

Three calls for EU sectors in 2025: tech thrives while manufacturing lags

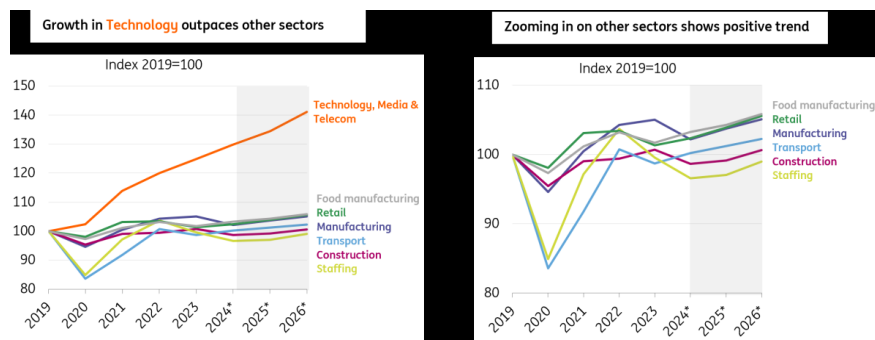
Our economists predict that 2025 won't see exceptional production growth across many EU sectors. But at least many major sectors are growing again, which is somewhat reassuring given the strong competition and uncertain geopolitical background that EU companies are navigating



Staffing usually indicates economic activity changes, but in 2025, sector growth is expected to be minimal

Many major sectors show positive growth in 2025

Development in production (volume value added) of EU sectors, index 2019=100



Source: Eurostat, *forecasts ING Research

1 Technology sector remains the growth champion

Our growth forecasts highlight that the technology sector will continue to excel in 2025, driven by strong demand from companies for IT infrastructure (data centre capacity), devices, software, and services. This also boosts the overall figures for the broader Technology, Media & [Telecom sector](#).

For the technology sector, 2026 is also expected to be a growth year, as the significant surge in AI implementation and AI-driven growth will take time to fully materialise. While manufacturing may not be a growth champion in 2025, it is back in the middle of the pack as production volumes recover due to a pick-up in consumer spending. For now, inventory levels are considered too high which is still weighing on growth. That needs to change to get a more sustained turnaround. High-growth subsectors within manufacturing include aerospace and biotech, both of which are high-tech and not energy-intensive, as well as the defence industry, which is benefiting from increased defence spending.

2 Staffing and construction lag behind

Staffing is often a bellwether for an increase (or decrease) in economic activity, but that's not the case in 2025 since growth in the sector is expected to be minimal. In key markets like Germany and France, GDP growth is rather weak and staffing companies are also highly exposed to clients in heavy industry and automotive, both of which are undergoing restructuring.

Meanwhile, tight labour markets limit growth because of difficulties in recruiting suitable candidates for their clients. We also expect minimal growth [in construction](#). Building companies focussing on infrastructure are a bit more upbeat in their market expectations than companies concentrating on residential and non-residential buildings.

3 Geopolitical risks hit some sectors harder than others

2025 promises to be another crucial year for EU companies in manufacturing and [automotive](#) due

to increased geopolitical risks and a divergence between EU and US policy on the energy transition. The launch of the EU's Competitiveness Compass on 29 January and the Clean Industrial Deal at the end of February will provide more clarity on how recommendations from reports by Mario Draghi and Enrico Letta will be translated into policy. Meanwhile, the threat of tariffs looms, meaning companies are spending more time and resources on [understanding and reducing the risks](#). Still, for some companies in wholesale trade and transport & logistics shifts in trade flows can also bring opportunities.

Global uncertainty can trickle down to companies close to the consumer, such as retailers and food manufacturers. If the outside world continues to look daunting, EU consumers may continue to lack the confidence to go out and spend more. Nevertheless, more EU consumers [have the means to spend](#) and increasing house transactions and prices are also supportive for consumption. On balance that should be leading to stronger activity in retail in 2025.

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