

OeNB conference 'Connecting Europe and Asia'
Vienna, 14 December 2018

China's Outreach to CESEE

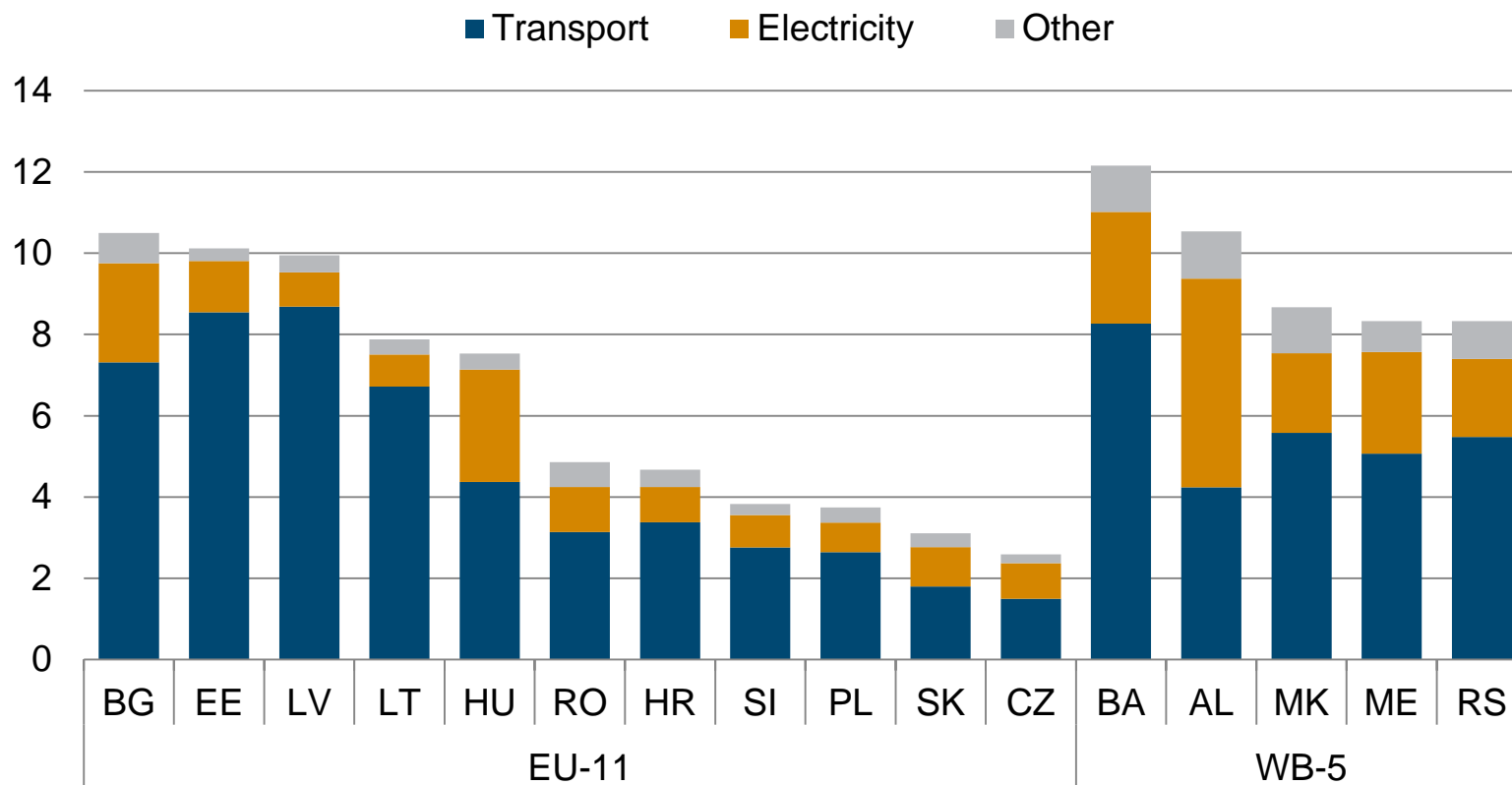
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Substantial investment needs in CESEE-16

Infrastructure investment needs 2018-2022 in % of GDP p.a.

