

Monthly Report

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but not Reversed**

Thoughts on the EU’s Migration and Asylum Policies

**COVID-19 and Remittances: The Case of Central Europe and
the Western Balkans**

Russia and the European Gas Crisis



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Chart of the month: Non-EU immigrants and COVID-19 – Integration interrupted but not reversed

BY SEBASTIAN LEITNER

Labour market situation of non-EU immigrants versus natives in EU countries

Figure 1 / Employment rates, EU27, in %

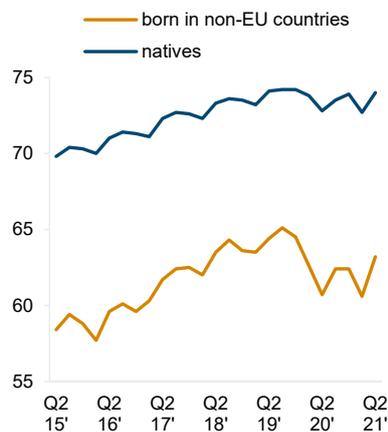
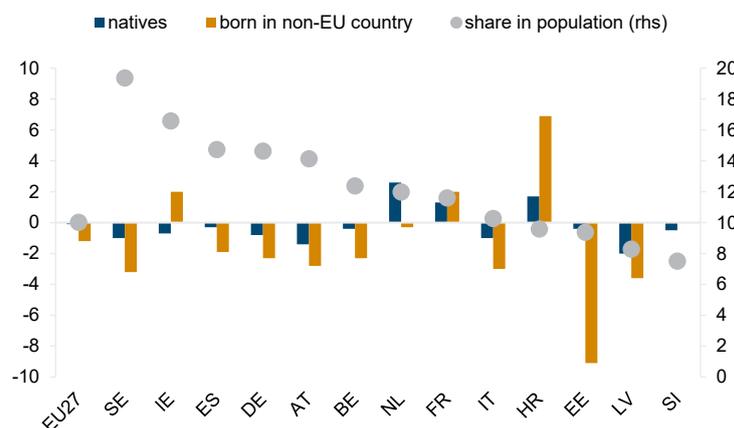


Figure 2 / Change in employment rates Q2 2019 – Q2 2021 in pp, and share of non-EU immigrants in population in %



Note: Figure 2 shows selected EU countries with a high share of population born outside the EU (right-hand scale).
Source: Eurostat - Labour Force Survey.

In the past decade the integration of migrants and refugees has been a major topic in the European Union. In 2020 about 10% of the working age population (20-64) in the EU was born outside its borders. The majority of these people are migrants and refugees from the Western Balkans, Turkey and particularly asylum seekers from war-torn countries (Syria, Iraq, Afghanistan, etc.) who came in the years following 2014. At the beginning of 2016 the employment rate of the group of persons born in non-EU countries was only about 58%, compared to about 70% for natives (see Figure 1). This indicates that it takes time for migrants to settle and find employment suitable to their skills. Particularly refugees are, due to different reasons (language problems, higher prevalence of (mental) health problems, etc.) a more vulnerable group in the labour market. From that time onwards however, the economic integration of migrants has developed well, when integration measures were implemented, and a continuous economic boom resulted in labour demand flourishing. People born in non-EU countries also began to catch up in comparison to natives.

The economic bust in the wake of the COVID-19 pandemic resulted in non-EU migrants being hit harder by job loss than the average population. One reason for this is that they are overrepresented in industries most affected by the pandemic, particularly the hospitality sector. However, the recession was

rather short-lived, as EU countries provided stimulus packages and income support for households. In the case of natives, therefore, the employment rate attained in Q2 2021 is already back to the pre-pandemic level of Q2 2019 (Figure 2). However, for non-EU migrants, whose share in the population ranges from about 8% in Slovenia (right-hand scale in Figure 2) to almost 20% in Sweden, the labour market situation is not that rosy. Although they recuperated, employment rates are still substantially below pre-crisis levels in most West European countries, but also in some new EU member states (Estonia and Latvia). In the case of Ireland, the Netherlands, France and also Croatia a rather high share of workers were kept in employment through short-time work schemes – also still in Q2 2021.

The observed setback in the economic integration of non-EU migrants should, however, only be transitory. The EU wide application of fiscal measures to provide a sustained recovery, combined with retraining measures, should also allow this more vulnerable population group not only to find their way back into work, but to move forward on the path of higher labour market participation and integration.

Opinion Corner* : Thoughts on the EU's migration and asylum policies

BY MICHAEL LANDESMANN

EU policy is developing increasingly in the direction of 'Fortress Europe', with the emphasis on external border management plus attempts to cooperate with the countries of origin and transit countries in stemming migrant and refugee flows. Instead, migration policy should be embedded in a more holistic approach that supports and nurtures the development potential of the EU's neighbouring regions. It should also recognise that the demographic complementarity between an 'ageing Europe' and a population-rich and 'young South' could be exploited to mutual benefit.

DEMOGRAPHIC COMPLEMENTARY BETWEEN EUROPE AND 'THE SOUTH'

The European Commission adopted a New Pact on Migration and Asylum Policy in September 2020.¹ It mainly focussed on strengthening cooperation on external border management, cooperation on asylum procedures, including provisions for returning migrants whose application has been rejected, and cooperation with (potential) countries of origin and transit countries.

Not much has happened since then, and – both at the EU and national levels - there has been a tendency to shy away from properly considering migration policy in the specific context in which Europe finds itself: (i) a continent with highly integrated markets and vanishing internal borders, (ii) having to deal with the challenges of population ageing and the associated rapid increase in the dependency ratio,² and (iii) the fact that most neighbouring regions show a considerably different demographic dynamic, with a strong 'youth bulge' and positive population growth.

The situation is not the same across different neighbouring regions. Eastern European countries (comprising EU-CEE, the Western Balkans and countries from the former Soviet Union, such as Russia, Ukraine, Georgia, Armenia etc.), the source of considerable migration into the ('old', i.e. pre-enlargement) EU over the past decades, are themselves countries with ageing populations. They are experiencing an even sharper fall in their working age population and are similarly facing strongly rising dependency ratios. This contrasts with other countries which already are and will increasingly be the source countries for migration into Europe: the Middle East, north Africa, sub-Saharan Africa and countries further afield such as Bangladesh. These countries have a very different demography: many of them are population-rich, with still high population growth rates and an age pyramid that over the coming decades will yield very sizeable cohorts of young persons of working age.

* Disclaimer: The views expressed in the Opinion Corner section of the Monthly Report are exclusively those of the authors and do not necessarily represent the official view of wiiw.

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1706.

² The ratio between dependents – children and pensioners – to the working population.

The challenge in these regions is to provide jobs for a continuous flow of young people coming into the labour market. Many of these countries fail to do so, and this is reflected in high youth unemployment rates. These groups of unemployed include considerable numbers of persons with quite high levels of education (i.e., completed high secondary or tertiary). Hence we have a clear situation of 'demographic complementarity' between an ageing Europe (with a declining working age population) and neighbouring non-European regions in 'the South' with growing populations and a high share of young people unable to find jobs. This complementarity is bound to become ever more accentuated over the coming decades.

On top of the labour market situation, many countries in 'the South' are prone to political instability and civil or outright wars (Syria, Sudan, Iraq, Yemen, Ethiopia, Eritrea, Myanmar, etc.), which also act as potent 'push factors' for migration flows. Furthermore, the challenge of climate change, which has started to be reflected in migration flows, is bound to increase.

COORDINATED AND HARMONISED POLICIES AS THE WAY FORWARD

In the face of these developments, a joint effort to develop and implement a coordinated and in many ways harmonised migration and asylum policy is of utmost urgency for the European Union.

Why does it have to be 'coordinated' and 'harmonised'?

This emerges from a basic contradiction in the current set-up of the EU policy framework. On the one hand, we have a continent in which borders have come down, and – due to the singular achievement of the Single Market – the European Union aims at free labour and personal mobility. On the other hand, for mostly domestic political reasons, countries are very keen to retain control of their own migration policies so as to be able to control in quantitative terms the number (and composition) of migrants who come into their country. These two features are incompatible. Furthermore, the spill-over effects of one country's situation and policy reactions to migration flows to other countries became obvious in the course of the refugee crisis since 2015-16. Tighter closure of borders on one track diverts migration flows onto other tracks; the tightening of asylum procedures in one country diverts asylum seekers to other countries where conditions are easier. A non-cooperative policy set-up results in a 'race to the bottom', leading – apart from the humanistic aspect – to a sub-optimal outcome for all concerned.

Of course, the situation cannot be discussed in purely economic grounds. There are issues not only of economic integration, but also of social and cultural integration and the adaptation of host societies to the inflow of migrants. These need to be carefully considered and tackled with a range of policies directed both at the members of the host societies and the migrants themselves. By now there is plenty of know-how in this respect and evidence of best practices. Learning from each other's experiences and policy trials is another reason why more coordination and interaction is needed at the EU level.

But let us return to the relationship between Europe and the neighbouring 'Southern' regions, where most potential migration can be expected to come from in the future: many of the initiatives have failed to constructively develop such relationships. The reason – in my opinion – is insufficient attention to incentive issues in the countries of origin of those migrant flows. Why should they cooperate with the EU in its aim for 'controlled migration' which is designed simply to deal with the – mostly political – interests of EU countries? Leaders in the countries of origin will not gain popularity by restricting the outward mobility of

their own populations or by setting-up big refugee camps within their borders. Simply getting money to cooperate on border control or keeping refugee/migrant flows within their borders is too simplistic a design that will not work and will lead to blackmail and encourage corrupt practices in the countries of origin or of transit. We can also see that 'readmission' policies (returning migrants/refugees who do not have stay permits or whose asylum applications have been refused) are singularly unsuccessful. Again, what would the incentive be for countries to cooperate in and enforce such schemes?

EU policies have to become much more 'holistic', embedding migration policies in a host of policies that include support for employment, education, trade, infrastructure and investment policies, business linkages that encourage circularity in gaining training/educational and work experiences, which would have overall positive developmental impacts. Migration can then be seen not as a threat but as an essential component of supporting the development potential of Europe's southern and eastern neighbourhood. Migration policies thus should not be delegated to the personnel from the Ministries of the Interior, but to politically potent units coordinating a cross-ministerial effort.

The design and execution of such policies cannot work at national levels alone: the spill-over effects are very strong in an integrated economic and social space such as Europe. Asylum procedures have to be harmonised, and labour market and social integration have to be intensified from the very beginning of arrival, preparing migrants to benefit from the possibilities of integrated markets. Access to and the benefits of the social security systems for newcomers need to be harmonised to a certain extent, although this might be one of the most difficult issues given the wide disparities in social welfare standards across EU countries. However, this issue is not specific with respect to migrants or refugees as it similarly applies to internal mobility within the EU.

This is not to minimise the challenges and difficulties, which are formidable. And some of the policy documents at EU level are pointing in the right direction:³ in recent declarations there is more emphasis on forging agreements with neighbouring and transit countries, and there is a strong emphasis on information sharing and some degree of harmonisation of asylum procedures. However, the emphasis remains on external border protection, the build-up of Frontex, and – in general – catering to a populist mood of a strongly defensive stance towards migration.

In contrast, for Europe there is huge potential to engage in much stronger interaction with neighbouring regions, whereby people's mobility should be seen as one of the channels – in addition to trade, business linkages, educational exchanges, FDI – that can unleash mutually beneficial development processes. Of course, it will have to be 'controlled migration' just as we have a multitude of regulatory mechanisms in place in international trade agreements, in technology cooperation, with FDI flows, etc. Human capital development and job placement have to be a central part of such agreements, but there has to be an emphasis on 'circularity' in educational and on-the-job training programs that would benefit business development and improvement of the quality of educational and training facilities back home, thus avoiding the impact of uni-directional 'brain-drain'. Policies in this direction have proven their worth within Europe – where strong disparities in development levels also exist – and they will be an essential component of Europe's relationship with its southern and eastern neighbourhood in the future.

³ https://ec.europa.eu/info/policies/migration-and-asylum_en.

COVID-19 and remittances: the case of Central Europe and the Western Balkans¹

BY ISILDA MARA

The dynamics of remittances in the wake of the COVID-19 pandemic have been highly uneven across countries. In Central Europe, where incomes are relatively high and there are many cross-border commuters, the inflow of remittances generally declined last year. In contrast, in some Western Balkan countries, where dependence on remittances was much higher to start with and a large share of emigrants are permanently settled in some of the wealthiest European countries, remittances surged, providing a lifeline to many households affected by the pandemic.

The COVID-19 pandemic has been a drag on economies around the world. The economic recession hit hard both developed and less developed countries, and the initial expectations have been that the economic downturn would also have repercussions on remittance flows – estimated to drop by 20% in 2020² – as unemployment rates would rise and international mobility would decrease. However, after more than a year and a half of coexistence with the COVID-19 pandemic, it has been proven that remittances continued to flow and worldwide they declined by only 1.6% (World Bank, 2021).³ Certainly, the response has been different for different countries, and the factors in play have been numerous. In this article we focus on Central and East European EU member states (EU-CEE) and the Western Balkans (WB) and try to understand how important remittances are for the region and what their response has been during the pandemic.

THE IMPACT OF THE PANDEMIC ON ECONOMIES AND LABOUR MARKETS

The negative impact of COVID-19 has differed across the countries of the region. In 2020, the economies in the WB region contracted by an average of 3.1%, against the 3.9% and 6.1% GDP decline experienced by the EU-CEE and EU27 countries over the same period, respectively. Certainly, the rapid policy response during the initial phase of the pandemic – border closures and forced lockdowns while the numbers of infections were still low – facilitated a quick relaunch for some of the WB economies over the second half of 2020. Also, fiscal and monetary stimuli have been crucial for overcoming the negative repercussions of the pandemic as well as avoiding deeper recessions (wiiw, 2021). Poland's economic contraction has been less severe thanks to the loosening of fiscal policy. Serbia responded with strong fiscal support of 11% of GDP, and the economy contracted by only 1% last year. In contrast, Montenegro's

¹ I am thankful to my colleagues Vladimir Gligorov, Michael Landesmann and Branimir Jovanovic for useful comments and suggestions.

² <https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>

³ <https://www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis>

tourism-dependent economy shrank by 15%, affected by restrictions on mobility. Tourism sectors in other countries such as Albania and Bosnia and Herzegovina also declined due to mobility restrictions.

The effects of the pandemic on labour markets were accompanied by declining employment rates, rising inactivity, and slight increases in unemployment rates. Lockdowns obstructed job search and labour demand contracted quite substantially. Also, because of short-time work schemes as well as reduced hours of work, wages declined, and disposable income shrank (wiiw, 2020, p.15). The risk of poverty rose in some EU-CEE countries, namely Slovenia and Bulgaria.⁴ In the WB countries the number of people falling into poverty increased by between 165 and 336 thousand, with Albania, Montenegro, and North Macedonia experiencing the strongest increases in poverty rates (World Bank, 2021, p.14).

THE IMPACT ON REMITTANCES

Remittances and migration are strongly interconnected. Migrants move abroad not only to improve their life prospects, but also to support family members in their country of origin. Over the last three decades emigration from EU-CEE and the WB countries has been continuous and the community of migrants living abroad has been growing fast. For some countries such as Bosnia and Herzegovina the share of migrants abroad corresponds to one half of its resident population. In Albania, this share is 44% and in Kosovo nearly 40% (Table 1). Thus, for many of the countries migration and remittances are an important lifeline, especially during economic downturns – reaching up to 20% of GDP, as also occurred during the international financial crisis in 2008-2009.

Table 1 / Share of remittances to GDP and share of migrants to total population, in %

	Year	XK	BA	ME	AL	RS	HR	MK	RO	BG	PL	CZ	HU	SK	EE	SI
Remittances as a share of GDP, %	2019	15.7	11.2	10.5	9.6	8.2	6.6	2.2	3.3	3.3	1.1	1.5	2.9	2	1.7	1.1
	2020	18.9	9.2	12.6	9.9	7.3	7.1	3.4	3	1.4	1	1.77	2.4	1.8	1.6	1.1
Share of migrants to total population, %	2020	39.7	48.5	21.4	44.1	14.5	26	33.5	20.7	24.3	12.6	9.6	7.3	7.7	15.6	7.6

Source: World Bank, UN Statistics.

