



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

Conference on European Economic Integration 2021

“Recalibrating tomorrow’s global value chains – prospects for CESEE”

Opening remarks

Governor Robert Holzmann

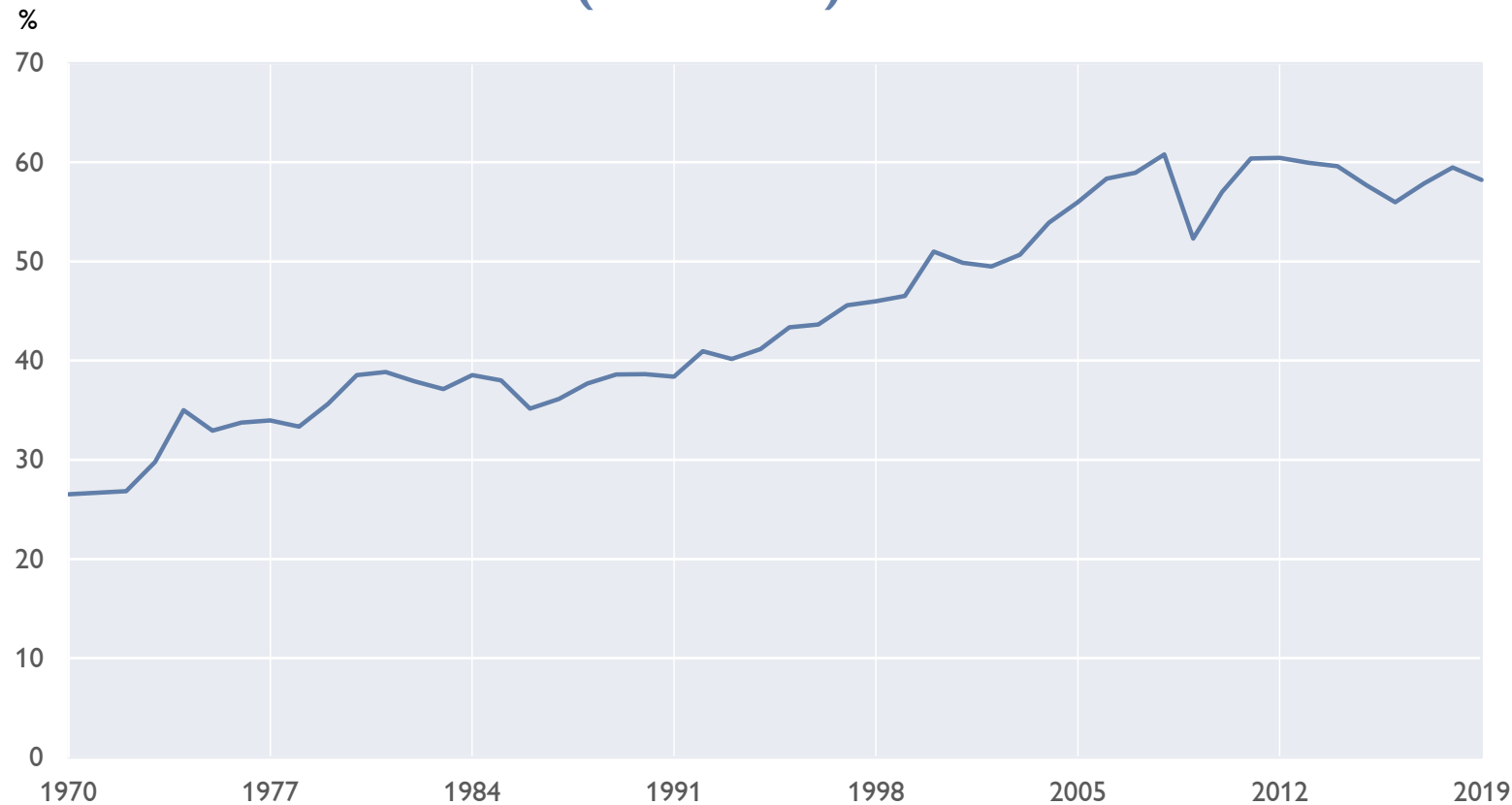
Vienna, November 22, 2021

www.oenb.at



Why do we care about (the future of) global value chains (GVCs)?

