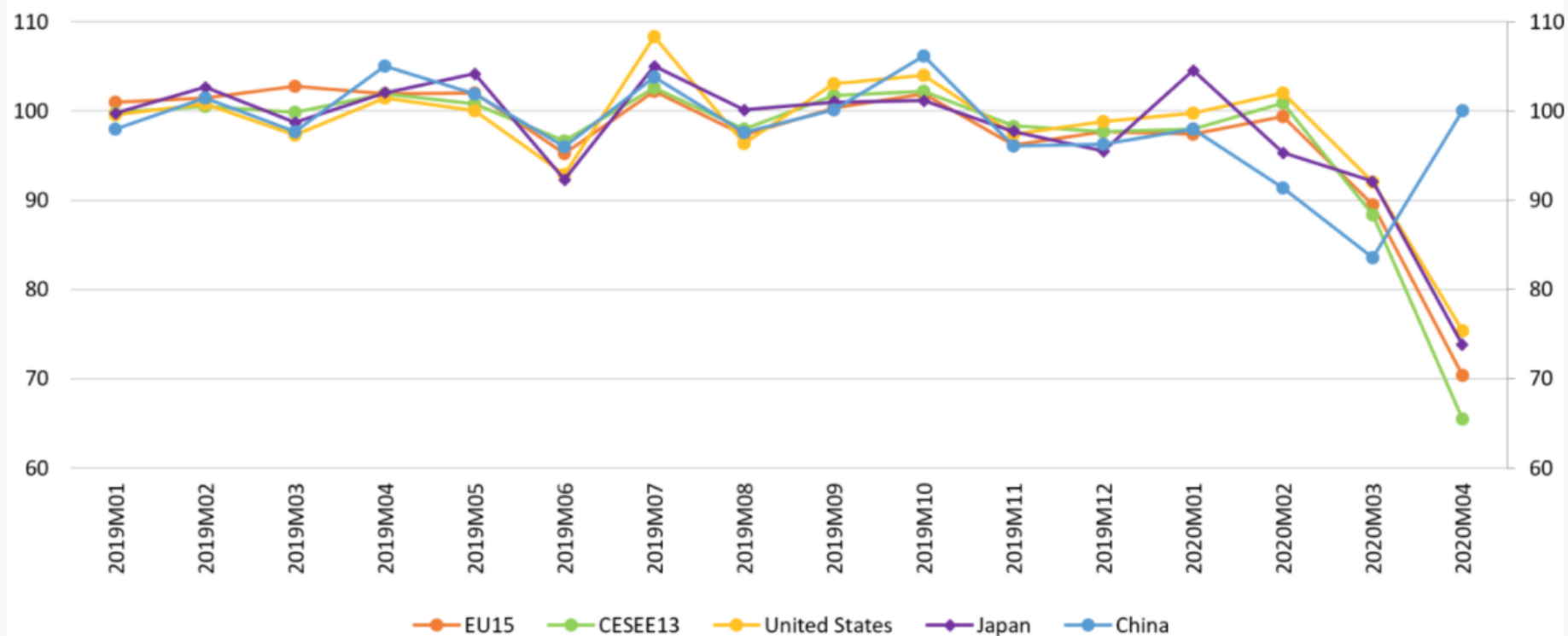


Exports through value chains are highly susceptible to shocks

**Figure 1: EU15 imports from different regions, euro billions at current prices, seasonally adjusted, 2019 average = 100**



Source: <https://www.bruegel.org/2020/08/relocating-production-from-china-to-central-europe-not-so-fast/>

## Remittances represent a significant share of GDP in most WB countries

### Remittances inflow to the Western Balkan

	in Mio EUR			in % of GDP
	2017	2018	2019*	3-year average
Albania	1,206	1,341	1,338	10.2
Bosnia and Herzegovina	1,854	1,951	2,015	11.2
Kosovo	1,022	1,136	1,149	16.4
Montenegro	481	541	537	11.2
North Macedonia	289	317	292	2.8
Serbia	3,300	3,975	3,827	8.7

\* estimates.

