



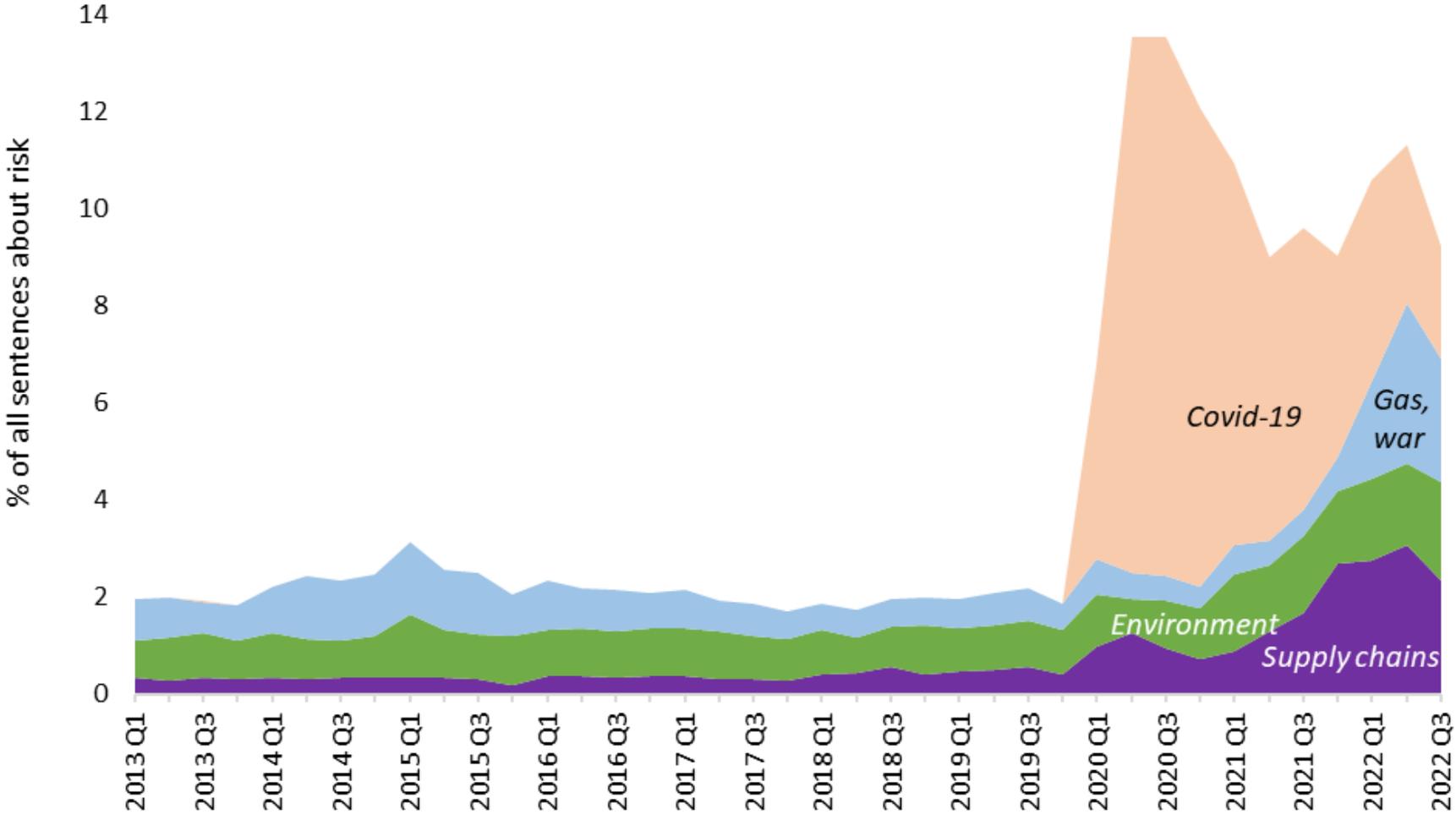
**GLOBALISATION IN TURBULENT TIMES:**

**• Opportunities for CESEE countries**

**Beata Javorcik**

**EBRD and Oxford**

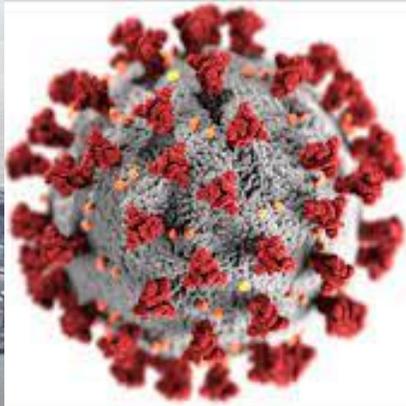
# Supply chain disruptions have become a key concern for global firms



Source: NL Analytics and authors' calculations. Data as of 13 July 2022. The chart shows the share of sentences that contain at least one risk word and one topic-related keyword. Covid-19 keywords based on Hassan et al. (2020); Russia-Ukraine Hassan et al. (2021) + NL Analytics tool; climate change Sautner et al. (2021).

# Supply chains disruptions are not going away any time soon

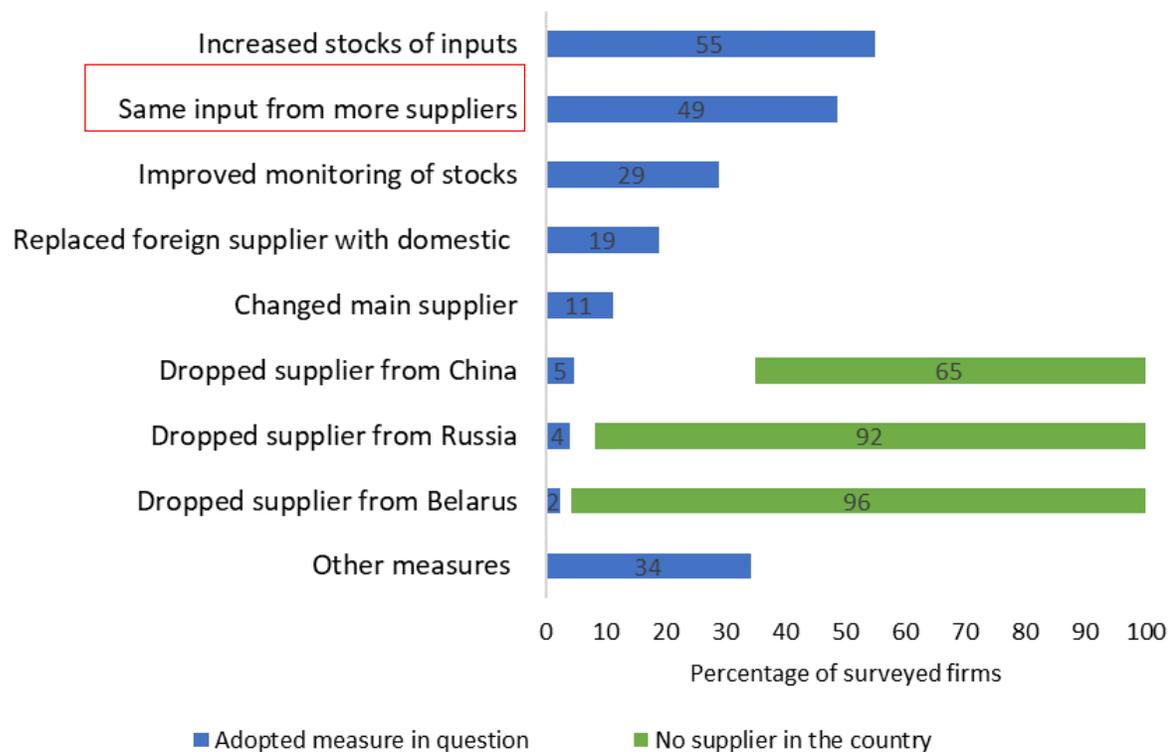
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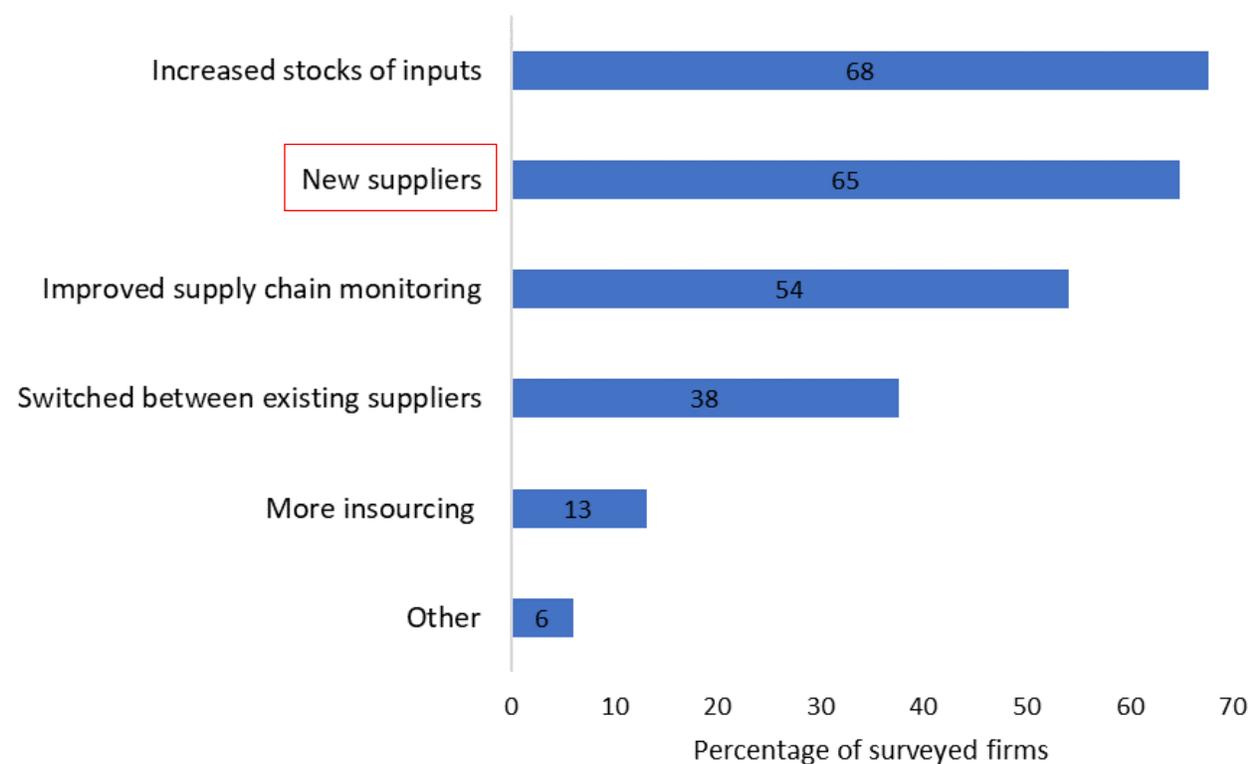
# The process of reshaping of global supply chains has already started

