



Luxembourg

Overview

EIB INVESTMENT SURVEY

2021

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EIB Investment Survey Country Overview: Luxembourg

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

Main contributors to this publication

Péter Harasztosi, Julie Delanote, Irene Rizzoli

Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2021 – Luxembourg

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that while fewer firms in Luxembourg invested in 2020, they have become more optimistic for 2021, with more expecting to increase rather than decrease investment. This represents a positive shift from EIBIS 2020.

On average, firms spent over half (57%) of their investment in on replacing buildings and equipment. The largest share of investment went into machinery and equipment (50%).

Impact of COVID-19

In Luxembourg, COVID-19 had a negative impact on most firms, with over half (51%) reporting a decline in sales, broadly in line with the EU average (49%). COVID-19 also had a modest impact on investment. 18% of firms revised investment downwards, while virtually none revised it upwards. When asked about the short-term actions due to COVID-19, digitalisation stood out, with 42% of the firms having become more digital. Both figures are similar to the EU average.

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Again, digitalisation stands out, with the majority of firms indicating that they expect COVID-19 to lead to an increased use of digital technologies in the long-term (60%), more in EIBIS 2020 (45%).

Firms in Luxembourg do not perceive major gaps in investment. In spite of the difficult circumstances, over eight in ten firms (85%) believe they invested about the right amount over the past three years, which is broadly in line with what was reported in EIBIS 2020 and the EU average. Nearly half of the firms (47%) report that they were operating at or above full capacity in 2020, in line with the EU average. Looking ahead, replacement of existing buildings and equipment (36%) and capacity expansion (33%) are the most commonly cited investment priorities by firms in Luxembourg.

Innovation Activities

Innovation activity declined: overall, 40% developed or introduced new products, processes or services as part of their investment activities in 2020, which is below EIBIS 2020 (47%) but broadly in line with the EU average (36%). Firms in Luxembourg report a similar uptake of advanced digital technologies compared to the EU.

Drivers and Constraints

Firms in Luxembourg remain on balance pessimistic about the political and regulatory climate. Nevertheless, expectations for the overall economic climate have turned positive again (rising from -49% to +8%), as have perceptions of business prospects in the sector (rising from -15% to +23%) and availability of internal finance (rising from -24% to +17%).

The availability of skilled staff is the most often cited long-term barrier to investment (81%) by Luxembourgish firms, followed by uncertainty about the future (71%). These figures are in line with those recorded in EIBIS 2020 and the current EU average.

Investment Finance

Access to finance conditions remain benign: only one in twenty (5%) firms in Luxembourg can be considered external finance constrained, very much in line with the EU average (5%). Moreover, firms that received external finance in 2020 are generally satisfied and the low levels of dissatisfaction match those observed across the EU.

As a result of the COVID-19 crisis, over one in ten firms have increased their debt (13%). Public support was substantial in Luxembourg: 80% of firms report having received financial support in response to COVID-19, with subsidies or financial support that does not need to be paid back being the most frequently mentioned source of support (72%).

Climate Change and Energy Efficiency

Firms are becoming aware of the physical risk of climate change: 45% of firms in Luxembourg report that climate change has an impact on their business, lower than what was reported in EIBIS 2020 (53%) and the EU average (58%). Luxembourgish firms are starting to internalise the risks associate with the transition to net zero. Overall, slightly more firms see the transition to stricter climate standards and regulations as an opportunity rather than a risk for their business over the next five years (39% and 29% respectively). Just over a third of Luxembourg's firms (36%) have already invested to deal with climate change, and a higher proportion of firms plans to invest in the next three years (49%). Luxembourg is behind the EU (43%) in terms of the proportion of its firms having invested to tackle climate change. 37% of firms report having set and monitored internal targets on carbon emissions and energy consumption in 2020, below the EU average (46%).

Firm management, gender balance and employment

About half (49%) of the firms in Luxembourg report their company to have striven for gender balance in 2020. This is lower than the EU average (60%). Linking individual performance to pay is where Luxembourg (70%) is in closest alignment with the EU average (67%). The workforce in Luxembourg has diminished slightly since the start of the COVID-19 pandemic, with firms suffering a 2.4% drop in the workforce while the EU shows a stable pattern.

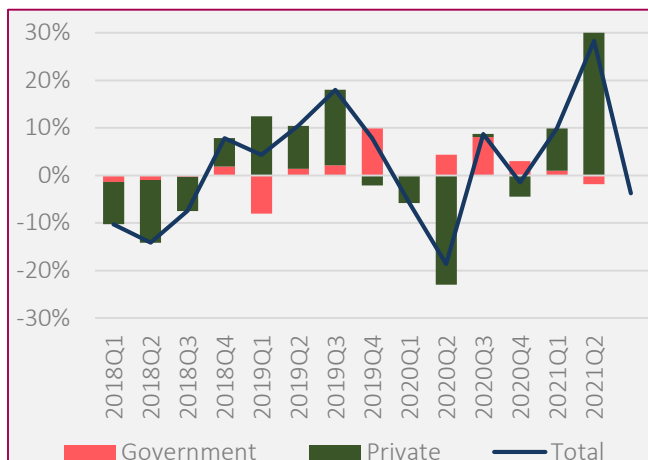
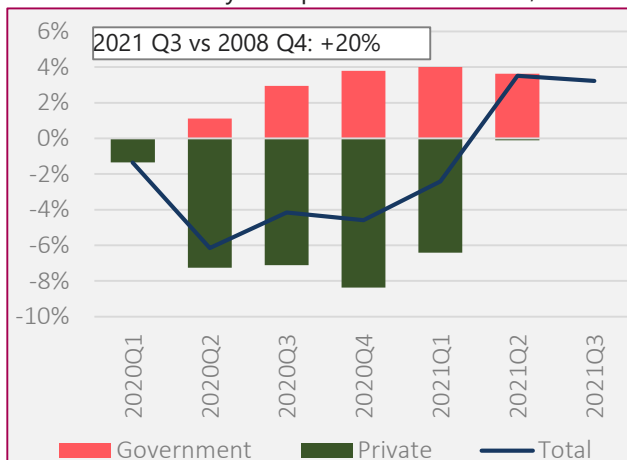
Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 fell 6% below the pre-crisis 2019 level. The drop was driven by a decline in private investment, while public investment increased compared to pre-crisis levels, most likely due to policy support.

With the recovery of private investment, total

investment rebounded in Q1 2021, rising to 10% above the level in Q1 2020 and even more in Q2 2021, soaring to 28% above the level in Q2 2020 and surpassing the pre-crisis level by 3.5%. In Q3 2021, overall investment was lower than in Q3 2020 but total investment remained above the pre-crisis level.



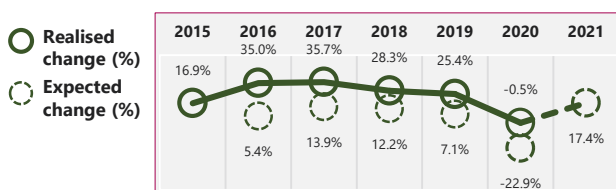
The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

EIBIS 2021 shows that while fewer firms in Luxembourg invested in 2020, they have become more optimistic for 2021, with more expecting to increase rather than decrease investment. This represents a positive shift from EIBIS 2020.