Source: World Bank.

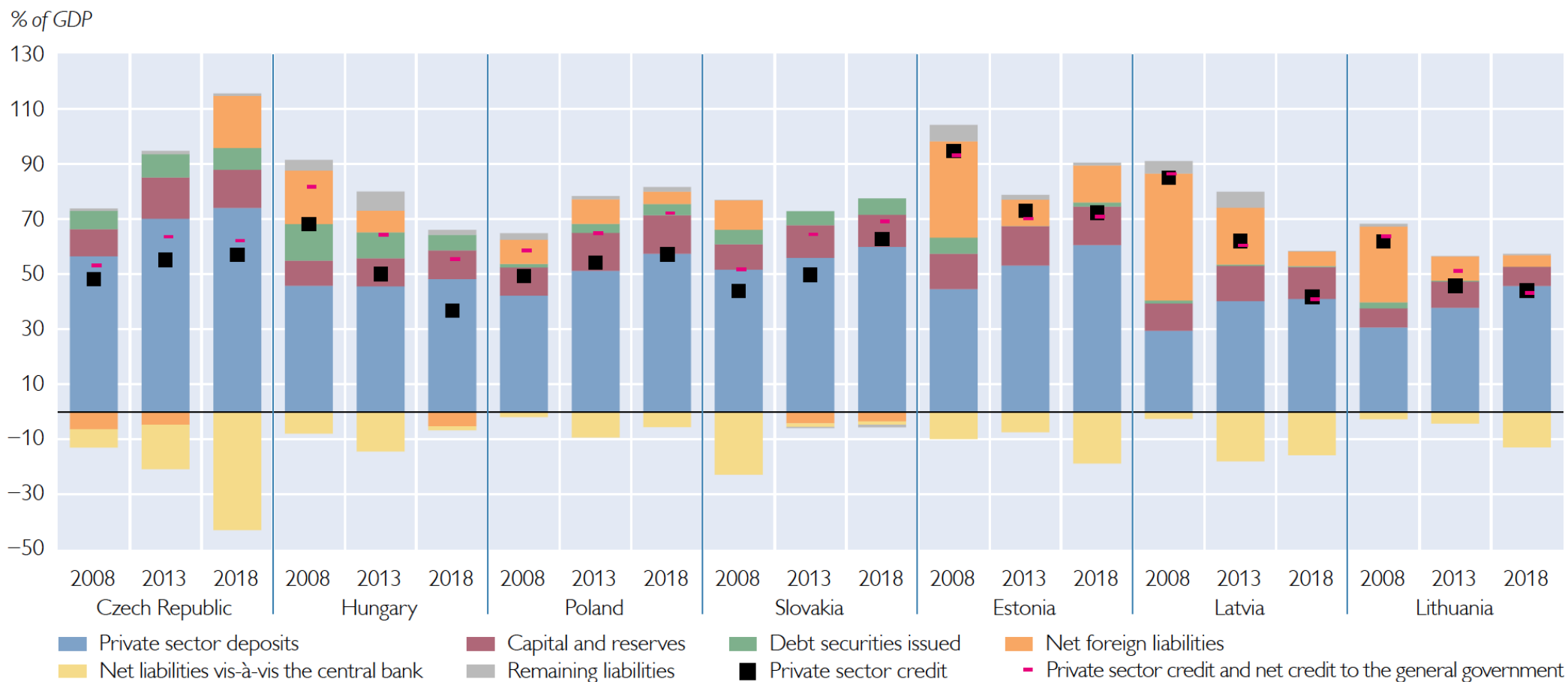
### Remittances typically

- **support and smooth consumption** of families back home
- **essential finance source of trade deficits**
- **source of tax revenue**
- **countercyclical** as migrant workers a loyal source of income abroad

# Reducing the foreign funding of CESEE banking system.

Chart 1a

## Private sector credit and its refinancing



Source: Eurostat, national central banks, national statistical offices.

