wiiw

MARCH 2025

Monthly Report

US trade deficit and the rise of protectionism

Why have the sanctions against Russia failed?

Strength and weakness of Germany's economy

Regional disparities and industrial structures in China

The Vienna Institute for International Economic Studies
Wiener Institut für Internationale Wirtschaftsvergleiche

US trade deficit and the rise of protectionism

Why have the sanctions against Russia failed?

Strength and weakness of Germany's economy

Regional disparities and industrial structures in China

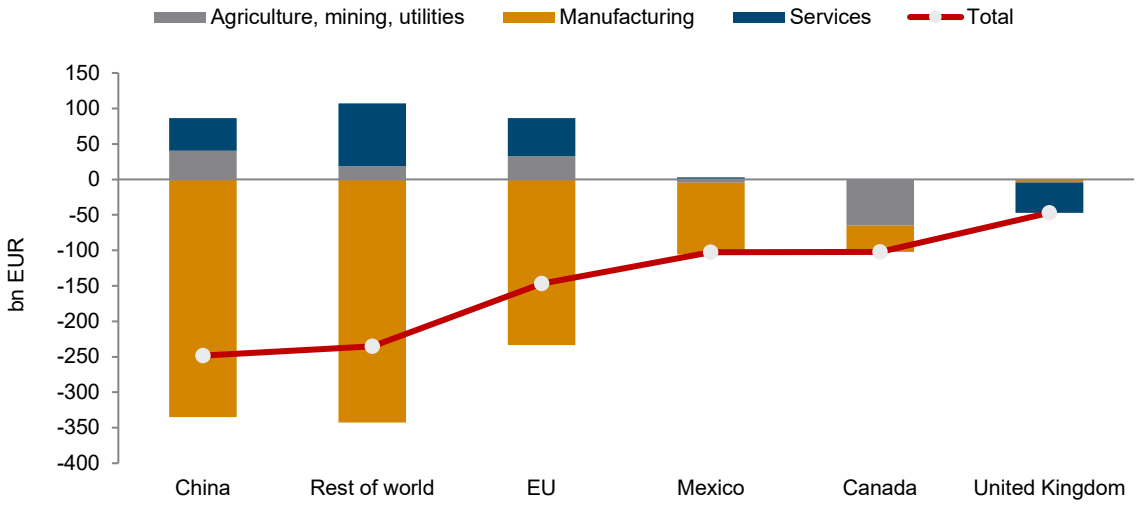
VASILY ASTROV
SIMONE GRABNER
LEON PODKAMINER
ROBERT STEHRER

CONTENTS

Chart of the month: US trade deficit and the rise of protectionism

BY ROBERT STEHRER

Figure 1 / US bilateral trade deficits, by main trading partners and broad industry aggregates, 2022



Source: Eurostat/FIGARO, own calculations.

The US trade deficit amounts to about 3% of GDP. The deficit in goods trade is even larger (4%), while in services trade the US has a surplus of about 1% of GDP, a pattern that has been relatively stable over recent years.

Figure 1 shows the composition of the trade deficit in 2022 with the main trading partners of the US and by broad industry group. As can be seen, the US has trade deficits with all its partners, and these are particularly large in the cases of China, the EU and the rest of the world.[1] In all three cases, they are entirely explained by trade deficits in manufactured goods; the US has trade surpluses in agricultural and services products.

The high US trade deficits in manufactured goods are most probably the key motivation behind the Trump administration's controversial policy of imposing high import tariffs, including on products from China and the EU, in the hope of narrowing the trade deficits in goods and attracting more industrial investment in the US. There is, however, serious doubt as to whether this goal can be achieved, in view of the erratic way in which policy measures are introduced, the other consequences of higher tariffs on a large scale (e.g. inflationary pressures), the increase in uncertainty and global risks, as well as the potential and already announced retaliation measures of other countries.

[1] With some individual countries – such as Brazil or Australia – the US has a small surplus in goods trade.

Opinion Corner*: Why have the sanctions against Russia failed?

BY VASILY ASTROV[1]

Taking stock three years on from the imposition of wide-ranging Western sanctions against Russia, one needs to acknowledge that their overall effect on the Russian economy has been relatively modest – although in several sectors of the economy their impact is being felt to this day. We argue that there are essentially three factors behind this: (i) the ill-conceived design of many sanctions; (ii) the adoption of 'military Keynesianism' as a new economic policy paradigm by the Russian government; and (iii) the crucial role of China in absorbing the shock of sanctions.

THE GREATEST SANCTION EFFORT SINCE NAPOLEON

With Russia's full-fledged invasion of Ukraine in February 2022, Western countries responded by imposing unprecedented economic sanctions on Russia. There are now more than 24,000 different sanctions in place (of which 21,000 have been introduced since the war started),[2] making Russia far and away the most sanctioned country globally, having 'overtaken' Iran in this respect. The EU alone has adopted 16 sanctions packages to date, while other Western-oriented countries, including the US, the UK, Canada, Australia, Norway, Switzerland and Japan, have imposed sanctions as well.

The sanctions cover a wide range of economic sectors, companies and individuals. They include bans on lending to Russian entities; they restrict exports of a wide range of high-tech, dual-use and luxury goods; the EU has an import embargo on Russian oil, coal, timber and steel and a 'price cap' on oil shipments to third countries; there are targeted sanctions against key Russian companies; about half of Russian foreign reserves and of the assets of numerous Russian politicians, big businessmen and propagandists held in Western jurisdictions are frozen; and – last but not least – secondary sanctions are in place on companies from third countries such as China, the United Arab Emirates and Turkey doing business with Russia and helping it to circumvent the Western sanctions.

Of course, historically Russia is by no means the first country to have been targeted by foreign sanctions. Felbermayr et al. (2025) demonstrate that the number of sanctions imposed globally has risen steadily since the mid-twentieth century. Hofbauer (2024) has counted that only since 1989 a total of 28 countries have been subject to *new* US sanctions, while e.g. Cuba has been under US sanctions since 1960 – the longest sanctions regime in history. What makes the case of Russia rather unique is the size of its economy, which is, according to the World Bank, the fourth largest globally (in PPP terms). In that sense, Hofbauer (2024) argues that the current Western sanctions on Russia represent the greatest

---

* 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 This is a modified and updated version of the text published on Riddle Russia on 24 February 2025, https://ridl.io/the-gift-of-sanctions/

2 https://www.castellum.ai/russia-sanctions-dashboard

sanction effort since Napoleon, who in 1806 imposed a total economic blockade on Great Britain, France's main rival at the time, including all its colonies.[3]

GENERAL RESILIENCE OF THE RUSSIAN ECONOMY – DESPITE PROBLEMS IN SOME SECTORS

Taking stock three years after sanctions were imposed, one should acknowledge that their overall effect on the Russian economy has been relatively modest. After contracting by a mere 1.4% in 2022, the Russian economy recovered, growing by 4.1% in both 2023 and 2024, with both private consumption and investments expanding markedly. Economic output is thus significantly higher now than before the start of the war. The number of Russian dollar billionaires has risen since the start of the war (Djankov and Golovchenko, 2025), and the government still has enough money to continue its war effort and to ramp up defence production.

This is not to say that sanctions have not had any success whatsoever. During the first few months following the start of the war, they dealt the Russian economy a heavy blow: the rouble depreciated sharply; imports plummeted by half; and sectors previously dominated by Western capital (such as car production) found themselves struggling. In several sectors of the economy, the effects of sanctions and the decoupling from the West more generally are being felt to this day. For instance, Russia's exports of natural gas to the EU via pipelines – not even formally sanctioned – have plunged by about 90%, partly owing to the EU's supply diversification strategy and Ukraine's reluctance to extend the transit contract with Gazprom after 2024, although Russia's own supply cuts and the explosion on Nord Stream have also played a role (Astrov and Hanzl-Weiss, 2025). Russia will have great difficulty in diverting its gas exports (unlike its exports of oil) to China because of infrastructure constraints, while the development of liquefied natural gas (LNG) projects is being held back by sanctions.

On the import side, some sanctioned goods do not make it to Russia: those production inputs and equipment that are difficult to transport and easy to monitor are generally the worst affected. In other cases, although Western goods still find their way into Russia via third countries, they have become more expensive. This is partly because the US threatened sanctions on banks from third countries dealing with Russia; the upshot is that import payment schemes have become more elaborate and costly. This is fuelling inflation (which has been on the rise) and has forced the central bank to tighten policy drastically, which is acting as a brake on the economy.

All these examples demonstrate that Western sanctions have had at least some economic success. However, this does not change the overall picture of the remarkable resilience of the Russian economy. Why is it proving so resilient? In my view, there are several reasons, some of which are outlined below.

[3] Napoleon's blockade included inter alia secondary sanctions against all ships docking in British harbours, and was supported by almost all European countries, except Portugal and the Ottoman Empire. Ultimately, the blockade failed due to the refusal of the Russian Empire to uphold it; this provoked Napoleon's invasion of Russia, which was to prove suicidal.