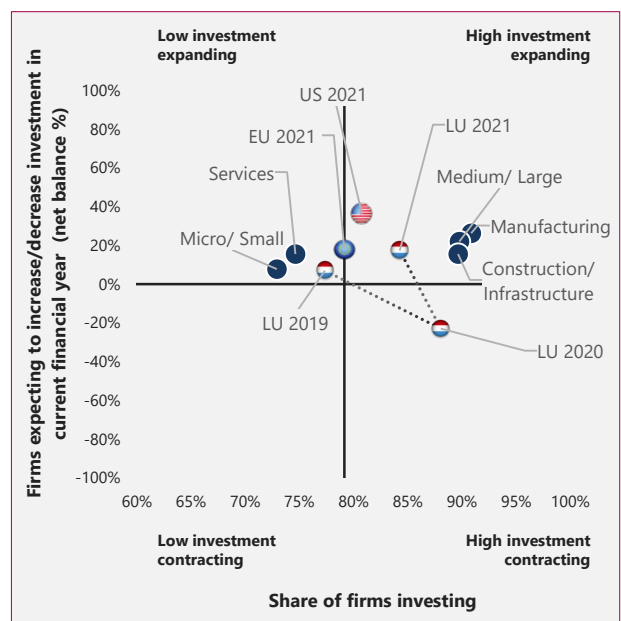
On balance, medium/large firms (22%) have a more positive investment outlook than micro/small firms (8%).

The actual downturn in investment was not as severe as predicted in EIBIS 2020 but expectations remain lower than in the previous EIBIS waves.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

Base: All firms (excluding don't know/refused responses)

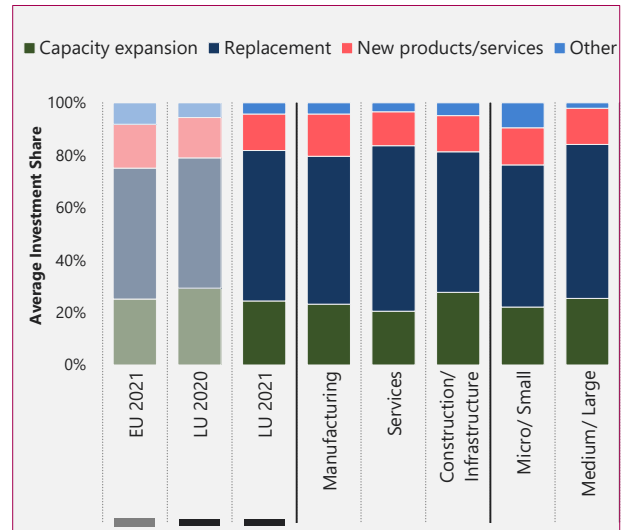
Investment Dynamics and Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

On average, Luxembourgish firms spent over half (57%) of their investment in 2020 on replacing buildings and equipment (a slight increase compared to EIBIS 2020).

Around a quarter (24%) of investment spent went into expanding capacity for existing products and services and 14% into for the development of new products and services. The investment pattern is broadly in line with that for the EU overall.

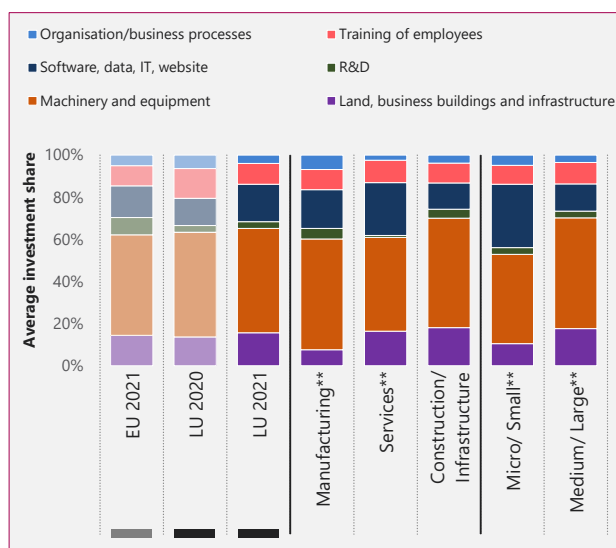
EIBIS 2021 shows a similar investment pattern across firms of all sizes and in all sectors.



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Firms in Luxembourg report that out of the six investment areas considered, the largest share of investment went into machinery and equipment (50%), followed by software, data, IT and website activities (18%), land, business buildings and infrastructure (16%) and training of employees (10%). This distribution of investment is broadly similar to the one reported in EIBIS 2020 and to the EU average.

Medium/large firms and those in the construction/infrastructure sectors directed a relatively low proportion of their investment towards 'intangible assets' (R&D, software, training and business processes) and made a relatively higher investment in 'tangible assets' (land, buildings, infrastructure and machinery).

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

**Caution small base sizes

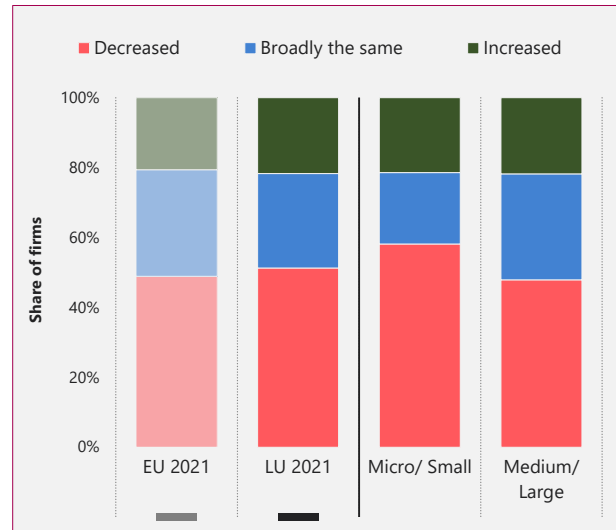
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES

In Luxembourg, COVID-19 had a negative impact on most firms, with over half (51%) reporting a decline in sales, broadly in line with the EU average (49%). A fifth of firms (22%) experienced an increase in sales, also similar to the EU average (21%).

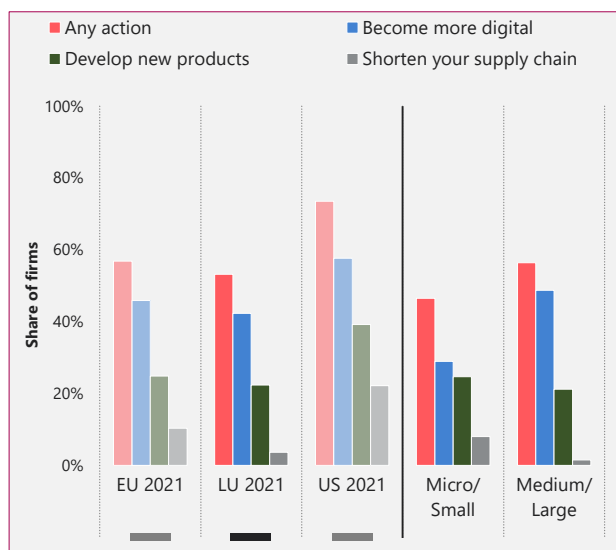
In addition, micro/small firms (58%) are slightly more likely to have experienced a drop in sales than medium/large firms (48%).



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

Base: All firms (excluding don't know/refused responses)

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



In Luxembourg, the majority of firms (53%) have taken action or made investments in response to COVID-19. Digitalisation stood out, with 42% of firms having become more digital, in line with the EU average.

A fifth of firms (22%) have responded to COVID-19 by developing new products but only 4% shortened supply chains.

Medium/large firms are slightly more likely to have taken short-term action in response to COVID-19 than micro/small firms (56% versus 47%), particularly with respect to becoming more digital (49% versus 29%).

