

Monthly Report

Western sanctions have pushed Russia into China's embrace

How to revive the Belt and Road Initiative in times of geopolitical turbulence

Social Europe: recent developments

The new European Commission and the future of Social Europe



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GEORG FISCHER

GRZEGORZ W. KOLODKO

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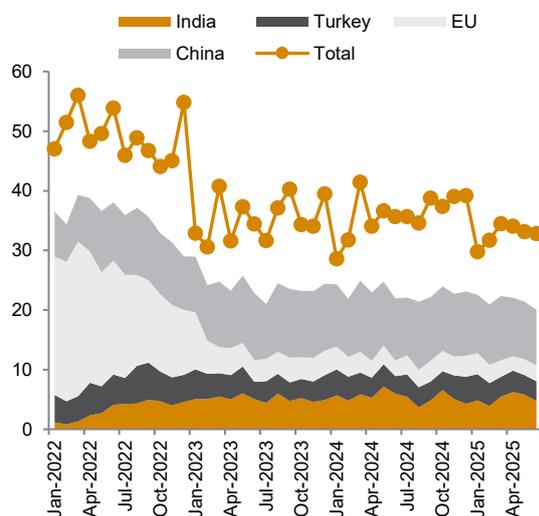
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Chart of the Month: Western sanctions have pushed Russia into China's embrace

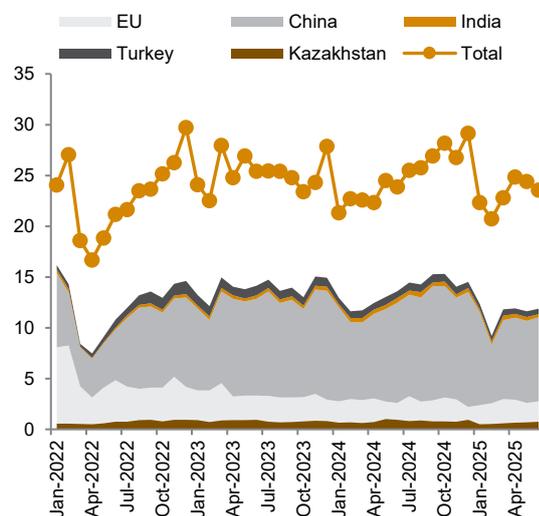
BY VASILY ASTROV

Figure 1 / Russia's exports and imports of goods in USD billion, by trading partner

Exports



Imports



Sources: Total: Russian Central Bank; individual countries (mirror statistics): N.E. Boivin, Z. Darvas, M.-S. Lappe, L. Léry Moffat, C. Martins, C. McCaffrey (2022), 'Russian foreign trade tracker', Bruegel Datasets, first published 10 October 2022, updated on 27 August 2025, available at <https://www.bruegel.org/dataset/russian-foreign-trade-tracker>

The war in Ukraine and Western sanctions have led to an abrupt and profound realignment of Russia's foreign trade away from the EU and towards third countries. This realignment can clearly be seen on both the export and the import side. For instance, whereas before the war the EU used to be the destination for nearly half of all Russian goods exports, by mid-2025 that share had plunged to a mere 8%. On the import side, the drop has been less dramatic, but still substantial: from one third to 12% (Figure 1).

The main winners from this realignment have been countries such as China, India and Turkey. Those countries did not join Western sanctions and have been deriving substantial economic (and diplomatic) benefits from Russia's geopolitical conflict with the West. China's role, in particular, has been crucial in this respect, with the country accounting now for nearly 30% of Russian exports and 35% of its imports (up from 16% and 30%, respectively, on the eve of the war). Along with India, it has become the main destination for Russian oil, often benefiting from favourable price terms. Besides, China is now also the

main source of high-tech goods and technology for Russia, not least due to re-exports of sanctioned and non-sanctioned Western products, including those used in Russian military production.¹

Although the pivot to China – which has largely been out of necessity, rather than a deliberate policy choice – has been embraced by the Russian leadership, it has not been without its problems. First, China has not been able to replace all Western products, with intermediate and investment goods – inherently more difficult to ‘smuggle’ than consumer products – generally the worst affected. Second, while Chinese exports to Russia have been booming, anecdotal evidence suggests that the inflow of Chinese investment has been negligible, leaving Russia to sit on outdated technology in a number of sectors. Last but not least, Russia-China economic relations are highly asymmetric: while China has become Russia’s most important trading partner by far, the role of Russia as a trading partner for China remains rather modest: a mere 4% last year.² This potentially provides the Chinese leadership with substantial economic leverage over Russia – leverage that one day may come in handy.

¹ According to certain estimates, some 80-90% of crucial imports for the Russian defence sector over the past three years (such as semiconductor chips and electronic circuits) have been secured via China and Hong Kong (see e.g. <https://carnegieendowment.org/research/2023/05/hong-kongs-technology-lifeline-to-russia?lang=en>).

² Last year, Russia ranked only 8th on the list of China’s trading partners, behind the EU, the US, South Korea, Hong Kong, Japan, Taiwan and Vietnam, <http://english.customs.gov.cn/Statics/80ab1a29-cd9a-4fca-b8ca-8e373ef88308.html>

Opinion Corner^{*}: How to revive the Belt and Road Initiative in times of geopolitical turbulence

BY GRZEGORZ W. KOLODKO¹

We hear increasingly that globalisation is over, especially as we know it. China, however, views matter differently, demonstrating unwavering energy in harnessing globalisation for its own development, while also intentionally striving to give it a more inclusive face. From this perspective, it is worth examining how the Belt and Road Initiative is used for these purposes, and why, in relation to Central and Eastern Europe, it has developed only on a modest scale so far.

‘17+1’ FORMAT REDUCED TO ‘14+1’

After an initial drive to launch numerous investment projects in Central and Eastern European countries, the Belt and Road Initiative (BRI) clearly lost momentum. Over the past few years there has been little progress in this respect. Worse still, the scope of the Central European countries covered by this valuable Chinese initiative has been limited. Initially, in 2013, it was a group known as 16+1, which, in addition to China, included Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Czechia, Estonia, Hungary, Latvia, Lithuania, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia. Later, in 2019, Greece joined the BRI, making it 17+1. Unfortunately, in subsequent years, Lithuania (in 2021) and Estonia and Latvia (in 2022) withdrew from this formula – undoubtedly under US pressure. Thus, it currently encompasses fourteen countries – from Poland in the north to Greece in the south of the continent – and is known as the 14+1 format.

It is noteworthy that, aside from the three small Baltic states that were already members of the European Union, China has not invited any post-Soviet European republic to participate in the BRI programme. The omission of Ukraine, Belarus, Georgia and Armenia was likely due to a recognition on the part of the Beijing authorities that these were Russian spheres of influence. The current situation is even more complicated than when the BRI launched in 2012, due to weaker Russian influence in Armenia and Moldova, and conversely to its strengthening in Georgia and – even more so – in Belarus.

THE ROLE OF UKRAINE

The situation regarding Ukraine is most complicated owing to the consequences of Russia's reprehensible invasion of that country three and a half years ago. I believe, as soon as a ceasefire is reached and/or peace negotiations between Kyiv and Moscow begin, Chinese President Xi Jinping

^{*} 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 Professor of economics, lecturer at Kozminski University and a former Polish deputy prime minister and minister of finance (1994-1997 and again 2002-2003). He is the author of *Global Consequences of Russia's Invasion of Ukraine: The economics and politics of the Second Cold War* (2023) and *Trump 2.0: Global disruptions and power shifts* (2025).

should invite Ukraine to join the BRI programme as well. China has a particularly strong offer in infrastructure investment – roads and railways, harbours and airports, energy grids and internet networks – and after the devastating war, Ukraine's needs in this area will be enormous.

There is no doubt that China's declaration of its intention to participate in Ukraine's post-war reconstruction will be met with resistance from third parties, particularly the United States and some European Union politicians. The US is not interested in financing the reconstruction of the Ukrainian economy, believing that to be a European matter. However, it will continue to arm Ukraine, albeit increasingly at the expense of European countries – especially the European Union, but also the UK, Norway and Switzerland. This is even more reason for China to announce its willingness to participate in Ukraine's post-war reconstruction, to fill the gap.

PRO-US ORIENTATION OF THE REGION ARGUABLY AN OBSTACLE TO BRI

Expectations regarding the scope of Chinese direct investment in CEE have proved significantly greater than its actual scope, for many reasons. One of these has been the reluctance on the part of the leadership of the EU (to which all the countries in the BRI region belong, except for Albania and the post-Yugoslav Balkan republics of Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia) to allow Chinese capital, treated as competitive rather than compatible, into a region dominated by foreign capital from the West, to get involved. An additional factor contributing to the low level of infrastructure investment is the lack of adequate coordination of interstate strategic planning in this area. Geopolitics also has an adverse impact: all the countries of the region have adopted a pro-Western slant. In particular, a pro-American orientation is clearly present everywhere, often accompanied by an atmosphere and policy of, if not outright Sinophobia, then at least Sino-scepticism.

Against this backdrop, for example, it is unlikely that any of the EU-CEE countries would choose a Chinese partner to build a nuclear power plant. First Poland and most recently Slovakia have decided to cooperate with US companies. It is a similar story with the construction of the Central Communication Port (CPK) in Poland – a comprehensive investment project, worth tens of billions of dollars, which encompasses a major new airport and a network of connecting roads and railways. Although Chinese companies have a significant competitive advantage in this area, none of them will be involved in this massive infrastructure venture. Even if there are obvious potential economic benefits, non-economic political factors are decisive: in this case, as on other occasions, the spurious argument about the security threat that China's participation in the project would pose has been overexploited.

NEED FOR CHINESE FDI TO MAKE UP FOR THE SCARCITY OF OWN RESOURCES

Paradoxically, the greater the investment needs of European countries participating in the BRI in terms of research and development (R&D) (which in the long term is crucial for the competitiveness of their economies), the less they allocate for this purpose, as a share of national income. This is because, in the face of the widespread narrative in politics and the media about the Russian threat, military spending is increasingly absorbing resources. In the extreme case of Poland, national defence already consumes over 5% of GDP, while only 1.5% is allocated to R&D. As a result, the European countries are grappling with growing budget deficits (in Poland, it is approaching 7% of GDP this year) and rising public debt.

Therefore, they should increasingly strive for increased foreign investment, which could also be supported by an influx of Chinese capital. Despite economic arguments supporting this course of action, geopolitics is getting in the way.

It is my belief that this could have specific implications for the intensification of the BRI programme. In this geopolitical and economic context, China could expand its offer of cooperation with EU-CEE economies to include research activities, especially those focused on pro-development practical applications. It is worth intensifying efforts in this field to achieve mutual benefits. This will in no way threaten the position of Western European high-tech companies, but it may motivate them to intensify their R&D efforts, in order to compete with US and Chinese companies in fields where they lag behind.

Furthermore, the number of Chinese students in the BRI countries should be increased markedly, especially in Poland, which has significant, high-class potential in this regard. This is particularly true of polytechnics and universities, medical and agricultural academies, as well as art colleges and business schools. Increased attention should be paid to the growing importance of these 'soft' aspects of the Belt and Road Initiative, related to science and culture. This is even more important given the openly hostile policies of the US administration under President Donald Trump, which are not only anti-Chinese, but are also quite often directed against the European Union. Chinese students, whom President Trump does not wish to see in the US, can be equally well educated in Europe, which would further result in mutual benefits and the development of cooperation in the future.

Without exaggerating the importance of the 14+1 regional cooperation programme implemented as part of the Belt and Road Initiative, its reinvigoration could make a valuable contribution to the complex struggle for inclusive globalisation, which has been in serious doubt over the past few years.

Social Europe: recent developments

BY GEORG FISCHER¹

Procyclical fiscal policy, pressures to reduce wages and social-spending cuts pursued in the aftermath of the Great Recession of 2009 led to social divergence across the EU and rising inequality within member states. This started to jeopardise the legitimacy of the European project and resulted in the adoption of the European Pillar of Social Rights (EPSR) in 2017, which includes important initiatives in such areas as the free movement of workers, labour law, social protection and the creation of targeted EU funds. During the next crisis – the COVID-19 pandemic – the policy response was much more accommodative, resulting in far better economic and social outcomes, notably in Southern Europe.

Economic developments and policies have a big impact on the situation of Europeans, but labour and social policies have a significant effect on how they experience crisis situations and on how widely the benefits of recovery are shared. While social policies are largely the responsibility of member states, EU-level social policies have a limited but important role. Most of them are designed to ensure social fairness vis-à-vis deepening market integration. EU legislation governing health and safety in the workplace seeks to prevent companies from neglecting workers' health as a means of competing in the internal market; and mobility legislation aims at avoiding a 'race to the bottom' competition between migrant and domestic workers. The European Social Fund (ESF) was established to support workers in regions or sectors that are losing out in the integration process.

This and the following article review European labour and social policies. This one looks at the period from the Great Recession to the COVID-19 pandemic; the second discusses the current outlook for European social policies, when the EU is facing new and unprecedented challenges.

In assessing the social impact of deepening market integration – whether through the single market or the single currency – the key phrase is 'social convergence'. This covers two aspects of well-being: the reduction in social and economic disparities *between* member states and *within* each member state. Less precise, but more intuitive, is the question of whether the benefits of economic development are shared widely among the EU population. The traditional expectation was that economic integration would gradually also lead to improved well-being and convergence. This belief was severely dented when the work on the European Pillar of Social Rights (EPSR) started.² The following two sections look at 'social convergence' in the two major recent crisis situations – the Great Recession and the COVID-19 pandemic – and how EU social policies have developed since the Great Recession.

¹ wiiw Senior Research Associate, WIFO Associate and formerly Director for Social Affairs, Director for Analysis, Evaluation and International Affairs and Head of Unit for Employment Policy at DG EMPL, the European Commission. The author is grateful to Vasily Astrov, wiiw, for very useful comments.

² As early as 1973, the Commission noted in the submission for the European Community Social Action Plan: 'economic integration does not translate automatically into improved welfare for everybody ... greater prosperity has not resolved the social problems of the Community ... indeed in some cases it had exacerbated them' (*Social Action Programme*, submitted by the Commission to the Council on 25 October 1973).