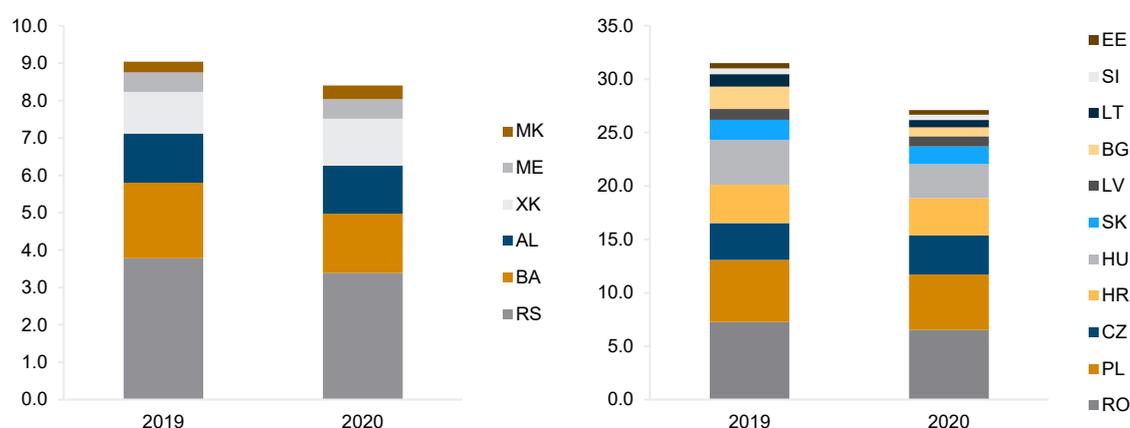
This has also been the case during the COVID-19 pandemic. Especially for some of the WB countries severely hit by the pandemic, remittances came to the rescue. On the one hand, most WB countries are exposed to higher unemployment rates – particularly among youth. Apart from that, in some of the WB countries informal employment is rather high. Many people working in such conditions tend to be left uncovered by the social security system and therefore an important segment of the population is vulnerable and exposed to economic downturns. In these circumstances, relying on remittances from abroad is a great source of financial support in the region. The big gap in income levels between the WB and the EU (with wages in the EU being two to three times higher than in the WB⁵) is such that a small sum of migrants' savings sent home makes a huge difference for recipients.

⁴ <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210705-1>

⁵ <https://wiiw.ac.at/mara-east-west-migration-trends-in-europe-running-out-of-steam-dlp-4874.pdf>

On the other hand, migrants in some destination countries weathered the negative impact of pandemic much better than expected and could thus afford to help their family members back home. This was possible for the following reasons. First, the EU-CEE and Western Balkan countries have large communities of migrants in the EU, the UK, Norway and Switzerland.⁶ A large share of migrants residing in these countries fall into the group of essential workers (e.g., in construction, manufacturing, but also health and care services) which turned out to be important during the pandemic.^{7 8} Second, many migrants who lost their jobs could still rely on social and unemployment benefits.

Figure 1 / Remittance inflow in EU-CEE and the Western Balkan countries, EUR billion



Source: World Bank.

The sharp income losses in the WB countries in the wake of the pandemic and the relatively good financial standing of WB migrants abroad resulted in the strong performance of remittances last year. In 2020 the inflow of remittances to the WB amounted to EUR 8.4 billion – close to 10% of their GDP. This is comparable to the financial assistance allocated by some of the governments in the region to tackle the negative effects of the pandemic (wiiw, 2020, p.12). In particular, remittances rose by 30% in North Macedonia, by 15% in Kosovo and by 8% in Montenegro (Figure 2). Their share of GDP rose respectively in Albania (by 0.3 pp), Kosovo (by 3 pp), Montenegro (by 2 pp) and North Macedonia (by 0.8 pp) (Table 1). In contrast, remittances' share of GDP declined in Serbia (by 0.9 pp) and Bosnia and Herzegovina (by 2 pp). Simple calculations suggest that last year an average migrant from the WB sent back home EUR 150 per month.

In this way, many households in the WB could maintain their consumption levels in the wake of the pandemic, thanks to income support received from abroad. Although private consumption contracted during the initial phase of the pandemic (except for in Kosovo), financial hurdles increased because of health-related expenditures due to COVID-19, especially in rural areas, and this caused migrants to increase support for their families back home. As a result, in 2020 for most of the WB countries (except for Serbia), household consumption as a share of GDP rose. Exceptionally, in Montenegro it increased

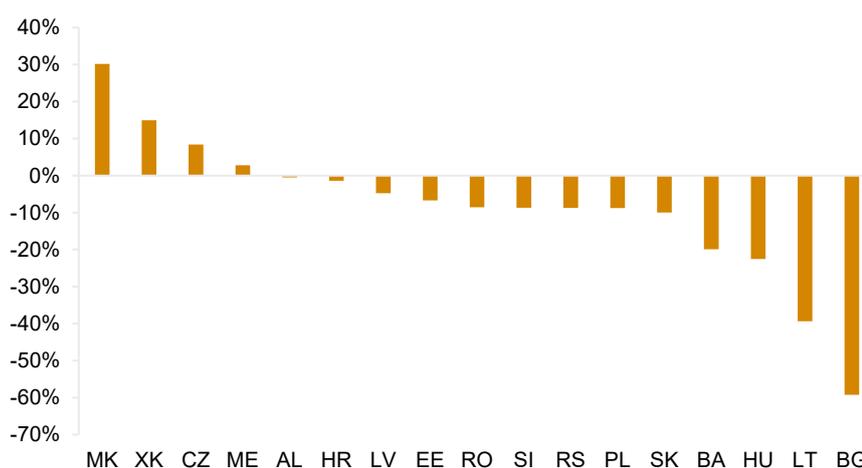
⁶ According to the United Nations (2020) statistics, the stock of migrants from EU-CEE and WB is estimated at 13 million and 4.7 million respectively (12% and 26% of their current population), see also Table 1.

⁷ https://knowledge4policy.ec.europa.eu/foresight/potential-migration-implications-covid-19-crisis_en.

⁸ <https://www.oecd.org/coronavirus/policy-responses/covid-19-and-key-workers-what-role-do-migrants-play-in-your-region-42847cb9/>

by 8 pp and in Kosovo by 5 pp – suggesting that the contribution of remittances to income and consumption has been high and rising. At the same time, there was a drop in the share of gross savings in GDP in all WB countries (except for Serbia) – of 10 pp and 5 pp respectively in Montenegro and North Macedonia. This suggests that remittances only partially cushioned the negative effects of the pandemic on household incomes, so that many households also had to use their savings to bridge the gap.

Figure 2 / Annual change in remittance inflow in 2020, in % on US dollar basis



Source: World Bank.

In contrast, for most of the EU-CEE countries except for Czechia, remittance inflows contracted last year. In Bulgaria and Lithuania, the drop was quite dramatic, close to 60% and 40%, respectively. Thus, the dynamics of remittances during the pandemic has not been uniform across countries. While remittance flows have been resilient for some of the WB countries, in contrast, in the EU-CEE, the drop in remittances exceeded the GDP decline.

WHY DID THE RESPONSE IN REMITTANCES DIFFER ACROSS COUNTRIES?

At first glance the different performance of remittances across various countries in EU-CEE and the WB during the pandemic can be explained by the different levels of dependency on remittances. The WB countries are much more dependent on remittances than EU-CEE (Table 1), as they are much poorer. But a deeper analysis of the demand and supply-side factors of remittances presents a more complex picture.

In EU-CEE, the lower supply of remittances is combined with lower demand for them. On the demand side, employment and the level of earnings have substantially improved in these countries and income per capita gaps with the EU-15 have narrowed quite significantly. In other words, there is a lower dependence on remittances at home. Among the EU-CEE countries Bulgaria stands out, with remittances contracting by 60% last year. This may be partly due to the lockdowns which delayed consumer spending – but also the need and the possibility to send money back home. But a more likely reason is that remittances were being transferred personally and as such have not been traceable by the banking system – especially if amounts were not large. With the start of the pandemic, close to 600

thousand Bulgarian migrants returned home between March and May 2020; more than 30% of them because they lost their job, but another 40% returned to stay with their family members (although the return might have been temporary; it has been estimated that by the end of 2020 only 10% remained in Bulgaria). Other EU-CEE countries like Czechia and Hungary have large communities of migrants in Germany and Austria. Hungary in particular has a large share of migrants in Austria – more than 87 thousand. A large portion of these migrants falls into the category of cross border workers⁹ (56 thousand), i.e. commuters, of whom more than a third are employed in services or tourism.¹⁰ These workers were strongly affected by the pandemic and restricted mobility. This category of workers in particular may have faced huge difficulties in continuing to work and transferring money back home.

The resilience of remittances for some of the WB countries can be explained by both higher supply and demand effects. In the specific cases of North Macedonia and Kosovo, the supply side effect has been quite important given the large stock of migrants abroad relative to their resident population (among the highest in EU-CEE and WB). These are mostly permanently (rather than temporarily) settled and reside in the wealthiest EU countries (e.g., Germany, Austria, and Switzerland). Also, the demand side effect has been very important given the persistently high levels of unemployment and inactivity rates – even before the pandemic – in the WB countries. Also, the sluggish response of these countries' governments in the initial phase of the pandemic might have generated greater solidarity and a prompt response among migrants in supporting their family members.

In contrast, in Bosnia and Herzegovina and Serbia the decline in remittance flows last year might be explained by the type of migration that has been emerging over the last decade as well as lower demand. It is true that similarly to North Macedonia and Kosovo, a large community of migrants from these two countries resides in Germany, Austria and Switzerland. However, over the last decade mobility (and this of a more temporary and seasonal employment nature) toward neighbouring countries – e.g., Slovenia, Croatia and Hungary – has intensified. As such, the mobility restrictions and border closures have in part truncated mobility for this group of mobile workers. Also, on the demand side, better earnings and employment prospects, especially in Serbia, and the huge financial stimuli introduced by the Serbian government from the start of the pandemic was a great support for the population, and dependence on remittances was lower than in other countries.

Moreover, rising inflows of remittances in some countries can be also explained by their large degree of formalisation. Initially, remittance flows declined as restrictions on mobility were introduced. Traditionally, remittances have been mainly sent via personal contacts and informal channels. When lockdowns were imposed, such opportunities were reduced. This was particularly the case in Italy, Greece and other EU countries which applied quite harsh lockdowns. Border closures during the pandemic broke the informal channel so migrants had to adjust and go through official channels - e.g., the banking system or international money transfer operators. These intermediaries promptly assisted many migrants to continue sending money back home, mostly at relatively lower transaction costs.¹¹

⁹ <https://ec.europa.eu/eurostat/cache/digpub/eumove/bloc-2c.html?lang=en>

¹⁰ Bali database: <https://www.dnet.at/Bali/QueryEN.aspx>

¹¹ The World Bank, Remittance Prices Worldwide, available at <http://remittanceprices.worldbank.org>.

OUTLOOK

The overall message is that during the pandemic remittances showed resilience in those WB and EU-CEE countries where emigration and remittances traditionally do matter. Will this resilience persist in the future? On the one hand, mobility restrictions have not been totally abolished and they might be reinstated given the ups and downs of the pandemic, which would facilitate flows of remittances. Also, lower transaction costs applied by money transfer operators, which facilitated flows of remittances last year, will continue to do so. On the other hand, however, the economic recovery is expected to be moderate, depending on the vaccination pace and with downside risks looming ahead. Social protection systems in the EU countries have served their purpose so far, but for how long and how generously remains an open issue, potentially affecting the financial situation of migrants from the WB and EU-CEE in Western Europe.

Thus, it might be too early to answer the above question. However, the counter cyclicity of remittances as seen during other international financial crises might be part of future trends in remittances as well.

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Russia and the European gas crisis

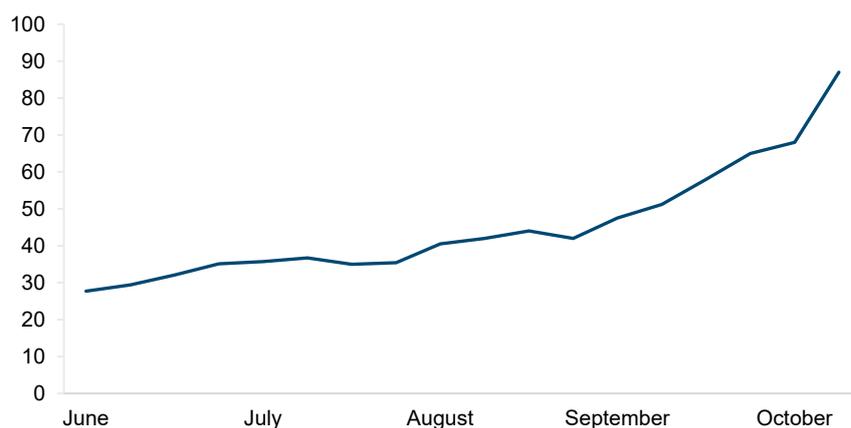
BY ANDREI BELYI¹

The current European gas crisis has resulted from the market cycles which are inherent to commodities. In recent years, LNG inflows have allowed the development of a competitive market, but reduced supplies in the wake of the pandemic have conditioned a sharp hike in gas prices. Although Gazprom has not been directly behind the crisis, it has taken advantage of it mostly by reducing gas flows via Ukraine. Meanwhile, Gazprom continues to fulfil its commitments under long-term oil-indexed contracts, which have existed in parallel with the competitive gas hubs. Hence, recent EU appeals to Russia to increase gas supplies are seen in Moscow as a step towards a partial return to long-term oil-indexed contracts and an opportunity to strengthen Russia's geopolitical standing in Europe.

Over the summer of 2021 European gas prices almost tripled (Figure 1), provoking heated political debates. The present article answers the three main questions which have been repeatedly asked in expert communities and policy milieus, namely:

- › What went wrong with the EU model of gas market liberalisation that many believed ensured the durability of low spot prices?
- › Is Russia responsible for reducing gas flows?
- › And can Russia save Europe from more severe energy shortages this winter?

Figure 1 / Natural gas price in June-October 2021, TTF, in Euro/MWh



Source: Title Transfer Facility (TTF), a virtual trading point for natural gas in the Netherlands.

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WHAT WENT WRONG? FAILED DIVERSIFICATION AND REDUCED LNG INFLOWS

Commodity markets, including that for natural gas, are usually cyclical. High commodity prices are cured by increased competition, while low commodity prices are cured by a reduction in investment activities. In normal market conditions characterised by inter-fuel and inter-company competition, gas price hikes would not have affected energy systems overall. In Europe, previous gas price hikes occurred between 2007 and 2008 as well as between 2011 and 2014, but without reaching the current record highs. Instead, since the sharp decline in energy prices resulting from the commodity crisis of 2015-16, the world experienced a glut in hydrocarbon markets. While oil prices were then stabilised by OPEC+ agreements, prices have experienced an almost persistent 'low price season'. But market trends have reversed recently, generating unprecedented pressure on energy systems. On the one hand, the closure of coal and nuclear power capacities across European countries has increased reliance on natural gas in electricity generation. On the other hand, the EU has become much more reliant on the short term gas trade.²

Inter-fuel competition is the key element in ensuring competitiveness in gas markets. Originally natural gas was viewed as a substitute for oil³ and therefore its pricing was also related to oil prices. This pricing model foregrounded a stable coefficient which takes into account the 6-month period for which the oil price average is calculated with a 3-month time lag and then applied for the next 3 months (Table 1).

Table 1 / 3+6+3 formula for oil price average for indexation

Year 1				Year 2			
Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Reference	Period	TIME LAG	Price 1				
	Reference	Period	TIME LAG	Price 2			
		Reference	Period	TIME LAG	Price 3		
			Reference	Period	TIME LAG	Price 4	

In some markets, oil price indexation explicitly ensured that gas was cheaper than oil. For example, prior to the 2000s, the following formula was applied in the US:

$$P_{\text{gas}} = -0.11 + 0.14P_{\text{WTI}}$$

where P_{gas} is the price for gas at Henri Hub in a termed contract accounted in US dollars per mmbtu, and P_{WTI} is the price of West Texas Intermediate (the dominant oil marker in North America) accounted in US dollars per barrel. Following the formula, when WTI reaches USD 100 per barrel, the Henri Hub gas price reaches USD 13.89 per mmbtu. However, with time, oil-to-gas competition began to lessen since unlike gas, oil is not widely used in power generation. The shale gas revolution in the US accelerated a shift to gas-to-gas competition, while oil indexation lost relevance.⁴

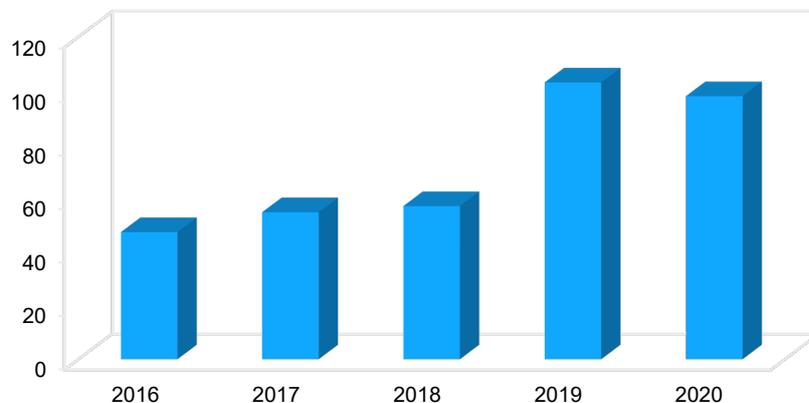
² The argument was elaborated in A. Belyi, 'Gas crunch: market and policy causes, and lessons learned', *Energy Post*, 05 October 2021, <https://energypost.eu/gas-crunch-market-and-policy-causes-and-lessons-learned/>.