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

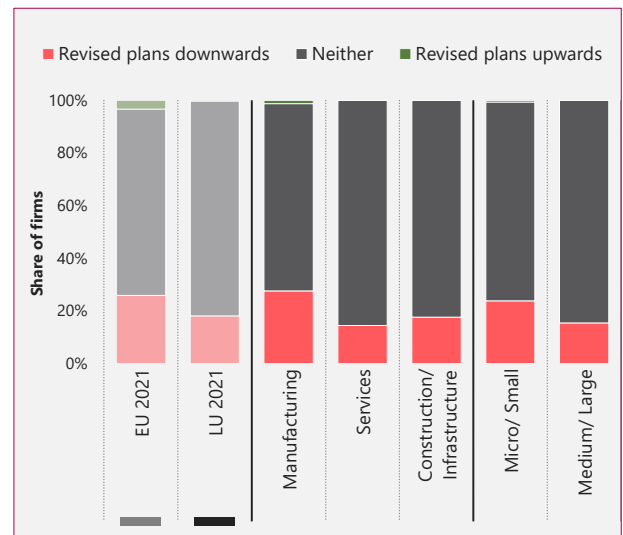
Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 had a modest impact on investment. In Luxembourg, 18% of firms revised investment downwards, while virtually none revised it upwards. However, the majority (82%) have not changed their investment plan as a result of COVID-19. Firms in Luxembourg tend to have been slightly less affected by COVID-19 than firms in the EU overall (26%).

Manufacturing firms and micro/small firms were most likely to scale back investment plans due to COVID-19.

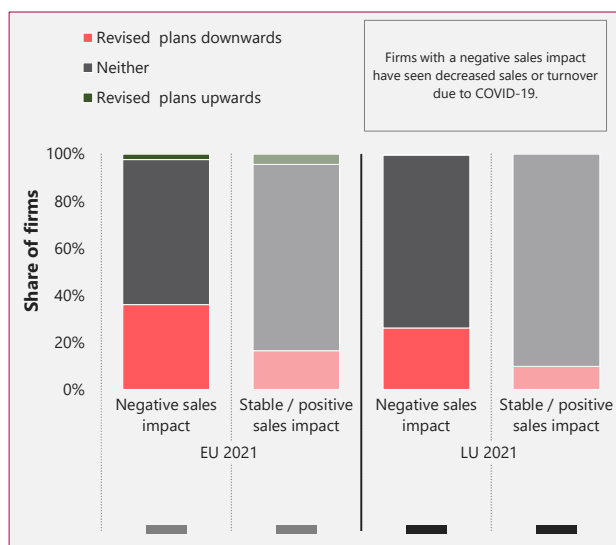


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

Base: All firms (excluding don't know/refused responses)

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



In Luxembourg, a quarter (26%) of firms that experienced a negative sales impact due to COVID-19 revised their investment plans downwards. Among firms with stable/positive sales, fewer made downward adjustments (10%).

Firms whose sales had been negatively impacted by COVID-19 revised their investment downwards less than the EU average (26% versus 36%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

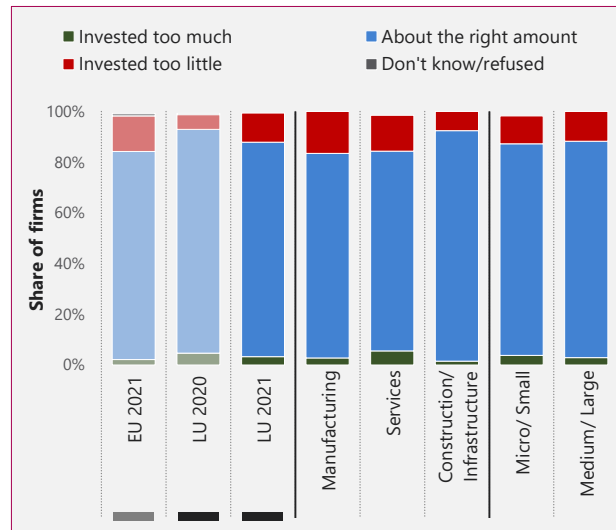
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Luxembourgish firms do not perceive major gaps in their investment. In spite of the difficult circumstances, more than eight in ten firms (85%) believe they invested about the right amount over the past three years, broadly in line with what was reported in EIBIS 2020 and the EU average. One in ten (11%) report that they invested too little and 3% believe they invested too much.

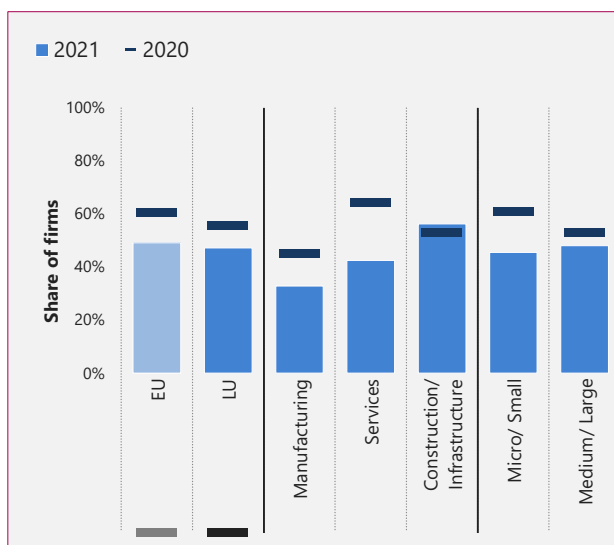
More manufacturing than construction/infrastructure firms (17% versus 7%) feel they invested too little over the past three years.



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Around half (47%) of Lithuanian firms operated at or above full capacity in 2020, close to the current EU average (49%). Both in Luxembourg and in the EU, the share of firms operating at full capacity declined in 2020 compared to 2019.

Only the construction/infrastructure sector firms (56%) have maintained the firms operating at or above full capacity, since EIBIS 2020.

Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

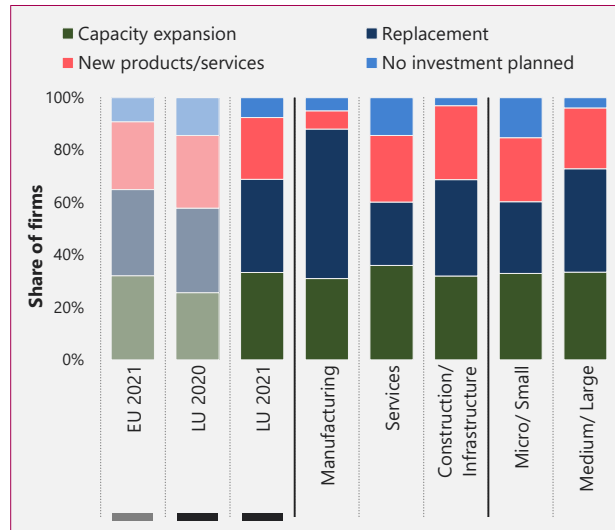
Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead, replacement of existing buildings and equipment (36%) and capacity expansion (33%) are the most commonly cited investment priorities by firms in Luxembourg. Another quarter (24%) report the development of new products/services as a priority. These investment priorities are broadly in line with the ones reported in EIBIS 2020 and the EU average.