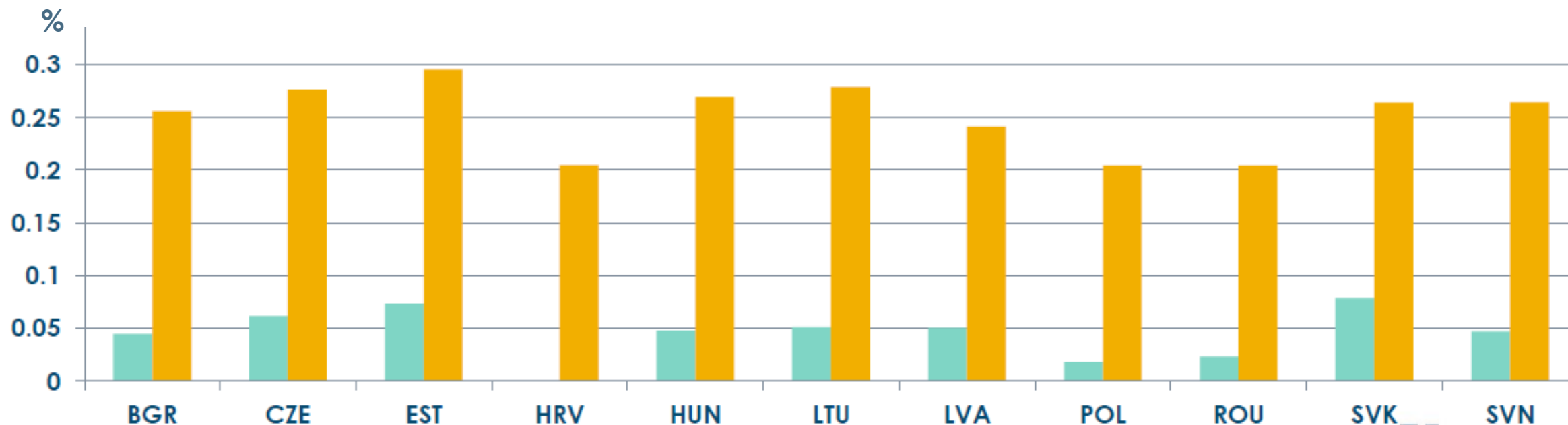
World trade in % of GDP (1970–2019)



Source: <https://www.macrotrends.net/>.

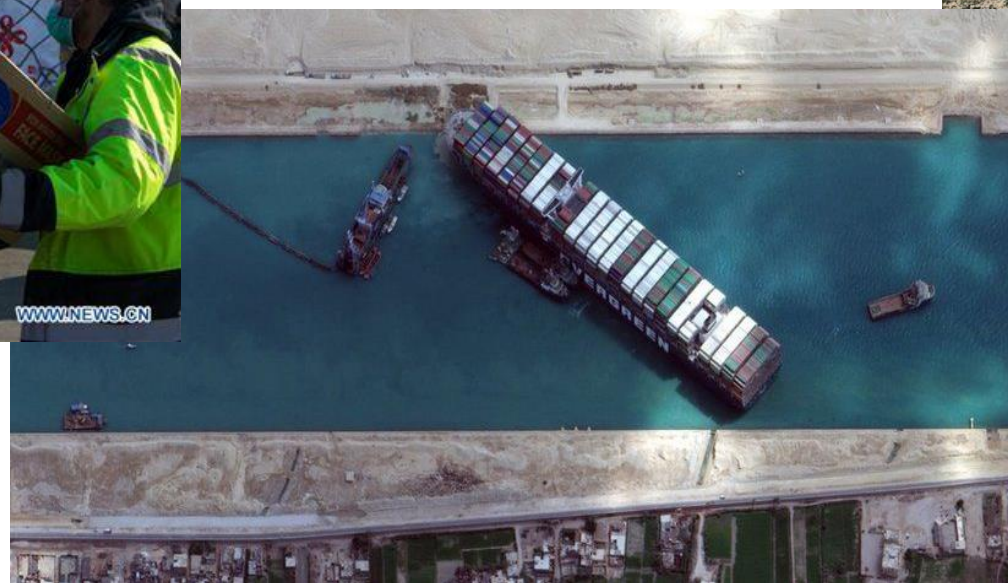
GVC integration has been key driver of economic convergence in CESEE

Forward participation relative to sectoral value added in 1995 (green) and 2014 (orange)



Source: Kruminas, P. 2018. *Global Value Chains in Transition Economies: Integration Paths in Central and Eastern Europe*.

