

Conference on European Economic Integration (CEEI) 2022: “Economic and monetary policy under wartime conditions – implications for CESEE”

Vienna, 21 November 2022

## Session 1: “Economic prospects beyond the war”

# **Major challenges for CESEE at the end of Globalisation and the start of a new Cold War**

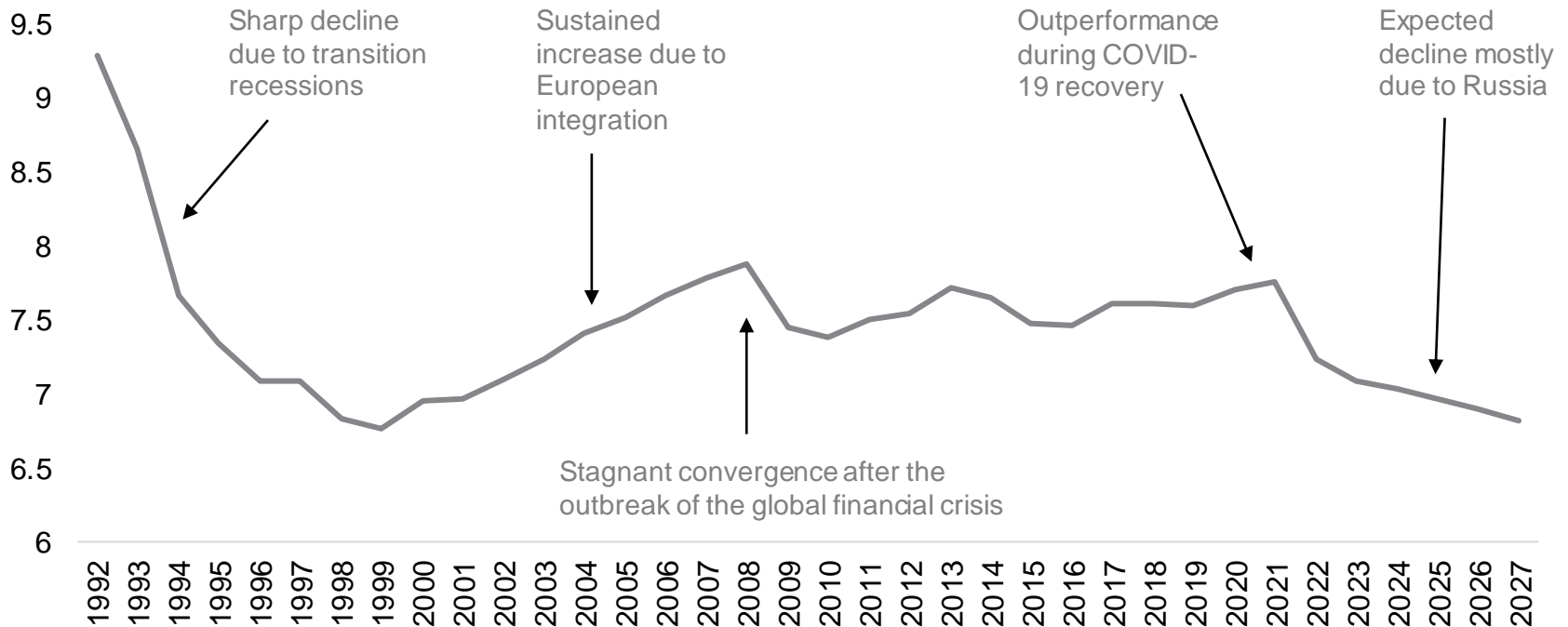
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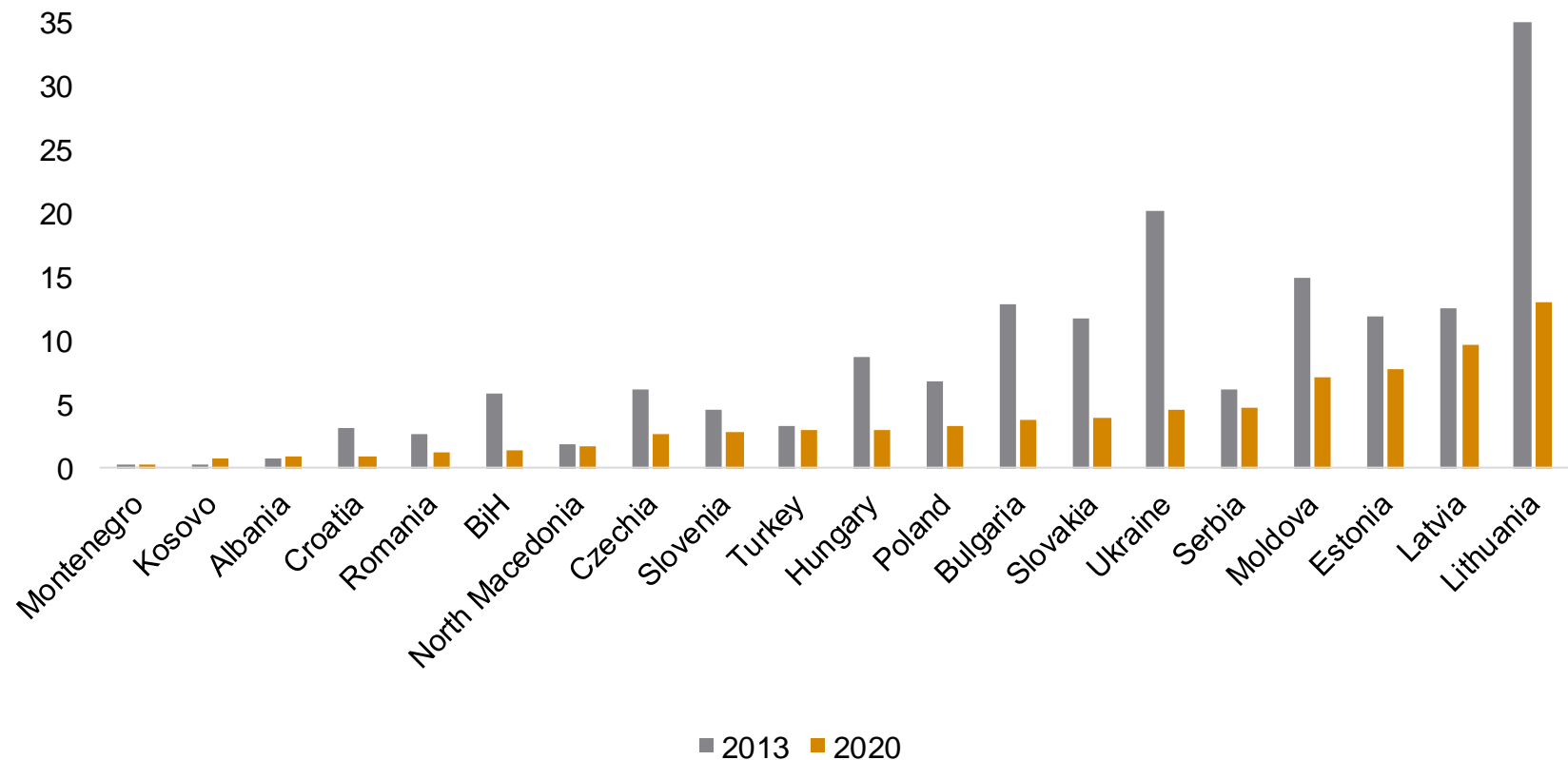
# The region's dwindling importance in the global economy