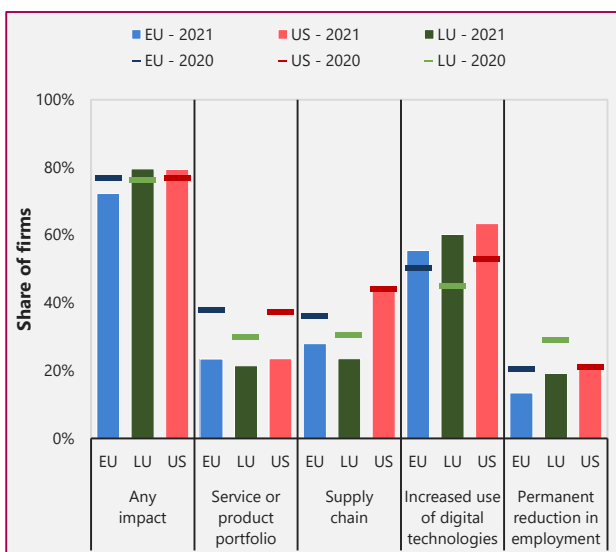
Moreover, replacement is mainly reported as a priority by manufacturing firms (57%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

COVID-19 LONG-TERM IMPACT



COVID-19 will undeniably have a long-term impact on needs and priorities: 80% of firms expect COVID-19 to have an impact on at least one of the aspects they were asked about, more than the average EU firm (72%).

The most commonly anticipated long-term impact is the increased use of digital technologies (60%). Approximately 23% of firms anticipate changes to the supply chain, and a similar share expect changes to their service or product portfolio (21%) or a permanent reduction in employment (19%). This is broadly in line with the EU average.

Compared to EIBIS 2020, more firms anticipate an increased use of digital technologies (45% vs 60%), while fewer report that COVID-19 is impacting their service or product portfolio, their supply chain and the permanent reduction in employment.

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Base: All firms

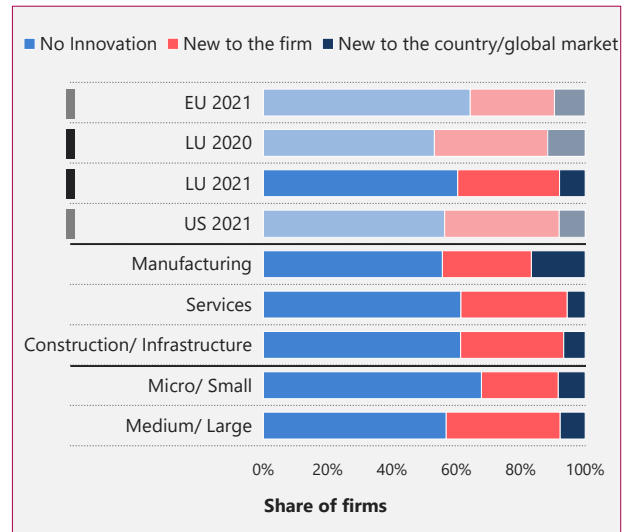
Innovation Activities

INNOVATION ACTIVITY

Overall, 40% of firms developed or introduced new products, processes or services as part of their investment activities in 2020, which is below the share reported in EIBIS 2020 (47%) but broadly in line with the EU average (36%).

A third of firms (32%) developed or introduced new products, processes or services that are new to the firm, while 8% report having introduced innovation that is new to the country or world.

Luxembourg's medium/large firms (43%) are the most likely to have innovated.

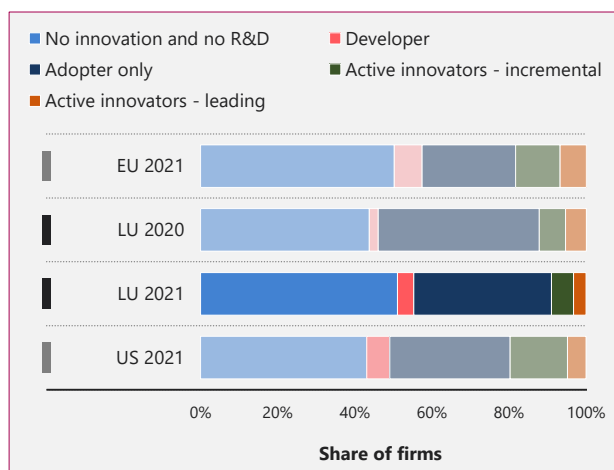


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

One in ten firms (9%) can be classified as 'active innovators' (either leading or incremental), that is firms that invested heavily in research and development and introduced a new product, process or service. While the overall proportion of active innovators is in line with the one reported in EIBIS 2020, it is markedly lower than for the EU average (18%).

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

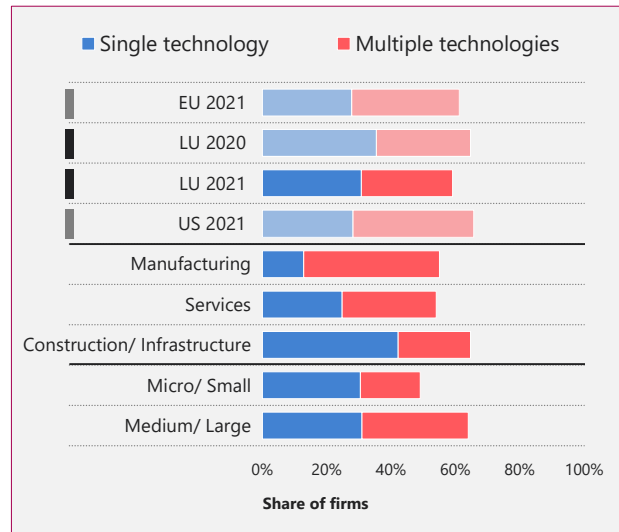
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

Six in ten Luxembourg firms (59%) have implemented at least one advanced digital technology. This is broadly in line with what was reported in EIBIS 2020 (65%) and the EU average (61%).

Medium/large firms (64%) are more likely than micro/small firms (49%) to have implemented at least one advanced digital technology. The proportion of firms in the construction/infrastructure sector having adopted at least one advanced digital technology is also relatively high (65%).

Firms in Luxembourg report a similar uptake of most advanced digital technologies compared to the EU, while they are slightly more likely to report the adoption of drones than EU firms (38% versus 23%).

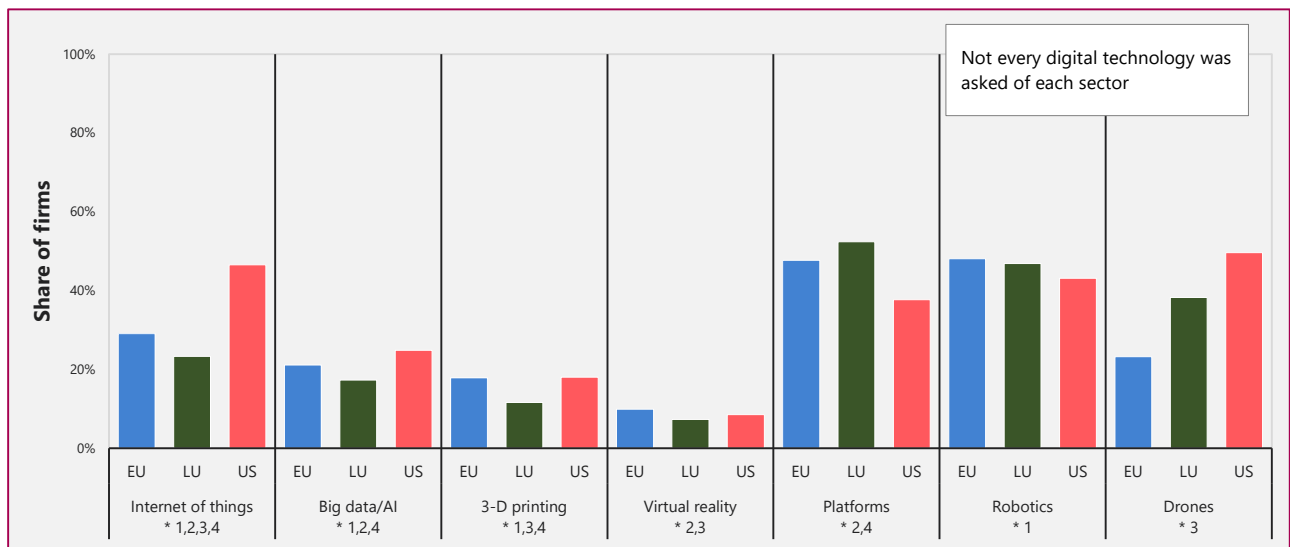


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Construction/ Infrastructure firms, 3 = Asked of Services firms, 4 = Asked of infrastructure firms

