

Press Conference, 2 July 2015

Western CESEE countries in the ascendant

wiiw forecast for Central, East and Southeast Europe 2015-2017 & special focus on Austria's economic relations with CESEE

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International environment: Cautious recovery in the US and the euro area

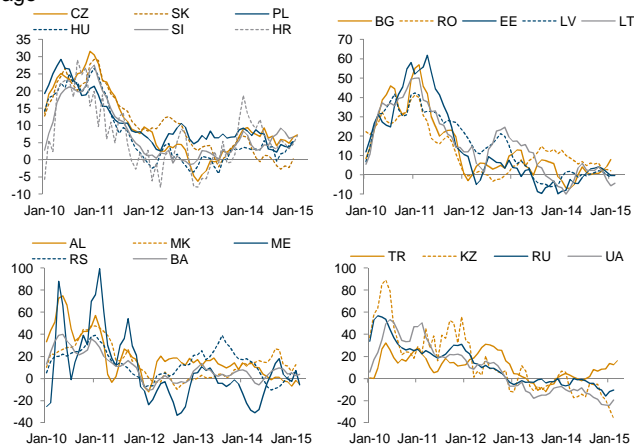
- World economy rebound due to cautious recovery in the US, Japan and euro area
- As a commodity importer the euro area profits from low oil prices
- ECB's QE programme acts supportive
- Expected fiscal relaxation more important for euro area

Greek crisis: Impact uncertain

- Possible effects of a potential Greek bankruptcy unclear
- Probably higher euro exchange rate volatility to be expected
- Greek foreign bank subsidiaries could get into trouble (possibly a problem in AL, BG, MK, RO, RS)
- Greece is an important export partner for AL, BG, MK
- In the short run risks should be limited

CESEE: EXPORTS INCREASING ESPECIALLY IN COUNTRIES INTEGRATED IN INTERNATIONAL PRODUCTION NETWORKS

Exports of goods (nominal, euro-based), change in % against preceding year, 3-month moving average

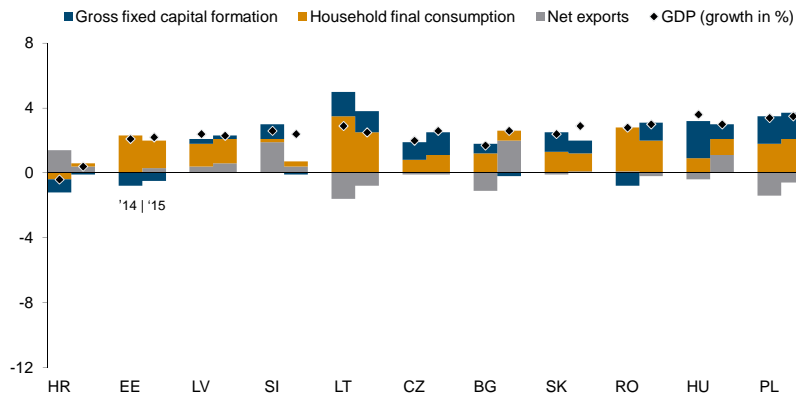


Source: wiiw Monthly Database incorporating national and Eurostat statistics.

NMS: GROWTH SPEED-UP 2015 MOSTLY DUE TO IMPROVED NET EXPORTS

GDP growth in 2014-2015

and contribution of individual demand components in percentage points

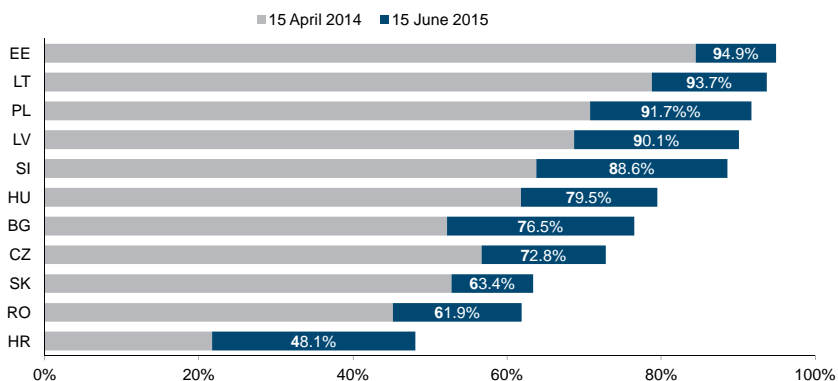


Remark: Ranking 2015.

