

REDESIGNING SUPPLY CHAINS

EU FIRMS IN A TIME OF GEOPOLITICAL RISK



European
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Redesigning supply chains: EU firms in a time of geopolitical risk

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EXECUTIVE SUMMARY

Global trade is entering a period of structural change. Geopolitical tensions, strategic competition between major powers and recurring disruptions to supply chains are reshaping the environment in which firms operate. Evidence from the 2025 European Investment Bank Investment Survey (EIBIS) and the 2025 Supply Chain Survey (SUCH) shows that EU firms increasingly view uncertainty as a permanent feature of the global economy rather than a temporary disruption. In response, firms are strengthening resilience by diversifying suppliers and markets, reducing strategic dependencies, investing in preparedness and increasingly shifting from short-term crisis responses towards longer-term adaptation strategies.

Key findings

- **Geopolitical risks have become the primary cause of supply chain distress.** According to the two surveys of EU firms, tariffs and regulatory compliance costs have become greater barriers to international trade than logistics disruptions or input shortages. Input shortages remain a concern and could be further aggravated by geopolitical tensions. Most firms view these issues as structural: 56% expect elevated tariffs to persist over the long term, while around half expect ongoing difficulties in accessing inputs. This reflects expectations that trade fragmentation will remain a persistent feature of the global economy.
- **EU firms are becoming more resilient to trade disruptions, with the European single market playing a stabilising role.** Nearly two-thirds of EU firms report being prepared to manage geopolitical risks, particularly those most exposed to the United States and China or operating in manufacturing-intensive sectors. The single market provides a source of stability. Firms trading exclusively within the European Union report a declining need for short-term measures such as stockpiling or digital monitoring, while EU firms more broadly continue to pursue long-term strategies to reduce dependencies and diversify suppliers and trading partners. By contrast, US firms increased inventories in 2025 – in anticipation of tariff changes – and reduced imports.
- **Competitiveness prospects remain positive, despite growing pressures.** EU firms attribute their current competitiveness primarily to the quality of their products and services and the strength of their workforce. Looking ahead, they expect advanced digital technologies and research and innovation to become increasingly important sources of competitive advantage. Rising costs and heightened uncertainty are seen as the main threats. Despite these headwinds, export expectations remain broadly positive: Almost 90% of EU firms expect their export performance to remain stable or improve. Firms exporting to China and the United States are less optimistic, however, reflecting elevated geopolitical risks in these markets.

Conclusions and policy recommendations

The findings of this report suggest that EU firms have largely adapted to the disruptions of recent years by becoming more prepared, diversifying supply chains and relying less on short-term crisis responses. However, the nature of the challenge is also changing. The main obstacles and risks to trade are now increasingly geopolitical, and firms widely expect these pressures to persist. While businesses can take steps to reduce their exposure to risk, they cannot on their own address the underlying sources of uncertainty, remove trade barriers or strengthen the broader framework in which they operate. An integrated and well-functioning single market, for instance, is a source of stability that lies beyond any single firm's control. Maintaining resilience and competitiveness in a more fragmented global economy will continue to require not only firm-level adaptation, but also supportive public policies.

- **Governments and institutions need to strike the right balance between crisis management and long-term preparedness.** This means helping firms to anticipate and manage risks on an ongoing basis while enabling them to respond effectively with ad hoc adjustments or emergency measures when shocks occur. Policy support can reduce firms' exposure to uncertainty and lower the cost of building resilience. This includes targeted financial instruments (such as guarantees, insurance and adapted state aid frameworks) to support investment in critical activities within the single market, improved geopolitical intelligence and early warning mechanisms, and greater regulatory clarity to reduce compliance uncertainty. More broadly, policies that strengthen firms' capabilities, including skills, innovation and digitalisation, will help EU companies absorb shocks and remain competitive as resilience and risk management become central to firms' long-term performance.
- **Opening and securing new markets is becoming increasingly important for EU firms.** Advancing EU free trade agreements and deepening the single market by removing remaining internal barriers can help firms diversify without increasing complexity.

INTRODUCTION

The global economic order is changing. The United States is redefining the rules of the multilateral trading system, challenging globalisation and the rules-based system. The “reciprocal tariffs” imposed by the United States in April 2025, later declared illegal by the US Supreme Court and replaced by measures following Section 301 investigations,¹ have created considerable uncertainty for EU firms.

China, which has also been hit by US tariffs, is grappling with excess capacity that may flood export markets and is increasingly weaponising economic dependencies. The country’s 15th Five-Year Plan, ratified in March 2026, confirms its intention to achieve further industrial leadership. Although the plan recognises challenges related to excess capacity in traditional sectors, it focuses on enhancing efficiency rather than reducing production volumes. This approach presents significant challenges for global trade and related policy frameworks.

Military conflicts remain one of the main sources of disruption. Russia’s military aggression against Ukraine in 2022 triggered a surge in the prices of oil, natural gas and other raw materials. More recently, the conflict involving Iran in 2026 led to the closure of the Strait of Hormuz, a critical maritime route through which more than 20% of global oil and gas trade passed each day before the conflict, along with other key industrial inputs, including helium. The complex structure of global supply chains amplifies these effects. For instance, although most oil and gas passing through the Strait of Hormuz goes to China and India, Gulf countries are, after the United States, the European Union’s main suppliers of diesel fuel and major suppliers of fertilisers, especially nitrogen products.

Uncertainty is the new normal. The constant disruptions in global trade suggest a shift towards a new economic system. Rather than responding to occasional isolated shocks, firms need to operate in a world where disruption is expected. Supply chain disruptions linked to the COVID-19 pandemic, such as logistical bottlenecks and difficulties in accessing key inputs, are increasingly giving way to tensions arising from geopolitical developments. These include wars, economic fragmentation and strategic confrontations between countries. Such developments can affect international trade directly, for example through US tariffs, China’s restrictions on rare earth exports or Iran’s closure of the Strait of Hormuz, or indirectly, for example through input restrictions following Russia’s military aggression against Ukraine.

¹ Section 301 investigations are formal probes conducted by the Office of the United States Trade Representative (USTR) under the Trade Act of 1974 to address foreign trade practices that are unjustifiable, unreasonable or discriminatory and that burden US commerce. See <https://ustr.gov/issue-areas/enforcement/section-301-investigations>.

To better understand how EU firms are responding to this more uncertain and fragmented trade environment, the European Investment Bank (EIB) and the European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) conducted their third joint survey on the supply chains of EU firms. Drawing on evidence from the 2025 Supply Chain Survey (SUCH) and the 2025 EIB Investment Survey (EIBIS), this report examines how geopolitical tensions and trade fragmentation are affecting firms and provides strategic insights for policymakers and businesses.

The report is structured as follows. "Towards a new paradigm for global trade" provides background on the supply chain and trade vulnerabilities that are increasingly shaping the operating environment for firms. "The rise of geopolitical risks in trade" analyses survey evidence on firms' perceptions of trade-related obstacles and the expected duration of these disruptions. "Business agility in uncertain times" analyses firms' preparedness and the adjustment strategies used to manage supply chain risks. "Diversifying supply and demand while increasing competitiveness" examines the sources of competitiveness, the threats firms face, and the role of supplier and market diversification. The report concludes with policy recommendations on how governments and institutions can support firms in managing risks, strengthening resilience and remaining competitive in an increasingly fragmented global trading system.

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 has been conducted annually since 2016 by the European Investment Bank (EIB) with support from Ipsos. It gathers qualitative and quantitative information on the 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 insights into corporate investment and investment finance among non-financial companies in all EU countries and the United States. Since 2022, the survey has also included questions on supply chain tensions and strategies for addressing them. The latest wave of the EIBIS was carried out from April to July 2025.

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. It 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 has been conducted annually since 2023 by the EIB and DG GROW with support from Ipsos. The latest wave, carried out from May to October 2025, covered 1 165 importers and exporters across the European Union. About 64% of firms covered by the SUCH survey are also included in the EIBIS.

The SUCH survey provides unique insights into EU firms' sourcing strategies, the countries they trade with, obstacles to trade, measures to address supply chain tensions and export expectations within and beyond the European Union. It includes specific questions for importers and exporters, such as the origin of trading partners, the risk of disruptions to essential inputs, the factors influencing supplier substitution and export expectations within and beyond the European Union. These data complement the analysis based on EIBIS results.

TOWARDS A NEW PARADIGM FOR GLOBAL TRADE

The foundations of global trade are evolving. While increasingly integrated supply chains have delivered substantial gains in efficiency and competitiveness, they have also created new vulnerabilities. Recent disruptions have highlighted the economic dependence on critical transport routes, energy supplies, key technologies and strategic inputs. They have also demonstrated how localised shocks can quickly spread through supply chains. This section explores the vulnerabilities that increasingly shape international trade and illustrates how disruptions can generate far-reaching effects across sectors, countries and supply chains.

Supply chain disruptions over the past decade have differed widely in their origins, geographic reach and sectoral impact. One of the most significant examples has been the escalation of trade tensions between the United States and China. Beginning in 2015 during the second Obama administration, these tensions led to tariffs and restrictions on US technology exports, which were later expanded by the Trump administrations. Table 1 provides an overview of the main sources of supply chain disruption between 2015 and 2026 and their effects on trade, sectors and input prices.

Table 1. Major sources of supply chain disruption and their impact, 2015-2026

Source of disruption	Initial trigger	Geographic reach	Sectoral impact	Impact on input prices
US-China trade and technology tensions (2015-)	Export restrictions and tariffs	Global	High-tech manufacturing	Increase (semiconductors, steel and aluminium)
COVID-19 (2020-2021)	Goods shortages and lockdowns affecting demand	Global	Services (personal) and parts of manufacturing	Decrease (fossil fuels) and increase (scarce raw materials)
Suez Canal blockage (2021)	Obstruction caused by the container ship <i>Ever Given</i>	Global, especially Asia-EU trade	Services (logistics and transport)	Increase (transport costs and insurance premiums)
Ukraine war (2022-)	Specific goods shortages (energy, fertilisers and cereals)	Global, especially Europe	Manufacturing (especially energy-intensive industries) and energy	Increase (fossil fuels and scarce raw materials)

Source of disruption	Initial trigger	Geographic reach	Sectoral impact	Impact on input prices
Panama Canal restrictions (2023)	Water shortages	Regional, primarily the United States	Services (logistics and transport)	Increase (transport costs and insurance premiums)
Bab el-Mandeb Strait blockade (2024)	Attacks on shipping by Houthi militias	Regional	Energy and services (logistics and transport)	Increase (transport costs and insurance premiums)
US tariff measures (2025-)	Higher US import costs and reduced demand for exports to the United States	Global, especially if escalated	Manufacturing	Decrease (fossil fuels); effect on raw materials unknown
Iran war (2026-)	Closure of the Strait of Hormuz	Global	Energy, agriculture, manufacturing and services (logistics and transport)	Increase (fossil fuels and scarce raw materials)

Source: EIB.

The COVID-19 pandemic highlighted how unexpected events can affect both supply and demand. It led to raw materials shortages and price increases, although the price of energy fell as a result of an immediate decline in demand. Other disruptions, such as the obstruction of the Suez Canal by the container ship Ever Given in 2021 and the operational restrictions in the Panama Canal in 2024 caused by severe drought conditions, similarly demonstrated how unexpected events can disrupt trade flows.

Geopolitically driven supply chain disruptions have become more frequent. Russia's military aggression against Ukraine in 2022 led to a considerable spike in the prices of energy and many raw materials, as did the conflict involving Iran in 2026. Other geopolitically driven trade restrictions include the blockade of the Bab el-Mandeb Strait in 2024 by Houthi militias from Yemen responding to the Israeli invasion of the Gaza Strip, the US "reciprocal tariffs" introduced by the second Trump administration in April 2025 to reduce the trade deficit and raise customs revenues, as well as other export restrictions.

Many trade disruptions are linked to bottlenecks in maritime transport. Figure 1 shows some of the world's main trade choke points. Several are particularly important for energy trade, including the Strait of Hormuz, a critical route for both oil and liquefied natural gas. Others play a key role in the movement of non-energy cargo, such as the Suez Canal, the Taiwan Strait, the Korea Strait, the Strait of Gibraltar and the Dover Strait. The Strait of Malacca, for example, handles around 25% of global trade and 30% of seaborne oil shipments, making it one of the main bottlenecks in Asian trade. Some routes can become strategically important during periods of

disruption. The Cape of Good Hope, for instance, serves as a longer alternative when shorter maritime routes are unavailable due to physical constraints or geopolitical tensions, as happened following the blockade of the Bab el-Mandeb Strait in 2024. During the COVID-19 pandemic, the main constraints on global trade were not waterways but disruptions at trading ports, particularly in China, where strict lockdowns reduced the availability of transport and logistics services and increased costs. Unlike disruptions caused by geopolitical events, these logistics disruptions did not increase security risks or insurance costs.

Figure 1. Key bottlenecks in maritime transport



Source: EIB, based on the International Monetary Fund's [PortWatch](#) platform. Map produced with Datawrapper.

The conflict in the Gulf region at the beginning of 2026 triggered major disruptions to the supply of energy goods and raw materials. More than 20% of global oil and gas trade, as well as significant volumes of critical raw materials, pass through the Strait of Hormuz. The closure of the strait has driven up energy prices, with immediate ripple effects across the global economy and financial markets. Prices for energy and other key agricultural products have surged, especially for countries that rely on diesel and fertilisers imported from the Gulf.

The closure of the Strait of Hormuz affects a wide range of commodities and supply chains beyond oil and gas. The conflict has directly affected the global supply and price of oil and gas, around 20% of which previously passed through the strait daily, largely en route to Asia. It has also affected supplies of fertilisers, especially urea, and other inputs such as sulphur, methanol, primary aluminium and helium. The immediate effects are felt in sectors that rely heavily on these inputs, including refined petroleum products (such as kerosene and diesel), electricity, agriculture, technology manufacturing and gas-intensive manufacturing. Second-round effects arise as higher input costs push up the prices of electricity, food products, transport and tourism, among others, and may result in a fall in global demand. Table 2 shows the commodities most affected by the closure of the strait and the sectors that depend on them.

Table 2. Global perspective: Key products and supply chains affected by the closure of the Strait of Hormuz

Commodity or product	Share linked to the Gulf/Strait of Hormuz	Main importing regions	Main sectors affected
Crude oil	25% of global oil trade (approx. 20 million barrels per day)	Asia 80% (China, India, Japan, South Korea); Europe 4%	Transport, refining, petrochemicals, global inflation
Refined petroleum products (total)	10-12% of global trade	Asia 75%; Africa 15%; Europe 10%	Transport fuels, industry and households
Diesel/gasoil	15% of global trade	Mainly Asia and Africa	Freight, industry and agriculture
Kerosene/jet fuel	18% of global trade	Mainly Asia	Aviation, air freight and tourism
Gasoline	6-8% of global trade	Asia and Africa	Road transport
Liquefied natural gas	20% of global liquefied natural gas trade; 93% of Qatar's liquefied natural gas exports	Asia 80% (China, India and South Korea); Europe 15%	Power generation, heating, fertilisers and industry
Fertilisers	20% of global fertiliser trade; 46% of global urea trade	India 18%; Brazil 10%; China 8%	Agriculture, food security and inflation
Sulphur	50% of global trade (Gulf countries are the price setters)	Indonesia; Africa's copper belt	Battery metals refining (high-pressure acid leaching, HPAL) and phosphate fertilisers
Methanol	33% of global trade	China (largest buyer)	Plastics, paints and synthetic fibres
Primary aluminium	9% of global supply (excluding China)	Global markets	Construction, transport and renewables
Iron ore pellets and direct reduced iron	Large share of Gulf countries' exports (premium grades)	Asia; Middle East	Steelmaking
Helium	33% of global supply (concentrated in Qatar)	Global	Semiconductors and healthcare (MRI scanners)
Monoethylene glycol	17% of global supply	China; India; Southeast Asia	Polyester fibres, packaging and textiles
Petroleum coke derivatives	Price impact via refinery disruption	Global	Synthetic graphite and electric vehicle batteries

Source: EIB, based on data from the International Energy Agency and the World Economic Forum.