Emerging Europe gross domestic product based on purchasing-power-parity (PPP), share of world total, in % 1992-2021 and forecasts 2022-2027



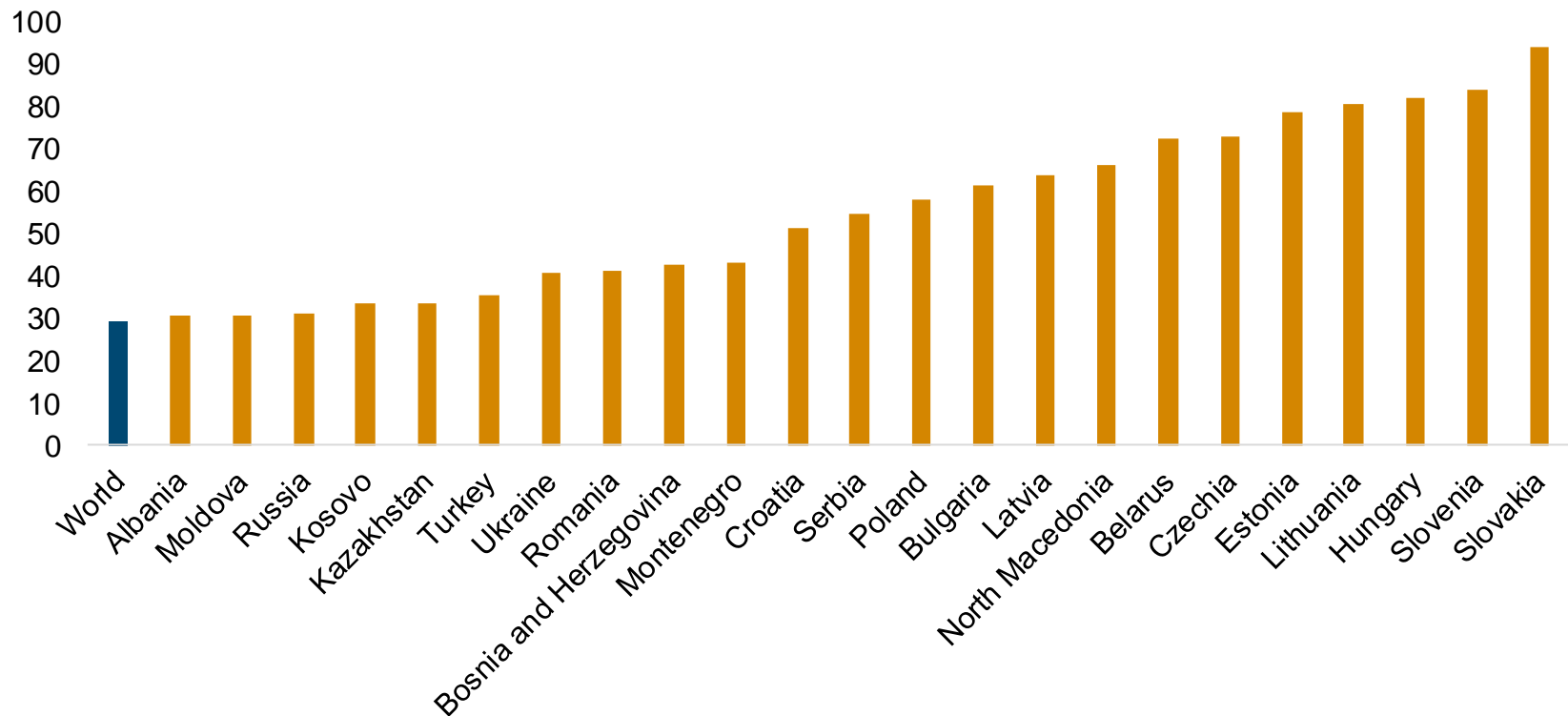
# War and sanctions will intensify Russia-Europe decoupling that started in 2014

Goods trade with Russia (exports + imports), % of GDP



## The region participated in globalisation until 2008 and has some of the most open economies in the world

Exports of goods and services, % of GDP, 2021



# 40% of foreign-active German companies had problems in supply chains even before the war - out of these, 68% are planning changes in their supply chains – “nearshoring”?