## Share of firms reporting undertaking measures to increase supply chain resilience

### EBRD regions



### Germany

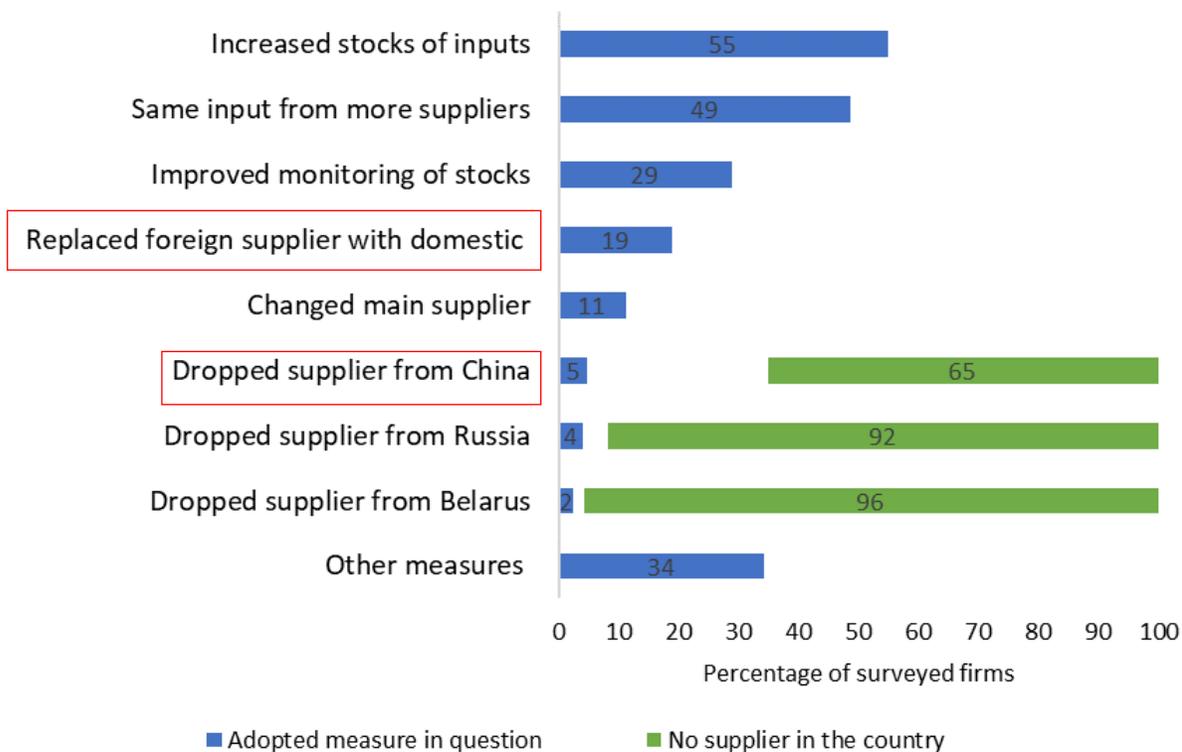


Source: EBRD survey, Ifo Business Survey (July 2022) and authors' calculations. Based on responses of 815 firms that both export and import across 15 economies in the EBRD regions and a survey of more than 3,000 manufacturing firms in Germany.

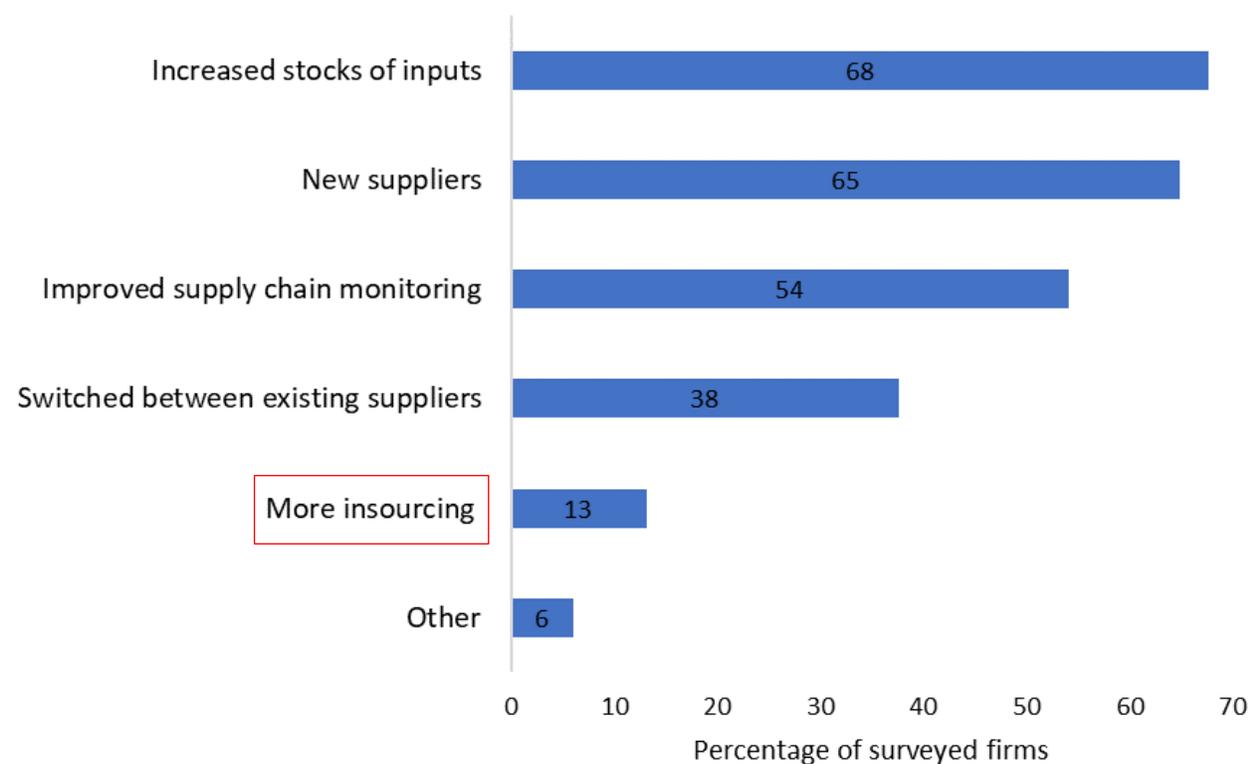
# Not much evidence of reshoring

## Share of firms reporting undertaking measures to increase supply chain resilience

### EBRD regions



### Germany

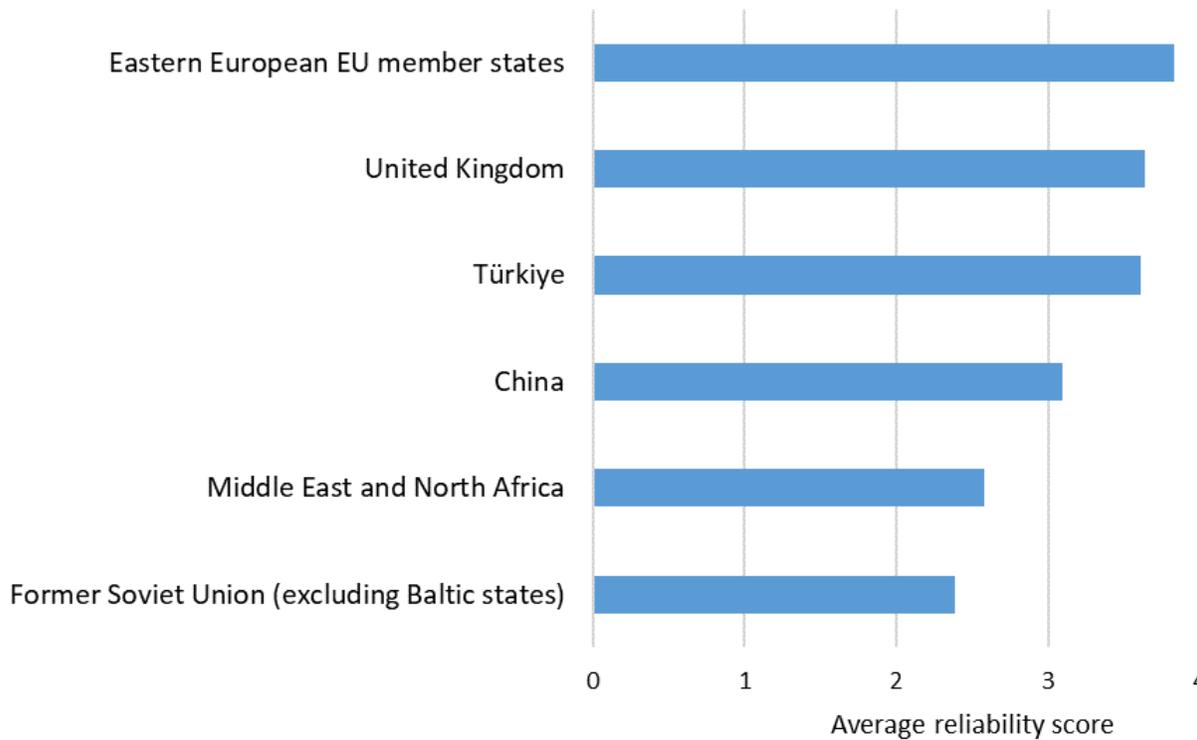


Source: EBRD survey, Ifo Business Survey (July 2022) and authors' calculations. Based on responses of 815 firms that both export and import across 15 economies in the EBRD regions and a survey of more than 3,000 manufacturing firms in Germany.

