



NOVEMBER 2023

# Monthly Report

## FDI in Central, East and Southeast Europe

**Growing Signs of Bleak Prospects**

**Employment in New Greenfield FDI in the Western Balkans**



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



# FDI in Central, East and Southeast Europe

## Growing Signs of Bleak Prospects

## Employment in New Greenfield FDI in the Western Balkans

OLGA PINDYUK

DORIS HANZL-WEISS

BRANIMIR JOVANOVIĆ

### Announcement

This Monthly Report issue is based on the freshly updated wiiw FDI Database. The wiiw FDI Database can be accessed online at the wiiw website, <https://data.wiiw.ac.at/fdi-database.html> and contains updated and revised data on total FDI flows and stocks, as well as breakdowns by component, by partner and by economic activity.

Exclusively for **wiiw members**, wiiw offers an interactive visualisation tool **CESEE Visual Data Explorer**, with cross-country comparisons for selected FDI indicators and a dedicated FDI section.



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# Growing signs of bleak prospects

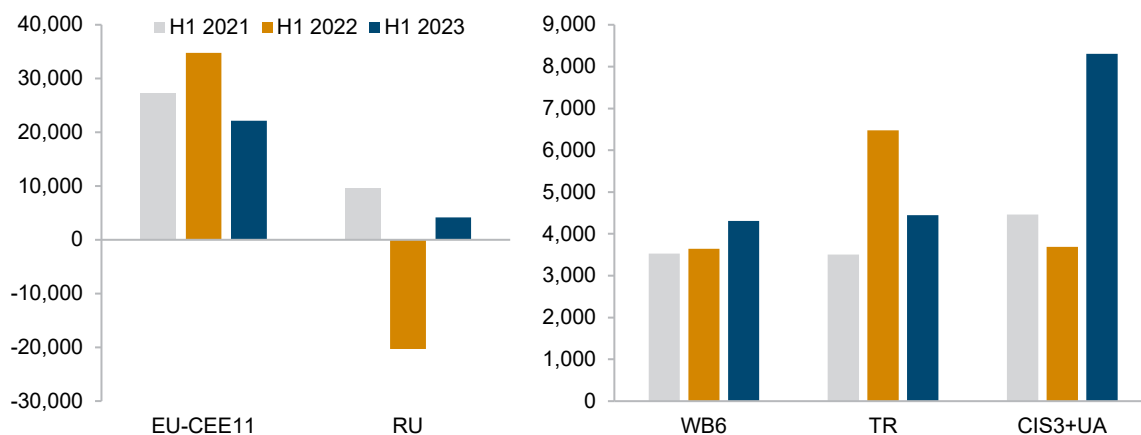
BY OLGA PINDYUK

FDI performance in CESEE significantly weakened in the first nine months of 2023, with FDI inflows decreasing year on year in most of the countries. EU-CEE experienced the sharpest contraction of FDI inflows among the subregions. Investors appear to have become more pessimistic about the region's prospects, as indicated by the falling number of greenfield investment projects in all the subregions apart from CIS and Ukraine. In line with global trends, the renewable energy sector is gaining in importance in the FDI structure.

## FDI PERFORMANCE DIFFERS GREATLY BETWEEN COUNTRIES

In the first half of 2023, the CESEE region showed very heterogeneous performance in terms of foreign direct investment (FDI) activity (see Figure 1). In annual terms, the value of FDI inflows only increased in the CIS3 countries (Belarus, Kazakhstan and Moldova) and Ukraine as well as the Western Balkans (by 125% and 18% year on year, respectively), while there was a significant decline in the EU-CEE and Turkey compared with the first half of 2022 (by 36% and 31%, respectively). In Russia, which recorded a huge FDI divestment a year ago, there does not appear to have been any significant divestment in H1 2023, partly due to the increasing difficulties that foreign companies are facing in their efforts to exit the country. Nevertheless, FDI inflows almost came to a standstill, as investment- and reputation-related risks remained prohibitively high in the country, which is subject to a record number of international sanctions in response to its invasion of Ukraine. In the case of Turkey, macroeconomic problems were likely at the core of its weak FDI performance in H1 2023.

Figure 1 / FDI inflows in the main subregions of CESEE in 2021-2023, EUR million



Note: CIS3 comprises Belarus, Kazakhstan and Moldova.

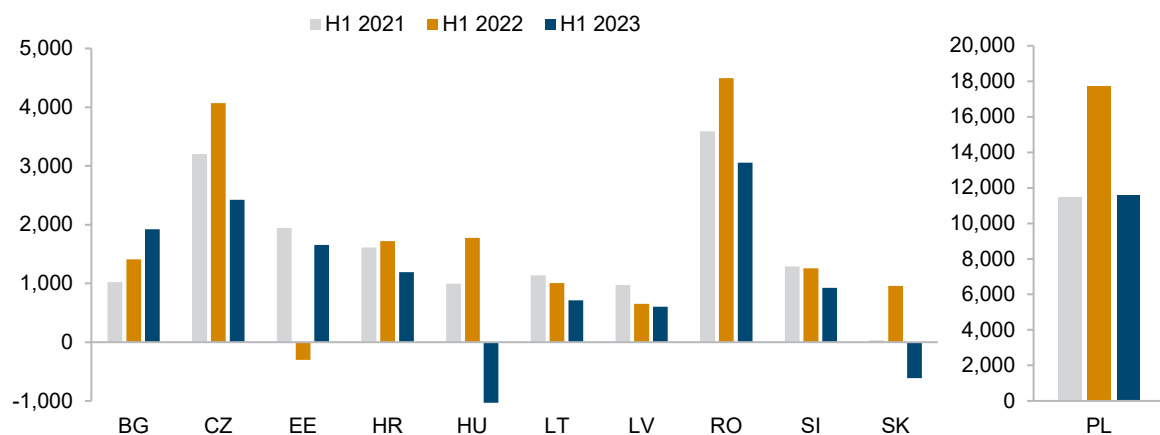
Sources: direct investment statistics (BOP for Kosovo and Turkey) of the respective central banks; wiiw estimates for Czechia, Poland and Slovakia; wiiw calculations.

Zooming in on individual countries reveals that the negative FDI developments were affecting all the countries in EU-CEE except Bulgaria and Estonia (Figure 2). The weakest performance was recorded in Hungary and Slovakia (where there was a net divestment by foreign investors in H1 2023), Czechia (-41% year on year), and Poland (-35% year on year). Overall, the subregion has experienced weak economic performance this year, with a recession in Germany being a drag on many countries that have strong economic ties with it (Jovanović 2023 A).

CIS3 and Ukraine stand out as the subregion with the strongest increase in FDI inflows in the first half of 2023, with their value more than doubling compared with the prior-year period. This result was primarily driven by Kazakhstan, where FDI inflows grew by about 92% year on year and were concentrated in the oil sector (Bykova 2023). The country is a heavyweight in terms of FDI inflows, accounting for about 45% of all those into the subregion. Surprisingly, Ukraine has also recorded a relatively sizeable inflow of FDI despite Russia's ongoing war against it. In fact, the value of FDI inflows into the country even exceeded the prewar level of H1 2021, which made the country the seventh-biggest recipient of FDI inflows in CESEE in H1 2023. Belarus managed to achieve an increase in the value of FDI inflows during this period (27% year on year), which likely suggests that it is increasing economic integration with Russia and taking advantage of the (military-production-fuelled) economic boom there. Within the CIS3 subregion, only Moldova registered a decrease in FDI inflows in H1 2023 (by about 29% year on year), but it was less sizeable than in some of the EU-CEE countries.

In the Western Balkans, Serbia became the leader in terms of growth in FDI inflows in H1 2023 (34% year on year), with two thirds of the inflows coming from the EU – a significant increase in the share compared with the prior year, which might be a sign of the beginning of a reversal of the earlier trend of increasing intensity of economic ties with China (Jovanović 2023 B). Bosnia and Herzegovina was a close second in terms of the growth rate of FDI inflows, with a 30% increase in their value compared to H1 2022. In the subregion, only Montenegro and North Macedonia experienced a decline in FDI inflows in H1 2023 (-26% and -8% year on year, respectively).