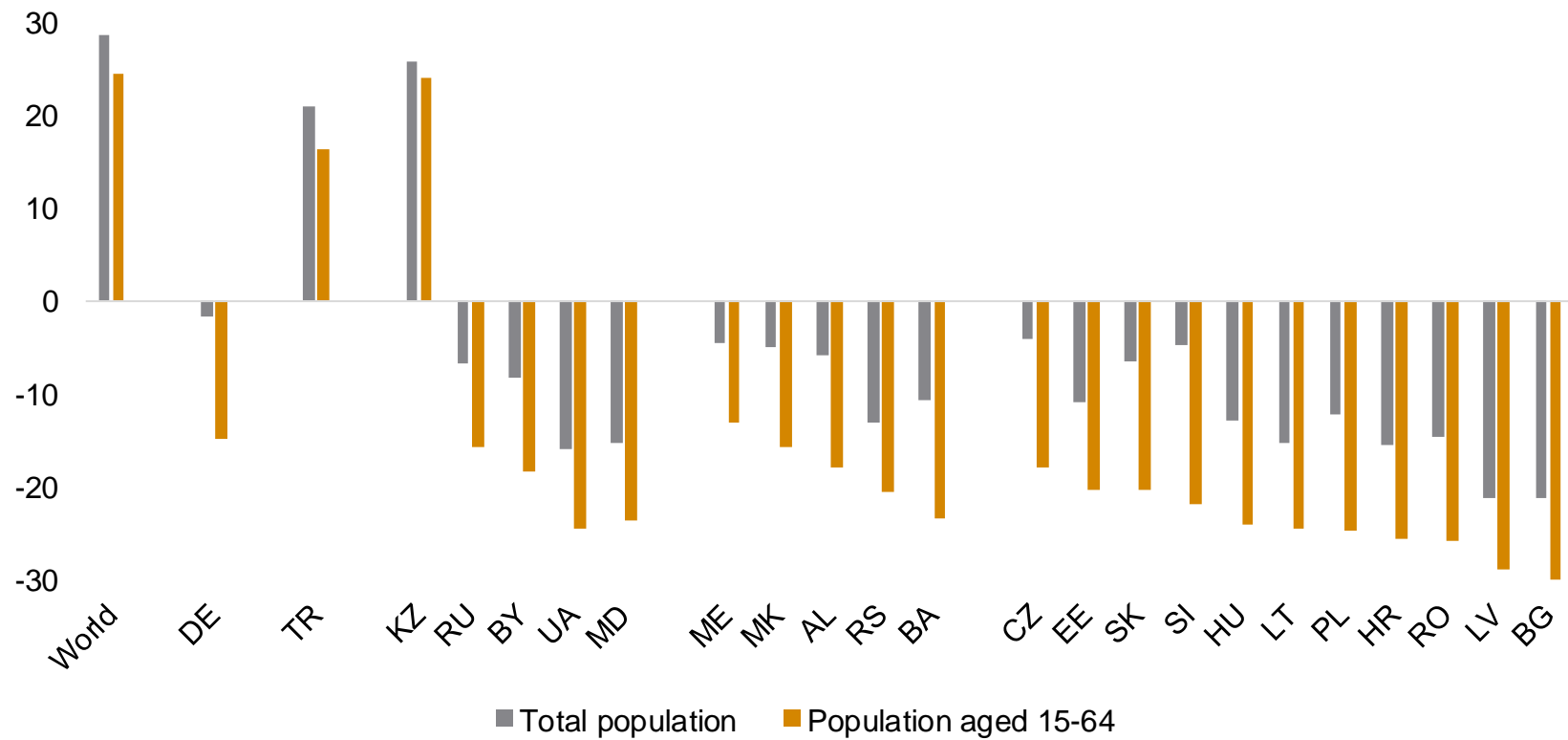
## Diversification of the supply chains

Share of companies in percent, multiple answers possible



# Unprecedented demographic decline outside of war or famine – particularly in working age population

UN population projections, % change between 2015 and 2045

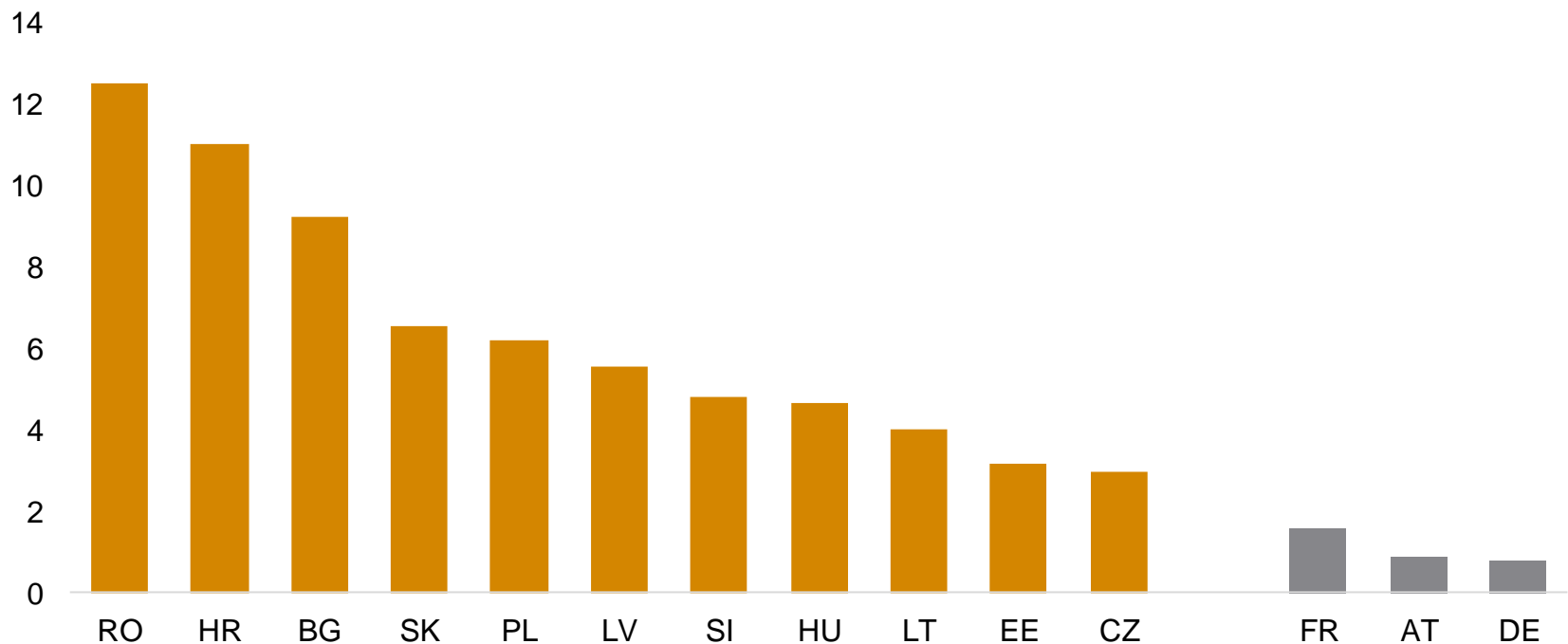


