EUROPEAN CENTRAL BANK

EUROSYSTEM

Made in Europe

Isabel Schnabel
Member of the Executive Board of the ECB

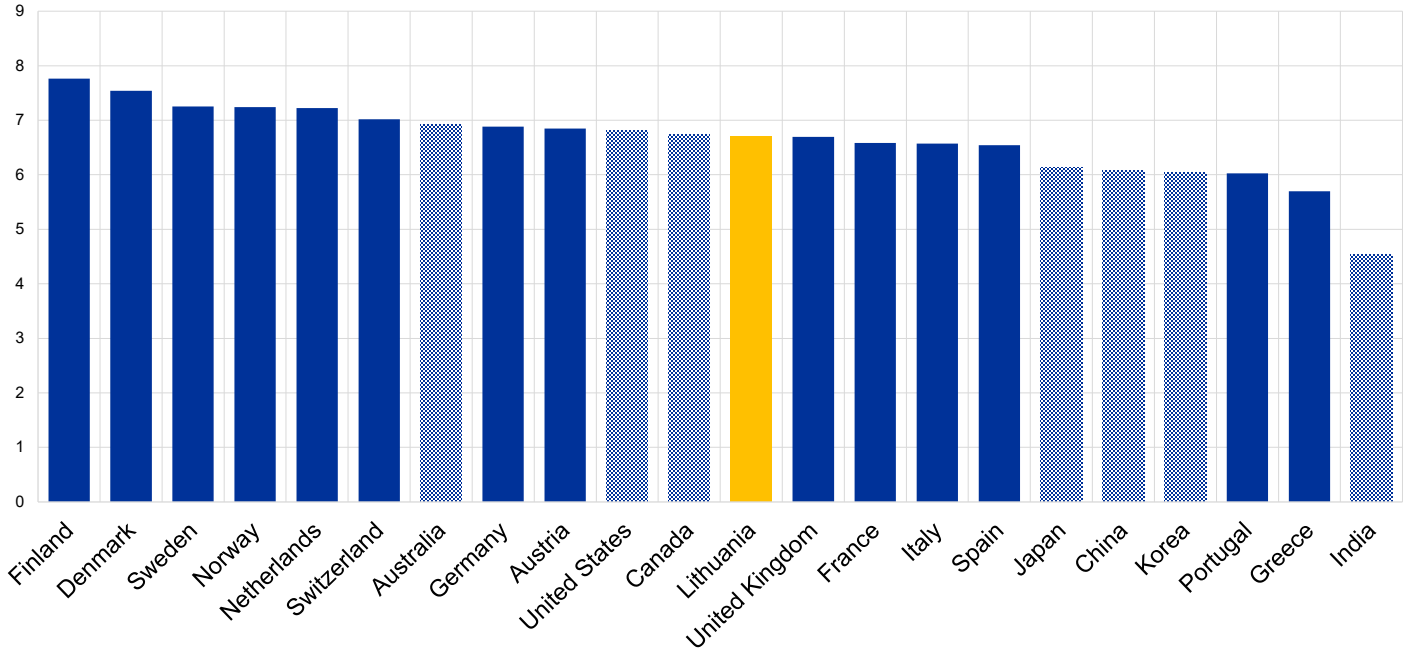


Economics Conference, Bank of Lithuania
Vilnius, 13 November 2026

European countries stand out globally for their high quality of life

Self-reported life satisfaction

(average of survey responses, 0-10)

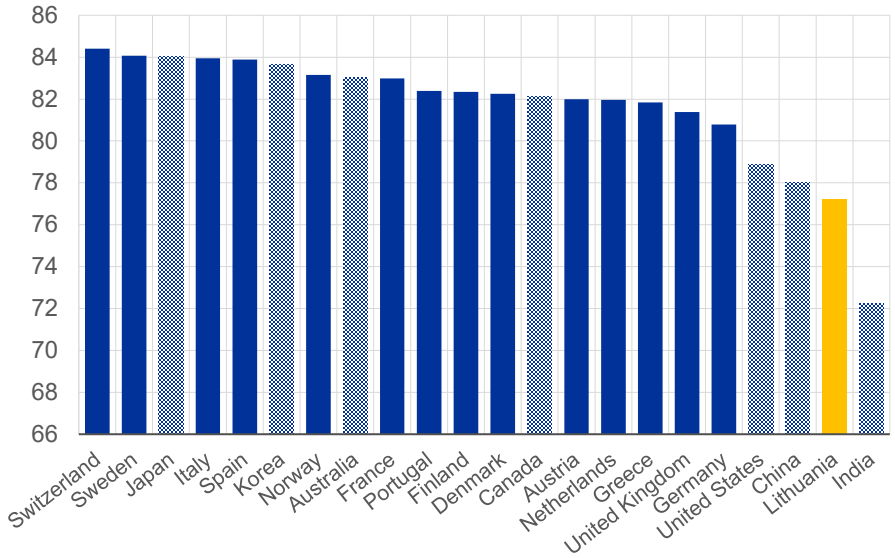


Sources: Wellbeing Research Centre (2026) and Our World in Data.
Notes: European countries are shown in dark blue.

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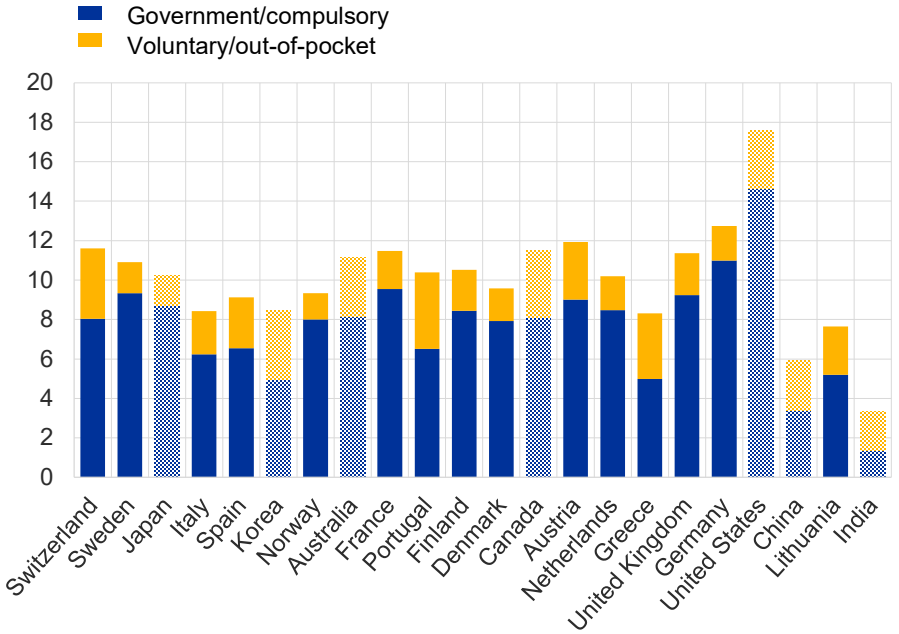
Europeans live longer, while spending less on healthcare

Life expectancy at birth
(years; 2023)



Source: WDI.
Notes: European countries are shown in dark blue.

