

# CEE ECONOMIES UNDER PRESSURE: FORTHCOMING CHALLENGES AND THE NEED TO ADAPT

1995-2020 RECENT PAST

PRESENT

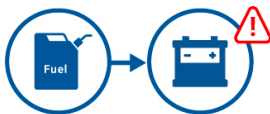
FUTURE



The relatively successful growth model of CEE economies faces serious challenges in the years to come.

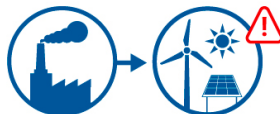
## FORTHCOMING CHALLENGES:

### E-Mobility changes the automotive sector



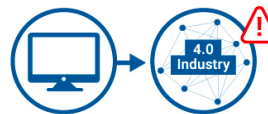
EU-CEE has a major dependency on automotive exports and unclear adaptation perspectives for the transition to e-mobility.

### Green Transition



EU carbon neutrality requires many adjustments and enormous investments in CEE.

### Digital revolution



Digitalisation of the economy is less advanced than in North-Western Europe.

### Demographic trends



Working age population will be shrinking in the future, creating a problem for labour supply.

The countries of the region are insufficiently prepared for these changes. There is a lack of a long-term strategy on how to deal with them.

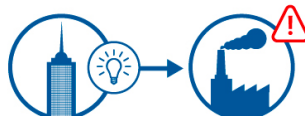
## THE MISSING ELEMENTS OF A LONG-TERM ADAPTION STRATEGY

### Lack of industry policy options



The CEE countries lack of classic industrial policy options for action.

### Lack of entrepreneurial decision-making options



Decisions on technology and specialisation are usually made in the corporate headquarters of the "head quarter economies" in northern & western Europe.

### Lack of R&D activities



Public spending is too low. In-house research spending in enterprises is far too low.

### Lack of "innovation policy" institutions



The institutions of a modern "innovation policy" (e.g. start-ups) are weakly developed, both in the state and private sectors.