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

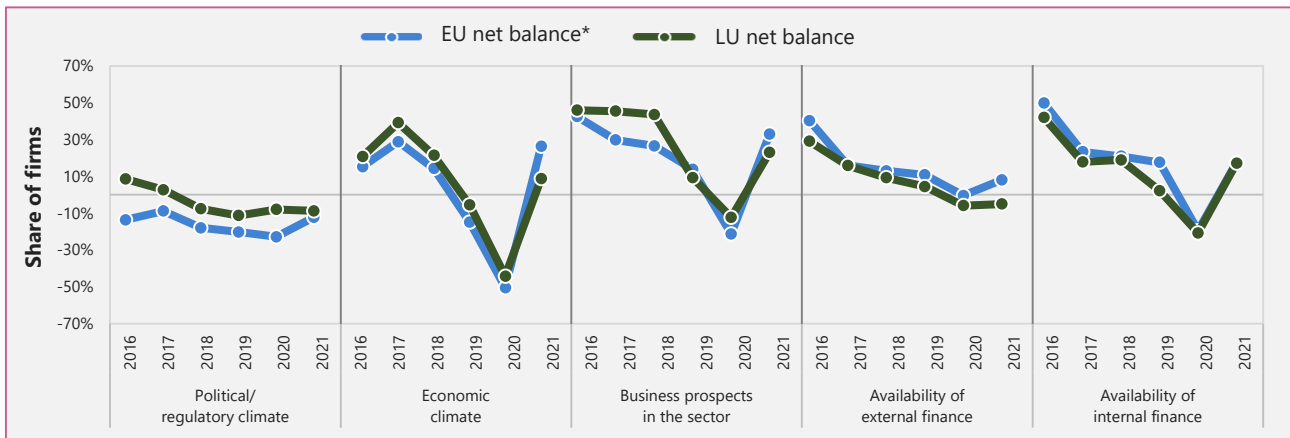
Base: All firms (excluding don't know/refused responses);
Sample size LU: Manufacturing (50); Services (46); Construction/ Infrastructure (83);

Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

Firms in Luxembourg remain on balance pessimistic about the political and regulatory climate. Nevertheless, expectations for the overall economic climate have turned positive again (rising from -49% to +8%), as have perceptions of business prospects in the sector (rising from -15% to +23%) and availability of internal finance (rising from -24% to +17%). This is in line with the EU average.

Firms in Luxembourg are the least optimistic about the political and regulatory climate, with more firms expecting this to deteriorate than improve, also in line with the EU overall. However, firms in Luxembourg are also less optimistic about the availability of external finance compared to EU firms overall.

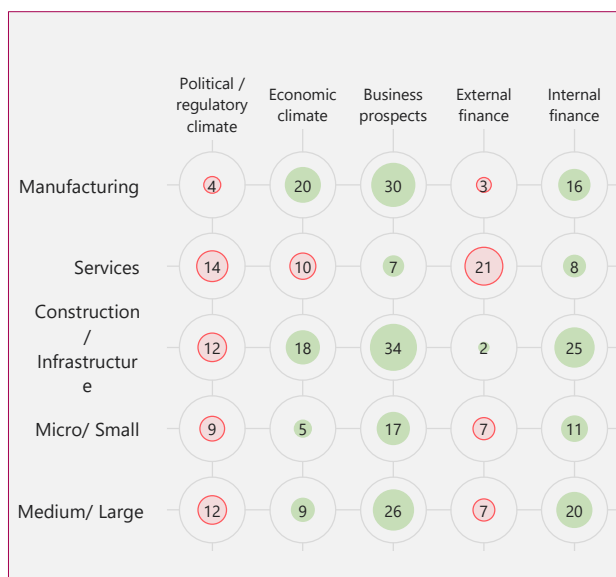


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Across all sectors and among firms of all size classes in Luxembourg, sentiment is consistently more positive than negative with respect to business prospects and internal finance. This is particularly the case among firms in the manufacturing and construction/ infrastructure sectors, and among medium/large firms. In contrast, in all sectors and among firms of all sizes, the short-term outlook is consistently more negative than positive for the political/regulatory climate. External finance, as well as the economic climate, seem to be particular issues for the service sector.

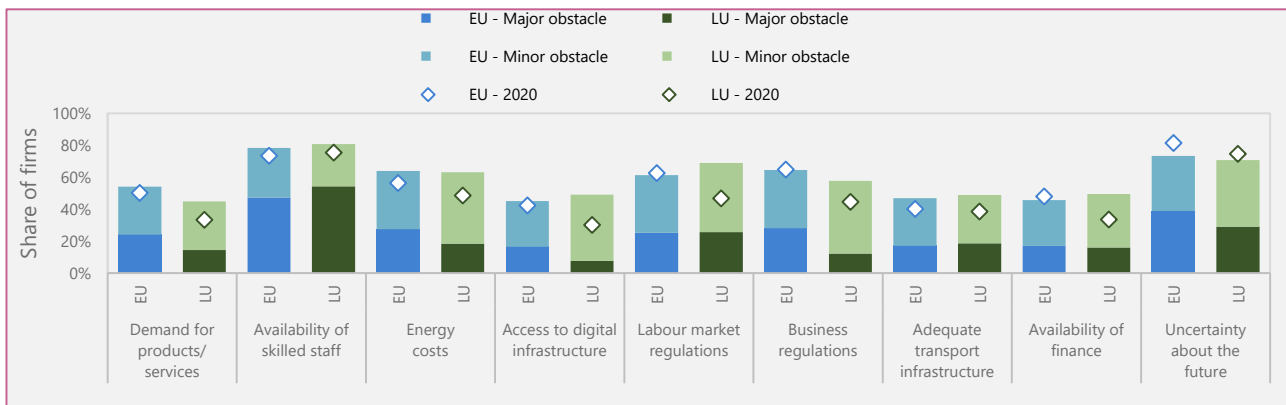
Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

The availability of skilled staff is the most cited long-term barrier to investment by Luxembourgish firms (81%), followed by uncertainty about the future (71%). These figures are in line with those recorded in EIBIS 2020 and the current EU average. Over two-thirds (69%) regard labour market regulations as a long-term barrier to investment and this has become of greater concern since EIBIS

2020 (47%). There are no significant differences between the EU and Luxembourg in relation to barriers to investment.