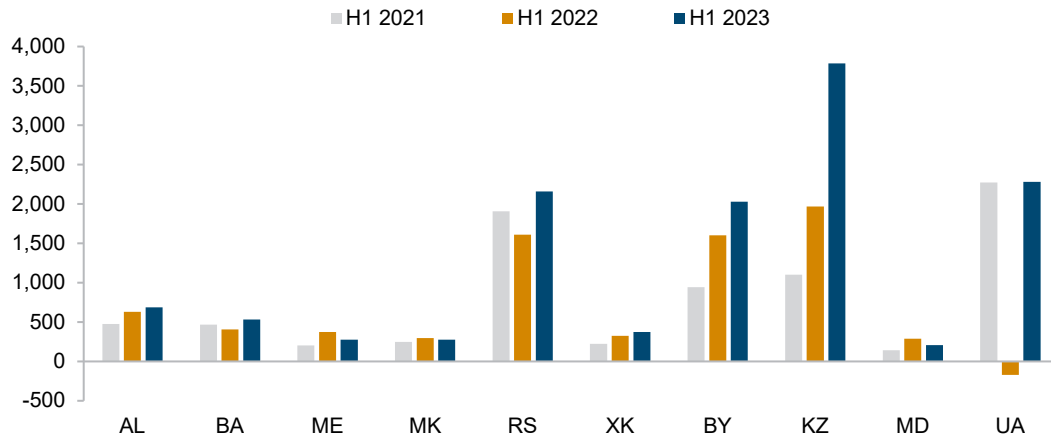
**Figure 2 / FDI inflows in EU-CEE countries in 2021-2023, EUR million**



Sources: direct investment statistics of the respective central banks; wiiw estimates for Czechia, Poland and Slovakia; wiiw calculations.



**Figure 3 / FDI inflows in non-EU CESEE countries in 2021-2023, EUR million**



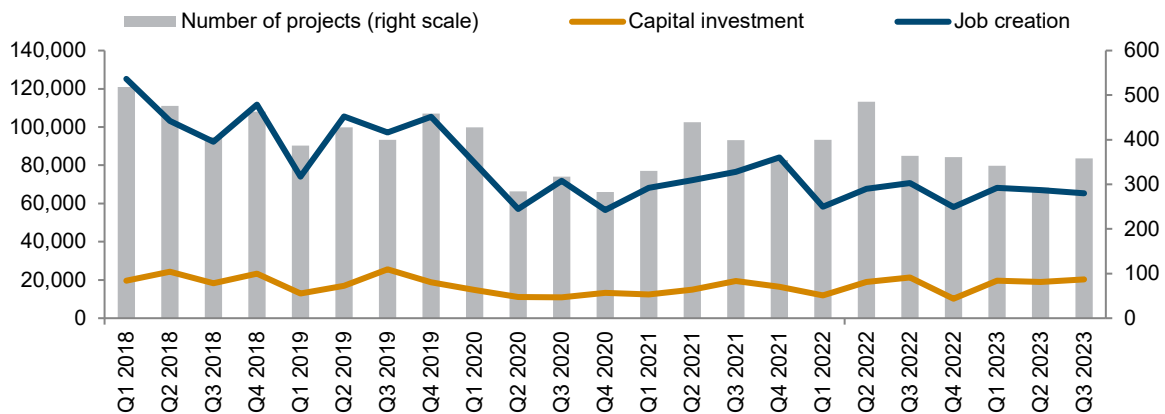
Note: excluding Turkey and Russia (see Figure 1).

Sources: direct investment statistics (BOP for Kosovo) of the respective central banks; wiiw calculations.

## GREENFIELD INVESTMENT TRENDS SUGGEST A GLOOMY OUTLOOK

Greenfield investment, which often serves as a forward-looking indicator of FDI trends, has performed rather disappointingly in 2023, which points to a weakening of investor confidence in the region’s prospects. In January-September 2023, the number of announced greenfield FDI projects in the CESEE region decreased by 21% compared with the same period of 2022 (see Figure 4). It was even by about 4% lower than during January-September 2020, the first year of the COVID-19 pandemic. However, the average value of pledged capital per project significantly increased in January-September 2023 compared to the same period of the previous year – from EUR 42m to EUR 60m – which likely reflects high inflation as well as some structural shifts in the sector composition of the projects. There was an increase in the share of projects in the renewable energy sector, metals and semiconductors, which are more capital-intensive than projects in other sectors.

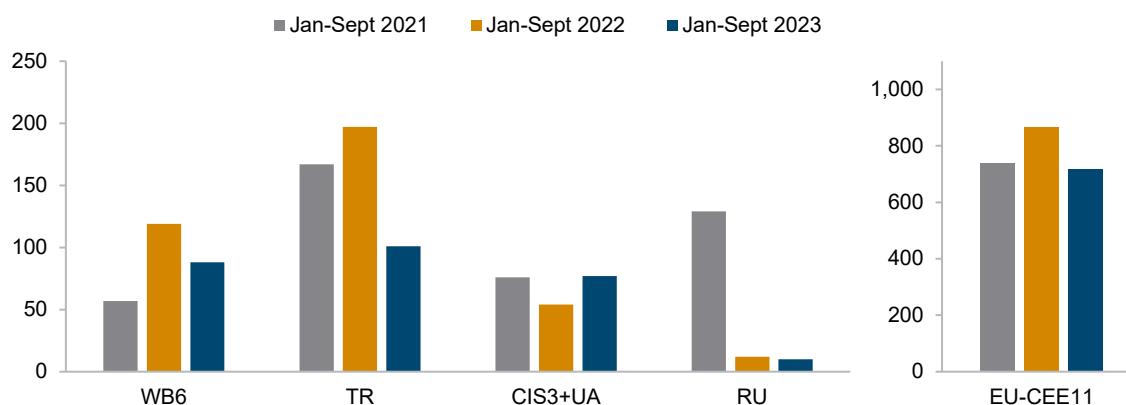
**Figure 4 / Greenfield FDI projects in CESEE: number of projects, announced capital investment in EUR million, and number of jobs to be created**



Source: fDi Markets.

Among the CESEE subregions, only CIS3 and Ukraine recorded a year-on-year increase (43%) in the number of greenfield projects announced during January-September 2023. On the other hand, all the other subregions experienced a contraction, with Turkey and the Western Balkans recording the steepest declines, respectively, by 49% and 26% year on year (Figure 5). Although Russia was not the worst performer in relative terms (with the number of greenfield investment projects decreasing during the first nine months of 2023 by 17% compared with the same period of the previous year), the absolute number of announced greenfield investment projects fell to its lowest point in many years.

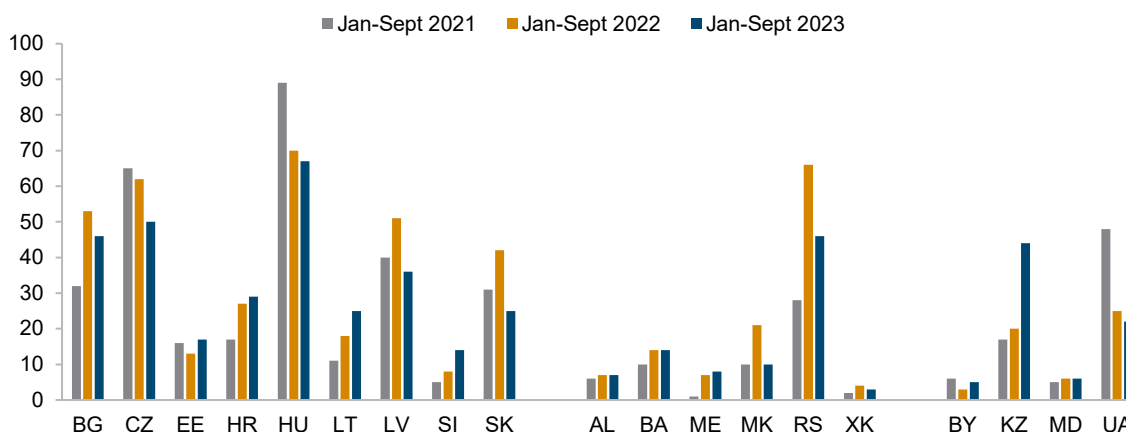
**Figure 5 / Number of greenfield projects announced, by country group**



Source: fDi Markets.