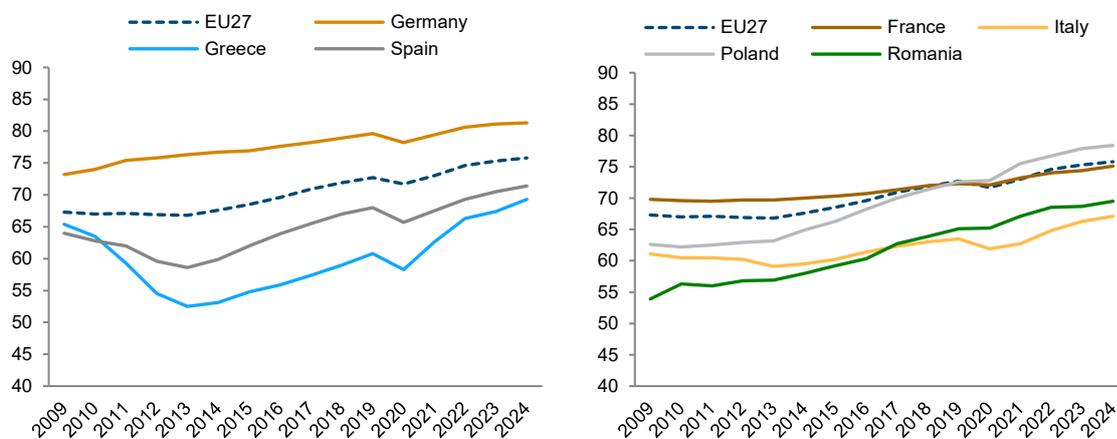
TWO CRISES, TWO DIFFERENT SOCIAL OUTCOMES

Labour market impact

Many will remember the huge increase in unemployment in Southern Europe after 2009. Indeed, the Great Recession brought an end to a convergence process that had resulted in an unemployment rate of around 7% in most EU member states by 2007. Then the Great Recession struck and unemployment in the EU rose to 10% in 2010 and 12% in 2012. Only in 2019 did it return to the level of 2009. The increase in unemployment was by no means shared equally across member states. In 2016 – even after some economic recovery – the difference between the EU average and countries such as Spain and Greece was still well over 10 percentage points.

Now the COVID-19 crisis: in 2019, the year before the pandemic, the unemployment rate in the EU had reached 6.8%; it increased to 7.1% in 2021, but then declined to 6.2% by 2022. Spain recorded an increase from 14.2% to 15.6% in 2020, but (unlike at the time of the Great Recession) that figure fell back to 15.0% by 2021 and then decreased rapidly to 13.1% by 2022. In 2019, Greece had an unemployment rate of 17.3%. This had risen to 17.6% by 2020, but declined to 14.7% by 2021 and continued downwards to 12.4% by 2022.

Figure 1 / Employment rate in selected EU countries, as % of total population (20-64)



Source: Eurostat.

At the EU level, the employment rate declined in the early years of the Great Recession from 68% to 67%, where it stayed until 2014, only returning to 68% in 2015. In the pandemic, the employment rate again declined by 1 percentage point (from 73% to 72%) from 2019 to 2020, but by 2022 it had already returned to 73% and in 2024 reached 76%. As Figure 1 shows, the biggest differences in performance between the two periods are to be found in Spain, Greece and other Southern European countries.

The impact on household income

Arguably 'median disposable household income' is a very informative short-term indicator of the well-being of the population at large.³ Protracted job losses, cuts in social budgets and rising taxation meant that this indicator was affected far more during the Great Recession than in the pandemic. In the pandemic, incomes started to recover in 2021, as employment levels held up and income support was extended. Table 1 displays what has happened to convergence in median household income in the six most populous EU member states, with the biggest, Germany, serving as the benchmark.

Table 1 / Median equivalised household income in PPP, Germany = 100

	2000	2009	2015	2018	2024
France	92	100	100	92	92
Italy	78	85	75	76	83
Spain	68	86	72	73	84
Poland	31*	41	49	52	72
Romania	n.a.	19	21	29	52
NB Greece	60	70	43	43	49

*Note: the earliest year available is 2006.

Source: Eurostat.

What we see is convergence in median incomes with the German level up to 2009, followed by a collapse due to a massive decline in the South and a slowdown in the East. Convergence only resumed in Spain in 2019, and even by 2024 it had not yet reached the 2009 level. Meanwhile, developments in Greece have been catastrophic.

Employment and income decline also translated into rising income inequality within countries. The average of the ratio of the income of the top quintile to that of the lowest earners (80:20 ratio) increased in EU countries on average from 2009 to 2015 from 4.9 to 5.2; in Germany it rose from 4.8 to 5.1 (2014); in Spain from 5.8 to 6.9 (2015); and in Greece from 5.3 to 6.2 (2016). So, divergence could also be observed *within* many Western European countries.

By contrast, during the pandemic the 80:20 ratio initially increased in most countries, but fell back again the following year and now stands at roughly the 2009 level.⁴

THE NEED FOR POLICY CHANGE AND THE EUROPEAN PILLAR OF SOCIAL RIGHTS

By the mid-2010s, social divergence across the EU and rising inequality within member states had started to jeopardise the legitimacy of the European project, which explains the relatively smooth adoption of the EPSR (see Box 1) in 2017. Broad population groups felt that the EU had done little to protect and support them against unemployment and poverty, and that the actions of the 'Troika' had, in certain instances, compounded the misery. Commission President Juncker expressed this when he

³ The 'typical' household is defined not by the average, but by the median equivalised disposable income in PPP to compare the well-being of people. The measure is reported regularly by Eurostat.

⁴ In the Baltics, Bulgaria and Romania, as well as in Portugal, income inequality declined more steeply, but levels remain high. In contrast, the 80:20 ratio in Poland has declined to the EU average level.

famously spoke of ‘the last chance Commission’ that needed to return to ‘solidarity’ as a central concept of EU policies.⁵ The adoption of the EPSR indicated a realisation at the highest political level (Commission, Council and Parliament, as well as member states) that policy change was needed. Mario Draghi clearly characterised the policy that needed to be changed: ‘We pursued a deliberate strategy aimed at reducing wage costs relative to each other and, by combining this with a procyclical fiscal policy, the net effect was only to weaken our internal demand and undermine our social model’ (Draghi, 2024). The economic and social policy response to the COVID-19 crisis suggests that the EU had learned some lessons.

BOX 1 / THE EUROPEAN PILLAR OF SOCIAL RIGHTS

The EPSR was ‘proclaimed’ in 2017 by the European Commission, the Parliament and the Council, and was endorsed by member states, as well as by the EU social partners. The 20 policy principles cover three areas of labour and social rights, under the headings equal opportunities, fair working conditions, and social protection and inclusion. Most of the rights included are well known, though the EPSR entered uncharted territory by requiring jobs, education and services to be of good quality and by demanding an end to precarious working conditions and the abuse of atypical labour contracts. It also asked for policies that enable people to manage labour-market transitions in a better way. The principles are drafted as rights, but are not directly applicable: they need to be implemented by specific action – often by member states, but also through EU legislation or funding. The EPSR is accompanied by a set of indicators (‘Social Scoreboard’) to monitor progress made in achieving the objectives. This scoreboard was recently revised to place greater emphasis on inequality and divergence of outcomes by age, gender, disability, education and income level.

EU SOCIAL POLICIES

In line with the overall approach of managing the Great Recession, progress on EU labour and social policy almost ground to a halt at the time – with some notable exceptions.⁶ With the proclamation of the EPSR, one can speak of a revival in EU social policies (Bokhorst and Schreurs, 2023). This applies to the major legislative areas and the EU processes of coordinating the policies of member states, as well as to the funding instruments (including the creation of new funds). While EU competencies in the labour and social field are limited, deepening EU integration meant there were issues that called for EU initiatives:⁷ the increase in temporary, non-standard work, including solo self-employment; the slow progress in closing the gender gap in the labour market; the digitalisation of employment; and both intra-EU and third-country labour mobility. In these cases, exclusively national action is almost impossible, for example because of the cross-border nature of activity such as platform work, the posting of workers or

⁵ Jean-Claude Juncker used these terms when he first started his mandate and again in 2019: ‘... in 2014 European solidarity was weakened by numerous rifts and rupture’, ‘Europe was unpopular, ... facing a crucial moment in ... history ... which is why I spoke of the last chance Commission’ (Juncker, 2019).

⁶ For example, the Youth Guarantee/Youth Employment Initiative and the Employment and Social Investment packages. Access to the structural funds was simplified and the Fund for European Aid to the Most Deprived (FEAD) was introduced.

⁷ For a discussion on the reasoning behind EU action in the social field, see Fischer (2024: 7-9).

labour mobility. In what follows, we provide a short review of some of the important initiatives (see Fischer, 2024; Spasova, 2024).

Free movement of workers

Free movement of workers was a highly controversial area at the time of the Great Recession, as workers in Western Europe – confronted by the impact of the crisis – felt additional pressure from East-West labour migration and the growing practice of posting workers. For the latter, a revision of the Posting of Workers Directive (EU 2018/957) building on an Enforcement Directive (EU 2014/67) seems to have put in place a generally more acceptable framework. Rules now limit the length of posting and extend equal rights to posted workers, from wages to other elements of ‘remuneration’. The rules now also cover subcontracting and temporary agency work. As in other areas of labour law, enforcement is crucial, as those who are most in need of the protection of EU norms are often the least organised and work for small firms or on their own.⁸ The European Labour Authority (ELA) was founded to assist member states in enforcing the EU rules on free movement, posting and social security for migrant workers.⁹

Labour law, wage-setting and gender equality in the labour market

Fair competition in the single market for goods, services and capital requires a certain level of alignment in the rules governing labour conditions, the treatment of workers (in particular, health and safety) and equal rights for women and men. While there was already a broad set of directives in place in the early 2000s, there had been little that was new until the adoption of the EPSR – though fresh challenges had emerged: the spread of non-traditional forms of employment and of digital economic activities, and the painfully slow progress in closing the gender gap, in particular in terms of remuneration.

Three examples:

- › First, the Pay Transparency Directive (EU 2023/970) obliges employers to inform workers and jobseekers of pay levels broken down by sex, to carry out an assessment of pay equality at company level and to take remedial action if the divergence is more than 5%. It also creates the right to full compensation for workers who have suffered discrimination. Note that comparison extends also to cross-sector equality of pay.
- › Secondly, the Directive on Improving Working Conditions in Platform Work (EU 2024/2831) is a first step to providing labour rights for *all* employed persons (including the formally self-employed) in the digital economy – not just those recognised by their employer as an ‘employee’. It prescribes transparency, information, algorithmic management (decisions on remuneration and termination have to be made by a person, not a machine) and data protection.
- › Thirdly, the Minimum Wage Directive (EU 2022/2041) is for many (though not all) the most direct response to the policy approach of ‘undermin[ing] our social model’ (Draghi, 2024). For decades, the EU had not legislated on the minimum wage, as wage-setting was considered to be outside the EU’s competence. However, the prescribed cuts to the minimum wage and the direct intervention in collective bargaining by creditor countries through the ‘Troika’ during the sovereign debt crisis of

⁸ See an excellent review: Heindlmaier and Kobler (2023).

⁹ The Vienna-based European Centre for Social Welfare Policy and Research runs substantial programmes, often in cooperation with the ELA.

2011-2012 was a step too far and led to a change in the views of most relevant actors. The directive defines rules on *how to set the minimum wage* and reference values that should be taken into account when assessing the adequacy of the national minimum wage (60% of the median wage or 50% of the average wage), and it requires countries to *promote collective bargaining* where bargaining coverage is below 80%. While the legal nature of the directive is still the subject of a case before the EU Court of Justice, it seems that it has already had a considerable impact on the way in which member states have revised their legislation on the minimum wage and on measures concerning collective bargaining. Thorsten Müller of the European Trade Union Institute explained in an interview in November last year: 'The Directive's reference values ... have influenced statutory minimum wage-setting in various countries ... Five years ago, nobody was even talking about these thresholds' (Müller, 2024).

In addition to these directives, others define minimum standards for labour contracts and the rights of workers with care responsibilities, and extend the health and safety rules to carcinogens, toxic substances and asbestos. The EU has also adopted a directive that obliges companies to monitor whether contractors along the value chain comply with labour and ecological standards within the EU and beyond. The directive is one of those that the present Commission proposes to modify.

Social protection

In the field of social protection, where EU competencies are far more circumscribed, the Council has adopted two recommendations (2019/C/387/01 and 2023/C41/01) covering new territory in two respects:

- › First, member states should extend social protection to all employed persons, including the self-employed and those in the digital economy.
- › Second, adequate (as measured by quantitative benchmarks) minimum income is now considered a 'key element' in anti-poverty strategies, together with 'effective access to enabling services' and 'labour market integration'.

While the recommendations are not binding, they do indicate a willingness on the part of member states to address major shortcomings in the social protection systems. These recommendations are used in EU policy coordination exercises to encourage member states to improve social protection and minimum income schemes. More generally, these coordination processes are now taking a more balanced view of labour and welfare state policies, using the Social Scoreboard.

EU funding

Perhaps the biggest innovation in social policy has taken place in the area of EU funding. While the welfare state proved its capacity to strengthen resilience during the Great Recession, it was during the pandemic that the unique contribution that welfare states can make to mitigating the economic and social impact and to preserving productive capacity was clearly demonstrated. The EU played a dual role in this: first through reversing the stance concerning the fiscal policies of member states, and secondly through the establishment of substantial EU-level funding tools, among them the Recovery and Resilience Facility (RRF) of EUR 723bn. The RRF was a response not only to the pandemic, but also to the transition to climate neutrality and the challenges resulting from the Russian war against Ukraine.

The policy coordination process meant that the programming of the RRF included national labour and social policy objectives, such as gender equality, skills and welfare systems.¹⁰

In connection with the transition towards climate neutrality, the EU established two solidarity instruments. The Just Transition Fund, with EUR 20bn to spend on labour-market support in geographical areas expected to be those most adversely impacted by the climate transition, is already operational. The Social Climate Fund is designed to support vulnerable households, and in particular it addresses energy and transport poverty. It can cover infrastructure investment and income support for vulnerable people. Member states had to submit their plans by June 2025. The funding comes from the revenue raised by auctioning ETS2 allowances and from the existing ETS – expected to be EUR 87bn.¹¹ This gives the fund a certain independence from the ups-and-downs of the regular EU budget process.

The most effective EU instrument in the COVID-19 period was the Support to Mitigate Unemployment Risks in an Emergency (SURE) instrument of EUR 100bn, which was agreed, established and put into operation all within a few months. It provided financial assistance to national job-retention schemes (*Kurzarbeit*), largely to member states with limited fiscal space. By the end of 2022, EUR 98.4bn of the EUR 100bn had been disbursed. The main beneficiaries were Southern (60%) and Central/Eastern European countries, while Western and Northern European countries ran similar programmes without Community support (only Belgium asked for funds). It is estimated that SURE supported the employment of more than 30m people in 2020 and 9m in 2021. Pandemic job retention covered a broader group of workers than traditional short-time work schemes: workers on a temporary contract and the self-employed were also included, and coverage of women and younger workers was far higher.

SURE is an important factor explaining the difference in the employment dynamics at the time of the Great Recession and during the COVID-19 crisis. Beyond the quantitative effect of avoiding unemployment, it helped maintain productive capacity and preserve a skilled labour force. The ex-post evaluation of SURE concluded that the programme had met its objectives in a timely and efficient manner.¹² SURE helped maintain social convergence in the very disruptive time of the COVID-19 pandemic.

