SHOCK WAVES FROM TURBULENT TIMES HOW EU BUSINESSES RECALIBRATE SUPPLY CHAINS



European Investment Bank



Funded by the European Union

SHOCK WAVES FROM TURBULENT TIMES

How EU businesses recalibrate supply chains





Shock waves from turbulent times: How EU businesses recalibrate supply chains

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This is a publication of the EIB Economics Department. economics@eib.org www.eib.org/economics

This publication was produced with the financial support of the European Commission.

About the Economics Department

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of economists is headed by Debora Revoltella, director of economics.

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Published by the European Investment Bank.

Printed on FSC° Paper.

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ACKNOWLEDGEMENTS

This publication is the result of cooperation between the EIB Economics Department and the Unit of the Chief Economist of the Directorate General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission (DG GROW). It was produced with the financial support of the European Commission.

The report was written under the guidance of Debora Revoltella (EIB) and Román Arjona (DG GROW). The authors are grateful to Laurent Maurin (EIB), Enrique Feás (EIB), William Connell García, Maria Garrone, Victor Ho and Josefina Monteagudo (all of DG GROW) for their comments. The authors would also like to thank Alessio Mitra (DG GROW) and Carlo Altomonte, Giorgio Presidente and Thomas Michael Rowley (all of Bocconi University) for their contributions to the report.

INTRODUCTION

The tariffs introduced by the new US administration represent a shock for the global trade and production model and its governance, which have served the world well in recent decades. This has serious implications for the European Union, which has historically been integrated in global value chains and benefited from the rules-based system, through cost-efficient delocalisation of production and sustained global demand for its own products.

This new shock brings challenges, but also some opportunities. From a policy standpoint, the European Union is now reinforcing its role as a stable trading partner for the rest of the world. At the same time, it has been able to react in a coordinated way, rejecting protectionism while developing new instruments to increase strategic autonomy, and expanding its network of partnership agreements.

This strategy will help face trade tensions that are not new – including protectionist measures, geopolitical conflicts, disruption of major shipping routes and economic fragmentation – but which are accelerating in the current multipolar global setting.

Our report shows that EU firms are widely exposed to trade tensions, and even companies that do not import report being affected by limited access to raw materials or disruptions in logistics. In previous episodes of global disruptions, EU firms have been resourceful, able to react (especially companies more affected by trade tensions, showing that previous exposure favoured resilience) and committed to trade.

As developments unfold, unpredictability remains high. Companies consider uncertainty as the biggest barrier to investment. Innovation and digitalisation are crucial for the resilience of global value chains and future productivity. Therefore, anticipation is key. The fact that firms importing from the United States were already making changes to their sourcing strategies in 2024 shows that surveys can be useful as forward-looking indicators.

EU firms should continue to foster an open model, with its trade opportunities and diversification of production, while carefully weighting risk and considering strategic autonomy and economic security. In parallel, the single market has become a key element in deepening European global value chains – for example with the Central, Eastern and South-Eastern Europe countries – and for sustaining EU demand. There is still work to do. Confirming the conclusion of the Draghi Report on EU competitiveness, the results of the EIB Investment Survey (EIBIS) show that market frictions remain high when exporting to other EU countries, and that the cost of compliance with new EU regulations, standards or certifications remains one of the main trade-related obstacles for importers.

Although the data do not yet show a trend of deglobalisation (partly because delocalisation is costly and because services have so far escaped protectionism), EU firms need to diversify their supply chains to derisk and improve their resilience. But de-risking is complicated and costly, as shown by the fact that firms importing essential inputs from China are more likely to report disruptions but also decreases in input prices. In this regard, price, in addition to quality, is a key factor cited by companies when choosing suppliers, making tariffs even more of an issue. In parallel, importers of essential inputs encounter more difficulties finding alternative suppliers within the European Union than beyond it. De-risking is also harder in technological sectors: Firms using unique technologies – an essential component of competitiveness – report being more likely to be vulnerable to geopolitical risk.

The need to diversify explains why the European Union is seeking to accelerate the implementation of new trade agreements (such as <u>Mercosur</u>), fine-tune current ones (like the <u>EU-UK Trade and Cooperation</u> <u>Agreement</u>) and pursue additional ones (for example, with India or Indonesia).

In this global context, investment in key areas such as innovation and digitalisation set the foundation for resilient global value chains and productivity. Here, the role of capital markets and financial institutions is crucial. Our report shows that firms with good policy support and access to finance are better able to react to trade tensions. Therefore, policy measures that help companies sustain investment levels while actively de-risking will allow them to remain competitive in this uncertain world.

EIBIS and SUCH survey data

This report relies on the data analysis of two firm-level surveys: the EIB Investment Survey (EIBIS) and the Supply Chain Survey (SUCH).

The EIBIS, conducted annually by the European Investment Bank (EIB) with the support of Ipsos since 2016, gathers qualitative and quantitative information on investment activities of non-financial corporations, their financing requirements and the difficulties they face. The survey covers about 12 000 firms across the European Union and 800 firms in the United States. It provides unique information on corporate investment and investment finance of non-financial companies in all EU countries and the United States. Since 2022, the survey also includes questions on supply chain tensions and strategies to address them. The last wave of the EIBIS was carried out from April to July 2024.

The SUCH survey focuses on the supply chains of EU firms that import goods and services from other companies within or beyond the European Union. The project is conducted by the EIB in collaboration with the European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW). The SUCH survey was first conducted in 2023 by the EIB with the support of Ipsos. The 2024 survey was carried out from May to October 2024 and covered about 850 importers and exporters across the European Union. A large share of firms covered by the SUCH survey are also included in the EIBIS.

The SUCH survey provides unique information on the sourcing strategies of EU firms, the countries they trade with, the obstacles they face, their strategies to address supply chain tensions and their expectations about exports within and out of the European Union. The specific questions asked to importers and exporters in the SUCH survey – for example, the origin of their trade partners, the risk of disruption for the supply of essential inputs, the factors determining the substitution of suppliers and expectations about exports in and beyond the European Union – make it complementary to the analysis based on EIBIS data.

KEY FIGURES

The European Union is an open economy: Total extra-EU trade accounted for 45% of EU GDP in 2024, compared with 25% in the United States and 37% in China.

At times of trade tensions, the internal market is a source of stability and resilience for EU firms: Intra-EU trade accounts for 61% of total EU trade.

China is the European Union's top import partner: It accounts for 28% of EU imports, while the United States accounts for 12%.

RECENT EVOLUTION OF EU TRADE

Several factors led to changes in global trade patterns in the past two decades. The recent increase in US tariffs is likely to sharpen some of these changes. This section provides an overview of the evolution of EU trade since 2000. It shows that external trade flows have slowed down since COVID-19, while trade within the European Union remained more resilient. The deficit in the energy balance has stabilised following a sharp rise during the 2022 energy crisis. The penetration of Chinese imports is increasing at a sustained pace.

Over recent decades, the European Union has strongly benefited from its integration in international trade. The European Union is an open economy: Total external trade accounted for 45% of the European Union's gross domestic product (GDP) in 2024, compared with 25% in the United States and 37% in China. EU trade has increased substantially over time, both for imports and exports (Figure 1), driven by the European Union's open trade policies and strong global partnerships.¹ High-value sectors, such as machinery, vehicles and pharmaceuticals, have seen notable export growth, while imports have surged in energy and raw materials. Energy has been a critical component of extra-EU trade (outside the European Union), given Europe's dependency on energy imports and its vulnerability to regional conflicts. Its energy import dependency rate was 63% in 2022, compared with about 50% in 1990, with significant imports of crude oil, natural gas and solid fossil fuels.² Following the energy crisis in 2022, energy imports within the European Union increased drastically, before stabilising in 2024 (Figure 2).



Source: EIB calculations based on Eurostat.

Note: Trade flows refer to extra-EU and intra-EU flows of imports and exports. The data are annualised by adding up the last four quarters, from 2000Q1 to 2024Q1, 2020 prices.

The global economy has been characterised by uncertainty and trade disruptions since 2015. These were caused by a series of upheavals, including trade tensions between the United States and China,³ the COVID-19 pandemic, Russia's military aggression against Ukraine, rising shipping costs and disrupted routes and, most recently, US tariff policies (Table 1). Supply chain disruptions exposed vulnerabilities in

¹ Figure 1 shows annualised quarterly trade flows in 2020 constant prices. The same trends are observed when trade is expressed as a percentage of GDP.

² The energy dependency rate is the ratio between net imports and gross available energy.

³ See, for example, Freund et al. (2023) and Alfaro and Chor (2023).

global production networks, as they had a direct impact on the cost of importing and exporting goods and affected the availability of inputs for many sectors. The disruptions were also reflected in the volatility of global shipping costs (Figure 3). More generally, trade tensions and sudden policy changes contribute to uncertainty, arising from their immediate effects, such as price volatility and limited market access.

