What drives firms’ investment in climate action?

Luxembourg, 11 June 2023

Evidence from the 2022-2023 EIB Investment Survey
EIBIS background information

13,300 firms surveyed across EU27, plus the US and the UK (until 2021)

Firms of 5+ employees in Manufacturing, Services, Construction & Infrastructure sectors

Representative of the economy (firms weighted by value-added)

Information on:

- Firm characteristics and performance
- Past investment activities and future focus
- Investment finance
- Investment needs and constraints

More information at EIBIS Data Portal and this link: EIB Investment Survey (EIBIS)
Outline

- Key findings
- Country scoreboards
- Country dashboards
## Country scoreboards

### Firms

<table>
<thead>
<tr>
<th>EU</th>
<th>Northern and Western Europe</th>
<th>Southern Europe</th>
<th>Central and Eastern Europe</th>
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<td>US</td>
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</table>

### How to read

For a given variable, a cell’s color shows how the corresponding country performs compared to the average EU value for the same variable.

- **Worse than EU average**
- **Better than EU average**
- **EU average**

### Firms

- **Firms facing physical risks (in %)**

- **Firms facing energy cost concerns (in %)**

- **Firms perceiving transition as a risk (in %)**

- **Firms perceiving transition as an opportunity (in %)**

- **Firms that have set a climate target (in %)**

- **Firms investing in climate (in %)**

- **Firms planning to invest in climate (in %)**

- **Firms investing in energy efficiency (EE) (in %)**

- **Average share of investments devoted to EE (in %)**
  - AT: 10, BE: 11, DE: 12, DK: 12, FI: 9, FR: 9, IE: 9, LU: 9, SE: 12

- **Firms investing in any adaptation (in %)**

- **Firms with an adaptation strategy (in %)**

- **Firms with an adaptation measure (in %)**

- **Firms investing in insurance (in %)**

- **Firms investing in any mitigation (in %)**

- **Firms investing in green technologies/products (in %)**

- **Firms that have invested in energy efficiency (in %)**

- **Firms engaging in renewable energy generation (in %)**

- **Firms engaging in waste recycling (in %)**

- **Firms with green transportation systems (in %)**
## Country scoreboards II

### Graph Description:
The graph shows the variation between 2022 and 2021. An upward arrow represents an increase from EIBIS 2021, while a downward arrow indicates a decrease from EIBIS 2021. Except for the first three lines of arrows, for which colors are reversed.

### Details:
- **Firms facing physical risks**
- **Firms facing energy cost concerns**
- **Firms perceiving transition as a risk**
- **Firms perceiving transition as an opportunity**
- **Firms that have set a climate target**
- **Firms investing in climate**
- **Firms planning to invest in climate**
- **Firms investing in energy efficiency (EE)**
- **Average share of investments devoted to EE**

### Countries:
- EU
- AT
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- DE
- DK
- FI
- FR
- IE
- LI
- NL
- SE
- CY
- EL
- ES
- IT
- MT
- PT
- BG
- CZ
- EE
- HR
- HU
- LT
- LV
- PL
- RO
- SI
- SK
- US
Country dashboards

How many firms feel exposed to physical risks?

- AT: 84%
- EU: 57%

What adaptation measures are firms implementing?

- Adaptation strategy: 36%
- Adaptation measures: 37%
- Insurance: 16%
- Any of the above: 17%

Austria

How do firms perceive the climate transition?

- Opportunity: 21%
- No impact: 22%
- Risk: 58%

What mitigation measures are firms implementing?

- New green technologies/products: 47%
- Invested in energy efficiency: 79%
- Renewable energy generation: 66%
- Waste minimisation and recycling: 77%
- Sustainable transport options: 54%
- Any of the above: 86%

How many firms are concerned about energy costs?

- AT: 84%
- EU: 87%

How important are energy efficiency (EE) measures to firms?

- Firms investing in EE: 2018: 30%, 2022: 59%
- Firms planning to invest in climate: 2020: 40%, 2022: 64%

How many firms have set climate targets?