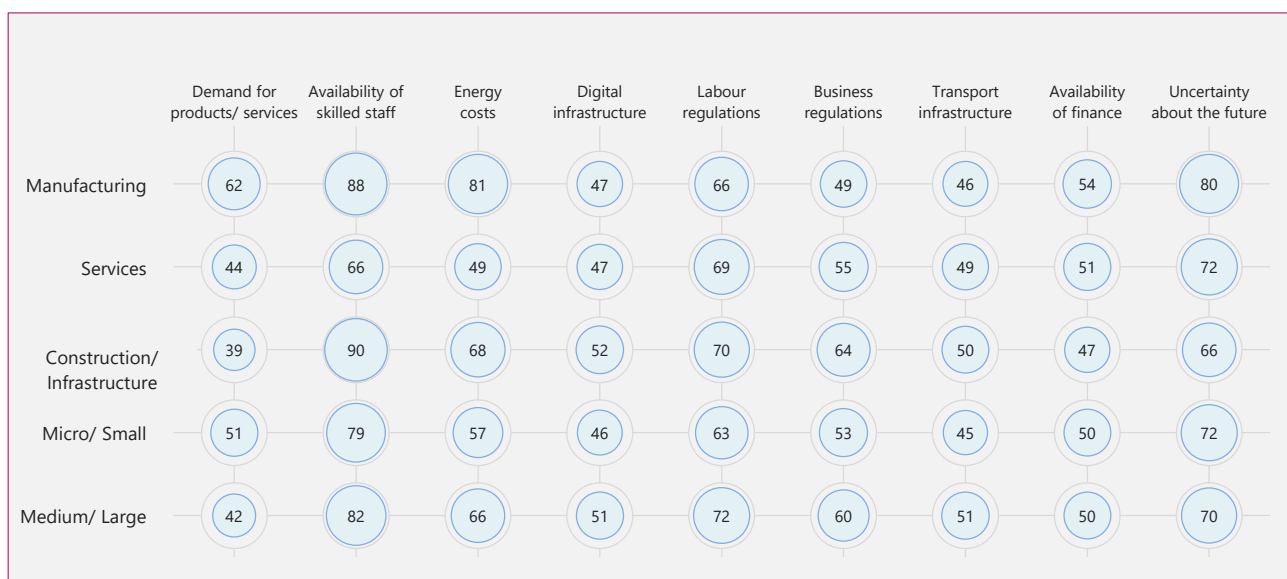
The availability of skilled staff is cited as a barrier to investment by nine in ten construction/infrastructure (90%) and manufacturing (88%) firms.



Q. Thinking about your investment activities in Luxembourg, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Luxembourg, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

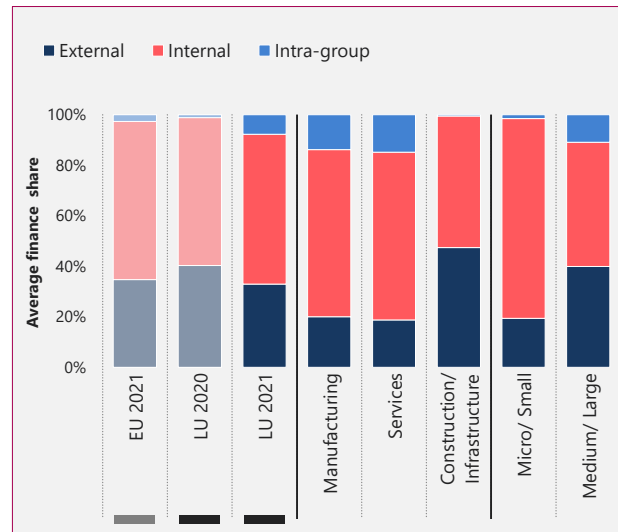
Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Luxembourg continued to fund the majority of their investment in 2020 through internal financing (59%), in line with what was reported in EIBIS 2020 and the EU average (59% and 63% respectively).

External finance made up 33% of investment activity, with intra-group finance accounting for 8% of investment.

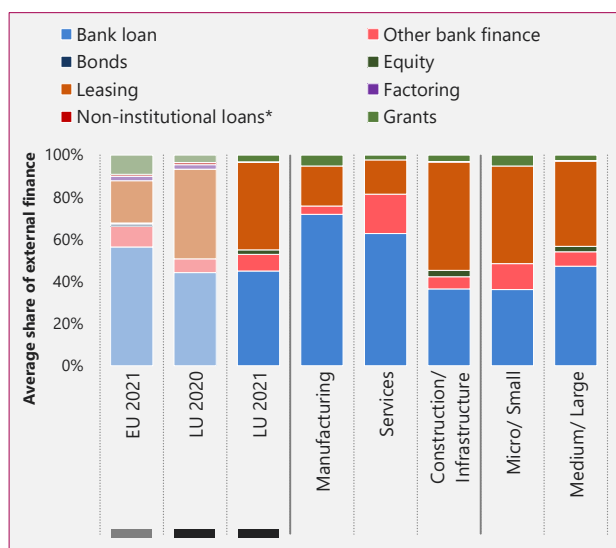
Construction/infrastructure and medium/large firms are more likely to have financed investment from external sources than other firms.



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Bank loans (45%) and leasing/hire purchase (42%) continued to make up the largest share of external finance secured by Luxembourgish firms for their investment activities. This pattern is in line with what was reported in EIBIS 2020.

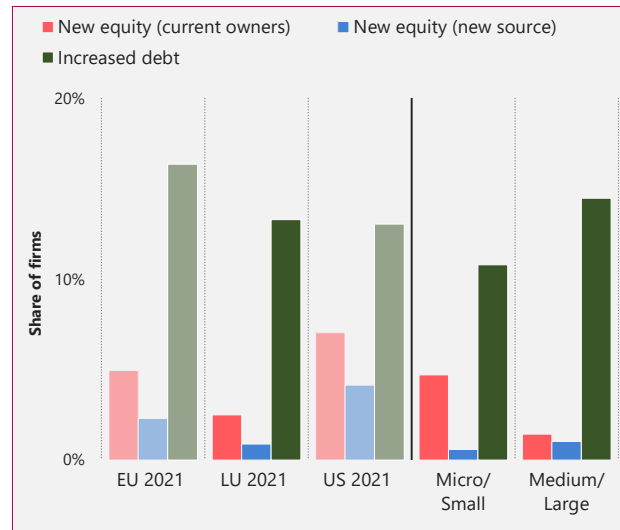
A greater proportion of the external finance secured by firms in Luxembourg took the form of leasing / hire purchase than it did across the EU as a whole (20%). Bank loans represented a lower proportion of investment finance for firms in Luxembourg than it did for the average EU firm (56%).

Firms in the manufacturing and service sectors financed their investment through bank loans to a much greater extent than construction/infrastructure firms, which are more likely to have used leasing / hire purchase as forms of external finance.

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the COVID-19 crisis, 13% of firms have increased their debt position. Very few have secured new equity, either via current owners (3%) or new sources (1%). This picture is similar to the one seen for the EU overall. In addition, there is little variation in the actions taken as a result of COVID-19 across firms of different sizes.



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



Public support was substantial in Luxembourg, as 80% of the firms report having received financial support in response to COVID-19. Subsidies that do not need to be paid back are the most frequently cited source of support (72%). A quarter of Luxembourgish firms have been supported through deferral of payments (23%).

The level of support obtained by firms in Luxembourg (80%) is higher than the EU average (56%).

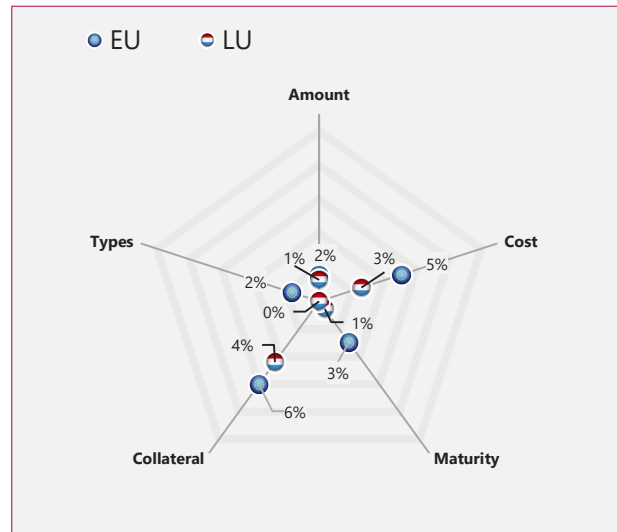
Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

Base: All firms (excluding don't know/refused responses)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Luxembourgish firms that received external finance in 2020 are generally satisfied with all aspects of the transaction and the low levels of dissatisfaction reported match the EU average levels.