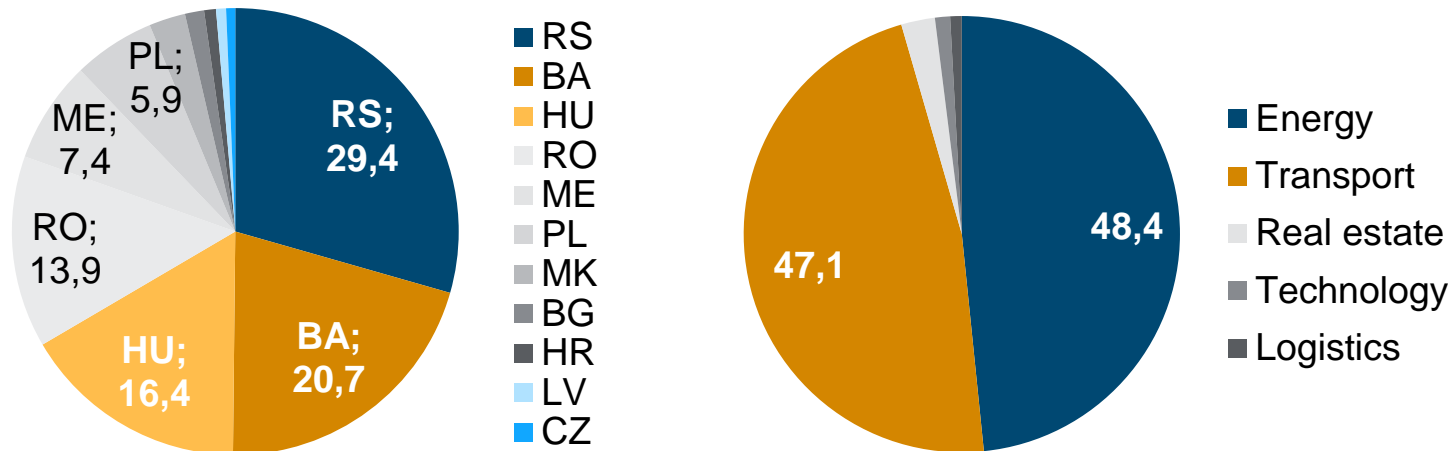


Note: CZ extrapolated from relationship between PL and SK; all data in % of 2015 GDP at 2010 prices.

Source: EBRD Transition Report 2017-2018, own calculations.

Chinese construction projects gain speed with BRI

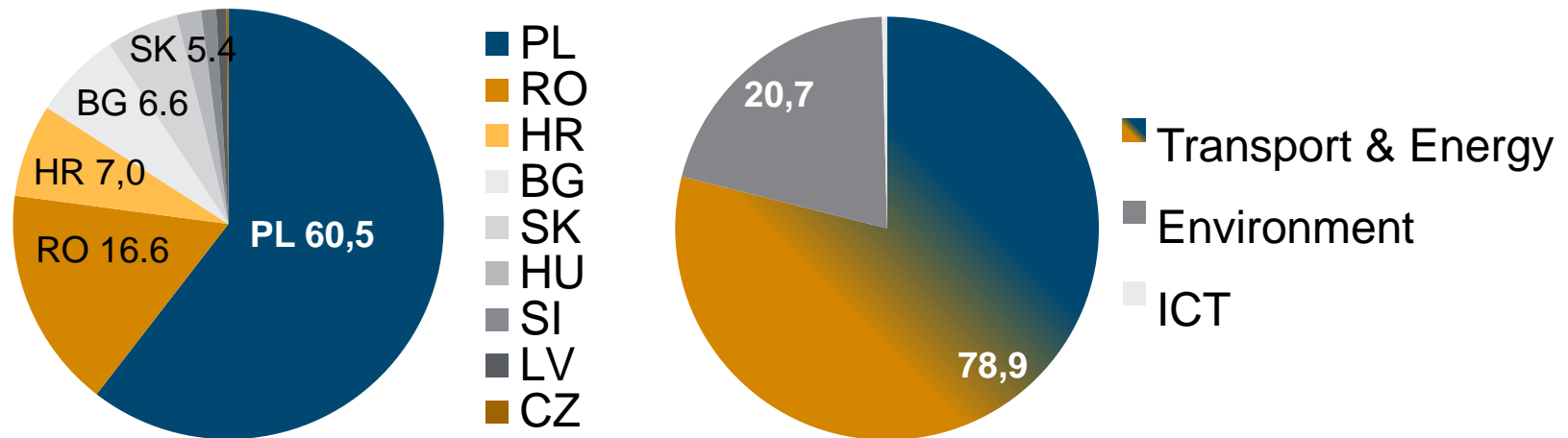
- $\frac{2}{3}$ of projects initiated since 2013: 2007-2017 **EUR 12.2 bn loans**
- Geographically concentrated in **central-southern CESEE-16**
- Almost entirely in energy or transport