Greenfield investment project announcements decreased during January-September 2023 in all but seven countries in the region, while only Estonia, Croatia, Lithuania, Slovenia, Montenegro, Belarus and Kazakhstan recorded positive growth (see Figure 6). North Macedonia, Turkey and Slovakia experienced the biggest year-on-year drops in the number of project announcements – by 52%, 49% and 41%, respectively. Thus, it seems that recent weak economic performance in CESEE has made investors more pessimistic about the region overall, and that they no longer view Southeast Europe as a subregion with better investment opportunities.

**Figure 6 / Number of announced greenfield projects, by country**

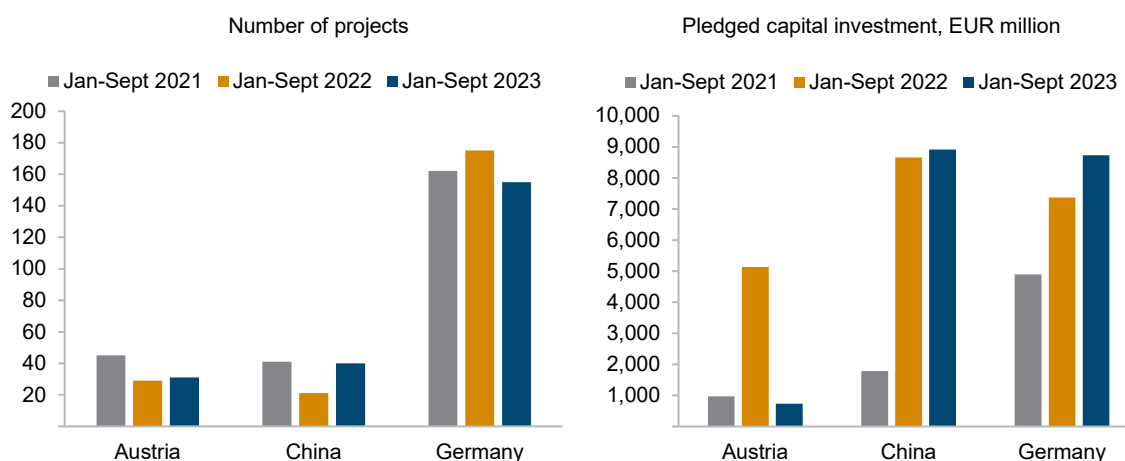


Source: fDi Markets.

## CHINA CONTINUES TO INCREASE ITS PRESENCE IN CESEE

China continued to expand its presence as an investor in CESEE in January-September 2023, having increased both the number of greenfield investment projects and the volume of pledged capital compared with the same period of the previous year (Figure 7). In fact, China has become a bigger greenfield investor than Austria, having announced 40 investment projects during the first nine months of 2023 compared to Austria's 32 announced projects. Germany still has significantly more greenfield investment projects in the region than China, but they tend to have a much lower average value compared to the Chinese ones. Consequently, like last year, China once again overtook Germany in terms of pledged capital investment. The primary destination of China's greenfield capital investment in CESEE is Hungary, which attracted 10 out of 40 greenfield investment projects during January-September 2023 and about 40% of the pledged capital.

**Figure 7 / Greenfield investment commitments of Austria, Germany and China in CESEE**



Source: fDi Markets.

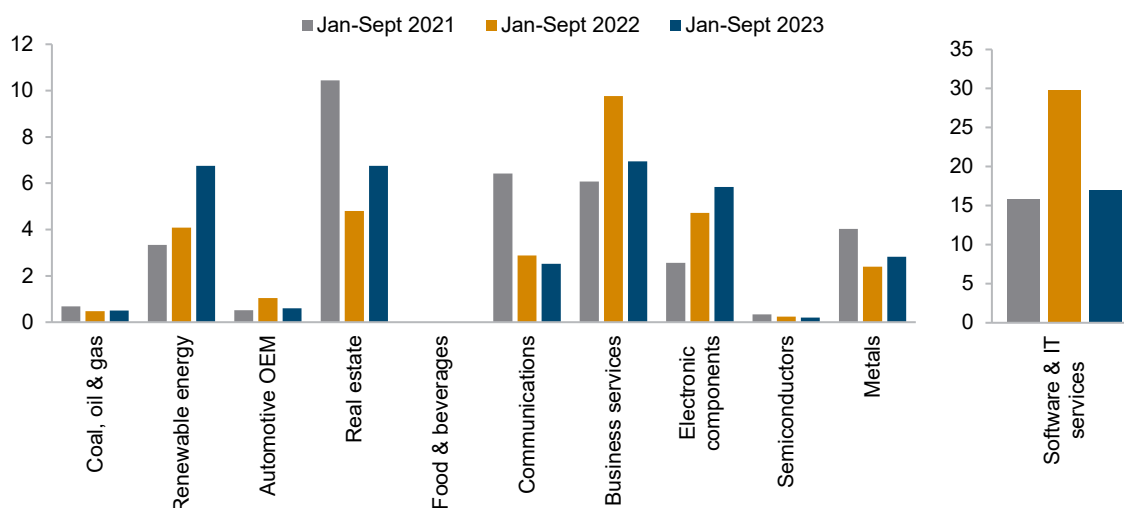
## SIGNIFICANT STRUCTURAL SHIFTS IN GREENFIELD INVESTMENT

Analysis of the sectors of greenfield investments in the CESEE region shows that greenfield FDI projects have undergone noticeable structural changes in the last three quarters (see Figure 8). In terms of the *number* of projects, companies from the **software and IT services** sector continue to account for the highest share of greenfield projects in CESEE, although the sector's share did fall dramatically during January-September 2023 compared with the same period of the previous year – by 12.8 percentage points, to 17%. **Business services** remained the second-largest sector, but it saw its share decrease as well – by 2.8 percentage points – during that period. Instead, investors from the **renewable energy**, **real estate**, and **electronic components** sectors increased their shares in the total number of greenfield investment projects, to a large extent reflecting the acceleration of the digital and green transitions.

The picture is quite different for the structure of *pledged capital* behind greenfield projects (see Figure 9), where **renewable energy** accounted for the biggest share during January-September 2023. This was almost three times higher than the sector's share in the number of greenfield investment projects, which reflects the high capital intensity of the sector. The biggest increase in the share during that period was

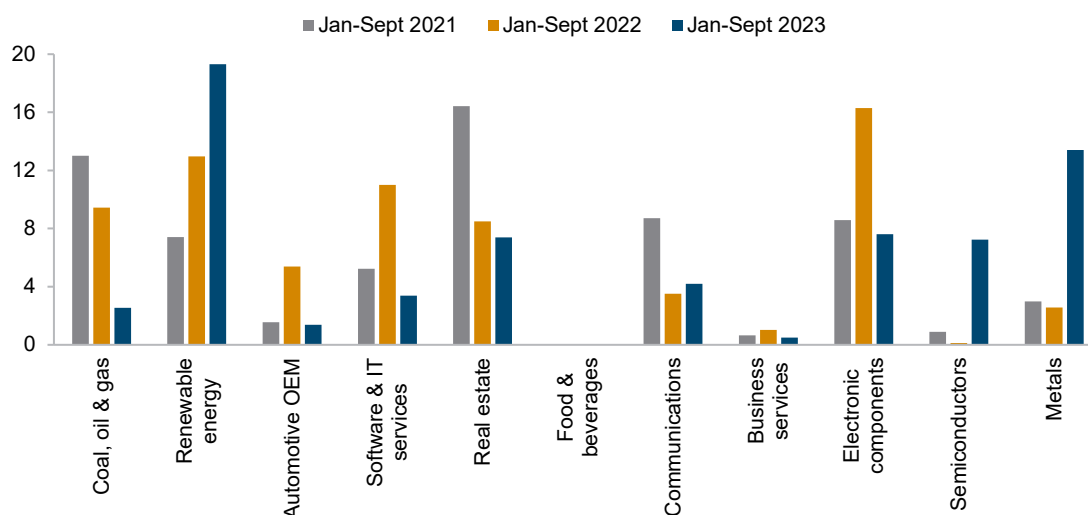
recorded in the **metals** and **semiconductors** sectors – by 10.8 and 7.1 percentage points, respectively. As a result, these sectors became the second- and the fourth-biggest in terms of pledged capital (with **electronic components** being the third-biggest sector).