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



As mentioned above, levels of dissatisfaction with external finance are low for all firms. Only among manufacturers and with regard to the collateral required did the level of dissatisfaction reach double figures (10%).

Q. How satisfied or dissatisfied are you with ...?

*Caution small base size

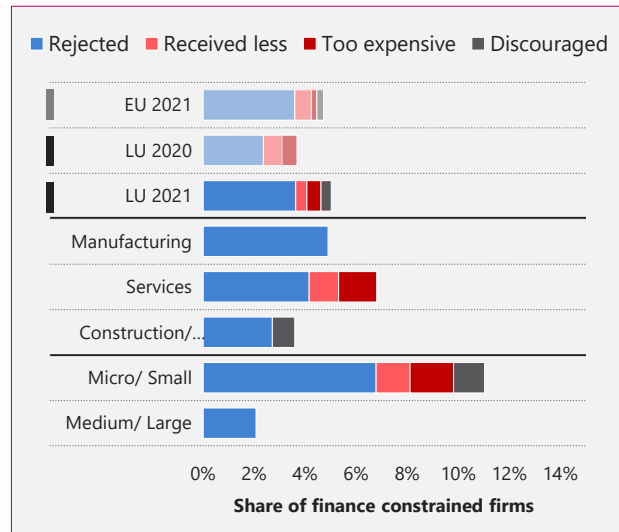
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Only 5% of firms in Luxembourg can be considered finance constrained, very much in line with what was reported in EIBIS 2020 (4%) and with the EU average (5%).

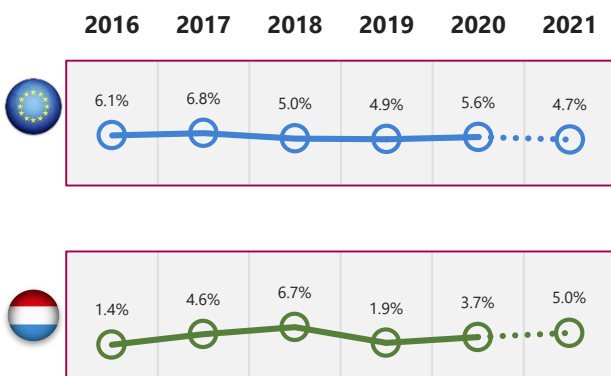
More than one in ten micro/small firms (11%) are financially constrained, primarily because their request was rejected by external providers.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



The proportion of Luxembourgish firms that are financially constrained has fluctuated over time, while remaining at a low level.

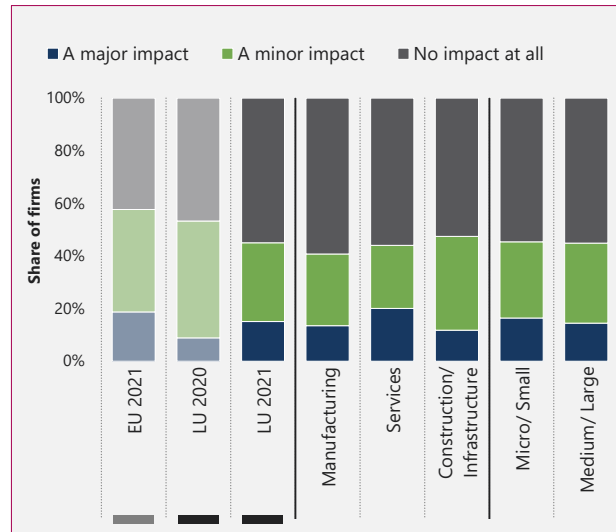
Base: All firms (excluding don't know/refused responses)

Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

A relatively small share of Luxembourgish firms feel the effect of weather events: a bit less than half of them (45%) believe that climate change and related weather events have an impact on their business and they are more likely to think it has a minor (30%) rather than a major impact (15%). The share of firms in Luxembourg reporting that climate change has an impact is lower than the one reported in EIBIS 2020 (53%) and the EU average (58%)

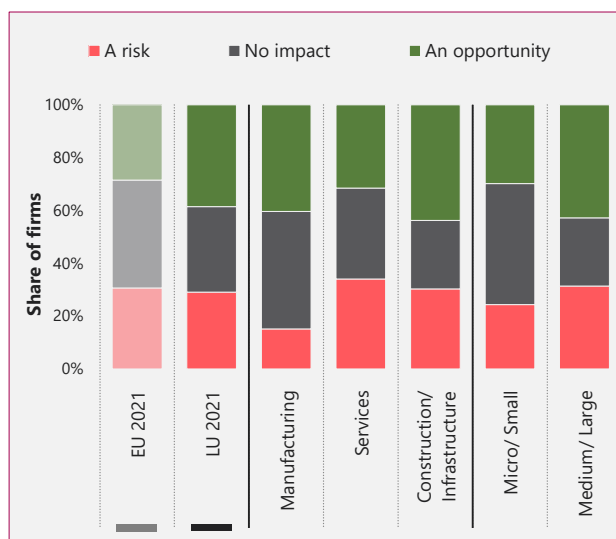
There is little variation by size of firm or by sector and in all cases only a minority believe that climate change currently has an impact on their business.



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



Luxembourgish firms are starting to internalise the risks associated with the transition to net zero. Firms in Luxembourg (29%) are equally as concerned about the risks represented by transition to stricter climate standards and regulations as EU firms (31%). Almost two-fifths (39%) of Luxembourgish firms regard this as an opportunity, more than the EU average (28%).

Construction/infrastructure (44%) and medium/large firms (43%) appear to be the most inclined to regard transition to stricter climate standards and regulations as an opportunity for their business.

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know / refused responses)

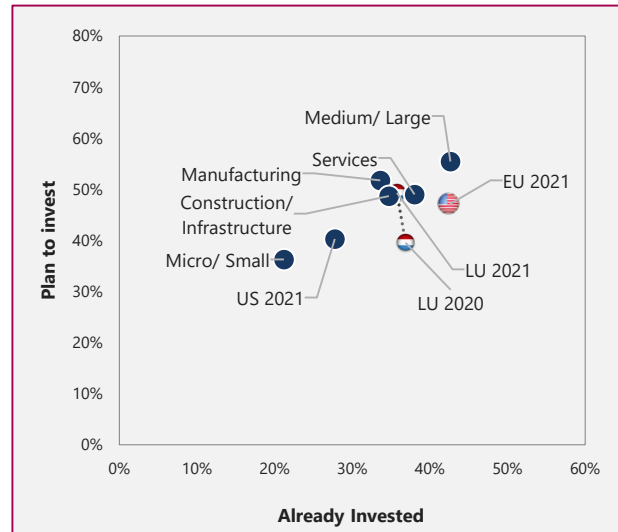
Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Just over a third of Luxembourgish firms have already invested to deal with climate change (36%), and a higher proportion of firms have plans to invest more in the next three years (49%).

Luxembourg (36%) is behind the EU (43%) in terms of the proportion of firms who have already invested to tackle climate change but the future investment plans have increased and are in line with the EU average.