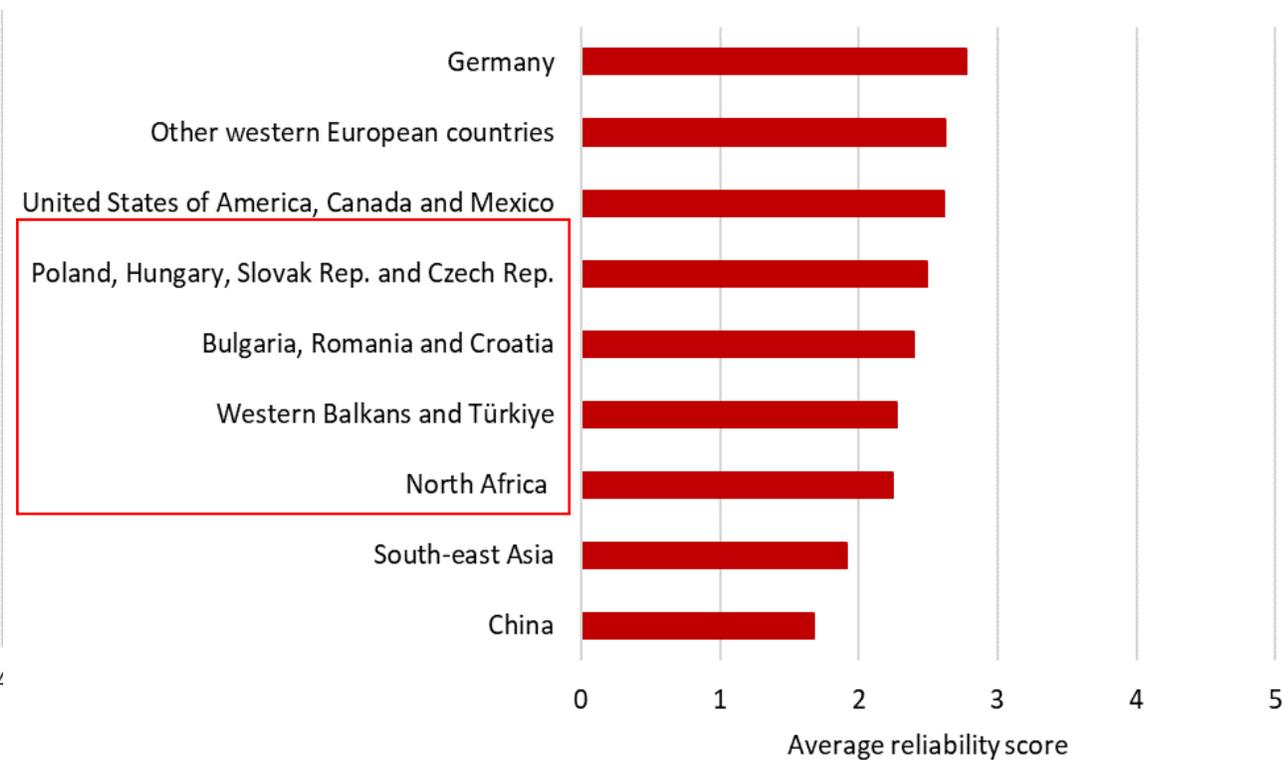
# German firms perceive suppliers in Emerging Europe and Türkiye as more reliable than those in Asia

