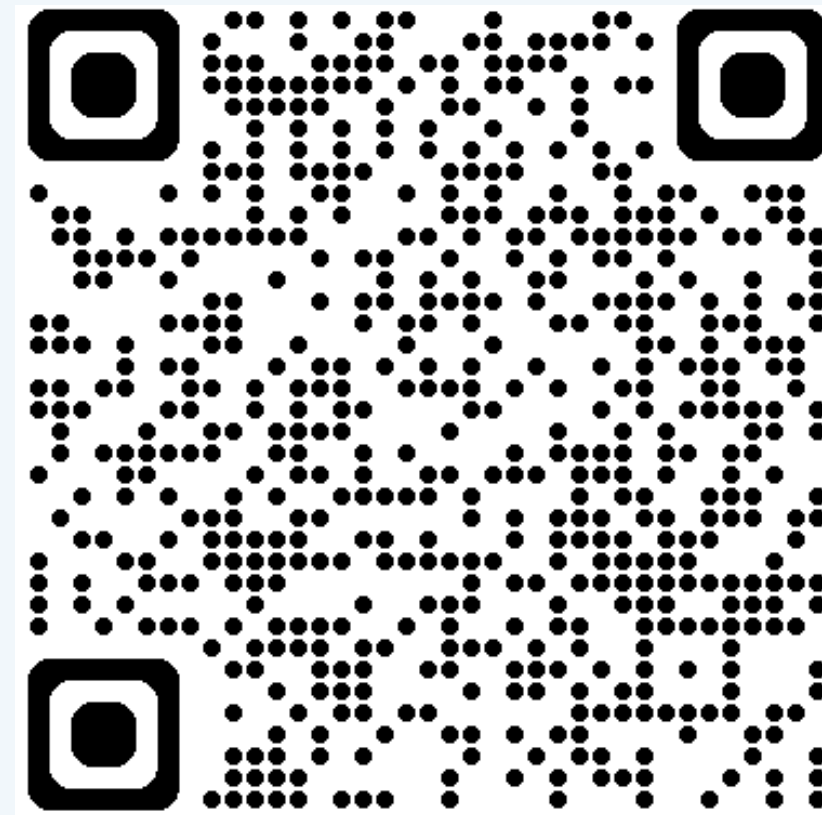
- Unlock business opportunities through **market integration** and **simplification**
  - With a particular attention to **innovation finance**
- Leverage on European and Swedish strengths:
  - **Swedish leadership** in key economic areas
  - Effective **social investment**, focusing on maximising human capital gains
  - Focusing on **targeted and European** policy measures

**INVESTMENT  
REPORT 2024/25**

**INNOVATION  
INTEGRATION  
AND SIMPLIFICATION  
IN EUROPE**



**UNLEASHING  
THE EUROPEAN  
ECONOMY**



**EIB INVESTMENT SURVEY  
SWEDEN**