Trade shock	Initial origin	Geographical	Sector impact	Input prices
		impact		
US-China trade and technological war	Supply (export restrictions and tariffs)	Global	High-tech manufacturing	Increase (semiconductors, steel, aluminium)
COVID-19	Supply (goods shortages) and demand (lockdowns)	Global	Services (personal), some manufacturing	Decrease (fossil fuels) and increase (raw materials with shortages)
Ukraine war	Supply (goods shortages)	Global, especially Europe	Manufacturing (especially energy- intensive industries) and energy	Increase (fossil fuels and raw materials with shortages)
US tariff measures	Supply (US costs), demand (global exports to the United States)	Global (especially if escalated)	Manufacturing	Decrease (fossil fuels); effect on raw materials unknown
Suez Canal	Supply (2021 obstruction: Ever Given, Red Sea attacks)	Global, especially Asia-EU trade	Services (logistics and transport)	Increase (transportation costs and insurance)
Panama Canal	Supply (water shortage)	Regional, United States	Services (logistics and transport)	Increase (transportation costs and insurance)

Table 1. Trade tensions in 2015-2025 and their impact

Source: EIB.

Intra-EU trade, or trade within the European Union, has been a source of resilience, with significant untapped potential. In 2023, the share of intra-EU trade in total EU trade was more than 60% (Figure 4). Extra-EU trade has been growing hand in hand with intra-EU trade over the past two decades. However, intra-EU trade decreased less than extra-EU trade during the most recent episodes of sharply declining trade (2020 and 2023). The combination of a powerful internal market with strong extra-EU trade is a basis for resilience and stability at times of crisis. Nevertheless, there are opportunities to further strengthen intra-EU trade, with a full integration of the single market. The latest results of the EIBIS show that 60% of EU exporters see the EU single market as fragmented, as they must comply with different regulatory requirements across EU countries (EIB, 2025). The International Monetary Fund (IMF 2025) estimates that current fragmentation of the market is equivalent to intra-EU traiffs of 40% for goods and 110% for services.

Figure 3. Global shipping costs (USD, January 2018 to March 2025)







Source: EIB calculations based on Freightos Baltic index (FBX) from Eikon.

Note: The FBX expresses the spot price of shipping a 40-foot-long container. For illustrative purposes, the series in the figure are smoothed using a five-week moving average.

Source: EIB calculations based on Eurostat. Note: Intra-EU trade is the sum of export and import flows of goods among all 27 EU countries. Extra-EU trade is the sum of trade flow of goods between the 27 EU countries and the rest of the world. The series are normalised to 2003 January and with a 12-month moving average.

The European Union runs a trade surplus with the United States and a trade deficit with China. The trade surplus in goods with the United States was close to €200 billion in 2024 (Figure 5). The trade deficit in goods with China reached €305 billion. Both tallies have more than doubled since 2010. For services, it is the opposite (Figure 6). The European Union runs a growing deficit with the United States (€110 billion in 2023) and a small but growing trade surplus with China (€16 billion in 2023). On balance, the overall trade surplus with the United States and trade deficit with China have widened over time.





Figure 6. EU trade balance in services with the United States and China



Source: EIB staff calculations based on Eurostat.

Note: Data on trade in services are from balance of payments statistics and available until 2023.

China is the top supplier of manufacturing goods for the European Union. Imports from China account for 28% of total imports from outside the European Union. This share has increased by more than 5 percentage points since pre-COVID-19 (Figure 7). Conversely, the US share in EU imports has slightly

declined and is now less than half of the Chinese share. Still, the United States remains the European Union's second import partner, with a share of about 12%, and with an increasing gap with the United Kingdom. Since Brexit, EU imports from the United Kingdom have declined by more than 4 percentage points.

Electrical machinery and equipment are the top products in EU imports. They represent around 20% of EU imports, followed by machinery, boilers and reactors, with a share of 16% (Figure 8). The product composition in EU imports has evolved more slowly than the geographical partners. Both have largely been driven by China and its increasingly competitive position in the production of electrical machinery and equipment goods and chemicals.

Figure 7. Change in the EU import portfolio, by trading partner (post-COVID vs. pre-COVID, in %, x-axis, and percentage points, y-axis) **Figure 8. Change in the EU import portfolio, by product class** (post-COVID vs. pre-COVID, in %, x-axis, and percentage points, y-axis)



Source: EIB staff calculations based on Eurostat COMEXT 2016-2024.

Note: Imports in EUR. Pre-COVID refers to the average shares in 2015-2018. Post-COVID refers to the average shares in 2022-2024. Trade is classified at product level HS 2 digit: HS 16 to HS 89. Some products are excluded from the analysis (for example, natural gas, petrol and oil).

The composition of EU exports has changed over time, with an increase in pharmaceutical exports. The product groups that made up the largest share of extra-EU exports before the pandemic have declined, for example machinery, boilers and reactors, and vehicles. The value share of aircraft exports also declined, while the share of other products, such as electrical machinery and equipment, remained unchanged (Figure 9). At the same time, the share of pharmaceuticals in EU exports has increased (to 12% in 2022-2024, from 9% in 2016-2018). Similar changes occurred in the United States during the same period, whereas China recorded different patterns, with a growing share of vehicles and plastic goods in its export portfolio.

Higher trade barriers between the United States and China are likely to reduce bilateral flows between the two countries. US demand for Chinese imports will contract sharply in 2025 (WTO, 2025). This may create opportunities for EU exporters in some sectors to increase their market share in US imports due to trade diversion, because US demand is unlikely to be met by domestic production in the short term. However, this will depend on the specialisation and competitiveness of EU exporters. Box A discusses the potential for producing complex products in the European Union. In addition, as bilateral trade between the United States and China diminishes, Chinese exporters will seek alternative markets due to trade deflection (Boullenois and Smith, 2025). Chinese firms in overcapacity sectors may try to expand their

global market share by cutting prices to maintain sales volumes. The European Union will need to closely monitor potential dumping practices to avoid a flooding of its market in some sectors.





Source: EIB staff calculations based on Eurostat COMEXT 2016-2024 and UN Comtrade 2016-2023.

Note: Pre-COVID refers to the average shares in 2016-2018. Post-COVID refers to the average shares in 2022-2024. For China and the United States, the latest data available are from 2022-2023. Trade is classified at product level HS 2 digit: HS 16 to HS 89. Some products are excluded from the analysis (for example, natural gas, petrol and oil).

Box A: STRATEGIC INDUSTRIAL DIVERSIFICATION IN THE EUROPEAN UNION: INSIGHTS FROM THE CRISP FRAMEWORK

In recent years, the EU industrial model has come under growing pressure. China has emerged as a formidable competitor in high-quality manufacturing, while industrial overcapacity in China (particularly in sectors such as chemicals) combined with persistently high energy costs within the European Union, has eroded the viability of domestic production in many European energy-intensive industries. These structural developments call for a strategic reassessment of the European Union's industrial positioning.

The geopolitical climate has also reinforced the need for the European Union to diversify its manufacturing base and reduce strategic dependencies.

EU countries face the shared challenge of upgrading their productive structures, not through a onesize-fits-all strategy, but by identifying new, ideally higher value-added activities, based on informed choices that will support them in their green and digital transitions.

Two main metrics can be used to achieve this goal:

- **Product complexity,** which captures knowledge intensity and technological sophistication.
- Relatedness density, which measures how well a product fits a country's existing capabilities.

These metrics help policymakers identify diversification opportunities that are both ambitious and feasible, as they are tailored to the specific strengths of each territory. This place-based approach is inherently inclusive, ensuring that every region can identify promising investment opportunities aligned with its existing productive structure.

The European Commission's DG GROW has introduced the **Complexity and Relatedness Industrial Smart Policy (CRISP) framework**, a data-driven tool designed to:

- Identify complex products, typically associated with higher added value and long-term growth, which are already within the reach of a Member State's capabilities (static approach, providing a roadmap for short-term industrial gains).
- Understand the conditions under which countries can diversify into more complex products (a dynamic approach, transforming the system).

A recent analysis by DG GROW used BACI trade data for 98 countries and 5 100 products for 2012-2022 (European Commission, 2025). Key complexity indicators were calculated using standard methods, including the Method of Reflections (Hidalgo & Hausmann, 2009) and the product proximity network (Hidalgo et al., 2007).

CRISP's static component generates country-specific maps of the relatedness-complexity space. Products in the top-right quadrant (high in both complexity and relatedness) represent strategic opportunities for industrial upgrading. These products offer long-term value, and a high degree of relatedness suggests a country already possesses most of the necessary capabilities to produce them.



Figure A1: Product Complexity Index and relatedness density of the European Union

Source: DG GROW calculations.

Note: Product Complexity Index and relatedness density computed from BACI HS12 export data (6-digit). Values shown are 4digit averages for readability. Colours follow HS 1-digit sections. EU values are weighted by Member States' total exports. High product complexity indicates a product is more sophisticated and will bring higher added value in the long term. High relatedness indicates that a region has many of the requirements needed to produce such a product.