**Figure 8 / Share of main sectors of investing companies in the number of announced greenfield projects in CESEE, in %**



Source: fDi Markets.

**Figure 9 / Share of main sectors of investing companies in the pledged capital of announced greenfield projects in CESEE, in %**



Source: fDi Markets.

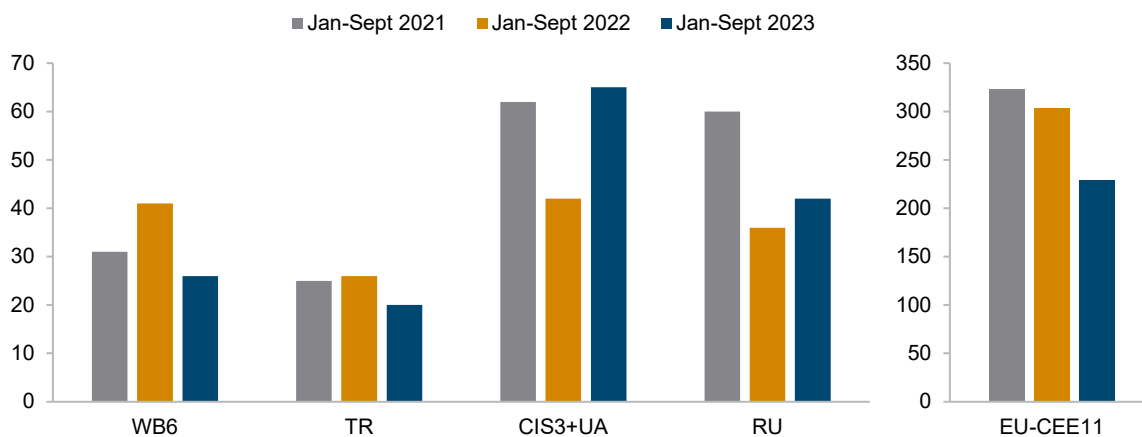
Examination of the structure of pledged capital by subregion reveals that the Western Balkans continued to have the highest share (35%) for the renewable energy sector during January-September 2023, which possibly signals a developing specialisation of the subregion in this type of project. EU-CEE had the highest share of projects from electronic components and real estate companies in total pledged capital

(11% and 10%, respectively), while Turkey attracted a disproportionate share of capital from companies in the communications sector (20% of total capital pledged). Ukraine also attracted a relatively high share (14%) of pledged capital from companies in this sector.

## MERGERS AND ACQUISITIONS ARE IN SHARP DECLINE WITH FEW EXCEPTIONS

Cross-border M&A activity slowed across all CESEE subregions during January-September 2023, apart from in CIS3, Ukraine and Russia (Figure 10). The latter appears to be a peculiar case, with almost all deals likely being a round-tripping of capital of Russian companies (via off-shore countries, such as ones in Cyprus, the Netherlands and the British Virgin Islands). Growth in the M&A deals in CIS3 and Ukraine was quite astonishingly achieved owing to Ukraine, where the number of the deals increased during that period by 88% year on year to reach 62 – the second-highest number of M&A deals in the region after that of Poland, which registered 77 M&A deals. A certain share of the deals in Ukraine is also likely to be a round-tripping of capital, but examination of the list of the deals suggests that quite a few of them – mostly in the energy and agriculture sectors – were genuine ones. Apart from Russia and Ukraine, the only country in the CESEE region where there was an increase in the number of M&A deals during the first nine months of 2023 was Estonia.

**Figure 10 / Number of M&A deals with destination in CESEE, by country group**



Sources: ORBIS; wiiw calculations.

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Bykova, A. (2023), 'KAZAKHSTAN: Robust economic growth weakens slightly', in: 'Beneath the Veneer of Calm', *wiiw Forecast Report*, Autumn 2023, October 2023, pp. 80-83, The Vienna Institute for International Economic Studies (wiiw).

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**BOX 1 / AUSTRIAN INVESTORS CONCENTRATE ON NEARBY COUNTRIES AGAIN**

BY DORIS HANZL-WEISS

In 2022, the trends for Austrian FDI in the CESEE region were mixed: Austria's direct investment position increased in over half of the region's countries, but declined in a number of others, primarily on account of Russia's full-scale invasion of Ukraine (see Box Table 1). The fastest accumulation of Austrian FDI stocks in 2022 occurred in Turkey and Hungary. Overall, Austria's outward FDI stock in CESEE remained heavily concentrated in the EU-CEE region, with Czechia, Romania and Hungary accounting for the largest shares of Austrian direct investment. Austrian FDI stocks in the Western Balkans remained fairly stable in 2022, though they declined in some other countries, notably Poland, Ukraine, and Bosnia and Herzegovina.<sup>1</sup>

**Box Table 1 / Austrian FDI stock in CESEE**

|    |                        | 2021            | 2022            | 2021   | 2022        | 2021                                 | 2022 |
|----|------------------------|-----------------|-----------------|--|-------------|--------------------------------------|------|
|    |                        | EUR mn          |                 | as % of the FDI stock<br>of the host country |             | Austria's ranking<br>in host country |      |
| BG | Bulgaria               | 4,940.6         | 5,420.5         | 9.7  | 10.1        | 2                                    | 2    |
| CZ | Czechia <sup>1)</sup>  | 17,956.0        | 17,956.0        | 10.1   | 10.1        | 4                                    | 4    |
| EE | Estonia                | 425.6           | 407.8           | 1.3  | 1.2         | 14                                   | 16   |
| HR | Croatia                | 6,711.6         | 6,843.5         | 19.4   | 19.0        | 1                                    | 1    |
| HU | Hungary                | 10,723.9        | 11,771.8        | 11.6   | 11.8        | 3                                    | 3    |
| LT | Lithuania              | 237.0           | 229.2           | 0.9  | 0.8         | 20                                   | 19   |
| LV | Latvia                 | 249.0           | 289.0           | 1.2  | 1.3         | 14                                   | 14   |
| PL | Poland                 | 9,600.9         | 9,412.4         | 4.0  | 3.7         | 7                                    | 8    |
| RO | Romania                | 12,280.2        | 12,901.0        | 12.2   | 12.0        | 3                                    | 3    |
| SI | Slovenia               | 4,593.1         | 4,585.4         | 24.5   | 22.7        | 1                                    | 1    |
| SK | Slovakia <sup>1)</sup> | 8,482.0         | 8,482.0         | 16.2   | 16.2        | 2                                    | 2    |
|    | <b>EU-CEE11</b>        | <b>76,199.7</b> | <b>78,298.6</b> | <b>9.0</b>                                   | <b>12.0</b> | .                                    | .    |
| AL | Albania                | 631.5           | 709.7           | 6.8  | 6.4         | 7                                    | 7    |
| BA | Bosnia and Herzegovina | 1,461.1         | 1,375.2         | 17.1   | 15.4        | 1                                    | 1    |
| ME | Montenegro             | 165.9           | 168.4           | 3.6  | 3.3         | 10                                   | 10   |
| MK | North Macedonia        | 912.7           | 1,052.6         | 14.5   | 15.0        | 1                                    | 1    |
| RS | Serbia <sup>2)</sup>   | 4,493.3         | 4,738.8         | 11.5   | 10.9        | 2                                    | 2    |
| XK | Kosovo                 | 286.7           | 329.3           | 6.2  | 6.1         | 5                                    | 5    |
|    | <b>WB6</b>             | <b>7,951.2</b>  | <b>8,373.9</b>  | <b>11.0</b>                                  | <b>10.4</b> | .                                    | .    |
| TR | Turkey                 | 3,575.0         | 6,096.0         | 3.1  | 3.4         | 13                                   | 12   |
| BY | Belarus                | 558.9           | 703.0           | 4.3  | 4.9         | 3                                    | 3    |
| MD | Moldova                | 166.3           | 165.3           | 4.4  | 4.1         | 8                                    | 8    |
| KZ | Kazakhstan             | 72.8            | 101.9           | 0.1  | 0.1         | 30                                   | 29   |
| UA | Ukraine                | 1,717.7         | 1,552.0         | 3.0  | 3.2         | 6                                    | 6    |
|    | <b>CIS3+UA</b>         | <b>2,515.8</b>  | <b>2,522.2</b>  | <b>1.2</b>                                   | <b>1.2</b>  | .                                    | .    |
| RU | Russia <sup>1)</sup>   | 5,924.6         | 5,924.6         | 1.3  | 1.3         | 11                                   | 11   |
|    | <b>CESEE23</b>         | <b>96,166</b>   | <b>101,215</b>  | <b>5.7</b>                                   | <b>9.0</b>  | .                                    | .    |