Source: UN, Medium fertility variant.

See also: <https://wiiw.ac.at/looking-back-looking-forward-central-and-eastern-europe-30-years-after-the-fall-of-the-berlin-wall-p-5059.html>

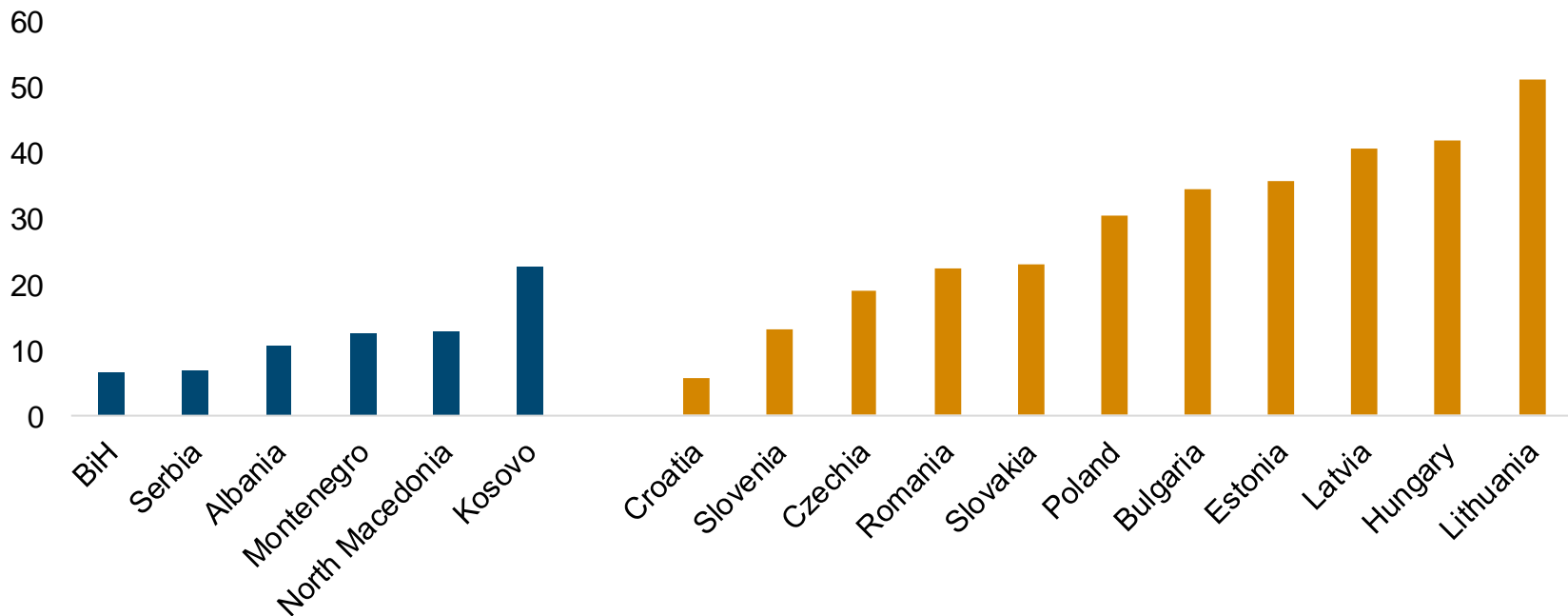
## EU-CEE will slow down in the short-run but expanded EU-RRF-funds will act as an important shock absorber