Source: wiiw Annual Database incorporating national and Eurostat statistics, forecasts by wiiw, July 2015.

NMS: EU-FUNDED INVESTMENTS ARE TO PEAK OFF

Cohesion policy* payment rates for NMS as of 15 April 2014 and 15 June 2015 in % of total available resources

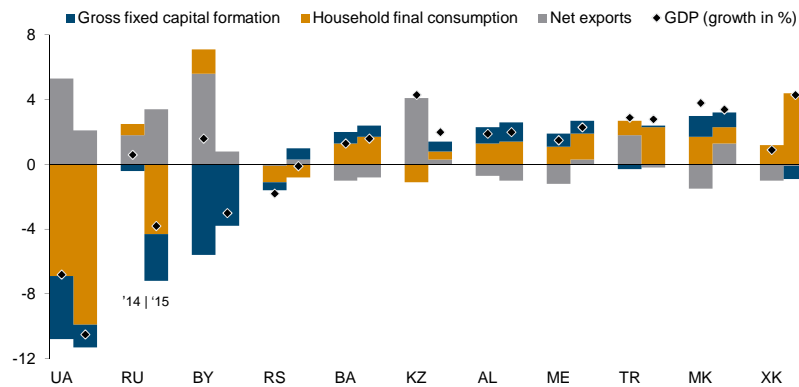


Note: * Combined value of payments from the European Regional Development Fund, the Cohesion Fund and the European Social Fund.

Source: European Commission.

**CANDIDATES: GROWTH INCREASE 2015 BROADLY BASED
CIS: SLUMP MOSTLY IN NET EXPORTS AND HOUSEHOLD DEMAND**

GDP growth in 2014-2015
and contribution of individual demand components in percentage points



Remark: Ranking 2015.

Source: wiiw Annual Database incorporating national and Eurostat statistics, forecasts by wiiw, July 2015.

GDP GROWTH FORECAST 2015-2017

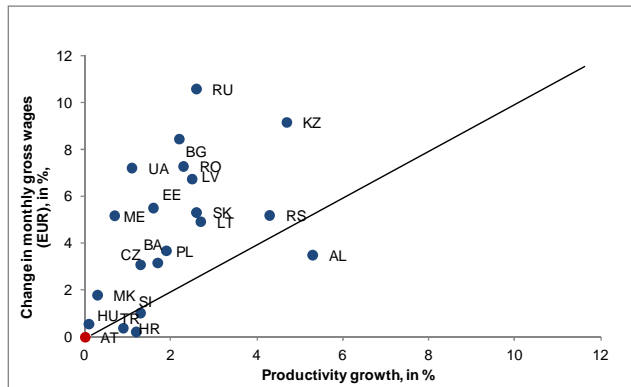
	2015	2016	2017
Kosovo	4.3	3.5	4.1
Poland	3.5	3.3	3.2
Macedonia	3.4	2.7	2.6
Hungary	3.0	2.1	2.2
Romania	3.0	3.3	3.0
Slovakia	2.9	3.3	3.4
Turkey	2.8	3.1	3.1
Bulgaria	2.6	2.7	3.0
Czech Republic	2.6	2.4	2.4
Lithuania	2.5	2.9	3.2
Slovenia	2.4	2.0	2.1

	2015	2016	2017
Latvia	2.3	2.8	2.8
Montenegro	2.3	2.6	2.8
Estonia	2.2	2.6	3.2
Albania	2.0	2.2	2.4
Kazakhstan	2.0	3.5	4.5
Bosnia and Herzegovina	1.6	2.1	2.4
Croatia	0.4	1.2	1.6
Serbia	-0.1	0.9	1.3
Belarus	-3.0	0.7	1.4
Russia ¹⁾	-3.8	1.8	2.0
Ukraine ²⁾	-10.5	0.0	1.8

1) Including Crimea. - 2) Excluding Crimea and parts of Donbas.
Source: wiiw (July 2015); Eurostat. Forecast: wiiw.