¹⁰ Bokhorst and Schreurs (2023) suggest that 30% of RRF spending serves social objectives, including strengthening welfare institutions, skill formation, gender equality and early childhood education. Also, Hacker (2023) analyses the linkage of policy coordination and funding through the RRF, with some member states witnessing encouraging results, while others have found the results disappointing.

¹¹ https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/social-climate-fund_en. Since 2005, the EU Emissions Trading System (ETS) has required polluters to pay for their greenhouse gas emissions from electricity and heat generation, industrial manufacturing, aviation and (since 2024) maritime transport. ETS2 covers in addition buildings, road transport and smaller sectors.

¹² SURE itself is funded through social bonds on the capital market. It provides loans to member states on favourable terms. This helped to concentrate the EUR 100bn on countries with limited fiscal space. See the recently published ex-post evaluation of SURE and the biannual monitoring reports on the Commission website https://economy-finance.ec.europa.eu/eu-financial-assistance/sure_en.

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The new European Commission and the future of Social Europe

BY GEORG FISCHER¹

Social Europe is currently facing a raft of challenges, including the housing crisis, poverty, the rise of non-standard work, the digital and environmental transition, population ageing and, most recently, the shifting of policy priorities towards security and defence. In order to cope with these challenges, further progress is needed in EU policy-making in such areas as the coverage of unemployment benefits, labour rights and digitalisation, as well as digital skills, adult education and gender equality.

NEW CHALLENGES POTENTIALLY JEOPARDISING SOCIAL CONVERGENCE

In the previous article we presented the revival of labour and social policies since the adoption of the European Pillar of Social Rights (EPSR). It remains open to question whether the fresh challenges that the EU and its member states are facing – the housing crisis, poverty, the rise of non-standard work, the acceleration of digitalisation and of the ongoing transformation of the European economies, as well as the ageing of their populations – will derail the limited progress achieved in terms of social convergence. The Commission's current work programme includes a number of relevant policy initiatives dealing with these challenges.

But more recently, the mood in the leadership of the Commission and the European Parliament, and in some member states, seems to have shifted. As part of the preparations for the forthcoming EU Multiannual Financial Framework (MFF) for 2028-2034, the European Social Fund+ (ESF+) was initially to disappear as an independent instrument (although in its final proposal the Commission resolved to continue with it).² The top priority now has become security and defence, while attention to the ecological transition has been scaled back.

And there is now renewed concern over 'competitiveness'. Calls for wage moderation and greater labour flexibility are reminiscent of the rhetoric of the period of the Great Recession. In this context, it is worth turning again to Mario Draghi. He repeated in May 2025 that a strategy based on a macroeconomic framework that centred on 'contractionary fiscal policy' and 'a deliberate effort to suppress wage growth' would be the wrong path to take (Draghi, 2025). In his recent report on 'EU competitiveness' the key words are modernisation, transition and a massive boost in investment (European Commission, 2025a).

¹ wiiw Senior Research Associate, WIFO Associate and formerly Director for Social Affairs, Director for Analysis, Evaluation and International Affairs and Head of Unit for Employment Policy at DG EMPL, the European Commission. The author is grateful to Vasily Astrov, wiiw, for very useful comments.

² ESF+ has a budget of EUR 142.7bn for the period 2021-2027 (of which close to EUR 95bn come from the EU budget, the rest being 'co-payments' from member states). Only around EUR 750m are spent directly by the Commission, while the rest is implemented by the member states through programmes covering inter alia training and adult education, the promotion of youth employment, of social inclusion, and gender equality agreed in partnership with the Commission. See <https://european-social-fund-plus.ec.europa.eu/en>

Neither the Draghi Report nor another major EU-level report on economic matters (the so-called 'Letta Report') takes the view that labour and social policies have become an obstacle and need to be scaled back. The Draghi Report states: 'The European welfare state will therefore be critical to provide strong public services, social protection, housing, transport and childcare during this transition. At the same time, Europe will need a fundamentally new approach to skills. The EU must ensure that all workers have a right to education and retraining, allowing them to move into new roles as their companies adopt technology, or into good jobs in new sectors' (European Commission, 2025a). This is true in the context of population ageing and structural change, but also of already severe skills and labour shortages.

It is also true in a different sense, as the digital and environmental transitions described in these reports will have an impact on employment that is more ambiguous than many believe. First, industrial employment in Europe, with its heavy reliance on exports, faces a triple challenge: new US tariffs, declining exports to China and rising imports from it.³ Secondly, it is impossible to foresee the impact on jobs of geopolitical developments. Thirdly, there is a profound structural shift in European industry: this is most obvious in the production of motor vehicles – not just in Germany, but also in EU-CEE (Jakóbowski and Oertel, 2025). In principle, jobs lost in one sector can be replaced with increased employment elsewhere; but that takes time and requires reskilling. Then there are the broader technological shifts in industry and the threat to more highly skilled jobs that, until recently, were considered essential. Will AI reduce employment in traditional white-collar service jobs abruptly, or will it be a slower process that creates as many opportunities as it destroys?⁴ In any case, there could be substantial layoffs and a need for income support, skills upgrades and the geographical relocation of labour.

All this suggests that policy makers should prepare for how coming waves of layoffs could lead to 'good' and 'clean' jobs – the promise contained in the planned EU initiative for 'quality jobs'. One central message of the Draghi and Letta reports is that good jobs and higher productivity go hand in hand, emphasising human-resource development. Arpaia (2025) reports that the lack of digital and ecological competencies hinders productivity growth and 'becomes a severe obstacle for the green transition', and that raising workers' skills has increased productivity in EU economies. Laura Nurski from CEPS shows that innovative firms rely on 'human ingenuity' and 'creative, critical and curious workers'. Skills development must go together with a readiness on the part of firms to encourage autonomy of their workers (Nurski, 2025a). She argues that it is not technology that decides the impact on jobs, but management (Nurski, 2025b). A human-centred approach to AI development should go beyond education and training and should promote social dialogue and worker participation, hence the importance of the EU initiative on social dialogue.

³ In a speech at the Hertie School, European Central Bank President Christine Lagarde said: 'All else equal, this fracturing can pose risks for Europe. Our economy is deeply integrated into the global trading system, with exports accounting for close to one-fifth of our value added and supporting 30 million jobs. Any change in the international order that leads to lower world trade or fragmentation into economic blocs will be detrimental to our economy' (Lagarde, 2025).

⁴ See, for example, VandeHei and Allen (2025) and Raval (2025). One somewhat surprising point is that it might be mostly qualified *entry-level* jobs that are rapidly replaced, thus raising the issue of renewed pressure in the youth labour market. A different view is offered by Brad Lightcap, the chief operating officer of OpenAI: he suggests that the technology could pose problems for 'a class of worker that I think is more tenured, is more oriented toward a routine in a certain way of doing things' (Lightcap, 2025).

Structural change will affect the working population in a broader sense, too. We are currently seeing many younger people working in non-standard employment, often at the lower end of the labour market (though sometimes also higher up). An example of the lower end would be platform workers who provide services such as driving and delivering; at the higher end would be those 'digital nomads' who work for major companies located in urban centres, but who live abroad. How will the careers of these people evolve? Will they be able to continue as they do now when they get older, require a good education for their kids, health care and (later on) retirement income? And what happens when their present occupation disappears – think, for instance, of robot-taxis and Uber drivers. Policy should offer social protection and labour-market support to all, including those who are now excluded, in line with the EU Recommendation on Social Protection for All, and should move to anticipate the risks that people face. Anticipation does not mean that policy should aim at prescribing what sectors or professions will constitute the future, but it should enable people to cope with the changes autonomously.

POLICY RECOMMENDATIONS TO ADDRESS THE CHALLENGES

How well are European policies prepared for these challenges? Let's pick some out of Draghi's list: social protection, childcare and '... [t]he EU must ensure that all workers have a right to education and retraining, allowing them to move into new roles as their companies adopt technology, or into good jobs in new sectors' (European Commission, 2025a). In what follows, we look briefly at policy outcomes, using information from the Joint Employment Report (JER) 2025 adopted by the EPSCO Council (EU Labour and Social Affairs Ministers) (European Commission, 2025b). The JER serves the EU policy coordination process and assesses national and EU performance and shortcomings.

Unemployment benefits

Across all EU member states, somewhat less than 40% of the short-term unemployed (less than one-year duration) receive benefits ('coverage'). In only four countries (Austria, Finland, Lithuania and Germany) is the coverage 50% or higher, while in several countries it is below 20%, and in Romania is just 10% (European Commission, 2025b: 80, Figure 2.3.9). So clearly, many Europeans are inadequately financially protected when facing the loss of their job.

Adult population and basic digital skills

Only in Finland and the Netherlands does more than 80% of the population have at least basic digital skills; in most of Northern and Western Europe, Spain, Hungary and Croatia the level is around 60%, while in the rest of the EU it is substantially lower. Romania displays the lowest level of basic digital skills. Otherwise, the gaps between the better and the less well-performing countries have increased over the past decade (European Commission, 2025b: 54, Figure 2.2.8). So what we observe in digital skills is weak outcomes and a growing disparity between EU countries.

Early childhood and adult education

Countries that do more on early childhood and adult education display better economic performance and lower inequality. In other words: social investment pays off. The EU has consequently established targets for early childhood education and care, as well as for adult education. The EU target for annual participation in adult education is 60% of all adults. However, only a few EU countries are close to this

target: in many, only 40% or less attend training, and in some the figure is as low as 25%. Moreover, inequality within countries is massive. Although it is people with lower educational levels who urgently need a boost, they participate in adult education significantly less frequently than do those who are already better educated. In many countries, the participation rate of better-educated citizens is three to four times that of the less well educated; and even in the best-performing countries, the figure is double. Moreover, over the past decade, progress on participation in adult education has been greater in those countries where the starting point was higher.

So we are a long way away from adult education being a 'normal' phenomenon in people's careers – and even further from convergence across and within countries (European Commission, 2025b: 52, Figure 2.2.6; 25, 26, 53). The EU target for education and care for children below the age of three is 45%. However, at present only 20% of children living in households that are at risk of poverty or social exclusion attend, and in 'non-poor' households the figure is only 42%. Improvements in the last decade have not been rapid, and progress among children from poor households has been slow. So the results for participation in early childhood education and care are highly unsatisfactory.

Gender equality

This is arguably the most important route to the full mobilisation of a skilled EU labour force.⁵ A recent OECD report shows that increasing the labour force participation of women and reducing the gender gap in hours worked could substantially compensate for the decline in the labour force caused by population ageing (OECD, 2025).⁶ (Note that availability of childcare does not lead automatically to a more equal distribution of paid and unpaid care work – policy must also target the attitudes of men and women (Sabouniha and Tverdstup, 2024).) However, the JER reports that progress on closing the gender gap in employment in the EU has been far too slow, as has also been the case with the gender wage gap (European Commission, 2025b: 57, 58, 63). The announced Roadmap on Gender Equality will hopefully speed up progress in this important area.

So how to address the shortcomings in terms of protection of the unemployed, early childhood and adult education, and the rather mediocre progress on gender equality and digital skills? In its annual country policy recommendations, the EU does already insist on faster progress. This is not a simple task, as related policies are mostly pursued at the national level or are in the hands of the social partners. The ESF and the RRF have already promoted childcare and adult education, and the Just Transition Fund will be helpful in this respect. But the fact is that among the weak performers, there are countries that receive large amounts of EU funding; so it is not just a question of money.

What other instruments does the EU have at its disposal to get member states to do more on social convergence? Let's look at adult education. Draghi and others demand a 'right to education' for all European adults (European Commission, 2025a). Would that change the story? Some believe it would not be enough and demand an EU-level mandate to educate adults in digital skills, given the current extreme shortcomings (Conclave Europe Report, 2024). The logic is that low-skilled and disadvantaged

⁵ Longer working life is also important – to discuss the issue would deserve a separate note.

⁶ Figure 2.9 of the report shows the growth potential of closing the employment gender gap, and Figure 2.10 illustrates the potential of equalising the hours worked by men and women in many EU member states. The former is particularly marked in several countries of Southern and Central and Eastern Europe; the latter in Austria, Germany and the Netherlands.

people have consistently less opportunity to exercise such a right; hence a mandate would force governments, the education system and employers to include everybody in such activities. Is this the way to go and can Europe play a central role in it?

BOX 1 / SELECTED INITIATIVES IN THE POLITICAL GUIDELINES SET OUT BY URSULA VON DER LEYEN FOR THE NEXT EUROPEAN COMMISSION 2024-2029

- › An action plan to implement the EPSR.
- › A Roadmap for Quality Jobs together with the social partners, to ensure a just transition for all, with an increase in the funding for just transitions.
- › Initiatives on the digitalisation of work, AI management, telework and a right to disconnect.
- › Strengthening Erasmus+, including on vocational training.
- › A Roadmap for Women's Rights and a new Gender Equality Strategy.
- › A new pact for European Social Dialogue.
- › The first ever European anti-poverty strategy.
- › Rolling out the Social Climate Fund.
- › The first European Affordable Housing Plan, work with the European Investment Bank on a pan-European investment platform for affordable and sustainable housing.

The Commission is planning important social policy initiatives (see Box 1 for some of them). Most recently, Commission President Ursula von der Leyen underlined three of them in her State of the Union speech: an Act on Quality Jobs, the affordable housing initiative and the Anti-Poverty Strategy with the aim of helping to 'eradicate poverty by 2050, [b]acked up by a strong Child Guarantee' (von der Leyen, 2025: 21). However, there is also cause for concern. In the first place, there are signs that the emphasis on competitiveness is reviving failed policies of the past, according to which social and labour policies are a burden and an obstacle to economic development. Secondly, neither the Commission work programme nor the MFF proposal builds on the undeniable lessons learned from the success of SURE as a programme that responded rapidly and effectively to an emergency situation, including the way in which it was funded using 'social bonds' and how resources were allocated to those member states most in need. SURE was designed to respond to a specific crisis, for which job retention was an appropriate aim that might not be appropriate for other social and labour crisis situations.

New programmes may need to focus on income support on the one hand, and on skills development and change of employment and sector on the other,⁷ but some basic features of SURE should provide inspiration for a generic emergency response instrument. The EU will need such an instrument to support people – our most important productive potential – and should not risk another collapse of social convergence, as was seen in the aftermath of the Great Recession. Similarly, precisely because of the new structural challenges, the EU cannot afford not to proceed with social policies. One can only hope that the

⁷ In the last decade, the work has centred around European Unemployment (re)-Insurance (EUI) (Andor et al., 2014) and the relationship to SURE (Vandenbroucke et al., 2020).

EU has learned the lesson that these policies do not stand in contradiction to the major transformations our economies and societies are undergoing, but are necessary complements to the process.

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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	HUF	Hungarian forint	RON	Romanian leu
BAM	Bosnian convertible mark	KZT	Kazakh tenge	RSD	Serbian dinar
BGN	Bulgarian lev	MDL	Moldovan leu	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), Slovenia (from January 2007, euro-fixed before) and Croatia (from January 2023, euro-fixed before).

