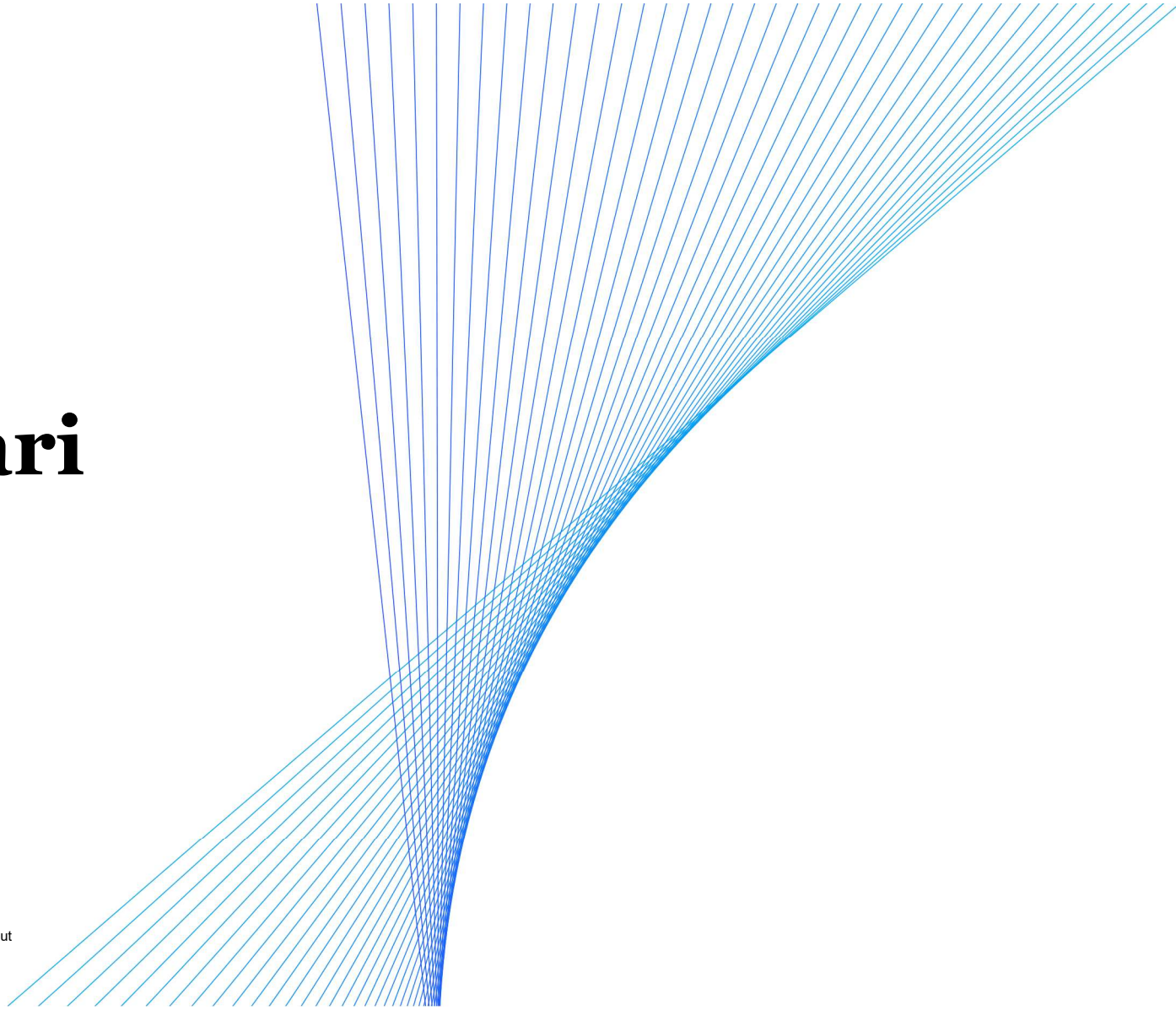
McKinsey & Company

Futuri Scenari Competitivi

Napoli, 24 maggio 2024



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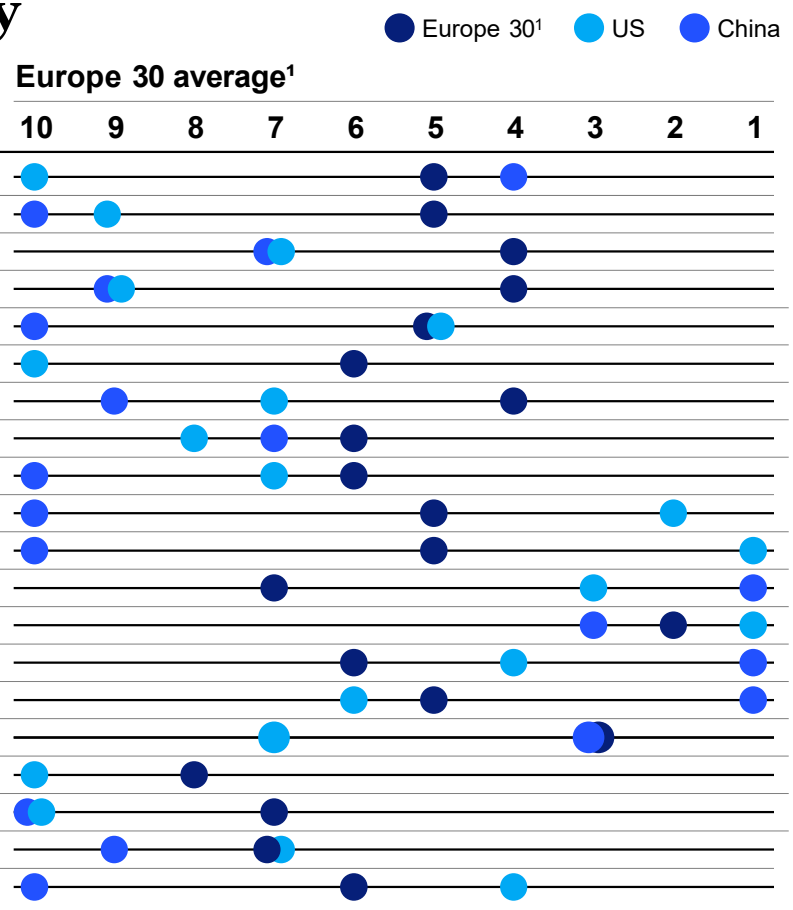
Europe leads on sustainability and inclusion, but lags behind on growth and prosperity



Decile ranking compared with OECD countries, by category/metric (1 = best, 10 = worst)		**Europe 30 average[1]**
Sustainability	CO2 emissions (consumption), megatons per capita, 2020	7.3
	CO2 emissions (production), kg per 2017 PPP $ of GDP, 2020	0.1
	Fossil fuel consumption, % of primary energy, 2022	71%
Inclusion	Income inequality, Gini index, 2022	30
	Population below the empowerment line, 2020	27%
	Poverty rate at national poverty lines, % of population, 2022	11%
	Social mobility index, 2020	76
	Life expectancy, years, 2021	81
	Social progress index, 2022	86
Growth and prosperity	GDP per capita,[2] $ 2017 PPP,[3] 2022	46,526
	GDP per hour worked, $ 2017 PPP,[3] 2021	56
	Number of hours worked per year,4 2022	1,571
	GDP, $B 2015,[3] 2022	19,587
	GDP growth 2000-22, $ 2017 PPP[3] CAGR	1.4%
	GDP per capita growth, CAGR, 2000-22	1.3%
	Current account balance, % of GDP, 2022	1.2%
	Public debt, % of GDP, 2021	106%
	Private debt, % of GDP, 2020	102%
	Fertility rate, children per woman, 2022	1.5
Happiness	Life satisfaction index, 2022	6.7