Figure A1 shows a clear upward-sloping relationship between product complexity and relatedness density at the EU level, indicating a strong readiness to move into advanced manufacturing sectors. Promising areas include complex products in industries such as medical and optical instruments, chemicals and pharmaceuticals, and machinery and electrical equipment. Importantly, not all products (represented as dots) within the mentioned areas showcase high levels of complexity and relatedness, indicating space for deeply tailored industrial policy.

It is important to note that these opportunities are country-specific, reflecting each economy's unique industrial structure. CRISP can therefore support EU-level industrial policy coordination that is strategically aligned and tailored to national needs.

While the static analysis identifies short-term opportunities aligned with current capabilities, it does not address how countries can evolve their industrial base over time. In some cases, countries may lack many products in the top-right quadrant, suggesting limited immediate options.

The key policy challenge then becomes: How can a country improve its relatedness to more complex products? In other words, what macroeconomic conditions or policies can help shift products from the top-left (high complexity, low relatedness) to the top-right?

The dynamic component of CRISP addresses this, highlighting policies that influence this shift positively. One of the most critical factors is rule of law. Figure A2 shows that in countries with strong institutions (such as an effective judiciary and protection of property rights) there is a higher likelihood of developing relatedness to complex products. In contrast, weak institutional settings hinder this process. Regression analyses accounting for cofounding factors confirm this result.

From a policy standpoint, this analysis underscores the need for a data-driven industrial policy that leverages the diverse strengths of EU countries while reinforcing existing priorities, such as the European Rule of Law Mechanism.



Figure A2. The role of rule of law in enabling specialisation in complex products

Source: DG GROW calculations.

Note: The fitted lines represent relationships with 95% confidence intervals based on HS12 6-digit data points, last period. the sample is split at the median of the Rule of Law Index of the World Bank. Full sample with 98 countries.

KEY FIGURES

Trade tension episodes have been frequent in recent years but stabilised in 2024.

The share of EU importers reporting trade tensions as a major obstacle halved between 2023 and 2024: Access to raw materials decreased from 33% in 2023 to 17% in 2024, access to semiconductors from 18% to 9%, and disruptions of logistics from 33% to 19%.

Intra-EU trade cushions importers against trade tensions: Extra-EU importers were more exposed to disruptions in logistics (22% vs. 14%), access to raw materials (18% vs. 15%) and semiconductors (10% vs. 7%).

Firms importing essential inputs from China were more likely to mention access to raw materials (20% vs. 12%) and access to semiconductors (19% vs. 11%) as major obstacles.

SUPPLY CHAIN TENSIONS FOR EU IMPORTERS

This section assesses how recent trade tensions have affected EU businesses. Past shocks expose the vulnerabilities and risk factors in supply chains, providing important insights for the future. The section draws on the EIBIS and the SUCH survey to show that supply chain tensions remained a source of concern for EU firms in 2024. Firms relying on intra-EU imports tended to be cushioned against supply chain tensions, while firms relying on Chinese imports, especially for essential goods, were more strongly affected. This evidence is significant, especially in the context of heightened distress caused by the introduction of US tariffs in 2025.

Trade-related tensions eased from 2023 to 2024, but tensions related to regulations and tariffs remained high. The share of EU importers reporting trade tensions as a major obstacle halved between 2023 and 2024: Access to raw materials decreased from 33% in 2023 to 17% in 2024, access to semiconductors from 18% to 9%, and disruptions of logistics from 33% to 19%. However, the share of importers reporting other obstacles to business activities, such as compliance with new regulations, standards or certifications, increased to 20% of EU firms in 2024 from 16% in 2023. The persistence of concerns about growing regulation lends support to the European Union's recent attempts to simplify legislation.



Figure 10. Major trade-related obstacles for EU importers (% of firms)

Source: EIB calculations based on the SUCH survey using the 2023 and 2024 EIBIS samples. Note: Firms are weighted by value added.

All sectors of the EU economy have faced significant supply chain tensions, but the nature of the tensions differs across sectors. The share of firms that reported at least one trade tension ranges from 25% in basic manufacturing and construction to 35% in infrastructure and electronic and automotive machinery (Figure 11). Zooming in on the different types of tensions, limited access to raw materials and disruptions of logistics are the most frequently cited concerns. Access to semiconductors and other components feature less prominently, except for high-tech companies and electronics and automotive machinery companies, for whom limited access to semiconductors is a prime concern. Of biggest concern for services and infrastructure firms are disruptions of logistics.



Figure 11. Supply chain tensions for EU importers, by sector (% of firms, 2024)

Source: EIB calculations based on the SUCH survey using the 2024 EIBIS sample.

Note: Firms are weighted by value added. Basic manufacturing (NACE 10 to 18, 31 to 32), Chemicals, pharma, plastic and metals (NACE 19 to 25), Electronics, machinery, automotive (NACE 26 to 30), Construction (NACE 41 to 43), Services (NACE 45 to 47, 55 to 56), Infrastructure (NACE 35 to 39, 49 to 53, 58 to 63). High-tech sectors are defined using Eurostat definition as NACE 20, 21, 26 to 30 and 59 to 63.

Trade tensions propagate through the entire supply chain, affecting also non-importing firms. More than 10% of EU non-importers reported that limited access to raw materials and disruptions of logistics were major obstacles to their business activities in 2024 (Figure 12).⁴ This indicates that supply chain tensions affect all firms in the economy, directly or indirectly.





Figure 13: Supply chain tensions for extra-EU importers, by origin of import partners (% of EU firms, 2024)



Source: EIB calculations based on the SUCH survey using the 2024 EIBIS sample.

Note: Firms are weighted by value added. Importing from outside the European Union includes firms that also import from EU countries.

Source: EIB calculations based on the SUCH survey using the 2024 EIBIS and SUCH samples.

Note: Firms are weighted by value added. Importing from outside the European Union includes firms that also import from EU countries. Importing from China and from the United States includes firms that also import from other countries.

⁴ Some of the non-importers may be exporters, which could explain the high reported incidence of trade tensions. However, excluding exporters from the group of non-importers decreases the share of firms reporting trade tensions only marginally.

Trade within the European Union has generally been less affected by recent tensions. In most cases, intra-EU importers were less likely to report supply chain tensions than extra-EU importers (Figure 12). The difference is particularly pronounced in the case of logistics disruptions.

For firms importing from outside the European Union, relying on Chinese suppliers seems to be associated with more trade tensions, especially limited access to semiconductors and disruptions in logistics. By contrast, EU firms importing from the United States report a lower incidence of trade tensions (Figure 13). Since the survey was conducted in 2024, the results do not reflect the impact of tariff hikes by the Trump administration and may be different in the next survey waves.

The safety of the single market makes it a prime source for imports of essential goods. The bulk of EU importers (76%) import essential inputs⁵ from within the European Union (Figure 14). China, the second most frequent sourcing country, accounts for only 6% of essential inputs for EU importers. Of firms importing essential goods from China, 36% consider their supply to be at high risk of disruption. In contrast, only 6% of firms importing essential goods from within Europe consider their supply to be at high risk of disruption. In contrast, only 6% of firms importing essential goods from within Europe consider their supply to be at high risk of disruption.⁶

Figure 14. Origin of essential inputs and high risk of supply disruptions (in %, 2024)



Share of countries mentioned as source of essential inputs (left)

Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added in Figure 15.

Figure 15. Supply chain tensions for firms importing essential inputs from outside the European Union and China (% of extra-EU importers, 2024)



Importing essential inputs from outside the EU
 Importing essential inputs from China

[•] Share of essential inputs at high risk of disruptions (right)

⁵ An essential or strategic input refers to a component without which the quality of a product or service would diminish significantly, or key stages of the production process or corporate operations would face substantial delays or remain incomplete.

⁶ See Arjona et al. (2023) for a discussion of the European Union's dependencies in traded goods and risks of single points of failure. See also Balteanu et al. (2024), Panon et al. (2024) and Borin et al. (2023) for more evidence on the exposure of EU firms to critical inputs imported from China.

KEY FIGURES

Digital tracking of inputs remained a key adjustment strategy to trade tensions in 2024, with about 25% of firms investing in it.

Adjusting takes time: More than half of extra-EU importers invested in adjustment strategies in 2023 and in 2024.

Extra-EU importers are more likely than intra-EU importers to diversify trade partners (21% vs. 13%), especially importers from the United States and China (29% and 33%).

36% of firms diversify import partners with suppliers within the European Union only, and 46% with EU and non-EU countries.

When choosing a new supplier, 75% of extra-EU importers consider quality and/or standards as very important factors, and 67% cite price.

SUPPLY CHAIN ADJUSTMENT STRATEGIES OF EU FIRMS

This section shows that EU firms continued to make changes in their supply chain strategies, even after trade tensions receded in 2024. On the one hand, this shows that adjustment takes time; on the other, it shows that firms' awareness of supply chain risks is deeply entrenched.