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

Online database access



wiiw Annual Database



wiiw Monthly Database



wiiw FDI Database

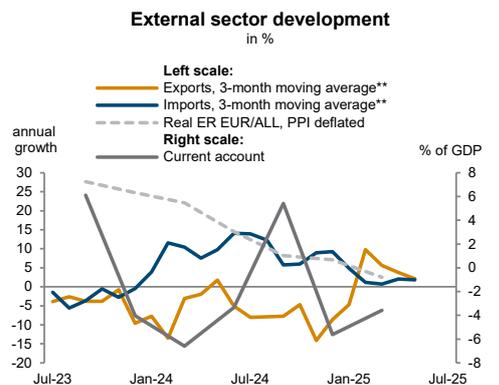
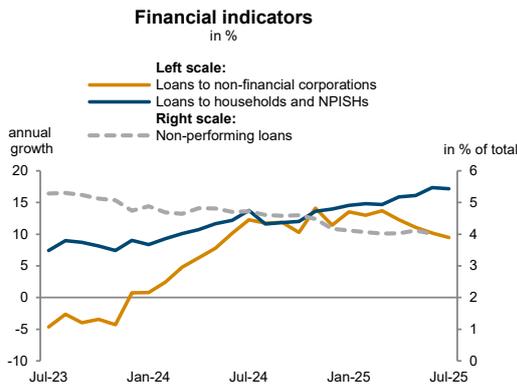
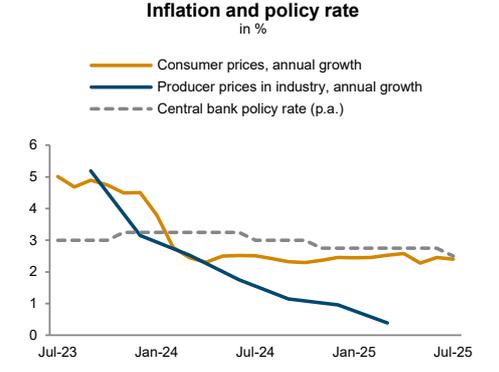
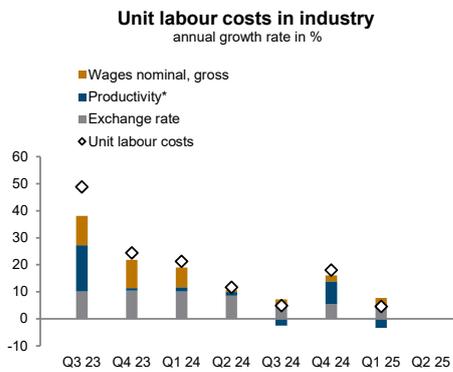
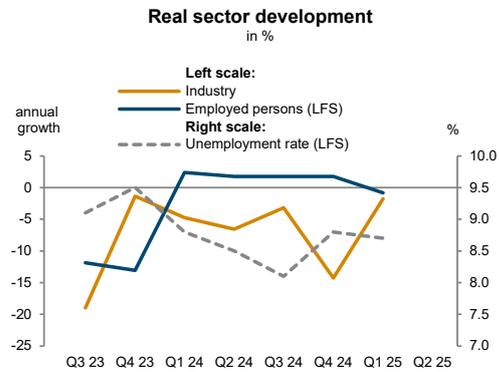
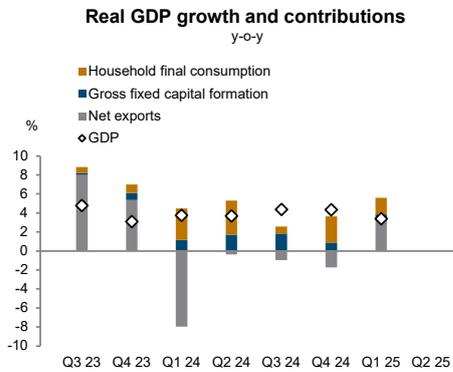
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Albania

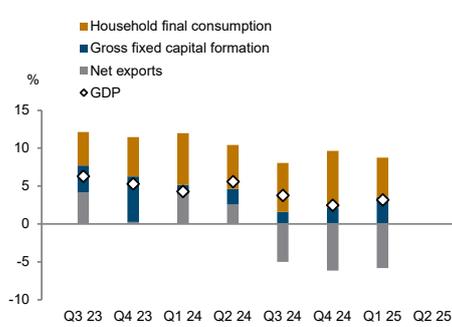


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
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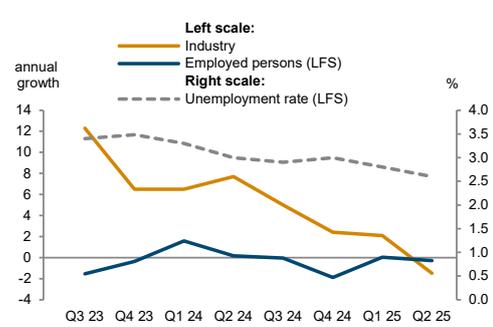
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
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Belarus

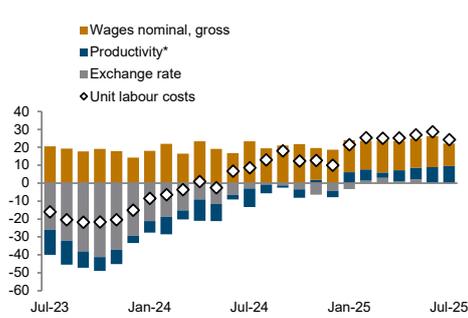
Real GDP growth and contributions



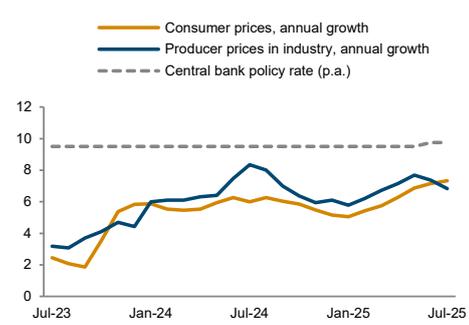
Real sector development



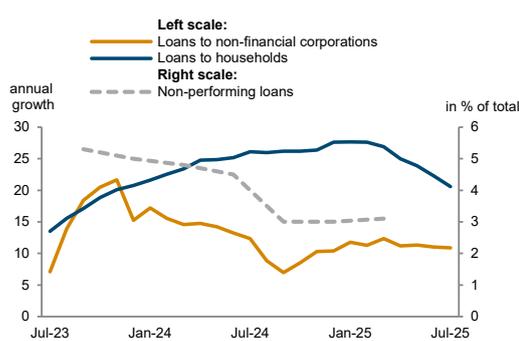
Unit labour costs in industry



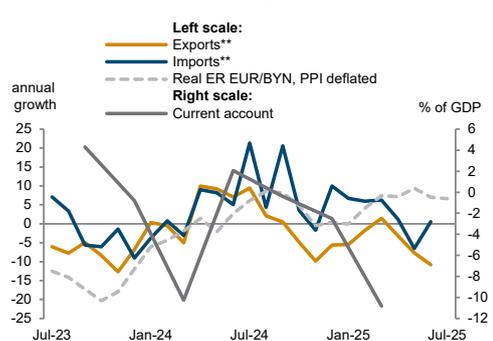
Inflation and policy rate



Financial indicators



External sector development



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

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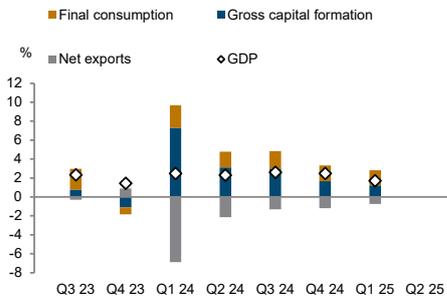
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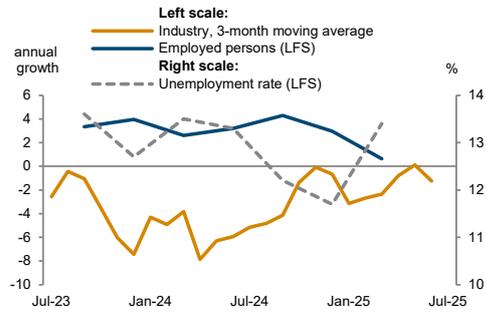
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Bosnia and Herzegovina

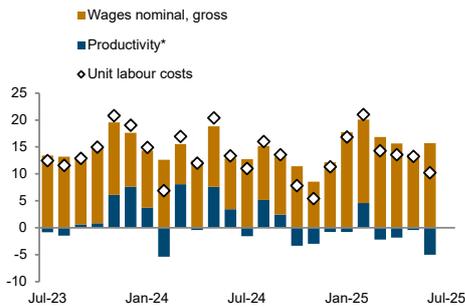
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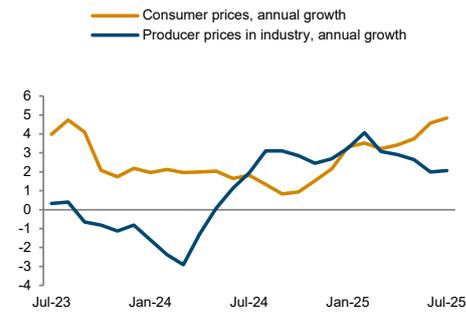
Real sector development
in %



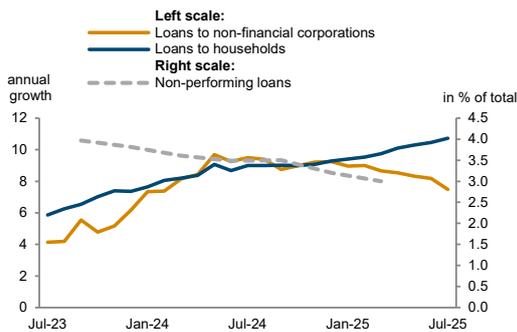
Unit labour costs in industry
annual growth rate in %



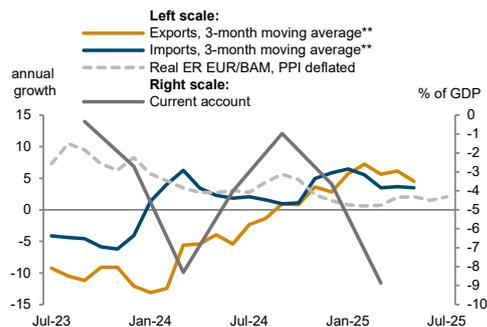
Inflation
in %



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.

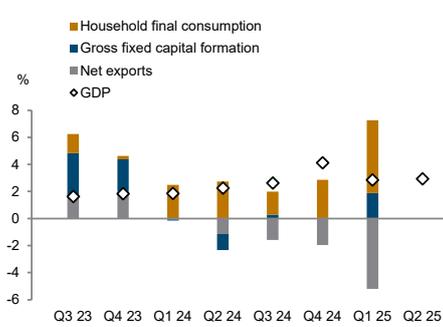
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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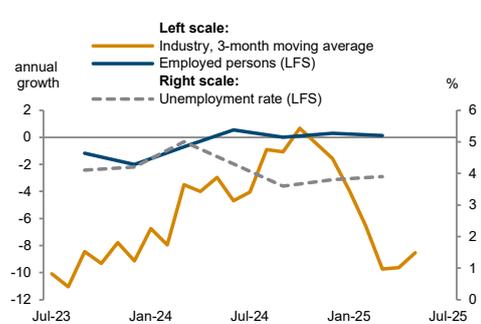
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Bulgaria

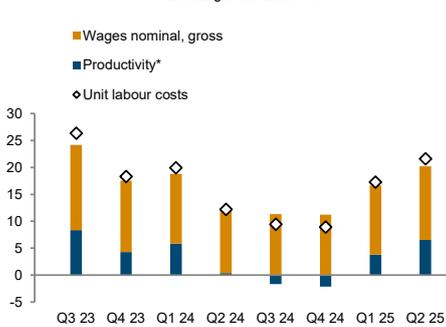
Real GDP growth and contributions



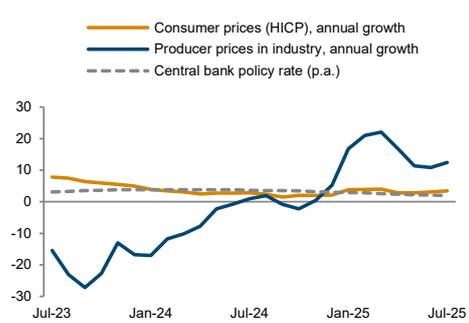
Real sector development



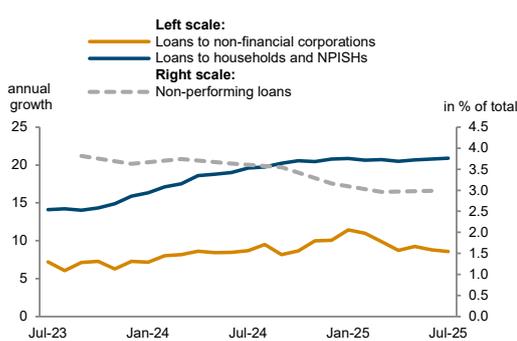
Unit labour costs in industry



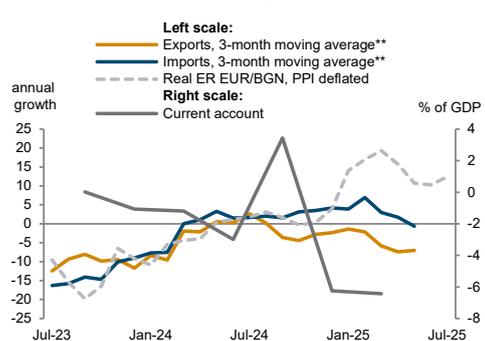
Inflation and policy rate



Financial indicators



External sector development



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

**EUR based.

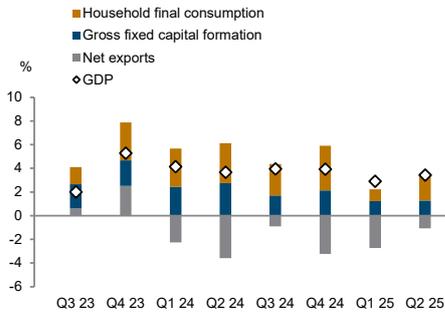
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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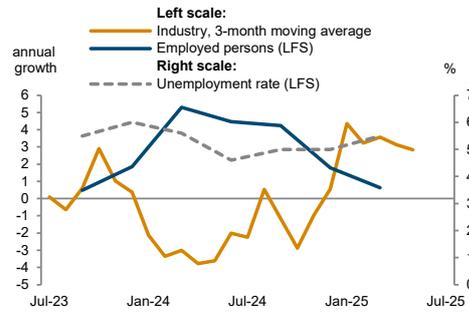
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Croatia

Real GDP growth and contributions
y-o-y



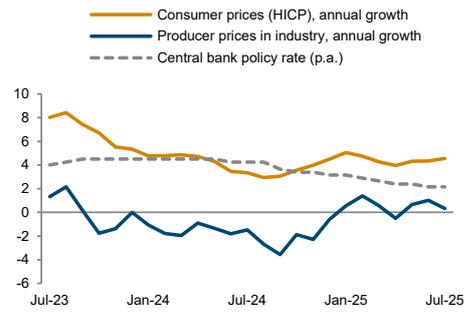
Real sector development
in %



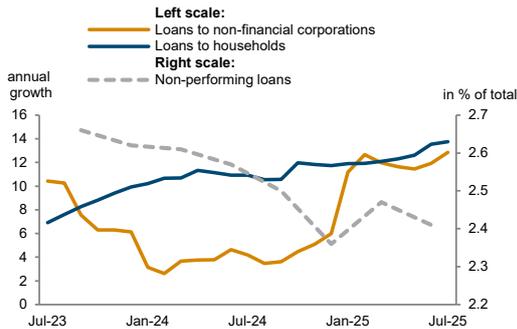
Unit labour costs in industry
annual growth rate in %



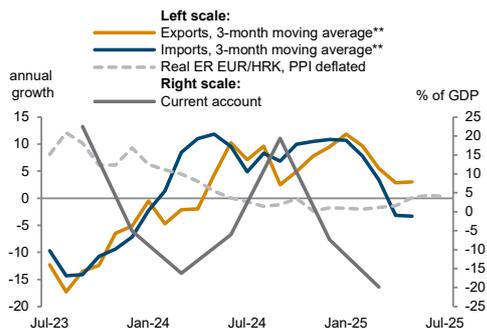
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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**EUR based.