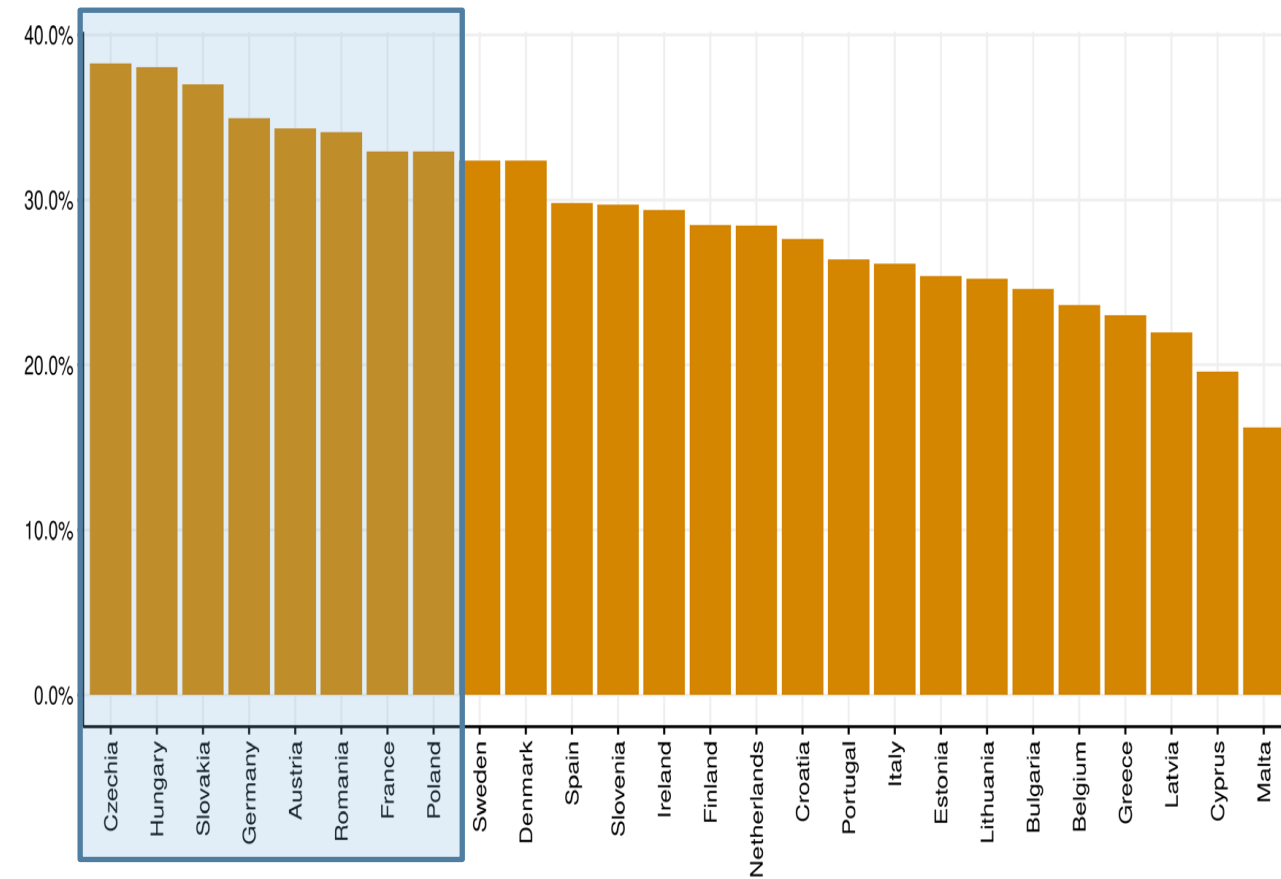
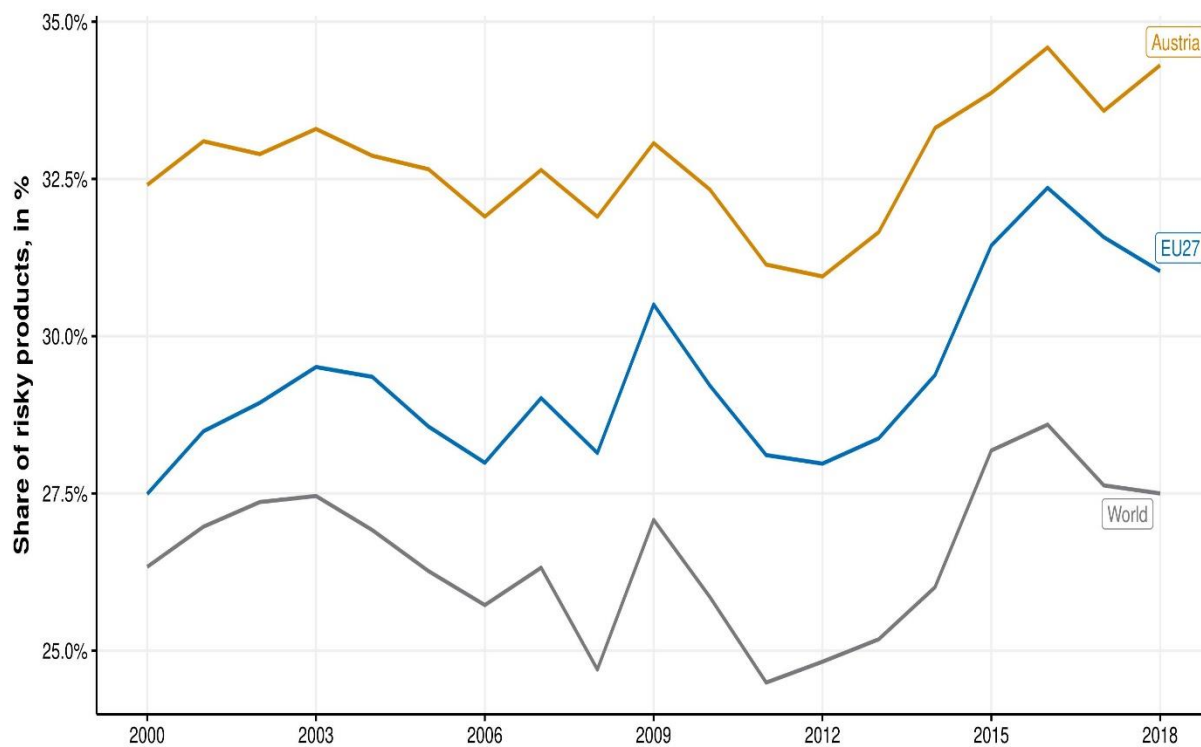
Recent events revealed the vulnerability of GVCs