European firms have been agile in their response to recent supply chain tensions, but adjustment to shocks takes time. While trade tensions eased considerably between 2023 and 2024 (see Figure 10), it is noteworthy that the share of EU firms making their supply chains more resilient remained virtually unchanged (Figure 16), though fewer companies have reported increasing their inventory.⁷ As in 2023, investing in digital tracking of inputs, increasing stocks and inventory, and diversifying import partners were the most common adjustment strategies. The share of firms reporting that they withdrew from trade and reduced imports or had plans to do so remained relatively small.

Firms in sectors more affected by trade tensions tend to take more actions to address them. The adjustments seem to be commensurate to the tensions experienced (Figure 17). Firms operating in electronics, machinery and automotive or in chemicals, pharma, plastics and metals not only reported more obstacles but were also more likely to react. Similarly, extra-EU importers, which experienced more tensions in their supply chains, were more likely to adjust than intra-EU importers (see also Box C).



Figure 16. Adjustments to trade tensions

Figure 17. Intensity of trade tensions and adjustments (% of EU importers, 2024)



Source: EIB calculations based on the SUCH survey using the 2023 and 2024 EIBIS samples. Note: Firms are weighted by value added.

Source: EIB calculations based on the SUCH survey using the 2024 EIBIS sample.

Note: Firms are weighted by value added.

The little changed share of companies investing in resilience measures partially reflects the protracted nature of such investments. Almost 75% of firms that adjusted their supply chains in 2024 had already done so in 2023, indicating that the strategy takes time to implement (Figure 18). Other companies began investing in these measures in 2024, which could signal a growing realisation that supply chain tensions might become more frequent. The large share of companies adjusting their supply chains despite not facing any disruptions also indicates that firms are aware of supply chain risks. In addition,

⁷ There is considerable heterogeneity in inventory response between firm size categories. While larger firms are more likely to have stocked up in the previous years, smaller firms are more likely to continuously (re-)build stocks and inventories.

nearly half of EU importers that did not adjust their supply chain in 2024 had already done so in 2023 (Figure 19).



Figure 18. Adjusters to trade tensions (% of EU importers, 2024)

Source: EIB calculations based on the SUCH survey using the EIBIS sample of panel firms surveyed both in 2023 and 2024. Note: Firms are weighted by value added.

Firms importing from outside the European Union are more likely to adjust their supply chain strategies. In 2024, 64% of extra-EU importers made supply chain adjustments, compared with 49% of intra-EU importers (Figure 20). This difference is likely to reflect the fact that extra-EU importers experienced more supply chain tensions (see Figure 12). Extra-EU importers invested more in digital tracking (36% for extra-EU importers vs. 20% for intra-EU importers) and diversification of trade partners (24% vs. 13%).

Figure 20. Adjustments to trade tensions, by origin of trading partners (% of EU importers, 2024)



Figure 21. Adjustments to trade tensions, by input type and high risk of supply disruptions (% of EU importers, 2024)

Figure 19. Non-adjusters to trade tensions



Source: EIB calculations based on the 2024 SUCH survey.

Note: Firms are weighted by value added. Importing from extra-EU includes firms that import also from EU countries. Importing from China and from the United States includes firms that import also from other countries.

EU firms importing from China were more likely to diversify trade partners. At the same time, firms relying on Chinese suppliers were less likely to stockpile than other extra-EU importers (12% vs. 20%). This

might be because in 2023, stockpiling was particularly common among firms importing from China and many may have already built up a sufficient inventory.⁸ Firms importing from China are also less likely than other firms importing from non-EU countries to substitute imports with products from within the European Union (11% vs. 17%). The reason appears to be the unavailability of alternative supplies from within Europe rather than unawareness of the risks associated with Chinese imports.

In 2024, EU firms importing from the United States were more likely to diversify trade partners than importers from other countries outside the European Union. This suggests that firms importing from the United States were already making changes to their sourcing strategies in anticipation of US trade-related measures. This forward-looking, risk-aware attitude is also reflected in the fact that the decision to adjust supply chains depends less on whether imports are essential and more on whether they are perceived to be at a high risk of disruption (see Figure 21).

The EU single market is key for firms that diversify trade partners or substitute extra-EU imports. Among firms diversifying trade partners in 2024, 83% did so either exclusively with EU countries (36%) or with both EU and non-EU countries (47%) (Figure 22). When firms substituted extra-EU imports with intra-EU imports, they were more likely to substitute them with products from an EU country other than their home country (Figure 23). This highlights the potential of the EU single market to serve as a haven in times of tensions.



Figure 22. Diversification of imports

Figure 23. Extra-EU import substitution (% of EU importers that substitute, 2024)



Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

At the same time, the ability of the single market to shield importers from supply chain risks has natural limits. Not all inputs needed in production processes are available in Europe: More than 40% of companies reported it would be difficult to substitute current imports of non-essential goods with supplies from the European Union (Figure 24). The share is even higher for essential inputs (60%) and essential inputs imported from China (73%). The situation is no different for the substitution of imports by suppliers from outside the European Union, meaning that product availability is a general stumbling block for the adaptation of supply chains.

⁸ See EIB and European Commission (2024, page 20).



Figure 24. Difficulty to find alternative suppliers to substitute essential inputs (% of EU importers, 2024)

Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

Firms have shown agility in balancing supply chain resilience and efficiency. While 42% of extra-EU importers cite geopolitical risk and security as very important criteria when choosing a new supplier, they also pay attention to quality and/or standards (75%) and price (67%) (Figure 25).⁹ The importance attributed to price indicates that recent tariff hikes might strongly affect supply chains.¹⁰





Quality and/or standards Price Distance, delivery costs and time Customs and tariffs Geopolitical risk and security New suppliers has a secure access to raw materials New supplier benefits from the availability of labour New supplier benefits from competitive energy costs

Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

Firms using unique technologies tend to be more concerned about geopolitical risk. Unique technologies (such as patents, licences or proprietary methods) and firm-specific trade relationships are at the heart of global value chains and are a key component of competitiveness. When asked about the factors in choosing a new supplier in case inputs become unavailable, firms using unique technologies were more likely to mention geopolitical risk in the new supplier's country (Figure 26).

⁹ Geopolitical risk is more important for firms importing from China than for firms that do not import from China (47% vs. 38%).

¹⁰ The share of companies considering customs and tariffs as important factors when choosing a new supplier (43%) is likely to increase in the 2025 wave of the survey.





Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

The need to decarbonise continues to affect the structure of supply chains. Box B shows how a large share of EU firms has embraced this change, despite the high costs and risks associated with investing in low-carbon technologies, limited reliable and consistent information on supplier emissions, and insufficient incentives from government and industry bodies, among other obstacles.

Box B: DECARBONISING SUPPLY CHAINS – A DESTINATION AT THE END OF A BUMPY ROAD

Competitiveness and the green transition are cornerstones of EU policies. The results of the SUCH survey shed some light on companies' approach to these goals and offer insights on the obstacles to the decarbonisation of supply chains.

About 49% of traders monitor their emissions. This includes emissions from sources that the firm owns or controls directly (scope 1), that the firm causes indirectly (scope 2), and emissions that are not produced by the firm itself but by companies it is indirectly responsible for, up and down its value chain (scope 3). Two-way traders – firms that import and export – are particularly active in monitoring emissions (Figure B1). Trade status can spur firms to improve their technology through decarbonisation planning, which would lead to lower energy intensity, notably for two-way traders (Forslid et al., 2018). Almost half of EU firms participating in the SUCH survey said they had already taken steps to reduce carbon emissions or were in the process of implementing such measures at the time of the survey. 30% of the firms said they had not yet started to implement such measures, but had plans to begin in the next three years (Figure B2).



Figure B1. Decarbonisation monitoring,

Figure B2. Decarbonisation progress (% of EU firms, 2024)



Source: EIB calculations based on the 2024 SUCH survey.

Note: Firms are weighted by value added. Two-way trader signifies firms that export and import.

The extent to which firms decarbonise is strongly tied to whether they perceive the transition as a risk or an opportunity. Firms that consider climate change as an opportunity are more likely than firms considering it a risk to already be taking steps to decarbonise their activity or to be planning such measures for the next three years (Figure B3). In addition, large firms are more likely than small and medium-sized companies to be taking steps or planning to take steps to decarbonise their activity in the next three years (84% vs. 69%). This is largely driven by the fact that emission tracking is embedded in corporate sustainability directives and corporate sustainability due diligence targeted at large companies (EIB, 2025).¹¹ In addition, product improvements and access to trade motivate firms to adopt energy-efficient technologies. While large firms can leverage markups to finance

upgrades, small firms face increased competition and do not gain market power from greater complexity, highlighting the need for policy support to adopt cleaner technologies (Lastauskas et al. 2024).