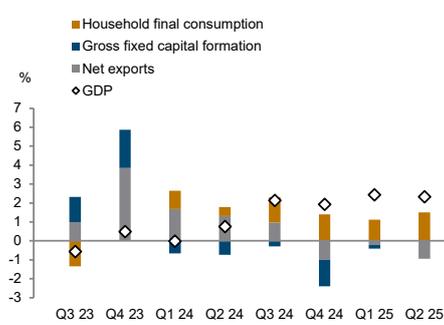
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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

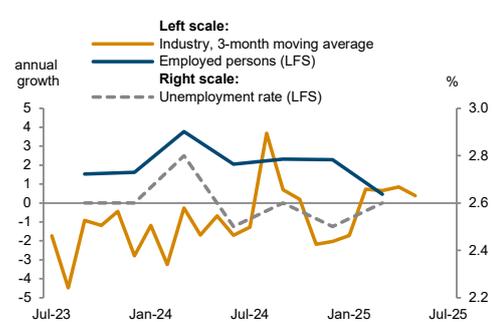
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Czechia

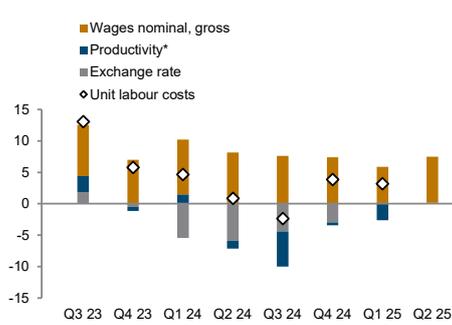
Real GDP growth and contributions



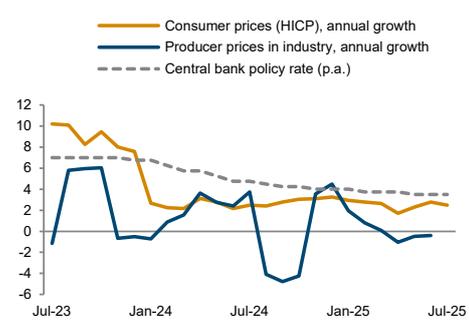
Real sector development



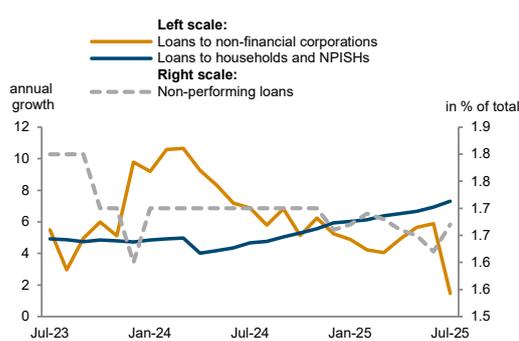
Unit labour costs in industry



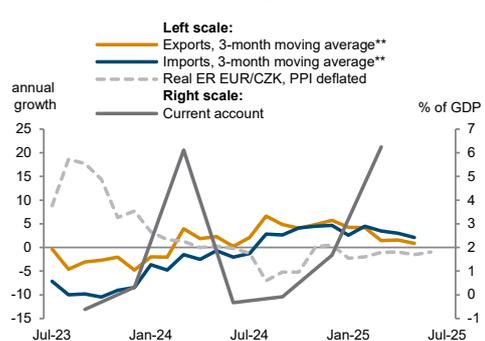
Inflation and policy rate



Financial indicators



External sector development



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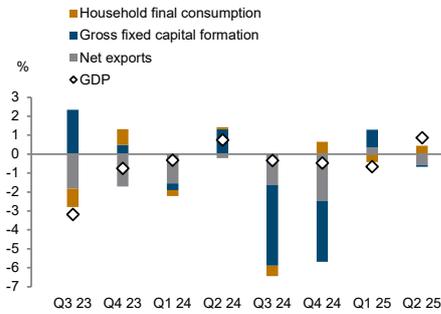
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Estonia

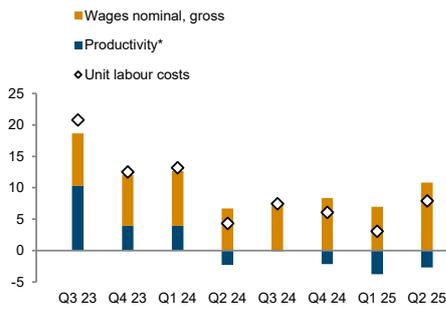
Real GDP growth and contributions
y-o-y



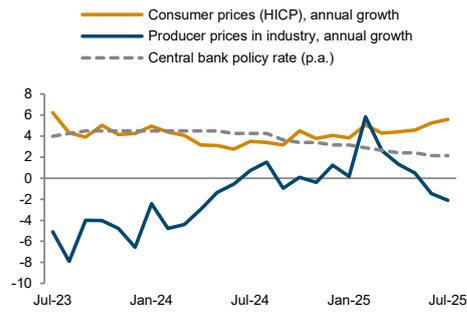
Real sector development
in %



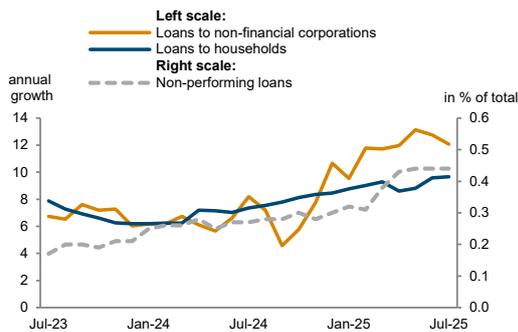
Unit labour costs in industry
annual growth rate in %



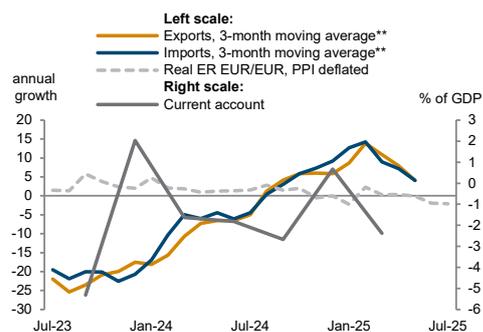
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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**EUR based.

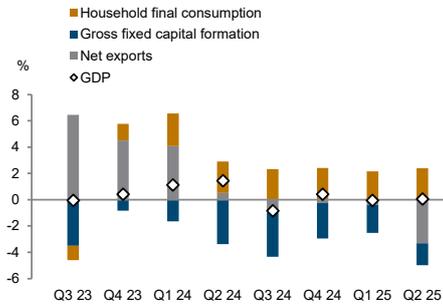
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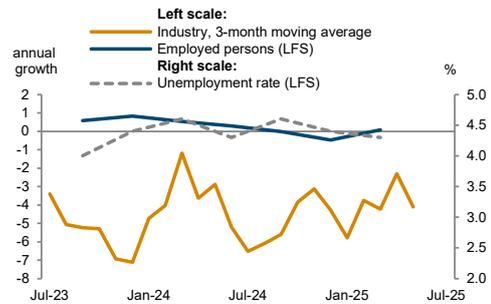
<https://data.wiiw.ac.at/monthly-database.html>

Hungary

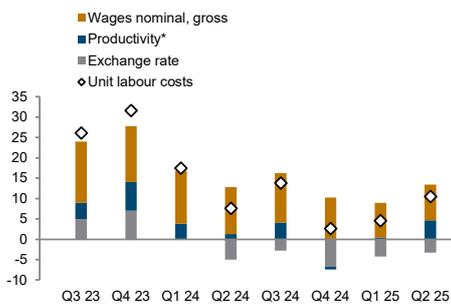
Real GDP growth and contributions
y-o-y



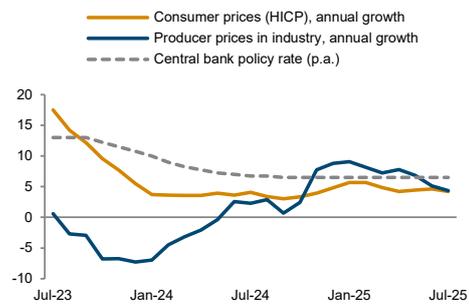
Real sector development
in %



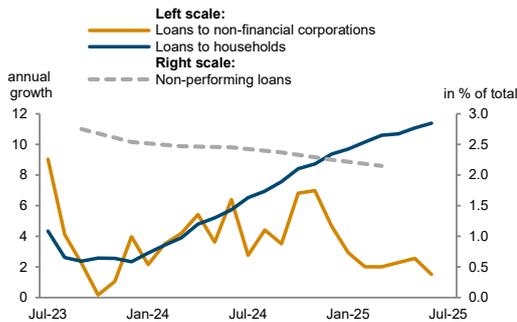
Unit labour costs in industry
annual growth rate in %



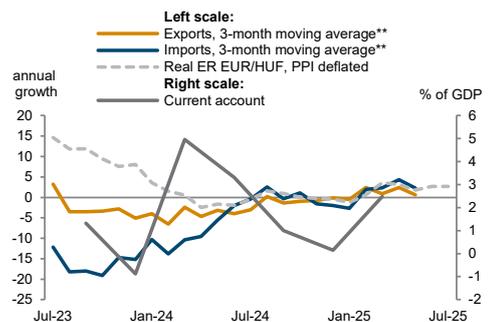
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

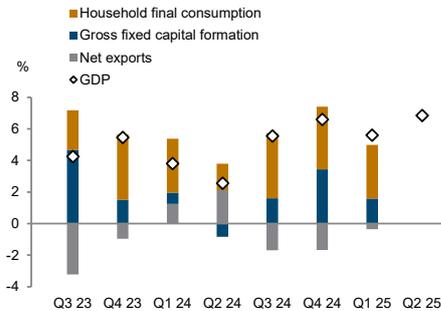


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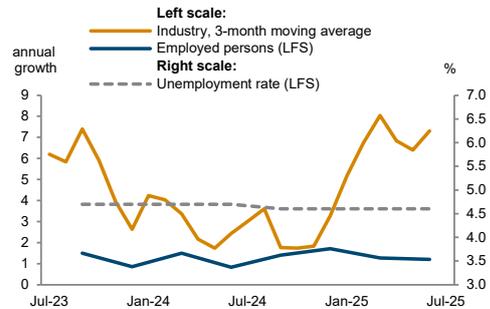
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Kazakhstan

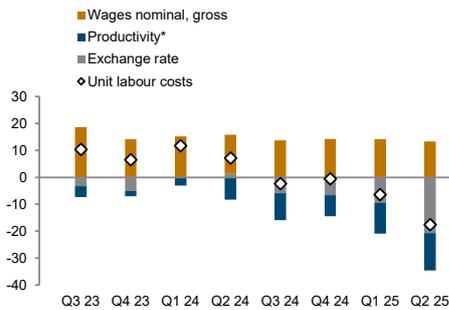
Real GDP growth and contributions
y-o-y



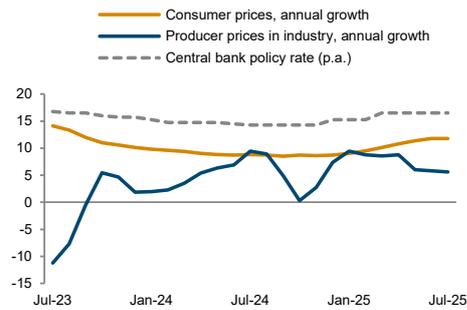
Real sector development
in %



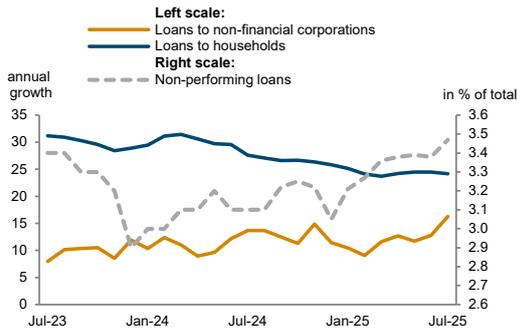
Unit labour costs in industry
annual growth rate in %



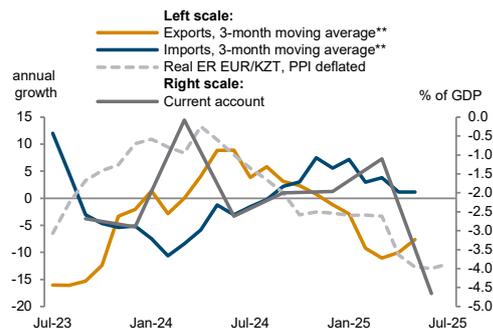
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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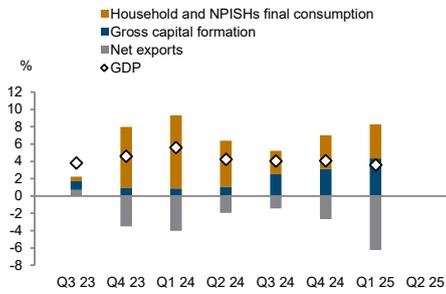
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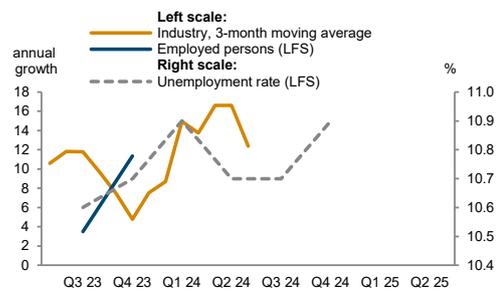
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Kosovo