## Private sector loans and deposits by currency

% of GDP

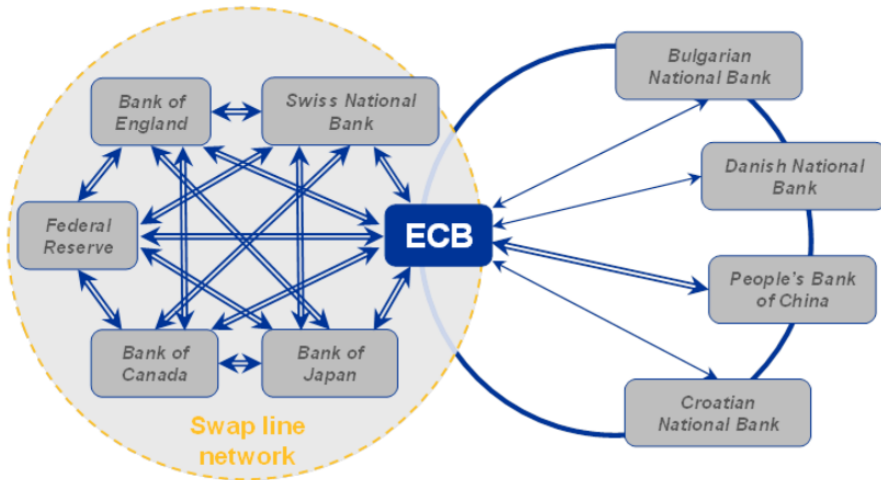


Source: Eurostat, national central banks, national statistical offices.

## Comparison of the ECB's swap and repo line arrangements.

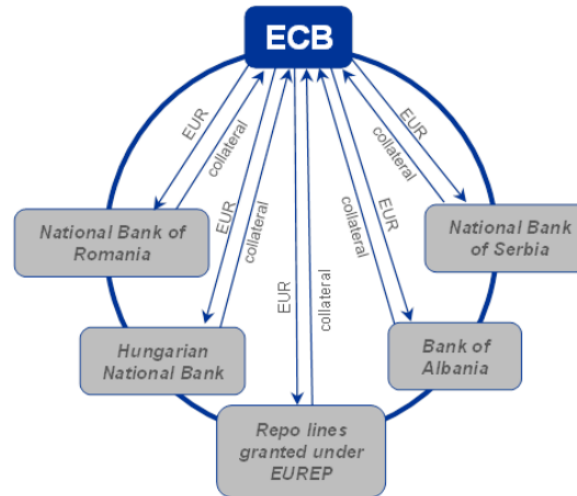
### Swap lines

- ✓ ECB provides euro against currencies accepted by the ECB for swap line operations



### Repo lines

- ✓ ECB provides euro against adequate euro-denominated collateral accepted by the ECB