No measures planned in the next 3 yearsMeasures planned in next 3 years

Measures

Figure B4. Obstacles to decarbonisation (% of EU firms, 2024)



Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

When asked about the obstacles they face in decarbonising supply chains, firms mostly cite high costs and risks associated with investing in low-carbon technologies (Figure B4). Companies also cited a lack of reliable and consistent information on supplier emissions and insufficient incentives from government and industry bodies as a major obstacle.

¹¹ See also <u>Corporate sustainability due diligence – European Commission and Corporate sustainability reporting – European</u> <u>Commission</u>.

KEY FIGURES

Firms facing investment obstacles are 5 percentage points less likely to increase stocks and more likely to reduce imports than firms not facing obstacles.

Digital firms are twice as likely to invest in digital tracking of inputs.

Innovative firms are 8 percentage points more likely to raise inventory and stocks.

Financial support improves the ability of firms to invest in supply chain resilience.

BUSINESS ENVIRONMENT AND FIRM CHARACTERISTICS SUPPORTING SUPPLY CHAIN ADJUSTMENTS

Firms must continuously adapt their strategies to remain competitive. The environment in which a firm operates greatly influences its strategic decisions. Additionally, the way firms implement their strategies is influenced by various factors, such as their investments in innovation and digitalisation and their resources. This section looks at how a firm's environment and characteristics affect the way it adjusts its supply chain strategy.

Various obstacles can impede a firm's ability to invest in its own resilience. The investment barriers most frequently cited by importers are uncertainty about the future, a shortage of adequate skilled staff, and energy costs (Figure 27). These barriers have consistently affected firms in recent years and could also obstruct future responsiveness to trade tensions.



Figure 27. Investment barriers for EU importers (% of EU importers, 2024)

Source: EIB calculations based on the SUCH survey using the 2024 EIBIS sample. Note: Firms are weighted by value added.

Firms facing investment obstacles are less likely to adjust their supply chains in the face of trade tensions. When confronted with at least one type of trade tension, firms not reporting any investment obstacles are more likely to increase stocks and inventory, compared with firms with three or more major investment obstacles (32% vs. 27%) (Figure 28). In addition, firms not reporting investment obstacles are less likely to reduce imports than firms facing three or more investment obstacles (7% vs. 12%). This suggests that firms' agility and responsiveness in addressing supply chain issues are seriously reduced when they are faced simultaneously with a substantial amount of other, broader investment challenges. This also suggests that the nature of obstacles can influence firm responsiveness (see Box C).

Figure 28. Adjustments made by firms according to the number of barriers reported (% of EU importers, 2023 and 2024)



Source: EIB calculations based on the SUCH survey using the 2023 and 2024 EIBIS samples. Note: Each bar in the figure shows an estimated coefficient on the number of investment obstacles firms report (no obstacle, one to three obstacles or three obstacles or more) in an ordinary least squares (OLS) regression where the dependent variable is a response to trade tensions (for example, increasing stock and inventory). The regressions are estimated separately for each response to trade tension. The regressions control for firm size, trade status, country and sector. Confidence intervals are at the 10% significance level (two-tailed).

Figure 29. Adjustments to trade tensions, by digital and non-digital firms



Figure 30. Adjustments to trade tensions, by innovative and non-innovative firms (% of EU importers, 2024)



Source: EIB calculations based on the SUCH survey using the 2024 EIBIS and SUCH samples. Note: Each bar in the figure shows predicted probabilities from OLS regression where the dependent variable is a response to trade tensions (for example, increasing stock and inventory). The predictions are evaluated for non-digital and digital firms (Figure 29) and for non-innovative and innovative firms (Figure 30) separately. The regressions control for major trade-related obstacles, firm size, trade status, country and sector. Confidence intervals are at the 10% significance level (two-tailed). Innovative firms are firms that invest in developing or introducing new products, processes or services. Digital firms are firms that use advanced digital technologies in their business.

Digital and innovative firms relying on advanced technologies and new products are more likely to take remedial action in response to trade tensions. Compared to other firms, digital firms (which use advanced digital technologies in their business) and innovative companies (which invest in developing or introducing new products, processes or services) report being more exposed to disruptions in logistics and access to raw materials and other components. At the same time, these firms are more agile. When facing supply chain tensions, digital firms are significantly more likely to adjust than non-digital firms (Figure 29). The difference is especially pronounced in the level of investment in digital tracking of inputs and the

diversification of trade partners. Like digital firms, innovative firms facing supply chain tensions are also more likely to invest in digital tracking and diversify trade partners, and to increase stocks and inventory, than non-innovative firms (Figure 30).

Policy support through grants and subsidies and loans with favourable conditions can significantly bolster firm resilience. Even though companies receiving financial support are more likely to report supply chain disruptions (EIB and European Commission, 2024; see also Box C), they are also more proactive in addressing them (Attinasi et al., 2024). Notably, they invest more in digital tracking, irrespective of whether the firm was exposed to higher supply chain tensions or not. (Figure 31).





Source: EIB calculations based on the SUCH survey using the 2023 and 2024 EIBIS samples.

Note: Each bar in the figure shows predicted probabilities from OLS regression where the dependent variable is a response to trade tensions (for example, increasing stock and inventory). The predictions are evaluated separately for firms receiving and not receiving financial support. The regressions control for major trade-related obstacles, firm size, trade status, country and sector. Confidence intervals are at the 10% significance level (two-tailed). Firms receiving financial support are defined as firms that obtain grants or bank loans with favourable conditions.

Firms' exposure to supply chain cost volatility depends on where they source their inputs, which can also explain their strategic and operational decisions. Following the high inflation episode, most firms experienced increases in gross wages and input prices in 2023, which outpaced even the rise in energy costs (Figure 32). At the time of the 2024 SUCH survey, firms also anticipated a further increase in costs compared with 2023, especially in gross wages. However, firms importing from China were less likely to report supply price increases and were more likely to report a decrease in input prices. As a result, a higher share of firms expects to increase their selling prices to customers when they source inputs from the European Union only (42%), compared with firms sourcing from China (25%) (Figure 33). China's price competitiveness can offer an advantage for firms whose customer base is sensitive to prices and counterbalance the potential risks of supply disruptions.

Figure 32. Input costs, selling prices and expectations (% of EU importers, 2023-2024)

Figure 33. Expectations for input costs and selling prices, by origin of import partner (% of EU importers, 2024)





Source: EIB calculations based on the SUCH survey using the 2023 and 2024 SUCH samples (for Figure 33, only 2024.) Note: Firms are weighted by value added. *Expectation compared to 2023.

Firms' responses to increasing input costs depend on their market positioning and the structure of their supply chains. In 2024, as inflation began to further affect wage structures and energy prices, cost-pass-through patterns reacted accordingly (Bosone and Stamato, 2024; Jean, 2024). Of all firms in the 2024 SUCH survey that passed on costs to their customers, 90% reported experiencing an increase of more than 10% in all types of costs (for example, energy costs, gross wages and supply prices), compared with 66% in 2023. Supply chain bottlenecks and cost spikes can help explain price hikes to consumers and increase their acceptance of higher prices (Weber and Wasner, 2023). For instance, in 2023, 83% of firms surveyed that did not face significant price increases (in wages, energy, or inputs) still passed on costs to customers. Depending on the level of supply-cost spikes, the financial characteristics of firms influence how they adjust their pricing strategies and the extent to which they pass on cost changes to customers. Slightly less than half of firms already increased the price charged to customers since 2023 and, at the time of the survey in 2024, 36% expected an increase from 2023 over the next 12 months.

Firms adopt markup strategies based on the anticipation of future costs and their market position. Among importers facing increases in costs, firms with limited market power, especially in competitive sectors like basic manufacturing, were more likely to pass on the rising costs to consumers to maintain profitability. In other sectors, trade tensions resulted in a delayed response or even a partial absorption of the costs, with firms shielding their customers from immediate price adjustments (Figure 34). Pre-emptive cost absorption can therefore also be a potential measure in a firm's supply chain adjustment strategy. The ability of firms to respond to supply chain tensions depends on a combination of internal resilience (for example, financial health and pricing power) and external conditions (such as input market dynamics, supply chain sourcing and trade relationships).



Figure 34. Cost pass-through to customers, comparing firms reporting major trade tensions to firms not reporting any major trade tension (percentage point difference, by sector)

Percentage point difference in average cost pass-through, tensions vs. no tensions

• Percentage point difference in expectations of average cost pass through, tensions vs. no tensions

Source: EIB calculations based on the SUCH survey using the 2023 and 2024 SUCH samples (average cost pass-through) and 2024 (expectation of average cost pass-through).

Note: Firms are weighted by value added. The sample includes importers that faced at least one major obstacle (among access to commodities, access to semiconductors, access to other components, disruptions of logistics, compliance with new regulations, recent changes in customs and tariffs) and that have suffered increases in energy costs, wages and input cost equal to or above 5% since the beginning of the financial year.