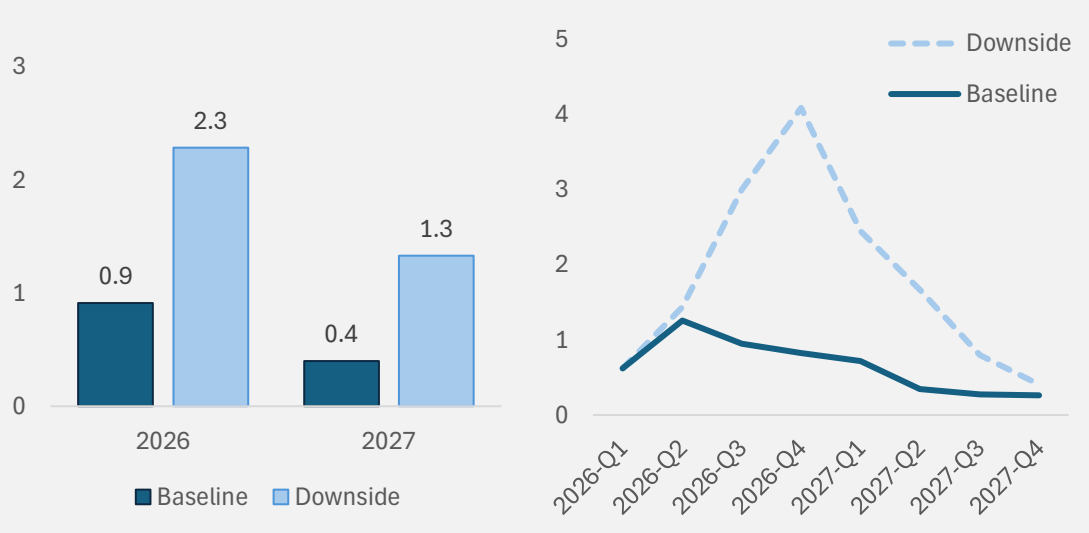
Viewed against the backdrop of past crises, the Gulf conflict represents another energy shock. In quantitative terms, it resembles the oil shocks of 1971-1973 and 1979-1981, even though today's global economy is far less oil-intensive. It also shares similarities with the energy shock that followed Russia's military aggression against Ukraine, although energy prices (mostly for natural gas), reached much higher levels then. At the same time, the conflict in Iran has disrupted supply chains in ways that echo the COVID-19 pandemic. However, these disruptions are more concentrated, affecting mainly energy products and a limited range of raw materials rather than a broad spectrum of goods. More broadly, the conflict illustrates how even localised geopolitical events can have far-reaching global repercussions through tightly interconnected supply chains and production networks. As a result, geopolitical tensions can quickly destabilise international trade and drive up costs in critical industries. See Box A on the impact of energy price hikes on firm profitability across sectors.

Box A. Impact of energy price hikes on firm profitability: A forward-looking simulation exercise

Higher energy costs following the conflict in the Persian Gulf are expected to weigh on the profits of EU firms. This box summarises the results of a simulation of the impact of the energy cost shock on firm profitability, helping to identify the industries where profitability is expected to be hardest hit.²

The analysis relies on three building blocks. First, it uses a scenario for the trajectory of wholesale oil and gas prices over 2026 and 2027, taken from the European Economic Forecast (Spring 2026). Second, firm-level financial accounts from the ORBIS database provide information on initial profitability. Third, the analysis incorporates a measure of firms' exposure to energy cost shocks. As this information is not available in ORBIS, it is approximated by relying on industry-level data. More specifically, input-output tables from [FIGARO](#) are used to derive energy intensity at the country-industry level.

Figure A1. Projected cost increases in the total economy due to energy price increases in 2026 and 2027 (in %)

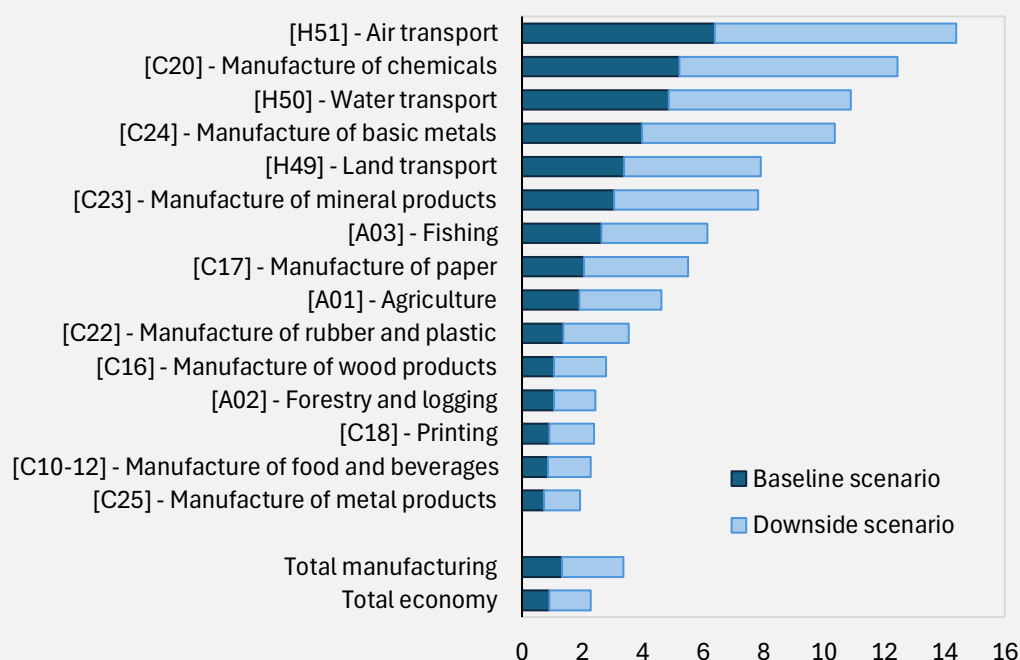


Source: The European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), based on FIGARO input-output tables (2025 edition) and energy price trajectories in the European Economic Forecast (Spring 2026).

Figure A1 shows the projected cost increases for the total economy over 2026 and 2027 stemming from the oil and gas price increases in the forecast's baseline and downside scenario. The results reveal marked differences in the magnitude of the cost shock. In the baseline scenario, costs for the whole economy are projected to be 0.9% higher in 2026 than they would have been in the absence of energy price increases, and about 0.4% higher in 2027. In the downside scenario, costs for the whole economy are projected to be 2.3% higher in 2026 and 1.3% higher in 2027.

Figure A2 shows the total cost increases each sector is likely to face in 2026 under the baseline and downside energy price scenarios, calculated using sector-level energy intensity measures. The projected cost increases stemming from the surges in oil and gas prices vary sharply across sectors. In the baseline scenario, air transport would be the hardest-hit sector in 2026, with projected costs rising by more than 6%. Other energy-intensive industries, including chemicals (5%), water transport (5%) and basic metals (4%), also face steep cost increases. In the downside scenario, costs are expected to increase by more than twice as much as in the baseline scenario, with air transport costs rising by up to 14%.

Figure A2. Projected cost increase in EU industries due to energy price increases in 2026
(in %)



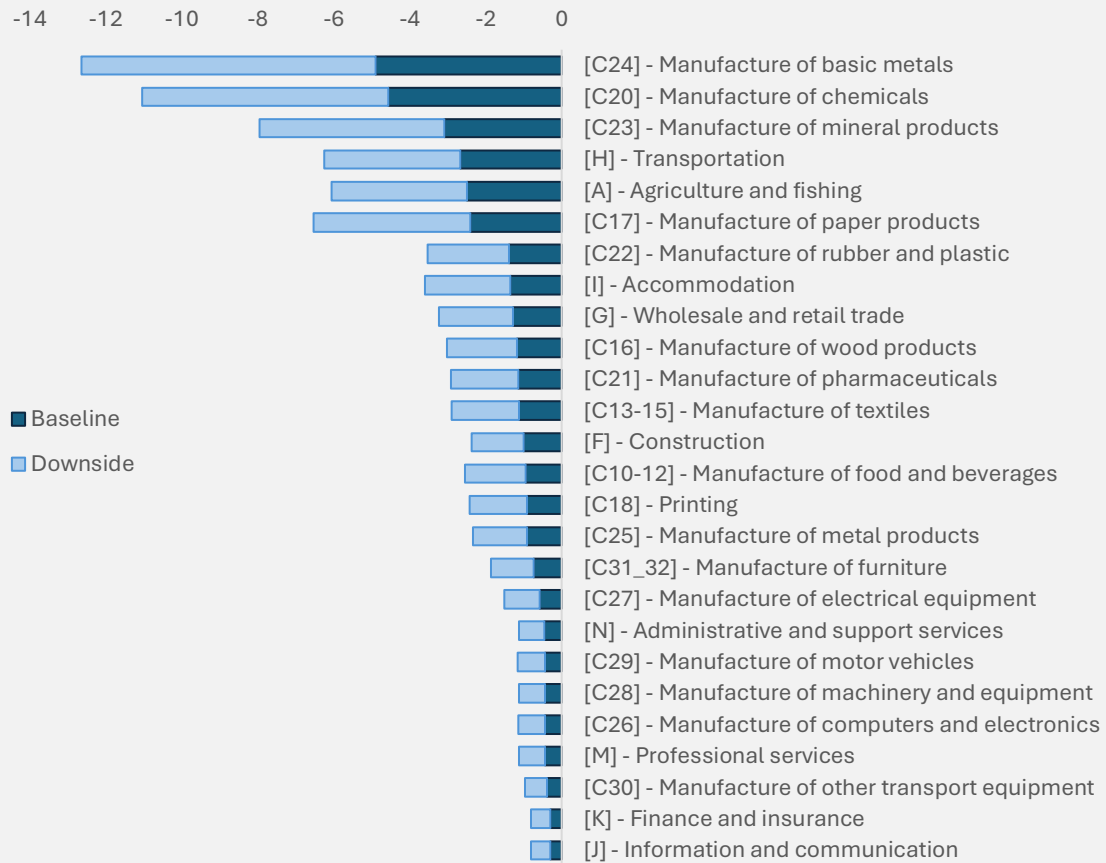
Source: DG GROW, based on FIGARO input-output tables (2025 edition) and energy price trajectories in the European Economic Forecast (Spring 2026).

These sector-level cost increases have an impact on firm-level profits. Assuming firms fully absorb the cost increase (zero cost-to-price pass-through) and continue to operate at the same level (constant production), the cost increase is expected to lead to a deterioration in corporate profitability. Figure A3 shows the median change in firms' operating profit margins resulting from the increase in energy prices over 2026, helping to identify the industries where corporate profitability is most at risk as energy costs rise. It reveals that the profit margin impact is highly uneven across industries, with basic metals experiencing the sharpest squeeze: a decline of almost 5 percentage points in the forecast's baseline scenario for energy price hikes and more than 12 percentage points in the downside scenario. Most industries face moderate declines in the baseline scenario of about

² Further results and details will be presented in a forthcoming paper in [DG GROW's Single Market Economics Papers series](#).

1 percentage point or less. However, in the case of tight initial profit margins, these relatively small margin declines may be sufficient to push firms into negative profitability.

Figure A3. Median change in firm operating profit margins in the European Union due to energy price increases in 2026 (in percentage points)



Source: DG GROW, and the European Commission's Directorate-General for Economic and Financial Affairs (DG ECFIN), based on FIGARO input-output tables (2025 edition), energy price trajectories in the European Economic Forecast (Spring 2026) and firm financial accounts from ORBIS (publicly listed firms, 2024).

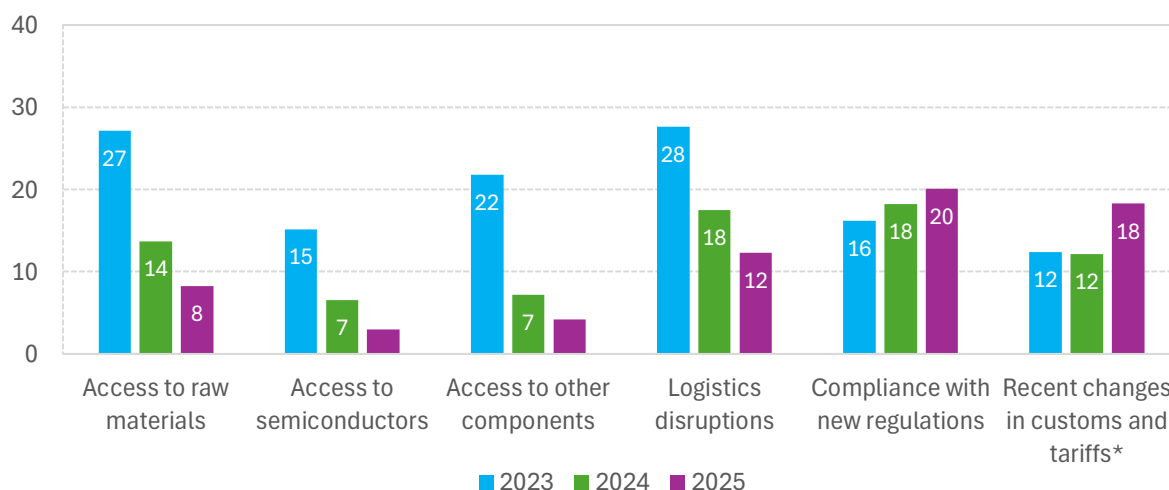
THE RISE OF GEOPOLITICAL RISKS IN TRADE

According to the results of the latest SUCH survey, firms see tariffs and regulatory compliance costs as the biggest barriers to trade, overtaking concerns about logistical disruptions and shortages of inputs. Both tariffs and trade-restrictive regulations are linked to geopolitical developments, which have become the central source of supply chain risk. While disruptions to input supplies persist and could intensify as geopolitical tensions rise, firms increasingly regard them, like tariffs, as persistent long-term challenges.