CESEE: LITTLE RISK FOR AUSTRIAN COMPETITIVENESS IN THE LONG RUN

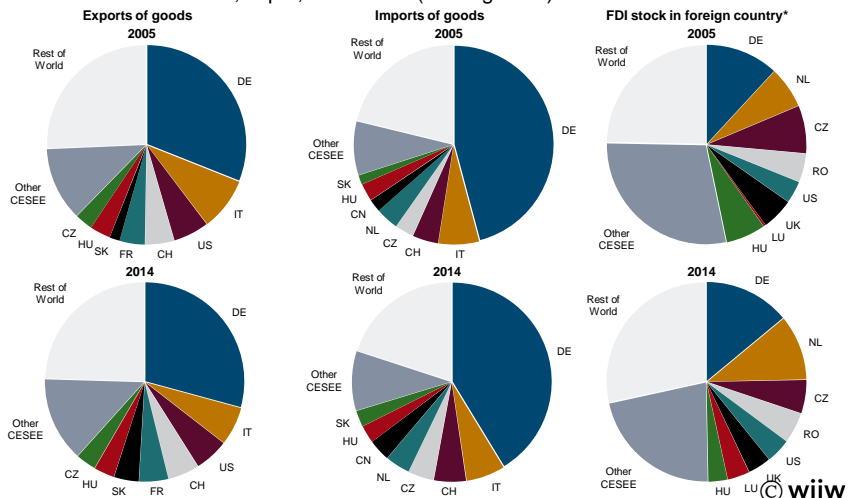
Wage and productivity growth, in relation to Austria
ten-year average (2012-2014)



Source: wiiw Database, AMECO, Eurostat.

AUSTRIAN GOODS TRADE: CESEE ALMOST AS IMPORTANT AS GERMANY (IN FDI STILL IMPORTANT)

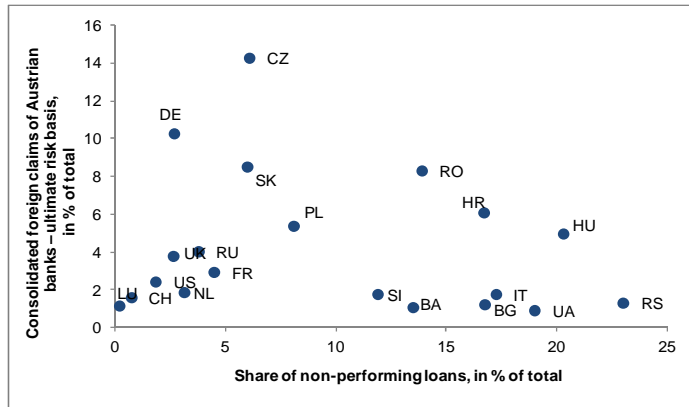
Trade and FDI in Austria, Top 8, share in % (ranking 2014)



* 2014 according to BPM6 methodology, BPM5 before. Source: COMEXT Eurostat (Trade of goods), OeNB (FD).