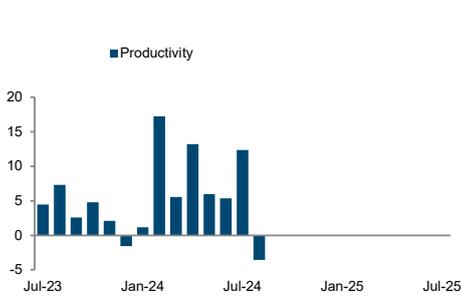
Real GDP growth and contributions
y-o-y



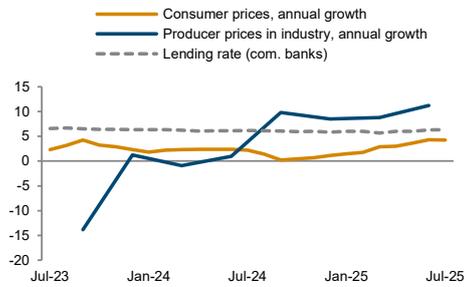
Real sector development
in %



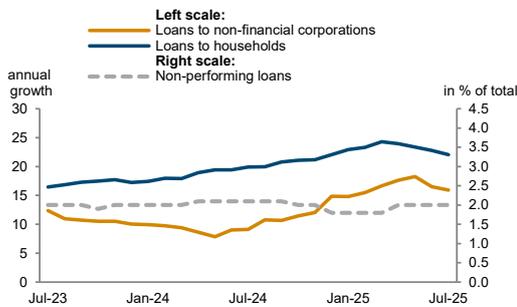
Productivity in industry
annual growth rate in %



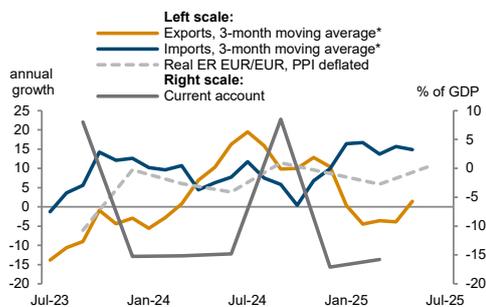
Inflation and lending rate
in %



Financial indicators
in %



External sector development
in %



*EUR based.

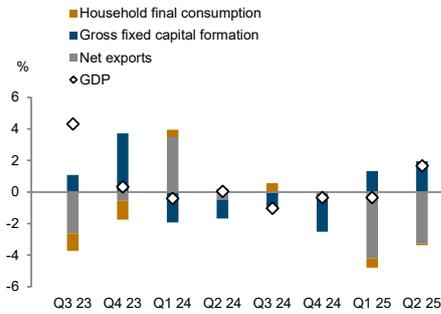
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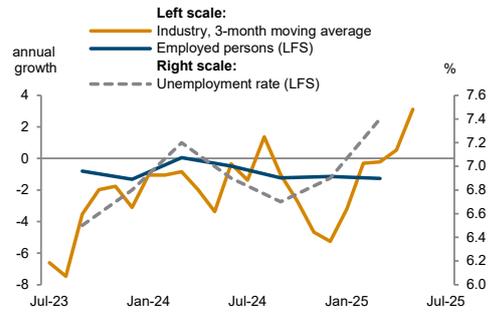
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Latvia

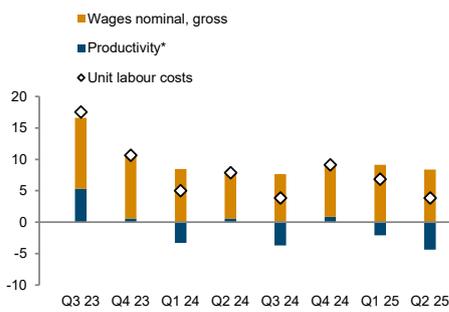
Real GDP growth and contributions
y-o-y



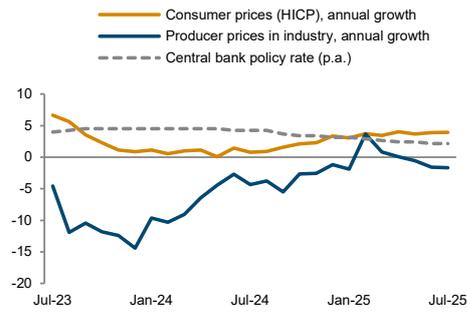
Real sector development
in %



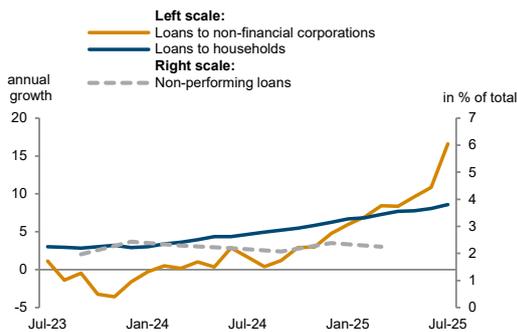
Unit labour costs in industry
annual growth rate in %



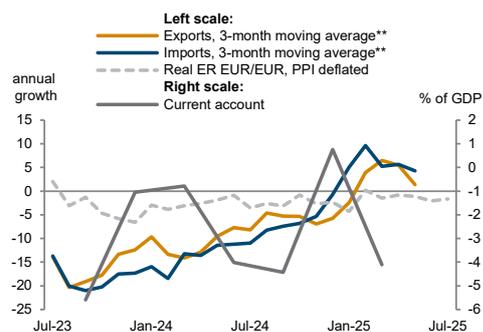
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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**EUR based.

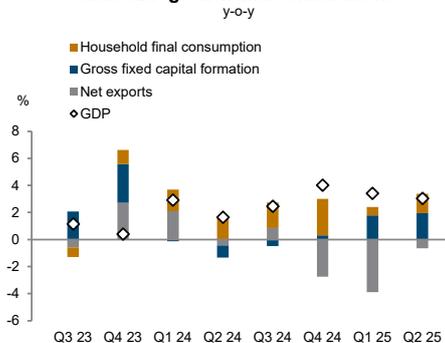
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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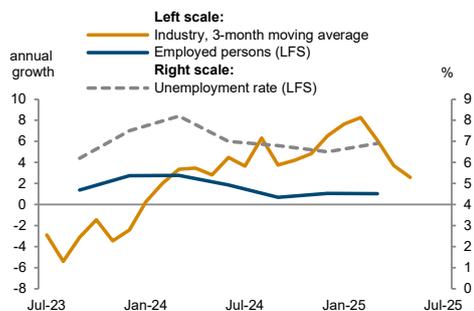
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Lithuania

Real GDP growth and contributions



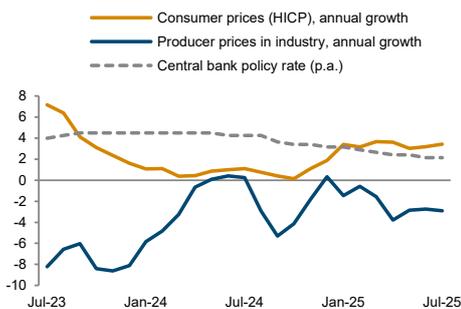
Real sector development



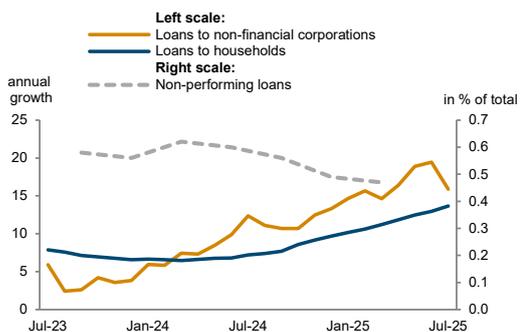
Unit labour costs in industry



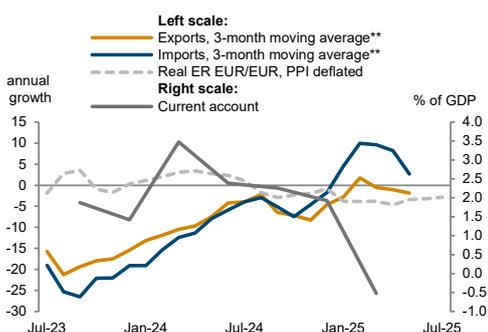
Inflation and policy rate



Financial indicators



External sector development



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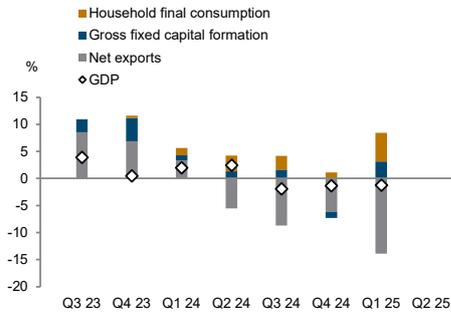
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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

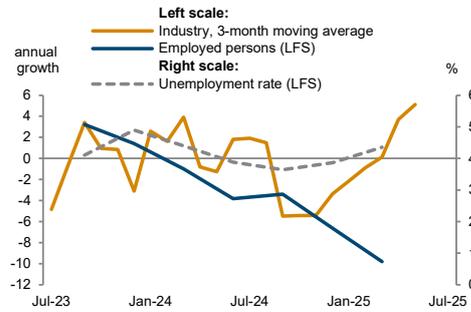
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Moldova

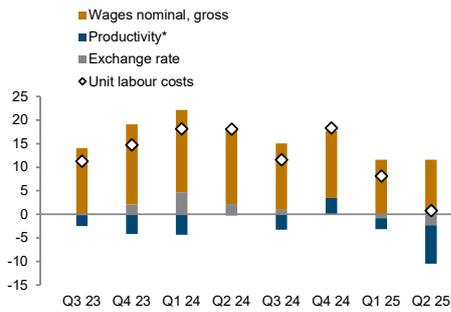
Real GDP growth and contributions
y-o-y



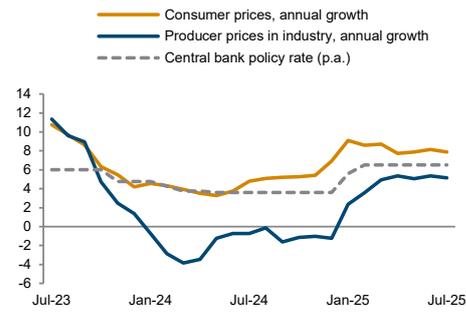
Real sector development
in %



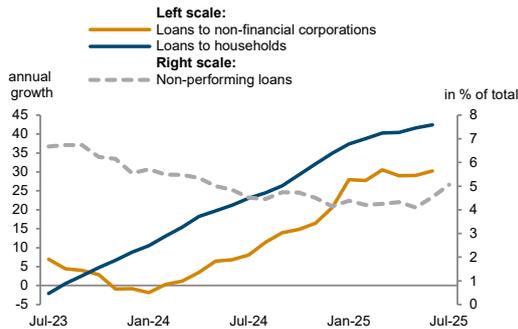
Unit labour costs in industry
annual growth rate in %



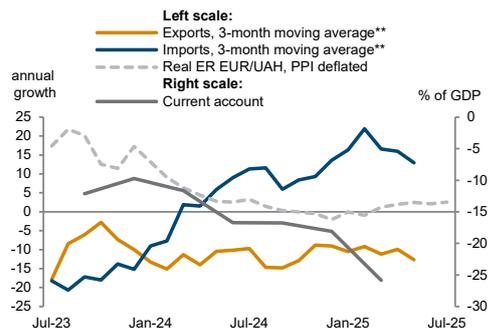
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %



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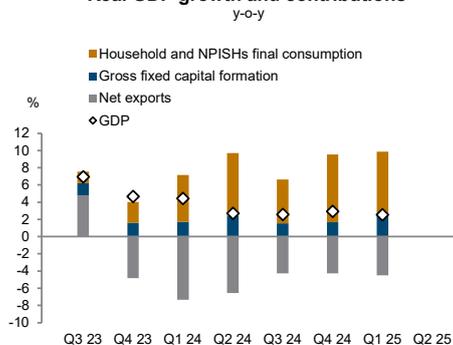
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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

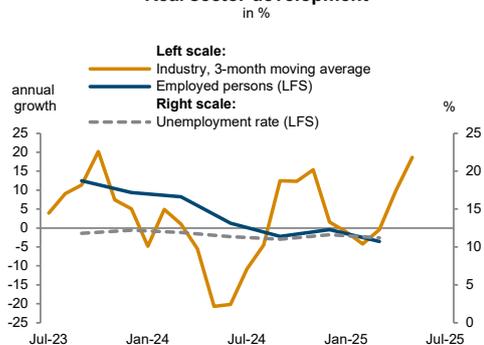
<https://data.wiiw.ac.at/monthly-database.html>