Box C: SUPPLY CHAIN SHOCKS, MANAGERIAL RESPONSES, AND RESILIENCE

The COVID-19 pandemic and subsequent geopolitical shocks have underscored vulnerabilities in global supply chains, forcing firms to reassess their sourcing strategies, financial resilience and operational flexibility (EIB and European Commission, 2024). This box summarises a recent study by Altomonte et al. (2025), examining how European firms have navigated shocks since the COVID-19 pandemic, the managerial strategies firms have pursued in response to supply chain shocks, and their link to resilience.

Matching firm-level survey data from the EIBIS with data from Moody's Orbis database of companies enabled us to conduct a detailed study, which finds that firms that proactively transformed their supply chains in response to the COVID-19 crisis were able to offset any lingering negative impact. In addition, insights from the EIBIS and the SUCH survey show that firms that pursued strategies to increase inventory stockpiling and digitalise their supply chain management demonstrated stronger post-COVID resilience (Figure C1). In the face of recent supply chain tensions, firms' resilience-enhancing strategies included the expansion of their product ranges and export destinations within the European Union.



Figure C1: Supply chain strategies and firm resilience post-COVID

Source: Calculations based on EIBIS-Orbis data.

Note: The dependent variable is a firm resilience dummy that compares firm turnover in the three post-COVID years (2020 to 2022) to the three pre-COVID years (2017-2019). This allows for a direct comparison of medium-term resilience to the COVID shock with supply chain strategies in 2022, the earliest year covered by these questions in the EIBIS. Logit regression coefficients are converted to odds ratios. For example, firms that invest in increasing stock/inventory are associated with a 35% higher likelihood of being classified as resilient. Controls are two-digit industry fixed effects, country fixed effects, an exporter fixed effect, pre-COVID three-year average log turnover, average pre-COVID turnover to assets, and average pre-COVID stock/inventory to assets. The thick lines indicate 90% confidence intervals and the thin lines 95% confidence intervals.

Firms continue to adapt their supply chain strategies in response to ongoing tensions. For example, firms are most likely to engage in stockpiling when they face at least two of the following trade-related obstacle categories: disruptions of logistics, access to materials and customs/regulations (Figure C2). They are also more likely to diversify trading partners or substitute suppliers from beyond the European Union with suppliers within Europe in response to supply chain shocks.

However, these adaptation strategies can be constrained by supplier price shocks, potentially limiting the ability of firms to insulate themselves from volatility. For example, firms attempting to reduce reliance on imported goods and services are more likely to be financially constrained. This makes sense, as margins of trade are particularly sensitive to financial constraints. The fact that nearshoring and source-country diversification are also linked to financial constraints underscores the financial pressures firms face when adapting to disruptions. In fact, firms experiencing multiple categories of supply chain obstacles were the most likely to report financial constraints.

This study highlights the importance of proactive managerial strategies in mitigating supply chain shocks. Firms that took decisive action to enhance their supply chain resilience by increasing inventory stockpiling, investing in digitalisation and strengthening regional trade ties were more resilient post-COVID. However, financial constraints remain a key challenge in navigating supply chain shocks, reinforcing the need for targeted policy interventions. By facilitating access to finance, reinforcing regional trade networks and supporting proactive supply chain management, policymakers can help firms build more robust and adaptable supply chains, ultimately strengthening the resilience of the European economy.



Figure C2: Supply chain shocks and firms' strategic responses

Source: Calculations based on EIBIS-Orbis data.

Note: The dependent variable is indicated in each sub-header. Logit regression coefficients are converted to odds ratios. For example, firms experiencing logistics obstacles are associated with a roughly 50% higher likelihood of investing in increasing stock/inventory. Controls are firm and year fixed effects in a two-year panel for questions about 2022 and 2023. Each odds ratio in panel (a) comes from a separate regression, while in panel (b), the mutually exclusive count dummy variables are included in the same regression for each dependent variable. The thick lines indicate 90% confidence intervals and the thin lines 95% confidence intervals.

KEY FIGURES

The EU single market is a source of strength for EU exporters: 46% increased exports within the European Union and 36% outside Europe in the last two years.

The share of firms expecting to increase exports within the European Union in the next two years is higher than the share of firms expecting to increase exports outside Europe (68% vs. 47%).

Firms exposed to the United States and China are actively adjusting their export diversification strategies.

IMPORT RESILIENCE AS A CORNERSTONE OF EXPORT PERFORMANCE

As the share of imported materials in exported goods is significant, import resilience is a pillar of export performance. The preceding sections examined the challenges and resilience mechanisms of importers in the face of trade tensions, whereas this section elaborates on the spillovers to export performance.

Imports play a crucial role in bolstering a country's export capabilities. By providing essential raw materials, intermediate goods and advanced technologies, imports enable domestic industries to produce high-quality and competitively priced products (Halpern et al., 2015). Thus, a strategic approach to imports not only supports domestic production but also enhances the overall competitiveness and success of firms in export markets.

Imported goods have played an increasingly central role in Europe's export performance in recent decades. In 2020, EU exports contained about 17% in value-added terms originating from outside the European Union, up from 13% in 2000. Much of the increase is driven by imports from China, with a value-added share growing to nearly 3% from below 0.5% over this period (see Figure 4 in EIB and European Commission, 2024).

Firms are adjusting their sourcing and export strategies in response to changes in the global production landscape. From 2023 to 2024, 11% of firms that are part of international groups reported diversifying their production and operations in more locations. Additionally, 6% relocated production to countries with closer political ties (friendshoring) and 5% relocated to countries that are geographically closer to their main country of sales (nearshoring) (Figure 35).¹² Comparing companies' plans for the next two years to their choices in 2023-2024, the most striking difference is a stronger focus on producing in countries within or geographically close to the European Union (9% in each case).¹³





Figure 36. Export performance and expectations (% of EU exporters)



Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added. International groups are defined as businesses with sites in multiple countries.

¹² See also Arjona et al. (2024) for recent evidence on the reorganisation of EU supply chains based on the European Union's trade partnerships and geographical proximity.

¹³ Attinasi et al. (2023) also find that large EU firms expect to become more active in (re)locating operations over the next five years to make their businesses more resilient.

The EU single market is a source of strength for EU exporters. Nearly half of EU exporters (46%) report that in the last two years they increased their export volume or the number of export destinations within the European Union, compared with 36% that increased exports or destinations outside Europe (Figure 36). In addition, the share of EU firms expecting to increase export volumes and/or the number of export destinations inside the European Union in the next two years (from the time of the survey fieldwork in 2024) is 21 percentage points higher than the share of firms expecting to increase volumes and/or destinations outside Europe. A finer breakdown of the results shows that the share of companies having increased export volumes within Europe was 9 percentage points higher than outside Europe, and the gap is expected to grow to 21 percentage points over the next two years (Figure 37). While the number of export destinations within the European Union was not a focus in the past, the share of companies expecting to increase the number of destinations within Europe is 14 percentage points higher than firms expecting to increase their destinations outside Europe.

Figure 37. Export performance, intra-EU vs. extra-EU (percentage point difference, 2024)



Figure 38. Expected export performance, intra-EU vs. extra-EU, by sector (percentage point difference, 2024)



Source: EIB calculations based on the 2024 SUCH survey.

Note: Firms are weighted by value added. The first bar of Figure 37 shows the differences between the share of firms that experienced export growth within the European Union vs. export growth outside Europe. The second bar shows the difference between the share of firms expecting export growth within the European Union vs. the share of firms expecting export growth outside Europe in the next two years. The third and fourth bars show similar differences for diversification of export partners (in and outside Europe). The first two bars of Figure 38 replicate the second and fourth columns of Figure 37 (expectations for the next two years) focusing on the basic manufacturing sectors. The other bars in Figure 38 show the same data for the other sectors.

In most sectors, EU firms expect stronger export growth in the European Union than out of it in the next two years. In the construction sector, the difference between the share of firms expecting export growth inside and outside the European Union is 43 percentage points (Figure 38). The difference is about 37 percentage points in services and 24 percentage points in infrastructure. There is not much of a difference in the share of firms expecting growth in and outside the European Union in the electronics and automotive sectors. Firms have similar expectations for export diversification: Construction, services and infrastructure firms are more likely to increase diversification inside than outside the European Union in the next two years.

EU firms exporting to the United States and China have been diversifying their markets more than firms exporting to other markets inside or outside the European Union. EU firms exporting to the United States were more likely to diversify their exports to EU countries over the past two years than firms exporting to China (45% vs. 34%), other extra-EU countries (24%) and solely to EU countries (19%) (Figure 39). At the same time, EU firms exporting to China were more likely to diversify extra-EU exports than firms exporting to the United States (58% vs. 42%) or other non-EU countries (23%). This shows that firms that are exposed to the United States and China have been actively adjusting their export diversification strategies over the past two years. Looking ahead, the main difference between companies exporting to the United States or China vs. other countries is a higher expectation to diversify outside the European Union.