Notes: 1) Data refer to 2021; 2) Cumulated inflows.

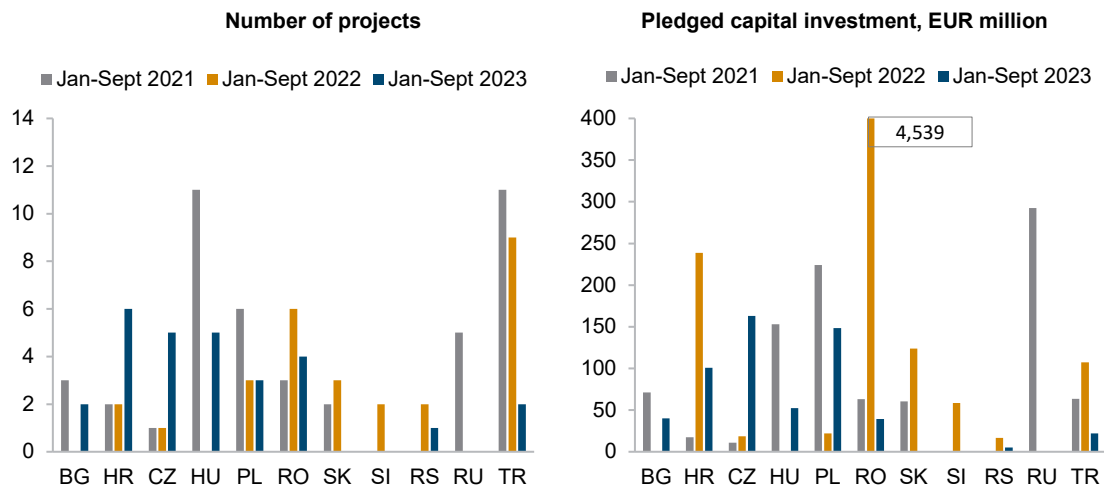
Source: wiiw FDI Database incorporating central bank statistics.

<sup>1</sup> For Russia, national statistics are not yet available for 2022. Preliminary data from the OeNB suggest that the Austrian FDI stock in Russia has remained fairly stable for that year. wiiw calculations based on data from the Kyiv School of Economics (<https://kse.ua/selfsanctions-kse-institute/>) suggest that only 7% of Austrian firms had fully withdrawn from Russia by 1 October 2023 – which is roughly in line with the world average.

Looking at Austria’s investment from the perspective of the CESEE countries, its important role as an investor in the region, particularly in the Western Balkan and Visegrád countries, remained unchanged in 2022: it maintained its ranking as the biggest investor in Croatia, Slovenia, Bosnia and Herzegovina, and North Macedonia. Its position in the top three biggest investing countries remained unchanged in Bulgaria, Hungary, Romania, Slovakia, Serbia and Belarus. Small changes in the rankings were observed in Lithuania, Turkey and Kazakhstan, where Austria moved one place up the rankings; and in Poland and Estonia, where it slipped one and two places, respectively.

Looking at the most recent trends, one can see that Austrian investors have again concentrated on their near neighbourhood (see Box Figure 1): over the first nine months of 2023, most Austrian greenfield investment projects were announced in Croatia (6 out of 31), Czechia and Hungary (5 apiece) and Romania (4). In terms of capital pledged for investment projects, Czechia and Poland accounted for the largest amounts (EUR 163m and EUR 148m, respectively). The biggest investment project was announced in Czechia, in the rubber industry, by Semperflex Optimit (parent company Semperit). It amounted to EUR 113m and will create about 300 jobs.

**Box Figure 1 / Greenfield investment commitments from Austria in selected CESEE countries**



Source: fDI Markets.

# Employment in new greenfield FDI in the Western Balkans

BY BRANIMIR JOVANOVIĆ

*Between 2010 and 2021, around 180,000 jobs were created by new greenfield FDI projects in the Western Balkans, with manufacturing accounting for the bulk of them. About two thirds of the newly created jobs were medium skilled, with the skills intensity of the FDI-related jobs generally lower than overall for new employment in the region. This points to the importance of the careful calibration of incentives and benefits in policies to attract FDI.*

Despite the extensive attention paid to foreign direct investment (FDI) in the Western Balkans and the abundance of information on its financial aspects, there remains a notable lack of data on the employment generated by these foreign investments. Moreover, studies into the employment effects of FDI in Eastern Europe have yielded mixed results.

Accordingly, in the special topic of the Labor Market Brief 2021,<sup>1</sup> we estimated the number of jobs created through new greenfield FDI in the Western Balkans between 2010 and 2021. Here we present the main findings of that analysis, focusing on the nature of the newly created jobs. The analysis was based on the Financial Times fDi Markets database, which is a comprehensive online database of cross-border greenfield investment that covers many countries. It pulls together information from news articles, company press releases and government agencies. However, it does not use official FDI data and only covers greenfield investment, i.e. investment that involves establishing new businesses and constructing new facilities. To tackle these shortcomings, the fDi Markets data are combined with official FDI statistics. This is explained in detail in the original study.

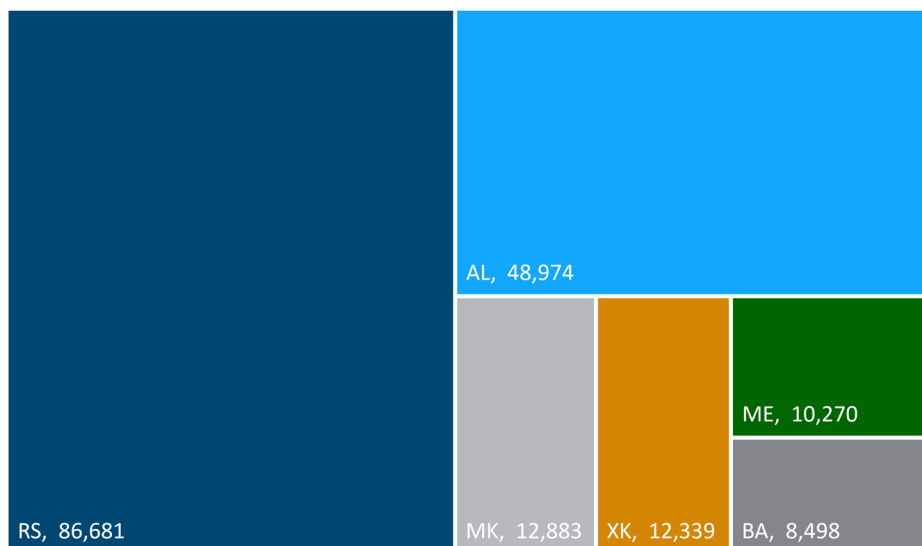
The estimates indicate that between 2010 and 2021, around 180,000 jobs were created in the Western Balkans through new greenfield FDI (Figure 1). This amounts to 19% of the total increase in employment in the region over this period. Serbia saw the most jobs created, with 87,000; it was followed by Albania (49,000), North Macedonia (13,000), Kosovo (12,000), Montenegro (10,000), and Bosnia and Herzegovina (8,500). These greenfield FDI-related jobs accounted for 2.7% of total employment in the Western Balkans in 2021, with the share ranging from 0.7% in Bosnia and Herzegovina to 4.8% in Montenegro. In most of the countries, the number of jobs newly created by greenfield FDI trended downward over time; Albania was the only country with a clear upward trend, while Montenegro and Serbia saw no particular trend.