Montenegro

Real GDP growth and contributions



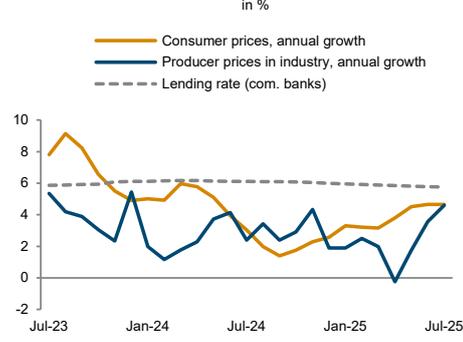
Real sector development



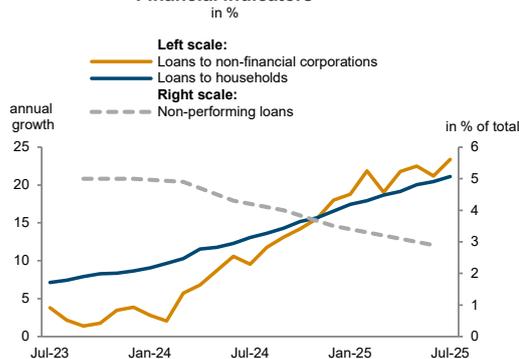
Unit labour costs in industry



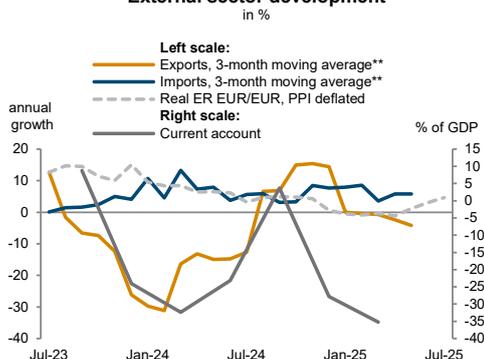
Inflation and lending rate



Financial indicators



External sector development



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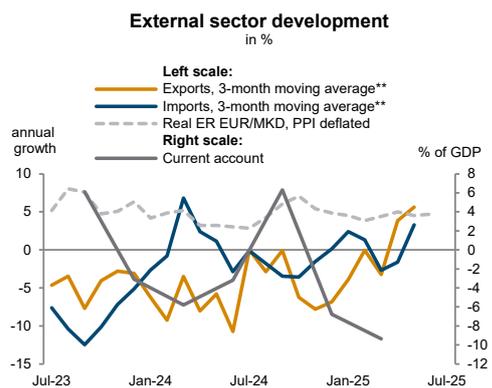
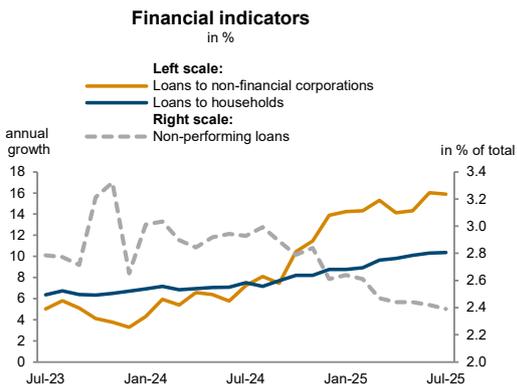
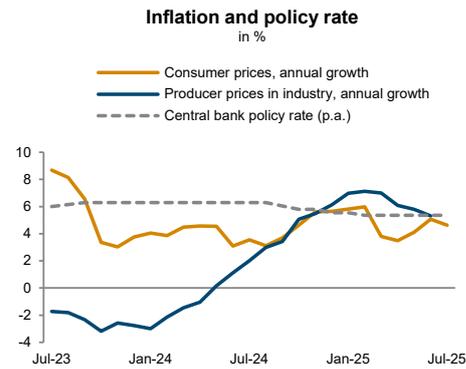
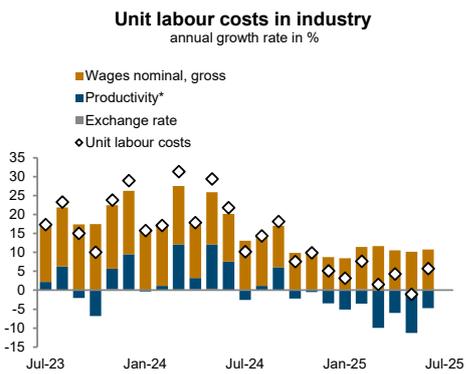
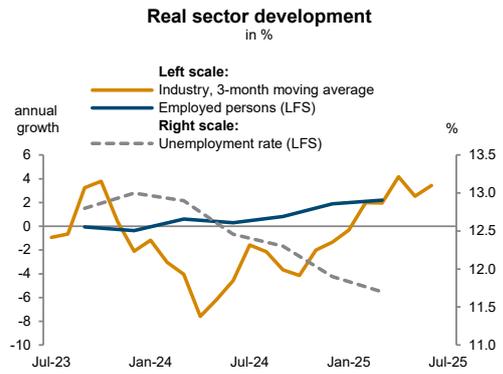
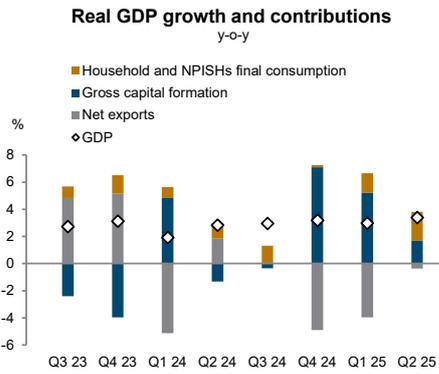
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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North Macedonia

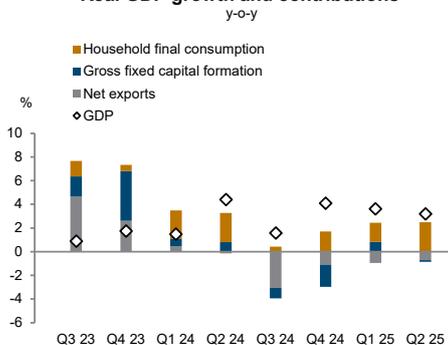


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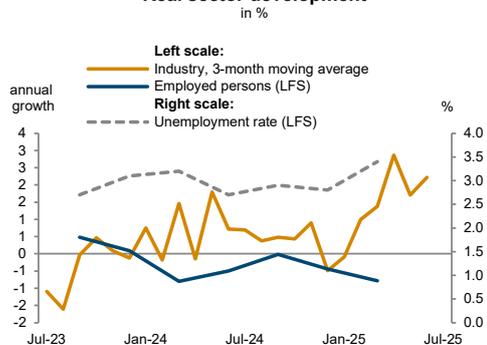
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Poland

Real GDP growth and contributions



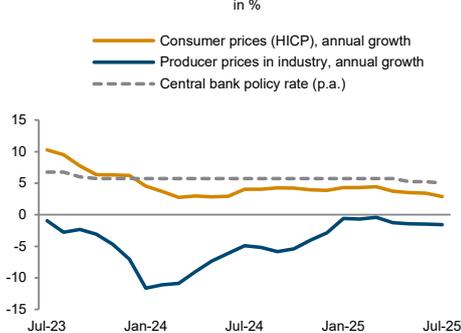
Real sector development



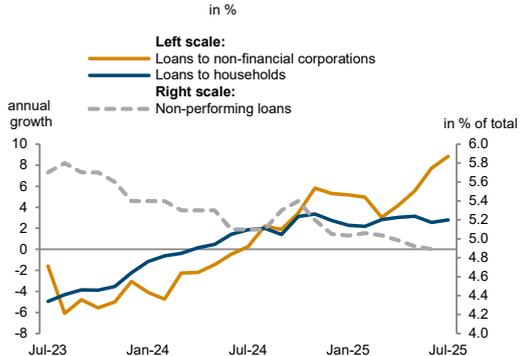
Unit labour costs in industry



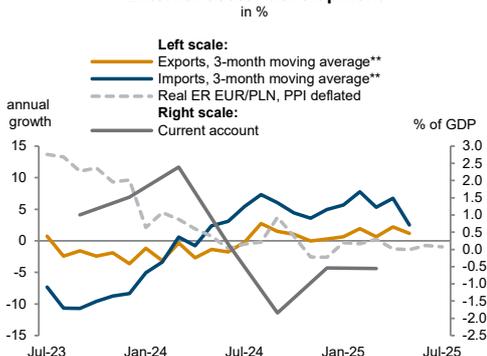
Inflation and policy rate



Financial indicators



External sector development



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

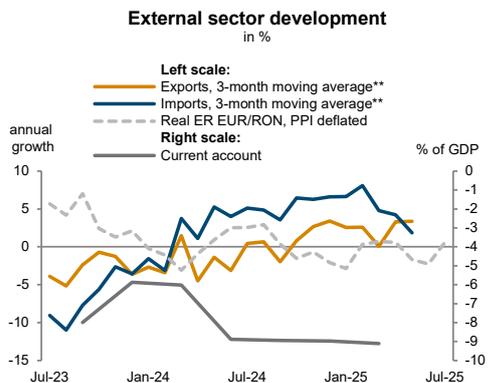
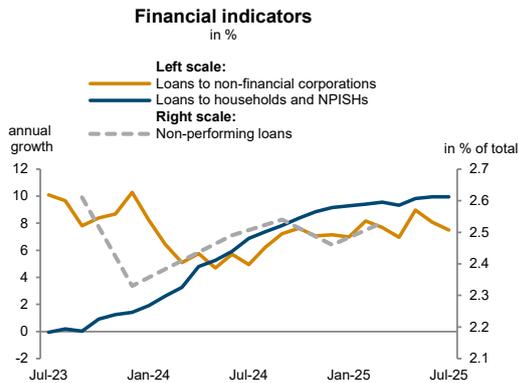
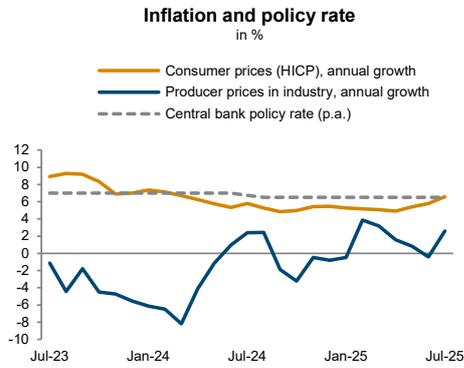
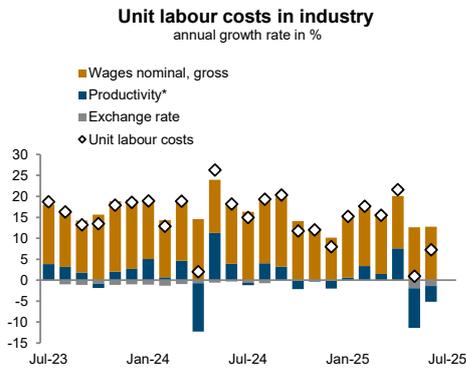
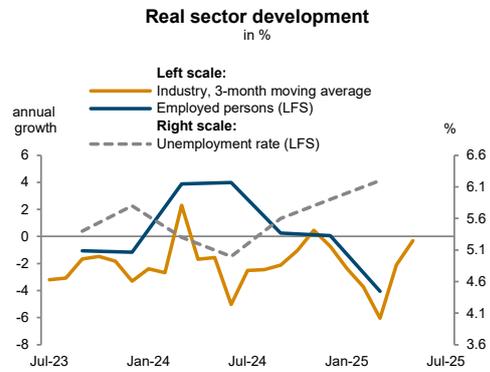
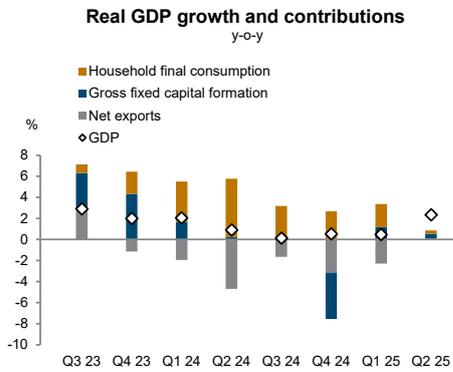
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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Romania



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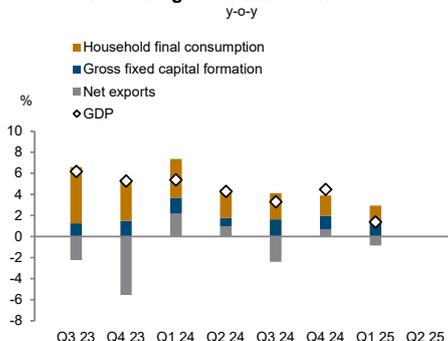
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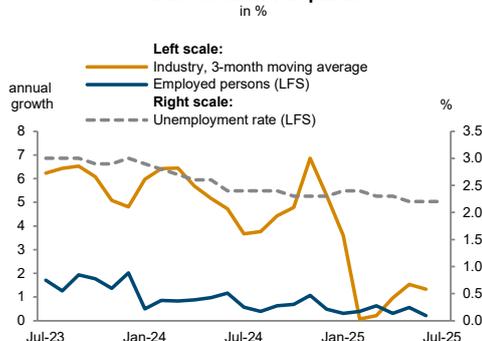
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Russia

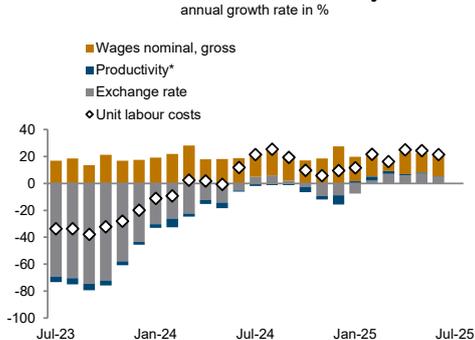
Real GDP growth and contributions



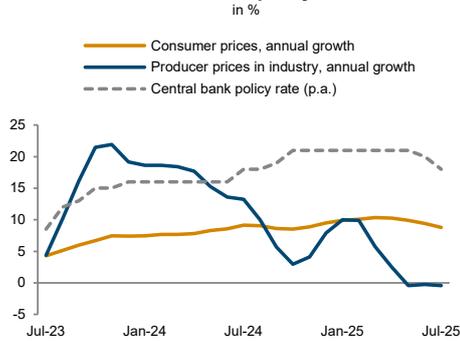
Real sector development



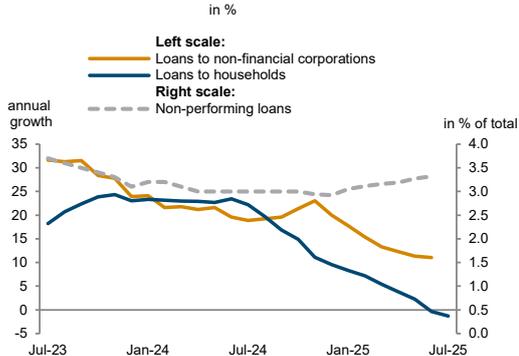
Unit labour costs in industry



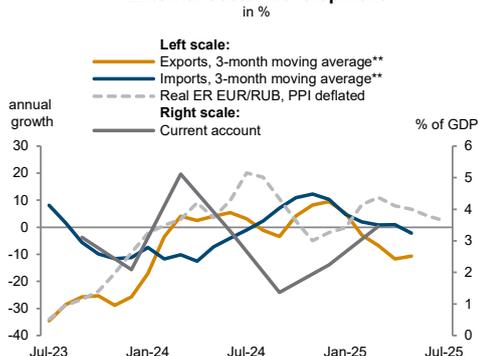
Inflation and policy rate



Financial indicators



External sector development

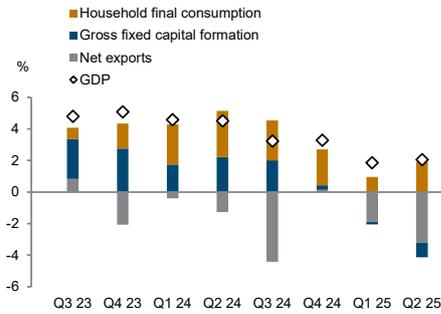


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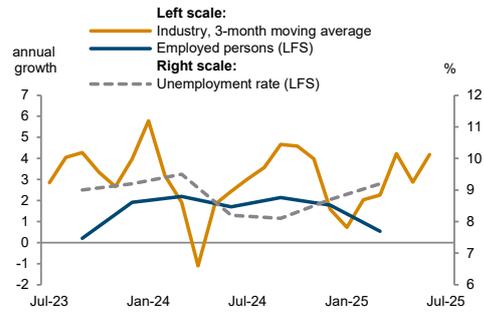
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Serbia