Source: EIB calculations based on the 2024 SUCH survey. Note: Firms are weighted by value added.

Figure 40. Export expectation and supply chain adjustments (percentage point difference, 2024)



Figure 41. Adjustments to trade tensions, by export performance category (% of firms, 2024)



Source: EIB calculations based on the 2024 SUCH survey.

Note: Firms are weighted by value added. The export performance categories are based on past export experience and future export expectations: Declining firms refer to firms that experienced a drop in export sales or have exited an export market in the last two years, and similar results in the next two years. Transforming firms refer to firms that experienced a drop in export sales or an exit

from an export market but expect export sales to grow in the next two years. Growing firms are firms that experienced export growth in the last two years and expect exports to continue growing in the next two years.

Firms that have adjusted their supply chains expect more success in export markets. The intensity of specific supply chain adjustments is related to the expected export performance reported by firms (Figure 40). The analysis shows that firms reducing imports are less likely to expect to increase exports or serve more destinations. On the other hand, stronger supply chain resilience on the imports side goes hand in hand with stronger expected export performance. Firms that have diversified their imports are more likely to expect to grow.

Export performance and supply chain adjustments are intertwined. Figure 41 compares the intensity of supply chain adjustment strategies deployed by three types of firms: declining, transforming and growing. Declining firms are the least likely to adjust their supply chain along any dimension, whereas growing firms are more likely than other firms to increase stocks and inventory and invest in digital tracking. Finally, transforming firms are the most likely to adjust their supply chains by reducing imports, substituting imports from outside the European Union and diversifying.

CONCLUSIONS AND POLICY MESSAGE

Recent tariff-induced uncertainties could lead to significant economic slowdowns in 2025 (IMF, 2025; ECB, 2025). With the European Union strongly integrated in global trade, it is crucial to understand how firms respond to supply chain tensions and which factors contribute to their resilience.

This report evaluates the reconfiguration of international trade and explores how EU firms manage the associated challenges. The analysis shows that the EU single market is an important source of strength and can alleviate disruptions in the supply of essential inputs. While 2024 was a year of relative stabilisation, trade tensions related to regulations and tariffs remained high.

EU firms have demonstrated agility in addressing the avalanche of recent supply chain disruptions, with multifaceted responses. Adjustments to trade tensions take time, and a large share of EU firms continued to implement changes to their sourcing strategies. Firms importing from outside the European Union, especially, were more active in adjusting their supply chain strategies, and the EU single market was pivotal in the diversification and substitution of imports from outside the European Union. Nevertheless, finding substitution for essential inputs, especially those coming from China or at a high risk of disruption, is more difficult. Factors such as quality, standards and input prices are key factors when choosing new suppliers, with prices especially affected by the recent tariff hikes.

A firm's business environment is central to its ability to respond to trade tensions. Heightened uncertainty and rising costs pressure firms to adjust their strategies and operations. With higher tariffs, EU firms will be more likely to resort to passing input costs on to their customers, threatening their competitive advantage.

Digital firms and innovative firms are stronger, more agile and better able to react to shocks. Policy support also improves resilience. However, to be most effective it must be designed at the EU level and target specific outcomes (EIB 2025).

Imports are also important for bolstering Europe's export performance. The EU single market is a source of strength for EU exporters and offers opportunities for future diversification. Strengthening the supply chain also helps improve trade.

The geopolitical situation has given rise to uncertainty and unpredictability. In response, Europe is implementing structural adjustments, which could potentially lead to a rebalancing of global power. Europe will have to continue responding, offering a safe and predictable environment and an anchor for global trade and emerging markets. The new reality creates new opportunities, with security and defence, competitiveness and global trade going hand in hand.

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APPENDIX: SURVEY QUESTIONS USED IN THE FIGURES

Questions from EIBIS 2023 and 2024 and SUCH Survey 2024 used in the figures of the report:

Figure 10	EIBIS 2023: Q: Since the beginning of 2022, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	EIBIS 2024: Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
Figure 11-12	EIBIS 2024: Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
Figure 13	SUCH 2024 : Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	EIBIS 2024: Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
Figure 14	SUCH 2024 : Q: Does your company currently source essential inputs* from the countries in which your company sources or buys goods and/or services? A. Yes B. No
	Q: Do you consider the supply of essential inputs* from the countries in which your company sources or buys goods and/or services to be currently subject to a high risk of disruption? A. Yes B. No
	* An essential input refers to a component without which the quality of a product or service would diminish significantly, or key stages of the production process or corporate operations would face substantial delays or remain incomplete.
Figure 15	SUCH 2024 : Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products,

	services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
Figure 16	 EIBIS 2023: Q: Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. Reducing the share of goods or services imported. D. Reduce imports from outside the EU and substitute with imports from the EU. E. Diversifying or increasing the number of countries you import from. F. None of the above. EIBIS 2024: Q: Since the beginning of 2023, has your company made any of the following changes to your sourcing strategy, or are you planning to make any of these changes this year? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. The share of goods or services imported. D. Reduce imports from outside the EU and substitute with products and/or services from the EU. E. Diversifying or increasing the number of countries you import from. F. None of the above.
Figure 17-18-19	EIBIS 2024 : Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	Q: Since the beginning of 2023, has your company made any of the following changes to your sourcing strategy, or are you planning to make any of these changes this year? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. The share of goods or services imported. D. Reduce imports from outside the EU and substitute with products and/or services from the EU. E. Diversifying or increasing the number of countries you import from F. None of the above.
Figure 20-21	SUCH 2024 : Q: Thinking about next year and the year after, is your company planning to make any of the changes listed below to your sourcing strategy? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. Reduce the share of goods or services imported from outside the EU and substitute with your own production. D. Reduce imports from outside the EU and substitute with products and services from home country. E. Reduce imports from outside the EU and substitute with imports from other EU countries. F. Diversifying or increasing the number of countries you import within the EU. G. Diversifying or increasing the number of countries you import from outside the EU.
Figure 22	SUCH 2024 : Q: In which areas did you or are you planning this year, to diversify or increase the number of countries you import from? A. EU countries B. Countries outside the EU. C. Both within and outside the EU.
Figure 23	SUCH 2024 : Q: Did you or are you planning this year to substitute the reduced imports from outside the EU with any of the following? A. Products and services produced from within your company. B. Products and services from another company in your home country. C. Products and services from another EU country. D. None of the above.
Figure 24	SUCH 2024 : Q: If the goods and/or services you import become unavailable from this point forward, how easy or difficult would it be for your company to find an alternative supplier in A. The same country as your current supplier. B. A country outside the EU. C. A country within the EU. D. Your own country.

Figure 25-26	SUCH 2024 : Q: Thinking of the goods or services that you import from outside the EU, if you were to choose a new supplier, how important would each of the following be? A. Price of the goods or services bought from the new supplier. B. Distance, delivery costs and delivery time of the new supplier. C. Customs and tariffs in the new supplier's country. D. Geopolitical risk/uncertainty in the new supplier's country. E. Quality and/or standards provided by the new supplier. F. The new supplier benefiting from competitive energy costs. G. The new supplier benefiting from secure access to raw materials or other goods, and services needed to make your products or provide your services (excluding labour). H. The new supplier benefiting from the availability of labour (costs, skills).
Figure B1	SUCH 2024 : Q: Thinking about your firms' greenhouse gas emissions, has your firm calculated any of the following fully or even partially? A. Scope 1 emissions – that is your total emissions from sources that your firm owns or controls directly. B. Scope 2 emissions – emissions that a company causes indirectly and come from where the energy it purchases and uses e.g. the emissions caused when generating the electricity that we use in our buildings would fall into this category. C. Scope 3 emissions – these are the carbon emissions not produced by the company itself, but by those that it's indirectly responsible for up and down its value chain. e.g. when your company buys, uses and dispenses of products from suppliers.
Figure B2	SUCH 2024 : Q: Have you or are you currently taking steps to reduce carbon dioxide emissions of your supply chain? A. Yes, my company has made steps or is currently taking steps to reduce carbon dioxide emissions from its supply chain. For example, selecting new suppliers or gaining new environmentally sustainable buyers. B. No, but we are planning to reduce the carbon dioxide emissions from our supply chain in the next 3 years. C. No, and we have no plans in the next 3 years to reduce the carbon dioxide emissions from our supply chain.
Figure B3	 SUCH 2024: Q: What impact do you expect the transition to stricter climate standards and regulations will have on your company over the next five years? A. The transition represents a risk for my company. B. The transition will have no impact on my company. C. The transition represents an opportunity for my company to make gains. Q: Have you or are you currently taking steps to reduce carbon dioxide emissions of your supply chain? A. Yes, my company has made steps or is currently taking steps to reduce carbon dioxide emissions from its supply chain. For example, selecting new suppliers or gaining new environmentally sustainable buyers. B. No, but we are planning to reduce the carbon dioxide emissions from our supply chain in the next 3 years. C. No, and we have no plans in the next 3 years to reduce the carbon dioxide emissions from our supply chain.
Figure B4	SUCH 2024: Q: To what extent is each of the following an obstacle for the decarbonisation of your supply chain? A. Lack of suppliers using low-carbon technologies. B. Lack of reliable and consistent information on your suppliers' emissions. C. Lack of low-carbon technologies and solutions to decarbonise your production processes, transportation or those of my suppliers. D. High costs and risks associated with investing in low-carbon technologies. E. Insufficient incentives from governments and industry bodies. F. Regulation is not existing or sufficiently clear.
Figure 27	EIBIS 2023 : Q: Thinking about your investment activities in the country of interview, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Demand for products or services. B. Availability of staff with the right skills. C. Energy costs. D. Access to digital infrastructure. E. Labour market regulations. F. Business regulations (e.g. licences, permits, bankruptcy) and taxation. G. Availability of adequate transport infrastructure. H. Availability of finance. I. Uncertainty about the future.
	EIBIS 2024: Q: Thinking about your investment activities in the country of interview, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all? A.