THE ILL-CONCEIVED DESIGN OF MANY SANCTIONS

Examples of this are legion. Many of the existing loopholes derive from a desire on the part of sanctioning countries to minimise the adverse consequences for their own economies. For instance, while some of the biggest Russian banks were disconnected from the SWIFT payment system almost immediately following the start of the war, Austria's Raiffeisenbank – the biggest foreign bank in Russia – was not, so that it became an important vehicle for cross-border payments between Russia and Europe. The same applied to Russia's Gazprombank, which up until November 2024 was handling all gas import payments. To give another example, although the Biden administration signed legislation in May 2024 banning the import of Russian uranium, the law envisaged a waiver of the prohibition, which can be granted up until 2028 if there is 'no alternative viable source of uranium or … such imports are in the national interest'. Around a quarter of all enriched uranium used in US nuclear power stations is of Russian origin.[4]

In other instances, the focus of sanctions has been entirely misplaced. For example, many Russian oligarchs were put on sanction lists and their assets in Western jurisdictions frozen, usually on the grounds that they facilitate the Russian war machine and/or are allegedly close to Russian President Putin. The idea behind this move was to weaken their support for Mr Putin (and ideally facilitate regime change); however, it was based on the false assumption that the so-called 'oligarchs' are independent political actors in Russia. In the event, the oligarchs have not rebelled, and there has been no hint of regime change in Russia.[5] In economic terms, these sanctions have backfired. The long-standing reputation of Western jurisdictions as a 'safe haven' for Russian capital has been shattered, and more of it has become available for investment in Russia.

'MILITARY KEYNESIANISM' AS A NEW ECONOMIC POLICY PARADIGM

After many years of fiscal restraint, with the start of the war government spending was stepped up significantly. A large part of this has been military spending, which soared from 3.6% of GDP in 2021 to at least 6.5% last year – on top of the expansion in credit to the defence sector on highly preferential terms (Kennedy, 2025). However, the boom in military production has benefited many other sectors as well, both directly (via sectoral production linkages) and indirectly (via the labour market, where hefty salaries in the army and military plants led to a competition for scarce labour with the rest of the economy). With unemployment at an all-time low of close to 2%, many companies are complaining of acute labour shortages. As a result, real wages rose by around 8% in both 2023 and 2024, boosting consumer-oriented sectors such as retail trade, hospitality and catering (the latter having also benefited from the boom in domestic tourism, spurred by the sharply increased difficulty of travelling to Europe). Thus, paraphrasing the famous question posed by the top officials of Nazi Germany about whether people wanted 'butter or guns', one can say that in present-day Russia there are enough resources to produce both – at least so far.

---

4 https://www.reuters.com/world/biden-signs-ban-imports-russian-nuclear-reactor-fuel-into-law-2024-05-14/

5 If anything, the biggest challenge to the regime of President Putin over the past three years has been not the oligarchs, but the head of the private paramilitary group Wagner, Yevgeny Prigozhin, who successfully capitalised on popular dissatisfaction over the failures of the Russian army on the battlefield and the huge corruption in the ministry of defence.

This fiscal expansion would hardly have been possible if Russia had not been preparing its economic fundamentals for the war and the geopolitical standoff with the West for many years prior to the outbreak of hostilities. To reduce the country's vulnerability to Western financial pressure, the public (and external) debt had been kept in check. Over the decade preceding the war, this starved the economy of badly needed demand stimulus – but it did provide fiscal space that can be tapped now.

CHINA TO THE RESCUE

The high rate of economic growth in Russia over the past two years would not have been possible if Russia had not been able to import critical equipment and inputs to sustain domestic (including military) production. In that sense, the role of third countries has been crucial. The countries of the 'global South' – such as China, India, Turkey, Kazakhstan, Kyrgyzstan, Armenia and the United Arab Emirates – have not joined in the Western sanctions and act as important hubs for the re-export of Western (including sanctioned) products to Russia. Critical parts and components for the military industry, such as semiconductor chips, are largely imported via China and Hong Kong. China has also increasingly been exporting its own products to Russia (notably cars, which now account for more than half of all new vehicles sold in Russia) and – together with India – has absorbed the bulk of the Russian oil that previously went to Europe.

To be sure, Russia's heavy economic dependence on China is utterly one-sided. While China now accounts for around 35% of Russian foreign trade, Russia accounts for a mere 4% of Chinese foreign trade, providing China with important leverage that could potentially be used. Nevertheless, it has been embraced by Russia as realistically the only feasible alternative to economic isolation under the current geopolitical circumstances. So long as China continues to support Russia in its geopolitical standoff with the West – and for the time being there is little reason to believe otherwise – the Western sanctions on Russia will remain largely toothless.

CONCLUDING REMARKS

The resilience of the Russian economy to sanctions has arguably manoeuvred Western governments into a political dead end. So far, they have invested their political capital in the successive tightening of sanctions by broadening their scope. However, this has only pushed Russia into the embrace of China and countries such as North Korea and Iran, thereby effectively strengthening the anti-Western political axis.

In these circumstances, the only plausible way to seriously harm the Russian economy would be to place an emphasis on secondary sanctions. However, so far any secondary sanctions that have had at least some success – such as the targeting of third countries' banks or vessels transporting Russian oil in violation of the price cap (the so-called 'shadow fleet') – have mostly come from the US, rather than the EU (Gökten and Grieveson, 2024). It is questionable whether the concerted sanctions effort on Russia can be sustained in the future, given the emerging rift between the US and other Western countries (although the latest signals coming from the top officials of the Trump administration on this have often been confusing or downright contradictory).

It should also be borne in mind that sanctions have not only an economic dimension, but also a political one. In many cases, they have a counterproductive side effect, which occurs when sanctions are seen as a hostile gesture directed against the country as a whole. This is precisely what is suggested by the surveys conducted by the renowned Levada Centre, which operates independently of the Russian government (and is even officially labelled a 'foreign agent'). According to its press release from September 2024, 'the prevailing opinion is that the sanctions have not created serious problems for the respondents and their families ... At the same time, almost two thirds of respondents believe that sanctions will strengthen our country and become an incentive for its development. The majority of respondents (73%) believe that Russia should "continue its policy despite the sanctions".'[6] In that sense, Western sanctions appear paradoxically to have *strengthened* the Russian regime.

REFERENCES

Astrov, V. & Hanzl-Weiss, D. (2025). The European gas market: Emancipating from Russia. wiiw Policy Note and Report No. 91, March, wiiw, Vienna.

Djankov, S. & Golovchenko, A. (2025). Who benefits from Russia's war in Ukraine. The Economic Consequences of War: A VoxEU/CEPR debate, 6 January, https://cepr.org/voxeu/columns/who-benefits-russias-war-ukraine

Felbermayr, G., Kariem, H., Kirilakha, A., Kwon, O., Syropoulos, C., Yalcin, E. & Yotov, Y. (2025). On the effectiveness of the sanctions on Russia: New data and new evidence. VoxEU Column, 12 March, https://cepr.org/voxeu/columns/effectiveness-sanctions-russia-new-data-and-new-evidence

Gökten, M. & Grieveson, R. (2024). Turkey's geo-economic shift: An opportunity to revitalise EU integration amid sanctions. wiiw Policy Note and Report No. 90, December, wiiw, Vienna.

Hofbauer, H. (2024). Im Wirtschaftskrieg. Die Sanktionspolitik des Westens und ihre Folgen. Das Beispiel Russland. Promedia, Vienna.

Kennedy, C. (2025). Russia's hidden war debt. *Navigating Russia*, 11 January, https://navigatingrussia.substack.com/p/russias-hidden-war-debt

[6] https://www.levada.ru/en/tag/sanctions/?category_name=press-releases

Strength and weakness of Germany's economy

BY LEON PODKAMINER[1]

Germany's economic strength, reflected in its huge trade surpluses, has hinged on restrictive fiscal and wage policies, which have suppressed domestic demand. However, these policies have increasingly been backfiring, as its trading partners in the EU, induced to emulate the German policy model, have regained the ability to run trade surpluses. The present political change in Germany brings some hope, and a large fiscal stimulus package is on the agenda. But the idea of 'kick-starting' the economy by implementing a new version of Agenda 2010 lives on; if implemented, its consequences would be bad for Europe – and for Germany itself.

Symptoms of economic weakness in the German economy are multiplying. In 2024, Germany's GDP shrank by 0.2%, following a 0.3% contraction in 2023. But the anaemic growth of the German economy is not merely a feature of the last few years: it has been going on for quite some time – it has just become more pronounced in recent years. Over a longer period (1996-2024), Germany's average annual GDP growth was a mere 1.2%, compared to 1.6% for the rest of the euro area (hardly an impressive result there either). Evidently, in terms of its growth performance, Germany has long been the 'sick man of the euro area' (or rather, one of its sicker members).

The current weakness of the German economy is often attributed to structural factors, such as bureaucratic over-regulation of the economy (motivated among other things by environmental considerations), over-specialisation (automotive industry), misguided energy generation policies (abandonment of nuclear power plants), etc. More recently, the loss of supplies of cheap gas from Russia has often been mentioned. Some commentators also cite the impact of unfavourable demographic and employment trends. Finally, there is the issue of the increased expansion of highly competitive exports from China.