- AT: 43%
- EU: 41%

How many firms are investing or planning to invest in climate action?

- AT: 53%
- EU: 59%
Deep dive – are EU firms climate friendly?

- Obstacles & Motivations
- Physical risks
- Climate investment & Plans
- Transition risks
- Energy efficiency
High energy prices are taking a toll on EU firms

- **82%** of EU firms say energy costs were either a major or minor obstacle to investment in 2022

- **+18 percentage points** is the change from 2021 to 2022 in the share of EU firms that perceive energy costs to be an obstacle to investment

- **Southern Europe** is the region with the highest share of firms that say energy costs limit investments

- **Dispersion** in energy cost concerns among EU countries dropped from 2021 to 2022
The energy crisis is pushing firms to invest in energy efficiency

- About **40%** of EU firms invested in energy efficiency in 2022
- **Western and Northern Europe** leads the trend in terms of share of firms investing in energy efficiency, while **Southern Europe** lags behind
- **10%** is the average share of investments that **EU firms** devote to energy efficiency vs. **6%** in the **United States**
- **51%** of large firms invest in energy efficiency, while only **31%** of small firms do
More firms acknowledge physical risks, but few invest in resilience

- **24 percentage points** is the gap between the share of EU firms facing physical risks and the share of firms engaging in adaptation.

- The share of firms facing physical risks is **similar** in the **EU** and in the **US** (57% and 59%, respectively).

- **Southern Europe** is the region in which firms feel more exposed to physical risks, but also in which fewer firms invest in adaptation.
88% of European firms adopted at least one mitigation measure. Recycling and energy efficiency were the measures most frequently implemented.

<table>
<thead>
<tr>
<th>Firms (in %) investing in specific mitigation measures</th>
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<tbody>
<tr>
<td>EU</td>
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<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>New green technologies/products</td>
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As firms address the transition, they have mixed views about the prospects it brings.

- **28%** of EU firms see the climate transition as an opportunity, while **32%** see it as a risk.

- **Western and Northern Europe** is the most optimistic region about the transition, while **Central and Eastern Europe** is the most pessimistic.

- **Energy-intensive manufacturers** are more pessimistic about the transition than non-energy intensive firms.

- **41%** of EU firms set climate emissions targets vs. **12%** in the United States.
Uncertainty is diluting firms’ incentive to invest in climate action

- 54% of energy-intensive manufacturers invest in energy efficiency vs. 38% of firms that are not energy-intensive.

- 48% of energy-intensive manufacturers invest in climate action vs. 43% of firms that are not energy-intensive.

Firms with energy cost concerns are 8 percentage points more likely by to invest in energy efficiency.

... But if they consider uncertainty to be a barrier as well as energy costs, the probability of investing in energy efficiency decreases by 4 percentage points.

European Investment Bank
Firms are stepping up climate action despite challenges

- **53%** of EU firms invested in climate in 2022 vs. **43%** in the US

- In 2021, figures were **11 pp.** lower, on average. This holds across EU, US and European regions

- In the EU, **63%** of large firms are investing in climate in 2022 vs. **44%** of SMEs

- **Energy-intensive manufacturers** are more likely to invest in climate than **non-energy intensive firms**
Concluding remarks....

- Energy price dynamics appear to be a double-edged sword
- EU firms face a twin energy and climate crises
- EU firms opt for mitigation measures than adaptation ones
- Growing uncertainty could prove to be a trap to investment decisions
- Challenges in managing the pitfalls and seizing the green opportunities
- This crisis could be a turning point towards a cleaner future
Going forward – paving the way to a net zero-carbon future

01 Increase awareness
- Raise awareness and ambition
- Share knowledge and guidance
- Engage smaller firms

02 Set up climate strategies
- Promote green management practices
- Assess impacts, vulnerability and risks
- Set targets and decarbonization paths

03 Create an enabling environment
- Improve access to climate finance
- Strengthen the technical capacity
- Remove regulatory uncertainty
THANK YOU