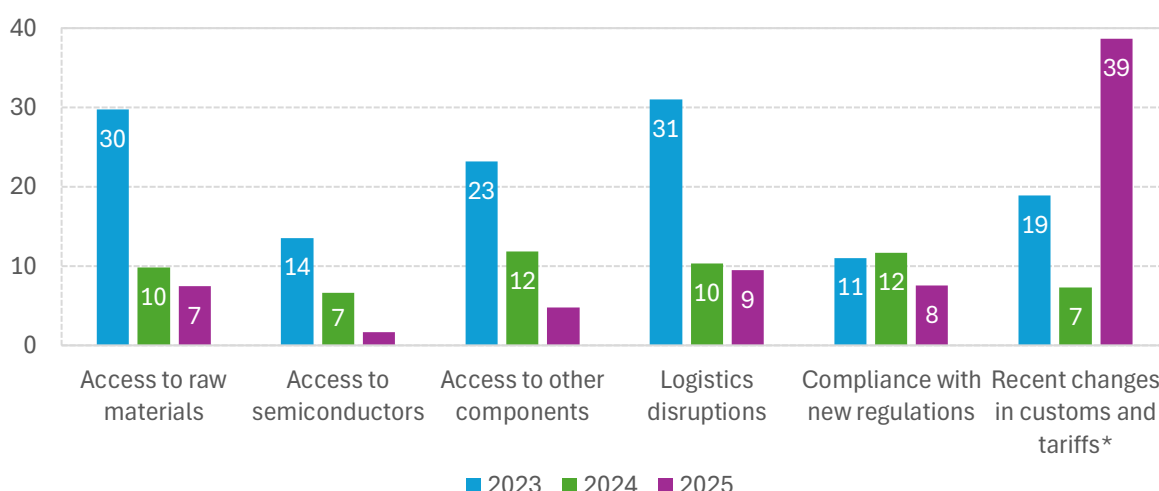
Disruptions in access to inputs and in logistics have emerged as a less significant source of supply chain tension since 2023. Continuing the trend observed since the first SUCH survey in 2023, difficulties in accessing inputs (including raw materials, semiconductors and other components) and disruptions in logistics were no longer perceived as major obstacles to trade for most EU companies in 2025. Figure 2 illustrates the share of EU firms reporting major obstacles across six trade-related areas over the past three waves of the SUCH survey. From 2023 to 2025, the share of firms reporting obstacles related to accessing inputs steadily declined in all categories, from 27% to 8% of firms for raw materials, from 15% to 3% for semiconductors, and from 22% to 4% for other components. The share of firms reporting obstacles related to logistics disruptions fell from 28% to 12%. The share of firms reporting obstacles related to

Figure 2. Major trade-related obstacles reported (% of firms)

a. EU firms



b. US firms



Source: EIB staff calculations based on the SUCH survey using the 2023, 2024 and 2025 EIBIS samples.

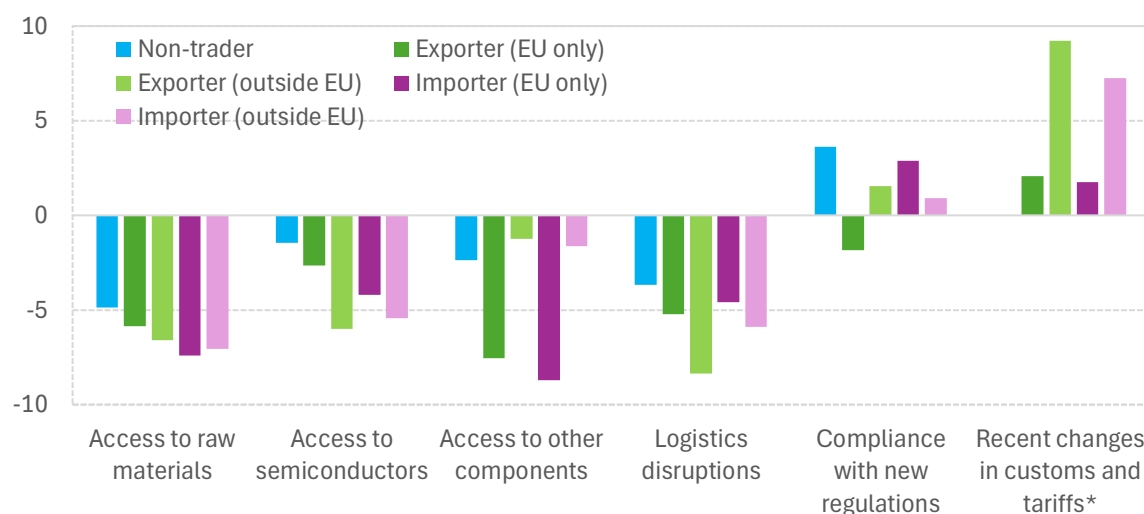
Note: Firms are weighted by value added.

*The question on recent changes in customs and tariffs is asked only to exporting and importing firms.

Compliance with new regulations, standards and certification requirements, along with changes in customs and tariffs, are increasingly perceived as major trade-restrictive factors for supply chains. Figure 2 shows that the share of firms identifying these geopolitically driven factors as major obstacles to trade has increased over the past three years. In the European Union, the increase has been gradual for regulatory compliance concerns, rising to 20% from 16%, while concerns about tariffs have risen more sharply in the past year, increasing to 18% from 12% following changes in US trade policy. In the United States, the increase has been much more pronounced, with concerns about tariffs rising from 7% in 2024 to 39% in 2025. Still, restrictions on inputs, especially raw materials, remain a major obstacle for some companies and could be exacerbated by geopolitical developments.

EU firms are less concerned about access to inputs and logistics disruptions in 2025 than in 2024, but more concerned about new regulations and changes in customs and tariffs. This pattern is evident among firms trading exclusively within the European Union as well as those trading internationally. Figure 3 shows that the share of firms reporting access to other components as a major obstacle to trade decreased, particularly for firms trading only within the European Union. At the same time, the decline in concerns about logistics disruptions and the increase in concerns about changes in customs and tariffs are both more pronounced among EU firms trading outside the European Union. Firms exporting only within the European Union reported a slight decline in the perceived burden of regulatory compliance on trade.

Figure 3. Change in major trade-related obstacles reported by EU firms, by trade relation from 2024 to 2025 (percentage point change in the share of firms)



Source: EIB staff calculations based on the SUCH survey using the 2024 and 2025 EIBIS samples. The geographic breakdown for imports and exports was not available in the 2023 wave.

Note: Firms are weighted by value added.

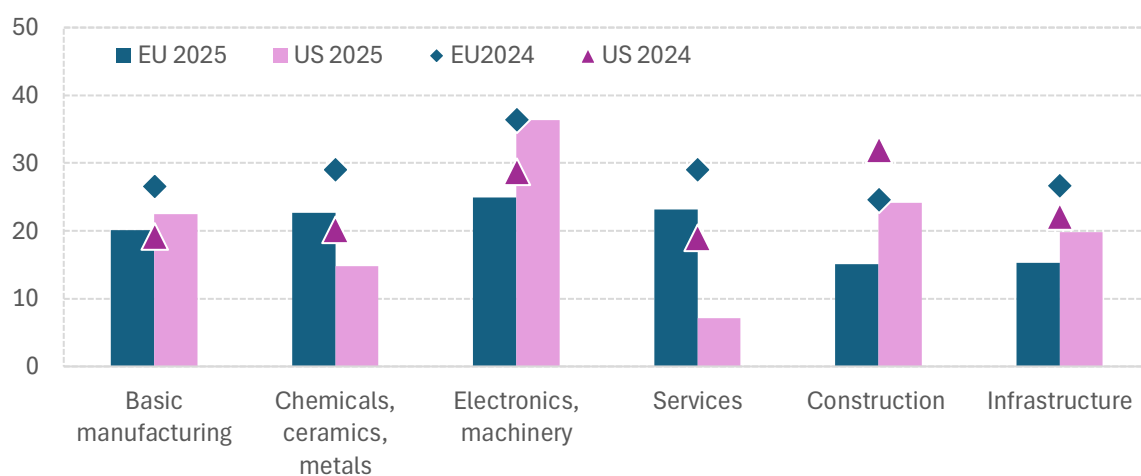
*The question on recent changes in customs and tariffs is asked only to exporting and importing firms.

While perceptions of trade-related obstacles are similar for EU firms in all sectors, they vary across sectors in the United States. Figure 4a shows the change in the share of firms reporting major obstacles related to access to inputs or logistics (access to raw materials, semiconductors or other components and logistics disruptions) from 2024 to 2025. Concerns declined across all sectors for EU firms, but the picture is more mixed among US firms, with a significant decline observed only in the construction and services sectors. The pattern observed in the SUCH survey for EU firms is consistent with recent evidence using data on firm-level trade and balance sheet evidence within the euro area (Essers et al., 2025).

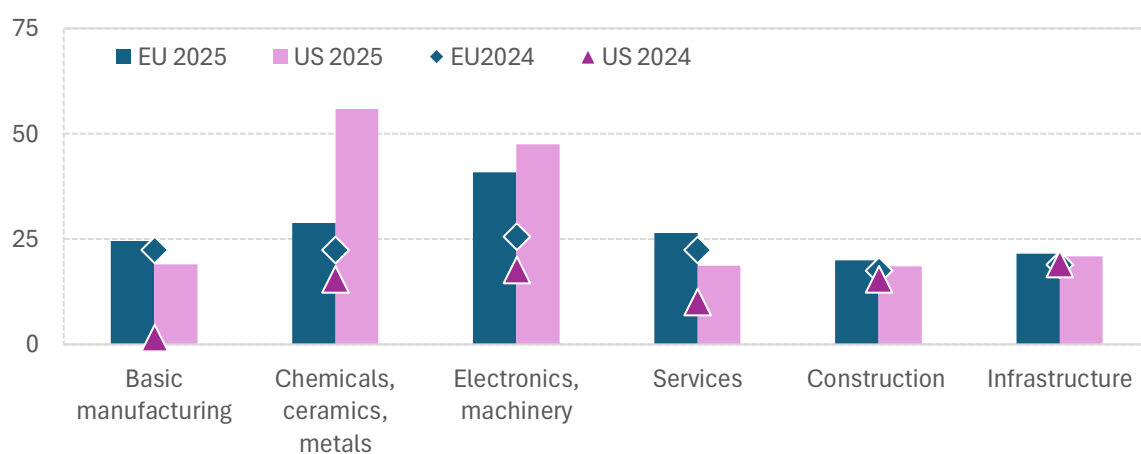
Firms exposed to foreign input disruptions tend to build medium-term resilience by investing in intangible assets and organisational capabilities, such as digital input tracking, inventory management and information systems. Figure 4b shows changes in the share of firms reporting major obstacles related to compliance with new regulations and changes in customs procedures and tariffs. Firms in the electronics and machinery subsector reported greater difficulties in complying with new regulations and adapting to changes in customs procedures and tariffs, both in the European Union and the United States. In other sectors, these concerns increased more markedly among US firms, reflecting the impact of tariffs on imports. The findings are summarised in Table 3.

Figure 4. EU and US firms reporting major trade-related obstacles, by sector (% of firms)

a. Access to raw materials, semiconductors or other components and logistics disruptions



b. Compliance with new regulations and changes in customs and tariffs



Source: EIB staff calculations based on the SUCH survey using the 2024 and 2025 EIBIS samples.

Note: Firms are weighted by value added. Sector definitions: Basic manufacturing (NACE 10 to 18, 31 to 32); Chemicals, pharmaceuticals, plastic and metals (NACE 19 to 25); Electronics, machinery and 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).³

³ Nomenclature of Economic Activities (NACE) is the European statistical classification of economic activities.

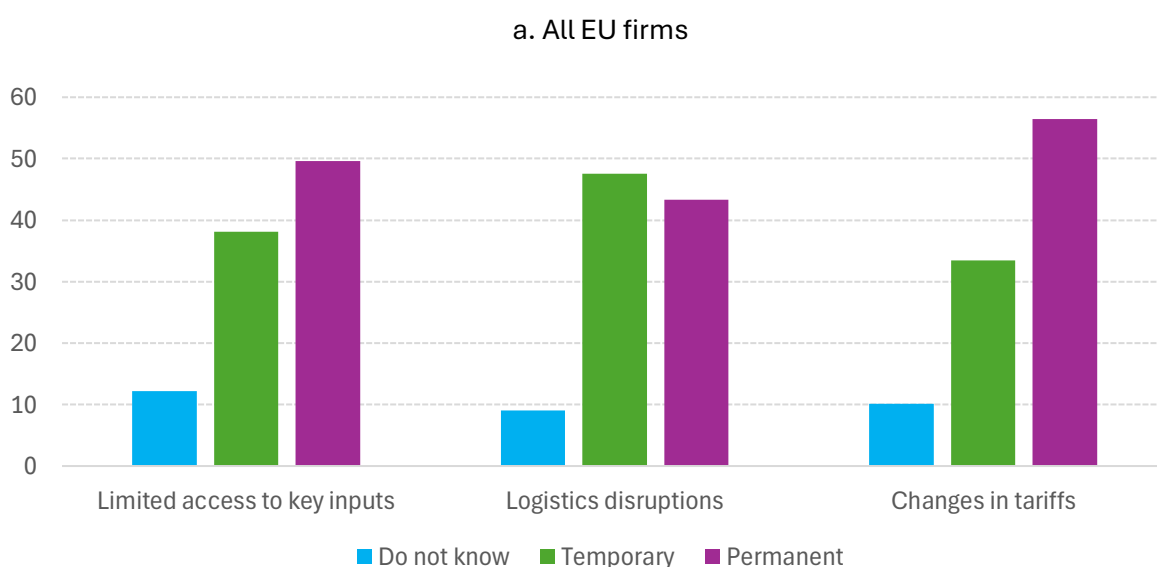
Table 3. Main trade-related obstacles in the European Union and the United States, by sector

Obstacle	European Union	United States
Access to raw materials, semiconductors or other components and logistics disruptions	Decline in all sectors	Increase in electronics and machinery; stable in basic manufacturing; decline in other sectors
Compliance with new regulations and changes in customs and tariffs	Stable in most sectors; increase in electronics and machinery	Increase in most sectors; strong increase in chemicals, ceramics and metals and in electronics and machinery

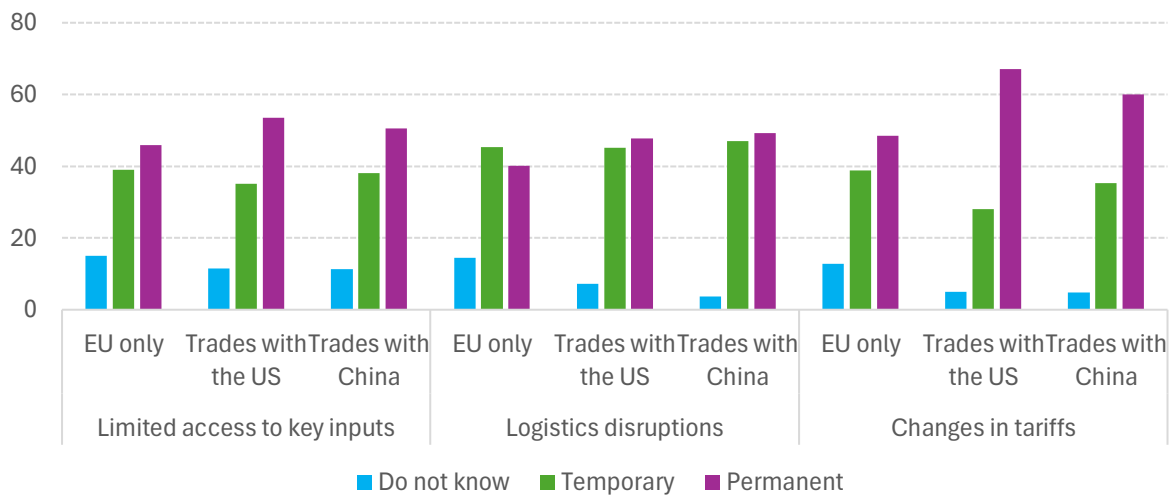
Source: EIB, based on the SUCH survey 2025.

Trade disruptions are increasingly perceived as permanent rather than temporary. More than half of EU firms expect limited access to key inputs and changes in tariffs to persist, while only one-third regard changes in tariffs as a temporary obstacle. Figure 5 shows how EU firms assess the expected duration of trade disruptions, depending on the market they import from or export to. Firms trading outside the European Union, especially with China and the United States, are more likely to view these obstacles as long term. For tariffs, 67% of firms trading with the United States and 60% of firms trading with China expect them to remain a permanent obstacle.