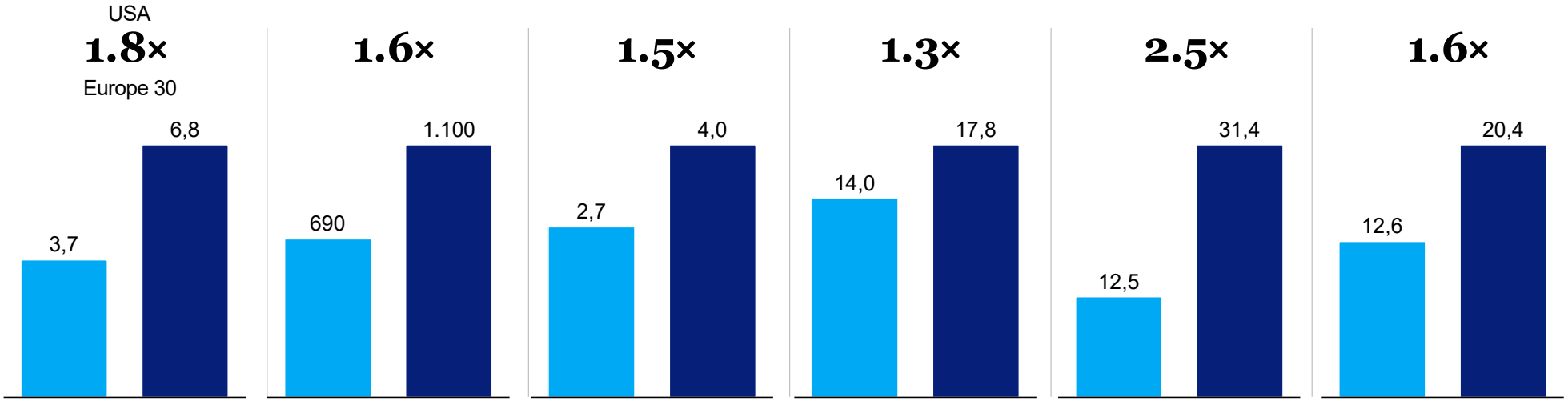
1.Europe 30 includes the European Union plus Norway, Switzerland, and the United Kingdom.
2.Excluding Ireland and Luxembourg.
3.World Bank and OECD. 4EU-27.

Source: Our World in Data; World Bank; Eurostat; World Economic Forum; Socialprogress.org; OECD; McKinsey Global Institute analysis