³ J. Esrada, H. Bergesen, A. Moe, A. Sydnes, *Natural Gas in Europe* (London: Pinter Publishers, 1988).

⁴ K. Talus, 'Long-term natural gas contracts and antitrust law in the European Union and the United States', *Journal of World Energy law and Business*, 2011, Vol. 4 (3), pp. 260-315.

In the EU the process has been more complex. EU legislation on gas market liberalisation ensured the unbundling of pipeline networks and commodity supply to guarantee gas delivery via networks without losing ownership over the commodity. As domestic production (mostly in the North Sea) has been on the decline, European gas suppliers have been mostly squeezed between long-term import agreements with non-EU countries (such as Algeria, Norway and Russia) and EU legislation requirements for competition.⁵ The development of market platforms – gas hubs – has to a certain extent ensured the existence of gas-to-gas competition in Europe, mainly thanks to inflows of liquefied natural gas (LNG) (Figure 2). In 2019 and 2020 the share of LNG in European gas imports rose to around 25%, reaching historic highs.

Figure 2 / Imports of LNG to the EU, in bcm



Source: Independent Commodity Intelligent Services (ICIS) and Route4Gas, automated data collection.

LNG imports occur both on spot and on termed contracts. However, since 2017 the number of termed contracts for LNG supplies to Europe has significantly declined and by the end of 2020 constituted less than 2%. Low spot prices provoked by a persistent gas oversupply largely contributed to this shift. Pipeline gas from Russia, Norway and North Africa has been mostly imported on long-term contracts, hence outside gas hubs, even though parts of it have still been traded on spot. However, LNG has mostly contributed to the change in market behaviour as LNG has allowed for re-trading of the gas surplus.⁶ Also, a large number of utilities have relied on LNG to balance gas deliveries instead of using underground gas storage sites that are linked to pipelines.⁷

Nevertheless, during the Covid-19 pandemic, the number of liquefaction trains diminished, and a number of LNG cargo deliveries were cancelled. Adding to that, the demand for LNG accelerated in Asia (where prices are higher). From January to September 2021 LNG inflows to Europe declined compared

⁵ K. Talus, 'Winds of Change: Long-Term Gas Contracts and Changing Energy Paradigms in the European Union' in C. Kuzemko, A. Belyi, A. Goldthau, M. Keating, (eds) *Dynamics of Energy Governance in Europe and Russia* (London: Palgrave, 2012).

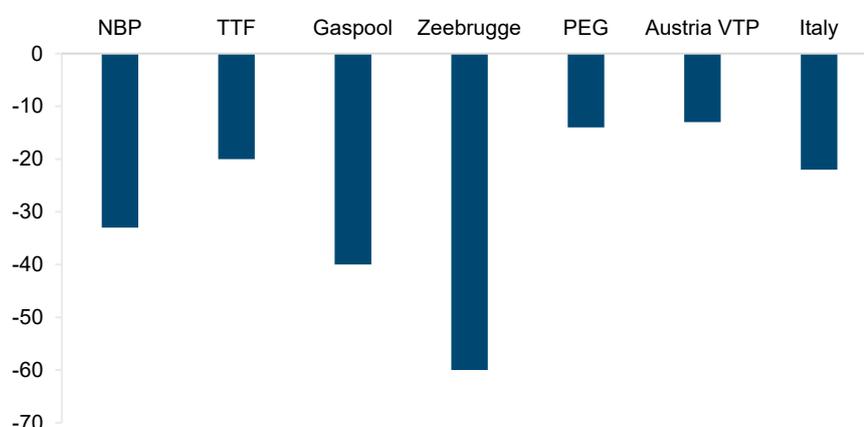
⁶ A. Belyi, 'Changing Market Realities in Light of Continuing Low Gas Prices', *Natural Gas World*, 14 March 2016, <https://www.naturalgasworld.com/changing-market-realities-in-light-of-continuing-low-gas-prices-28618>.

⁷ A. Belyi, 'Stepping on the Gas: Future-Proofing Estonia's Energy Market and Security', Policy Brief for the International Centre for Defence Studies, May 2019, <https://icds.ee/en/stepping-on-the-gas-future-proofing-estonias-energy-market-and-security/>.

to the same period in 2020 (Figure 3). Pipeline deliveries mostly increased during the first nine months of 2021 compared to the same period of 2020 but declined compared to the level of 2019. However, utilities which relied on spot deliveries and on LNG storages found themselves in a difficult situation.

Liquidity at the main European hubs also dropped in 2021 compared to 2020. Figure 3 shows that gas hubs with larger liquidity drops (e.g., Zeebrugge and TTF, which includes Rotterdam) are also those which are more dependent on LNG supplies. Meanwhile, long-term oil indexed gas supply agreements have maintained the principle 3+6+3 illustrated in Table 1. Actually, spot prices rose mainly because of the limited surplus on the market, driven mostly by lower supplies of LNG compared to previous years.

Figure 3 / Liquidity change in over-the-counter in 2021 versus 2020, year-to-date, in %

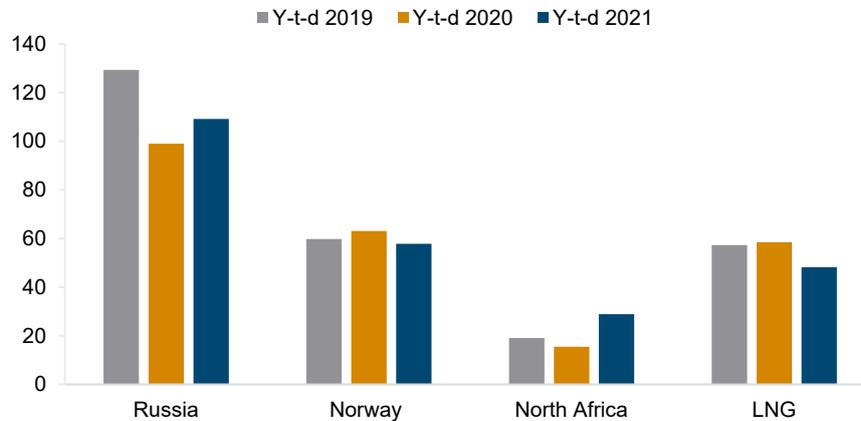


Source: Independent Commodity Intelligent Services (ICIS), data collection, 2021.

IS THERE A RUSSIAN HAND IN THE EUROPEAN GAS CRISIS?

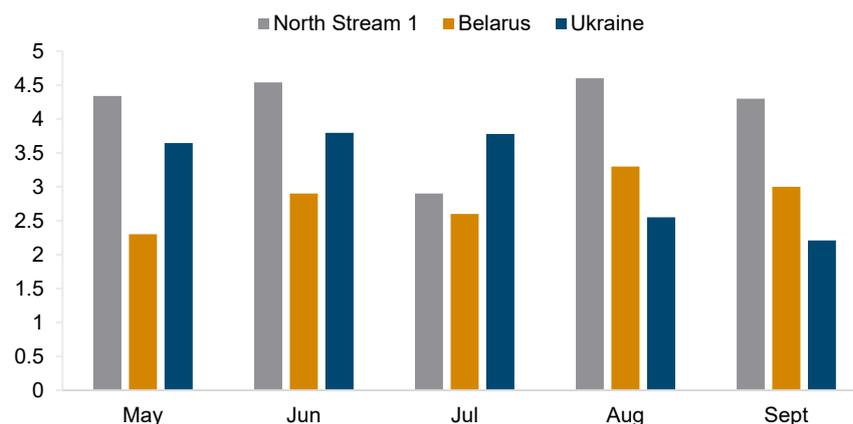
The main contention about the current gas crisis concerns the origin of the supply shock: were gas supplies to the EU deliberately interrupted by Russia? Figure 4 demonstrates that most of the decline in 2021 compared to 2020 occurred in LNG supplies, while Russian gas export volumes to Europe slightly increased. However, Russian exports declined in 2020 compare to the level of 2019. Back then, the situation required limiting flows because underground storage was almost full. In 2020 the situation with underground storage was indeed the opposite: too much gas was injected amid stagnating demand. In 2021, as gas demand accelerated while piped supplies didn't reach the level of 2019, the underground storage capacity has been only slightly below usual levels (about 70% instead of 80 or 90%) and therefore does not constitute a major risk of under-supply.⁸

⁸ L. Neal, 'Why Europe fears a gas crunch even before winter demand begins', *Financial Times*, 15 September 2021.

Figure 4 / Natural gas imports into the EU, year-to-date, in bcm

Source: Route4Gas, automated data collection.

However, Russian suppliers could have taken advantage of the spike in gas prices to reinforce the position of the Nord Stream 2, a controversial gas pipeline project beneath the Baltic Sea. Figure 5 indicates that flows of Russian gas via Belarus and Nord Stream 1 were reduced during the summer break (for reparation works). In turn, flows via Ukraine have significantly declined since August 2021. Notably, according to the automated data collection Appygas, for the last three months the daily average gas flow from Russia via Ukraine has been 2,601 GWh/day, less than from Norway which shows 2,937 GWh/day.⁹ Also, during the first 13 days of October 2021 a 40% decline (year on year) of gas flows via Ukraine has been noticed.¹⁰ Thus, Gazprom has deliberately decreased exports to Europe via Ukraine.

Figure 5 / Flows of natural gas from Russia to the EU in May-September 2021 by route, in bcm

Source: Route4Gas, automated data collection.

Figure 5 illustrates that North Stream 1 is the main route for exports of Russian gas to the EU – ahead of Belarus and Ukraine. Meanwhile, most European utilities view Nord Stream 2 positively since

⁹ <http://appygas.com> (last accessed 1 October 2021).

¹⁰ 6.75 bcm in 2020 and 4.046 bcm in 2021 according to Route4Gas and Appygas automated data.

presumably, it will create the conditions for secure deliveries to German gas hubs. Moreover, a new signal is now coming from Russia, with Moscow planning to permit Rosneft – Russia’s biggest oil company, which also produces gas – to access Nord Stream 2 as well (so far, Gazprom has been by law the only exporter of Russian gas via pipelines).¹¹ However, it must be noted that Nord Stream 2 is primarily dedicated to redirecting gas for existing long-term contracts, hence it remains questionable how much gas surplus will be available for the hubs.

WILL GAZPROM COME TO THE RESCUE?

Since the European gas crisis has accelerated in September-October, many have expressed the wish that Gazprom help the EU by providing additional supply volumes¹². However, Gazprom answered that it is actually fulfilling all the long-term contracts outside the gas hubs. In fact, during the last decade, Gazprom has advocated for long-term contracts and Gazprom’s existing contracts have maintained oil indexation even though European companies put significant pressure on it to integrate hub-indexation into the pricing formula.¹³ In Europe, many have tended to believe that the old pricing formula making gas cheaper than oil is not relevant anymore.¹⁴ However, Russian exporters have often preferred to reform oil indexation instead of pure gas-to-gas competition.¹⁵ During the last decade, Gazprom has often agreed to use a mixed system, where the bulk of supplied gas volumes (60-70%) remained indexed to oil prices, whereas the remaining parts were indexed to hub prices.

As a result, as of 2021 long-term contracts with pure oil price indexation cover only about 20% of overall imports to the EU.¹⁶ As spot prices were usually lower than oil-indexed prices (Figure 6), spot trading became the favoured mode of trading for many utilities in Europe. However, in 2021 the relationship reversed, with spot prices exceeding oil-indexed prices by more than 125%.

Against the background of the current energy crisis, debates about the need to reform the gas markets in Europe have resumed. Some EU states have even relaunched the idea of joint gas purchases¹⁷ which are in principle contrary to the existing free-market gas-to-gas competition approach. Moreover, the crisis calls into question earlier decisions by European courts which required companies to switch to hub-pricing as a ‘normal’ mode of market practice.

¹¹ On Gazprom-Rosneft competition on gas markets see A. Belyi and A. Goldthau, ‘Between a rock and a hard place: International market dynamics, domestic politics and Gazprom’s strategy’, Florence School of Regulation, RSCAS 2015/22, https://cadmus.eui.eu/bitstream/handle/1814/35398/RSCAS_2015_22.pdf.

¹² T. Bros, ‘Gazprom Urged to Release More Gas’, *Natural Gas World*, 4 October 2021, <https://www.naturalgasworld.com/x-92627>.

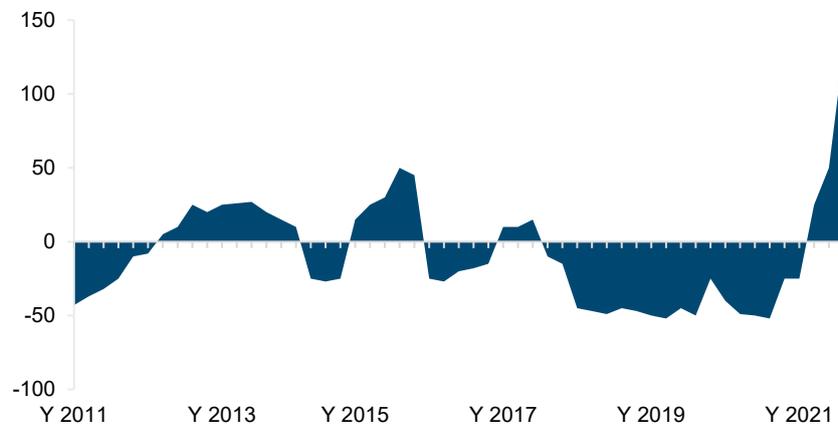
¹³ For a history of EU-Russia gas relations see A. Belyi, *Transnational gas markets and Euro-Russian energy relations* (London: Palgrave, 2015).

¹⁴ See J. Stern, ‘The Transition to Hub-based pricing in Continental Europe: a response to Sergei Komlev of Gazprom Export’, Oxford Institute for Energy Studies, February 2013, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2013/02/Hub-based-Pricing-in-Europe-A-Response-to-Sergei-Komlev-of-Gazprom-Export1.pdf>.

¹⁵ For details of contract and price evolution see A. Konoplyanik, ‘Evolution of gas pricing in Continental Europe: modernization of indexation formula vs gas-to-gas competition’, Centre for Energy, Petroleum, Mineral Law and Policy, 2010, http://www.konoplyanik.ru/ru/publications/articles/465_Evolution_of_Gas_Pricing_in_Continental_Europe.pdf.

¹⁶ S. Taglapietra and G. Zachmann, ‘Is Europe’s gas and electricity price surge a one-off?’, Blog Post, Bruegel, September 2021, <https://www.bruegel.org/2021/09/is-europes-gas-and-electricity-price-surge-a-one-off/>.

¹⁷ I. Kustova and C. Eggenhofer, ‘Is EU Joint Gas Purchasing really a bad idea?’, Centre for European Policy Studies, 6 October 2021, <https://www.ceps.eu/is-eu-joint-gas-purchasing-really-a-bad-idea/>.

Figure 6 / Difference between spot and oil-indexed gas prices, in %

Source: Royal Dutch Shell, 2021.

European calls for Russia to increase gas supplies also seem quite paradoxical after repeated attempts to decrease Gazprom's share on European markets. Meanwhile, the Russian establishment has immediately reacted with a critique of liberalised markets. In the eyes of Russian stakeholders, European appeals to Russia to increase gas supplies available for spot markets would not seem to be logical. Instead, the 'way to go' from the Russian perspective would be with long-term contracts, such as the one concluded recently with Hungary.¹⁸

Apart from the pricing formula, Russia will also put forward political demands. On 10 October Russia's envoy to the EU, Vladimir Chizhov, called for the EU to normalise relations first in view of solving the gas crisis. In his interview with the Financial Times, he claimed that Russia should not be considered an adversary.¹⁹ Perhaps, Chizhov is hinting about the EU decision to halt most of the communication channels with Russia including the bilateral Energy Dialogue. Maybe implicitly, he is challenging the European political consensus towards Moscow which has been shaped by events surrounding Ukraine since 2014. In any case, if for Europeans the issue of additional gas supplies from Russia is about mitigating price hikes and physical shortages, for Russians it is an opportunity to advance its geopolitical agenda.