as more

### Firms in the EBRD regions

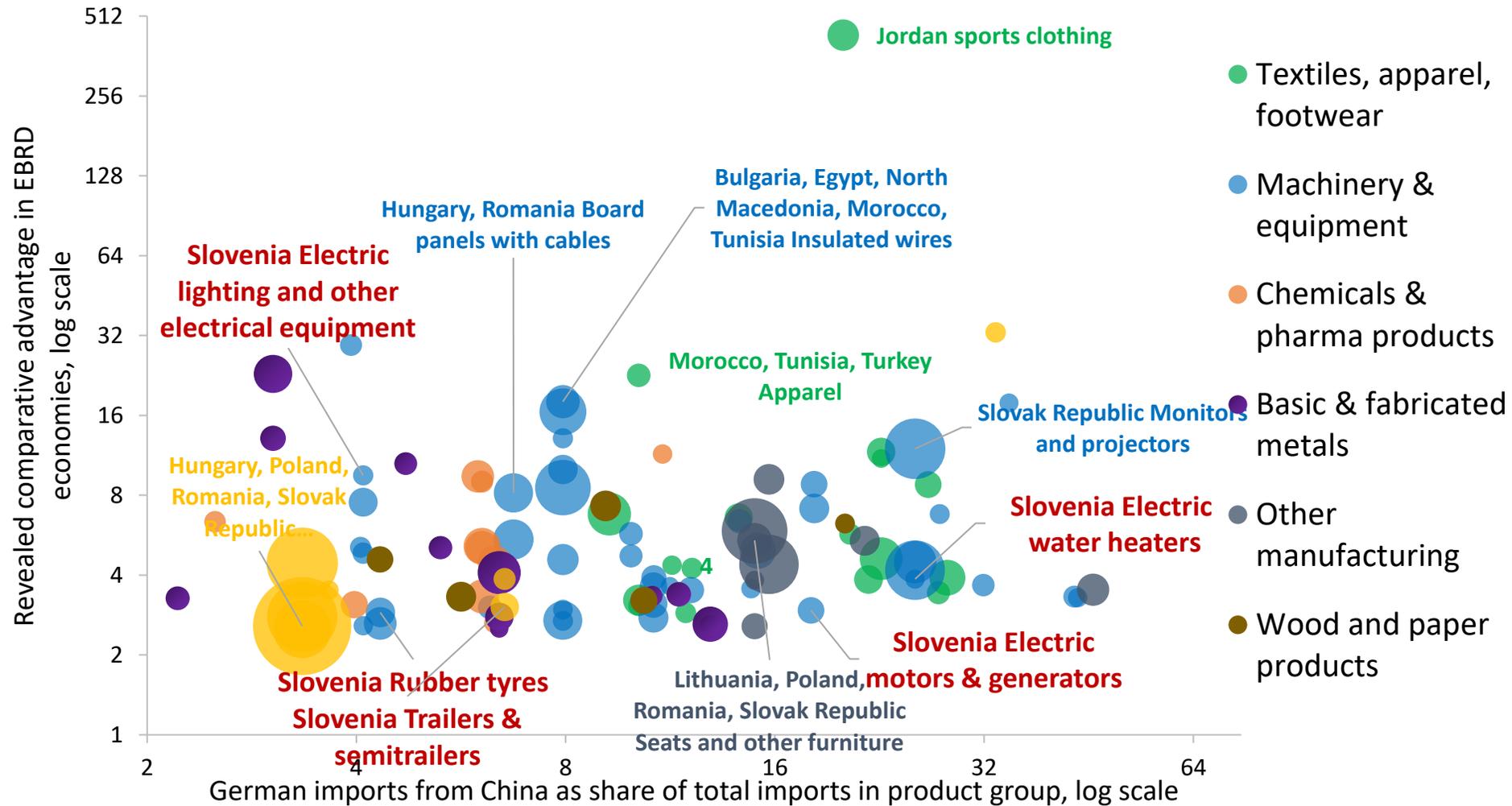


### Firms in Germany

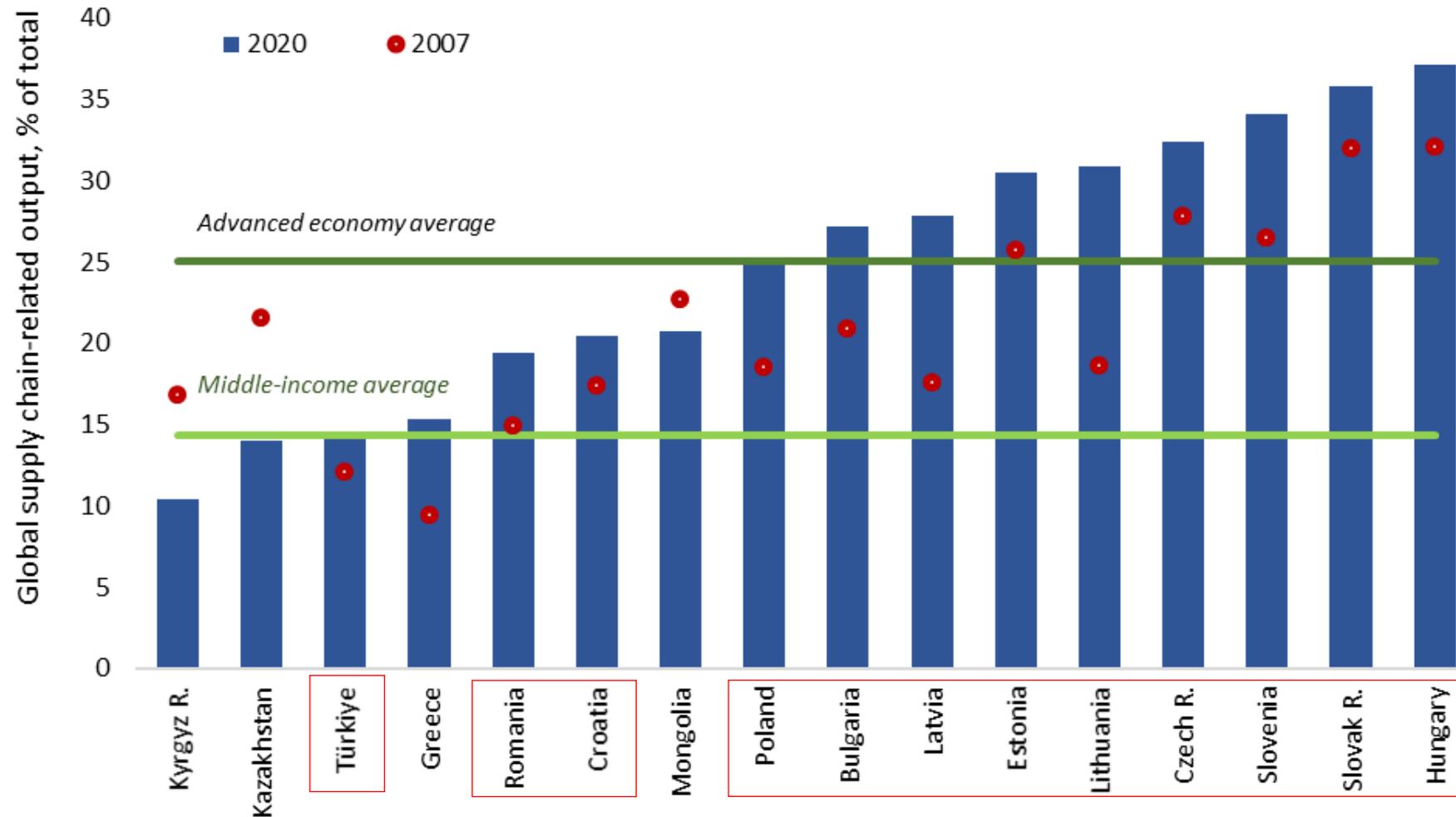


Source: EBRD GSC Disruptions Enterprise Survey Follow-up, Ifo Business Survey (July 2022) and authors' calculations. Average perceived reliability on a scale from 1 (very unreliable) to 5 (very reliable).

# Opportunity for CESEE region to grab a greater share of European market



# Emerging Europe is well integrated in global supply chains and Reshaping of value chains can boost this integration further

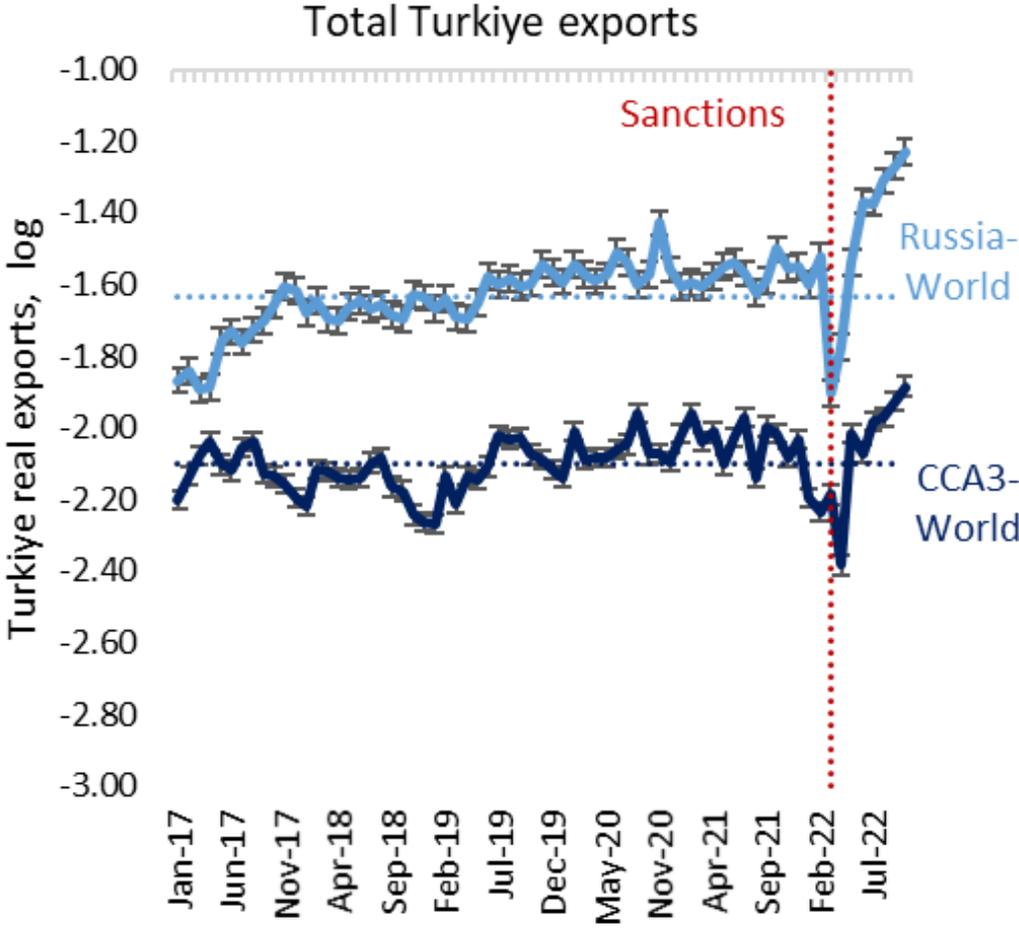
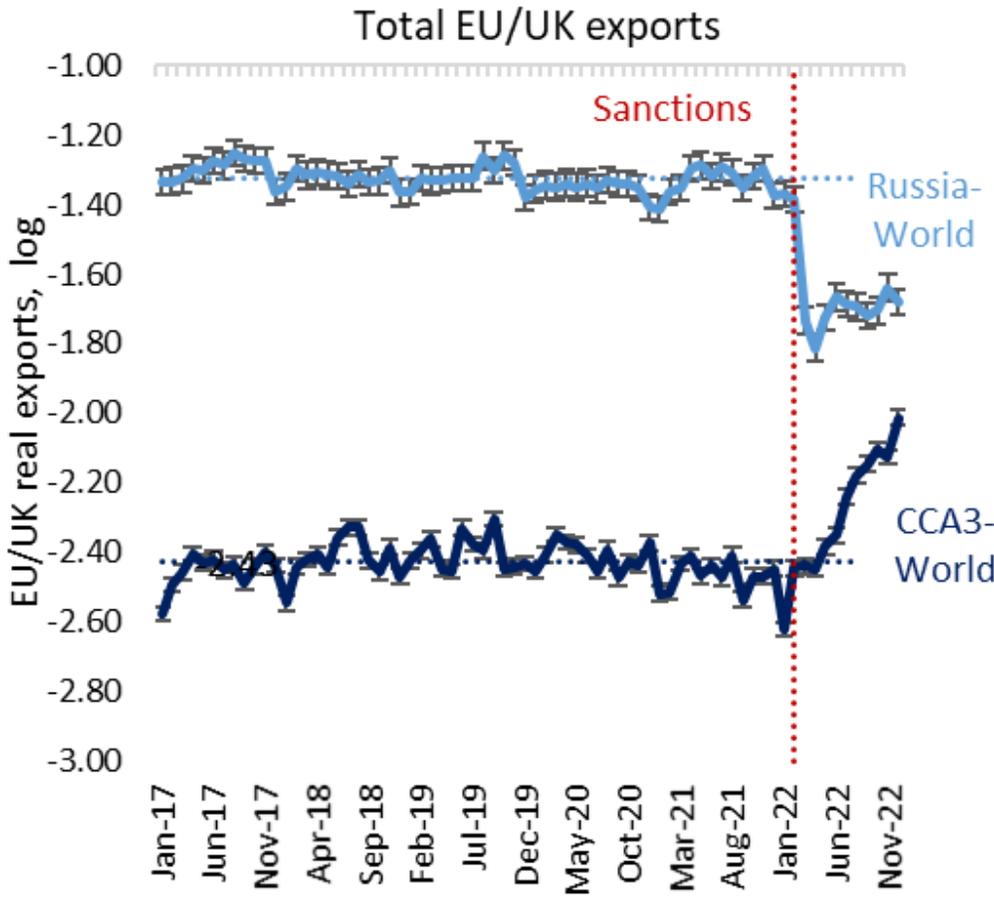


Source: Eora26 (up to 2015) and Asian Development Bank's Multi-regional Input-Output (MRIO) via World Bank's World Integrated Trade Solution (WITS) website and authors' calculations. 2020, 2015 if 2020 not available. All sectors.