Figure 5. Expected duration of trade disruptions (% of firms)



b. By trading partner



Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added.

KEY FIGURES

Over 20% of global oil and gas trade depends on the Strait of Hormuz.

The Gulf supplies 33% of the helium used in semiconductor manufacturing.

Over 50% of EU firms expect input shortages and tariff increases to persist.

67% of firms trading with the United States and 60% trading with China expect tariffs to be permanent.

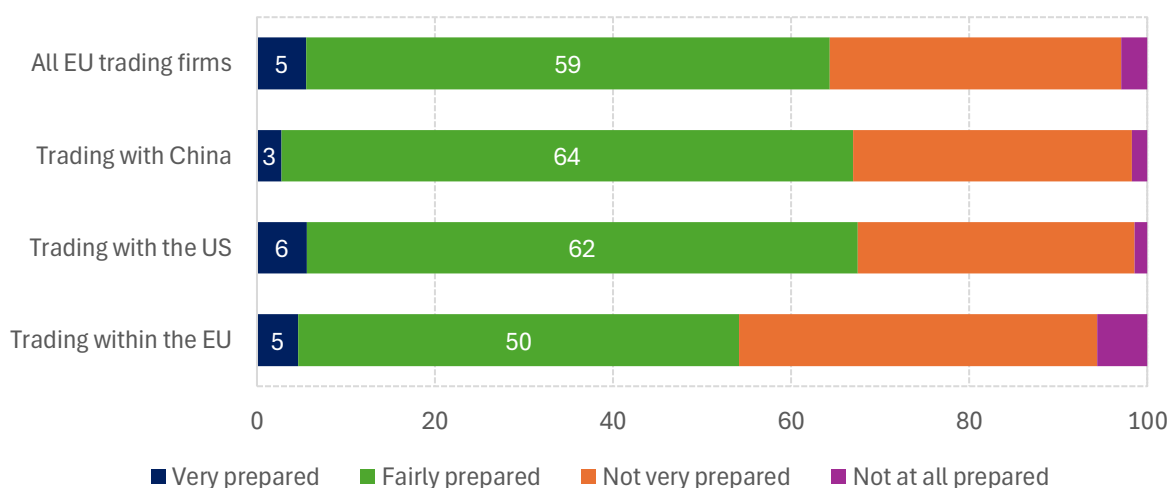
18% of EU firms and 39% of US firms see changes in customs and tariffs as a major obstacle to trade.

BUSINESS AGILITY IN UNCERTAIN TIMES

As geopolitical risks and economic policy uncertainty rapidly increase, firms face growing difficulty in forming consistent expectations about medium-term economic scenarios. To remain agile and adapt to new events, they need to increase their level of preparedness and adopt long-term adjustment strategies. More than half of EU firms feel prepared for trade disruptions, especially medium-sized and large companies and those more exposed to trade outside the European Union. As uncertainty becomes the new normal, firms are relying less on short-term adjustment measures such as increasing stock and inventories and more on longer-term adjustments such as expanding the number of suppliers and sourcing from different countries. This trend is evident among EU firms, but less so among US firms, which increased stocks – in anticipation of tariff increases – and reduced imports.

EU firms feel prepared for future shocks. A majority of EU firms (64%) consider themselves prepared to manage geopolitical risks, regardless of whether they view these risks as temporary or permanent, while 36% report low or no preparedness. Figure 6 shows that preparedness varies by market exposure. Firms trading with or sourcing from the United States or China tend to feel more prepared than firms trading only within the European Union. This higher level of preparedness likely reflects these firms' greater exposure to major trade-related disruptions and a stronger expectation that such disruptions will persist, prompting earlier investment in resilience-building measures.

Figure 6. EU firms' preparedness to handle geopolitical risks (% of firms)



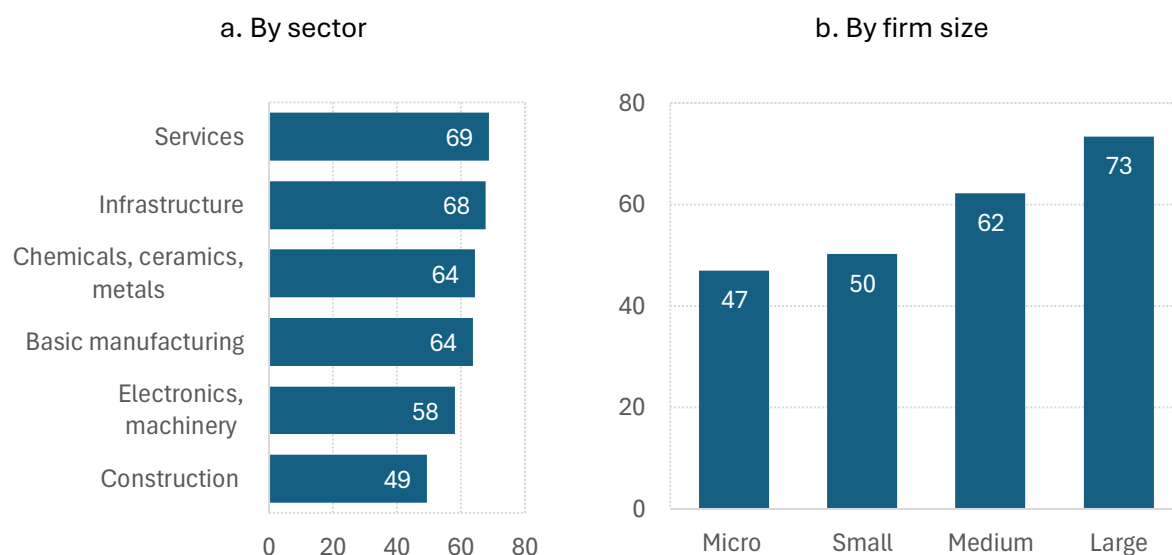
Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added.

Preparedness for geopolitical challenges varies across sectors. Close to 70% of EU firms in the services sector and 60% of companies in chemicals, basic manufacturing, and electronics and machinery consider themselves fairly or very prepared to handle geopolitical risks, possibly reflecting lower exposure to such risks. The level of preparedness is lowest in the construction sector (Figure 7a), which has historically reported fewer adjustments to major disruptions than other sectors, including in previous waves of the SUCH survey.

Preparedness increases with firm size. Larger firms are more likely to consider themselves prepared for geopolitical challenges: 73% report being prepared, compared with fewer than 50% of small and medium businesses (Figure 7b), which may need more support during difficult times. This gap is likely due to several factors, including financial constraints or lack of skilled staff able to monitor geopolitical developments and assess their impact on business.

Figure 7. EU firms' preparedness to handle geopolitical risks, by sector and size (% of firms)



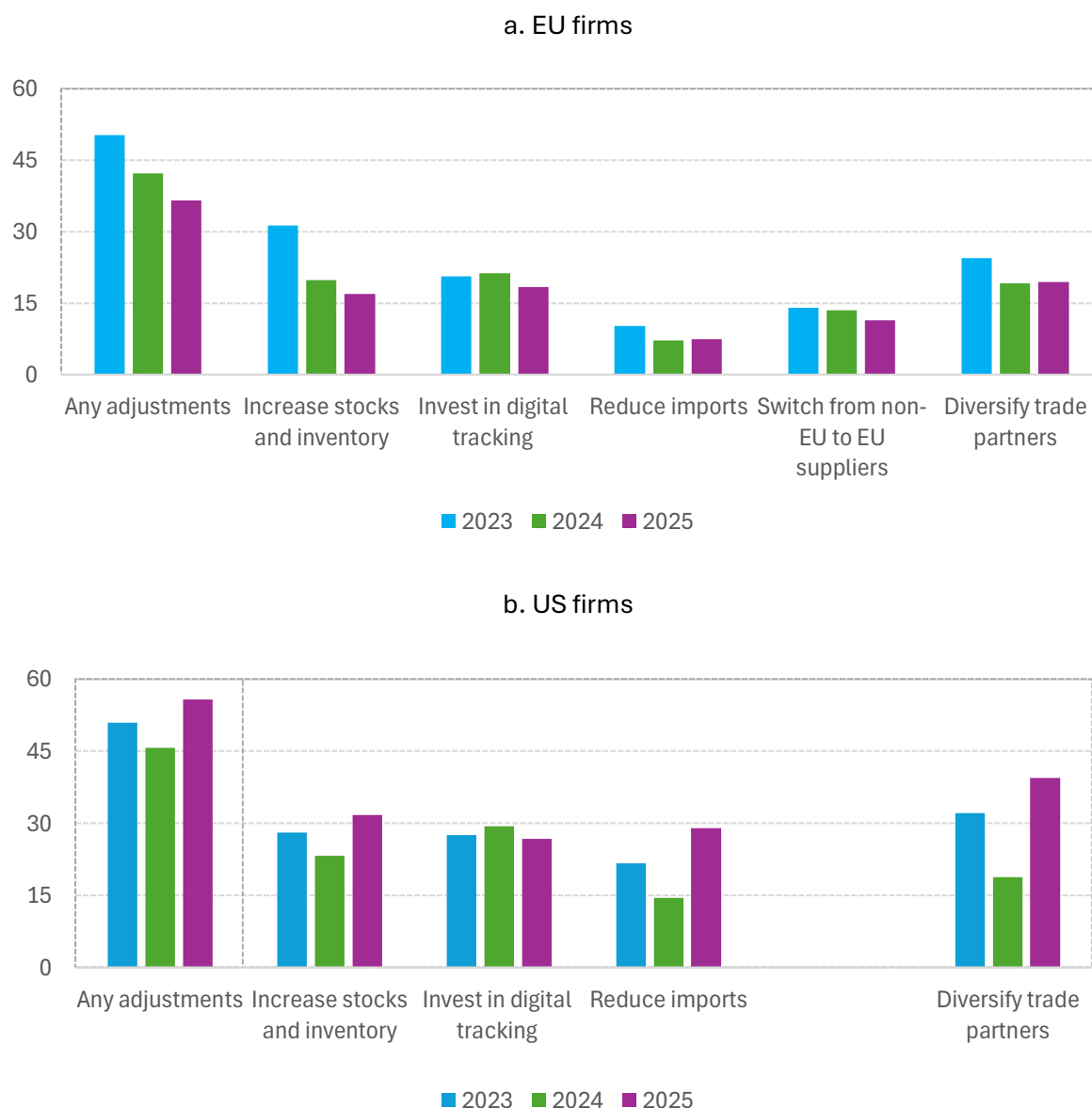
Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added. Sector definitions: Basic manufacturing (NACE 10 to 18, 31 to 32); Chemicals, pharmaceuticals, plastic and metals (NACE 19 to 25); Electronics, machinery and 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). Firm size classes are defined as follows: micro (5-9 employees), small (10-49 employees), medium (50-249 employees) and large (250 or more employees).

Short-term adjustment strategies such as stockpiling are becoming less common as uncertainty becomes the new normal. While logistics disruptions associated with the COVID-19 pandemic were perceived as temporary, geopolitical shocks such as tariffs are increasingly viewed as permanent (see Figure 5). This may explain why EU firms are resorting less to immediate or short-term adjustments such as increasing stocks or investing in digital tracking. These measures may have already been implemented, or their scope for further gains may be limited. At the same time, EU firms are developing long-term adjustment strategies such as diversifying trade partners or shifting sourcing from non-EU to EU suppliers (EIB, 2025). Figure 8 shows that the share of importing firms making supply chain adjustments has decreased to 37% from 50% over the past three years. This is mostly explained by a large decline in the share of firms

increasing stock and inventories as a method of adjustment, which fell to 17% from 31%. The use of strategies such as investing in digital tracking and reducing overall imports has slightly decreased, while adjustments such as shifting sourcing from non-EU to EU suppliers and diversifying trading partners has remained stable over the past two years. Besides influencing the types of adjustments firms make, uncertainty also has an asymmetric impact on their level of investment, as detailed in Box B.

Figure 8. Supply chain adjustments by EU and US firms (% of firms)



Source: EIB staff calculations based on the SUCH survey using the 2023, 2024 and 2025 EIBIS samples.

Note: Firms are weighted by value added. The survey does not ask US firms whether they substitute imports from outside the European Union with EU suppliers; consequently, no data are available for this category.

The decline in the share of EU firms adjusting their supply chains is evident across all sectors, unlike in the United States. As Figure 9a shows, the sharpest reductions occurred in manufacturing, particularly in electronics and machinery, where the share of firms making adjustments fell to just over half in 2025 from around three-quarters in 2023. Despite this significant decline, a substantial share of EU firms in these sectors continue to adjust their supply chains. Basic manufacturing firms continue to invest in digital tracking, while electronics and machinery firms have maintained efforts to shift sourcing from non-EU to EU suppliers. In construction, this type of sourcing substitution has increased considerably, while diversification of trading partners has slowed. Adjustment activity is even stronger in the United States. In 2025, the share of US firms adjusting their supply chains was at least as high as in 2023 and remained close to three-quarters in basic manufacturing and in electronics and machinery (Figure 9b).

Figure 9. Supply chain adjustments by EU and US firms, by sector (% of firms)

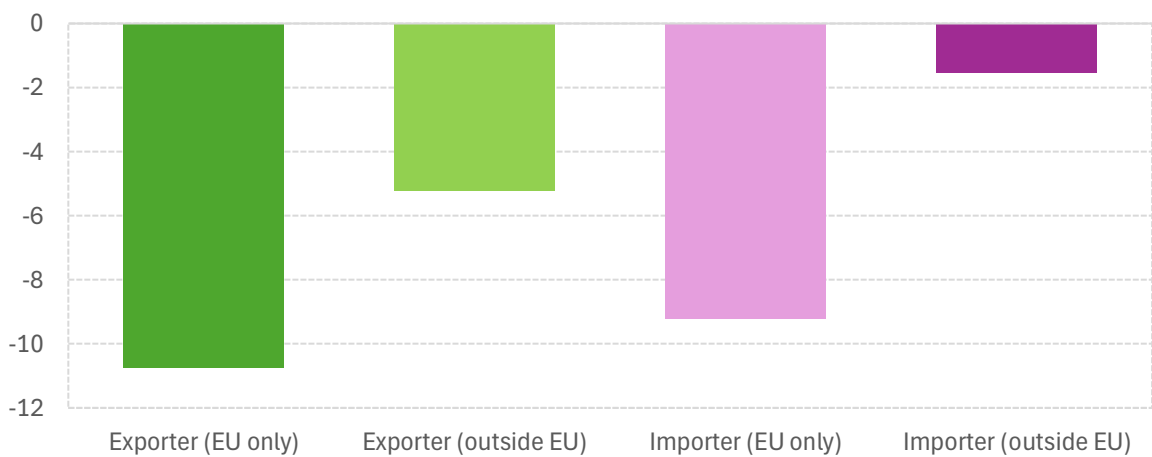


Source: EIB staff calculations based on the SUCH survey using the 2024 and 2025 EIBIS samples.

Note: Firms are weighted by value added. Sector definitions: Basic manufacturing (NACE 10 to 18, 31 to 32); Chemicals, pharmaceuticals, plastic and metals (NACE 19 to 25); Electronics, machinery and 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).

Greater exposure to trade outside the European Union is associated with more extensive and sustained supply chain adjustments. Figure 10 shows changes in the share of EU firms adjusting their supply chains between the 2024 and 2025 survey waves, by trade activity and trading partner. Overall, adjustment activity declined, driven mainly by firms that export exclusively within the European Union or import only from EU countries, where the reduction exceeded 8 percentage points. This shows that the single market acts as a buffer against external shocks, providing an alternative source of demand amid tariffs, uncertainty and geopolitical tension. By contrast, the decline was much less significant among firms importing from outside the European Union. These continued to invest heavily in making their supply chains more resilient in response to greater exposure to supply chain risks compared with firms operating only in the single market.