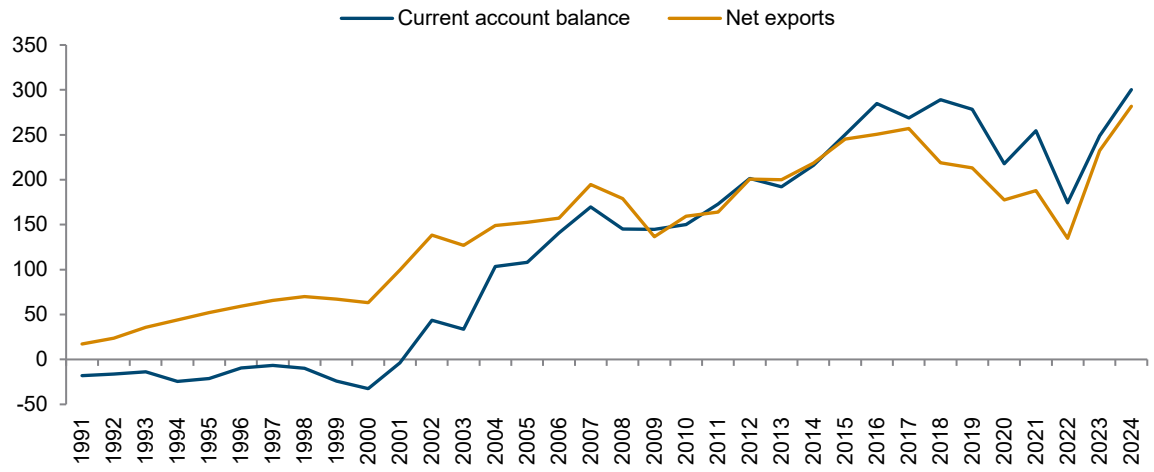
All of the above factors, goes the argument, are likely to have an adverse impact on the German economy; and taken together, they are supposed to justify the claim of a progressive loss of the country's competitiveness. However, this claim appears rather unjustified. Germany's economy remains remarkably competitive on the international market. And this is particularly true of its industrial sector.

GERMANY'S STRENGTH: HUGE CURRENT ACCOUNT SURPLUSES

None of the above-mentioned structural factors – more expensive energy, increased Asian competition, etc. – has diminished Germany's ability to generate huge surpluses in goods trade and, consequently, in the current account (Figure 1). This demonstrates the remarkable competitiveness of Germany's economy vis-à-vis the rest of the world.

[1] Advisor to the Governor of the National Bank of Poland and a wiiw Senior Research Associate. The text expresses the opinions of the author.

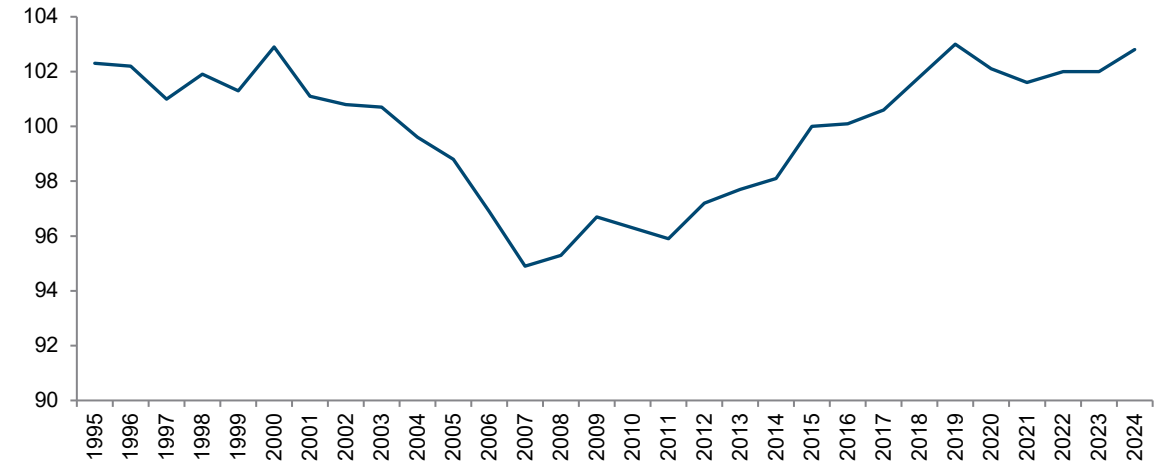
Figure 1 / Germany's net exports of goods and current account balance (EUR billion)



Source: AMECO.

It is noteworthy that Germany recorded small current account deficits between 1991 and 2001. This probably reflected the extraordinary circumstances surrounding the integration (and reconstruction) of the Bundesländer inherited from the GDR. The transition from small deficits to rapidly growing surpluses occurred around 2003, when a whole package of reforms (the so-called Agenda 2010) started to be implemented. The reforms focused on making the labour market more flexible, the termination of many social privileges and the systemic reduction of the deficit in public finances. An important outcome (and goal) of Agenda 2010 was to reduce labour costs and improve price competitiveness vis-à-vis Germany's main trading partners. This goal was achieved (see Figure 2).

Figure 2 / Real unit labour cost in Germany, relative to EU trading partners, 2015=100



Source: AMECO.

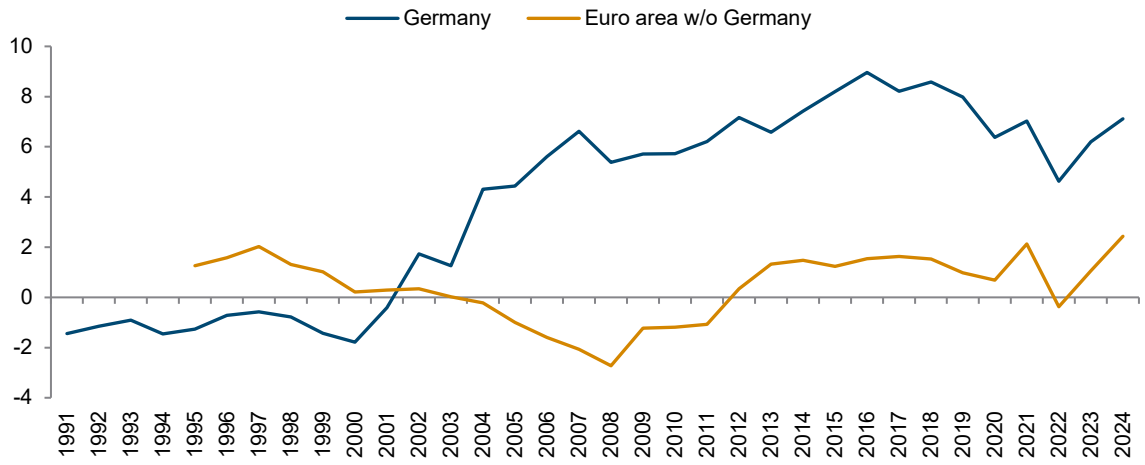
The progressive reduction since 2003 in real unit labour costs, relative to the country's trading partners, has been achieved – among other things – on account of a decline in real wages in Germany itself. Between 2002 and 2007, the average real wage in Germany fell steadily, by an average of 0.3% a year.

It is worth noting that it was only after 2019 that Germany's real unit labour cost, relative to its trading partners, returned to the level of the late 1990s. The improvement in Germany's wage competitiveness was clearly related to the rapidly growing expansion of exports (with still limited growth in imports) and the build-up of surpluses in the current account of the balance of payments.

An additional pro-export stimulus came with the launch of the common European currency. Before the introduction of the euro, the 'weaker' currencies of the area's member countries devalued quite freely and systematically against the German mark. This was especially true of the Italian lira, which fell steadily.[2] As a result, during the pre-euro era, the products of Germany's European trading partners successfully competed with German products, including in third-country markets. After the introduction of the euro, the devaluation of a currency to restore a country's competitiveness became impossible. This provided additional stimulus to Germany's exports – at the expense of other euro area economies, especially Italy.

This is reflected in the deterioration of the current account balance of the remainder of the euro area (Figure 3). Note that initially it generated surpluses – which, however, declined in parallel with the expansion of Germany's surpluses. It is worth remembering that the euro area also includes countries that are closely integrated economically with Germany (including in terms of wage-setting): Austria and the Netherlands. They, too, were running surpluses. By 2008, therefore, the aggregate current account deficits of the euro area without Germany, Austria and the Netherlands – especially its southern flank – were growing more than Figure 3 suggests.

Figure 3 / Current account balance of Germany and the rest of the euro area, as % of GDP



Source: AMECO.

After the global financial and economic crisis of 2008-2009, the growth in Germany's current account surplus slowed. This can be attributed to recessionary crisis (and post-crisis) trends in the global and European economies. Another 'collapse' of exports and a significant reduction in the current account surplus occurred during the COVID-19 pandemic (2022). However, even these 'slumps' were still accompanied by huge surpluses (e.g. nearly EUR 180bn in 2022). Even in the midst of an acute global

[2] In 1974, the German mark was worth about 200 lira. By the late 1990s, it was around 1,000 lira.

crisis, Germany's economy thus remained remarkably competitive against the rest of the world (and also its euro area trading partners).

SINCE 2011, THE EURO AREA COUNTRIES HAVE FOLLOWED THE PATH OF GERMANY

Since 2003, the 'scissors' between Germany's current account surplus and the (combined) current account deficits of the rest of the euro area countries have been opening rapidly (Figure 3). Among the consequence of this trend were the growing foreign claims of German entities (including banks) and the growing foreign debts of economic entities (including banks) of the other euro area members. Until the outbreak of the global financial and economic crisis of 2008-2009, this situation presented no cause for concern – not least because of low interest rates and the widespread abundance of available capital (much of it speculative).