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<sup>1</sup> Indhira Santos, Cornelius von Lenthe and Branimir Jovanović, 2023. Western Balkans Labor Market Brief 2021 - Special topic on employment in new greenfield FDI. Washington, DC: World Bank Group. Available at: <https://wiiw.ac.at/western-balkans-labor-market-brief-2021-dlp-6636.pdf>



**Figure 1 / Estimated employment in new greenfield FDI in the Western Balkans between 2010 and 2021**



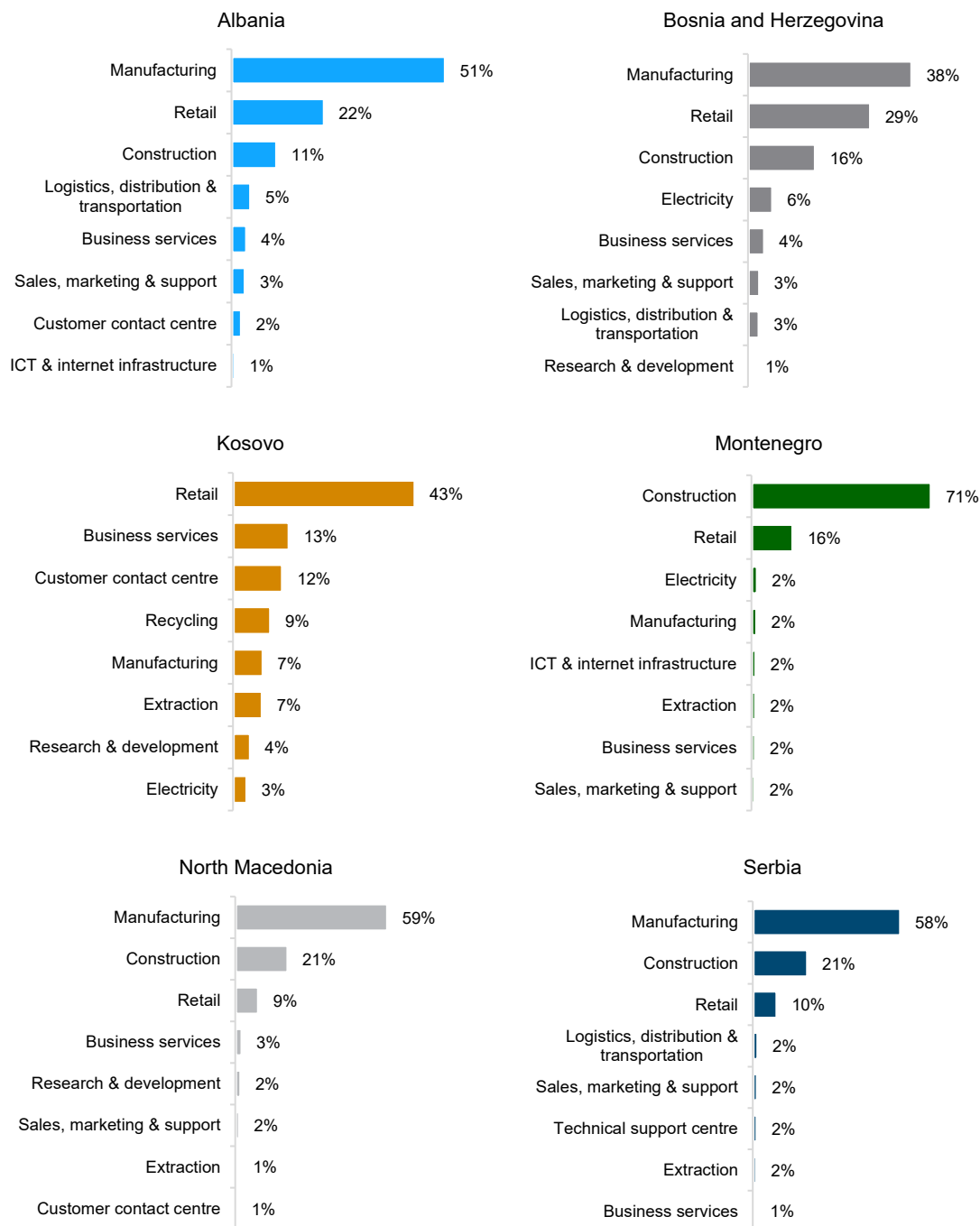
Source: Authors' calculations, using data from fDi Markets and wiiw FDI database.

In terms of economic activity, 53% of the FDI-related employment in the region in this period was in manufacturing. Construction came second, with 23% of employment; and retail was third, with 12%. This pattern was largely consistent across the six economies of the Western Balkans (Figure 2). The activities in which most of the FDI-related employment was created were not very different from the activities that generated most of the new employment overall in the Western Balkan economies. Manufacturing was the activity that made the biggest contribution to overall employment growth in the region between 2010 and 2021; it was followed by wholesale and retail trade, and accommodation and food services.

About two thirds of employment in the new greenfield FDI in the region was medium skilled, with the remaining jobs split evenly between low-skilled and high-skilled positions (Figure 3). The skills intensity of the FDI-related jobs appears to have been generally lower than overall for new employment in the region: generally in the region, medium-skilled jobs also dominated, though the share of these was lower than for specifically FDI-related employment, while the share of highly skilled jobs was greater. Albania and Kosovo are exceptions to this, as they had a similar skill structure in both FDI-related employment and total employment. Furthermore, there was no general improvement in the skill composition of FDI-related employment over time: this improved only in Bosnia and Herzegovina and Kosovo; it stayed the same in Serbia; and it deteriorated in Albania, Montenegro and North Macedonia. This raises questions regarding the extent to which FDI-related jobs contribute to the improvement of overall job quality in the region.

Overall, the findings on employment in new greenfield FDI in the Western Balkans reveal a somewhat mixed picture. Although FDI has indeed provided employment opportunities for some people, the contribution to overall employment has not been exceptionally high, and its contribution to improving the overall quality of employment seems to have been limited. These findings are particularly alarming, given the significant amount of public funds invested by some regional governments in attracting FDI. This suggests that careful attention needs to be paid not only to the amount of FDI, but also to the types of jobs created, and there should be a better calibration of incentives and benefits.

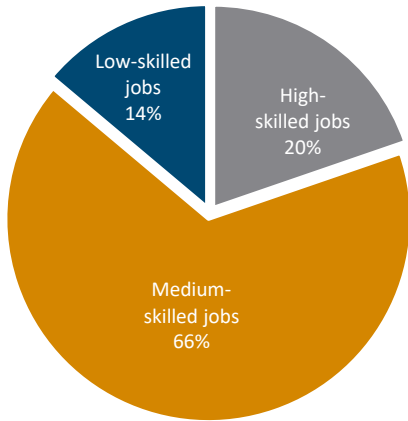
**Figure 2 / Employment in new greenfield FDI in the Western Balkans in 2010-2021, by activity**



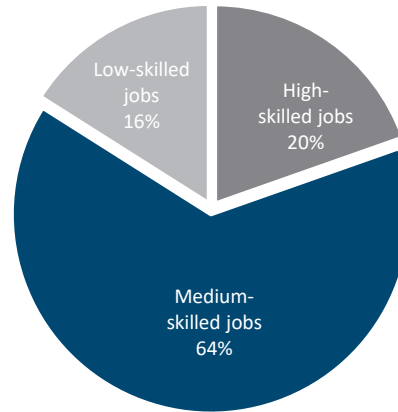
Source: Authors' calculations using data from fDi Markets and wiiw FDI database.

