

Can Europe catch up in the race for AI advantage?

Christian Bürger

The US is powering ahead of the EU and other advanced economies in AI-related investment, with Europe also lagging China in key areas. Spending on the AI infrastructure (data centres, chips, power upgrades) provides a stark example of US dominance. While Europe spent USD 9.4 billion on AI investment in 2024, US companies spent USD 197 billion and is forecast to invest USD 340 billion this year alone.

The AI investment boom is having a measurable impact on GDP in the US but not, as yet, elsewhere. Since mid-2022, US investment in digital technologies has increased by 0.5 percentage points to 4.2% of GDP. Global excitement around AI is driving speculation in software companies and AI platforms, most of which are based in the US. AI's insatiable appetite for compute capacity and storage is driving a corresponding wave of infrastructure-related capital expenditure. US data centre construction grew by over 230% in the three years to early 2025.

But investment in infrastructure and microprocessors is only one side of the AI story. The other is the adoption of AI tools and platforms to boost business productivity. In this, Europe is at less of a disadvantage. While the picture is not consistent across the continent, many European regions are at the forefront of AI adoption and could reap significant productivity benefits in years to come.

The AI investment chasm

In all, North America accounted for 20% of all AI-related growth in the first half of 2025, a figure that reflects investment in the entire AI value chain. That includes raw silicon, speciality gases and the machines that produce semiconductors, as well as the computers and servers that power AI platforms and the applications themselves.

Europe is simply less established in many of these areas, and there is less for investors to buy into. Europe developed three new AI models in 2024, the US 40. Start-ups aside, most tech investment is concentrated in a few mega-cap companies, most of which are US based.

In addition, fragmented capital markets, high energy costs and more complex building regulations all put Europe at a disadvantage when it comes to infrastructure investment. This remains true despite several European Commission initiatives, including a dedicated EUR 200 billion AI investment programme.

“Unlike the US experience of a capex boom driven by tech investment, we don't expect AI to be a significant driver of short-term economic growth in Europe,” says Dana Bodnar, Senior Economist at Atradius. “We expect current trends to continue in 2026, solidifying the United States' huge AI investment lead over other major economies.”

Unlike the US experience of a capex boom driven by tech investment, we don't expect AI to be a significant driver of short-term economic growth in Europe.

Dana Bodnar

Productivity is a longer-term gain

But the other side of the AI coin is productivity gains, and in this Europe is on a firmer footing. Across the European Union as a whole, around 13.5% of companies used some kind of AI in their business in 2024, with tasks ranging from analysing written text to automating workflows. That was up from 8% in 2023.

“We don't see a big rise in infrastructure or platform investment around the corner” says Theo Smid, Senior Economist at Atradius. “Instead, it will be the readiness to adopt the new technology that will lead to productivity gains. Here Europe is at the forefront of major economies.”

We don't see a big rise in infrastructure or platform investment around the corner. Instead, it will be the readiness to adopt the new technology that will lead to productivity gains.

Theo Smid

These gains won't come quickly. Outside of true AI pioneers, the idea that AI will have a material impact on productivity in the next year appears premature. Certainly, early adopters in sectors like tech and banking are seeing some gains in terms of revenue per employee, but most businesses are not early adopters. In fact, many companies are still taking baby steps on their AI journeys and a significant number have not set off at all.

“AI has already changed how specific tasks are done, but it will likely take several years before adoption reaches a level that will significantly affect economy-wide productivity statistics,” says Smid.

Europe is well prepared for AI

But - while adoption is in its early stages - European preparedness for AI is generally high. European countries tend to have strong knowledge economies and leading educational systems. Robust institutions support the adoption of AI and mitigate any turbulence that arrives in its wake. Large service and advanced manufacturing sectors offer clear use cases for GenAI implementation.

It's also true that GenAI has arrived at an opportune time. Europe's medium-term growth outlook is undermined by an ageing population and shrinking workforce, and US productivity has outpaced its European equivalent for over a decade. GenAI could help to mitigate these disadvantages, giving businesses a further incentive to prioritise adoption.

“The productivity boom will lag behind the US and China, but nevertheless Oxford Economics expects that AI will boost eurozone GDP by 1.4% over the next 15 years, lifting growth by 0.1 percentage point -0.2 percentage points per year,” says Smid. “We think the eurozone will benefit more than the global average, but less than the US. Gains are likely to be modest and gradual, though that could change if businesses adopt AI at a faster pace than is currently expected.”

We think the eurozone will benefit more than the global average, but less than the US. Gains are likely to be modest and gradual, though that could change if businesses adopt AI at a faster pace than is currently expected.

Theo Smid

One issue for Europe is that the speed and impact of AI adoption will not be consistent across the bloc. Large companies have the resources and in-house expertise to adopt new technology more effectively than smaller counterparts. This favours Northern over Southern Europe. In Germany, around 45% of employees work for large corporations and 40% are employed by small businesses. In Greece, the comparable figures are 17% and 63%.

Countries like Germany and the Netherlands also boast more of the value-added services and manufacturing businesses that have most to gain from early AI adoption. Meanwhile, other Northern European countries like Estonia can support the AI drive with advanced digital infrastructure and high levels of IT literacy. Finland is another country that ranks highly in terms of AI preparedness thanks to strong government support.

Sectors in the spotlight

The impact on sectors will also vary significantly. The productivity gap between the US and Europe is largely the result of Europe's failure to fully grasp opportunities presented by the internet revolution. The biggest search, social media and digital commerce brands are in the US and China. Away from tech, service sector performance has been broadly comparable.

With that in mind, innovative European service businesses that get a head start in AI adoption will benefit significantly from the new technology. That is already happening in industries like communications, financial services and insurance.

Perhaps more surprisingly, manufacturing is also set for a substantial AI-related boost. Over the last few years, high-tech manufacturing has driven the sector's growth, and AI has a major role to play in this area. Beyond the simple automation of routine tasks that may benefit the lower-tech parts of manufacturing, improved R&D and supply chain management could really benefit the high value-add parts of the sector, especially those with complex production processes such as pharmaceuticals, automotive and aerospace.

In all manufacturing sectors, AI can help with product design and optimise predictive maintenance schedules, to name just two. It can even discover new materials. In the chemicals industry, GenAI has already designed new proteins.

The impact on sectors like agriculture and construction is likely to be more modest, because these industries are dominated by routine manual tasks. But even here, AI has the potential to create efficiencies in everything from crop feeding schedules to logistics. With the rapid development of GenAI in particular, the potential for as yet unforeseen innovation in any sector is high.

The productivity payoff

Despite Europe's AI preparedness, none of this is a magic bullet for the continent's productivity problems. There remains a high degree of uncertainty around adoption rates beyond the fastest moving AI pioneers. Some sectors might outperform predictions while others fall behind. Some countries will forge ahead while others tread water.

Nevertheless, the boost to productivity in the long-term is likely to be notable, and the impact will ripple through economies. Higher productivity translates into stronger wage growth, which in turn feeds into higher consumer spending. Effective AI adoption could help to create a virtuous cycle of growth and demand in Europe, even as investment in software and infrastructure continues to lag.

For more information about the impact of the AI investment boom in the US and potential downside risks, please see the Economic Outlook in the Related Content section below.

To explore how to strengthen your own credit risk strategy, [get in touch](#) with us and see how we can help you stay ahead.