Figure 10. Change in supply chain adjustments by EU firms from 2024 to 2025, by trading partner (percentage point change in the share of firms)



Source: EIB staff calculations based on the SUCH survey using the 2024 and 2025 EIBIS samples.
Note: Firms are weighted by value added. The chart shows firms reporting any supply chain adjustment.

These results suggest overall that EU firms are becoming more resilient to supply chain disruptions. Almost two-thirds of EU firms consider themselves fairly or very prepared to manage geopolitical risks, especially those already exposed to these risks, such as firms trading with the United States and China. At the same time, unlike US firms, EU firms appear to be relying less on emergency or short-term measures, such as increasing stock and inventories or reducing imports, and more on longer-term strategic measures such as shifting sourcing from non-EU to EU suppliers and diversifying trading partners. Together, these trends suggest that EU companies are strengthening their resilience to geopolitical risks. The single market also appears to play a stabilising role, acting as a buffer against trade shocks. Firms operating exclusively within the European Union have reduced their reliance on stock and inventory management more markedly than firms exposed to international trade. This contrasts with the behaviour of US firms in 2025, many of which increased stock and inventories – in anticipation of tariff increases – and reduced imports.

Box B. Dealing with uncertainty: Lessons from an EIBIS experiment

Europe's long-standing growth model, built on open trade and global supply chains, is increasingly challenged by rising trade frictions and the shift towards a more multipolar global order. A series of shocks, including the COVID-19 pandemic, the 2022 energy crisis, US tariffs and, most recently, the conflict involving Iran, has substantially increased uncertainty for EU firms. Understanding how firms adjust their investment decisions in response to this uncertainty is therefore becoming increasingly important.

To assess firms' responses, the EIB Investment Survey (EIBIS) conducted an online experiment in 2025, receiving responses from around 710 EU firms. Each participating firm was randomly assigned eight hypothetical situations drawn from a wider set of 28 covering various sources of uncertainty such as regulation, competition, US tariffs and geopolitical risks (see Table B1). Firms were asked how they would adjust their planned investment projects under each scenario. The survey also collected information on the type and stage of investment plans, allowing responses to be analysed based on firms' investment characteristics. Together, these data provide insights into how firms make investment decisions in an increasingly uncertain global environment.

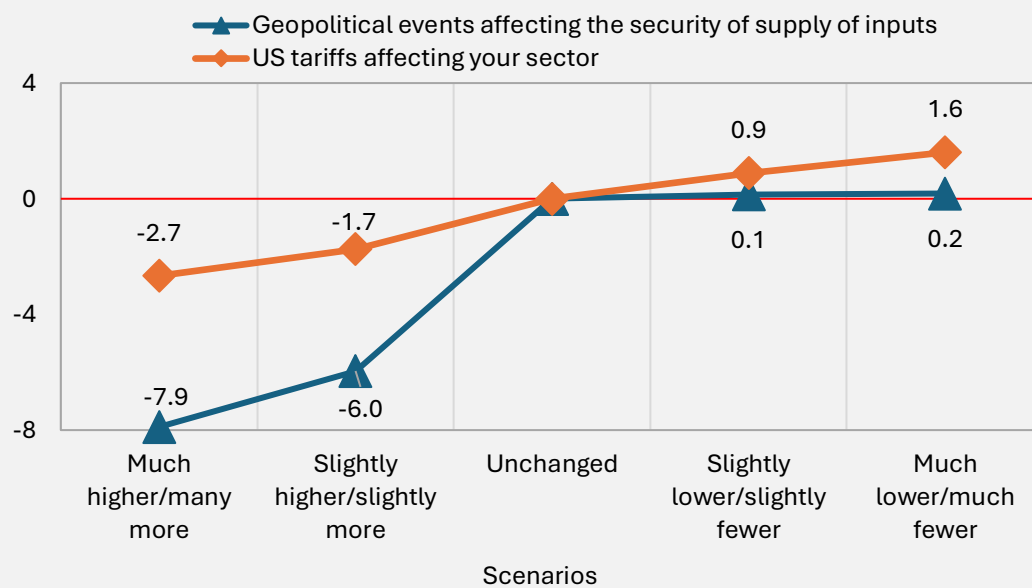
Table B1. Scenario grids used in the EIBIS 2025 experiment module

Attribute	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Business regulation affecting this investment project	Unchanged	Slightly less	Much less	-	-
Competition in your market	Much more	Slightly more	Unchanged	Slightly less	Much less
Cost of external finance for this investment project	Much higher	Slightly higher	Unchanged	Slightly lower	Much lower
US tariffs affecting your sector	Much higher	Slightly higher	Unchanged	Slightly lower	Much lower
Geopolitical events impacting the security of supply of your inputs	Many more	Slightly more	Unchanged	Slightly fewer	Much fewer
Climate change events affecting your company	Many more	Slightly more	Unchanged	Slightly fewer	Much fewer

Source: EIBIS 2025 experiment module. The online experiment was conducted alongside the EIBIS between April and July 2025.

For this analysis, we focus on two sources of uncertainty: (i) US tariffs affecting firms' businesses; and (ii) geopolitical events affecting the security of input supplies. Firms were randomly assigned scenarios reflecting more favourable, less favourable or unchanged conditions and asked whether they would increase investment, reduce investment or abandon the project altogether. To ensure comparability, scenarios with unchanged conditions are used as the baseline. All other responses are assessed relative to this baseline using net balances, defined as the share of firms planning to invest more minus the share of firms planning to invest less.⁴

Figure B1. Firms' investment responses to hypothetical scenarios involving US tariffs and geopolitical disruptions to input supply (in net balance, %)



Source: EIB staff calculations based on the EIB Investment Survey (EIBIS) 2025 experiment module. Unweighted data. Note: The net balance is equal to firms investing more minus firms investing less.

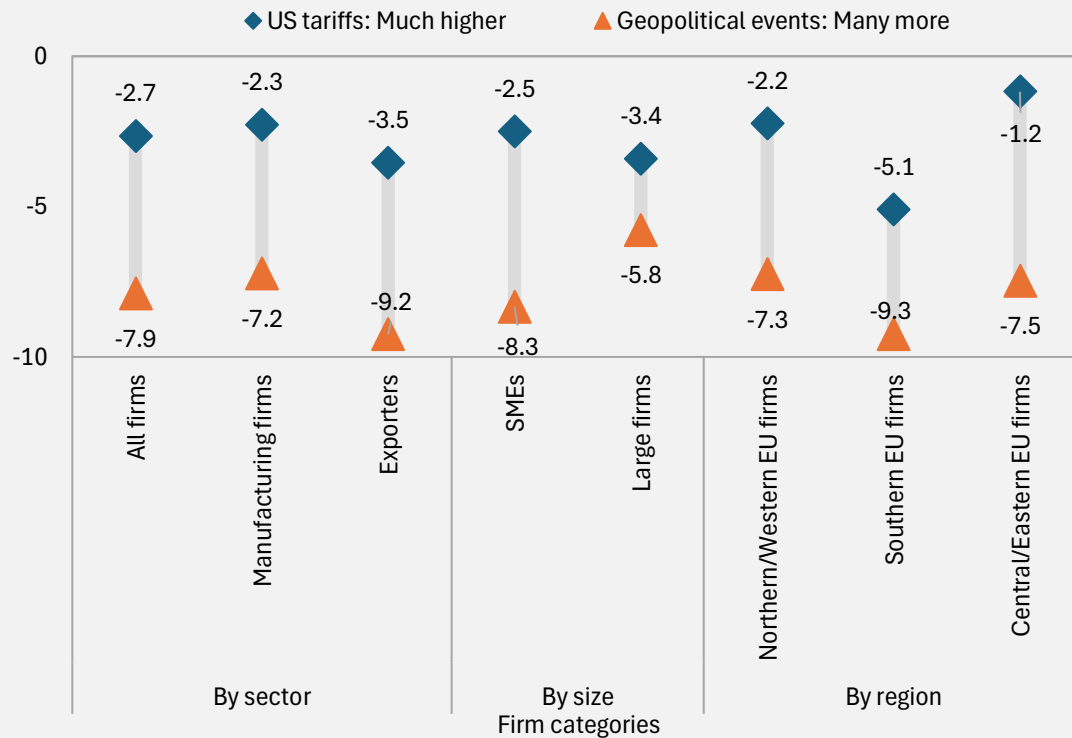
The experiment shows that higher US tariffs and increased geopolitical disruptions to input supply reduce EU firms' willingness to invest. As Figure B1 illustrates, both types of shock influence firms' investment decisions, although their impact differs. Scenarios involving slightly higher or much higher US tariffs are associated with a net reduction in investment for around 2-3% of firms (in net balance terms) relative to the unchanged baseline scenario. By contrast, scenarios involving slightly lower or much lower tariffs result in only a modest net increase in investment of about 0.9-1.6% (see Figure B1, blue line).

Firms respond much more strongly to adverse geopolitical shocks than to tariffs hikes. Scenarios involving slightly more frequent geopolitical events disrupting input supply are associated with net investment reductions of around 6% of firms (in net balance terms), rising to 8% when disruptions become much more frequent. By contrast, improvements in

⁴ "Firms planning to invest less" includes firms that choose to abandon their project. Including or excluding firms that choose to abandon their project does not affect the results.

the geopolitical environment do not lead to a comparable increase in investment. This suggests that firms maintain business-as-usual investment levels when conditions stabilise or improve but react strongly and asymmetrically to increased geopolitical risk.⁵

Figure B2. Investment responses to much higher US tariffs and much greater geopolitical disruption to input supply, by firm category (in net balance, %)



Source: EIB staff calculations based on the EIB Investment Survey (EIBIS) 2025 experiment module. Unweighted data.
Note: The net balance is equal to firms investing more minus firms investing less.

Exporters, large firms and firms located in Southern Europe show stronger responses to adverse shocks. Figure B2 breaks down firms' investment responses by sector, exporting status, size and location under scenarios involving much higher US tariffs affecting their sector and more severe geopolitical disruptions to input supply. As expected, EU exporters are more sensitive to tariff increases than the average firm. Around 3.5% of exporters reduce investment under much higher US tariffs, compared with 2.7% across all sectors and 2.3% among manufacturing firms. Large firms (-3.4%) and firms located in Southern Europe (-5.1%) also show stronger negative responses. Responses to geopolitical risks are even more pronounced. Exporters (-9.2%) and small and medium-sized enterprises (SMEs) (-8.3%) are more likely than the average EU firm to cut investment when faced with severe disruptions to the supply of inputs.

⁵ Importantly, these effects remain well below those associated with tighter financing conditions. A hypothetical scenario of much higher borrowing costs would lead to roughly 16% of firms reducing investment relative to the unchanged scenario.

Trade and geopolitical shocks have an asymmetric effect on firms' investment decisions, as the removal of adverse shocks does not fully offset their initial impact on investment. As shown in Figure B1, firms react strongly to negative shocks from both tariffs and geopolitical risks, but improvements in conditions do not generate a comparable rebound in investment. The results show that tariff increases reduce investment, while tariff reductions trigger only limited responses. Geopolitical risks have an even larger downside effect, as heightened uncertainty about input supply weighs heavily on firms' investment plans. In both cases, the removal of adverse conditions is not sufficient to restore investment to the level it would have reached in the absence of the shock. This suggests that removing uncertainty alone may not be sufficient to support investment and that the effects of adverse shocks may persist.

KEY FIGURES

64% of all EU firms say they are fairly or very prepared for temporary or permanent geopolitical risks.

More large firms are prepared for geopolitical risks (73%) than smaller firms (under 50%).

The share of EU firms stockpiling as a response to trade disruptions has fallen to 17% from 31% two years ago.

11% of EU firms are shifting to EU suppliers and 19% are diversifying trade partners.

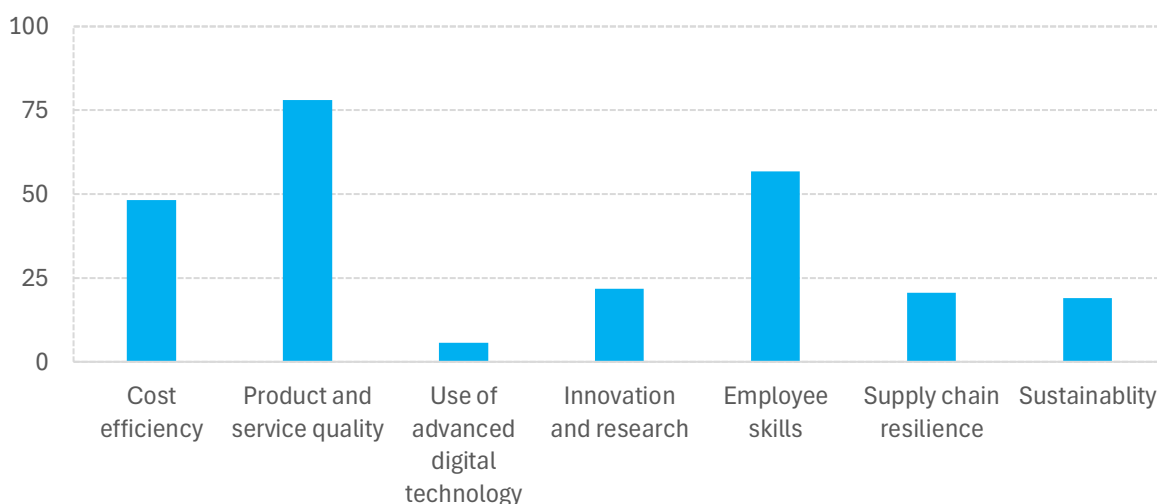
DIVERSIFYING SUPPLY AND DEMAND WHILE INCREASING COMPETITIVENESS

It is crucial for firms to identify their competitive strengths and the events or factors that might threaten this competitiveness, especially in a changing environment. EU firms cite product and service quality and employee skills as their main competitive strengths. Looking ahead, they expect cost efficiency, advanced digital technologies, and innovation and research to become increasingly important. Rising costs and uncertainty are perceived as the main threats to competitiveness.

Sources of current and future competitiveness

Product and service quality and employee skills are perceived as the main drivers of competitiveness for EU firms. As shown in Figure 11, 78% of EU firms identify product and service quality as their main competitive strength over the past two years, followed by employee skills (57%). Cost efficiency is cited by just under half of firms. By contrast, only 21% of firms view supply chain resilience as a key competitive factor. Around one-fifth view sustainability or innovation as sources of competitiveness, while very few consider advanced digital technologies to be a major competitive advantage.