Health expenditure
(% of GDP; 2024)



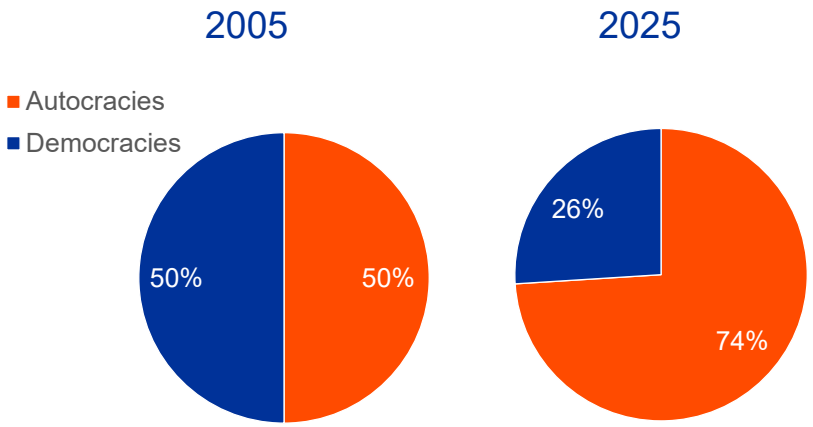
Sources: OECD Health Statistics 2026 and WHO Global Health Expenditure Database.
Notes: European countries are shown in dark blue/ yellow.

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Autocracies and attacks on democratic freedoms are rising at an alarming pace

Share of world population living in autocracies

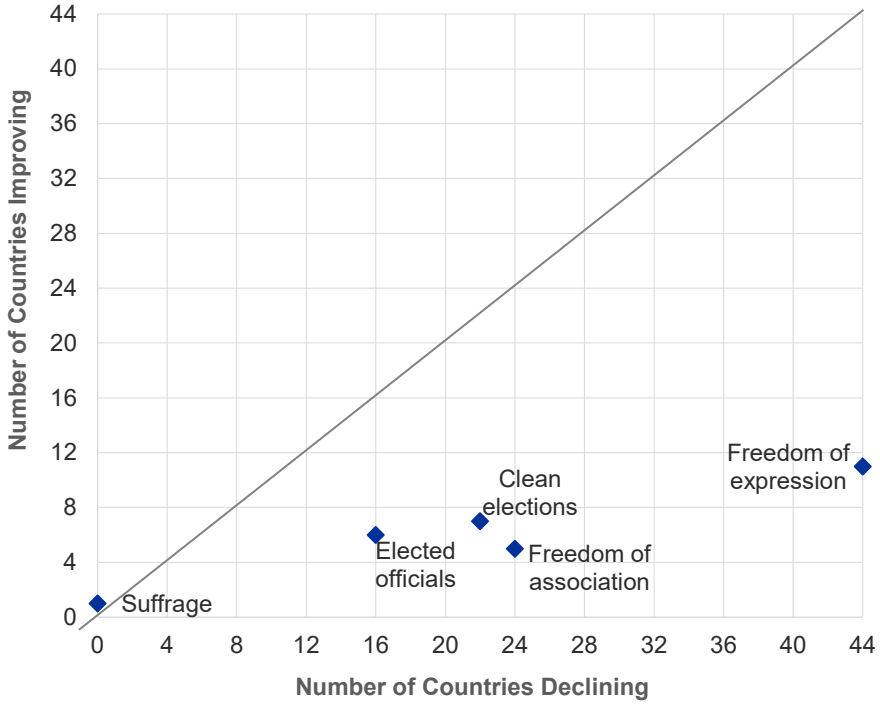
(percent)



Sources: V-Dem Institute, Democracy Report 2026, University of Gothenburg.

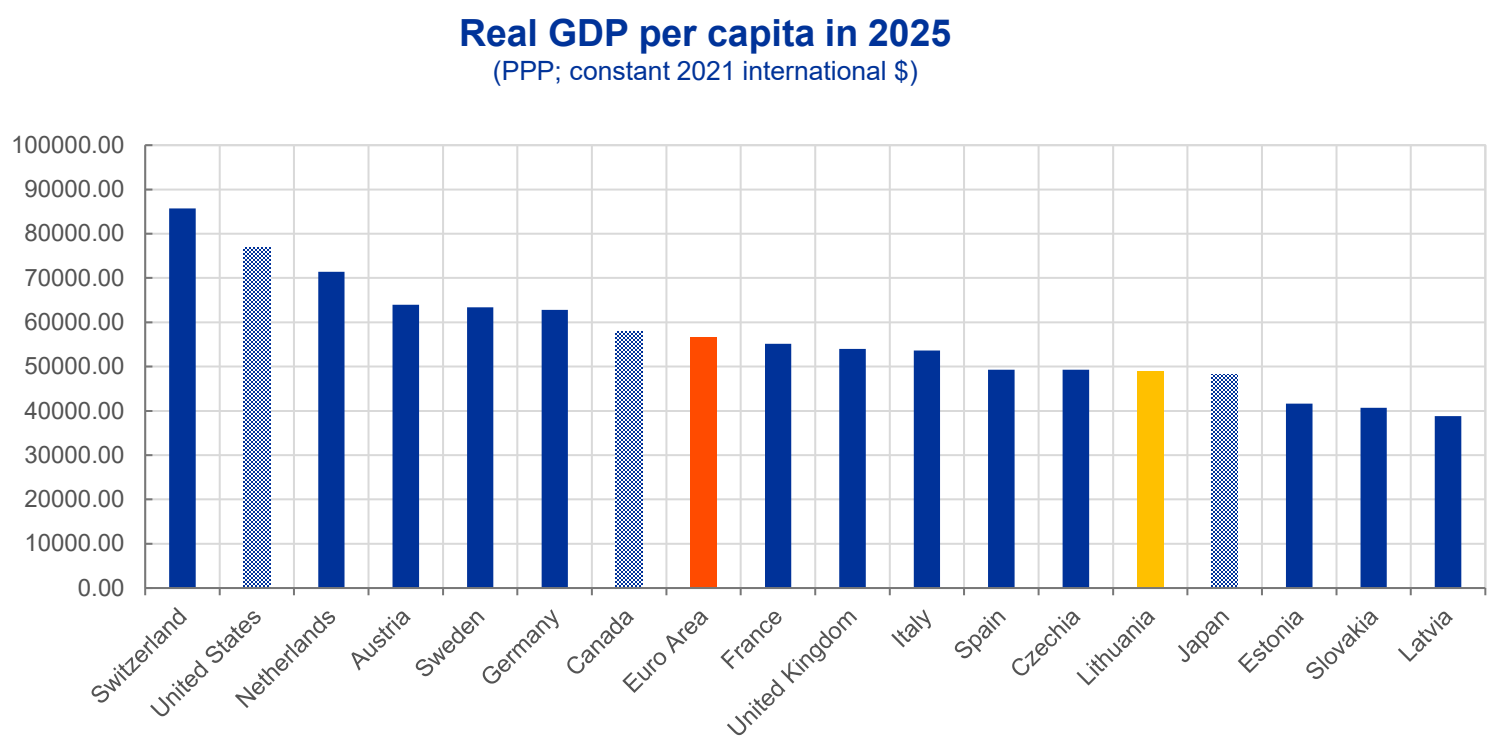
Democratic aspects improving and declining

(number of countries; 2025)



Sources: V-Dem Institute, Democracy Report 2026, University of Gothenburg.