**RUSSIA'S WAR  
ON UKRAINE  
HAS LED TO  
TRADE DIVERSION**



# Cutting of European trade ties with Russia created an opportunity to Turkiye



Source: Authors' calculations based on UN Comtrade. 95% confidence intervals are based on standard deviations calculated for the entire period shown. EU total is inclusive of the UK.  $\text{Log}(\text{Export EU to Rus}) - \text{log}(\text{Export EU to Rest of the World})$  and  $\text{Log}(\text{Export EU-CCA3}) - \text{log}(\text{Export EU to Rest of the World})$

# What about business services?

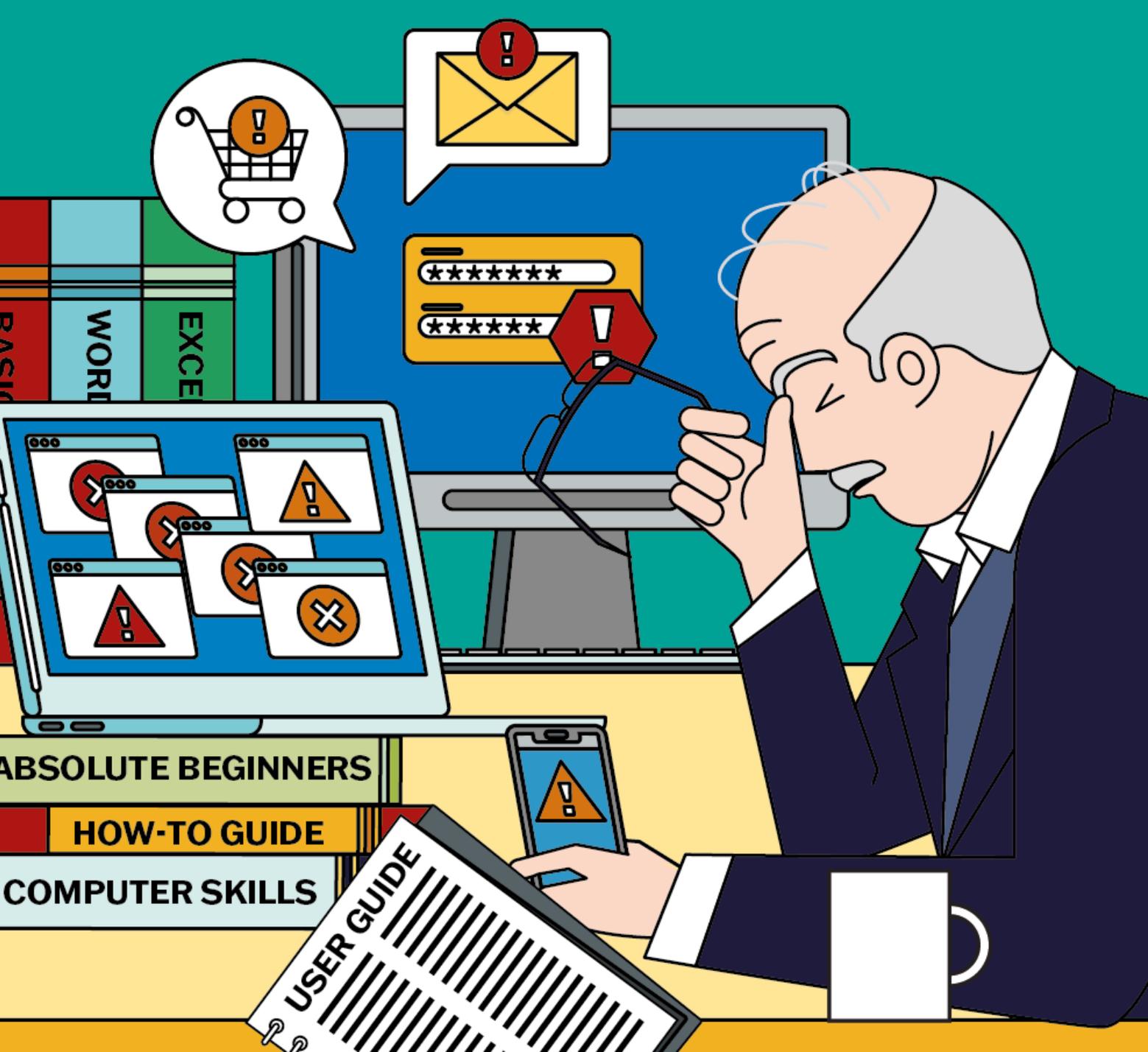


## Shift to hybrid working will boost exports of services from emerging Europe

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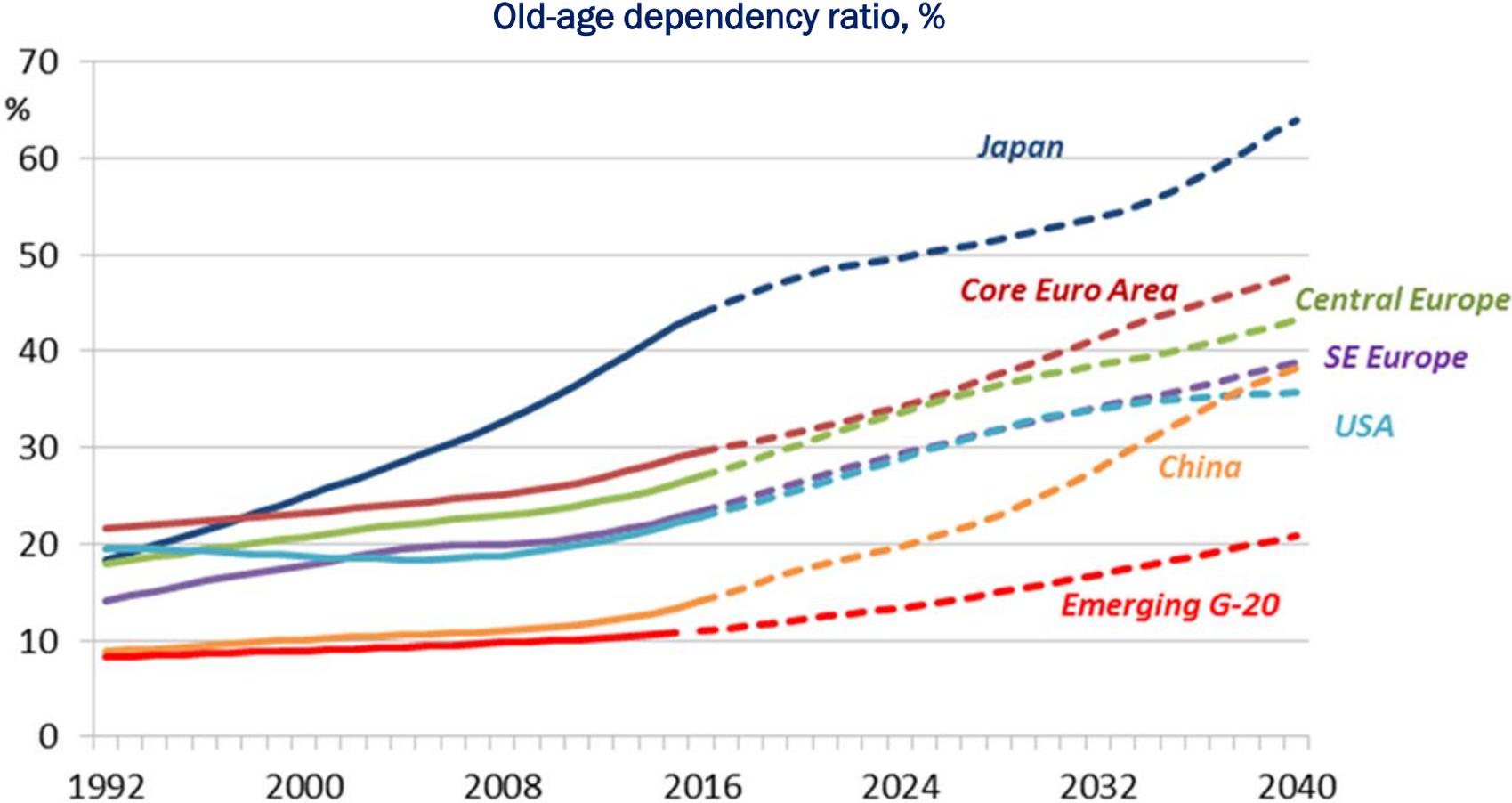
- Greater acceptance of hybrid working creates more opportunities for exports of services from Emerging Europe
- Facilitated by
  - No/little time zone differential
  - Common data protection regime
  - Schengen
  - **Diversification and CO2 footprint motives**





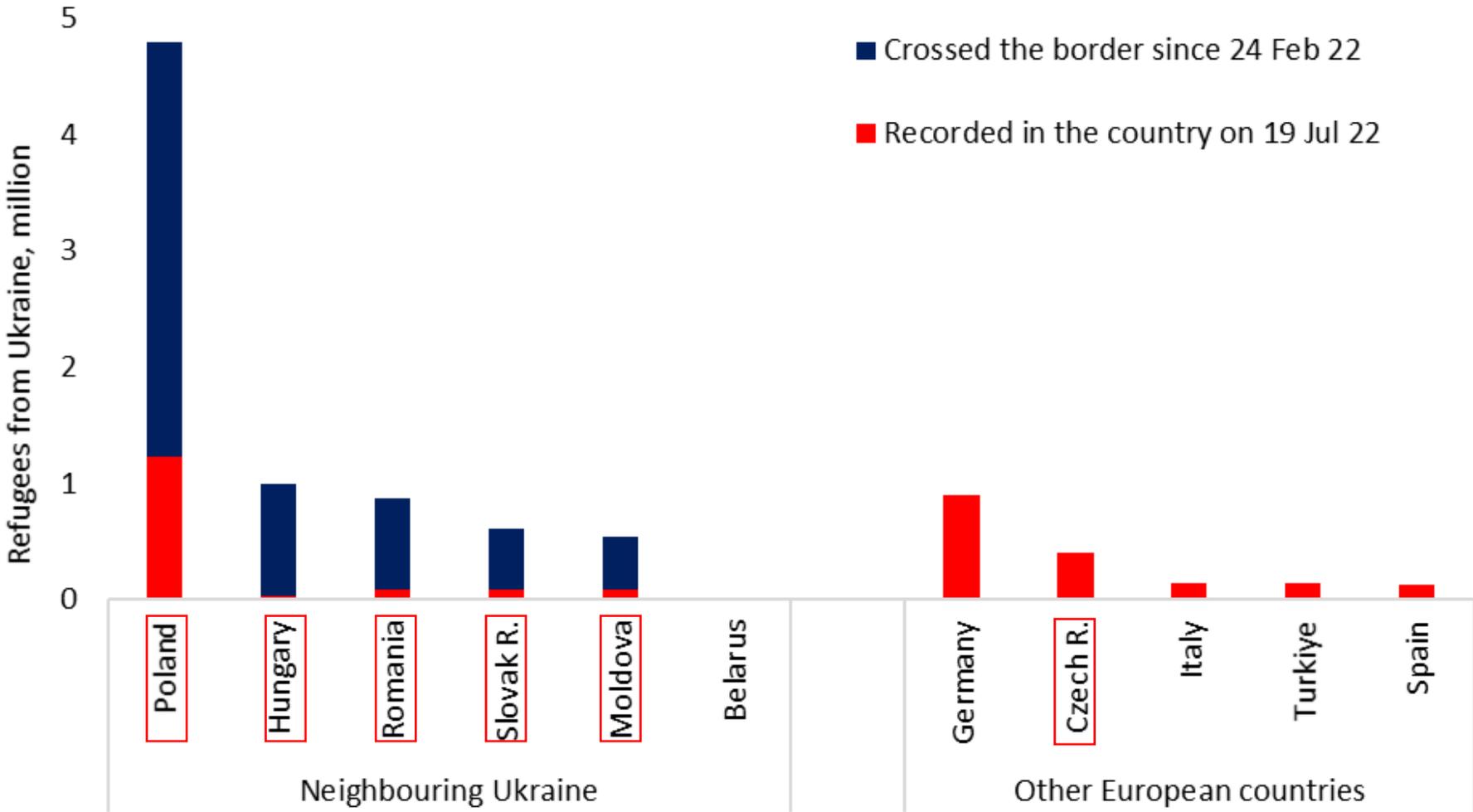
**HOW MUCH  
SHOULD WE  
WORRY ABOUT  
ADVERSE  
DEMOGRAPHIC  
TRENDS?**

# Getting old before getting rich



Source: World Bank, United Nations projections and authors' calculations. Old-age dependency ratio is the ratio of population aged 65 and above to those aged 15-64. Projections are based on the median scenario.