However, the outbreak of the global crisis (2008) and the subsequent debt crisis in the euro area (2009-2010) put an end to the option of easy borrowing by the economic entities of Germany's trading partners. This had consequences for both Germany and its partners. The latter found themselves faced with the need to work out trade (and current account) surpluses. Among other things, this meant adopting Germany's practices with regard to wage formation. In a recessionary environment, a process of so-called 'internal devaluation' has been taking place in Germany's partner countries since 2011. This has boiled down to a reduction in wage growth (or even an outright wage reduction). The process has led to a gradual decline in Germany's competitive advantage (see Figure 2) and the return of competition from its European trading partners (as well as a reduction in the scale of German current account surpluses, as can be seen in Figure 3).

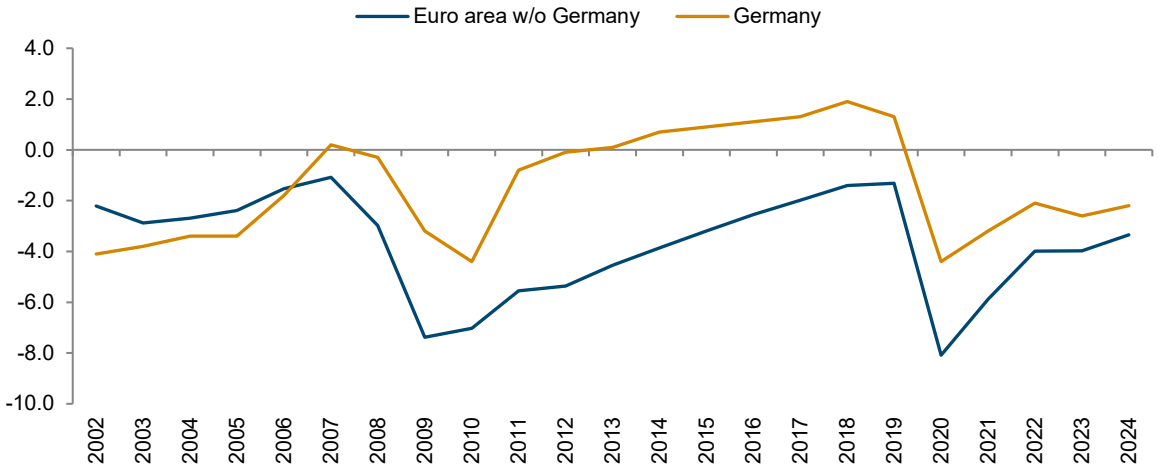
It is worth recalling that in 2009-2011 some of the excessive debts burdening the private sector were transformed into the public debt of individual countries. The partial nationalisation of bad private debts quite imperceptibly gave rise to the practice of blaming fiscal policy – i.e. the public sector – for the euro area's debt crisis. The fiscal policies of the most indebted countries (the so-called PIGS: Portugal, Italy, Greece and Spain, as well as Ireland) were placed under the scrutiny of the European Central Bank, the International Monetary Fund and the European Commission. Another Fiscal Pact (2011) followed, whose essence was to strengthen 'fiscal discipline' across Europe.

The imposition of policies minimising fiscal deficits was presumably intended to facilitate the workout of current account surpluses that would help the settlement of partner countries' foreign debts, primarily to Germany. Nor is it at all coincidental that the 'spirit' of this pact (and earlier treaties on the public finances of EU member states) corresponds to the views and practices of economic policy long dominant in Germany. Among these is the doctrine of 'black zero'. This is understood as a requirement that public finances should be balanced (or even show a slight surplus).

Germany's tendency to run a fiscal surplus is documented in Figure 4. As can be seen, there were sizable fiscal surpluses between 2012 and 2019. Only during the crisis periods (2008-2011 and after 2020) did Germany's public finances have to run a deficit – despite the best intentions of the German government, seeking to maintain fiscal discipline even in the face of deep economic slumps. The public finances of the other euro area countries (taken together) reacted much more sharply to the crises.

Moreover, even in periods of relative prosperity, they were characterised by significant deficits. This sometimes gives rise to claims that those countries were at fault for not taking advantage of the good times to put their public finances in order. This ignores the fact that their prosperity may have been due precisely to those fiscal deficits. Successful implementation of the programme to fix public finances may even have wiped out economic growth.

Figure 4 / Balance of public finances ('net lending/borrowing') of Germany and the rest of the euro area, percentage of GDP



Source: AMECO.

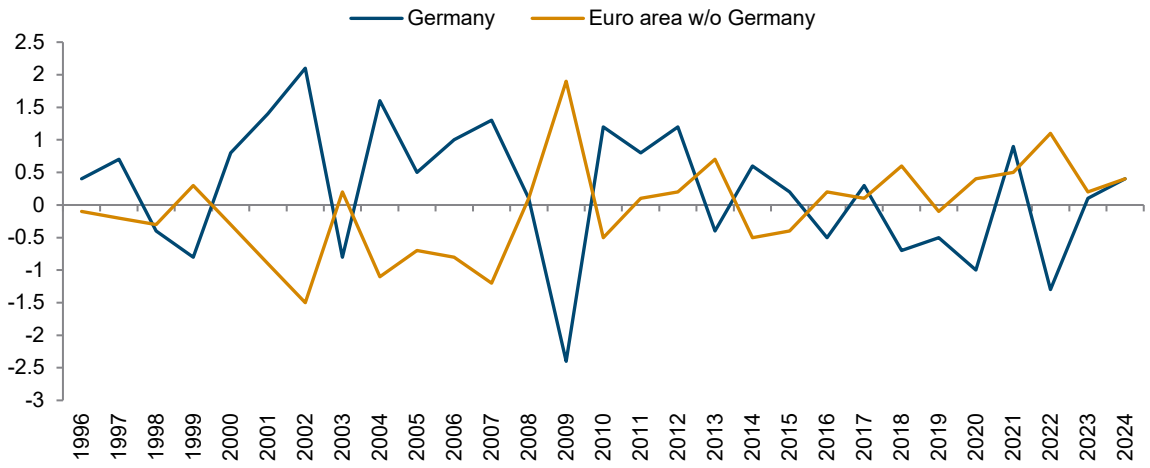
THE WEAKNESS OF GERMANY'S ECONOMY IS A REFLECTION OF ITS STRENGTH

The 'virtues' of Germany's pursuit of a balanced budget (and generally the greater fiscal discipline there than elsewhere) and its supposedly 'economy-friendly', prudent wage policies have not been rewarded. Economic growth has been weaker in Germany than in the euro area generally. On average, Germany's GDP grew by 1.2% annually between 1996 and 2024, compared with about 1.6% for the rest of the euro area. It turns out that economic growth in Germany has been disproportionately the result of foreign trade (in goods and services). On average, foreign trade generated 0.2 percentage points (pp) of GDP growth throughout the period. Growth in domestic demand (i.e. primarily private consumption) generated 1 pp.

The contribution of domestic demand to GDP growth in the rest of the euro area was noticeably higher: 1.7 pp on average (while the contribution of foreign trade was negative, at -0.1 pp). Thus, foreign trade generated economic growth in the euro area to a much lesser extent than in Germany.

The differences in GDP growth rates and foreign trade contributions in the periods before and after the 2009 crisis are significant (see Figure 5). In the run-up to the 2009 crisis (1996-2008), foreign trade generated on average as much as 0.7 pp of Germany's 1.1% GDP growth, with only 0.4 pp coming from domestic demand (i.e. mainly consumption). During the same period, euro area GDP (excluding Germany) grew by an average of 2%, and the contribution of trade was negative (-0.6 pp). Domestic demand growth generated 2.6 pp of GDP growth.

Figure 5 / Contribution of changes in foreign trade (goods and services) to GDP growth rates (percentage points)



Source: AMECO.

Over the entire post-crisis period (2010-2024), Germany's annual GDP growth averaged 1.6%, compared to 2.6% in the rest of the euro area. The contribution of trade to growth in Germany was 0.1 pp versus 0.2 pp in the remainder of the euro area.

Evidently, the overall period 1996-2024 can be divided into two sub-periods that fundamentally differ as regards the role of trade in generating GDP growth. In the first sub-period (before 2009), foreign trade strongly supported growth in Germany and inhibited growth in the rest of the euro area. In the second sub-period (after 2009), foreign trade supported (albeit moderately) GDP growth in both Germany and the remainder of the euro area.

The above differences in the sources of GDP growth largely reflect differences in wage formation. This is particularly evident between 1999 and 2008. During that period, the effects of labour market reform, which resulted in wage restraint, were manifest in Germany. As a result, while the contribution to GDP of changes in domestic demand was clearly positive in Germany's trading partners during this period, it was low in Germany. After 2009, the contribution of foreign trade to Germany's GDP growth declined dramatically. Most likely, internal devaluations in other euro area countries led to a strengthening of their competitiveness, making it difficult for Germany to work out even higher trade surpluses (Figure 3). Of course, differences in GDP growth rates must also have been influenced by differences in the fiscal policies pursued (Figure 4).