Euro area lags behind other advanced economies on GDP per capita

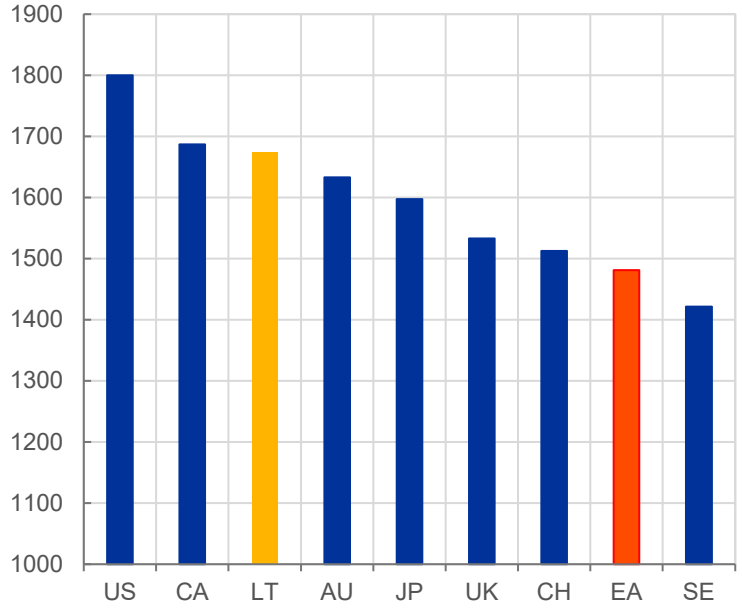


Sources: World Bank and World Development Indicators (WDI).
Notes: European countries are shown in dark blue and yellow.
Latest observation: 2025.

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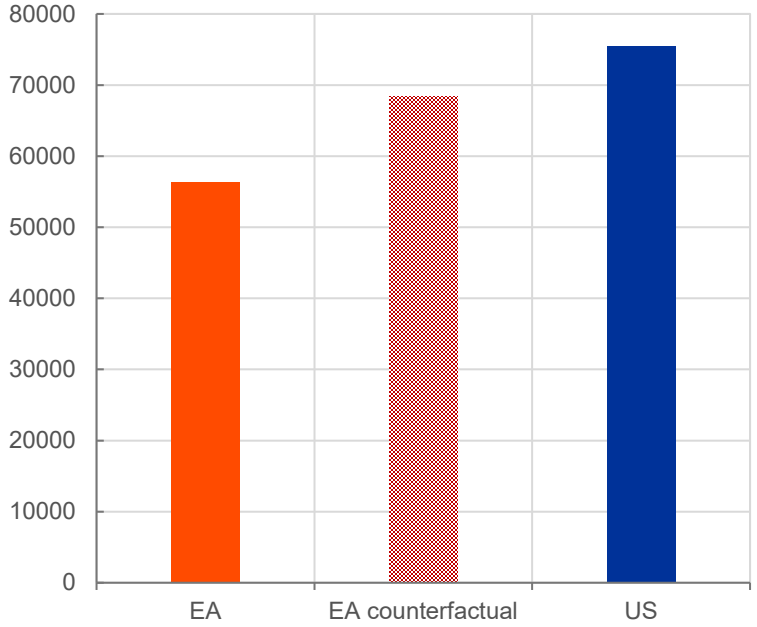
If Europeans worked as much as Americans, this would erase two-thirds of income gap

Hours worked per employee
(annual)



Source: OECD.
Latest observation: 2025.

Real GDP per capita, adjusted for hours worked
(PPP; constant 2021 international $)



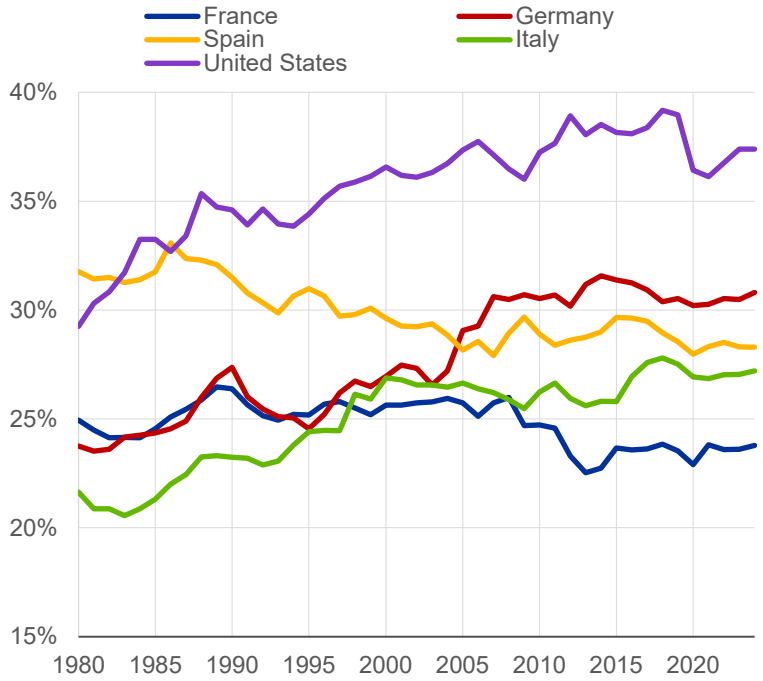
Sources: OECD and World Bank.
Notes: The euro area counterfactual shows real GDP per capita (PPP-adjusted) assuming euro area employees had worked the same number of hours as Americans, holding productivity and employment rates constant.
Latest observation: 2024.

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Income and productivity gains are more evenly shared in the euro area

Share of richest 10% in post-tax national income

(percent)



Source: World inequality database.
Latest observation: 2024.

Value added per employee in the United States

(index: 2000=100)

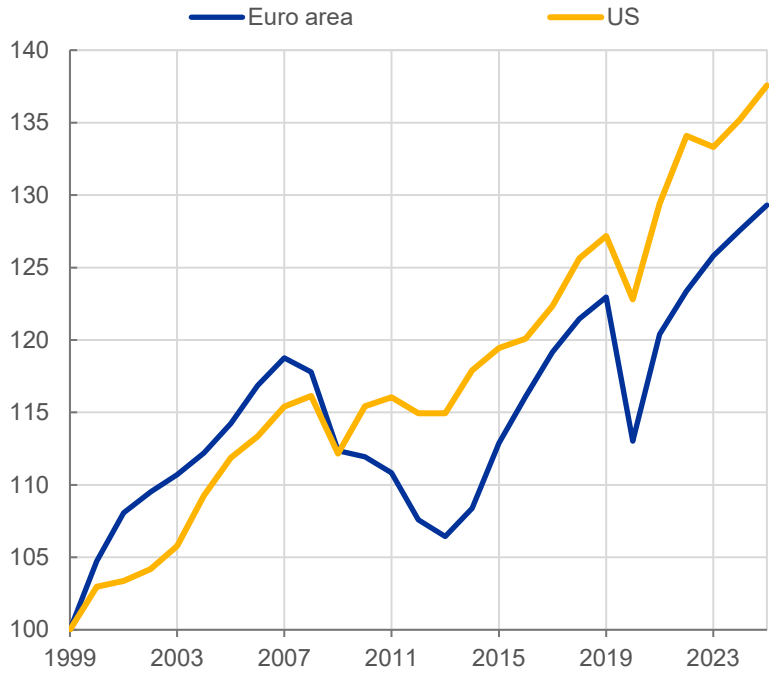


Sources: Bureau of Economic Analysis and Haver Analytics.
Notes: The yellow line removes the contribution of the information and communication technology (ICT) sector to total value added per employee in the United States.
Latest observation: 2025.