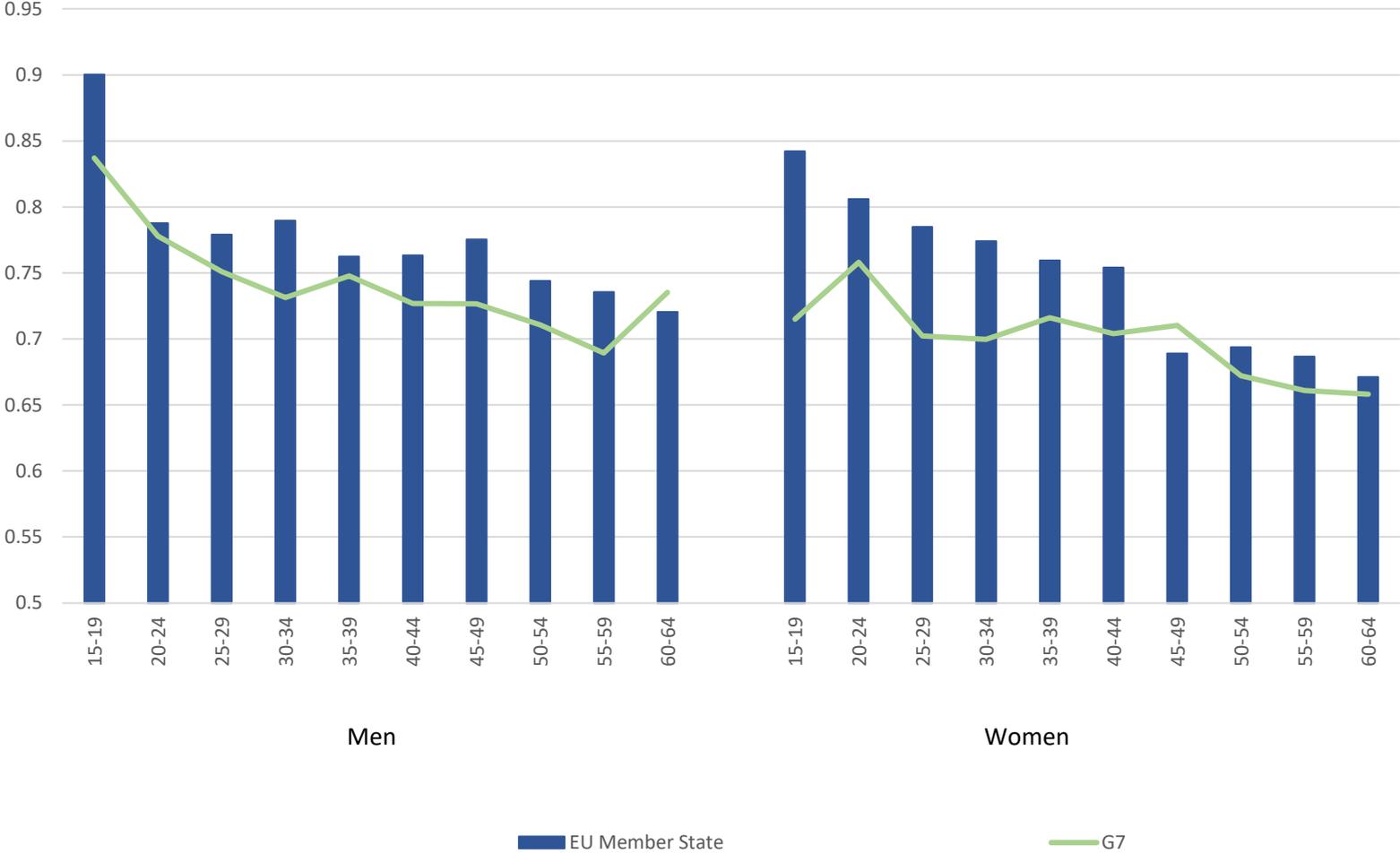
# Demographic constraints eased by influx of refugees from Ukraine



Source: UNHCR and authors' calculations. As of 19 Jul 22. The number of border crossings is only available for countries bordering Ukraine and represents gross inflow of refugees; crossings back to Ukraine (outflow) are not shown. Data on Russia not included.

# Self-assessed health in the new EU Member States on par with G7

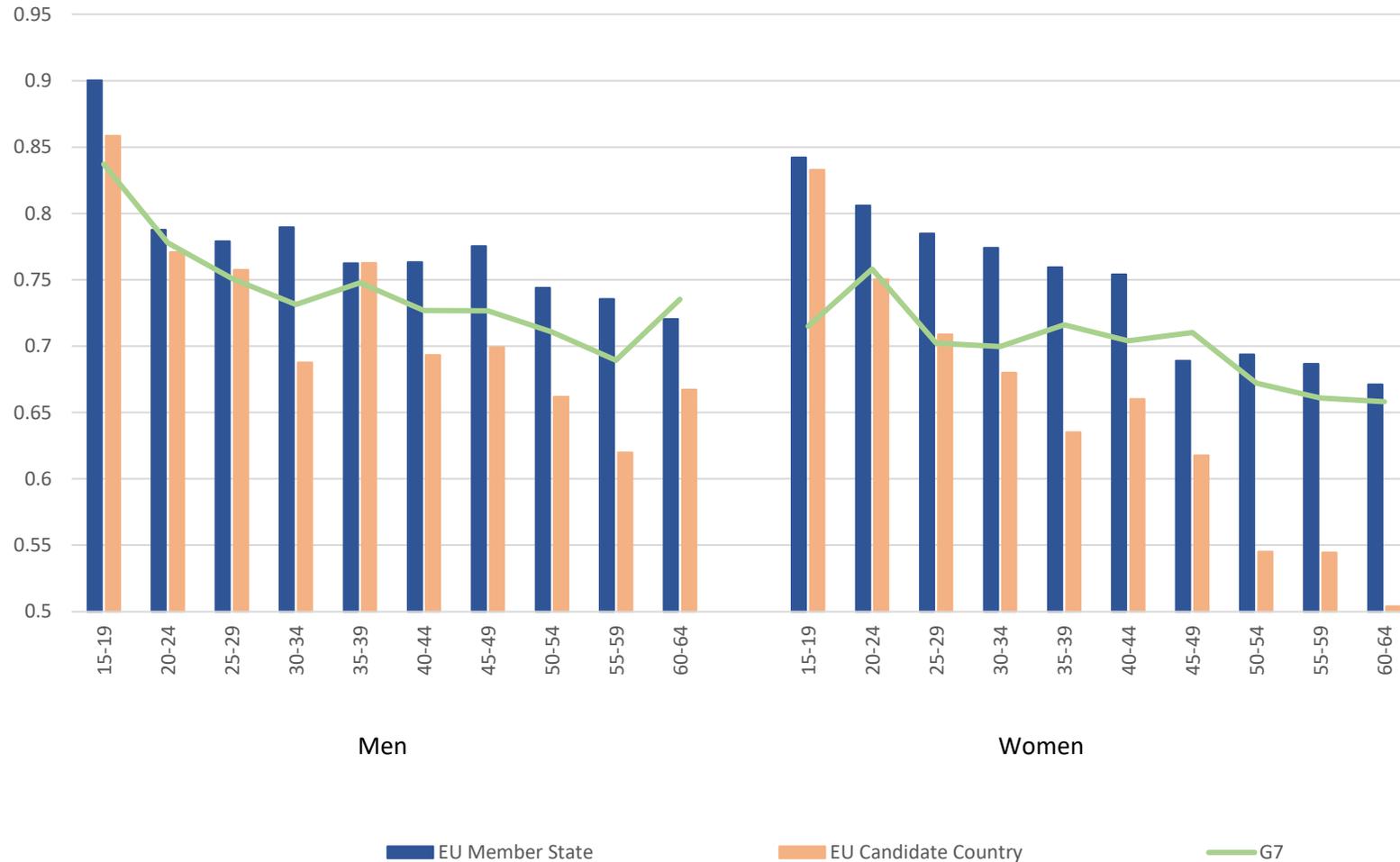
Self-assessed health, Gallup World Poll, 2021 or 2022



Note: Other emerging markets are economies not belonging to another category and with a GDP per capita in PPP of over US\$1100 that are not classified as advanced economies by the IMF.