European corporations lag on scale and performance

Europe USA

Public companies with revenue of >$1 billion in Europe 30 vs US

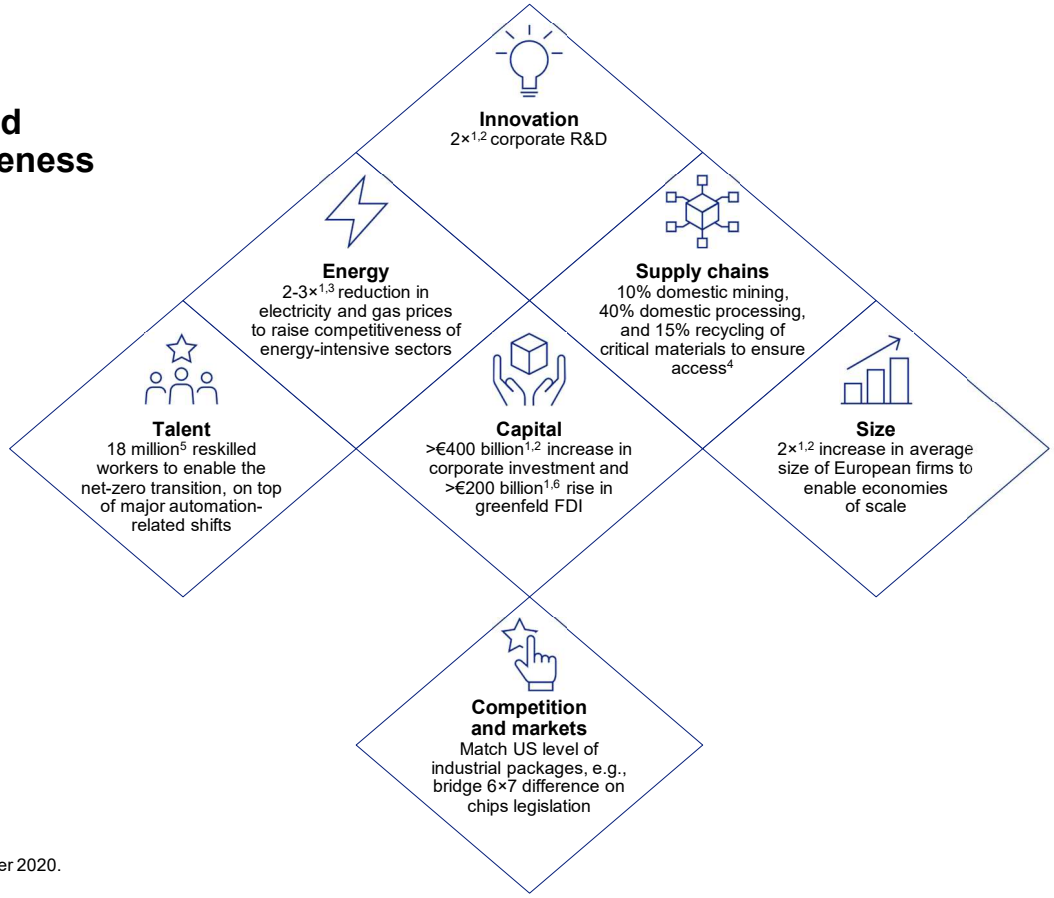


1.Excludes fnancial services and real estate companies
2.Infation adjusted (2014 as base year) based on eurozone (Europe 30 sample) and US infation (US sample); US data in $, Europe data in €. World Bank and OECD. 4EU-27.
3.Excludes companies without complete revenue, net operating proft less adjusted taxes (NOPLAT), capital expendi- ture, or invested capital time series in 2014–22.
4.Net operating profit less adjusted taxes. 5End of 2022 for public companies with >$1 billion available market capitalization and revenue. 6Average based on in-sector revenue.

Source: McKinsey Corporate Performance Analytics; S&P Global; Eurostat; IMF; McKinsey Global Institute analysis

Capturing the full potential value at stake requires focusing on all seven dimensions of competition

Magnitude of disruption needed to restore Europe's competitiveness in the coming years



1.Increase required to match the United States.
2.McKinsey & Company Corporate Performance Analytics.
3.Montel and Eurostat
4.European Critical Raw Materi- als Act, March 16, 2023.
5.The future of work and reskilling in Europe, McKinsey, November 2020.
6.World Bank; fDi Markets
7.European Chips Act, European Commission; CHIPS and Science Act of 2022, H.R. 4346, 117th Congress.

Source: McKinsey Global Institute analysis

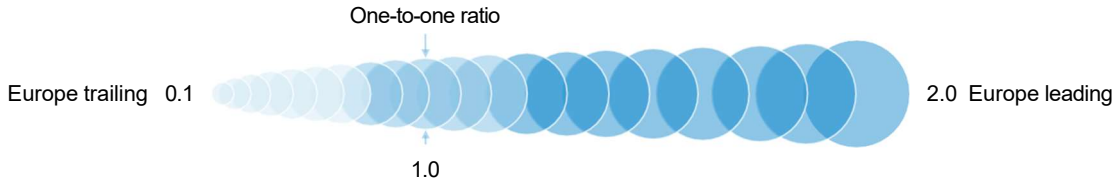
There are over 60 future arenas of competition at the intersection of transversal technologies and sectors