Figure 11. Competitive strengths over the last two years (% of firms)



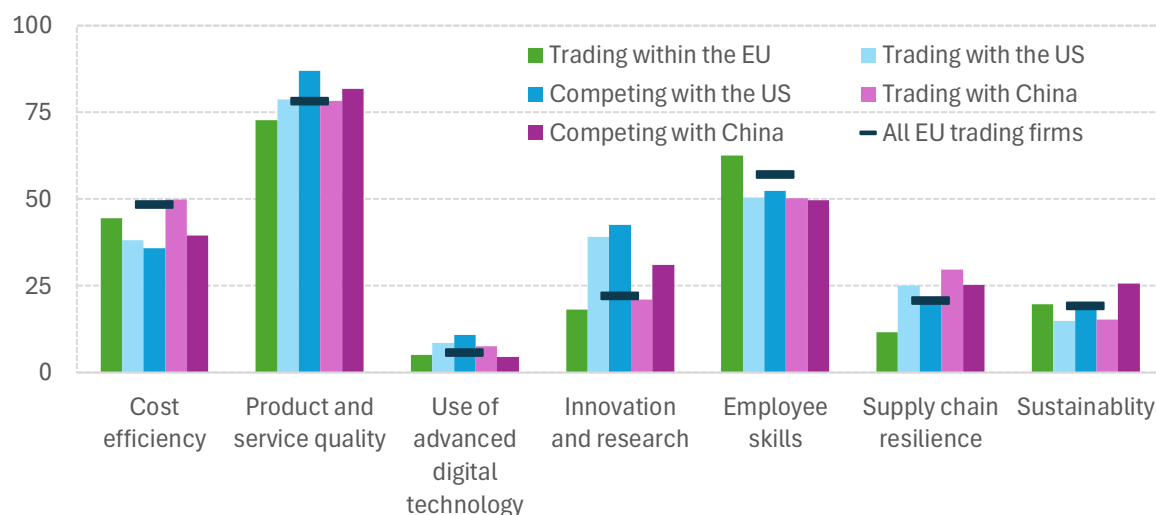
Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added.

Competitive strengths vary according to firms' exposure to international markets. Figure 12 examines the factors that EU firms have identified as supporting their competitive position over the past two years, broken down by trading partner and competitive position. Cost efficiency is cited more often by firms trading with China than by those trading with the United States. Firms facing US competitors are more likely to highlight product quality and the use of digital

technologies. Those serving the US market, or competing with US and Chinese firms, are nearly twice as likely to point to innovation and research as sources of competitiveness. By contrast, employee skills are cited less frequently by firms trading outside the European Union than by those trading exclusively within the European Union. Supply chain resilience is more likely to be seen as a key competitive factor by firms exposed to US or Chinese markets, whether through trade or competition, than by firms focused solely on the EU market.

Figure 12. Competitive strengths over the last two years, by market (% of firms)



Source: EIB staff calculations based on the SUCH survey 2025.

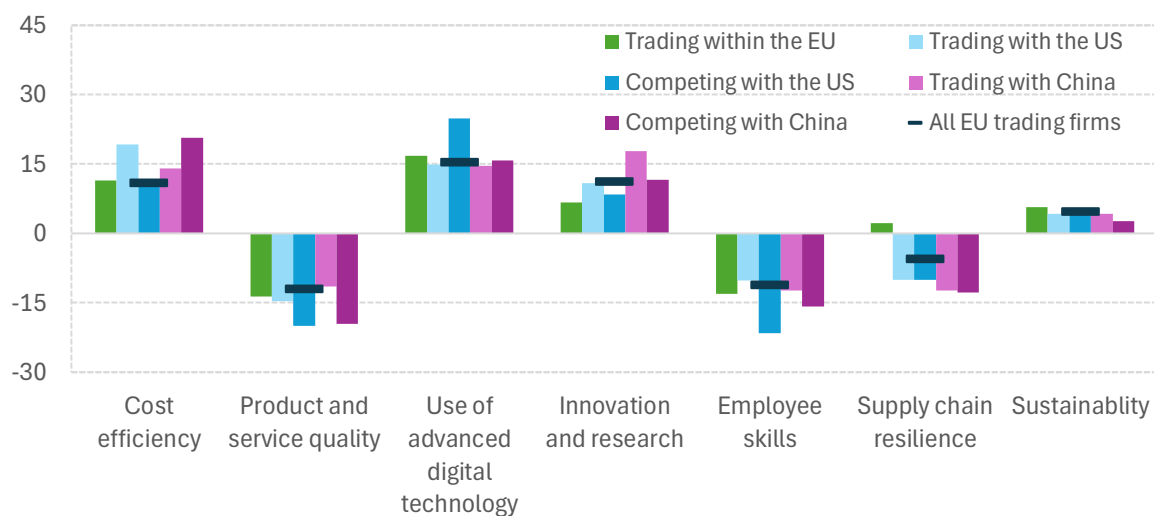
Note: Firms are weighted by value added. “Trading with X” means that survey respondents export to or import from country X. “Competing with X” means that survey respondents identify firms from country X as key competitors in their domestic or export markets. The columns shown are not mutually exclusive and do not cover all firms. As a result, their average does not reflect the average of all survey respondents.

Firms expect the drivers of competitiveness to evolve over the next two years across all markets, with cost efficiency and digital technologies becoming increasingly important.

Figure 13 compares the strengths firms have relied on over the past two years with those they expect to matter most in the next two. On average, firms are 11 percentage points more likely to identify cost efficiency as a future source of competitiveness than they were when assessing the past two years. Advanced digital technologies and innovation and research are also expected to play a larger role. While product and service quality, employee skills and supply chain resilience remain important, firms generally expect these factors to contribute somewhat less to their future competitiveness.

These patterns are broadly consistent across firms serving different markets and those competing with US and Chinese firms, although some differences emerge. Firms competing with US companies place greater emphasis on digital technologies going forward, while the perceived importance of employee skills declines. Firms trading with China increasingly view research and innovation as a future source of competitive advantage.

Figure 13. Expected change in competitive strengths in the next two years compared with the past two years (percentage point difference in the share of firms)



Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added. “Trading with X” means that survey respondents export to or import from country X. “Competing with X” means that survey respondents identify firms from country X as key competitors in their domestic or export markets. The columns shown are not mutually exclusive and do not cover all firms. As a result, their average does not reflect the average of all survey respondents.

Box C. The European Economic Security Strategy

The European Union is committed to strengthening its economic security by improving the resilience of supply chains, critical infrastructure and key technologies. This is driven by an increasingly uncertain environment marked by heightened geopolitical tensions and growing concerns that economic dependencies may be weaponised in an era of rapid technological change and deeply integrated global production networks.

In response to these challenges, the European Commission and the EU High Representative for Foreign Affairs and Security Policy introduced the [European Economic Security Strategy](#) in June 2023. The strategy identifies four key risk areas: resilience of supply chains, technology security and leakage, security of critical infrastructure, and weaponisation of economic dependencies or economic coercion. The strategy is built on three main pillars: promoting the single market, protecting economic security and partnering with other countries and regions.

In January 2024, the Commission proposed five initiatives in trade and research to support the strategy:

- updating foreign direct investment screening to prevent security risks;
- strengthening export controls on dual-use items to prevent misuse and proliferation;
- monitoring outbound investments in critical technologies such as semiconductors, artificial intelligence and quantum technology to prevent strategic risks;
- advancing dual-use technology research;
- enhancing research security to protect against unwanted knowledge transfer and undue influence and monitoring.

The European Union also adopted an anti-coercion instrument to respond in situations where third countries seek to pressure the European Union or an EU Member State into making a particular choice by “applying, or threatening to apply, measures affecting trade or investment.” In December 2025, the Commission and the EU High Representative for Foreign Affairs and Security Policy further developed the 2023 strategy through the joint communication [Strengthening EU economic security](#). The communication places particular emphasis on six high-risk areas, including the EU defence and space industrial base, sensitive information and data, and critical infrastructure.

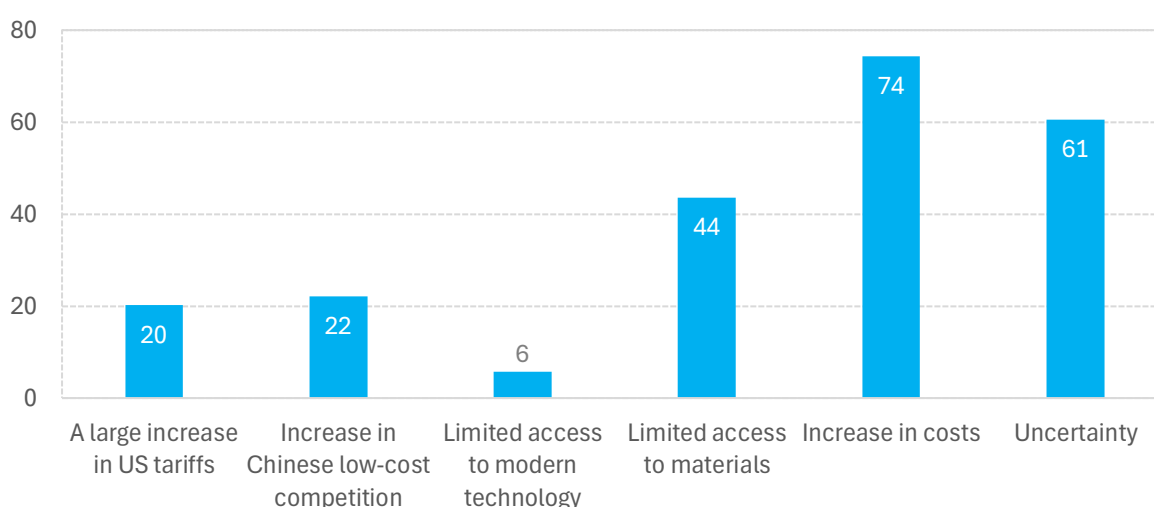
Alongside these horizontal initiatives, the European Union is also pursuing sector-specific measures to strengthen economic security. These include measures in the areas of critical raw materials, such as the December 2025 [RESourceEU Action Plan](#) building on the [Critical Raw Materials Act](#), net-zero technologies (the [Net-Zero Industry Act](#)), medicines (the [Critical Medicines Act](#)) and semiconductors (the [European Chips Act](#)). The Commission’s proposed [Industrial Accelerator Act](#) (2026) aims to strengthen European production capacities in selected strategic sectors by introducing targeted and proportionate “Made in EU” and/or low-carbon requirements for public procurement and public support schemes.

Threats to competitiveness

Increasing uncertainty poses a threat to the competitiveness of EU firms. In a fragmented global economy, geopolitical events such as US tariffs, Chinese attempts to address overcapacity through lower prices (regardless of whether they are supported by subsidies), export restrictions on technological components (such as semiconductors) or strategic materials (such as rare earths), as well as price volatility, can erode firms' competitiveness. The results of the SUCH survey confirm that cost increases and uncertainty remain the main threats to competitiveness, although perceptions vary across sectors (see Box C on EU policies to strengthen competitiveness and economic security).

Cost pressures and uncertainty are the primary threats to competitiveness. As shown in Figure 14, firms were asked to identify up to three major threats to their competitiveness over the next two years. Rising costs are cited most frequently by EU firms (74%), followed by uncertainty (61%). Limited access to materials is mentioned by 44% of EU firms, while US tariffs and low-cost Chinese competition are perceived as significant threats by around 20-22%. Limited access to technology is rarely cited (6%). These aggregate results mask substantial differences across sectors and firms' exposure to international markets.

Figure 14. Threats to competitiveness (% of firms)



Source: EIB staff calculations based on the SUCH survey 2025.

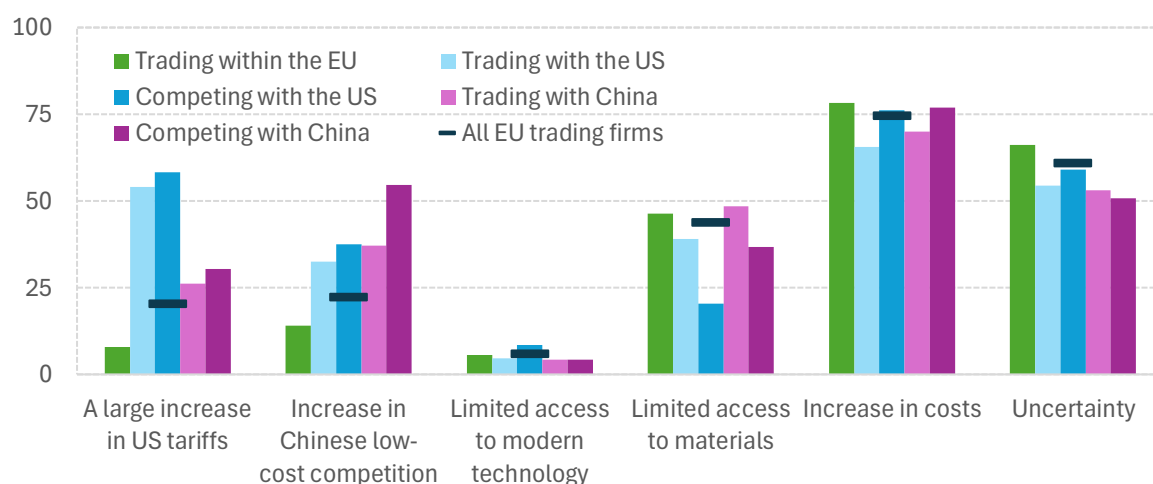
Note: Firms are weighted by value added.

US tariffs are a major concern for firms exposed to the United States, while cost pressures weigh more heavily on those competing with Chinese peers. Figure 15 confirms that concerns about tariffs are closely linked to firms' trade exposure and competitive environment. Most firms that trade with the United States or compete with US firms view higher US tariffs as a significant threat to their competitiveness over the next two years. Firms competing with Chinese companies are also more likely than the EU average to view US tariffs as a risk, suggesting that tariff concerns reflect not only direct exposure to the US market but also broader competitive pressures arising from trade diversion. Figure 15 also shows that firms competing with Chinese companies are

particularly sensitive to cost pressures and are more likely to cite low-cost Chinese competition as a threat than uncertainty. Firms operating exclusively within the single market are less concerned about tariffs and Chinese competition. Nevertheless, they continue to view tariff increases as a potential threat, possibly because of indirect exposure through supply chains or market spillovers.

Concerns about future access to materials differ across sectors. Figure 15 shows that firms distinguish between current trade barriers and longer-term risks. While access to raw materials and semiconductors is currently not seen as a major obstacle to trade (Figure 2), limited access to materials remains a key perceived threat to future competitiveness. This suggests that, although immediate supply constraints may have eased, firms are still concerned that specific supply conditions could affect their competitiveness, particularly if geopolitical tensions or market fragmentation intensify.

Figure 15. Threats to competitiveness, by trading partner (% of firms)



Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added. “Trading with country X” means that survey respondents export to or import from country X. “Competing with country X” means that survey respondents identify firms from country X as key competitors in their domestic or export markets. The columns shown are not mutually exclusive and do not cover all firms. As a result, their average does not reflect the average of all survey respondents.⁶

Perceptions of threats to EU competitiveness vary considerably across sectors. Table 4 summarises these perceived threats by sector and compares them with the EU average. Only around 20% of EU firms identify US tariffs, low-cost Chinese competition or limited access to the latest technologies as threats. However, marked differences exist across sectors. US tariffs are perceived as a major threat in electronics and machinery and, to some extent, in basic manufacturing. Low-cost Chinese competition is a greater concern in electronics and machinery, chemicals, ceramics and metals, and retail trade than in construction or infrastructure. Limited access to materials is particularly important for construction firms and, to a lesser extent, for firms in electronics and machinery and basic manufacturing. Rising costs are also a particular

⁶ The columns are not mutually exclusive as companies can import from China and compete with US firms at the same time or can compete with both US and Chinese firms in their export markets.

concern for basic manufacturing and for chemicals, ceramics and metals, highlighting these sectors' greater exposure to input-price and supply-related pressures.

Table 4. Threats to competitiveness, by sector (compared to the EU average)

	Basic manufacturing	Chemicals, ceramics and metals	Electronics and machinery	Trade and tourism services	Construction	Infrastructure
US tariff increases	High	Normal	Very high	Low	Very low	Low
Chinese competition	Low	Very high	Very high	High	Low	Very low
Limited access to technology	Normal	Normal	Low	Normal	Normal	High
Limited access to materials	High	Normal	High	Low	Very high	Low
Cost increases	Very high	Very high	Low	Low	Low	Low
Uncertainty	Normal	Low	Normal	Normal	Very high	Low

Source: EIB staff calculations based on the SUCH survey 2025.