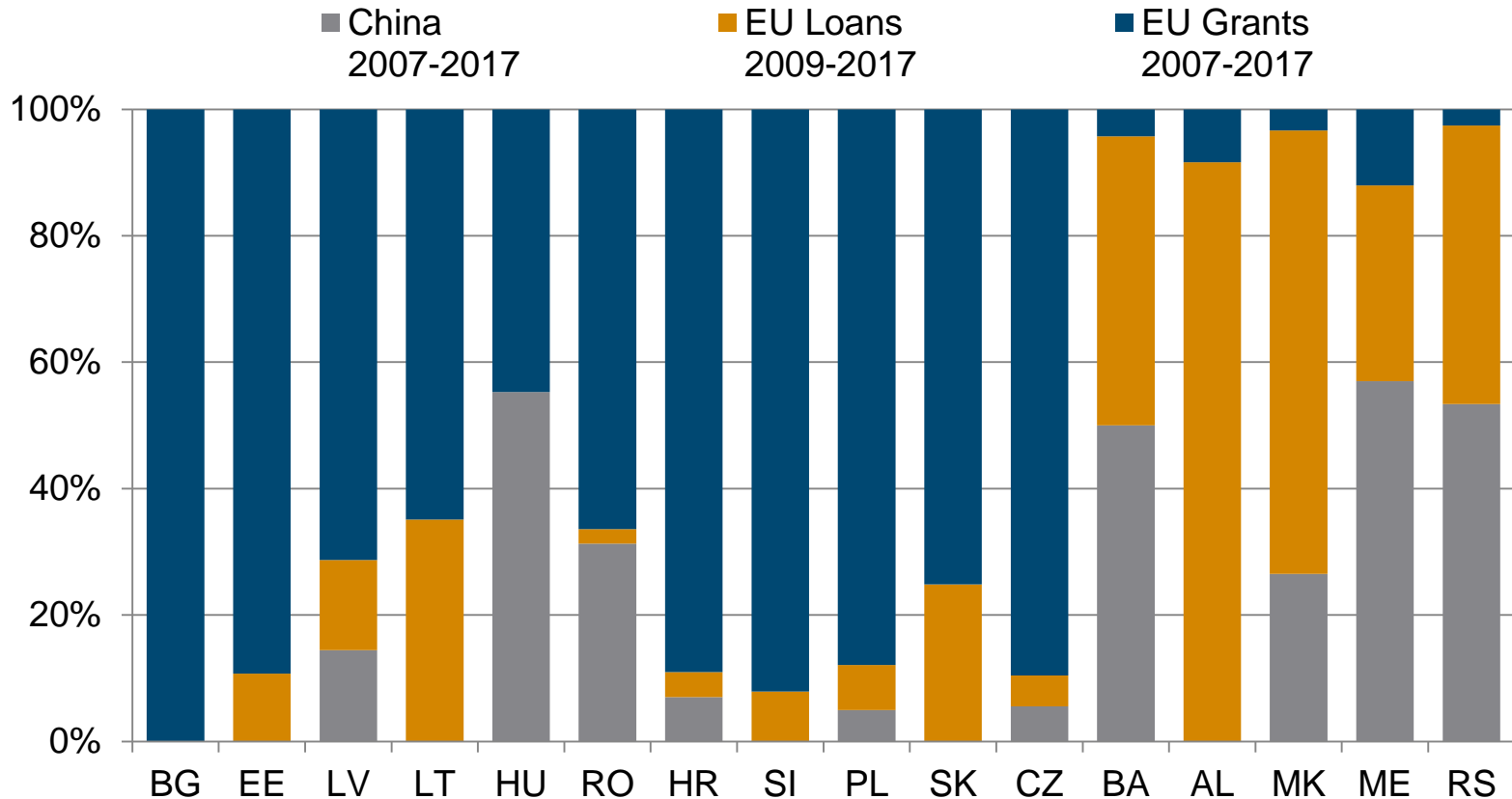
Note: Projects are not FDI, but mostly public investment contracts financed by Chinese banks; not all the projects might be realised. Figures for the period 2009-2016. Source: China Global Investment Tracker, February 2018.

EU projects in the EU-CEE-11 no risk to debt sustainability

- ESIF: 2014-2020: **EUR 11.8 billion in grants**
- Targeting largest and poorest EU-CEE economies
- 80% spent in transport and energy sectors



Loans from EU and China of greater significance in WB-5



Source: European Commission ESIF, CEF, TEN-t, WBIF, EFSI data;
China Global Investment Tracker; wiiw calculations.

Proposal of a 'European Silk Road'



Main features of the 'European Silk Road'

- **'European Silk Road'** by land about **11,000 km**
- **Market potential** of the European neighbourhood enormous - **480 million people** (EU: 510) with half EU income
- **Project cost: 1,000 billion euros** (7% of EU GDP)
- **Effects** of construction measures: 3.5% GDP growth, **2 million jobs**
- **Time savings** in road transport on the core route of the northern route: 8%; trade effects: e.g. **exports to Russia +11%**.
- **Austria's Russia exports: +14%**; construction measures create **34,000 jobs in Austria**
- Additional potential: common **infrastructure standards** (e.g. e-mobility), more **political cooperation** in a larger Europe

Thank you for your attention!

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