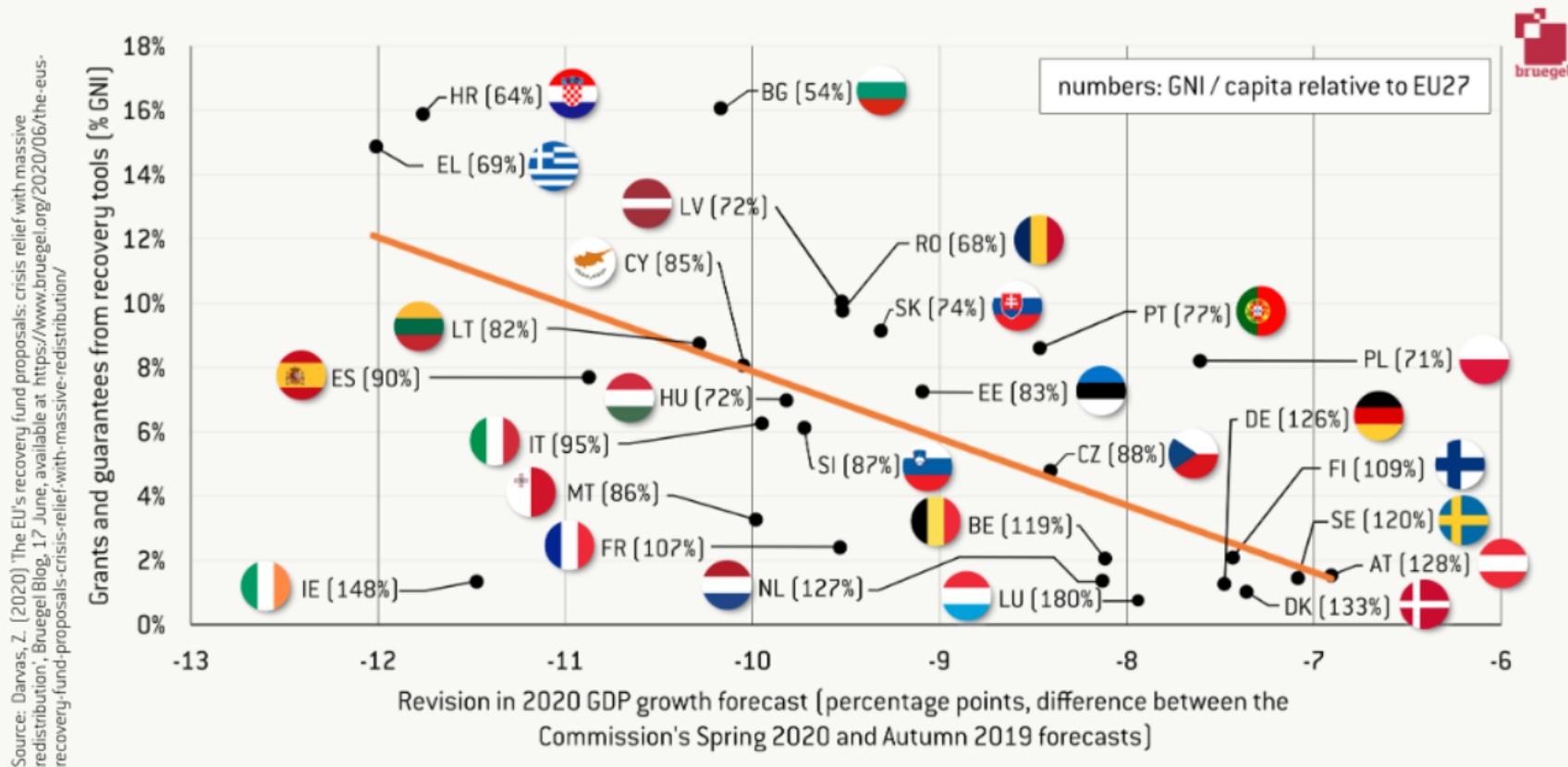
Source: ECB.

Note: "EUREP" is the Eurosystem repo facility for central banks. The countries mentioned in the overview of the Eurosystem's repo line arrangements are only examples to illustrate the functioning of these types of agreements. A double line in the swap lines overview indicates that the agreement is reciprocal.

Source:

<https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200819~0d1d04504a.en.html>