AUSTRIAN BANKS: FOREIGN EXPOSURE REDUCED BUT NMS SHARE NOW MORE IMPORTANT

Foreign claims of Austrian banks and share of non-performing loans
 Top 20, shares in % (ranking 2014)

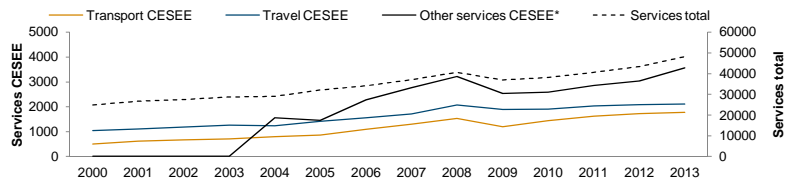


Source: Foreign claims: BIS, OeNB (Ukraine), RBI (Russia) 2014;
 NPL: national statistics (CESEE), IMF (other countries).

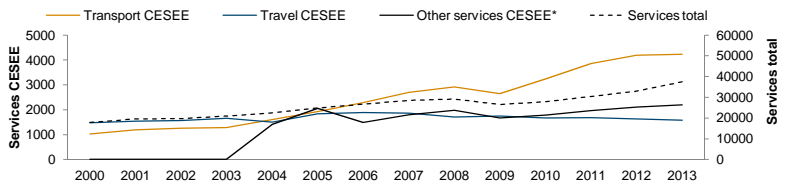
AUSTRIAN SERVICES TRADE: CESEE AN IMPORTANT AND GROWING MARKET – NOT ONLY FOR TOURISM

Austrian trade in services

Exports, million EUR



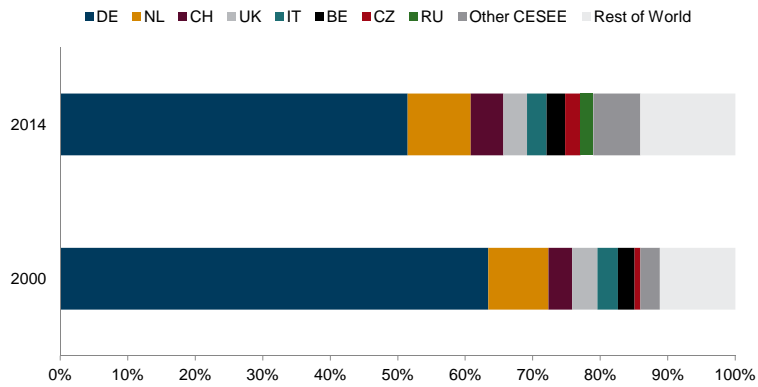
Imports, million EUR



*Other business services. Remark: Data 2013 according to BPM6 methodology, BPM5 before.
 Source: Eurostat.

TOURISTS IN AUSTRIA: INCREASING OVERNIGHT STAYS ESPECIALLY DUE TO GUESTS FROM NMS AND CIS

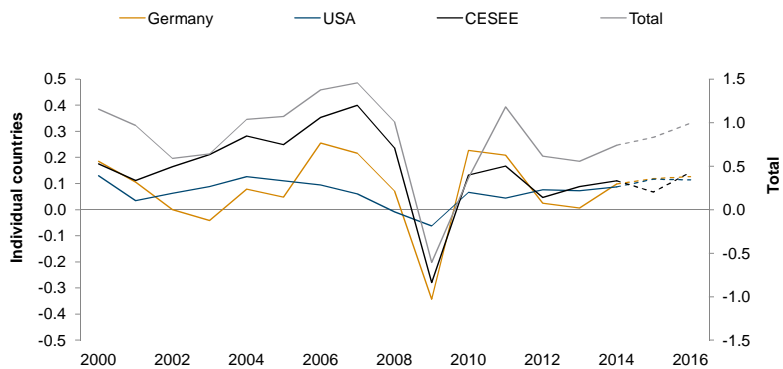
Overnight stays of foreign guests in Austria
Top 8, shares in % (ranking 2014, country of origin)



Source: Statistik Austria.