CONCLUSIONS

Germany's economic strength, reflected in its huge trade surpluses, has been built on a restrictive fiscal policy, combined with a restrictive wage policy. The latter seems to have been accepted not only by the country's political elite, but also by the labour unions. This policy mix naturally leads to a structural retardation of the economy (manifested, for example, in the underdevelopment of the service sector) and stagnation of consumption (and, as it turns out, of investment as well). As a result, Germany's economic

growth has become dependent on expanding trade surpluses. The latter, however, depend on maintaining 'wage and fiscal discipline' – i.e. on stagnant domestic demand. And on foreign economic prosperity.

Working out trade surpluses is becoming increasingly difficult and risky. The global economy cannot indefinitely (and smoothly) absorb Germany's (and also China's) growing trade surpluses. Finally, forces are emerging to oppose the excessive imbalances in global trade. This is demonstrated, for example, by the electoral success of President Trump, a politician openly hostile to the mercantilist policies of the US's trading partners. Worse, the 'German disease' of subordinating the entire economy to the needs of the export front is proving contagious. The fiscal doctrine imposed on euro area countries and the need for so-called internal devaluation are a recipe for weak growth. Moreover, the German-EU doctrine of 'sound' public finances and the same doctrine of ensuring competitiveness at the expense of wages (and consumption) is backfiring on Germany: its EU partners already seem to be enjoying restored competitiveness – at Germany's expense.

The economic (and therefore political) future of the European Union will depend on the fate of its biggest economy, Germany. The present political change in that country brings some hope, as the new government is determined to substantially relax fiscal policy – by 2 pp of GDP over the next ten years, via increased spending on infrastructure and defence. However, the idea of 'kick-starting' the economy by implementing a new version of Agenda 2010 lives on.[3] The consequences of a resolute continuation of past policies ('more of the same') would, in my opinion, be bad for Europe – and for Germany itself.

[3] Calls for 'more of the same' have already come from the influential Institut der Deutschen Wirtschaft. See e.g. 'Eine Agenda für die neue Legislaturperiode: Wettbewerbsfähigkeit und Transformation', Policy Paper 1/2025 and 'Steigende Sozialversicherungsbeiträge belasten die Wettbewerbsfähigkeit', Policy Paper 3/2025.

Regional disparities and industrial structures in China

BY SIMONE GRABNER

Since the late 1990s, China has recorded notable regional economic convergence, with backward inland regions recording above-average growth rates. This has been closely linked to major structural shifts: while inland provinces have been industrialising, the coastal regions have seen the rise of the services sector. However, the transition from an export-driven to a consumption-based economic model and the growing concentration of high-tech, digital and green industries and innovation in prosperous coastal cities may potentially widen regional disparities in years to come.

INTRODUCTION

China, as the world's second-largest economy, occupies a central position in the global economic system. Given its important role in international supply chains, a nuanced understanding of regional economic trends within the country is imperative. Regional disparities, in any context, represent a significant challenge, with profound implications for economic efficiency, social stability and sustainable development. Disparities in access to resources, infrastructure and opportunities can lead to the inefficient allocation of labour and capital, constrain aggregate productivity and exacerbate societal tensions, thereby undermining the prospects for sustainable development (Bathelt et al., 2024).

In China, regional inequality is particularly significant due to the country's vast size, complex geography and historical development patterns. The mainland comprises 31 provinces, spanning a wide spectrum of geographical and economic conditions – from the densely populated, highly urbanised coastal regions, such as the Yangtze and Pearl River deltas, to the sparsely populated, mountainous and arid areas in the west, including Tibet and Xinjiang. This geographical diversity, combined with the legacy of past industrialisation and development strategies, has fostered highly uneven economic development patterns (Urban, 1998). The stark economic divide between the prosperous coastal regions and the lagging inland provinces not only influences China's domestic demand patterns, investment flows and labour market dynamics, but may also have a ripple effect on global supply chains and international trade relationships.

REGIONAL DISPARITIES

Before the 1970s, China had a largely agrarian economy, with low GDP per capita and widespread poverty. Agriculture employed the majority of the population, and industrialisation policies were heavily influenced by strategic and political considerations, leading to the establishment of industries in less economically strong inland regions (Kanbur and Zhang, 1999). The centralised planning system controlled resource allocation, ensuring that remote regions received state support. However, the focus on heavy industry, particularly in resource-rich inland areas, resulted in limited diversification and a

heavy dependence on certain industries, as well as on state support. China also remained isolated from international markets and technological progress was limited (Urban, 1998).

However, economic reforms initiated in the late 1970s marked the beginning of a transformative period, when regional dynamics within China started to shift significantly. The introduction of market-oriented policies, such as the establishment of Special Economic Zones in coastal provinces, created an environment conducive to foreign investment and export-led growth. These regions benefited from strategic advantages, including proximity to global trade routes and better infrastructure. In contrast, inland and western regions lagged behind, constrained by low diversification, inadequate infrastructure and limited investment. The shift towards market mechanisms exposed the weaknesses of the inland regions' industrial bases, which were less competitive and more dependent on state support. The divergence between coastal and inland provinces became more pronounced after 1992 and the acceleration of reforms to encourage economic liberalisation (Urban, 1998).

Figure 1 illustrates these stark contrasts in regional economic performance in 1996. Coastal regions such as Shanghai (11,670 yuan in 2023 prices), Beijing (7,322 yuan) and Guangdong (5,344 yuan) demonstrated significantly higher levels of GDP per capita than inland areas such as Guizhou (1,155 yuan) and Tibet (1,514 yuan).

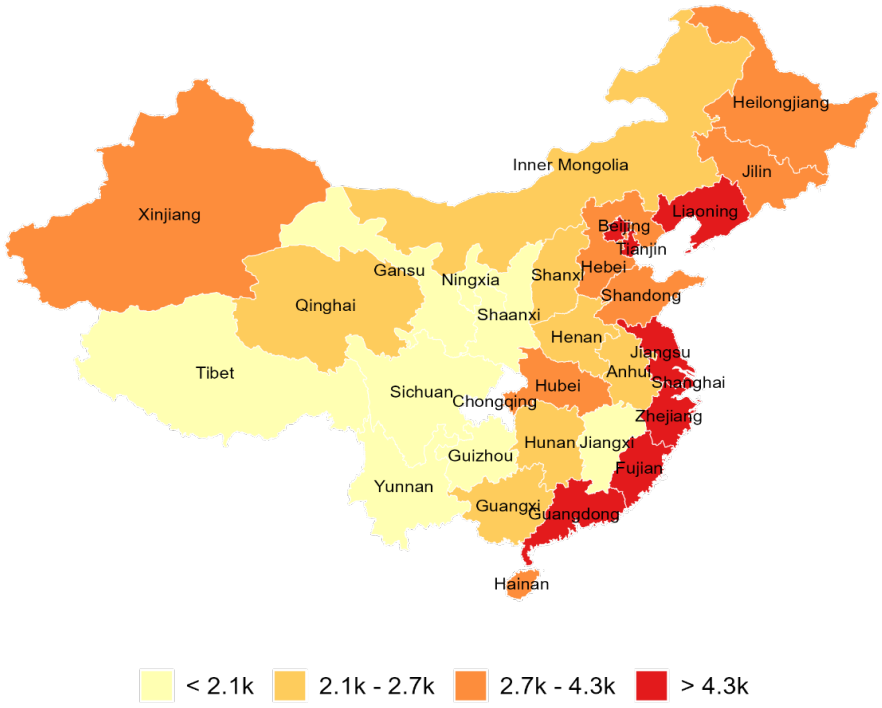
Since 1996, China's regional inequalities have evolved amid rapid economic transformation. Market-oriented reforms fuelled extraordinary growth, making China the world's second-largest economy by the early twenty-first century. The late 1990s and early 2000s saw a surge in industrial output, foreign investment and export-led growth, particularly in coastal regions. After joining the World Trade Organization in 2001, China became deeply integrated into global supply chains. Technological advances also surged, supported by state-driven investment in high-tech industries, infrastructure and education. Today, China is a global leader in various advanced technologies, including renewable energy, 5G telecommunications, electric vehicles and artificial intelligence (Yu et al., 2025b).

Backward inland regions, particularly Guizhou (15.31%), Inner Mongolia (14.87%)[1] and Tibet (14.98%), exhibited some of the highest average annual GDP per capita growth rates between 1996 and 2023. This was due to targeted development policies (such as the 'Go West' strategy)[2] and heavy infrastructure investment, and overall strong growth did lead to some catch-up effects. Meanwhile, other inland provinces – like Shaanxi (15.16%) and Jiangxi (13.93%) – also grew rapidly, narrowing the gap with wealthier regions. Conversely, traditionally prosperous coastal regions such as Shanghai (10.88%) and Liaoning (10.94%) displayed slower growth rates during this period. Consequently, the stronger growth in inland regions means that China's provinces have become relatively less unequal; yet substantial absolute disparities in GDP per capita still exist. In 2023 (Figure 2), GDP per capita in Beijing reached 200,186 yuan, Shanghai 189,862 yuan and Guangdong 106,779 yuan, while inland provinces like Guizhou (54,109 yuan) and Tibet (65,553 yuan) lagged significantly behind. Regional convergence can also clearly be seen from Figure 3, which presents regional GDPs per capita as a share of the national averages in 1996 and 2023.

[1] Inner Mongolia's impressive growth trajectory is largely driven by its rich natural resource base, particularly coal, rare earth minerals and other extractive industries. The province has benefited from strong investment in the mining and energy sectors, which have fuelled its economic expansion.