	Demand for products or services. B. Availability of staff with the right skills. C. Energy costs. D. Access to digital infrastructure. E. Labour market regulations. F. Business regulations (e.g. licences, permits, bankruptcy) and taxation. G. Availability of adequate transport infrastructure. H. Availability of finance. I. Uncertainty about the future.
Figure 28	EIBIS 2024: Q: Thinking about your investment activities in the country of interview, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Demand for products or services. B. Availability of staff with the right skills. C. Energy costs. D. Access to digital infrastructure. E. Labour market regulations. F. Business regulations (e.g. licences, permits, bankruptcy) and taxation. G. Availability of adequate transport infrastructure. H. Availability of finance. I. Uncertainty about the future.
Figure 29	SUCH 2024 : Q: Since the beginning of 2023, have the following changed for your company? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
	Q: Compared to 2023, how do you expect the following to change for your company over the next 12 months? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
Figure 30	SUCH 2024 : Q: Since the beginning of 2023, have the following changed for your company? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
	Q: Compared to 2023, how do you expect the following to change for your company over the next 12 months? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
Figure 31	SUCH 2023 : Q: Approximately by how much has the following increased? A. Energy costs. B. Gross wages, including all benefits and benefits in kind (i.e. including various types of nonwage compensation provided to employees in addition to their normal wages or salaries). C. The price of the goods or services your company purchases. D. The price we charge customers for our products and/or services.
	Q: Since the beginning of 2022, were any of the following an obstacle to your business's activities? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	Q: Since the beginning of 2022, how have each of the following changed for your company? Please move along the slider. A. Energy costs. B. Gross wages, including all benefits and benefits in kind (i.e. including various types of nonwage compensation provided to employees in addition to their normal wages or salaries). C. The price of the goods or services your company purchases. D. The price we charge customers for our products and/or services.

	 SUCH 2024: Q: Since the beginning of 2023, approximately by how much have the following increased? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services. Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards
	or certifications. F. Recent changes in customs and tariffs. Q: Since the beginning of 2023, have the following changed for your company? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
	Q: Compared to 2023, how do you expect the following to change for your company over the next 12 months? A. Energy costs. B. Gross wages paid to staff, including all benefits and benefits in kind (i.e. non-wage compensation in addition to the normal wages or salaries of employees). C. The price of the goods or services your company purchases. D. The price you charge customers for your products and/or services.
Figure 32-33	EIBIS 2024: Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	Q: Since the beginning of 2023, has your company made any of the following changes to your sourcing strategy, or are you planning to make any of these changes this year? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. The share of goods or services imported. D. Reduce imports from outside the EU and substitute with products and/or services from the EU. E. Diversifying or increasing the number of countries you import from. F. None of the above.
Figure 34	EIBIS 2023: Q: Since the beginning of 2022, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	Q: Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. Reducing the share of goods or services imported. D. Reduce imports from outside the EU and substitute with imports from the EU. E. Diversifying or increasing the number of countries you import from. F. None of the above.
	Q: Approximately what proportion of your investment in the last financial year was financed by each of the following? A: Internal funds or retained earnings (e.g. cash, profits). B: External Finance (e.g. financing from banks, private or public equity). C: Intra-group Funding e.g. Loan from parent company.

	Q: Which of the following types of external finance did you use for your investment activities in the last financial year? A. Bank finance including loans and overdrafts. B. Newly issued bonds. C. Newly issued equity. D. Leasing or hire purchase. E. Factoring/invoice discounting. F: Loans from family/friends/business partner. G: Grants.
	EIBIS 2024: Q: Since the beginning of 2023, were any of the following an obstacle to your business's activities? Is it a major obstacle, a minor obstacle or not an obstacle at all? A. Access to commodities or raw materials (e.g. steel, copper, fossil fuels, lithium, etc.). B. Access to semiconductors and microchips. C. Access to other components, semi-finished products, services or equipment. D. Disruptions of logistics and transport. E. Compliance with new regulations, standards or certifications. F. Recent changes in customs and tariffs.
	Q: Since the beginning of 2023, has your company made any of the following changes to your sourcing strategy, or are you planning to make any of these changes this year? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. The share of goods or services imported. D. Reduce imports from outside the EU and substitute with products and/or services from the EU. E. Diversifying or increasing the number of countries you import from. F. None of the above.
	Q: Approximately what proportion of your investment in the last financial year was financed by each of the following? A. Internal funds or retained earnings (e.g. cash, profits). B. External Finance (e.g. financing from banks, private or public equity). C. Intra-group Funding e.g. Loan from parent company.
	Q: Which of the following types of external finance did you use for your investment activities in the last financial year? A. Bank finance including loans and overdrafts. B. Newly issued bonds. C. Newly issued equity. D: Leasing or hire purchase. E: Factoring/invoice discounting. F: Loans from family/friends/business partner. G: Grants or subsidies.
Figure 35	SUCH 2024 : Q: Over the last two years, has your international group's location strategy for production and/or operations changed in any of the following ways? A. Moved some or more production/operations into the EU. B. Moved some or more production/operations out of the EU: a. (Re)located more production/operations geographically closer to the final production location or country of sales ("near-shoring"); b. Diversified production/operations to a greater extent across countries; c. (Re)locate more production/operations to countries politically closer to the main country of sales ("friend-shoring") C. My production structure remained unchanged.
	Q: How, if at all, do you expect your international group's location strategy for production and/or operations of expected to evolve in the next two years? A. Move some or more production/operations into the EU. B. Move some or more production/operations out of the EU: a. (Re)locate more production/operations geographically closer to the final production location or country of sales ("near-shoring"); b. Diversify production/operations to a greater extent across countries; c. (Re)locate more production/operations to countries politically closer to the main country of sales ("friend-shoring"). C. My company production structure will remain unchanged.
Figures 36-37-38-39	SUCH 2024 : Q: Has your company's exports changed, in any of the following ways, in the last two years? A. The overall value of exports has declined. B. We left one or more export markets. C. Our export volume within the EU has increased. D. The number of countries we export to within the EU has increased. E. Our export volume to countries outside the EU has increased. F. The number of countries we export to outside the EU has increased.
	Q: How do you expect your company's exports to change in the next two years, if at all? A. The overall value of exports is expected to decline. B. We expect to leave one or more export markets. C. Our export volume within the EU is expected to increase. D. We expect to export to more EU countries. E. We expect the export volume to countries outside the EU to increase. F. We expect the number of countries we export to outside the EU to increase.

Figures 40-41	SUCH 2024: Q: Has your company's exports changed, in any of the following ways, in the last two years? A. The overall value of exports has declined. B. We left one or more export markets. C. Our export volume within the EU has increased. D. The number of countries we export to within the EU has increased. E. Our export volume to countries outside the EU has increased. F. The number of countries we export to outside the EU has increased.
	Q: How do you expect your company's exports to change in the next two years, if at all? A. The overall value of exports is expected to decline. B. We expect to leave one or more export markets. C. Our export volume within the EU is expected to increase. D. We expect to export to more EU countries. E. We expect the export volume to countries outside the EU to increase. F. We expect the number of countries we export to outside the EU to increase.
	Q: Thinking about next year and the year after, is your company planning to make any of the changes listed below to your sourcing strategy? A. Increasing stocks and inventory. B. Investing in digital inventory and inputs tracking that allows you to track goods through the supply chain and delivery to your premises. C. Reduce the share of goods or services imported from outside the EU and substitute with your own production. D. Reduce imports from outside the EU and substitute with products and services from home country. E. Reduce imports from outside the EU and substitute with imports from other EU countries. F. Diversifying or increasing the number of countries you import within the EU G. Diversifying or increasing the number of countries you import from outside the EU.

SHOCK WAVES FROM TURBULENT TIMES

How EU businesses recalibrate supply chains



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