AUSTRIAN FOREIGN DEMAND: CESEE HAD LARGER CONTRIBUTION THAN GERMANY – IN THE FUTURE MORE BALANCED

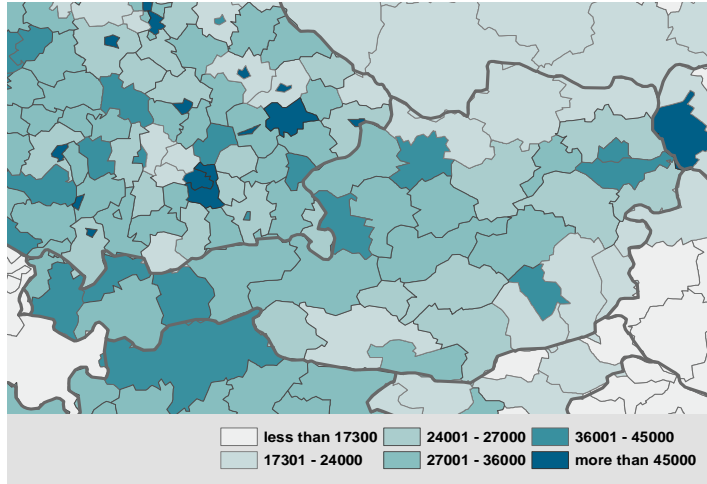
Potential export contribution to Austrian GDP growth, in %



Source: WEO, Eurostat, AMECO, wiiw Database incorporating national and Eurostat statistics.

AUSTRIAN BORDER REGIONS: OFTEN POORER ...

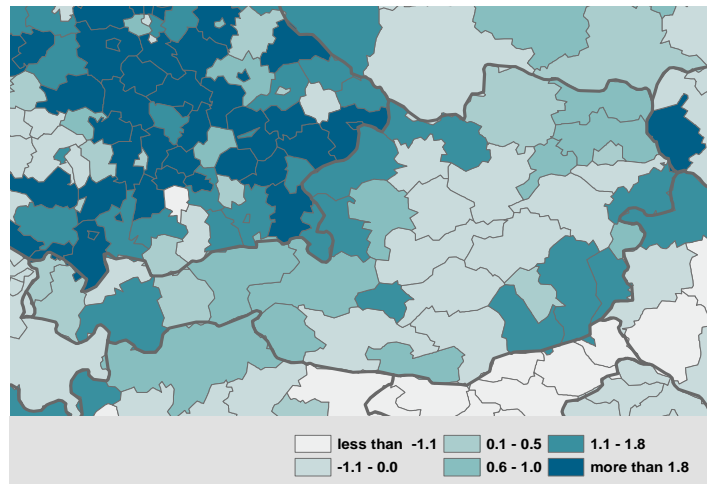
GDP per capita at PPP, 2012



Source: Eurostat.

... BUT MORE DYNAMIC

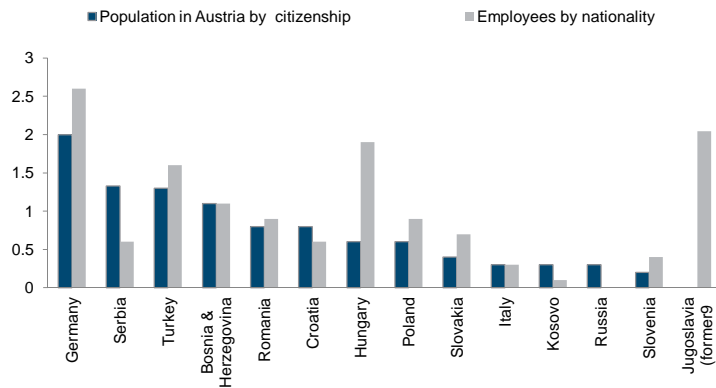
Three-year average growth, 2009-2011, in %



Source: Eurostat.