CONCLUSION

The role of LNG in recent years has evolved to become the 'swing supplier' in European gas markets. Thus, the decrease in LNG imports in the wake of the COVID-19 pandemic has caused the price hike. Although Russia did not cause the crisis, Gazprom seems to be taking advantage of limited LNG inflows to reinforce the 'pro-Nord Stream 2' position, and perhaps to even avoid further sanctions against it. While Europe's opposition to Nord Stream 2 has declined in the wake of the gas crisis, the energy security risks for Ukraine have been largely overlooked.

¹⁸ Pipeline Technology Journal, 1 October 2021, <https://www.pipeline-journal.net/news/hungary-concludes-new-long-term-natural-gas-contract-gazprom>.

¹⁹ Financial Times, 10 October 2021, <https://www.ft.com/content/80109d85-f896-44fc-b4da-523b626c5c3d>.

At the same time, it remains difficult to envisage that Gazprom would help solve liquidity in the European spot markets for gas, which have been under fire from Russian criticism for a decade. Instead, the Russian monopoly has reiterated its adherence to long-term contracts and has confirmed this with a newly concluded agreement with Hungary. Thus, any appeal to Russia to increase gas supplies available to European spot markets would imply political consequences by reinforcing Russia's earlier arguments against market liberalisation. This raises the following question: why ask Russia and not the US, which could export 'the molecules of freedom' in the form of LNG? Does it mean that dealing with a state-owned gas monopoly is easier for the EU than relying on pure market forces? These questions will certainly gain relevance in the EU policy debate. In the meantime, the current crisis has become another difficult test for Euro-Russian energy relations.

Monthly and quarterly statistics for Central, East and Southeast Europe

The monthly and quarterly statistics cover **22 countries** of the CESEE region. The graphical form of presenting statistical data is intended to facilitate the **analysis of short-term macroeconomic developments**. The set of indicators captures trends in the real and monetary sectors of the economy, in the labour market, as well as in the financial and external sectors.

Baseline data and a variety of other monthly and quarterly statistics, **country-specific** definitions of indicators and **methodological information** on particular time series are **available in the wiiw Monthly Database** under: <https://data.wiiw.ac.at/monthly-database.html>. Users regularly interested in a certain set of indicators may create a personalised query which can then be quickly downloaded for updates each month.

Conventional signs and abbreviations used

%	per cent
ER	exchange rate
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices (for new EU member states)
LFS	Labour Force Survey
NPISHs	Non-profit institutions serving households
p.a.	per annum
PPI	Producer Price Index
reg.	registered
y-o-y	year on year

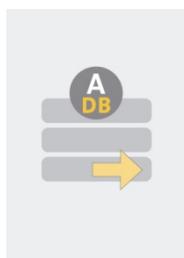
The following national currencies are used:

ALL	Albanian lek	HRK	Croatian kuna	RON	Romanian leu
BAM	Bosnian convertible mark	HUF	Hungarian forint	RSD	Serbian dinar
BGN	Bulgarian lev	KZT	Kazakh tenge	RUB	Russian rouble
BYN	Belarusian rouble	MKD	Macedonian denar	TRY	Turkish lira
CZK	Czech koruna	PLN	Polish zloty	UAH	Ukrainian hryvnia

EUR euro – national currency for Montenegro, Kosovo and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

Online database access



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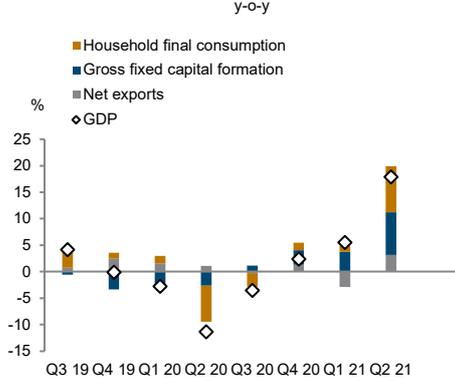
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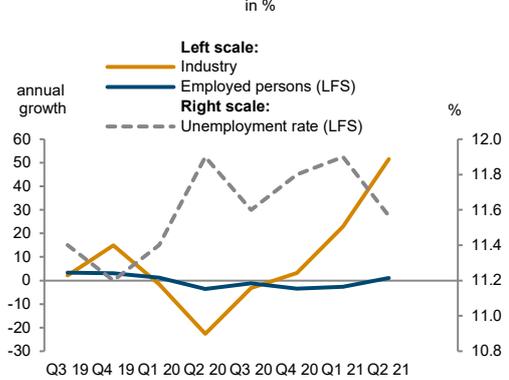
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Albania

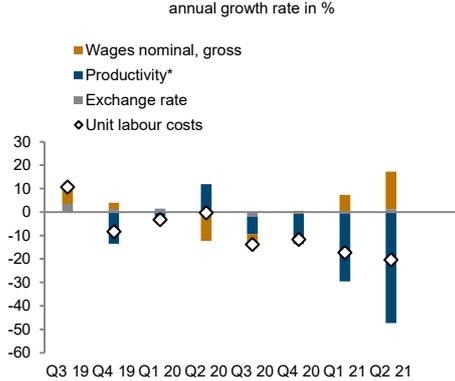
Real GDP growth and contributions



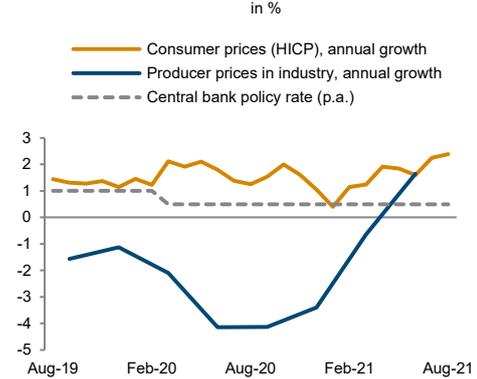
Real sector development



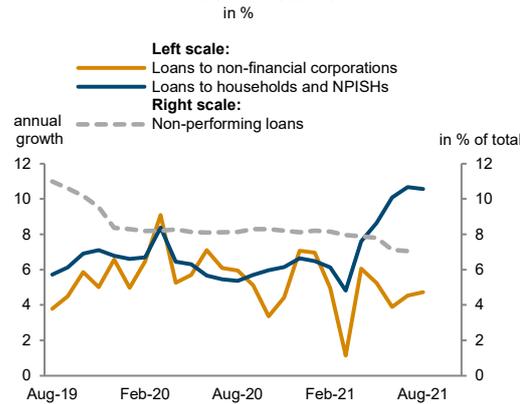
Unit labour costs in industry



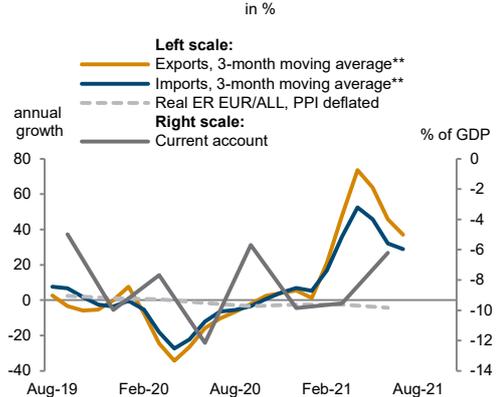
Inflation and policy rate



Financial indicators



External sector development



*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

**EUR based.

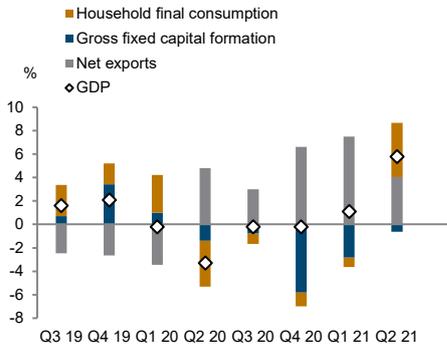
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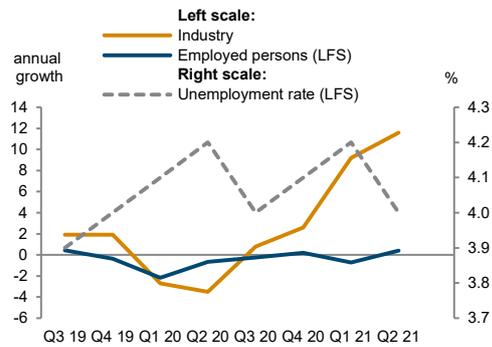
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Belarus

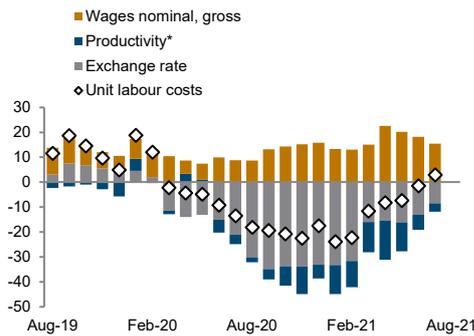
Real GDP growth and contributions
y-o-y



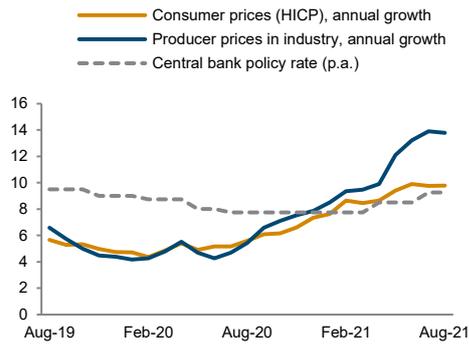
Real sector development
in %



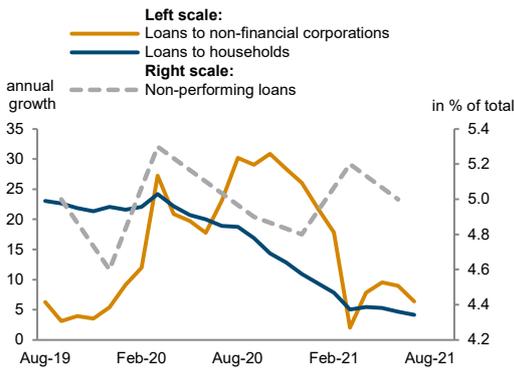
Unit labour costs in industry
annual growth rate in %



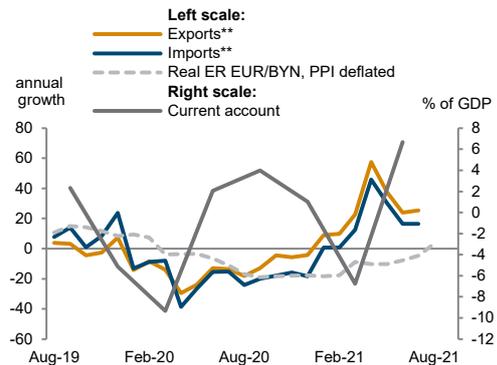
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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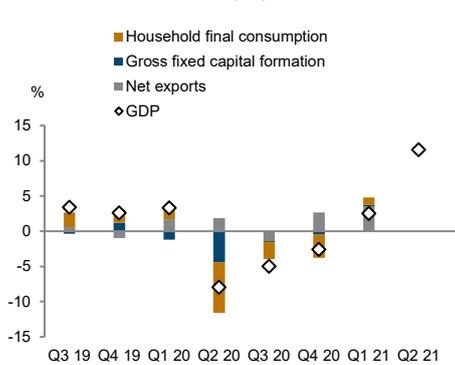
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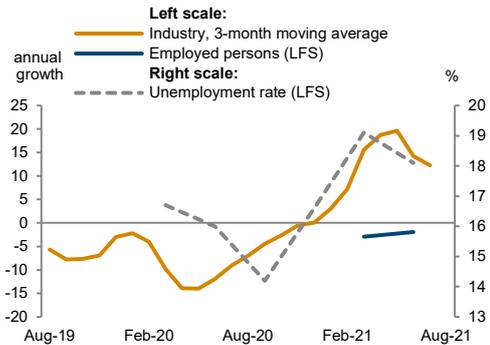
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Bosnia and Herzegovina

Real GDP growth and contributions



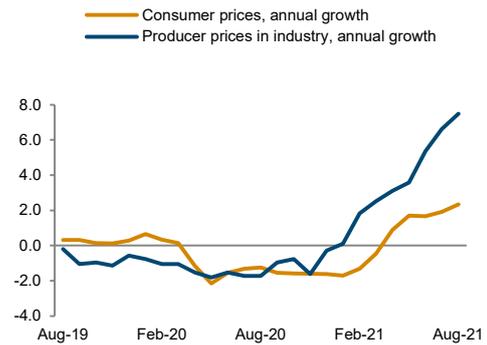
Real sector development



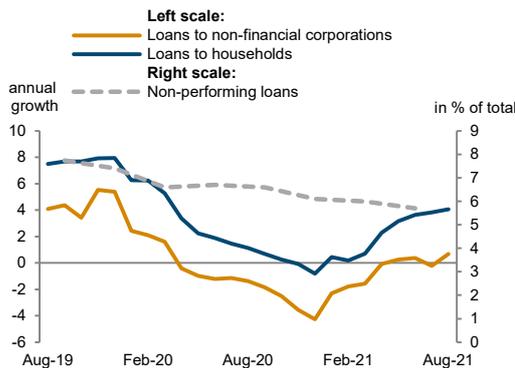
Unit labour costs in industry



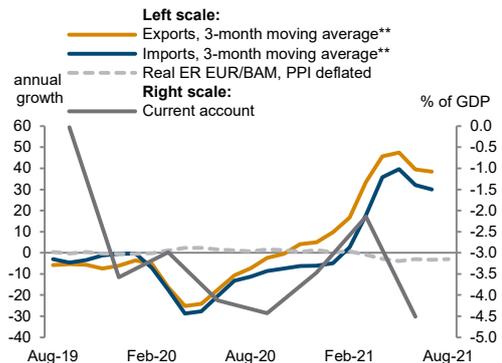
Inflation



Financial indicators



External sector development



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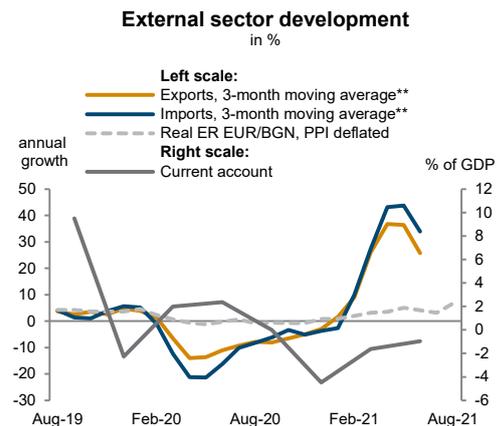
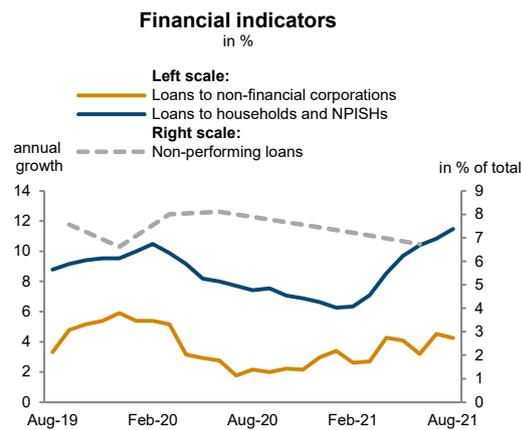
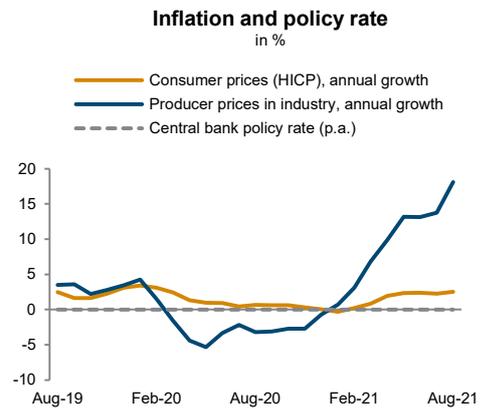
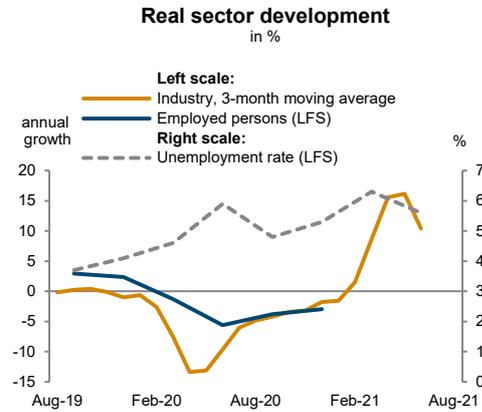
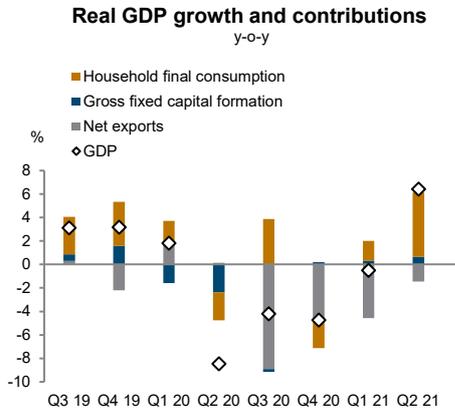
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