# Figure 1: Pandemic economic shock and support from the proposed EU recovery tools



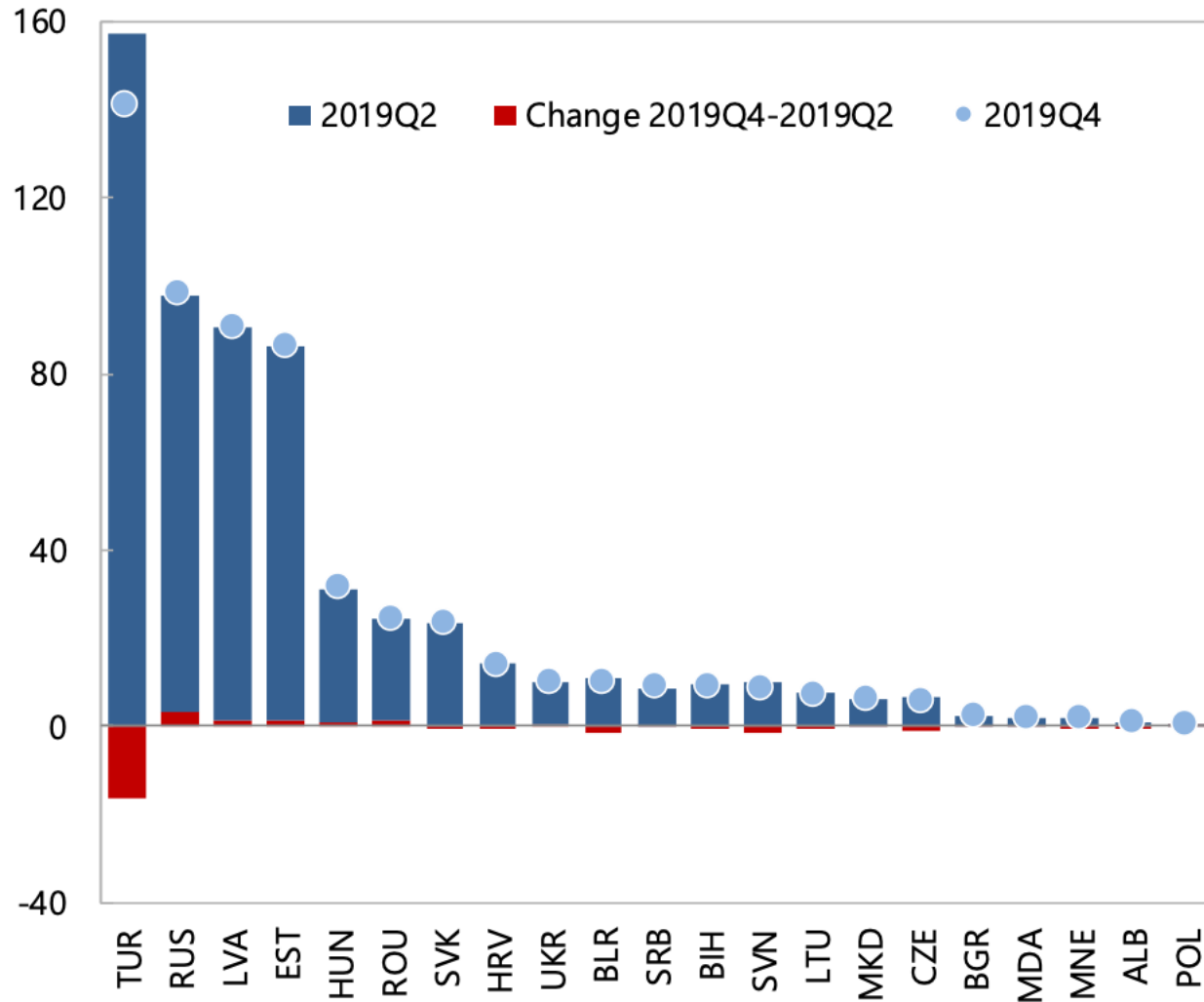
Source: Bruegel.

Note: the numbers in brackets after the country codes indicate GNI/capita at Purchasing Power Standards relative to the EU27 average for 2021, according to the spring 2020 European Commission forecast.