MIGRANTS IN AUSTRIA: INFLOW FROM GERMANY AND NMS – SHARE OF TURKEY AND WESTERN BALKANS DECLINES

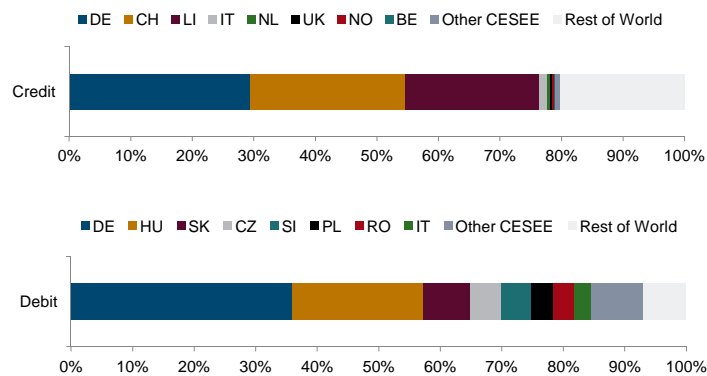
Population and employees by citizenship, 2014
 Top 12, shares in % (ranking 2014, employees)



Source: Statistik Austria.

AUSTRIAN INCOME FLOWS: EXPENDITURES FOR IN-COMMUTERS FROM GERMANY AND NMS BECOMING MORE IMPORTANT

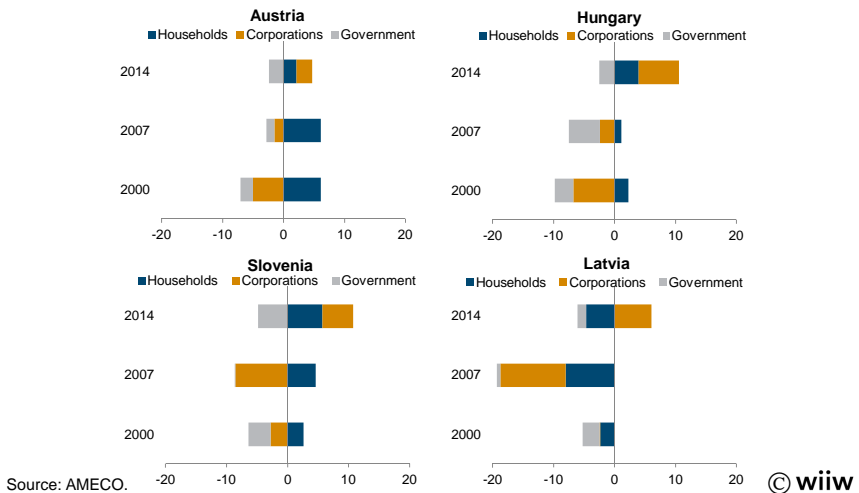
Credit and debit of compensation of employees (BOP), 2014
 by partner countries, Top 8, shares in % (ranking 2014)



Source: OeNB (est.).

EU: PROBLEM CASE OF SAVING IN THE CORPORATE SECTOR

Net lending (+) or net borrowing (-), 2000, 2007 and 2014 in % of GDP



Conclusions

- Upswing in euro area – NMS growth acceleration (3% 2015) – improvements also in Western Balkans – gloomy prospects in CIS
- Overall CESEE growth stimulus positive for Austria
- Austrian competitiveness unchallenged by CESEE – goods exports to NMS-5 expanded
- CESEE also increasingly important for Austria in services trade (apart from tourism also business-related services)
- Integration process in Central Europe advances – Austria benefits from higher growth of neighbours
- EU economic policy challenge: saving in corporate sector

Country codes

AL	Albania	ME	Montenegro
BA	Bosnia and Herzegovina	MK	Macedonia
BG	Bulgaria	PL	Poland
BY	Belarus	RO	Romania
CZ	Czech Republic	RS	Serbia
EE	Estonia	RU	Russia
HR	Croatia	SI	Slovenia
HU	Hungary	SK	Slovakia
KZ	Kazakhstan	TR	Turkey
LT	Lithuania	UA	Ukraine
LV	Latvia	XK	Kosovo
CESEE	Central, East and Southeast Europe		
CIS	Commonwealth of Independent States		
NMS	New Member States		
SEE	Southeast Europe		

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Thank you for your attention!

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