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Bulgaria



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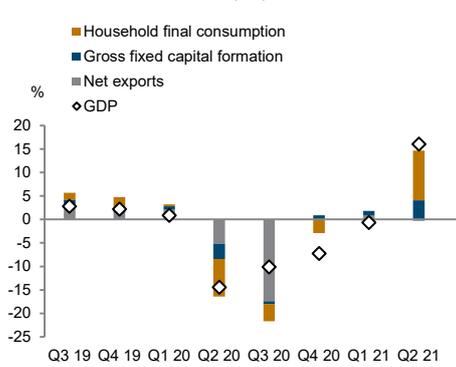
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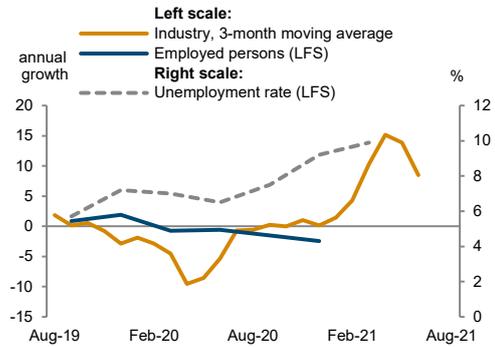
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Croatia

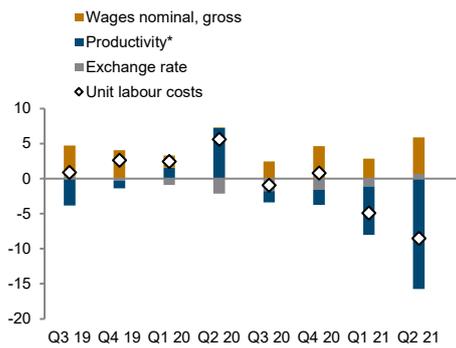
Real GDP growth and contributions



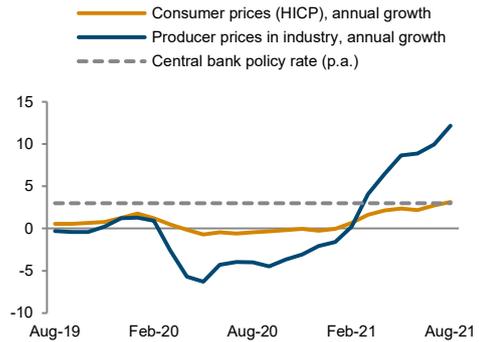
Real sector development



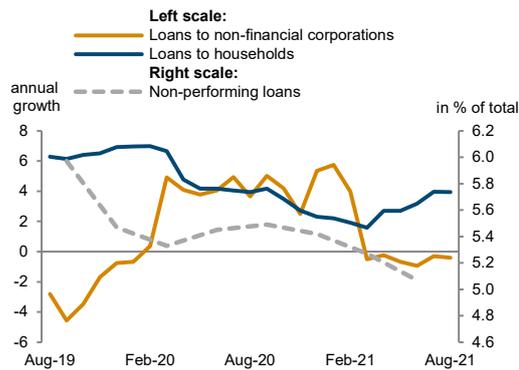
Unit labour costs in industry



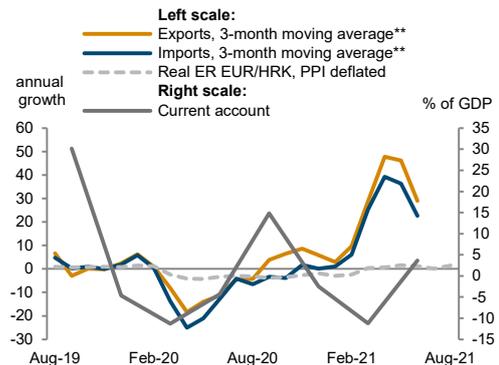
Inflation and policy rate



Financial indicators



External sector development



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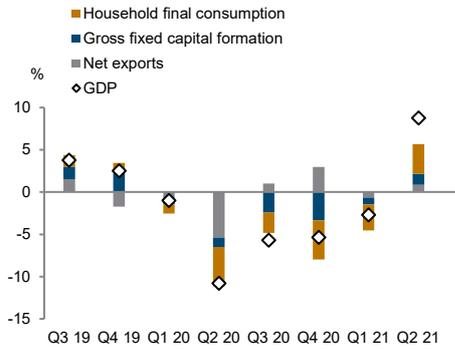
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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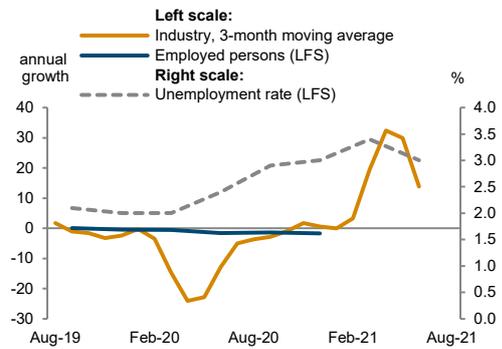
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Czechia

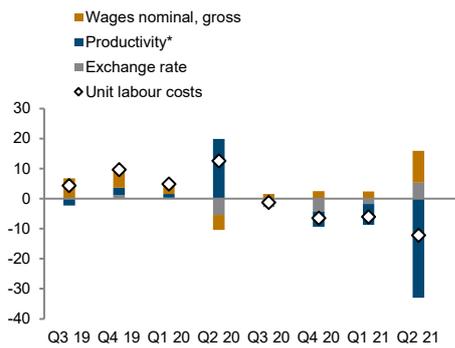
Real GDP growth and contributions
y-o-y



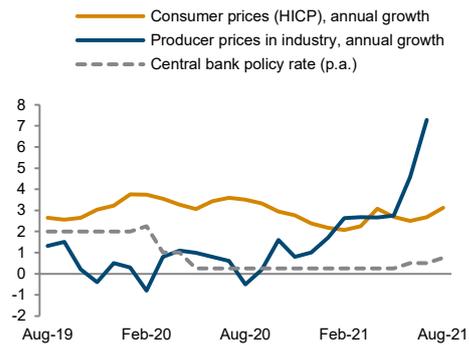
Real sector development
in %



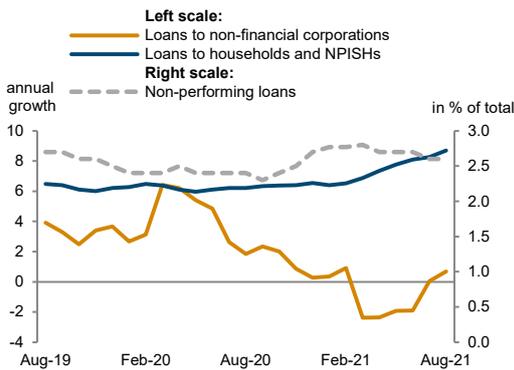
Unit labour costs in industry
annual growth rate in %



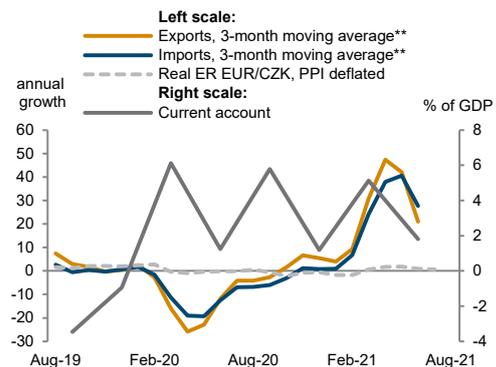
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

**EUR based.

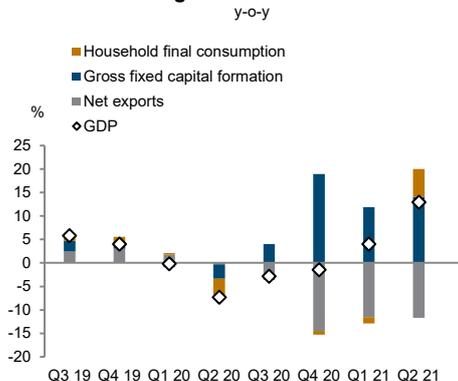
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

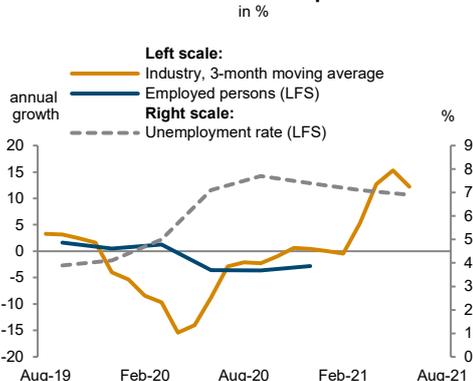
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Estonia

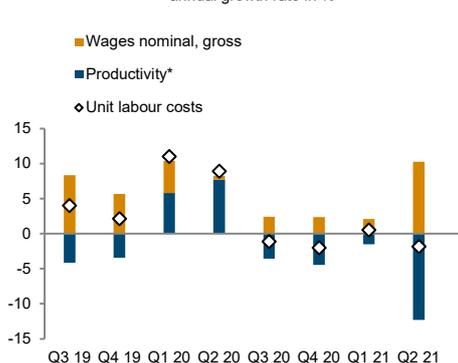
Real GDP growth and contributions



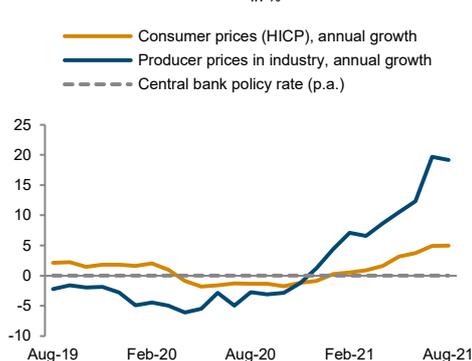
Real sector development



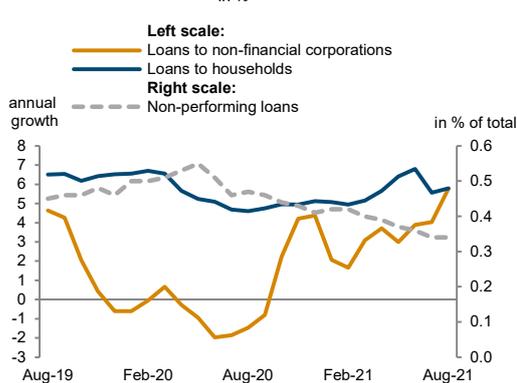
Unit labour costs in industry



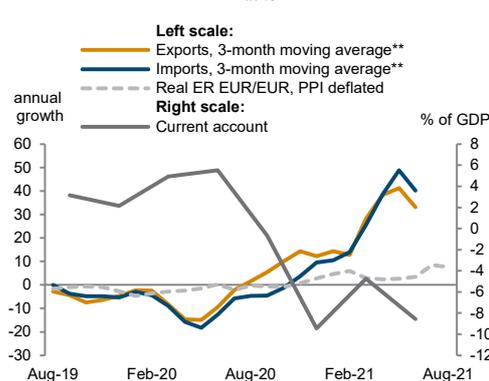
Inflation and policy rate



Financial indicators



External sector development

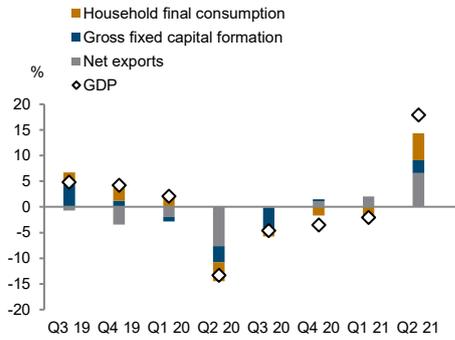


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 **EUR based.

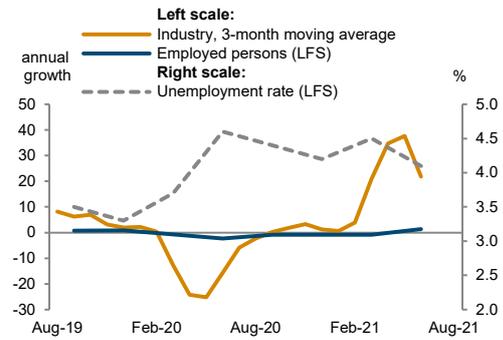
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
 Baseline data, country-specific definitions and methodological breaks in time series are available under:
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Hungary

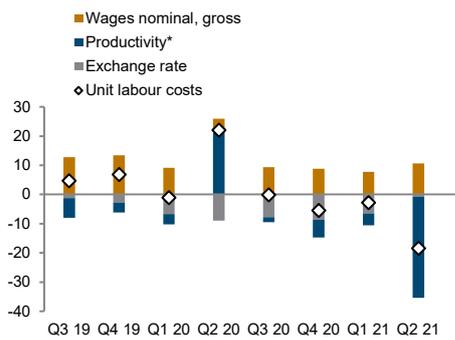
Real GDP growth and contributions
y-o-y



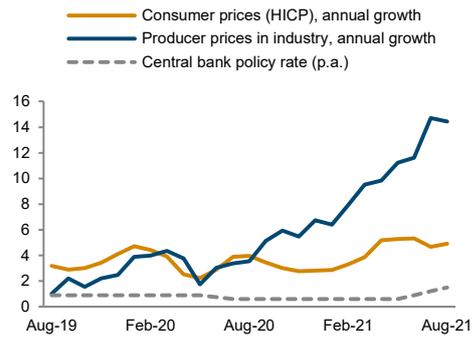
Real sector development
in %



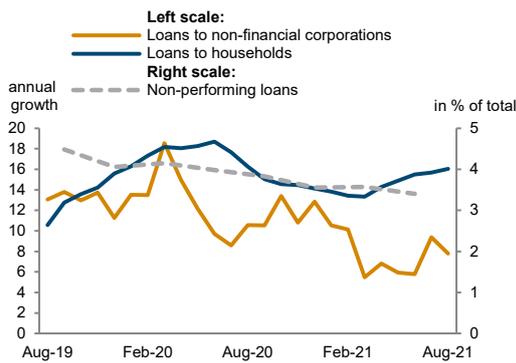
Unit labour costs in industry
annual growth rate in %



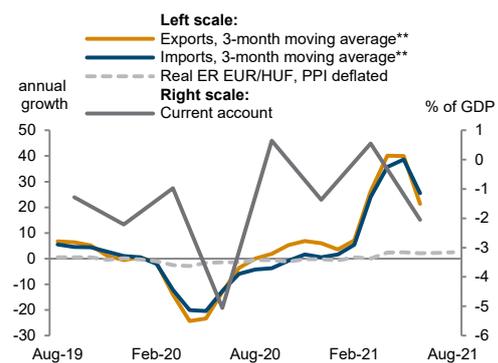
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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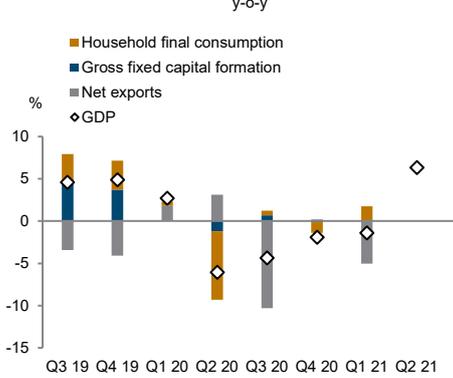
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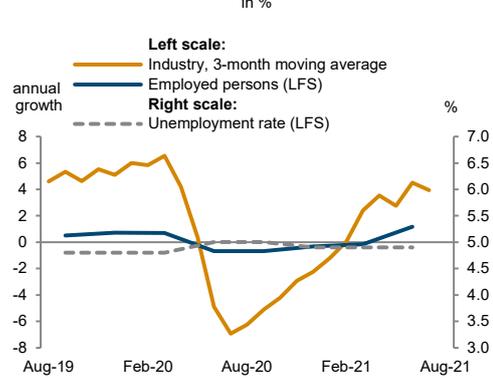
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Kazakhstan