# Much worse self-reported health in the EU Candidate Countries

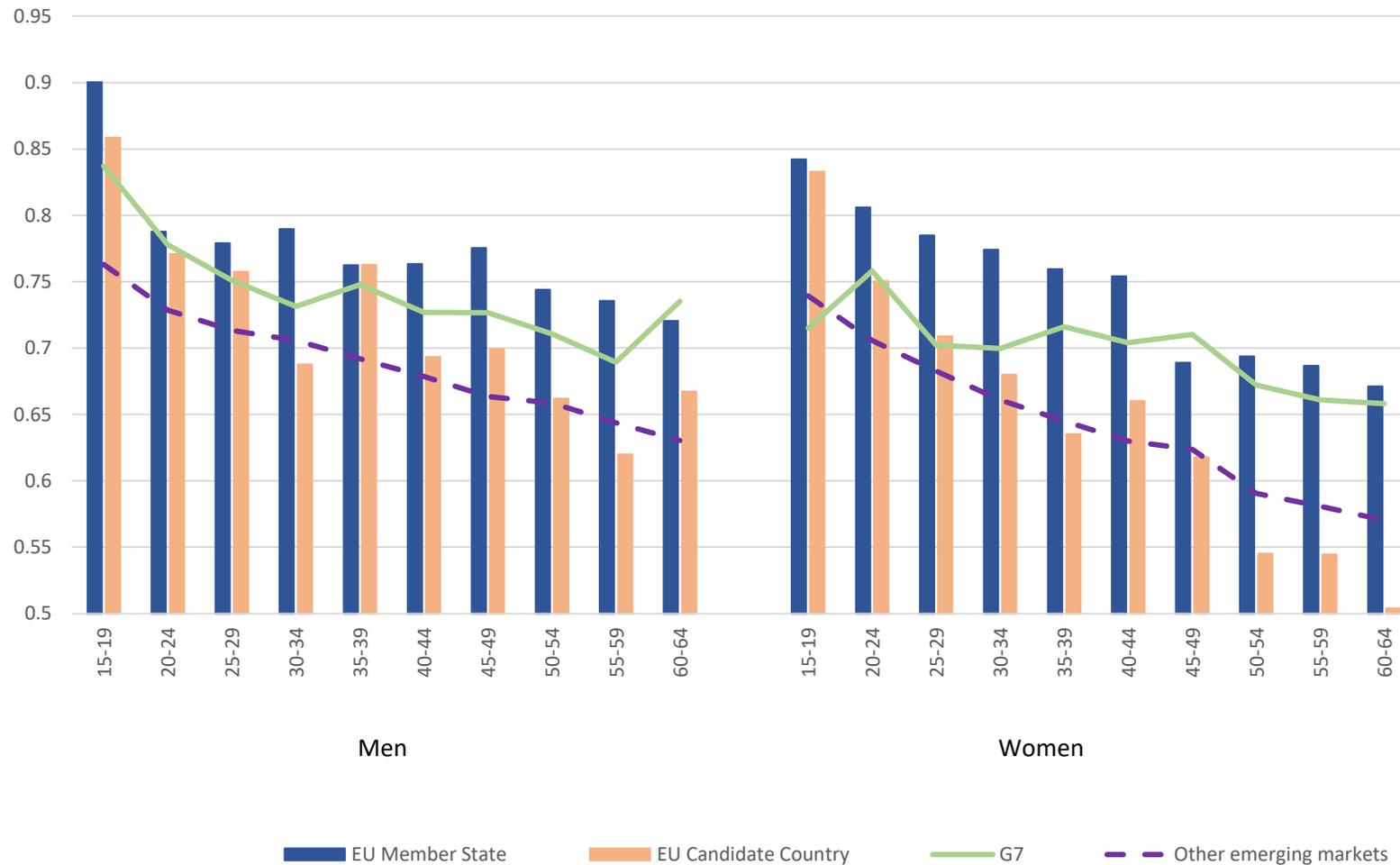
Self-assessed health, Gallup World Poll, 2021 or 2022



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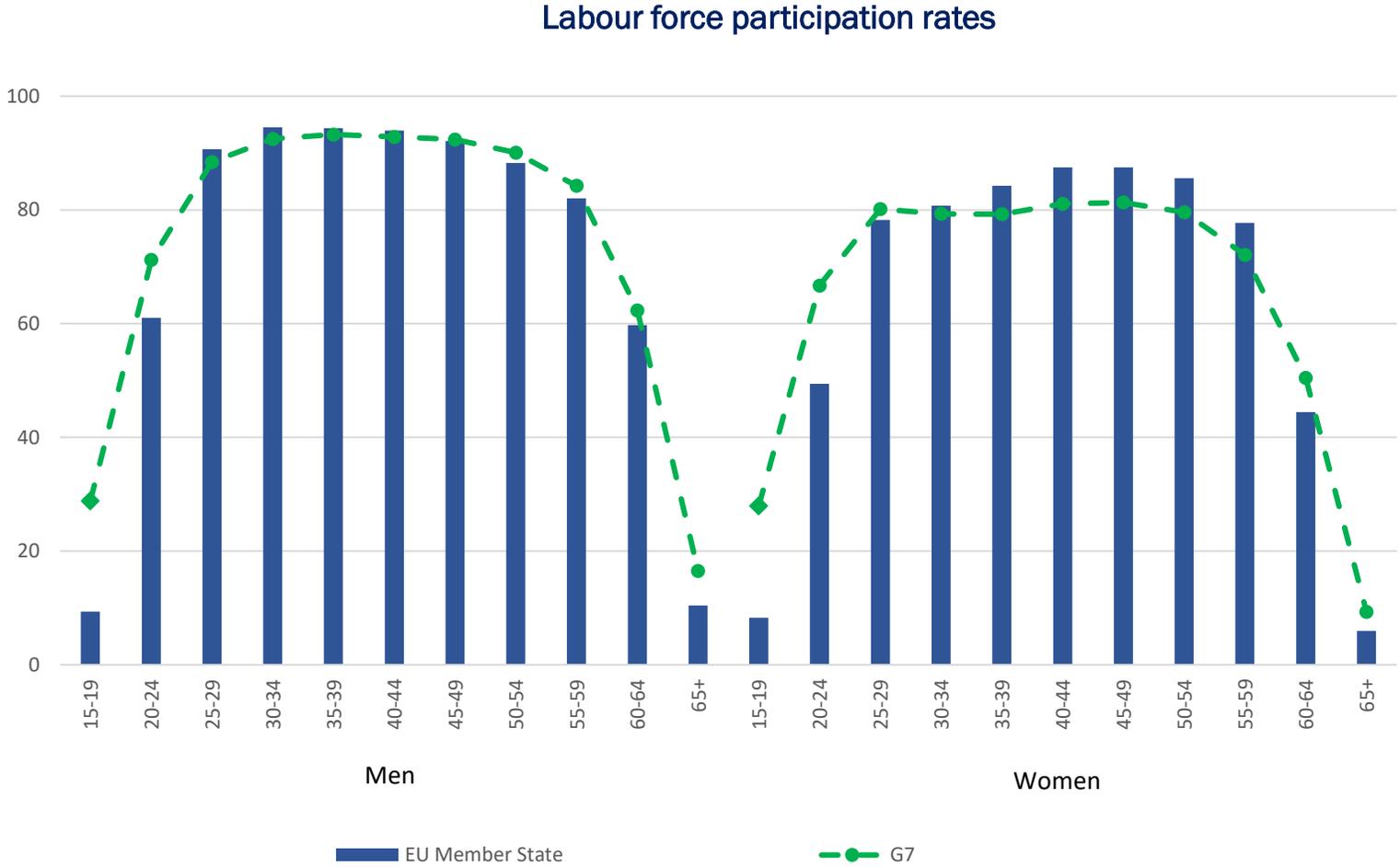
# Self-reported health in the EU Candidate Countries similar to Emerging Markets

Self-assessed health, Gallup World Poll, 2021 or 2022



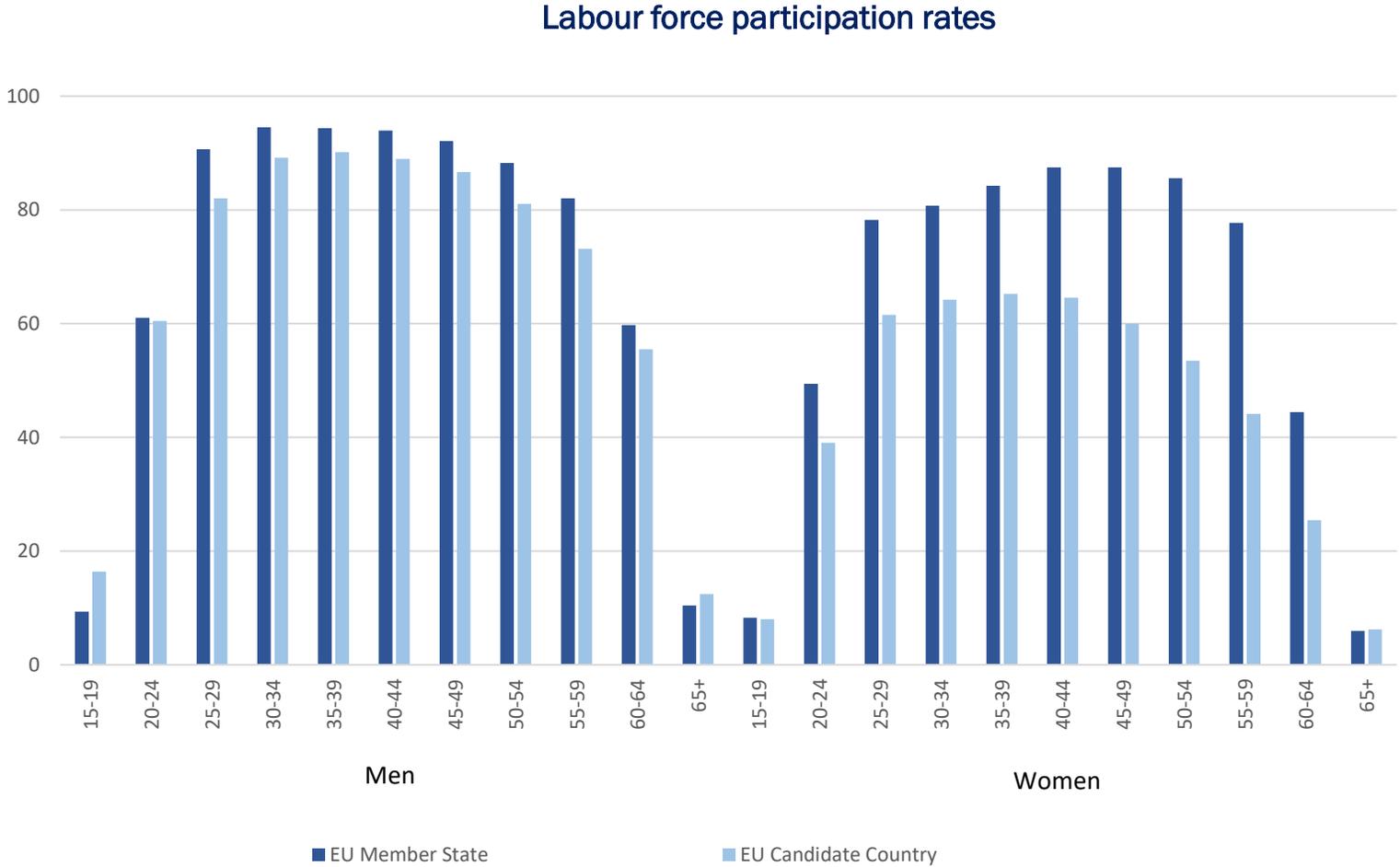
Note: Other emerging markets are economies not belonging to another category and with a GDP per capita in PPP of over US\$1100 that are not classified as advanced economies by the IMF.