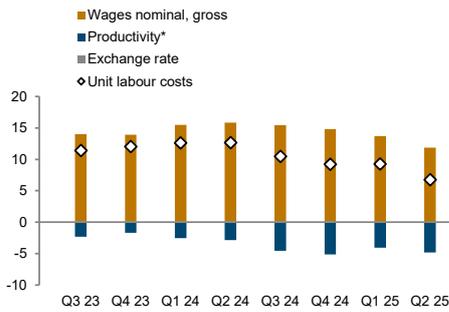
Real GDP growth and contributions
y-o-y



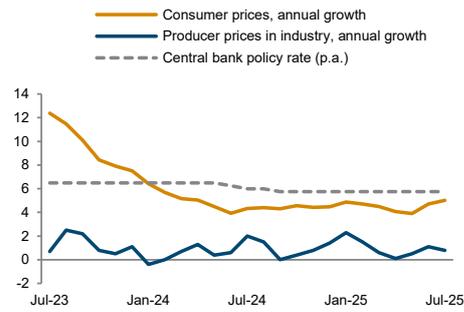
Real sector development
in %



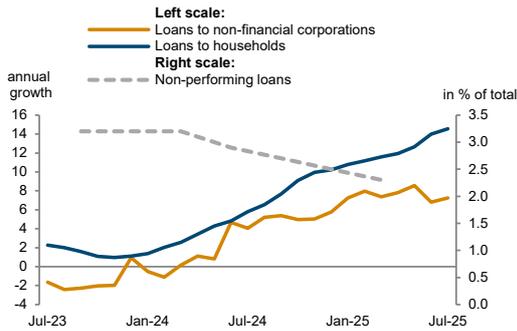
Unit labour costs in industry
annual growth rate in %



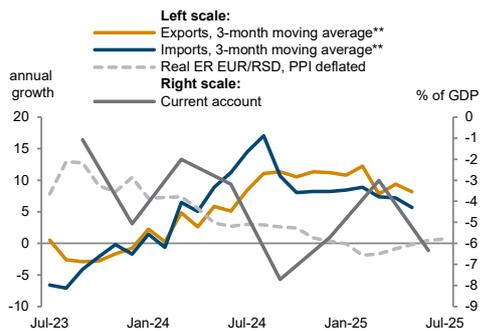
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

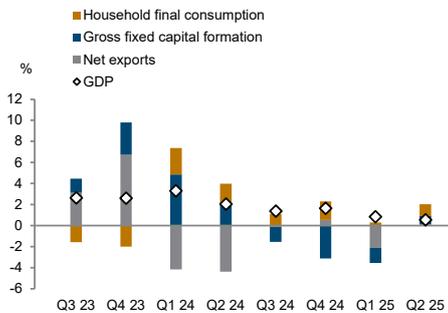


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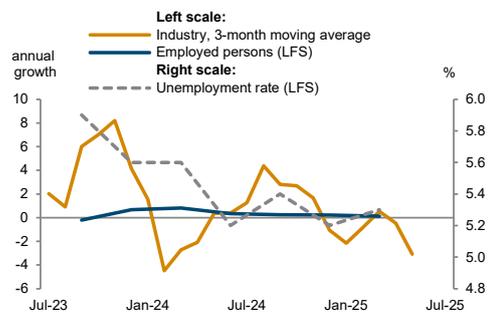
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Slovakia

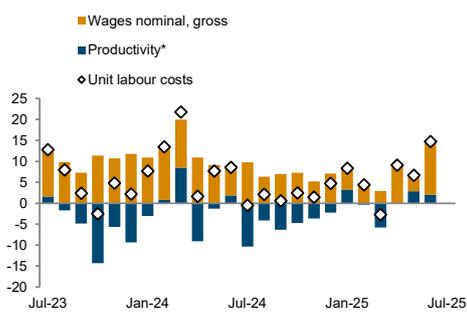
Real GDP growth and contributions
y-o-y



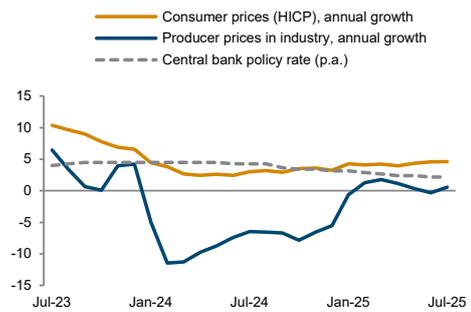
Real sector development
in %



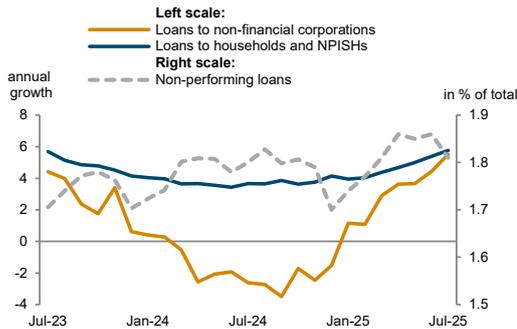
Unit labour costs in industry
annual growth rate in %



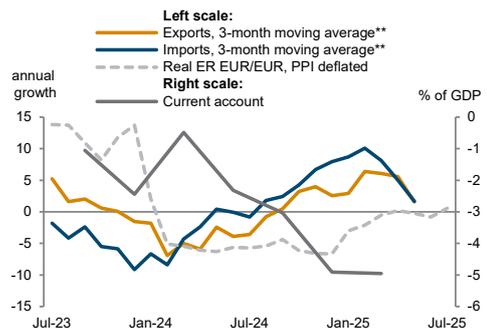
Inflation and policy rate
in %



Financial indicators
in %



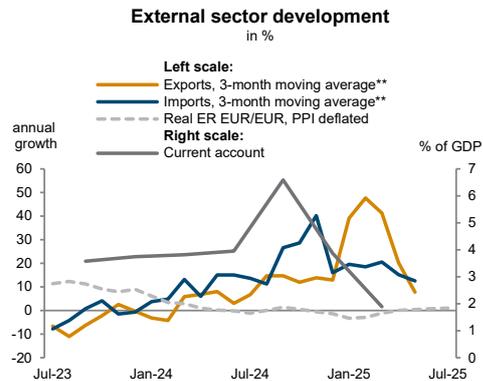
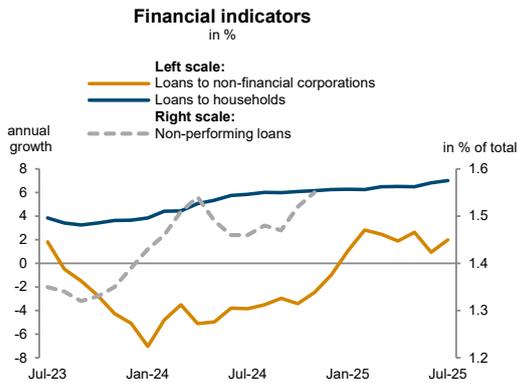
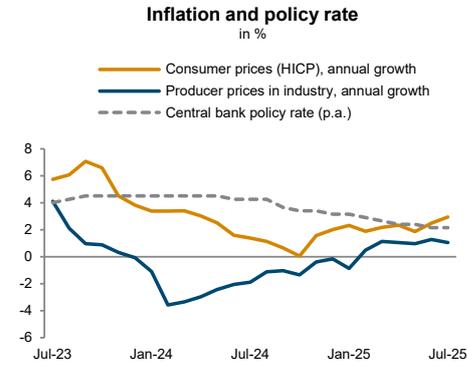
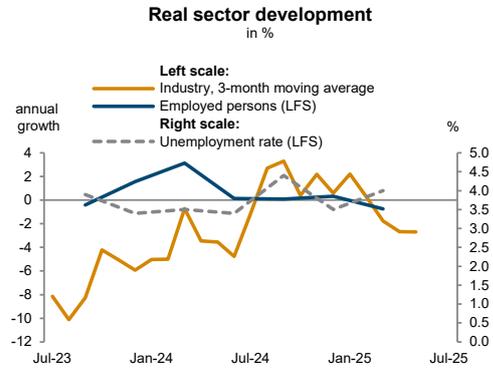
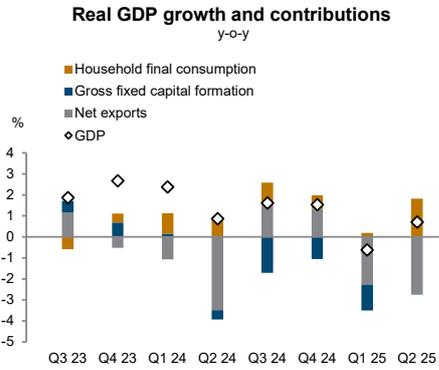
External sector development
in %



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Slovenia



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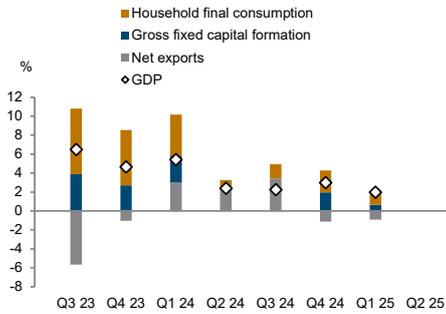
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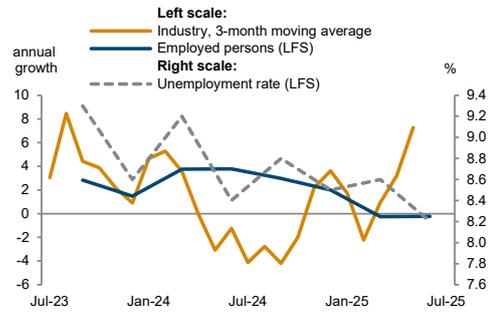
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Turkey

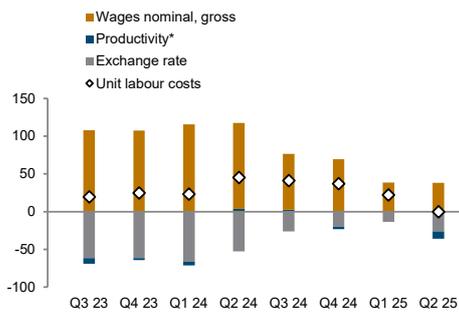
Real GDP growth and contributions
y-o-y



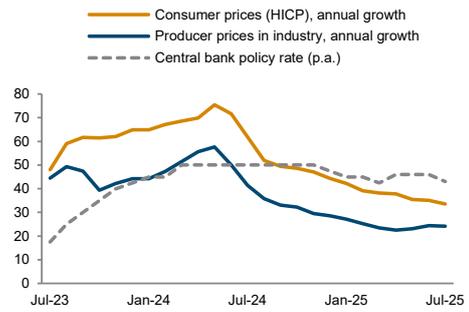
Real sector development
in %



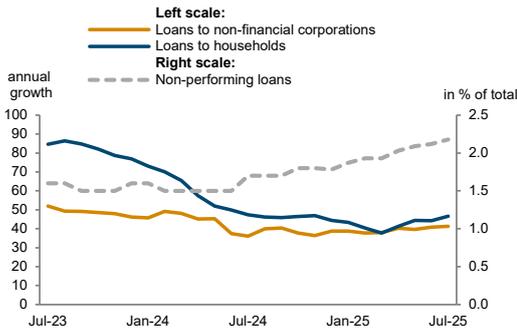
Unit labour costs in industry
annual growth rate in %



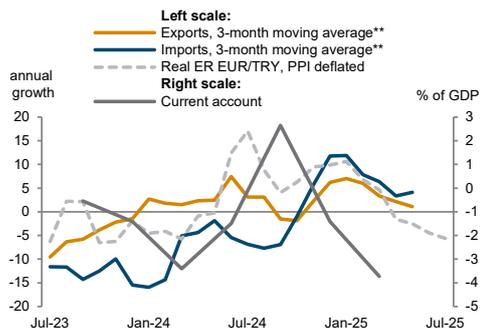
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

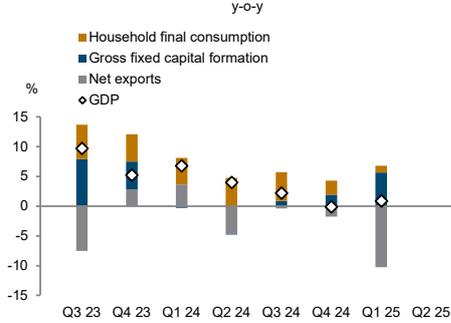


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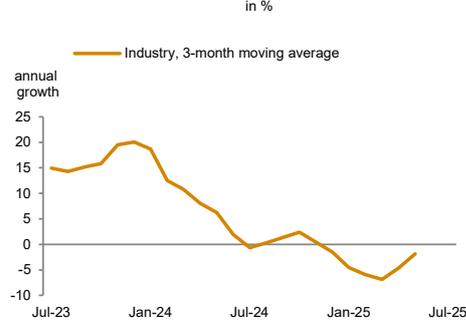
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Ukraine

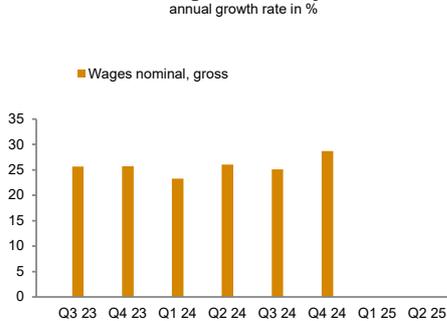
Real GDP growth and contributions



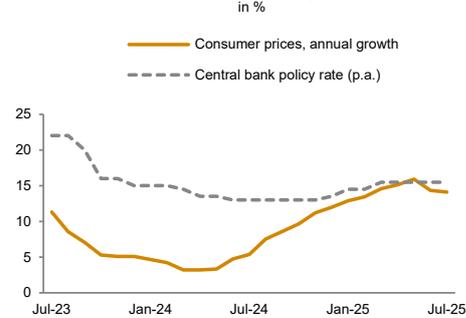
Real sector development



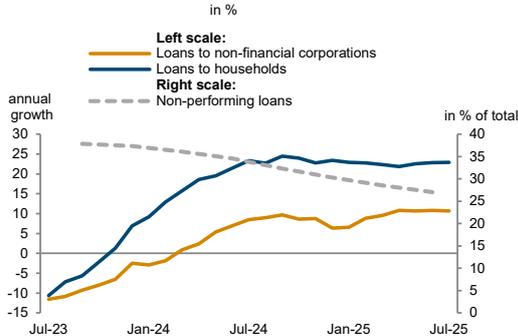
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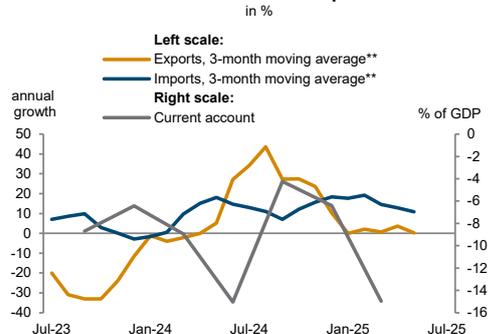
Inflation and policy rate



Financial indicators



External sector development



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