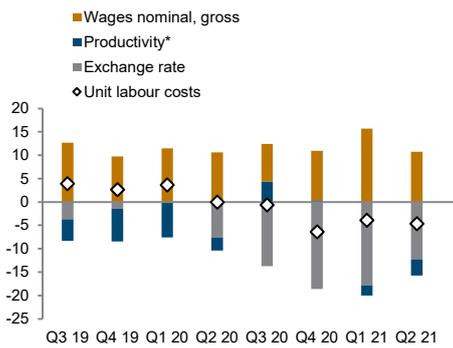
Real GDP growth and contributions



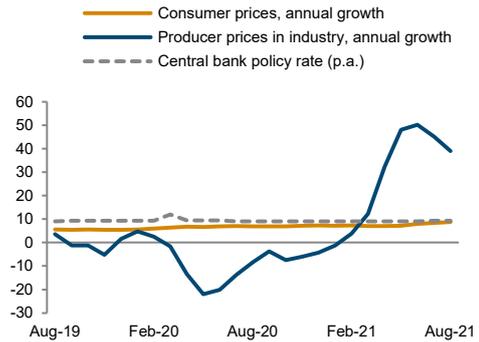
Real sector development



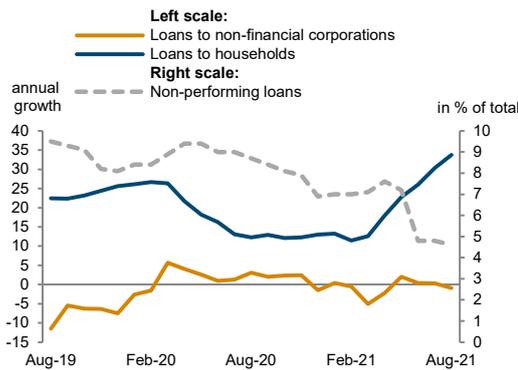
Unit labour costs in industry



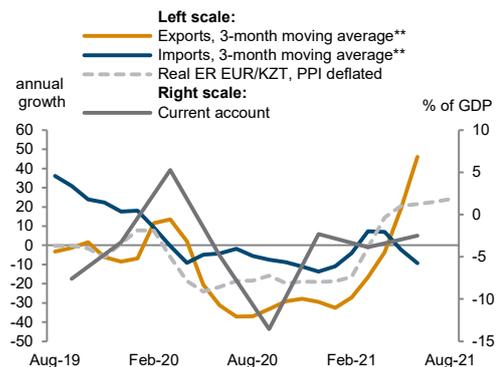
Inflation and policy rate



Financial indicators



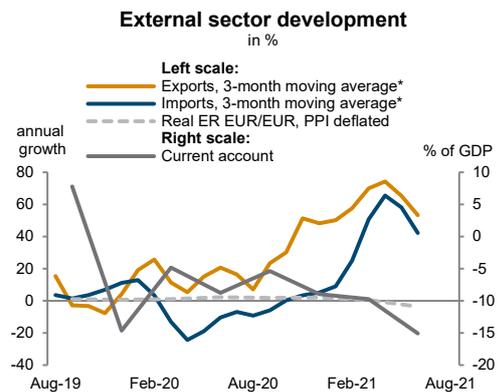
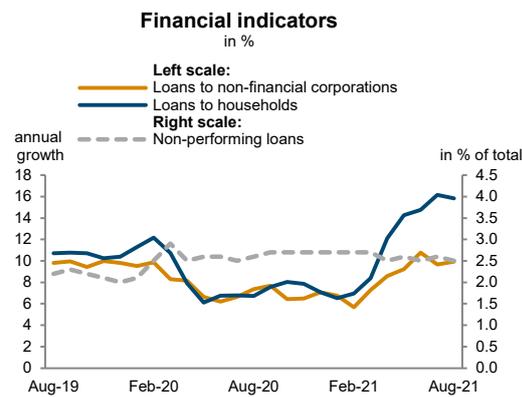
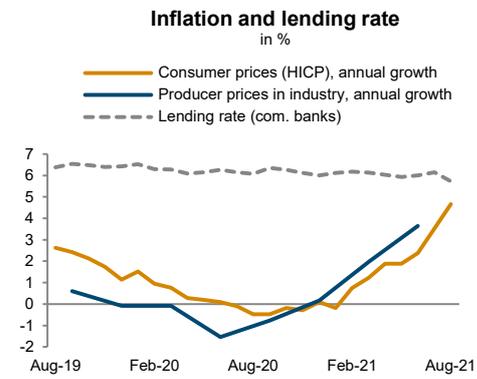
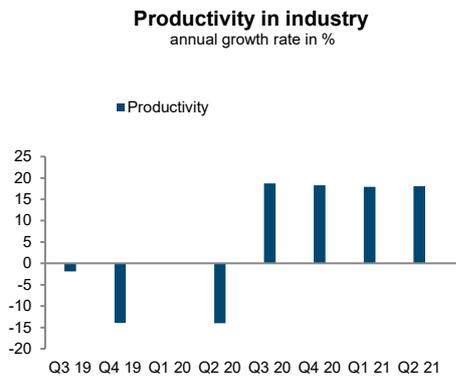
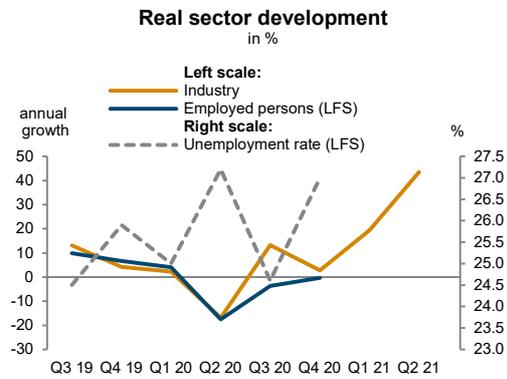
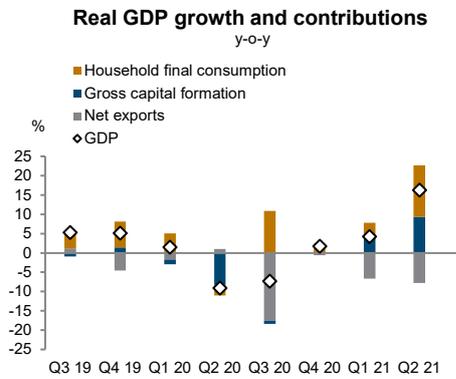
External sector development



*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
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Kosovo



*EUR based.

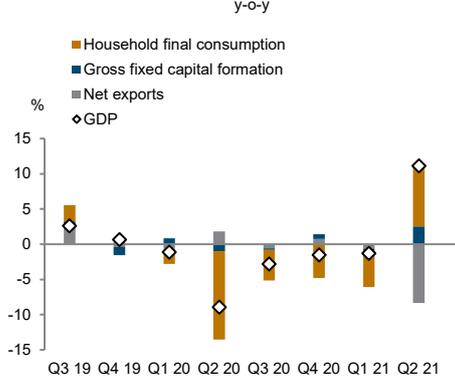
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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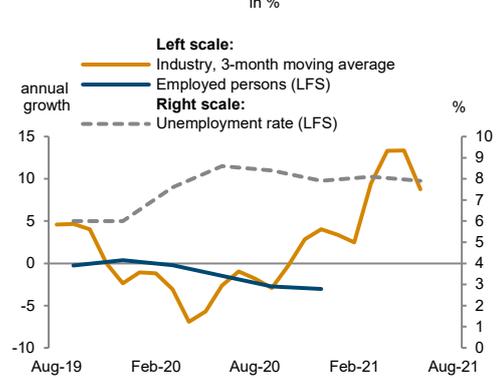
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Latvia

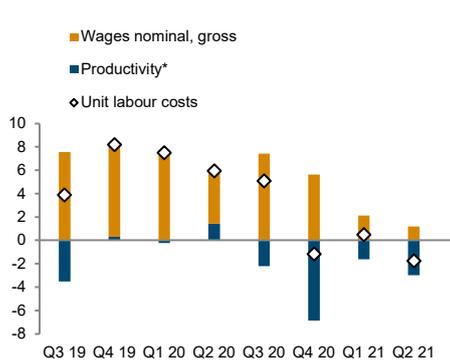
Real GDP growth and contributions



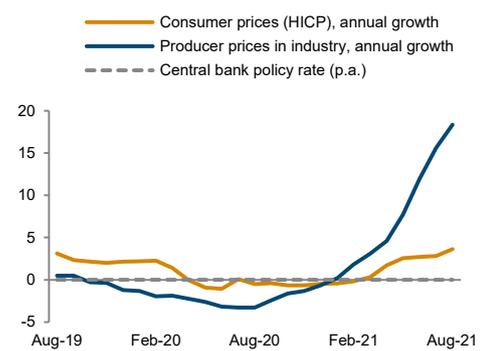
Real sector development



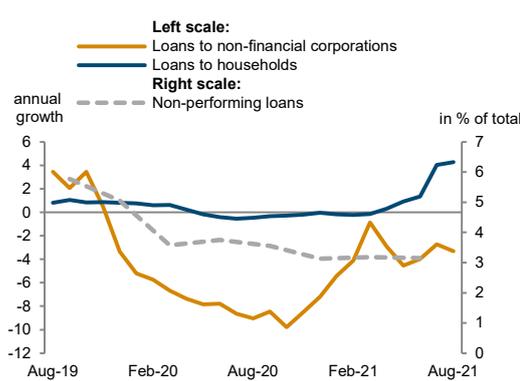
Unit labour costs in industry



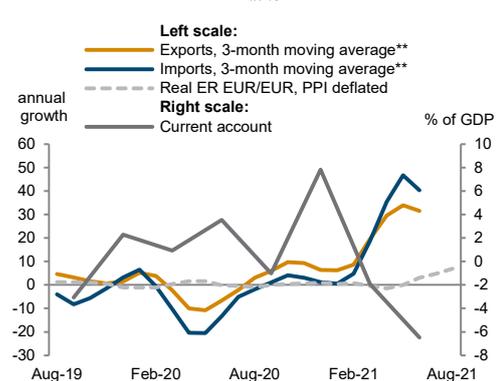
Inflation and policy rate



Financial indicators



External sector development



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**EUR based.

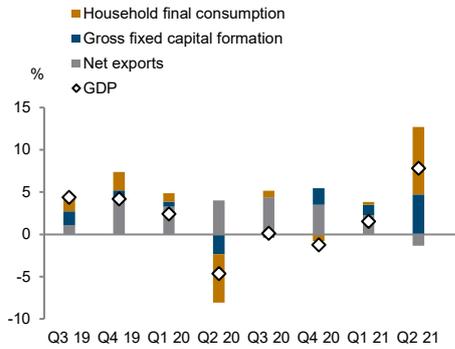
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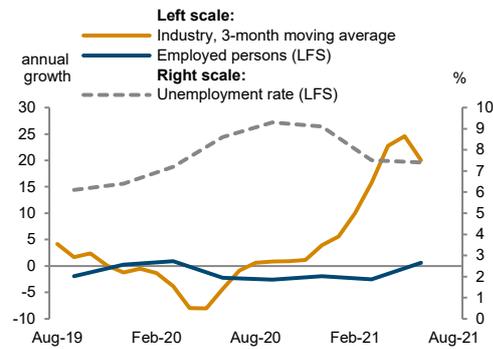
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Lithuania

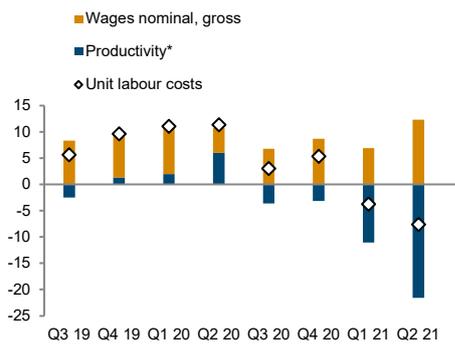
Real GDP growth and contributions
y-o-y



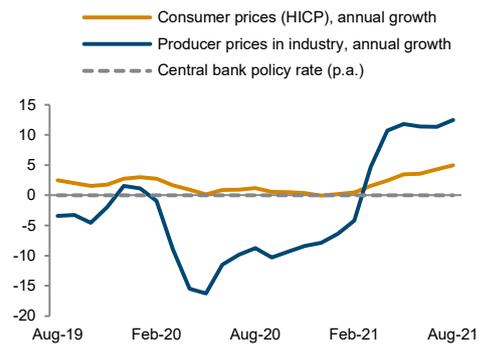
Real sector development
in %



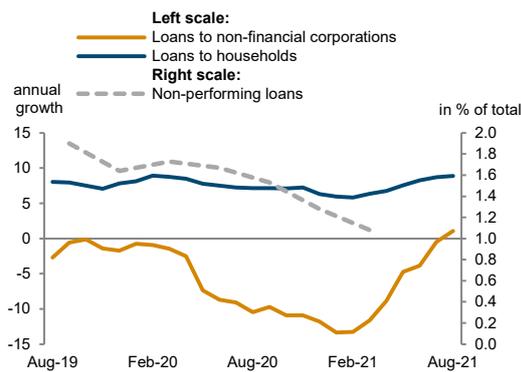
Unit labour costs in industry
annual growth rate in %



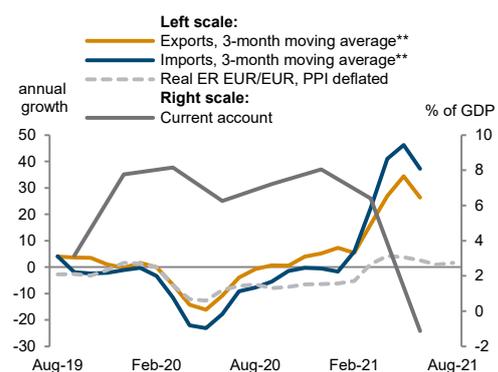
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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**EUR based.

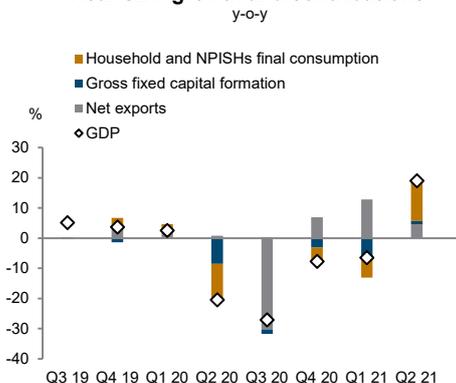
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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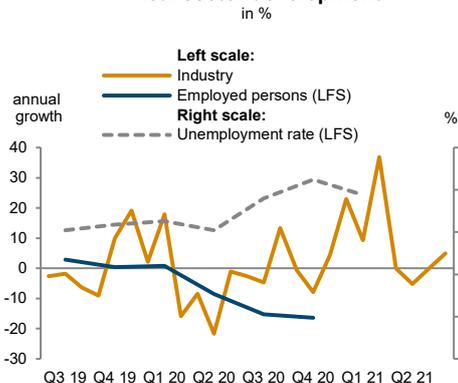
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Montenegro

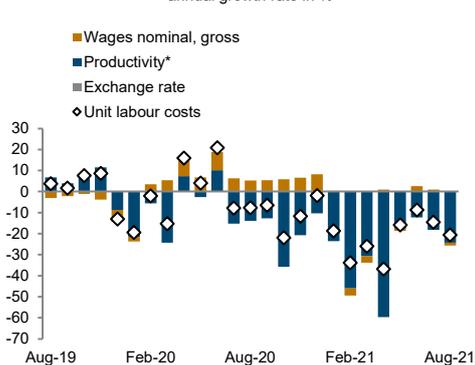
Real GDP growth and contributions



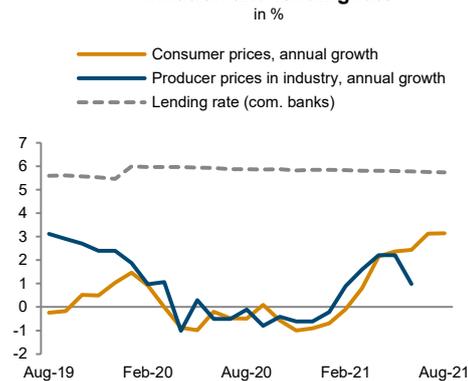
Real sector development



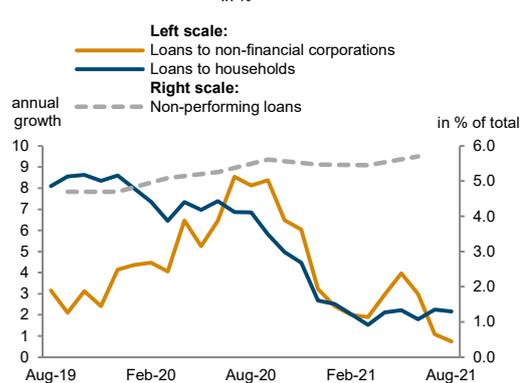
Unit labour costs in industry



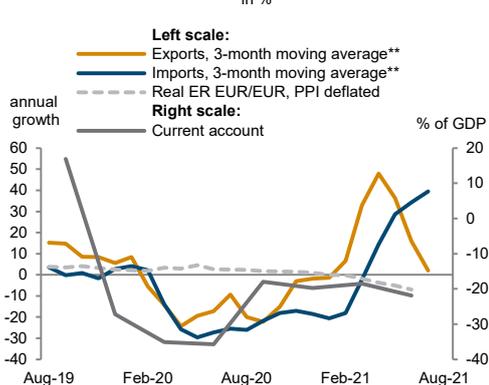
Inflation and lending rate



Financial indicators



External sector development



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**EUR based.