# Labour force participation in the new EU Member States similar to G7



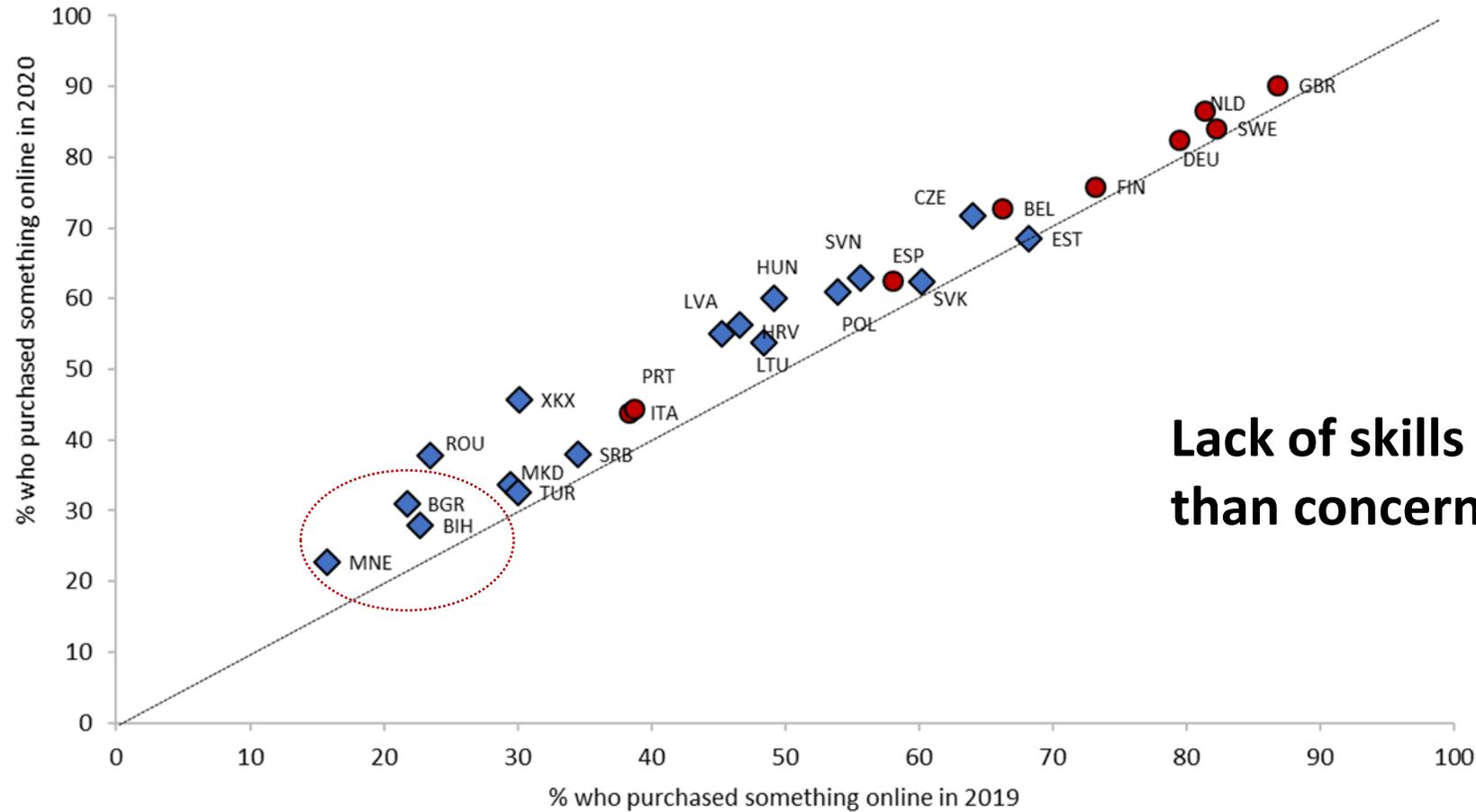
Source: ILO and authors' calculations. Data for 2022 or latest available.

# Much lower labour force participation among **women** in Candidate Countries



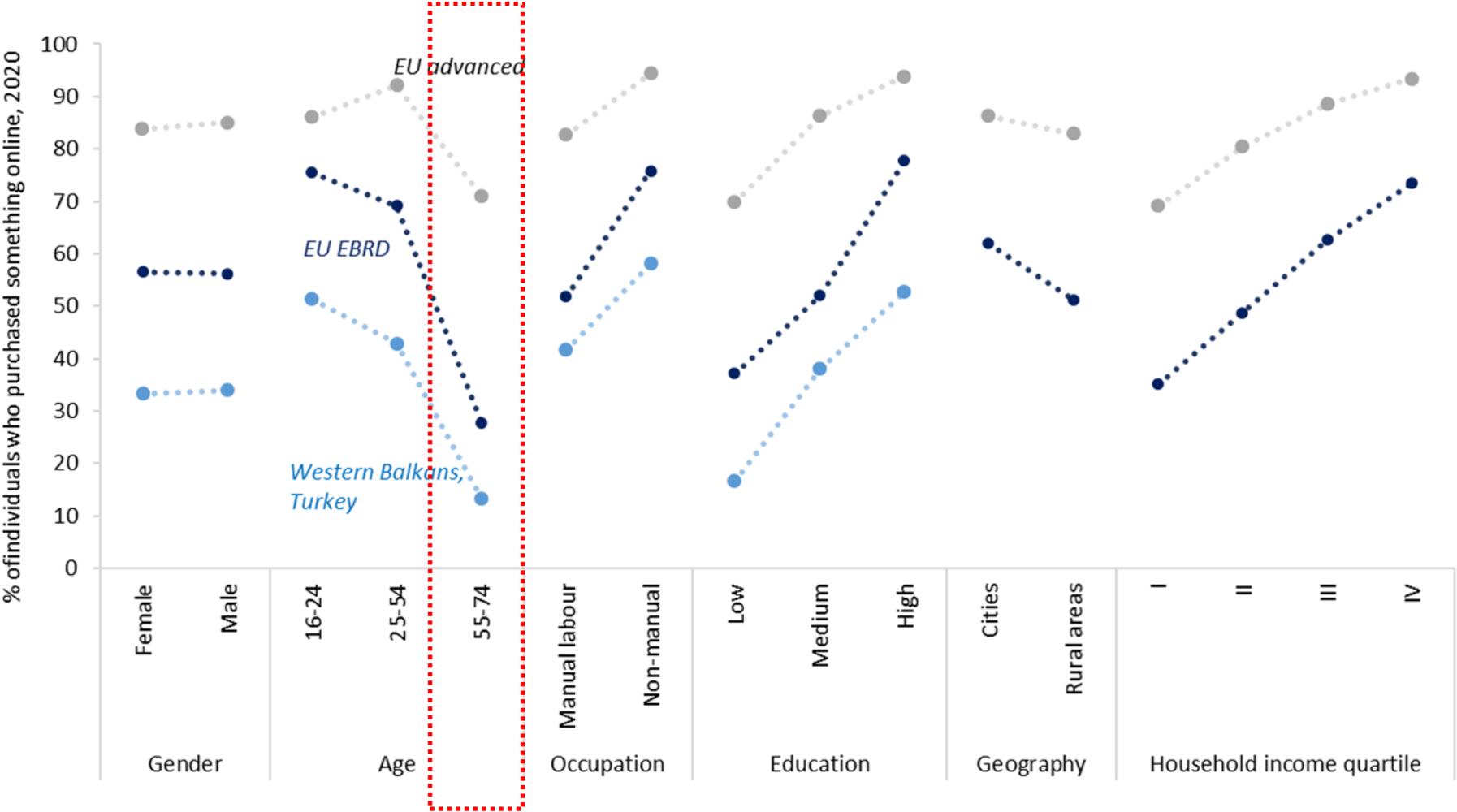
Source: ILO and authors' calculations. Data for 2022 or latest available.

# Lower IT skills in Emerging Europe



**Lack of skills matters more than concerns about payment security**

# Digital divide particularly pronounced among older workers



Sources: Eurostat and authors' calculations.

Notes: Based on a survey of individuals in the EU, Western Balkans and Turkey. EU comparators includes Germany, the Netherlands and Sweden.