**Figure 3 / Skill structure of employment in new greenfield FDI and of total employment in the Western Balkans between 2010 and 2021, by level of skills**

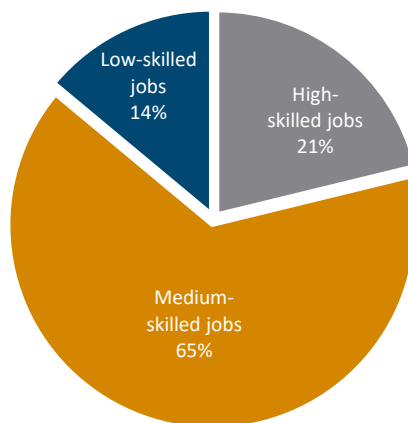
Albania, new greenfield FDI



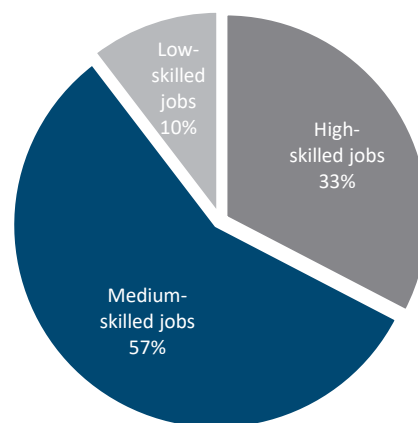
Albania, total employment



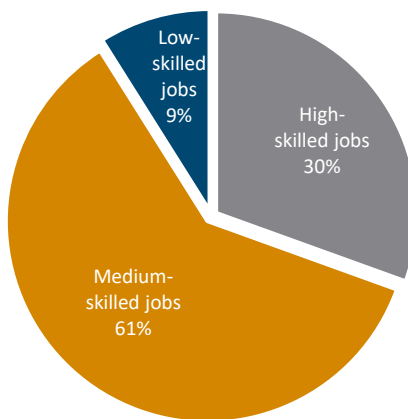
Bosnia and Herzegovina, new greenfield FDI



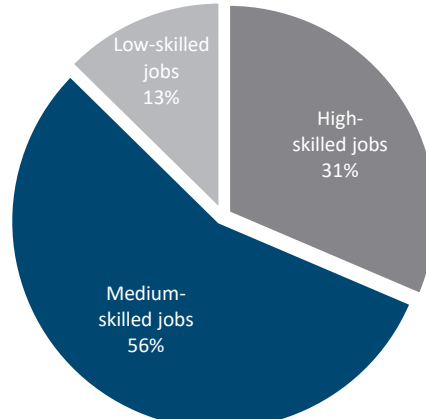
Bosnia and Herzegovina, total employment



Kosovo, new greenfield FDI



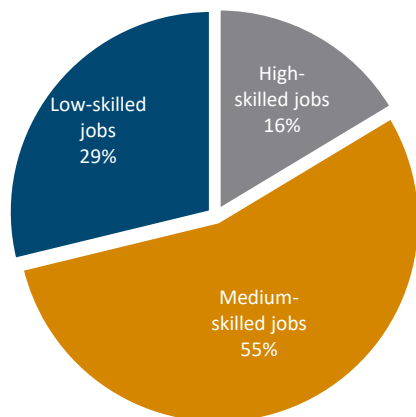
Kosovo, total employment



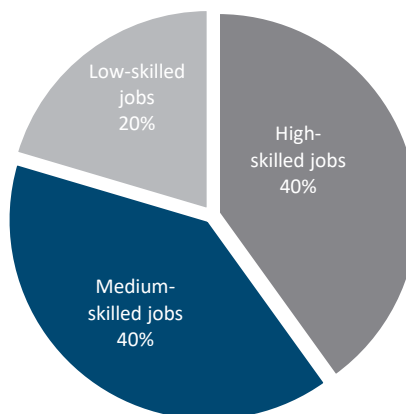
contd.

**Figure 3 / Continued**

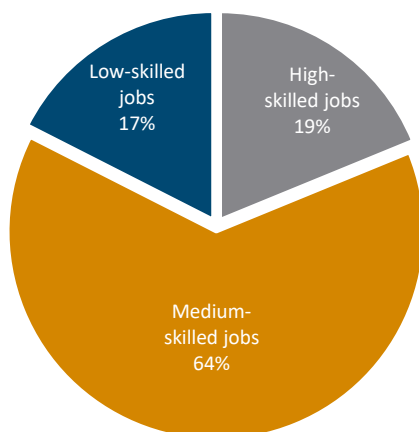
Montenegro, new greenfield FDI



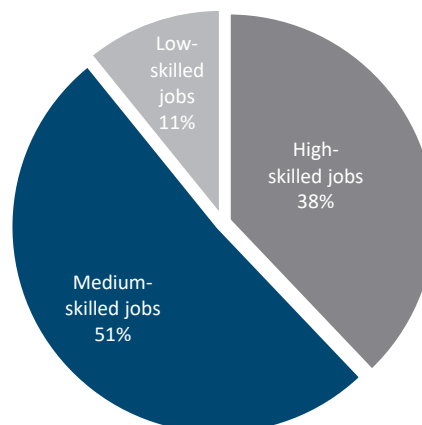
Montenegro, total employment



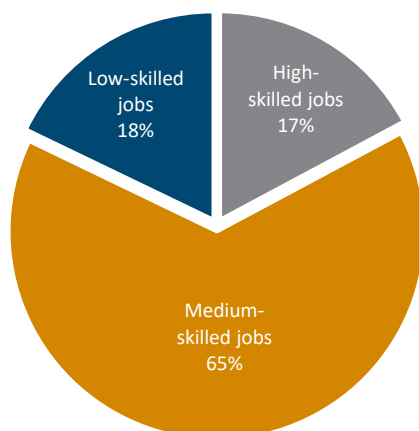
North Macedonia, new greenfield FDI



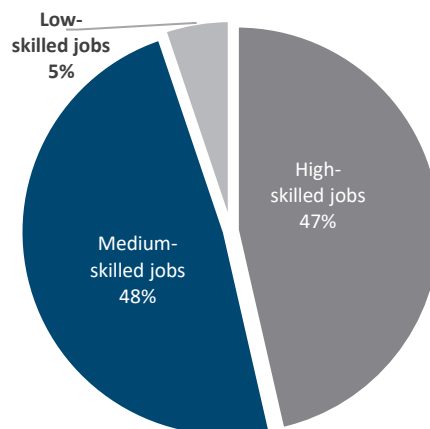
North Macedonia, total employment



Serbia, new greenfield FDI



Serbia, total employment



Source: Authors' calculations, using data from fDi Markets, wiiw FDI database, LFS, CEDEFOP and ILO.

## Forecasts of main economic indicators for Central, East and Southeast Europe for 2023-2025

Table 1 / Real GDP growth and revisions since October 2023

| Region                    | 2023   | 2024  | 2025  |
|---------------------------|--------|-------|-------|
| <b>EU-CEE</b>             |        |       |       |
| BG Bulgaria               | 1.7 ▲  | 1.5   | 2.5   |
| CZ Czechia                | 0.1    | 1.8 ▼ | 2.7   |
| EE Estonia                | -1.6 ▼ | 1.7   | 3.0   |
| HR Croatia                | 2.5    | 2.9   | 3.1   |
| HU Hungary                | -0.7 ▼ | 2.0 ▲ | 2.5 ▲ |
| LT Lithuania              | -0.1   | 1.7   | 2.4   |
| LV Latvia                 | 0.3    | 1.8   | 2.3   |
| PL Poland                 | 0.2 ▲  | 2.8   | 3.8   |
| RO Romania                | 2.2 ▼  | 3.3 ▲ | 3.7 ▲ |
| SI Slovenia               | 1.3    | 2.7   | 2.0 ▼ |
| SK Slovakia               | 0.8    | 1.9   | 2.4   |
| <b>Western Balkans</b>    |        |       |       |
| AL Albania                | 3.5    | 3.6   | 3.7   |
| BA Bosnia and Herzegovina | 1.7    | 1.9   | 2.1   |
| ME Montenegro             | 4.5    | 2.9   | 3.0   |
| MK North Macedonia        | 1.6    | 2.0   | 2.5   |
| RS Serbia                 | 1.5    | 2.0   | 2.5   |
| XK Kosovo                 | 3.2    | 3.3   | 3.7   |
| <b>Turkey</b>             |        |       |       |
| TR Turkey                 | 3.2    | 2.7   | 3.6   |
| <b>CIS+UA</b>             |        |       |       |
| BY Belarus                | 3.5 ▲  | 2.0 ▼ | 2.5   |
| KZ Kazakhstan             | 4.7    | 4.0   | 4.2   |
| MD Moldova                | 0.0    | 3.5   | 3.5   |
| RU Russia                 | 2.5 ▲  | 1.5 ▼ | 1.7   |
| UA Ukraine                | 3.5 ▼  | 4.0 ▼ | 5.0 ▼ |

Note: Cut-off date: 15 November 2023. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since 2023.