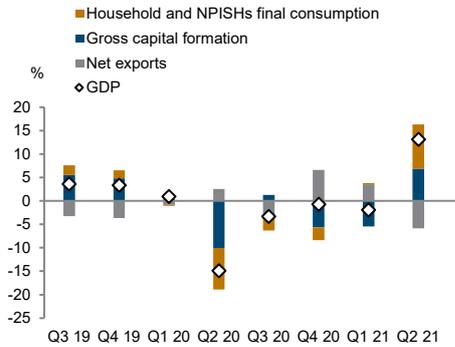
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

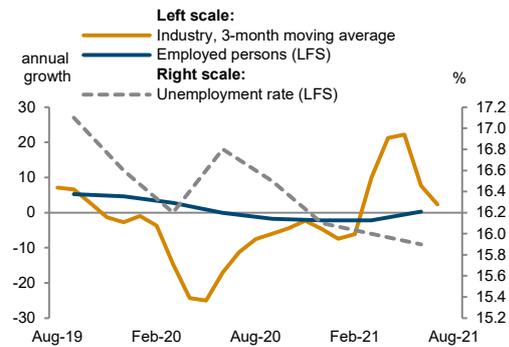
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North Macedonia

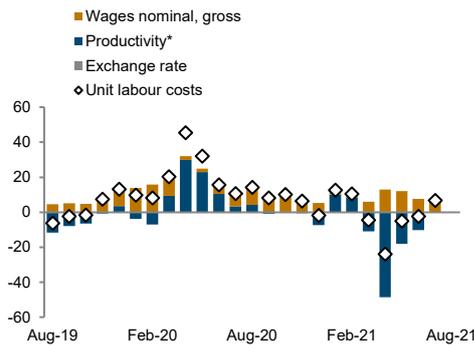
Real GDP growth and contributions
y-o-y



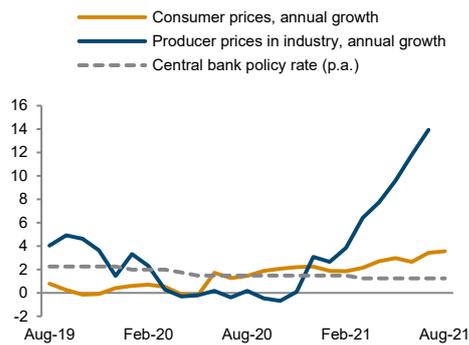
Real sector development
in %



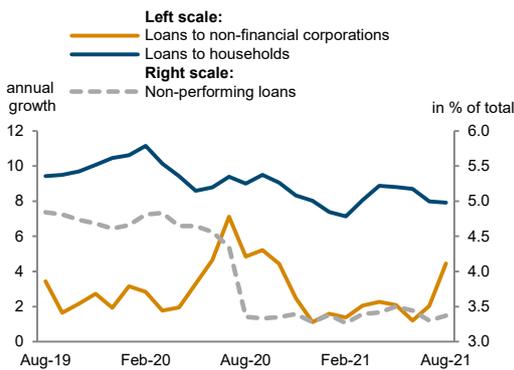
Unit labour costs in industry
annual growth rate in %



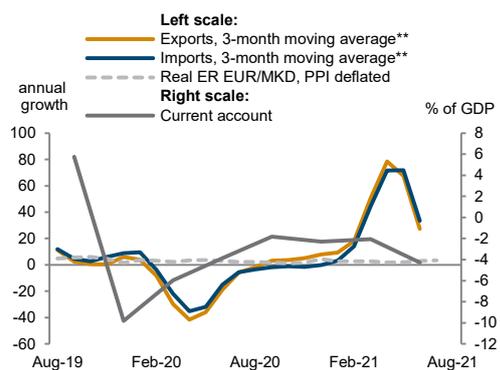
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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**EUR based.

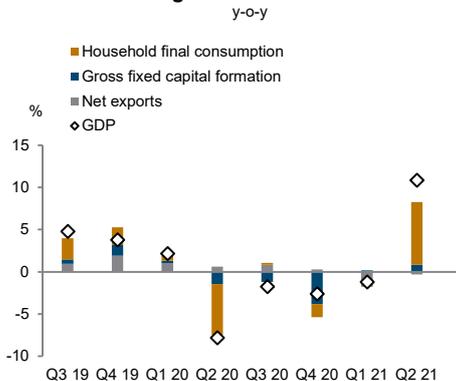
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Baseline data, country-specific definitions and methodological breaks in time series are available under:

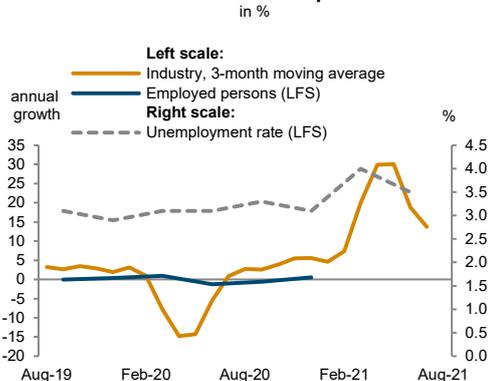
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Poland

Real GDP growth and contributions



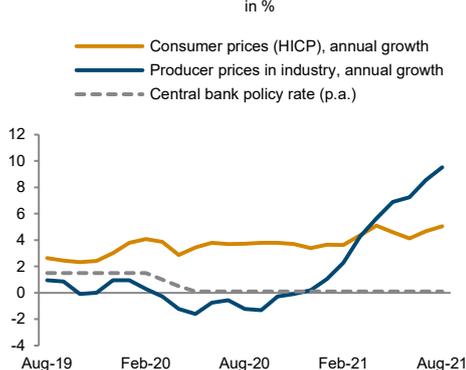
Real sector development



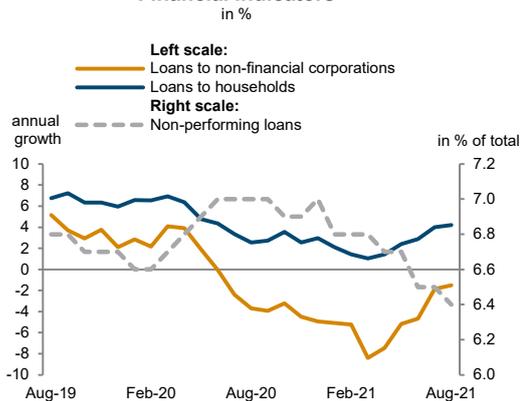
Unit labour costs in industry



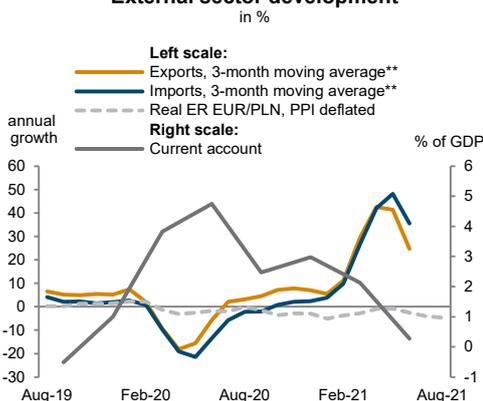
Inflation and policy rate



Financial indicators



External sector development



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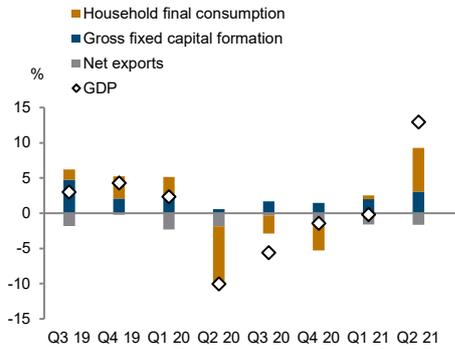
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

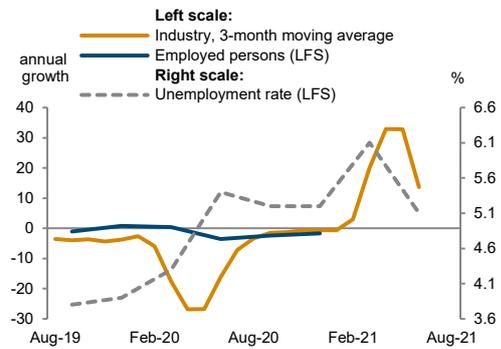
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Romania

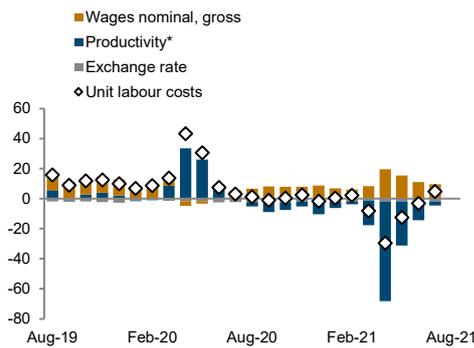
Real GDP growth and contributions
y-o-y



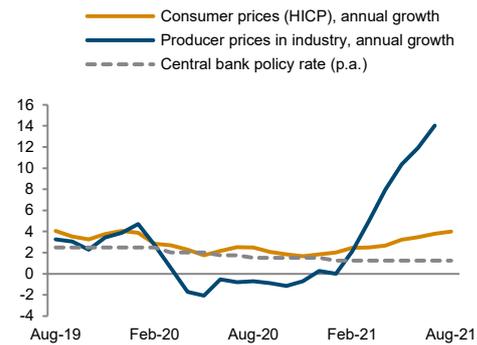
Real sector development
in %



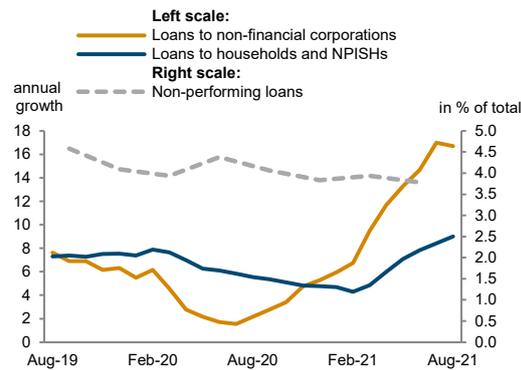
Unit labour costs in industry
annual growth rate in %



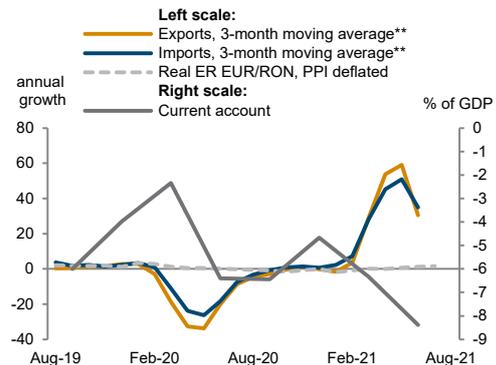
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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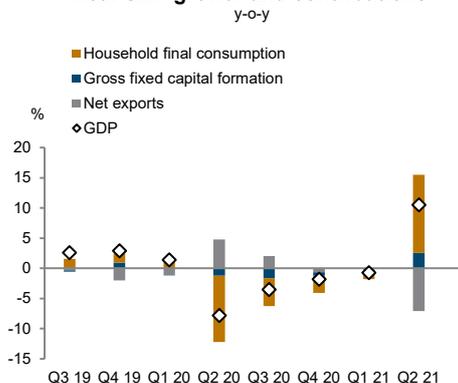
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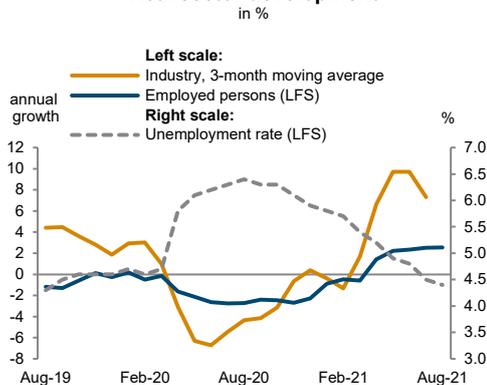
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Russia

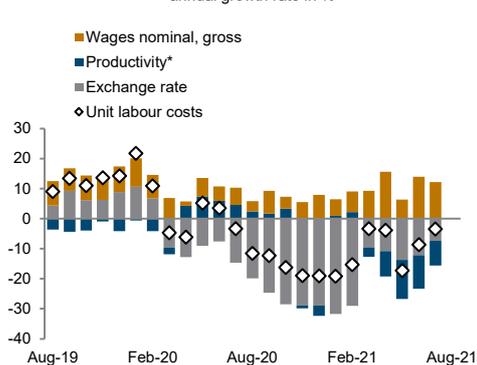
Real GDP growth and contributions



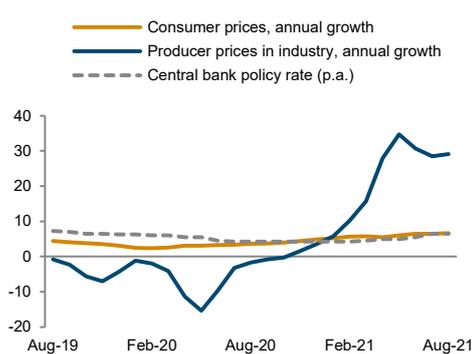
Real sector development



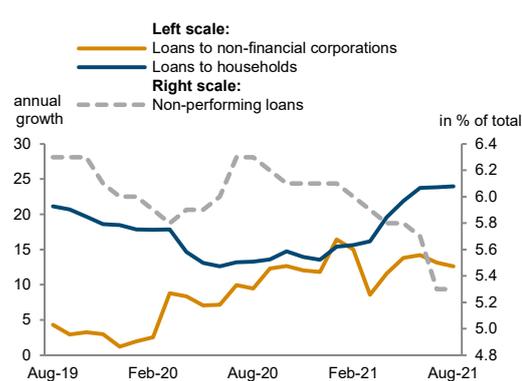
Unit labour costs in industry



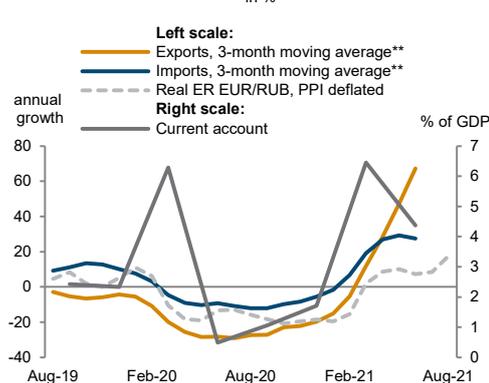
Inflation and policy rate



Financial indicators



External sector development



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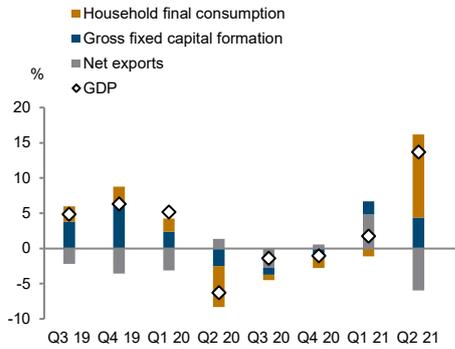
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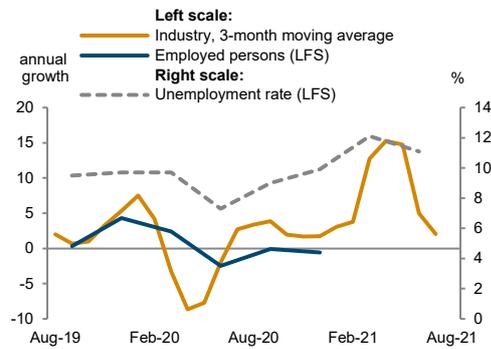
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Serbia