Real GDP per capita growth in median US state & median EA country have moved in lockstep

Real GDP per capita: median US state and median euro area country

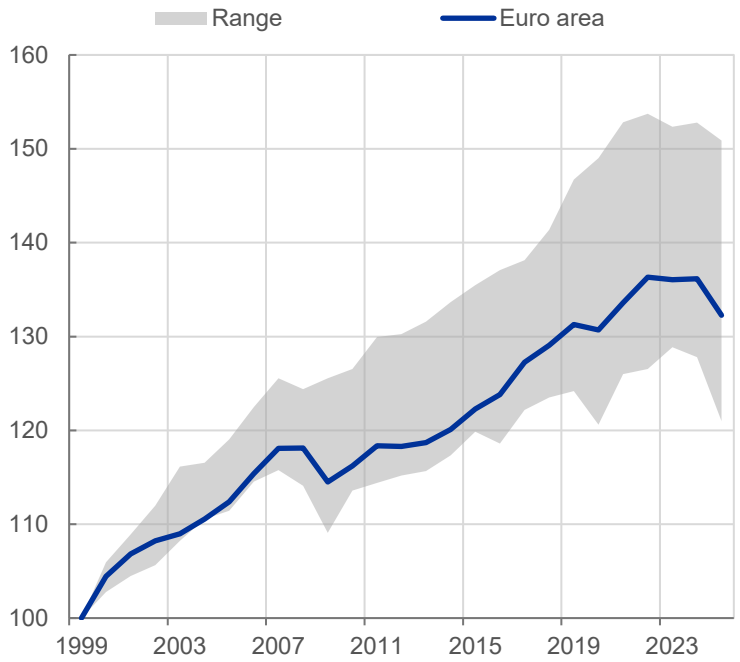
(PPP-adjusted, constant 2021 international $)



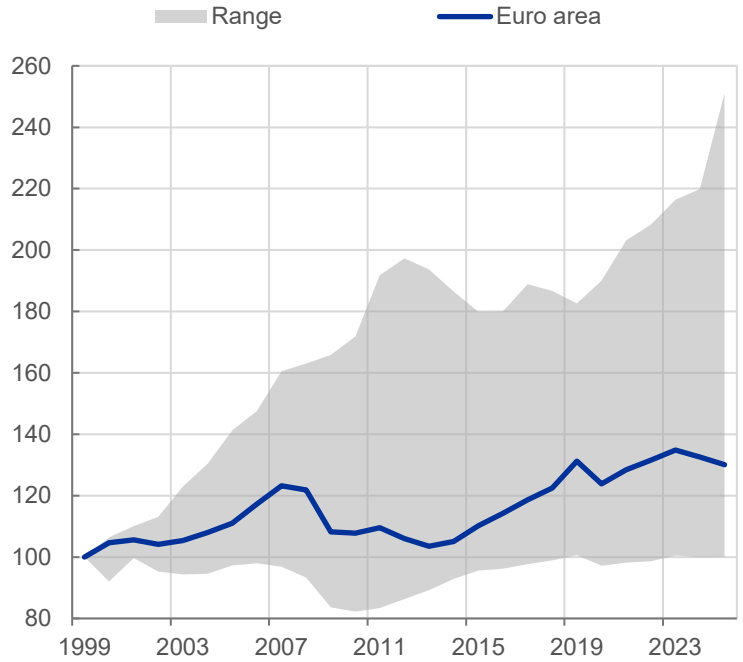
Sources: Census Bureau, Bureau of Economic Analysis and Haver Analytics.
Latest observation: 2025.

Euro area productivity rose more slowly, also reflecting less capital deepening

Real GDP per hour worked
(index: 1999=100)



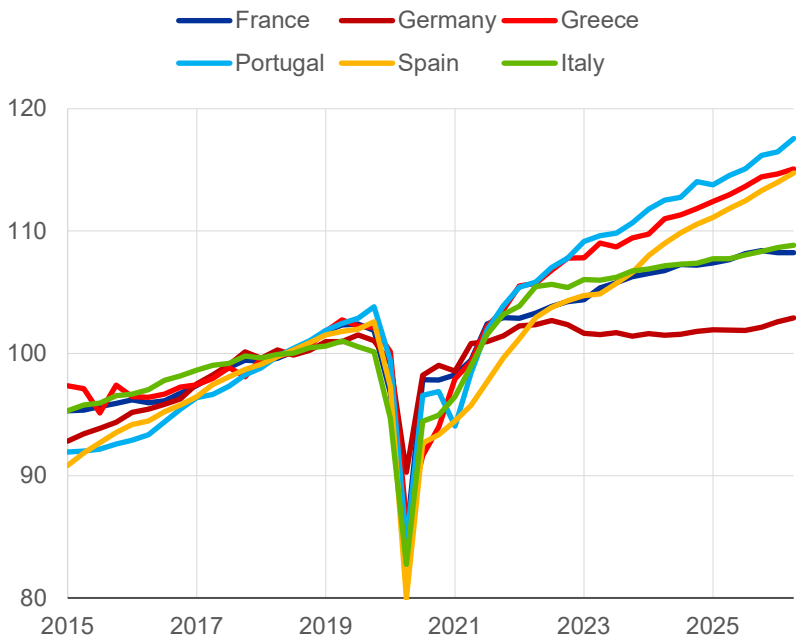
Real gross fixed capital investment
(index: 1999=100)



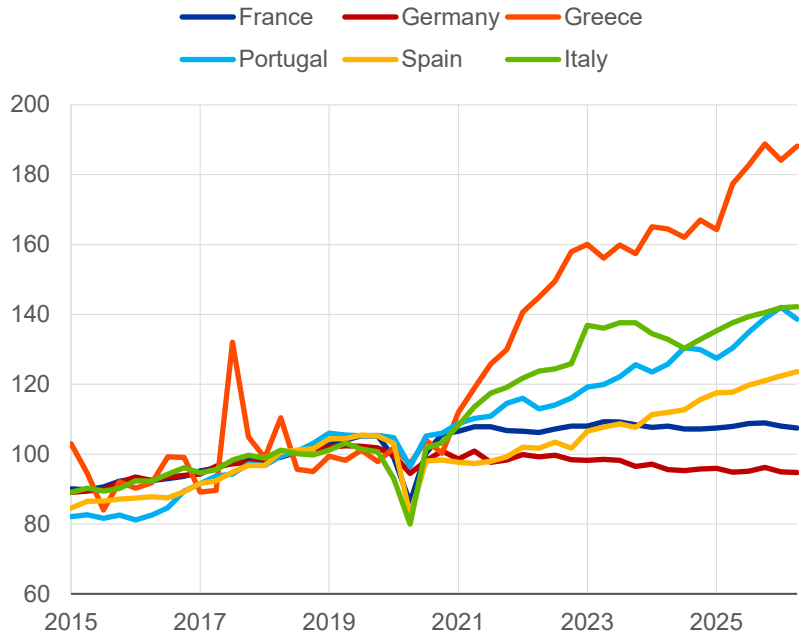
Sources: OECD, National Accounts and ECB staff calculations.
Notes: The countries included in the range are Australia, Canada, United Kingdom, United States, Japan and Sweden.
Latest observation: 2025.