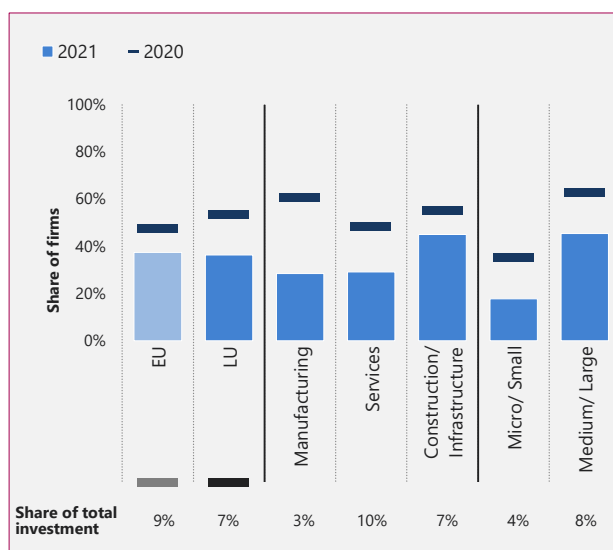
Micro/small firms are less likely than medium/large firms to have already invested to tackle the impact of climate change, or to have plans to do so in the future.



Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



Over a third (36%) of firms in Luxembourg invested in measures to improve energy efficiency in 2020. While this is lower than EIBIS 2020 (54%), it is in line with the current EU average (37%).

The overall share of total investment into energy efficiency measures by firms in Luxembourg in 2020 stands at 7%.

Construction/ infrastructure firms and medium/large firms (both 45%) are the most likely to have invested in measures to improve energy efficiency.

Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (for share of firms investing)

Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

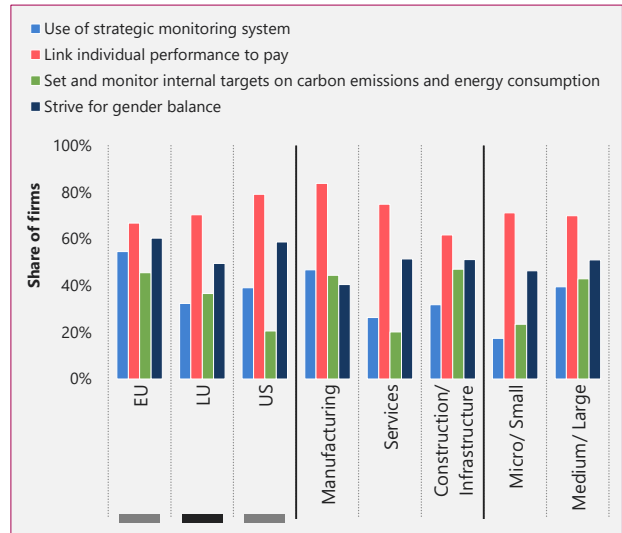
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

In 2020, about half (49%) of firms in Luxembourg report that they strived for gender balance in 2020, a lower share than the EU average (60%).

Just over a third of firms (37%) report having set and monitored internal targets on carbon emissions and energy consumption in 2020, which is also below the EU average (46%). A third of firms (32%) used a strategic business monitoring system, again lower than across the EU as a whole (55%). A similar share of Luxembourgish firms linked individual performance to pay (70%) as in the EU overall (67%).

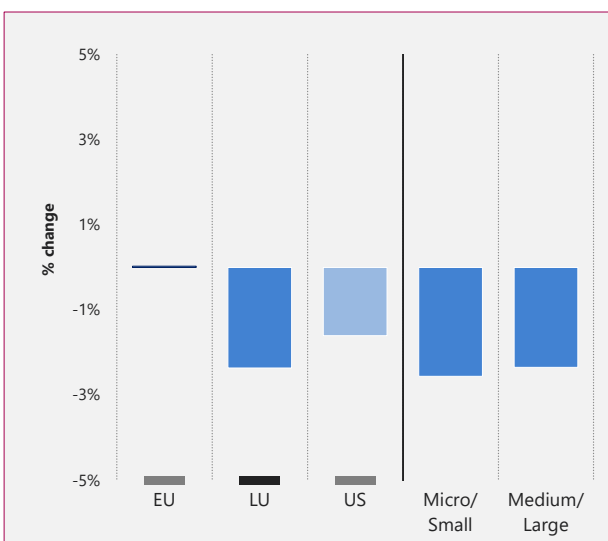
Relatively few service sector firms set and monitored targets for emissions and energy consumption (20%) or used strategic monitoring systems (26%) in 2020.



Q. In 2020, did your company...?

Base: All firms (excluding don't know/refused responses)

CHANGE IN EMPLOYMENT DURING COVID-19



The workforce in Luxembourg has diminished slightly since the start of the COVID-19 pandemic, with firms suffering a drop of 2.4% in the workforce. This is a slightly larger drop compared to the EU figure, which remained stable.

The fall in headcount is similar in both micro/small firms (-2.6%) and medium/large firms (-2.4%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

EIBIS 2021 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Luxembourg, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	LU	Manufacturing	Services	Construction/ Infrastructure	Micro/ Small	Medium/ Large	EU vs LU	Manufacturing vs Construction/ Infrastructure	Micro/ Small vs Medium/ Large
	(11920)	(802)	(180)	(50)	(46)	(83)	(102)	(78)	(11920 vs 180)	(50 vs 83)	(102 vs 78)
10% or 90%	1.1%	3.5%	5.2%	9.4%	9.6%	7.4%	5.4%	7.2%	5.3%	11.9%	9.0%
30% or 70%	1.7%	5.3%	7.9%	14.3%	14.7%	11.3%	8.2%	11.0%	8.1%	18.2%	13.7%
50%	1.8%	5.8%	8.6%	15.6%	16.0%	12.4%	9.0%	12.1%	8.8%	19.8%	15.0%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
Services sector	Based on the NACE classification of economic activities, firms in group F (Construction).
Construction/ Infrastructure sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Construction/ Infrastructure activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 180 firms in Luxembourg (carried out between March and July 2021).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)




Base definition and page reference	EU 2021/2020	US 2021	LU 2021/2020	Manufacturing	Services	Construction/ Infrastructure	Micro/Small	Medium/Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	180/180	50	46	83	102	78
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	180/180	50	46	83	102	78
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	179/177	49	46	83	102	77
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	180/NA	50	46	83	102	78
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	179/NA	50	45	83	101	78
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	177/180	48	45	83	100	77
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	177/0	48	45	83	100	77
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	179/177	50	45	83	101	78
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	179/177	50	46	82	102	77
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	146/153	43	32	70	78	68
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	180/179	50	46	83	102	78
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	179/NA	50	45	83	101	78
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	178/NA	50	45	82	101	77
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	176/173	49	45	81	101	75
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	180/180	50	46	83	102	78
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	173/NA	48	45	79	97	76
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	177/175	49	46	81	99	78
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	177/NA	49	45	81	101	76
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	178/171	50	46	81	102	76
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	149/157	43	34	71	80	69
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	157/165	47	35	74	84	73
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	130/132	40	30	59	76	54
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	180/180	50	46	83	102	78
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4003/4354	284	56/66	12	7	36	28	28
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	56/65	13	7	34	28	26



Economics Department
U economics@eib.org
www.eib.org/economics

Information Desk
3 +352 4379-22000
U info@eib.org

European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
3 +352 4379-1
www.eib.org

 twitter.com/EIB
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Luxembourg

Overview

EIB INVESTMENT SURVEY

2021