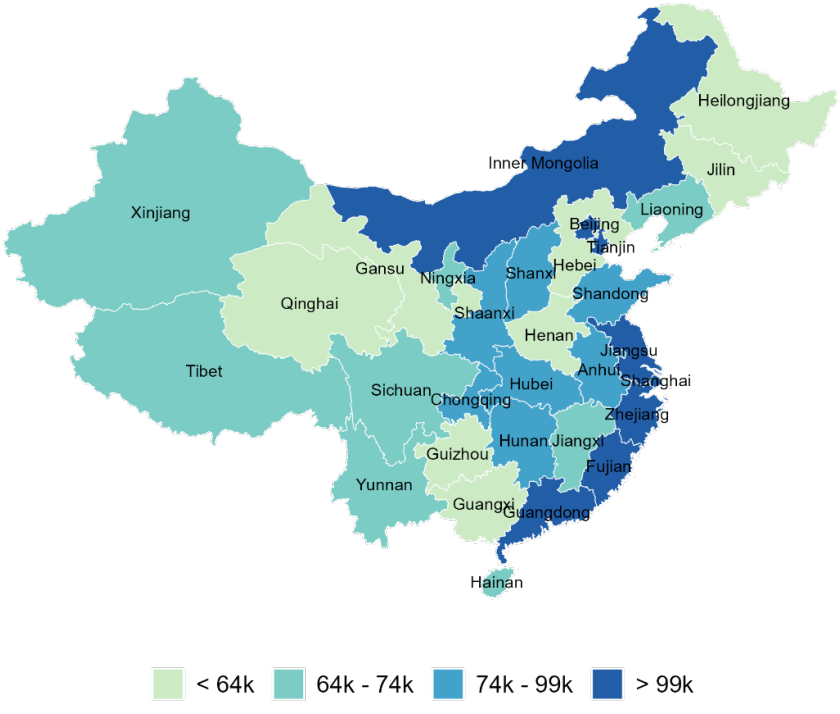
[2] Launched in 2000, the 'Go West' strategy aimed to reduce regional disparities by promoting economic development in China's western provinces. The initiative focused on infrastructure investment, policy incentives and human capital development to attract investment and boost industrialisation in less-developed regions.

Figure 1 / Regional GDP per capita in 1996 (in 2023 yuan)



Note: 1996 GDP adjusted to 2023 price level using GDP deflator for China from the International Monetary Fund. Data for Chongqing not available.
Source: own calculations, based on China Statistical Yearbook 1997 (Urban, 1998).

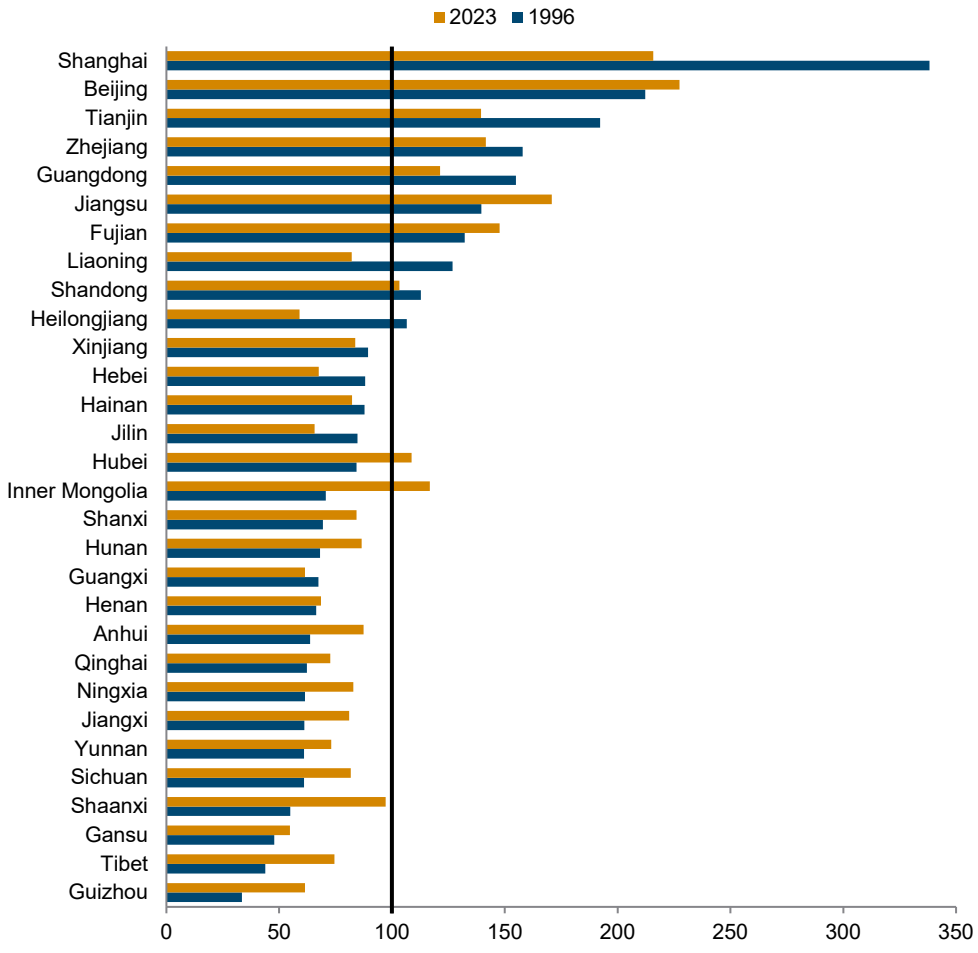
Figure 2 / Regional GDP per capita in 2023 (in yuan)



Source: Own calculations, based on National Bureau of Statistics of China.

Figure 3 presents GDP per capita as a share of the national average in 1996 and 2023. This is a useful metric for comparing regional economic disparities, as it highlights which regions have stronger or weaker economies relative to the national average. The patterns in Figure 3 indicate that while absolute regional income disparities remain, in relative terms they have become less pronounced. To quantify these disparities, two key measures are useful: the Coefficient of Variation (CV) and the Gini coefficient. The CV, which adjusts for the mean, declined from 0.629 in 1996 to 0.438 in 2023, indicating reduced dispersion of regional GDP per capita. Similarly, the Gini coefficient, a measure of inequality where 0 represents perfect equality and 1 represents maximum inequality, fell from 0.296 in 1996 to 0.216 in 2023. These metrics confirm that while regional disparities remain, China's economic growth has led to a measurable reduction in regional inequality in terms of GDP per capita over time.

Figure 3 / Regional GDP per capita (1996 vs. 2023), 100% = national average



Source: own calculations, based on China Statistical Yearbook 1997 and National Bureau of Statistics of China.

INDUSTRIAL STRUCTURES

A 1998 report by wiiw (Urban, 1998) points out that China's economic landscape in 1996 was already defined by substantial regional differences in the distribution of primary, secondary and tertiary sectors. The primary sector (agriculture) was predominant in western and inland provinces, with Tibet (41.9%), Guizhou (36.2%) and Hainan (36.8%) having the highest shares of agriculture in regional GDP. Provinces such as Inner Mongolia (31.8%) and Guangxi (31.0%) also exhibited a heavy reliance on agriculture.

The secondary sector (manufacturing and heavy industry) was concentrated in industrialised provinces with strong state-driven industrial policies. Shanghai (54.5%), Tianjin (53.0%) and Zhejiang (53.1%) had the highest shares of secondary industries, supported by manufacturing hubs and export-oriented growth. Other provinces with significant manufacturing bases included Heilongjiang (53.3%), Jiangsu (51.2%) and Shanxi (51.3%).

In 1996, the tertiary sector (services) was still emerging, but key metropolitan areas were already shifting towards service-driven economies. Beijing (52.5%), Shanghai (43.0%) and Hainan (42.3%) had the largest service-sector shares, benefiting from early financial-sector development and tourism. Coastal provinces like Fujian (36.7%) and Guangdong (35.4%) also exhibited growing service sectors, alongside their manufacturing bases. In contrast, industrially dependent regions such as Heilongjiang (27.3%) and Anhui (24.6%) had the lowest shares of services.