Note: Normal = within $\pm 2\%$ of the average; High = 2% to 10% above the average; Very high: >10% above the average; Low = 2% to 10% below the average; Very low: <10% below the average.

Sector definitions: Basic manufacturing (NACE 10 to 18, 31 to 32); Chemicals, pharmaceuticals, plastic and metals (NACE 19 to 25); Electronics, machinery and automotive (NACE 26 to 30); Construction (NACE 41 to 43); Trade and tourism services (NACE 45 to 47, 55 to 56); Infrastructure (NACE 35 to 39, 49 to 53, 58 to 63).

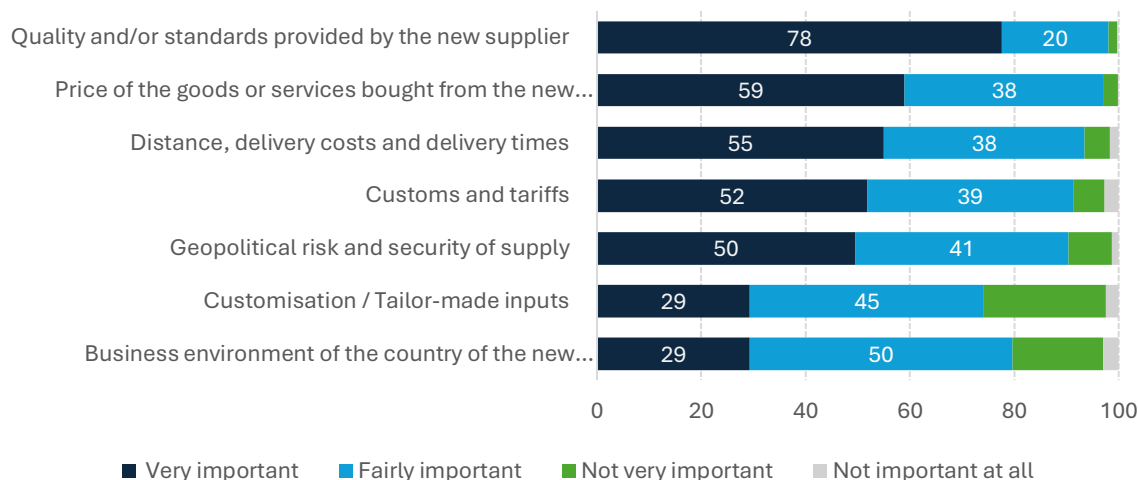
Diversifying to mitigate risks

Firms need to diversify risks on both the supply and demand sides. On the supply side, diversifying means securing alternative sources of inputs. On the demand side, it means expanding into new markets and client bases. Finding new suppliers is not straightforward, as firms must weigh factors such as price and distance against quality and reliability. Expanding into new markets can be equally challenging, as it depends not only on firms' competitive strengths but also on the institutional framework created by trade agreements (see Box D on EU firms navigating global trade fragmentation).

Quality remains one of the most important considerations when selecting new suppliers.

Figure 16 shows the factors that firms consider when selecting new suppliers of essential inputs. Quality and compliance with standards stand out as the most important criteria, with 78% of firms rating them as very important. This is followed by price (59%) and distance, including delivery costs and times (55%). Customs and tariffs and geopolitical risk and security of supply also play a significant role, with 91% of firms considering these factors either fairly or very important.

Figure 16. Importance of factors when choosing a new supplier of essential inputs
(% of firms importing from outside the European Union)

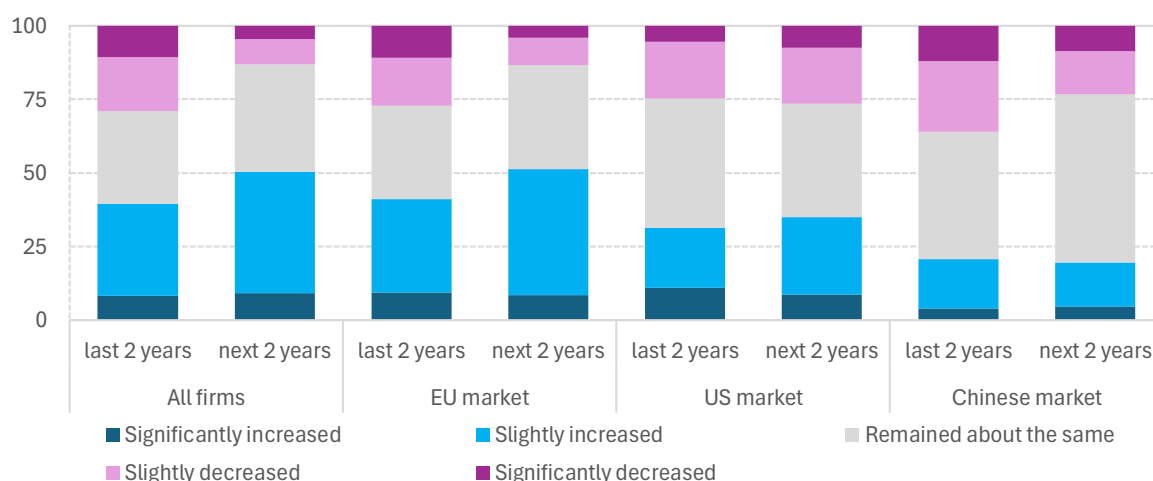


Source: EIB staff calculations based on the SUCH survey 2025.

Note: Firms are weighted by value added. An essential input refers to a component or service without which the quality of a product or service would diminish significantly, or where key stages of the production process or corporate operations would face substantial delays or remain incomplete.

EU firms are broadly optimistic about export demand. Despite geopolitical risks, half of EU companies believe their exports to all markets will improve over the next two years, and 36% expect them to remain the same (Figure 17). These figures are similar for exports within the European Union. However, EU firms are less optimistic about growth in the US and Chinese markets, where only 35% and 20% of companies, respectively, expect exports to increase. These results are also in line with firms' experience over the previous two years.

Figure 17. Developments in export sales over the last two years and expectations (% of firms)



Source: EIB staff calculations based on the SUCH survey 2025.

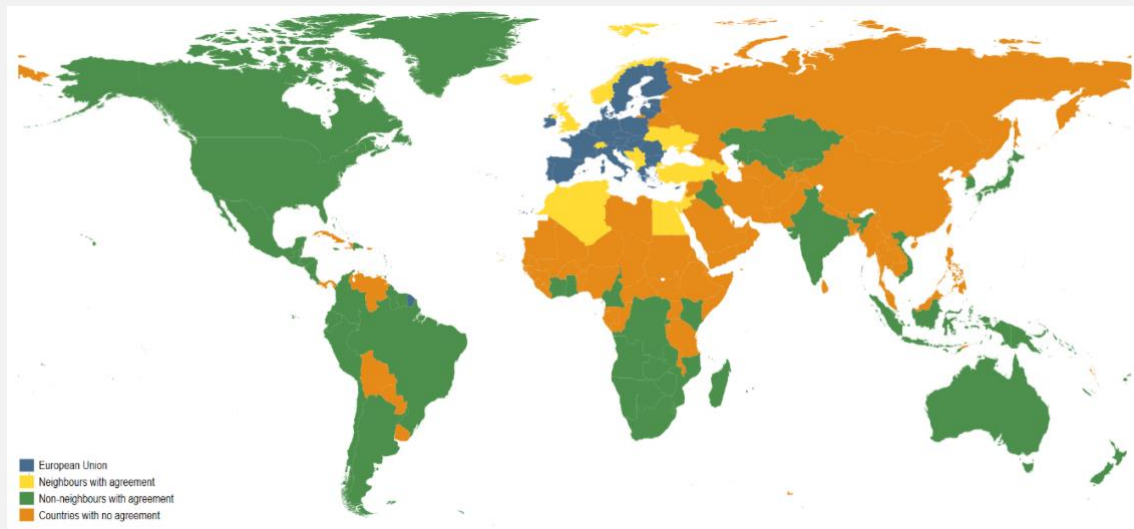
Note: Firms are weighted by value added.

Box D. Supply chain tectonics: How the European Union is navigating global trade fragmentation

Over the past half-century, increasingly integrated supply chains have played a central role in enhancing efficiency and resilience in global trade. However, in the current decade alone, unprecedented global turmoil, from the COVID-19 pandemic to the more recent Strait of Hormuz crisis, have underscored the need for the European Union to deliver targeted policy responses to supply chain disruptions and vulnerabilities.

This box summarises and updates the findings of Arjona et al. (2026), examining how the European Union has recalibrated its supply chains in response to heightened uncertainty and global fragmentation. The study aims to shed light on changes in import sourcing, import diversification and import price dynamics across all goods, as well as in specific strategic areas. These include raw materials, semiconductors and net-zero technologies, all of which are key priorities in current EU policy initiatives. The analysis also focuses on products for which the European Union is highly dependent on foreign suppliers and on a subset of these that are sourced from a single country of origin and are commonly referred to as global single points of failure (SPOFs), as defined by Arjona et al. (2023).

Figure D1: Distribution of countries across trading groups

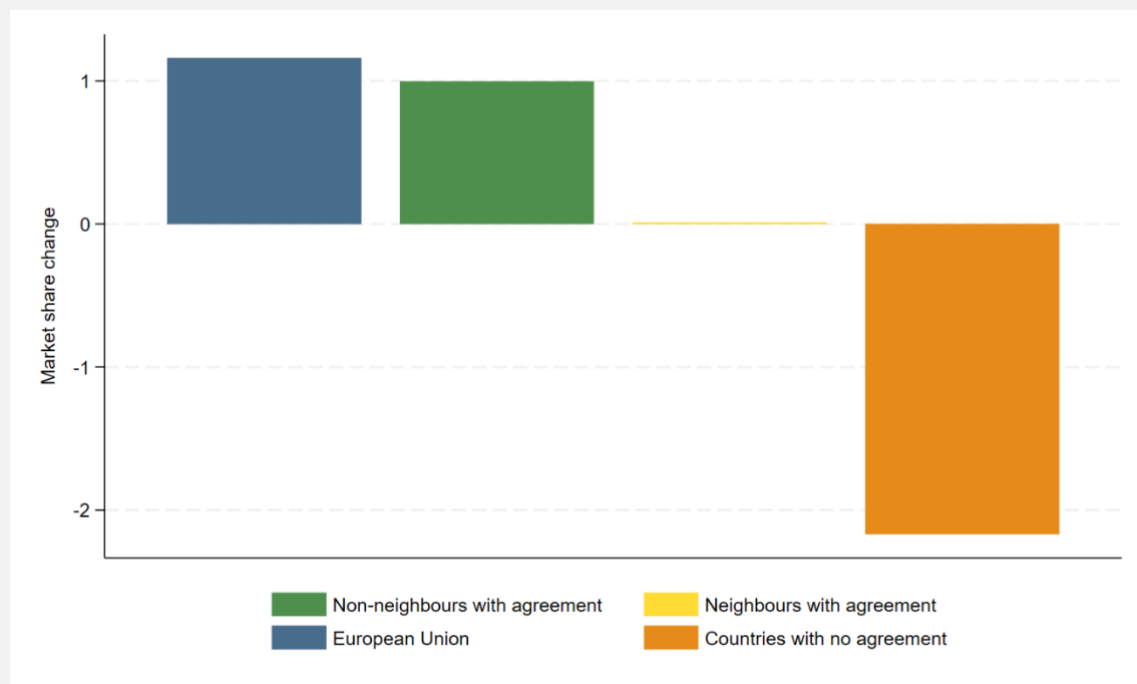


Source: Arjona et al. (2026). Authors' classification based on information on the various trade cooperation agreements of the European Union. These include countries with trade agreements that are in force or provisionally applied, as well as countries that have signed raw materials partnerships or the 2022 Joint Statement on Cooperation on Global Supply Chains. In addition to the United Kingdom, Iceland, Liechtenstein, Norway and Switzerland, EU neighbours are identified based on information on [European Neighbourhood Policy and Enlargement](#).

To analyse the recalibration of EU supply chains, countries are divided into four trading groups based on their trade relationship with the European Union and their geographic proximity: (1) EU Member States; (2) neighbouring countries with agreements; (3) non-neighbouring countries with agreements; and (4) countries without an agreement (Figure D1).

The period following the 2021 update of the EU industrial and trade strategies saw a reallocation of EU imports away from countries without an agreement and towards the European Union and countries with an agreement (Figure D2). Between 2021 and 2025, the import market share of countries without an agreement declined by around 2.2 percentage points, while all other groups experienced gains. EU countries, neighbouring countries with agreements and non-neighbouring countries with agreements experienced increases of 1.2, 0.1 and 1.0 percentage points, respectively. To assess whether high-value goods may have contributed to these patterns, a regression analysis was conducted controlling for product-specific characteristics.

Figure D2: Changes in EU import market shares across trading groups for all goods, 2021-2025
(in percentage points)



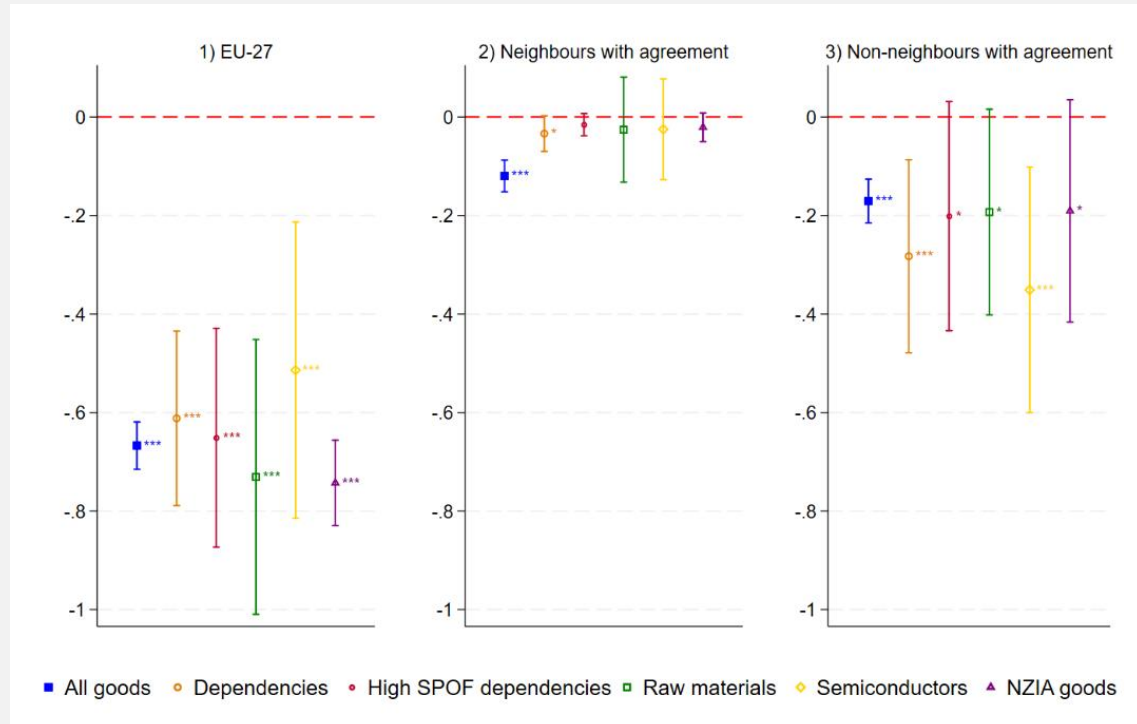
Source: Update of Arjona et al. (2026), with the latest available data.