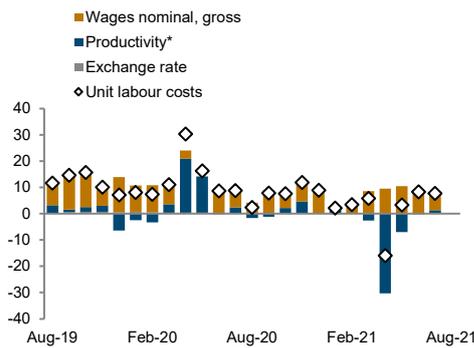
Real GDP growth and contributions
y-o-y



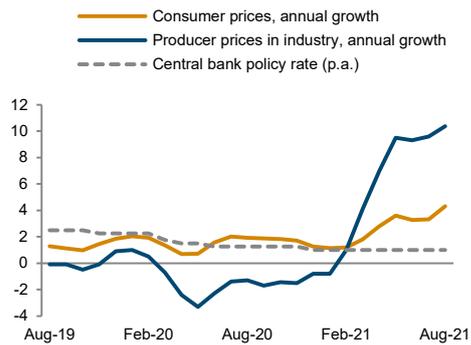
Real sector development
in %



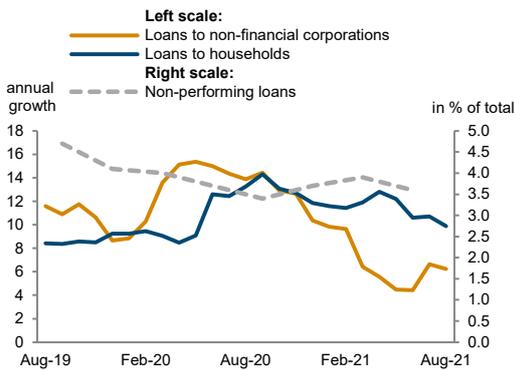
Unit labour costs in industry
annual growth rate in %



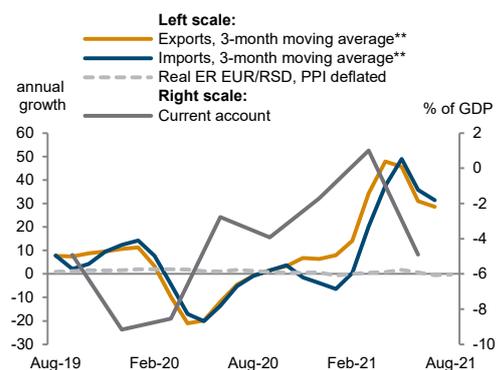
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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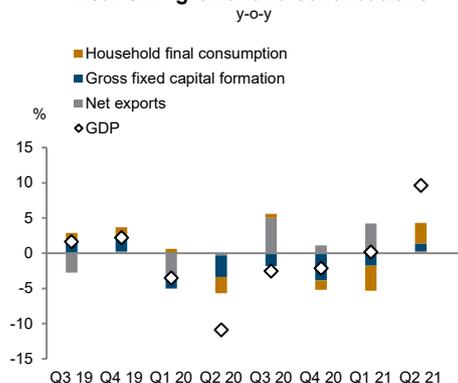
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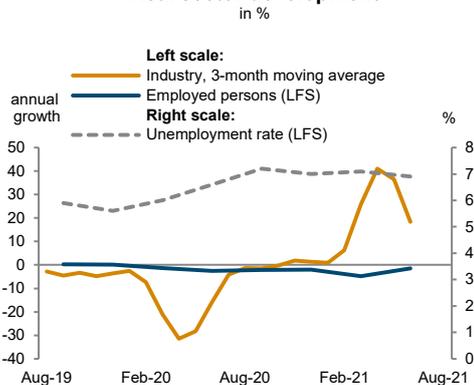
<https://data.wiiw.ac.at/monthly-database.html>

Slovakia

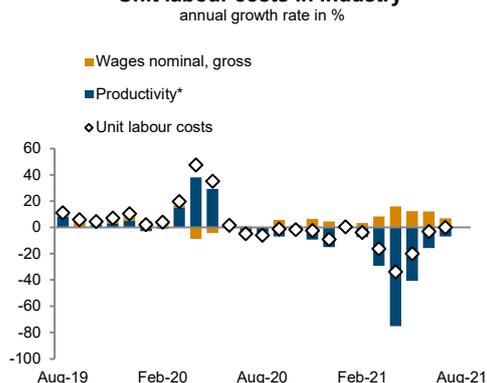
Real GDP growth and contributions



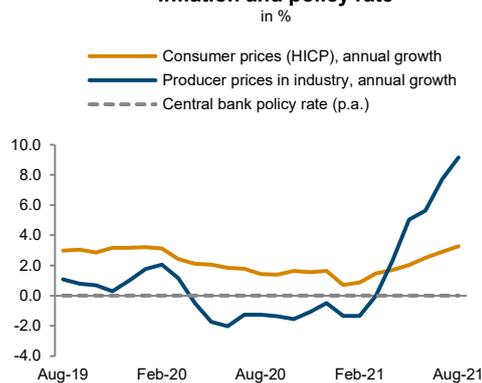
Real sector development



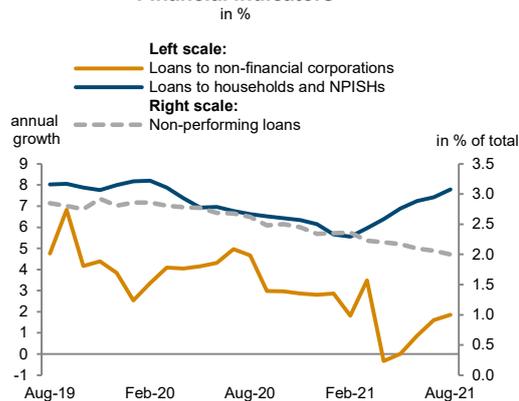
Unit labour costs in industry



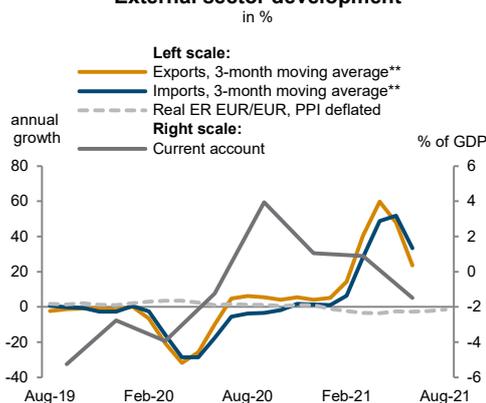
Inflation and policy rate



Financial indicators



External sector development



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**EUR based.

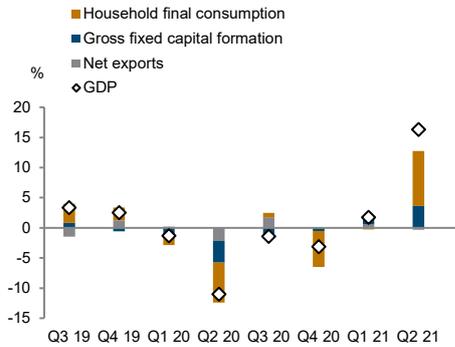
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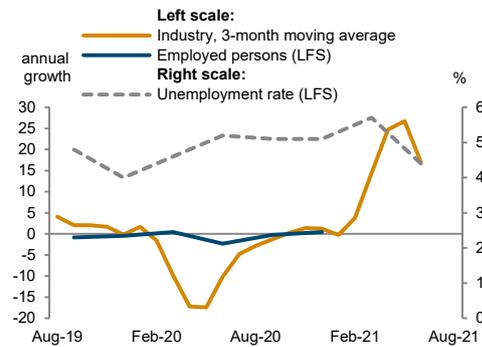
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Slovenia

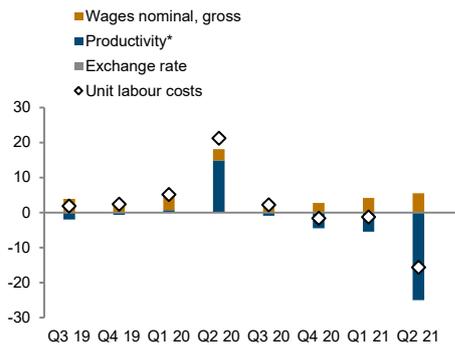
Real GDP growth and contributions
y-o-y



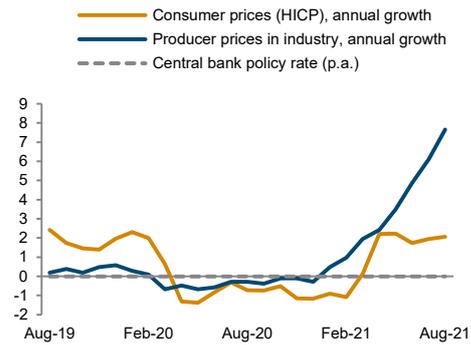
Real sector development
in %



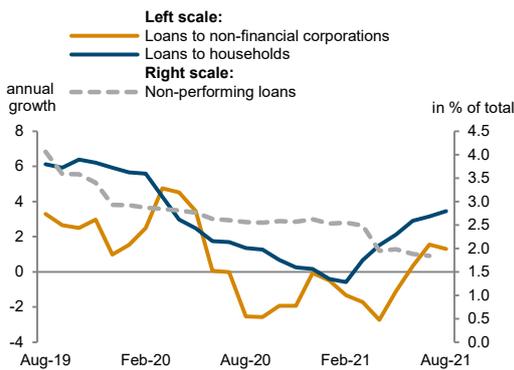
Unit labour costs in industry
annual growth rate in %



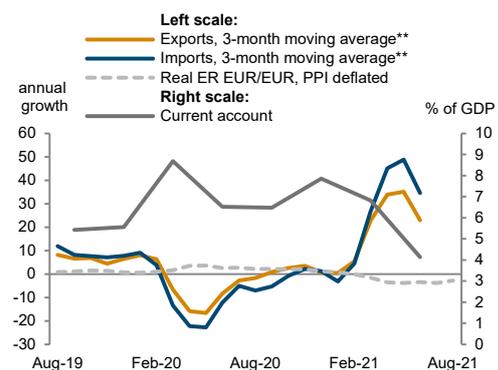
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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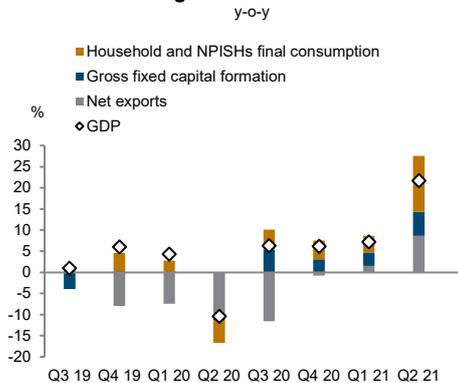
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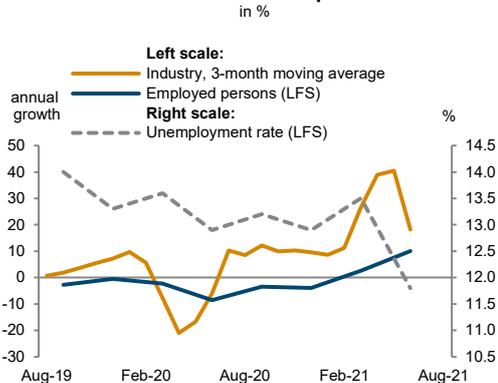
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Turkey

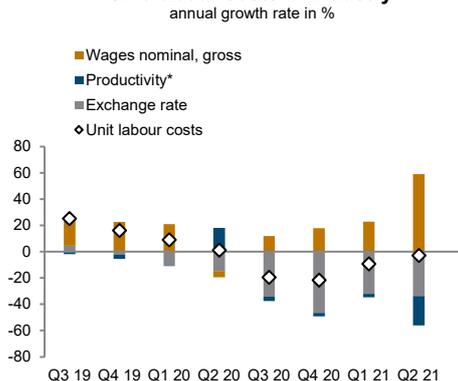
Real GDP growth and contributions



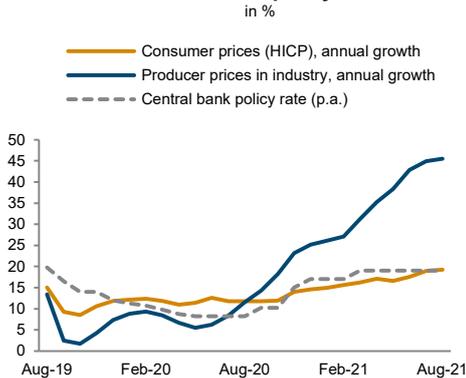
Real sector development



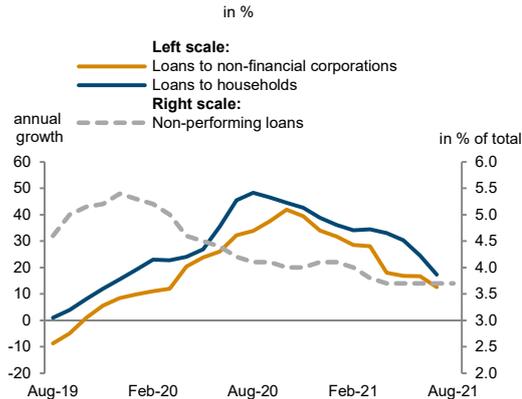
Unit labour costs in industry



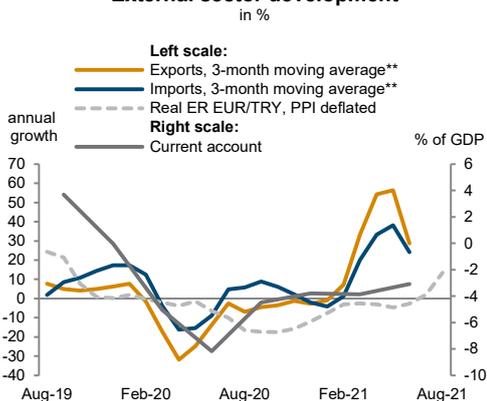
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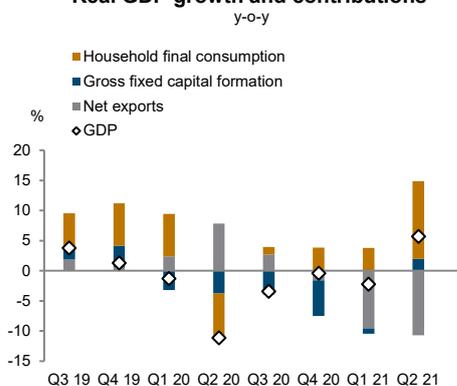
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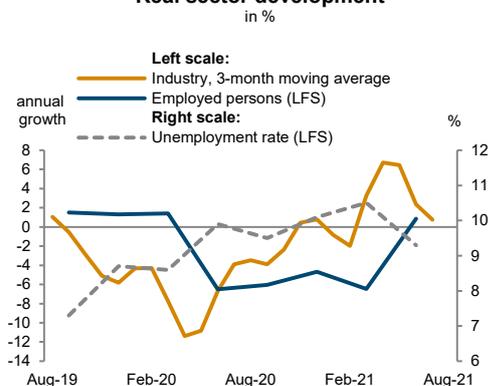
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Ukraine

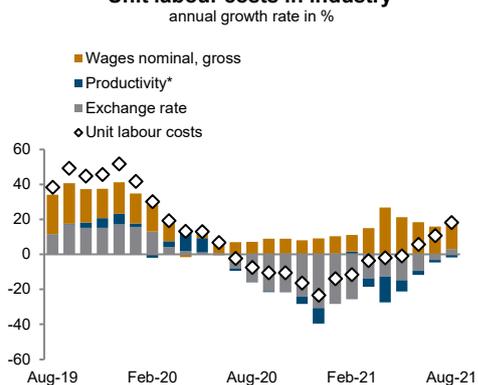
Real GDP growth and contributions



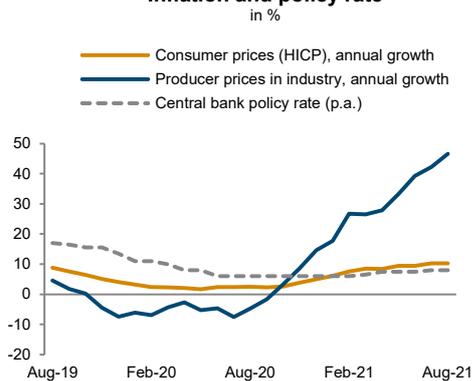
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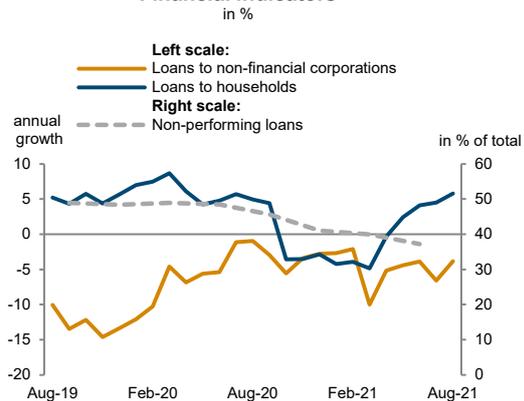
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