Source:  
<https://www.bruegel.org/2020/06/the-eus-recovery-fund-proposals-crisis-relief-with-massive-redistribution/>

## Figure 4. CESEE: External Positions of BIS-reporting Banks, 2019Q2–2019Q4

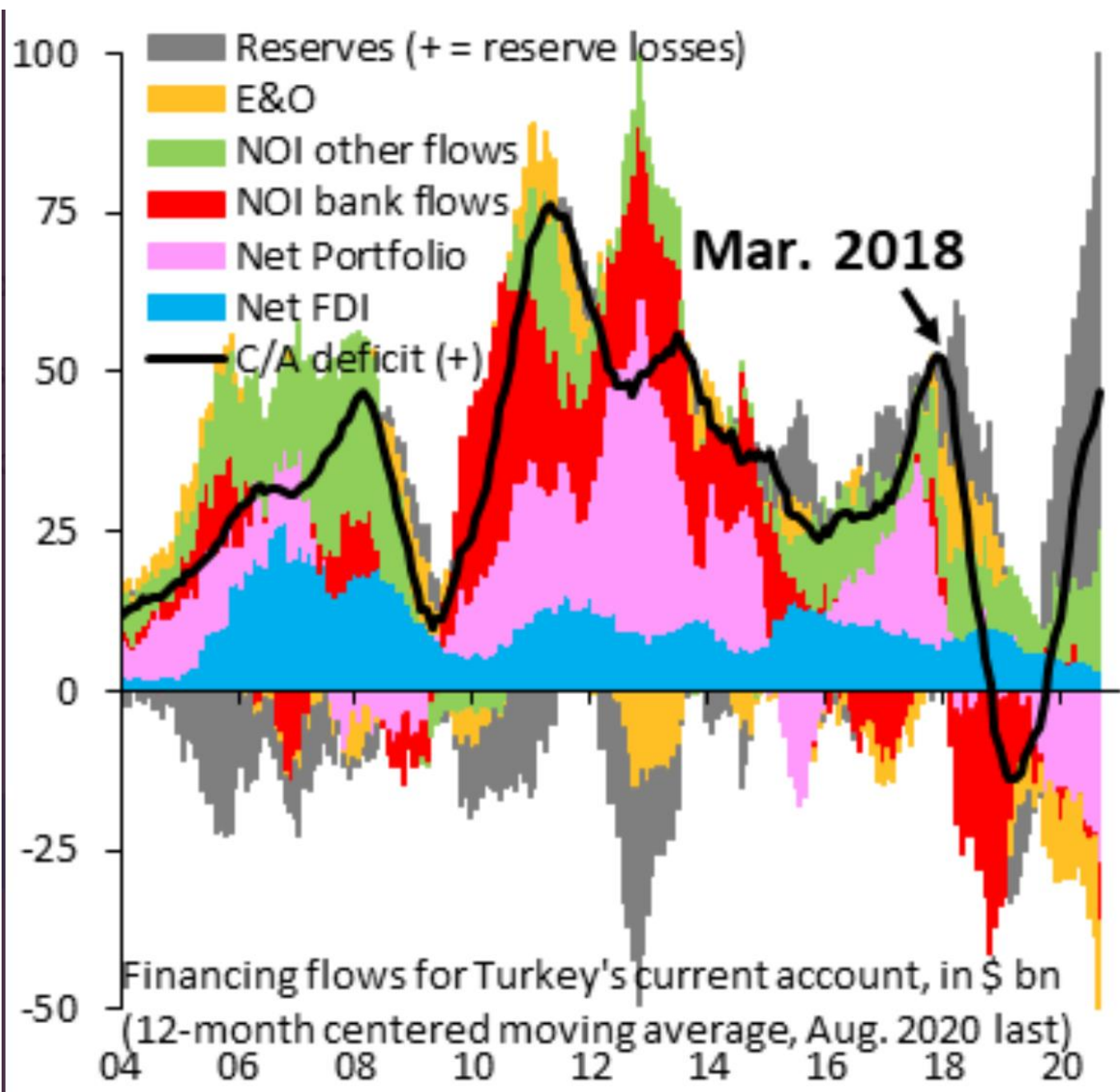
(Billions of US\$; exchange-rate adjusted, vis-à-vis all sectors)



Source

<https://www.imf.org/external/np/pp/eng/2020/DCM2020.pdf>





A ticking timebomb?  
IIF data on Turkey's current  
account financing.