Euro area's former crisis economies have turned into growth leaders

Real GDP
(index: 2018=100)



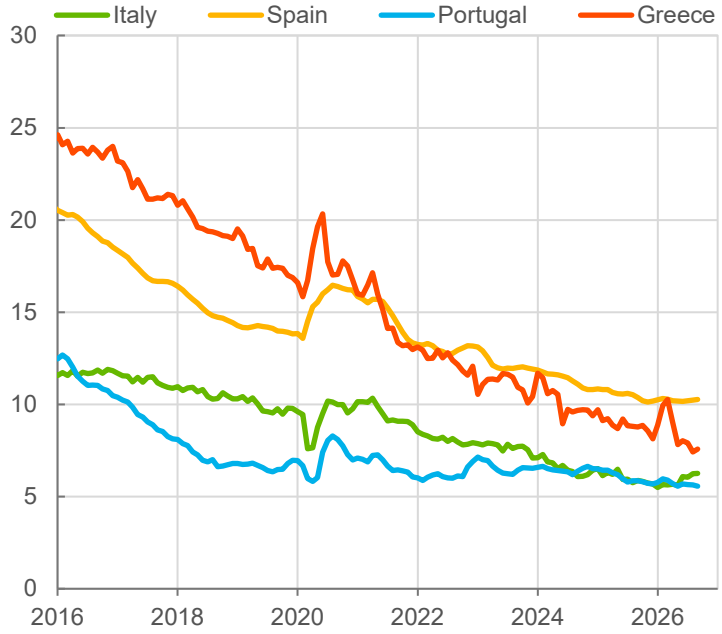
Real gross fixed capital formation
(index: 2018=100)



Source: OECD.
Latest observation: Q2 2026.

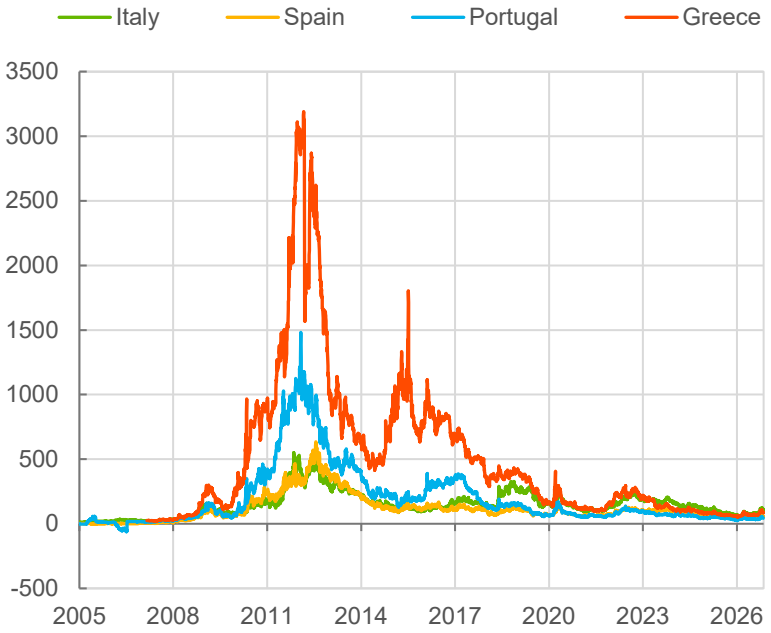
Unemployment has fallen substantially and financing conditions have converged

Unemployment rate
(percentage of labour force)



Source: Eurostat.
Latest observation: September 2026.

10-year sovereign spreads over Germany
(basis points)

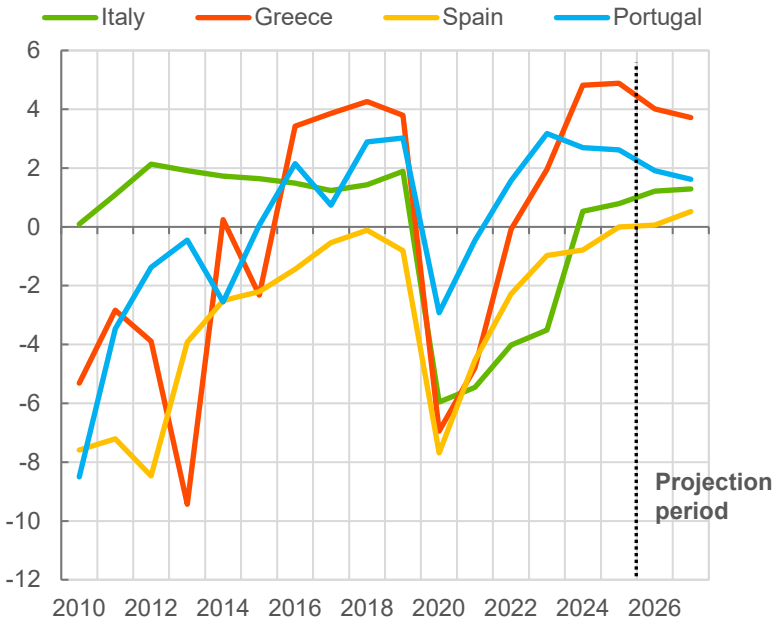


Source: Bloomberg.
Notes: Yields and hence spread values for Greece are available from March 2007.
Latest observation: 6 November 2026.

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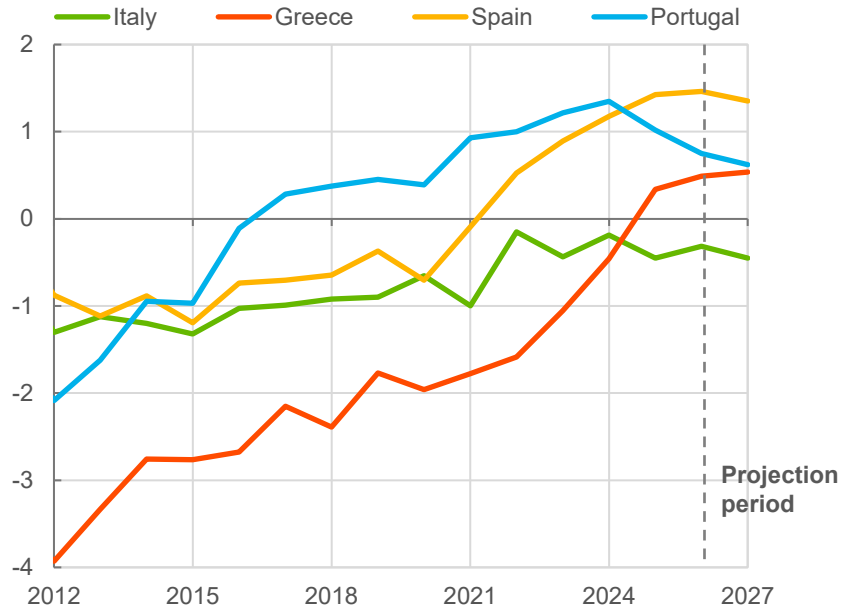
Stronger potential growth has supported fiscal consolidation

Primary fiscal balance
(percentage of GDP)



Source: European Commission's Spring Forecast (May 2026).
Latest observation (including the projection horizon): 2027.