Sources: www.china.org.cn, www.hnonline.sk, www.bbc.com.

Risky flipside of global interlinkages must not be neglected

Share of risky products in imports

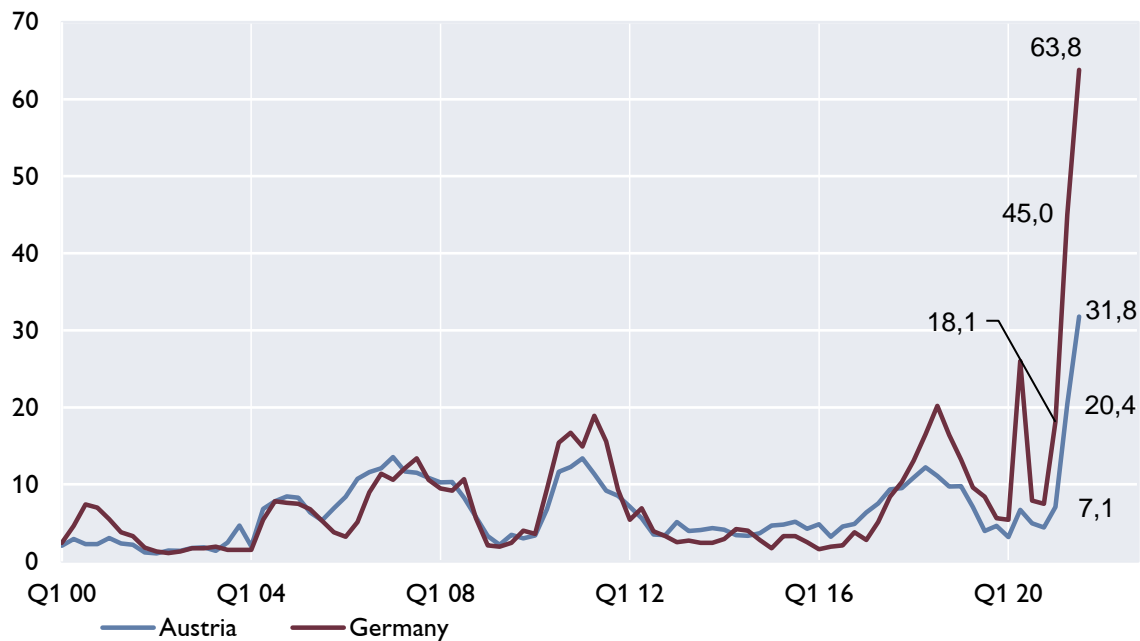


Source: Reiter, O. and R. Stehrer. 2021. Learning from Tumultuous Times: An Analysis of Vulnerable Sectors in International Trade in the Context of the Corona Health Crisis. Research Report 454. wiiw. July.

Unprecedented interplay between pandemic-related and structural frictions

Shortage of materials in manufacturing (until Q3 21)

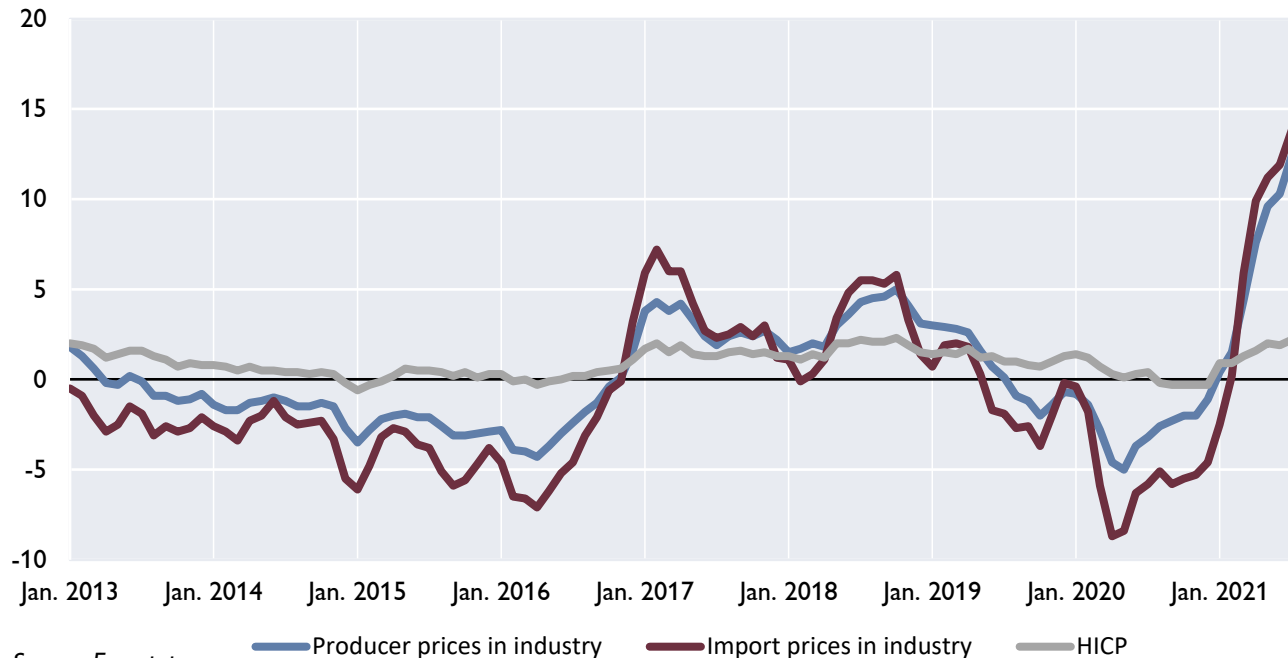
% of companies indicating shortage of materials as a limiting factor for production