Across all goods, the regression results shown in Figure D3 indicate that a higher share of intra-EU imports is associated with a lower share of imports from countries without an agreement. The statistically significant negative coefficient supports this inverse relationship. This pattern points to a reallocation of EU import sourcing away from countries without an agreement and towards intra-EU suppliers, consistent with emerging evidence of reshoring (bringing sourcing back to the European Union). At the same time, there is evidence of increased imports from countries with agreements (both neighbouring and non-neighbouring countries), suggesting a broader shift towards partner-shoring (sourcing from countries with close trade relationships with the European Union).

In strategic areas in particular, the increase in intra-EU imports is accompanied by a corresponding decline in imports from countries without an agreement, reinforcing evidence of reshoring across all sensitive supply chains considered. However, the results

do not provide consistent support for nearshoring, as imports from geographically close countries with agreements remain broadly stable, with the exception of dependent goods. Furthermore, imports from more distant countries with agreements increase at the expense of countries without agreements across all sensitive supply chains.

Figure D3: Changes in EU import market shares across trading groups for all goods and sensitive supply chains, 2021-2025 (in %)



Source: Update of Arjona et al. (2026), with the latest available data. Authors' calculations based on data from Eurostat-Comext.

Note: The figure presents the estimated coefficients from repeated regressions analysing the relationship between changes in the import share from countries without an agreement and shifts towards three trading groups: EU countries, countries with an agreement and non-neighbouring countries with an agreement. Each point represents a different product category (all goods, dependencies, high single point of failure (SPOF) dependencies, raw materials, semiconductors, and Net-Zero Industry Act (NZIA) goods), with statistically significant coefficients marked by at least one asterisk. A negative and significant coefficient suggests that as the import share from countries without an agreement declines, imports from the respective trading group increase. This provides evidence of reshoring (EU countries), nearshoring (neighbours with an agreement) or partner-shoring (non-neighbours with an agreement) for specific product groups.

The analysis suggests that redirecting EU import flows away from countries without an agreement is linked to greater overall diversification, alongside increased concentration among countries with an agreement. This likely reflects short-term frictions in expanding production capacity. This reallocation is also associated with higher unit prices, particularly for imports from within the European Union (0.74%) and from non-neighbouring countries with agreements (1.85%). The magnitude and statistical significance of these effects vary across strategic areas. Taken together, the results indicate that strategies to strengthen resilience may involve short-term cost increases, even though these price pressures could ease as firms adapt and scale up capacity over time.

Overall, EU imports are shifting away from countries without an agreement towards reshoring, nearshoring and partner-shoring. This reflects efforts to strengthen resilience and reduce dependencies. However, the transition may temporarily increase market concentration and prices as firms adjust production capacity.

CONCLUSIONS AND POLICY RECOMMENDATIONS

This report highlights the growing importance of geopolitical factors in shaping supply chain risks. Changes in customs and tariffs, together with trade-restrictive regulations, are now perceived as the main obstacles to trade, surpassing concerns about access to inputs and logistics disruptions. Although these supply-side challenges have eased in recent years, they could re-emerge in response to future geopolitical tensions or other shocks.

Most firms expect protectionism and trade fragmentation to persist. More than half view tariffs as permanent and anticipate continued constraints on access to key inputs. The report's findings add to the literature (International Monetary Fund, 2025; Airaud et al., 2025) suggesting that uncertainty and geopolitical shocks such as tariffs have become structural features of the global trading system, with long-term effects on economic activity.

In this environment, EU firms appear relatively resilient. The share of firms making supply chain adjustments declined from 50% in 2023 to 37% in 2025. This trend is particularly pronounced among firms trading exclusively within the European Union, suggesting that the single market provides a source of stability. At the same time, EU firms are relying less on short-term adjustment measures such as stockpiling or investing in digital monitoring, and more on longer-term strategies focused on diversifying markets and suppliers without reducing imports. Overall, 64% of EU firms consider themselves prepared to manage geopolitical risks, with preparedness levels even higher among firms trading with the United States or China.

EU firms clearly distinguish between current and future drivers of competitiveness. Product and service quality and employee skills are viewed as their main sources of competitiveness, although innovation and digital technologies are expected to become increasingly important. Looking ahead, rising costs and uncertainty are seen as the main threats to competitiveness. Despite persistent geopolitical tensions, export expectations remain broadly positive: half of EU firms believe their exports to all markets will improve, and 36% expect them to remain the same, although prospects are weaker for exports to China and the United States.

Governments and institutions need to strike the right balance between crisis management and long-term preparedness. This means helping firms to anticipate and manage risks on an ongoing basis while enabling them to respond effectively with ad hoc adjustments or emergency measures when shocks occur. Policy support can reduce firms' exposure to uncertainty and lower the cost of building resilience. This includes targeted financial instruments (such as guarantees, insurance and adapted state aid frameworks) to support investment in critical activities within the single market, improved geopolitical intelligence and early warning mechanisms, and greater regulatory clarity to reduce compliance uncertainty. More broadly, policies that strengthen firms' capabilities, including skills, innovation and digitalisation, will help EU companies absorb shocks and remain competitive as resilience and risk management become central to firms' long-term performance.

Opening and securing new markets is becoming increasingly important for EU firms. Advancing EU free trade agreements and deepening the single market by removing remaining internal barriers can help firms diversify without increasing complexity.

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APPENDIX: SURVEY QUESTIONS USED IN THE FIGURES

Questions from the EIBIS 2023, 2024 and 2025 and the SUCH survey 2025 used in the figures of the report:

Figure 2. Major trade-related obstacles reported (% of firms)	EIBIS 2023. Question: 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. Question: 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. EIBIS 2025. Question: Since the beginning of 2024, 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 3. Change in major trade-related obstacles reported by EU firms, by trade relation from 2024 to 2025 (percentage point change in the share of firms)	EIBIS 2024. Question: 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. EIBIS 2024. Question: In 2023, did your company export or import goods and/or services? A. Yes, exported goods and/or services to EU countries. B. Yes, exported goods and/or services to non-EU countries. C. Yes, imported goods and/or services from EU countries. D. Yes, imported goods and/or services from non-EU countries. E. No, did not import or export any goods/services.

	EIBIS 2025. Question: Since the beginning of 2024, 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 2025. Question: In 2024, did your company export or import goods and/or services? A. Yes, exported goods and/or services to EU countries. B. Yes, exported goods and/or services to non-EU countries. C. Yes, imported goods and/or services from EU countries. D. Yes, imported goods and/or services from non-EU countries. E. No, did not import or export any goods/services.
Figure 4. EU and US firms reporting major trade- related obstacles, by sector (% of firms)	EIBIS 2024. Question: 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. EIBIS 2025. Question: Since the beginning of 2024, 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 5. Expected duration of trade disruptions (% of firms)	SUCH 2025. Question: The global economy has faced several trade challenges recently, such as limited access to inputs, logistics disruptions, and changes in tariffs. Overall, do you consider those challenges temporary or more persistent? 1: Limited access to key inputs. 2: Disruptions to logistics and transport. 3: Changes in tariffs and trade policies. SUCH 2025. Question: In 2024, did your company export or import goods and/or services? 1: Yes, exported goods and/or services to EU countries. 2: Yes, exported goods and/or services to non-EU countries. 3: Yes, imported goods and/or services from EU countries. 4: Yes, imported goods and/or services from non-EU countries. 5: No, did not import or export goods and/or services.

	SUCH 2025. Question: Are the following countries among your top five export destinations? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. SUCH 2025. Question: Thinking about your imports, are the following countries among your top five countries of origin? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. 4: Japan or South Korea. 5: India or Viet Nam or Thailand or Malaysia or Indonesia.
Figure 6. EU firms' preparedness to handle geopolitical risks (% of firms)	SUCH 2025. Question: In 2024, did your company export or import goods and/or services? 1: Yes, exported goods and/or services to EU countries. 2: Yes, exported goods and/or services to non-EU countries. 3: Yes, imported goods and/or services from EU countries. 4: Yes, imported goods and/or services from non-EU countries. 5: No, did not import or export goods and/or services. SUCH 2025. Question: Are the following countries among your top five export destinations? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. SUCH 2025. Question: Thinking about your imports, are the following countries among your top five countries of origin? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. 4: Japan or South Korea. 5: India or Viet Nam or Thailand or Malaysia or Indonesia. SUCH 2025. Question: How well prepared do you feel your company is to handle the increasing geopolitical risks? 1: Very prepared. 2: Fairly prepared. 3: Not very prepared. 4: Not at all prepared.
Figure 7. EU firms' preparedness to handle geopolitical risks, by sector and size (% of firms)	SUCH 2025. Question: How well prepared do you feel your company is to handle the increasing geopolitical risks? 1: Very prepared. 2: Fairly prepared. 3: Not very prepared. 4: Not at all prepared.
Figure 8. Supply chain adjustments by EU and US firms (% of firms)	EIBIS 2023. Question: 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. Question: 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. EIBIS 2025. Question: Since the beginning of 2024, 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 9. Supply chain adjustments by EU and US firms, by sector (% of firms)	EIBIS 2023. Question: 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. Question: 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. EIBIS 2025. Question: Since the beginning of 2024, 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 10. Change in supply chain adjustments by EU firms from 2024 to 2025, by trading partner (percentage point)	EIBIS 2024. Question: 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.

change in the share of firms)	Diversifying or increasing the number of countries you import from. F. None of the above. EIBIS 2024. Question: In 2023, did your company export or import goods and/or services? A: Yes, exported goods and/or services to EU countries. B: Yes, exported goods and/or services to non-EU countries. C: Yes, imported goods and/or services from EU countries. D: Yes, imported goods and/or services from non-EU countries. E: No, did not import or export goods and/or services. EIBIS 2025. Question: Since the beginning of 2024, 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. EIBIS 2025. Question: In 2024, did your company export or import goods and/or services? A: Yes, exported goods and/or services to EU countries. B: Yes, exported goods and/or services to non-EU countries. C: Yes, imported goods and/or services from EU countries. D: Yes, imported goods and/or services from non-EU countries. E: No, did not import or export goods and/or services.
Figure 11. Competitive strengths over the last two years (% of firms)	SUCH 2025. Question: What were the main strengths in your firm's competitive positioning over the past two years? Up to three answers. 1: Cost efficiency and competitive pricing. 2: Product and service quality. 3: Use of advanced digital technologies, such as artificial intelligence (AI) and big data. 4: Innovation, research and development. 5: Skills of the employees working for my company. 6: Resilience of supply chain. 7: Sustainable (production) processes.
Figure 12. Competitive strengths over the last two years, by market (% of firms)	SUCH 2025. Question: What were the main strengths in your firm's competitive positioning over the past two years? Up to three answers. 1: Cost efficiency and competitive pricing. 2: Product and service quality. 3: Use of advanced digital technologies, such as artificial intelligence (AI) and big data. 4: Innovation, research and development. 5: Skills of the employees working for my company. 6: Resilience of supply chain. 7: Sustainable (production) processes. SUCH 2025. Question: Are the following countries among your top five export destinations? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland.

	SUCH 2025. Question: Thinking about your imports, are the following countries among your top five countries of origin? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. 4: Japan or South Korea. 5: India or Viet Nam or Thailand or Malaysia or Indonesia. SUCH 2025. Question: Who are the main competitors that your company faces in markets inside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies. SUCH 2025. Question: Who are the main competitors that your company faces in markets outside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies.
Figure 13. Expected change in competitive strengths in the next two years compared with the past two years (percentage point difference in the share of firms)	SUCH 2025. Question: What are your firm's investment priorities for improving or maintaining market share and profitability over the next two years? Up to three answers. 1: Cost efficiency and competitive pricing. 2: Product and service quality. 3: Use of advanced digital technologies, such as artificial intelligence (AI) and big data. 4: Innovation, research and development. 5: Skills of the employees working for my company. 6: Resilience of supply chain. 7: Sustainable (production) processes. SUCH 2025. Question: Are the following countries among your top five export destinations? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. SUCH 2025. Question: Thinking about your imports, are the following countries among your top five countries of origin? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. 4: Japan or South Korea. 5: India or Viet Nam or Thailand or Malaysia or Indonesia. SUCH 2025. Question: Who are the main competitors that your company faces in markets inside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies. SUCH 2025. Question: Who are the main competitors that your company faces in markets outside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies.
Figure 14. Threats to competitiveness (% of firms)	SUCH 2025. Question: Thinking ahead over the next two years, what factors represent the biggest potential challenges for your company? Up to three answers. 1: A large increase of US import duties and tariffs directed to imports from the European Union. 2: A significant increase in low-cost products from China. 3: Limited access to the most advanced digital technologies. 4: Limited access and/or increased costs for materials. 5: Increased production costs in the European Union or in home country (including labour and energy costs). 6: Uncertainty.
Figure 15. Threats to competitiveness, by trading partner (% of firms)	SUCH 2025. Question: Thinking ahead over the next two years, what factors represent the biggest potential challenges for your company? Up to three answers. 1: A large increase of US import duties and tariffs directed to imports from the European Union. 2: A significant increase in low-cost

	products from China. 3: Limited access to the most advanced digital technologies. 4: Limited access and/or increased costs for materials. 5: Increased production costs in the European Union or in home country (including labour and energy costs). 6: Uncertainty. SUCH 2025. Question: Are the following countries among your top five export destinations? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. SUCH 2025. Question: Thinking about your imports, are the following countries among your top five countries of origin? Yes/No. 1: United States of America. 2: China. 3: United Kingdom or Switzerland. 4: Japan or South Korea. 5: India or Viet Nam or Thailand or Malaysia or Indonesia. SUCH 2025. Question: Who are the main competitors that your company faces in markets inside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies. SUCH 2025. Question: Who are the main competitors that your company faces in markets outside the European Union? 1: EU companies. 2: US companies. 3: Chinese companies.
Figure 16. Importance of factors when choosing a new supplier of essential inputs (% of firms importing from outside the European Union)	SUCH 2025. Question: In 2024, did your company export or import goods and/or services? 1: Yes, exported goods and/or services to EU countries. 2: Yes, exported goods and/or services to non-EU countries. 3: Yes, imported goods and/or services from EU countries. 4: Yes, imported goods and/or services from non-EU countries. 5: No, did not import or export goods and/or services. SUCH 2025. Question: Thinking of the essential goods and/or services that you import, if you were to choose a new supplier, how important would each of the following be? 1: Price of the goods or services bought from the new supplier. 2: Business environment of the country of the new supplier. 3: Distance, delivery costs and delivery time. 4: Customs and tariffs. 5: Geopolitical risk and security of supply. 6: Quality and/or standards provided by the new supplier. 7: Customisation / Tailor made inputs.
Figure 17. Developments in export sales over the last two years and expectations (% of firms)	SUCH 2025. Question: How have your company's export sales changed in the last two years? They have... 1: Significantly increased. 2: Slightly increased. 3: Remained about the same. 4: Slightly decreased. 5: Significantly decreased. 1: In total. 2: In the EU market. 3: In the US market. 4: In the Chinese market. SUCH 2025. Question: How do you expect your company's export sales to change over the next two years? It will... 1: Significantly increase. 2: Slightly increase. 3: Remain about the same. 4: Slightly decrease. 5: Significantly decrease. 1: In total. 2: In the EU market. 3: In the US market. 4: In the Chinese market.

REDESIGNING SUPPLY CHAINS

EU firms in a time
of geopolitical risk



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