Potential GDP growth: deviations from euro area average
(percentage points)

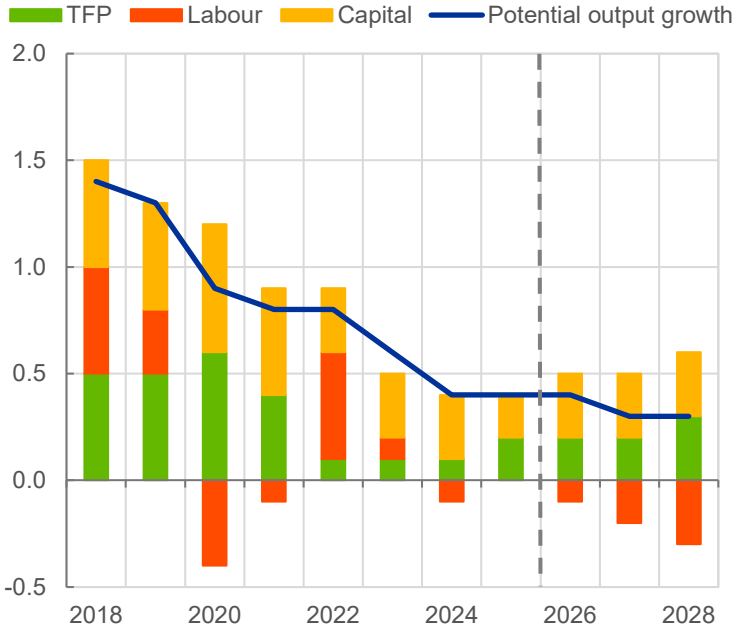


Source: European Commission's Spring Forecast (May 2026).
Notes: The chart shows the deviation (in percentage points) of the potential output with respect to the euro area aggregate (EA21).
Latest observation (including the projection horizon): 2027.

Germany faces slowing growth due to demographic change and Chinese competition

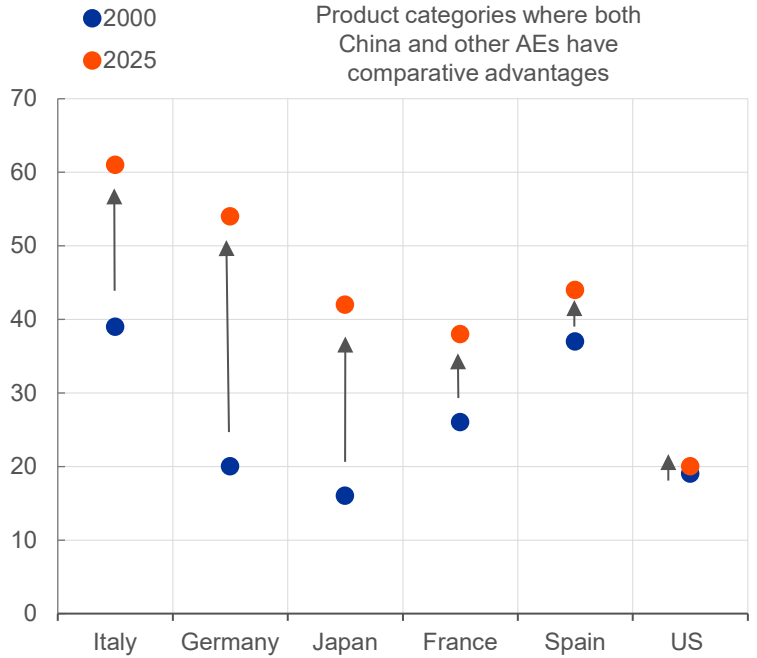
Potential GDP growth in Germany

(annual percentage changes)



Source: Bundesbank (June 2026 projections).

Number of product categories with comparative advantage of both China and other countries

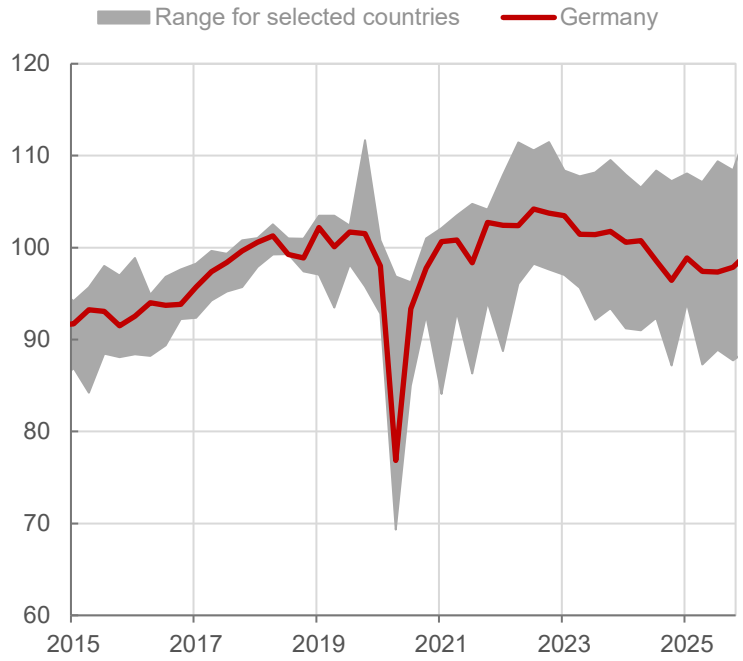


Sources: UNCTAD and ECB staff calculations.
Notes: The chart shows comparative advantage, referring to the revealed comparative advantage indicator, measuring the ratio between the share of country's exports in a particular product category in its total exports, and the same share for the world as a whole. A country has comparative advantage if the value of this ratio is above 1.
Latest observation: 2025.

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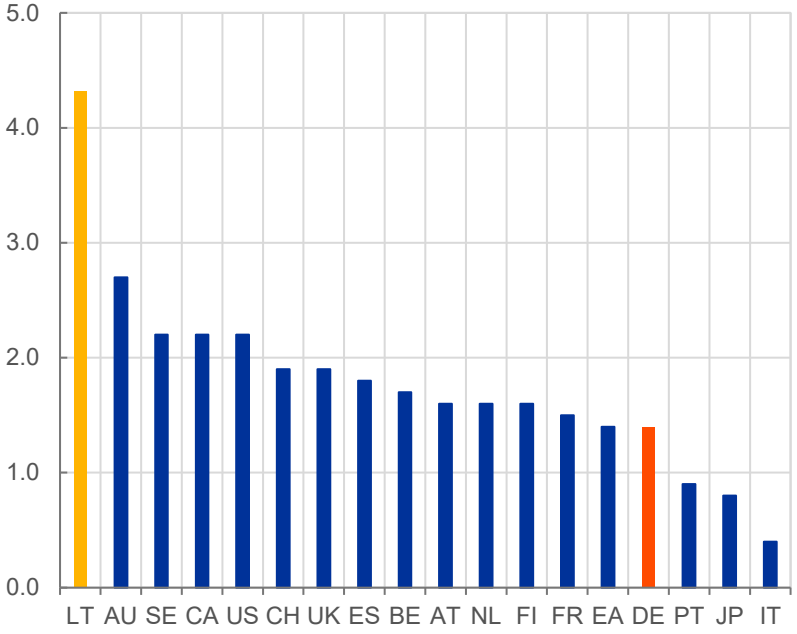
Germany’s eroding export market shares are not the main cause of stagnation

Real exports of goods
(index, 2018=100)



Sources: OECD and ECB staff calculations.
Notes: The selected countries are Australia, Canada, France, Italy, Japan, Spain, the UK and the US.
Latest observation: Q2 2026.