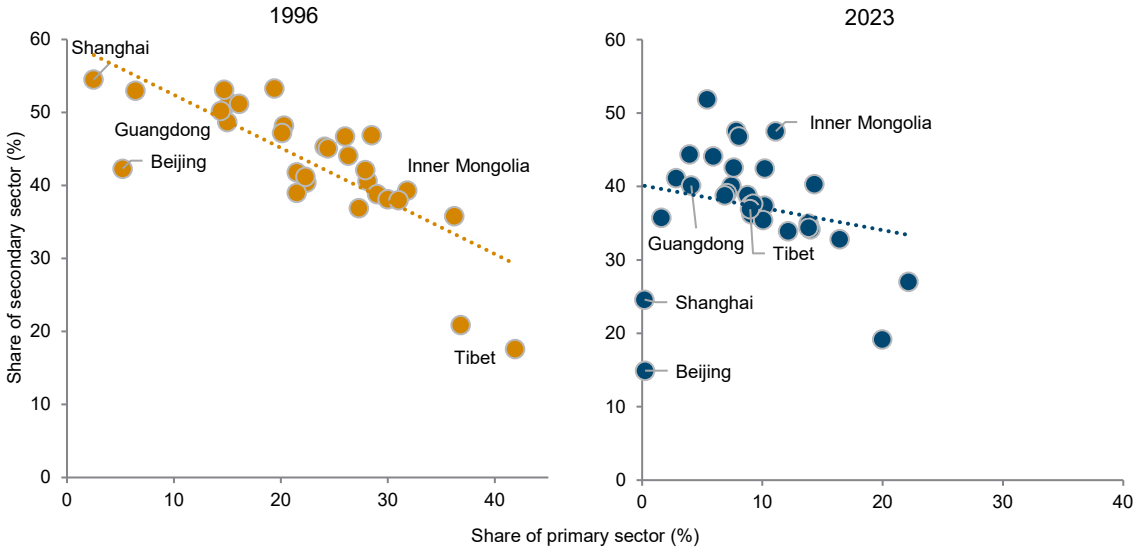
Between 1996 and 2023, China underwent significant structural shifts in its industrial landscape, marked by the declining role of the primary sector and the expansion of the secondary and tertiary sectors. Figure 4 and Figure 5 depict this structural change by province. The primary sector saw a substantial reduction as a share of regional GDP, particularly in inland provinces such as Guizhou (from 36.2% to 13.8%), Yunnan (24.4% to 14.0%) and Tibet (41.9% to 9.0%), where traditional agricultural economies gradually transitioned toward industry and services.

The secondary sector, including manufacturing and heavy industry, remained central to economic growth, but its geographical distribution changed. Traditional industrial hubs like Liaoning (48.7% to 38.8%) and Heilongjiang (53.3% to 27.0%) experienced significant stagnation or decline, due to outdated industrial bases, while manufacturing shifted towards dynamic coastal provinces such as Guangdong, Jiangsu and Zhejiang, which benefited from foreign investment and advanced infrastructure. Despite their industrial strength, even these coastal provinces saw a decline in the secondary sector's share due to the rapid expansion of the service sector, structural transformation and urbanisation, environmental and policy shifts, and rising labour costs leading to some manufacturing relocation.

In Guangdong, the share of industry declined from 50.2% of regional GDP in 1996 to 40.1% in 2023; in Jiangsu, from 51.2% to 44.4%; and in Zhejiang, from 53.1% to 41.1%. Simultaneously, inland industrial hubs such as Chongqing and Chengdu gained prominence, supported by policies like the 'Go West' initiative. These shifts highlight a broader national transition from traditional manufacturing toward a more diversified and service-oriented economy.

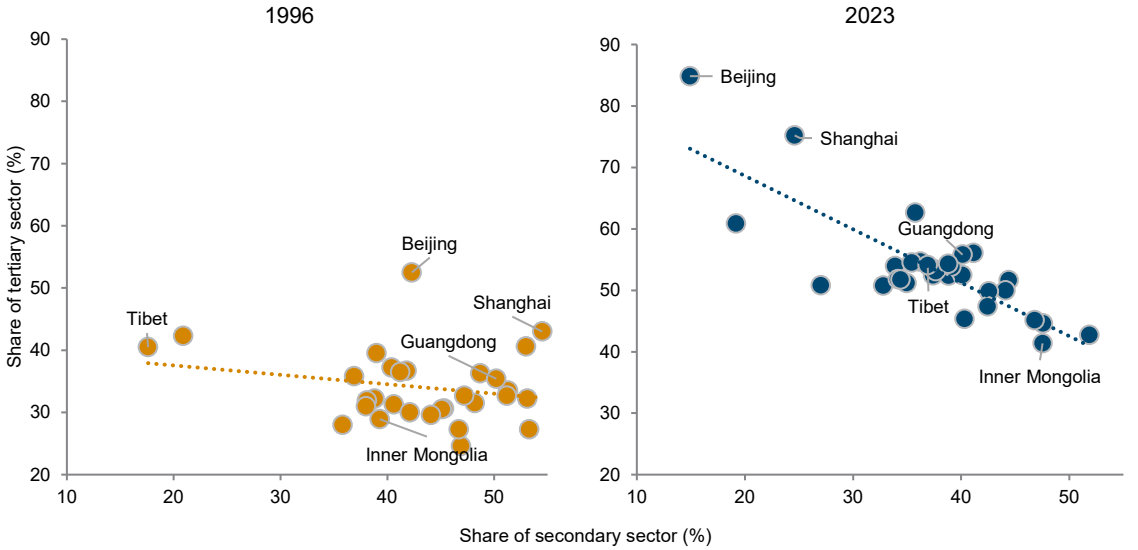
Indeed, the tertiary sector expanded rapidly, particularly in major urban centres. Cities such as Shanghai, Beijing and Shenzhen evolved into service-driven economies, with finance, technology and logistics playing a crucial role. The share of the tertiary sector in Beijing increased from 52.5% in 1996 to 84.8% in 2023, while Shanghai's service sector grew from 43% to 75.2%. The coastal provinces consolidated their dominance in high-value service industries, whereas inland provinces – though they did witness a growth in services – continued to rely more on manufacturing and resource extraction. This transformation underscores a sectoral divergence between high-tech, service-oriented urban economies and industrial or agrarian regions, despite overall economic growth.

Figure 4 / Shift from primary to secondary sector (1996 vs. 2023), shares of regional GDP



Source: own calculations, based on China Statistical Yearbook 1997 and National Bureau of Statistics of China.

Figure 5 / Shift from secondary to tertiary sector (1996 vs. 2023), shares of regional GDP



Source: own calculations, based on China Statistical Yearbook 1997 and National Bureau of Statistics of China.

CONCLUSION AND CHALLENGES AHEAD

China's economic transformation since the late 1970s has significantly reshaped regional inequalities. The introduction of market-oriented policies and Special Economic Zones led to rapid economic growth, particularly in coastal provinces, which became hubs for foreign investment and export-led industries. Meanwhile, inland and western regions struggled to keep pace due to weaker industrial bases and their dependence on state support. In 1996, regional disparities were stark, with Shanghai, Beijing and Tianjin far exceeding the national GDP per capita, while inland provinces like Guizhou, Gansu and Tibet lagged far behind. Since then, there has been some regional economic convergence, with inland regions such as Inner Mongolia and Shaanxi recording above-average GDP per capita growth rates. Despite these improvements, absolute disparities remain substantial, as Beijing and Shanghai continue to lead in economic output, although traditionally wealthy coastal provinces like Guangdong have seen their relative dominance decline.

These changes have been closely linked to major structural shifts. Whereas back in 1996 the primary sector dominated inland provinces, its role has since declined. In coastal regions, although manufacturing remains a key economic sector, its share has decreased due to industrial restructuring, rising labour costs and the rise of the service sector. Urban centres now dominate high-value services, whereas inland provinces, despite their economic progress, remain more reliant on manufacturing and resource extraction.

Looking ahead, China faces several structural challenges that could further shape regional inequality. The transition from an export-driven to a consumption-based economic model has created uneven growth patterns, with high-tech and service-oriented coastal regions benefiting more than traditional inland manufacturing hubs (Chen and Ma, 2022). The growing concentration of high-tech, digital and green industries and innovation – key to China's transition towards a more sustainable economy – has been largely confined to prosperous coastal cities, potentially widening regional disparities in years to come. If inland provinces struggle to develop capabilities in these emerging sectors, they risk falling behind again (Yu et al., 2025a). Addressing these challenges will require comprehensive policy measures to promote industrial diversification, facilitate technological diffusion and enhance infrastructure, ensuring that inland regions can participate in China's next phase of economic transformation and growth.

REFERENCES

Bathelt, H., Buchholz, M. & Storper, M. (2024). The nature, causes, and consequences of inter-regional inequality. Journal of Economic Geography, 24(3), 353-374.

Chen, D. & Ma, Y. (2022). Effect of industrial structure on urban–rural income inequality in China. China Agricultural Economic Review, 14(3), 547-566.

Kanbur, R., & Zhang, X. (1999). Which regional inequality? The evolution of rural–urban and inland–coastal inequality in China from 1983 to 1995. *Journal of Comparative Economics*, *27*(4), 686-701.

Urban, W. (1998). Regional Disparities and Industrial Structure in China, wiiw China Report No. 3, https://comecon-search.wiiw.io/pdf/China%20Report%20(1998-2003)/CR_PDFA/CR_1998-03.pdf

Yu, X., Li, H., Grabner, S.G. & Hua, X. (2025a). China's twin transition: Regional patterns and drivers of technological diversification, Working Paper, Under revision in *Regional Studies*.

Yu, X., Luo, C., Zhang, Q. and Grabner, S.M. (2025b). Catching up in the era of the Fourth Industrial Revolution: Evidence from Chinese firms. Working Paper.