Source: WIFO, ifo.

Producer and import prices in industry vs. HICP in the euro area

Annual change in %



Source: Eurostat.

Post-COVID-19 world is set to focus on decarbonization



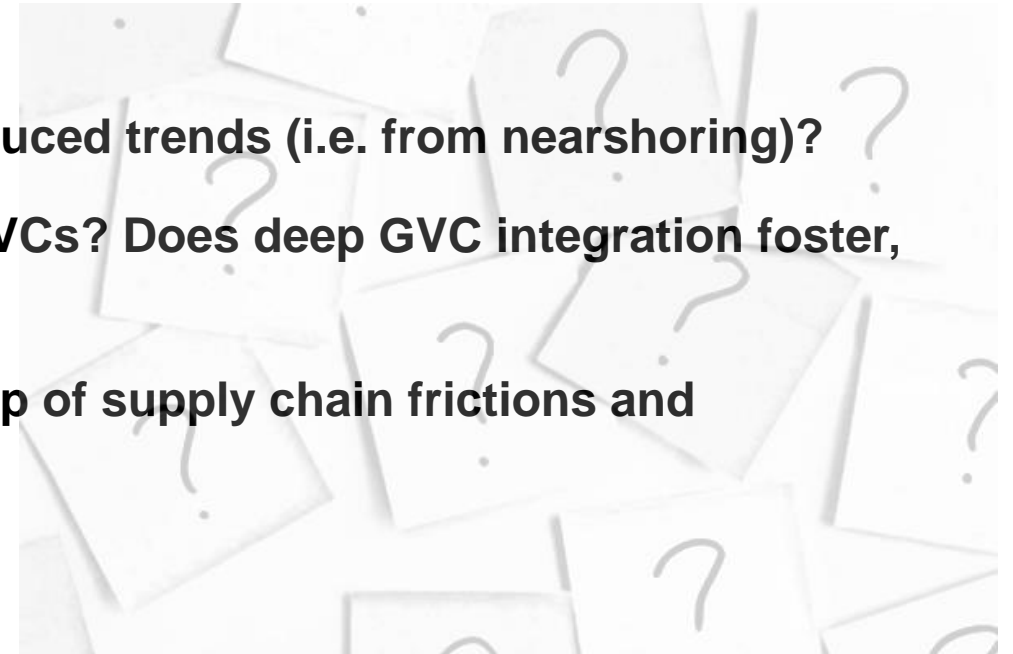
Prices for EU carbon permits in euro



Sources: www.wiyld.com, www.forbes.com, www.swr.de, www.tradingeconomics.com.

Questions upon questions

- **In times of crisis, does deep GVC integration amplify, or mitigate, large swings in economic activity?**
- **Are CESEE countries caught in a functional specialization trap? Will structural changes in specific industries (e.g. the car industry) change CESEE's positioning within GVCs?**
- **Do GVC-related vulnerabilities call for reactions from businesses (reshoring or nearshoring) and/or from policymakers (strategic autonomy)?**
- **Can the CESEE region benefit from these COVID-19-induced trends (i.e. from nearshoring)?**
- **How will digitalization and the green transition affect GVCs? Does deep GVC integration foster, or hamper, major structural changes?**
- **What is the role of monetary policy against the backdrop of supply chain frictions and strengthening decarbonization trends?**



Thank you for your attention

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