Average annual real GDP growth between 1999 and 2019
(annual percent change)

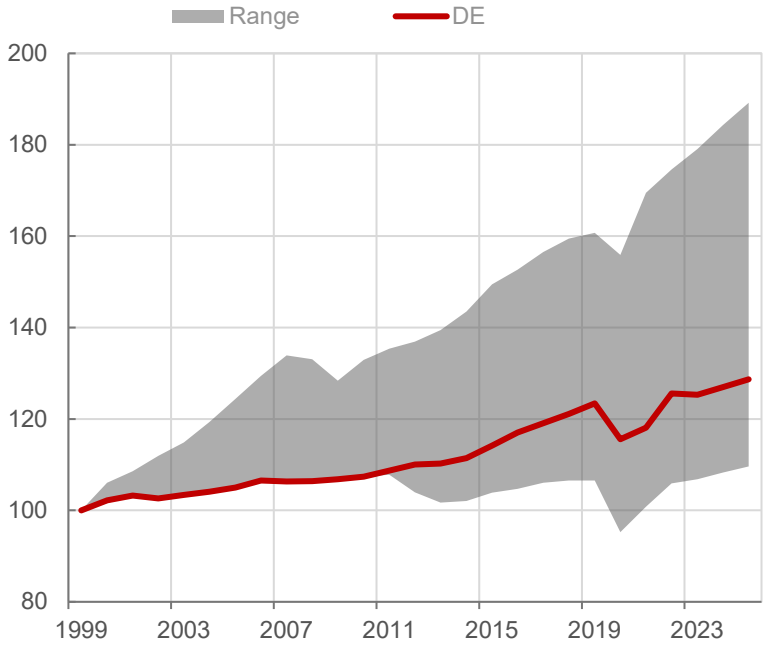


Sources: OECD, Haver and ECB calculations.

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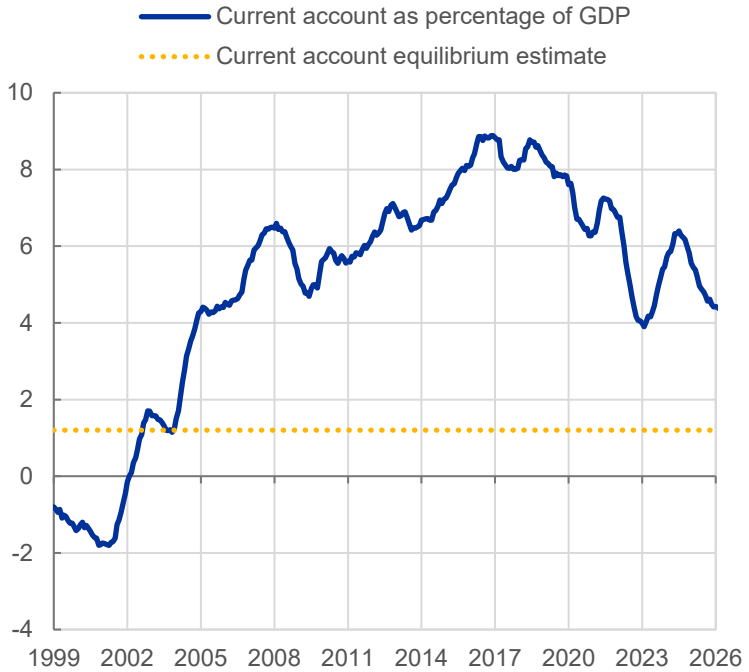
Germany's weak domestic demand makes it vulnerable to external shocks

Real private consumption
(index: 1999=100)



Sources: Haver Analytics and ECB staff calculations.
Notes: The countries included in the range are Germany, Italy, France, Spain, United Kingdom, United States, Japan and Sweden.
Latest observation: 2025.

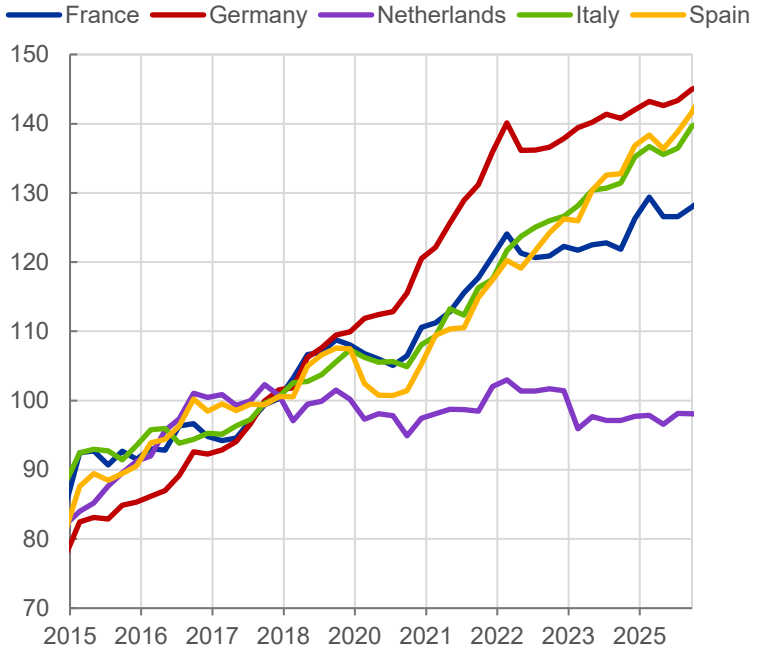
Germany's current account
(percentage of GDP)



Sources: Haver and EC Germany In-Depth Review 2025.
Notes: Current account equilibrium for Germany calculated by the European Commission in the Germany In-Depth Review 2025 (yellow dotted line).
Latest observation: April 2026.

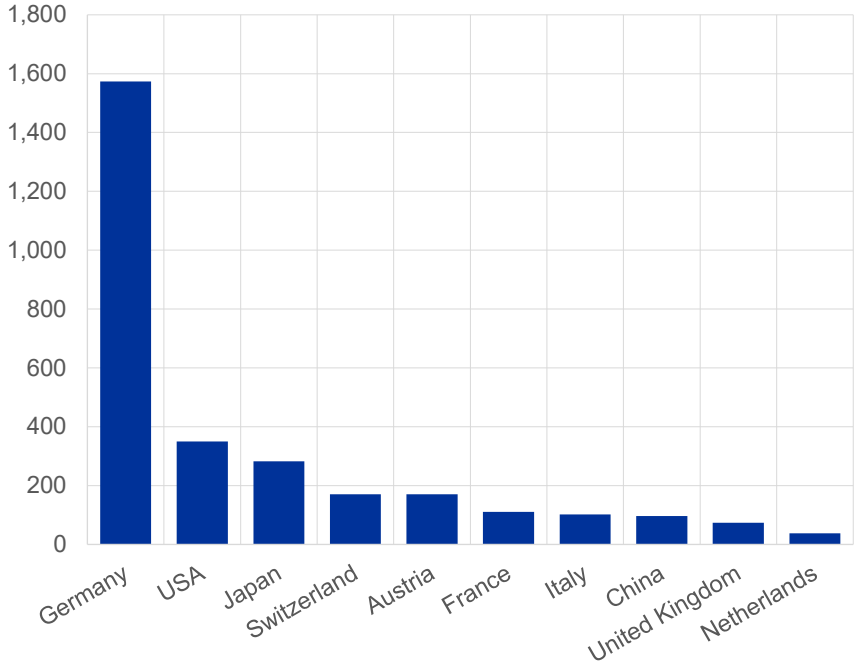
Germany's industrial know-how remains formidable, but its capital is highly mobile

Outward FDI position
(index, 2018=100)



Source: Eurostat.
Latest observation: Q2 2026.