RRF allocation per country, % of 2021 GDP



## Western Balkans should get more access to the EU budget – NGEU package was a missed opportunity

Cumulative transfers from the EU budget 2004-2018\*, % of GDP

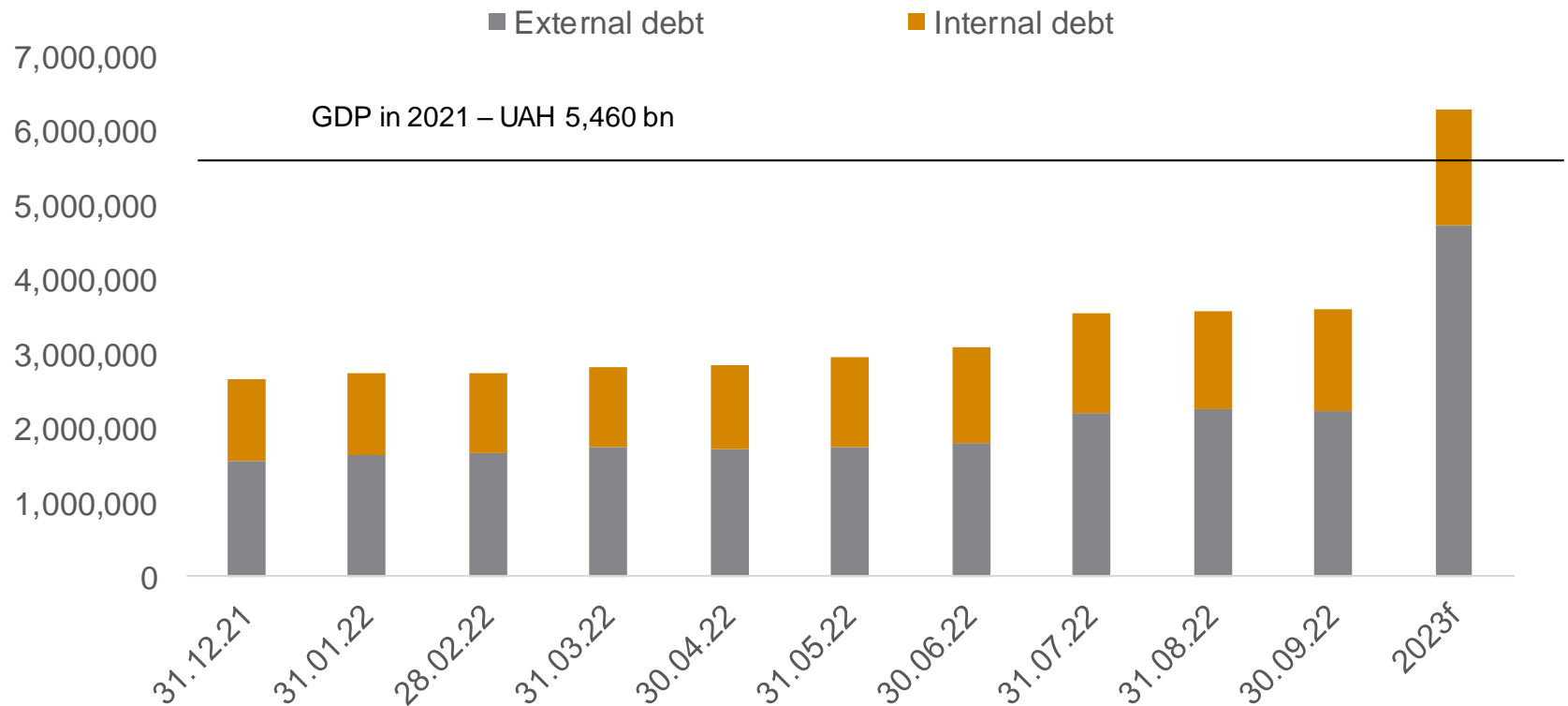


Sources: European Commission, national sources, wiiw. Note: For EU member states, data are transfers since 2004. For non-EU Western Balkan countries, transfers are IPA funds received during 2007-2018.



## Similarly, Ukraine will not be able to finance the enormous costs of reconstruction from own sources

Government debt of Ukraine, UAH m



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