	Industrials (incl auto and defense)	Chemicals and materials (incl agriculture)	Transportation, energy, and infrastructure	Pharmaceuticals and healthcare	Consumer and retail	Financials and professional services
Next-level process automation	Robotics, additive manufacturing, drones, digital twins	Virtual development modelling, testing, agriculture next-generation	Modular construction, prefab, additive manufacturing, robotics	Virtual clinical trials, surgery robot, additive manufacturing	Domestic service robot, warehouse automation	—
Future of connectivity	Industry 4.0, connected cars, connected soldiers	Smart farming	Smart cities, smart power plants/grids, embedded sensors	Remote health monitoring, wearables	Wearables, smart home	—
Distributed infrastructure	Cloud and edge computing					
Next-generation computing	Quantum computing					
Applied AI	Autonomous vehicles	Precision agriculture	Last-mile drone usage, smart power plants/grids	AI imaging and diagnostics, drug discovery	Marketing analytics, speech recognition	Pricing risk analytics, auto- mated operations, tech-augmented advisory
Future of programming	Software 2.0					
Trust architecture	Cyberwar	Traceability	Smart contracts	Blockchain in supply chain and records	Smart sourcing	Blockchain, smart contracting
Bio Revolution	Industrial enzymes, exoskeleton	Next-generation crops, bioroutes for chemicals	Biopolymers, biofuels, engineered produce transportation	Gene and stem cell therapy, tissue engineering, brain- device interaction,neuro-genomics, biomolecules	Alternative proteins, microbiome- based products	—
Next-generation materials	Nanomaterials, new materials, new-generation weapons	Nanosensors, next-generation composites, syn- thetic materials/ chemical design	New materials, new construction materials	Tissue engineering	Personalization, new materials	—
Future of cleantech	Decarbonization, electric vehicle	Wireless irrigation systems, green cement/steel, recycling	Modular, virtual twins, renewables, CCS, green energy	—	—	—

Source: PitchBook; McKinsey Corporate Performance Analytics Tool; McKinsey Global Institute analysis

Out of ten transversal technologies, such as AI, quantum computing, and cloud, Europe leads on two

Relative European position vs leading or second-best region on a range of metrics, multiple[1]



Transversal technologies	Keywords	Innovation[2]	Production[3]	Adoption[4]	Average
Next-level automation	Industrial, collaborative, and professional robots; additive manufacturing; virtualization	0.6	1.0	0.7	0.8
Future of connectivity	5G, Internet of Things	0.7	0.7	0.3	0.6
Distributed infrastructure	Cloud, edge computing	0.2	0.1	0.7	0.3
Next- generation computing	Quantum computing, neuromorphic software	0.5	n/a	n/a	0.5
Applied AI	Robotic process automation, optimized decision making, natural language processing, computer vision, speech technology	0.5	<0.1	0.8	0.4
Future of programming	Software 2.0, no-code and low-code programming	0.3	<0.1	n/a	0.2
Trust architecture	Blockchain, zero-trust security/cybersecurity	0.3	0.3	0.6	0.4
Bio Revolution	Biomolecules, biosystems, bio-machine interface, biocomputing	0.8	0.4	0.5	0.6
Next-gen materials	Nanomaterials, composite materials	0.7	2.0	1.2	1.3
Future of cleantech	Solar power, wind energy, hydropower, nuclear, electric vehicles, hydrogen	1.3	0.4	1.2	1.0
Average		**0.6**	**0.6**	**0.7**	

1.For instance, if Europe issues 200,000 patents per year related to automation vs 400,000 a year in the United States, the multiple is 0.5 times.
2.Average number of the ratios based on number of publications, number of patents, and venture capital funding ($ billion).
3.Average number of the ratios for top ten companies on market share (%), market capitalization ($ billion), and corporate or private equity funding ($ billion).
4.Average number of the ratios based on public investment ($ billion), penetration (count per capita), and end-market share (%).

Source: The top trends in tech, McKinsey Digital, 2021; McKinsey Global Institute analysis