Number of hidden champions
(number of companies, 2020)



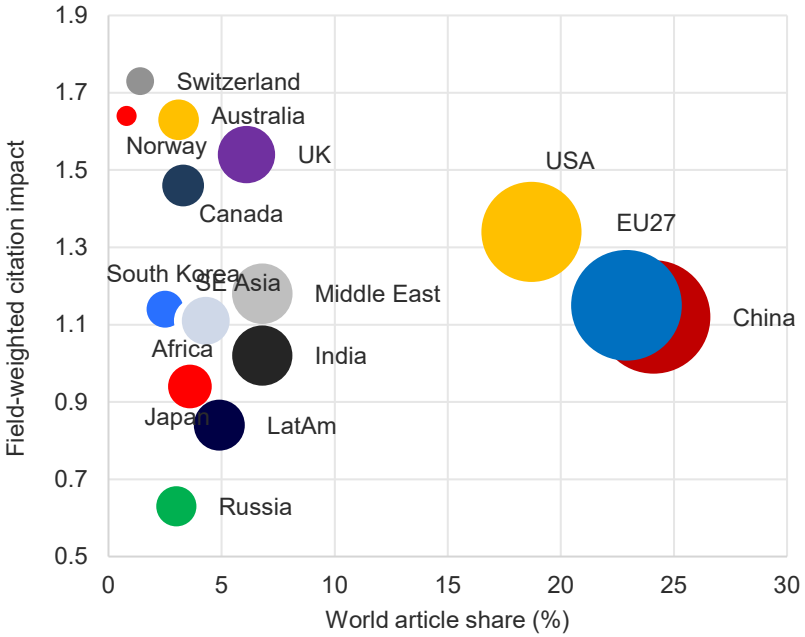
Sources: Hermann Simon (2021), IW Medien 2022.

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Europe does not lack talent, ideas or research – but scale

World article share and impact factor

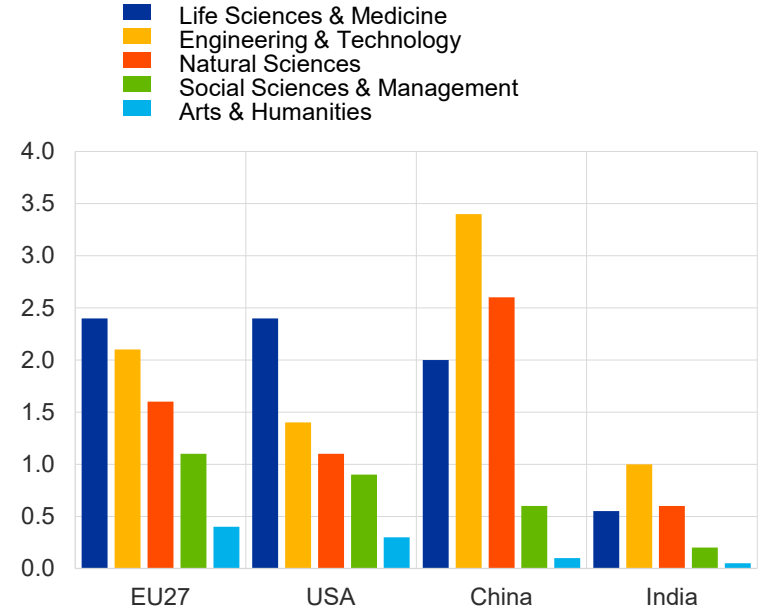
(x-axis: percent, y-axis: index; 2019-2024)



Source: Barr, Paola, EU as a science innovator, Elsevier Research Network, 2025.

Research output in selected regions

(million articles)



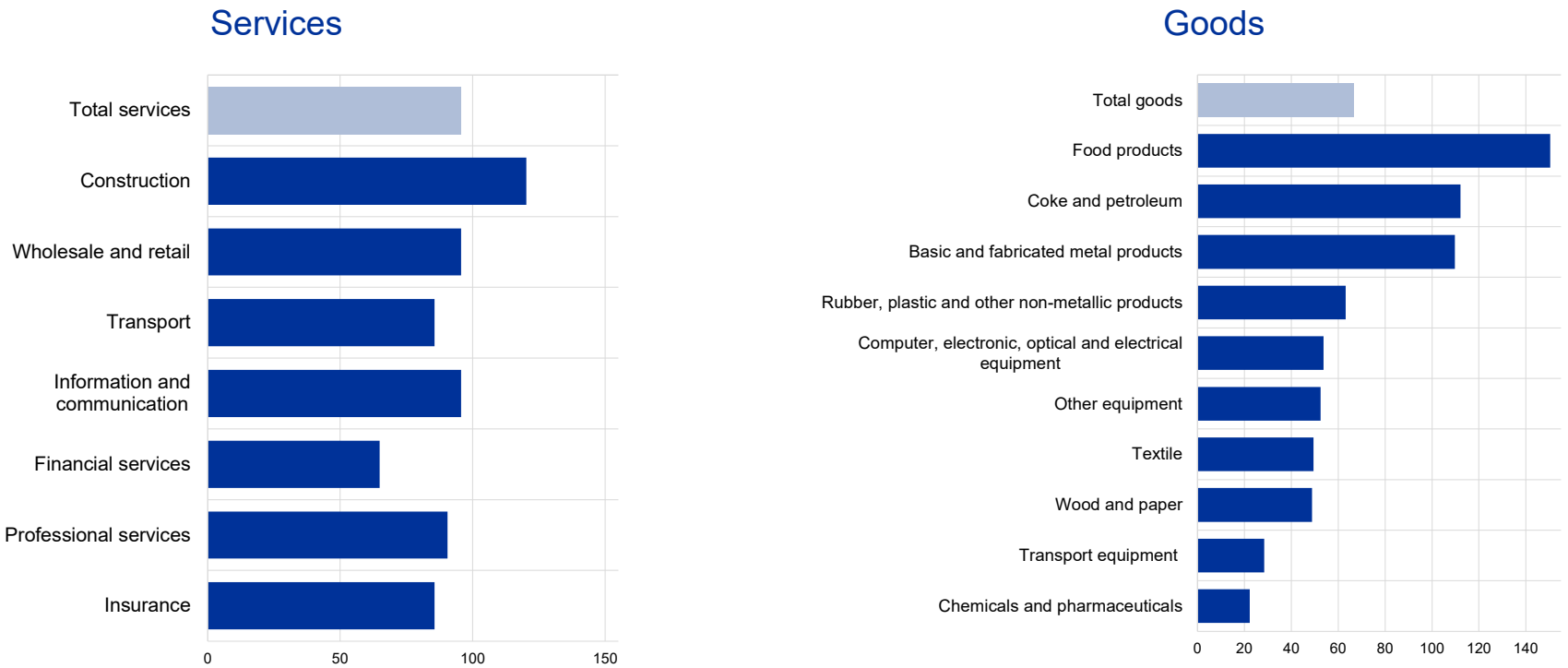
Source: Barr, Paola, EU as a science innovator, Elsevier Research Network, 2025.

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28th regime could significantly reduce regulatory barriers obstructing EU single market

Estimated level of EU trade costs by sector – tariff equivalent

(percentages, percentage points)



Sources: OECD (BaTiS), OECD (TiVA 2025) and ECB calculations.
Notes: The charts are based on gravity estimations (Bernasconiet al. 2025) and show the estimated intra-EU trade barriers across subsectors and for services and goods as a whole. Regression coefficients are converted into ad valorem tariff equivalents; for goods, sector-specific elasticities from Fontagné et al. (2022) are used. Tariff equivalent is for 2023 for services and 2022 for goods.

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