Forecasts of main economic indicators for Central, East and Southeast Europe for 2025-2027

Table 1 / Real GDP growth and revisions since January 2025

Region		2025		2026		2027	
EU-CEE							
BG	Bulgaria	2.4		2.6	▼	2.8	▼
CZ	Czechia	2.3	▼	2.7		2.7	
EE	Estonia	2.3		3.0		2.8	
HR	Croatia	3.1		3.0		2.9	
HU	Hungary	1.8	▼	2.5		2.0	▼
LT	Lithuania	3.0		2.7		2.7	
LV	Latvia	2.1		2.4		2.6	
PL	Poland	3.5		3.0		3.0	
RO	Romania	1.8	▼	2.5		3.0	
SI	Slovenia	2.4		2.5		2.6	
SK	Slovakia	2.0		2.2		2.4	
Western Balkans							
AL	Albania	3.8		3.9		4.0	
BA	Bosnia and Herzegovina	2.7		2.9		3.0	
ME	Montenegro	3.7		3.5		3.1	
MK	North Macedonia	2.8		3.0		3.2	
RS	Serbia	3.7		3.7		3.7	
XK	Kosovo	4.0		3.9		4.1	
New EU accession 2							
MD	Moldova	2.5		3.5		4.0	
UA	Ukraine	3.0		5.0		5.0	
Turkey							
TR	Turkey	3.5		4.0	▼	4.5	▼
CIS3							
BY	Belarus	1.7	▼	1.3		0.7	
KZ	Kazakhstan	4.8	▼	4.6	▲	4.5	
RU	Russia	1.8		1.6		1.5	

Note: Cut-off date: 15 March 2025. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since January 2025.
Source: wiiw.

Table 2 / CPI growth and revisions since January 2025

Region		2025		2026		2027	
EU-CEE							
BG	Bulgaria	3.0	▲	2.6		2.3	
CZ	Czechia	2.3		2.2		2.2	
EE	Estonia	3.8		3.2		2.9	
HR	Croatia	3.0		2.5		2.4	
HU	Hungary	5.0	▲	4.0	▲	3.5	▲
LT	Lithuania	2.0		2.5		3.0	
LV	Latvia	2.0		2.5		2.7	
PL	Poland	4.7		3.0	▲	2.5	
RO	Romania	5.3	▲	4.0		3.0	▼
SI	Slovenia	2.1		2.2		2.1	
SK	Slovakia	3.9		2.8		3.4	
Western Balkans							
AL	Albania	2.5		2.4		2.3	
BA	Bosnia and Herzegovina	2.0		2.0		2.0	
ME	Montenegro	3.6		3.3		3.0	
MK	North Macedonia	3.0		2.5		2.3	
RS	Serbia	3.5		3.0		2.5	
XK	Kosovo	1.9		2.0		1.9	
New EU accession 2							
MD	Moldova	8.0		5.0		5.0	
UA	Ukraine	9.5		7.0		5.5	
Turkey							
TR	Turkey	36.0	▲	24.0		13.0	
CIS3							
BY	Belarus	8.0		6.0		5.5	
KZ	Kazakhstan	9.0	▲	8.0	▲	7.0	▲
RU	Russia	9.5		4.6		3.9	

Note: Cut-off date: 15 March 2025. Colour scale variation from the minimum (gold) to the maximum (grey). Arrow signifies direction of revisions since January 2025.
Source: wiiw.

Table 3 / Unemployment rate in % (LFS) and revisions since January 2025

Region		2025	2026	2027
EU-CEE				
BG	Bulgaria	4.3	4.2	4.1
CZ	Czechia	2.8 ▲	2.6	2.6
EE	Estonia	7.2	6.8	6.2
HR	Croatia	4.9	4.9	4.8
HU	Hungary	4.5	4.2	4.5 ▲
LT	Lithuania	7.0	6.5	6.0
LV	Latvia	6.8	6.5	6.1
PL	Poland	3.1	3.2	3.2
RO	Romania	5.4	5.4	5.2
SI	Slovenia	3.6	3.6	3.5
SK	Slovakia	5.5	5.5	5.3
Western Balkans				
AL	Albania	10.0	9.7	9.5
BA	Bosnia and Herzegovina	13.0	12.8	12.6
ME	Montenegro	10.8	10.0	10.0
MK	North Macedonia	12.0	11.5	11.0
RS	Serbia	8.2	8.0	7.8
XK	Kosovo	10.7	10.6	10.2
New EU accession 2				
MD	Moldova	3.6	3.5	3.5
UA	Ukraine	12.0	10.5	9.5
Turkey				
TR	Turkey	9.0	9.0	8.8
CIS3				
BY	Belarus	3.0	3.1	3.2
KZ	Kazakhstan	4.6	4.6 ▲	4.6 ▲
RU	Russia	2.3	2.2	2.1

Note: Cut-off date: 15 March 2025. Colour scale variation from the minimum (gold) to the maximum (grey). Arrow signifies direction of revisions since January 2025.
Source: wiiw.

Table 4 / Current account as % of GDP and revisions since January 2025

Region		2025	2026	2027
EU-CEE				
BG	Bulgaria	-1.0	-1.1	-0.7
CZ	Czechia	1.0	1.0	1.2
EE	Estonia	-1.8	-1.6	-1.2
HR	Croatia	0.8	1.1	1.0
HU	Hungary	2.3	2.0 ▼	2.3
LT	Lithuania	3.2	2.8	2.7
LV	Latvia	-3.6	-3.2	-3.5
PL	Poland	-1.0	-0.4	0.0
RO	Romania	-7.8	-6.5 ▲	-6.0
SI	Slovenia	2.6	2.7	2.8
SK	Slovakia	-1.5	-1.5	-1.2
Western Balkans				
AL	Albania	-3.1	-2.5	-3.0
BA	Bosnia and Herzegovina	-3.1	-3.0	-2.7
ME	Montenegro	-11.0	-11.4	-11.5
MK	North Macedonia	-1.9	-2.2	-2.4
RS	Serbia	-3.8	-3.6	-3.4
XK	Kosovo	-7.8	-7.6	-8.0
New EU accession 2				
MD	Moldova	-12.0	-12.0	-11.0
UA	Ukraine	-9.0	-8.0	-7.0
Turkey				
TR	Turkey	-2.4	-3.0 ▲	-3.5 ▲
CIS3				
BY	Belarus	-2.1 ▼	-2.2 ▼	-2.3 ▼
KZ	Kazakhstan	-2.0 ▼	-1.7 ▼	-1.0
RU	Russia	3.5	3.4	3.4

Note: Cut-off date: 15 March 2025. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since January 2025.
Source: wiiw.

Table 5 / Fiscal balance as % of GDP and revisions since January 2025

Region		2025	2026	2027
EU-CEE				
BG	Bulgaria	-3.0	-3.0	-3.0
CZ	Czechia	-2.3	-2.2	-2.0
EE	Estonia	-3.4	-3.0	-2.7
HR	Croatia	-1.2	-1.2	-1.1
HU	Hungary	-5.0 ▼	-5.0 ▼	-3.8 ▼
LT	Lithuania	-2.5	-2.3	-2.0
LV	Latvia	-2.9	-2.5	-2.2
PL	Poland	-5.6	-4.6	-3.7
RO	Romania	-7.2	-6.0	-5.0
SI	Slovenia	-2.2	-1.7	-1.5
SK	Slovakia	-5.0	-4.2	-3.2
Western Balkans				
AL	Albania	-1.5	-1.0	-1.0
BA	Bosnia and Herzegovina	-0.7	-1.0	-0.5
ME	Montenegro	-2.5	-2.7	-2.3
MK	North Macedonia	-3.5	-3.0	-3.0
RS	Serbia	-1.5	-1.7	-2.0
XK	Kosovo	-1.0	-0.5	-0.5
New EU accession 2				
MD	Moldova	-4.8	-4.5	-4.0
UA	Ukraine	-16.0	-10.0	-10.0
Turkey				
TR	Turkey	-3.8	-3.5	-2.6
CIS3				
BY	Belarus	-0.3	-0.5	-0.8
KZ	Kazakhstan	-2.4	-2.3	-2.0
RU	Russia	-1.0	-0.8	-0.8

Note: Cut-off date: 15 March 2025. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since January 2025.
Source: wiiw.

Index of subjects – March 2024 to March 2025

(continued on the next page)

multi-country articles and statistical overviews

The *wiiw Monthly Report* summarises wiiw's major research topics and provides current statistics and analyses exclusively to subscribers to the wiiw Service Package. This information is for the subscribers' internal use only and may not be quoted except with the respective author's permission and express authorisation. Unless otherwise indicated, all authors are members of the Vienna Institute's research staff or research associates of wiiw.

Monthly and quarterly statistics for Central, East and Southeast Europe are compiled by the statistics department: Alexandra Bykova (coordination), Beata Borosak, Gentian Gashi, Nadja Heger, Monika Schwarzhappel, Galina Vasaros and David Zenz.

Economics editor: Vasily Astrov

IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:
Verein „Wiener Institut für Internationale Wirtschaftsvergleiche“ (wiiw),
Wien 6, Rahlgasse 3

ZVR-Zahl: 329995655

Postanschrift: A 1060 Wien, Rahlgasse 3, Tel: [+431] 533 66 10, Telefax: [+431] 533 66 10 50
Internet Homepage: www.wiiw.ac.at

Offenlegung nach § 25 Mediengesetz: Medieninhaber (Verleger): Verein "Wiener Institut für Internationale Wirtschaftsvergleiche", A 1060 Wien, Rahlgasse 3. Vereinszweck: Analyse der wirtschaftlichen Entwicklung der zentral- und osteuropäischen Länder sowie anderer Transformationswirtschaften sowohl mittels empirischer als auch theoretischer Studien und ihre Veröffentlichung; Erbringung von Beratungsleistungen für Regierungs- und Verwaltungsstellen, Firmen und Institutionen.

wiiw

wiiw.ac.at

https://wiiw.ac.at/p-7273.html