Source: wiiw.

**Table 2 / CPI growth and revisions since October 2023**

| Region                    | 2023   | 2024  | 2025  |
|---------------------------|--------|-------|-------|
| <b>EU-CEE</b>             |        |       |       |
| BG Bulgaria               | 9.3 ▲  | 7.0   | 5.0   |
| CZ Czechia                | 11.0   | 4.0   | 2.8   |
| EE Estonia                | 9.5    | 3.4   | 2.5   |
| HR Croatia                | 7.5    | 4.0   | 3.0   |
| HU Hungary                | 18.0 ▲ | 5.0 ▼ | 4.0   |
| LT Lithuania              | 9.0 ▲  | 4.0 ▲ | 2.8 ▲ |
| LV Latvia                 | 9.5    | 4.0 ▲ | 3.2   |
| PL Poland                 | 11.5   | 5.0 ▼ | 3.6   |
| RO Romania                | 10.5   | 7.5   | 5.0   |
| SI Slovenia               | 7.2    | 3.6   | 2.4   |
| SK Slovakia               | 11.0   | 5.0   | 3.0   |
| <b>Western Balkans</b>    |        |       |       |
| AL Albania                | 4.6    | 3.0   | 2.5   |
| BA Bosnia and Herzegovina | 7.5    | 3.0   | 2.5   |
| ME Montenegro             | 9.1    | 5.0   | 2.8   |
| MK North Macedonia        | 10.0   | 5.0   | 3.0   |
| RS Serbia                 | 12.5   | 5.5   | 3.5   |
| XK Kosovo                 | 5.5    | 4.0   | 2.5   |
| <b>Turkey</b>             |        |       |       |
| TR Turkey                 | 54.9   | 54.0  | 35.0  |
| <b>CIS+UA</b>             |        |       |       |
| BY Belarus                | 7.0 ▼  | 8.0   | 8.0   |
| KZ Kazakhstan             | 14.5   | 9.0   | 6.0   |
| MD Moldova                | 14.0   | 6.0   | 5.0   |
| RU Russia                 | 5.9 ▲  | 6.3 ▲ | 3.6 ▲ |
| UA Ukraine                | 14.0   | 8.0   | 6.0   |

Note: Cut-off date: 15 November 2023. Colour scale variation from the minimum (gold) to the maximum (grey). Arrow signifies direction of revisions since October 2023.

Source: wiiw.

**Table 3 / Unemployment rate in % (LFS) and revisions since October 2023**

| Region                    | 2023  | 2024  | 2025  |
|---------------------------|-------|-------|-------|
| <b>EU-CEE</b>             |       |       |       |
| BG Bulgaria               | 4.2   | 4.1   | 4.0   |
| CZ Czechia                | 2.7 ▼ | 2.6   | 2.6   |
| EE Estonia                | 6.7   | 7.0   | 6.1   |
| HR Croatia                | 6.8   | 6.7   | 6.6   |
| HU Hungary                | 4.0   | 3.6 ▼ | 3.6   |
| LT Lithuania              | 7.1   | 6.5   | 6.0   |
| LV Latvia                 | 6.6   | 6.5 ▲ | 6.5 ▲ |
| PL Poland                 | 3.0   | 3.5 ▼ | 3.6 ▼ |
| RO Romania                | 5.7   | 5.6 ▼ | 5.5 ▼ |
| SI Slovenia               | 3.7   | 3.7   | 3.6   |
| SK Slovakia               | 6.0   | 6.0   | 5.8   |
| <b>Western Balkans</b>    |       |       |       |
| AL Albania                | 10.5  | 10.0  | 9.5   |
| BA Bosnia and Herzegovina | 13.8  | 13.5  | 13.2  |
| ME Montenegro             | 13.8  | 13.1  | 12.0  |
| MK North Macedonia        | 13.0  | 12.5  | 12.0  |
| RS Serbia                 | 9.5   | 9.0   | 8.5   |
| XK Kosovo                 | 12.4  | 12.3  | 12.0  |
| <b>Turkey</b>             |       |       |       |
| TR Turkey                 | 9.5   | 10.5  | 10.0  |
| <b>CIS+UA</b>             |       |       |       |
| BY Belarus                | 3.4   | 3.4   | 3.4   |
| KZ Kazakhstan             | 4.8   | 4.8   | 4.8   |
| MD Moldova                | 4.5   | 4.0   | 4.0   |
| RU Russia                 | 3.3   | 3.2   | 3.1   |
| UA Ukraine                | 20.0  | 15.0  | 10.0  |

Note: Cut-off date: 15 November 2023. Colour scale variation from the minimum (gold) to the maximum (grey). Arrow signifies direction of revisions since October 2023.

Source: wiiw.



**Table 4 / Current account as % of GDP and revisions since October 2023**

| Region                    | 2023    | 2024   | 2025   |
|---------------------------|---------|--------|--------|
| <b>EU-CEE</b>             |         |        |        |
| BG Bulgaria               | 0.5 ▲   | 0.4 ▲  | 0.3    |
| CZ Czechia                | -1.5 ▼  | -0.6   | 0.3 ▲  |
| EE Estonia                | 0.9     | 1.7 ▲  | 1.1 ▼  |
| HR Croatia                | -0.4    | 0.2    | 1.7    |
| HU Hungary                | 0.0 ▲   | -2.5 ▼ | -2.9 ▼ |
| LT Lithuania              | 1.0 ▲   | -2.0 ▼ | -1.8 ▼ |
| LV Latvia                 | -3.0 ▼  | -2.0   | -1.6 ▲ |
| PL Poland                 | 1.2     | 0.8 ▲  | 0.3 ▼  |
| RO Romania                | -7.0    | -6.0 ▼ | -5.0 ▲ |
| SI Slovenia               | 0.8 ▼   | 1.0 ▼  | 1.3 ▼  |
| SK Slovakia               | -1.8    | -1.3   | -0.4   |
| <b>Western Balkans</b>    |         |        |        |
| AL Albania                | -3.6    | -3.5   | -3.4   |
| BA Bosnia and Herzegovina | -3.9    | -3.6   | -4.0   |
| ME Montenegro             | -11.8   | -10.8  | -10.2  |
| MK North Macedonia        | -2.2    | -2.5   | -3.1   |
| RS Serbia                 | -3.5    | -4.3   | -4.4   |
| XK Kosovo                 | -8.9    | -7.9   | -7.6   |
| <b>Turkey</b>             |         |        |        |
| TR Turkey                 | -5.3    | -4.1   | -3.7   |
| <b>CIS+UA</b>             |         |        |        |
| BY Belarus                | -1.0 ▼  | -0.7 ▼ | -0.5 ▲ |
| KZ Kazakhstan             | -3.3    | -3.2   | -1.7   |
| MD Moldova                | -10.0 ▲ | -9.0 ▼ | -8.0 ▼ |
| RU Russia                 | 2.6     | 3.4    | 3.7    |
| UA Ukraine                | -0.7    | -3.0 ▲ | -4.5   |

Note: Cut-off date: 15 November 2023. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since October 2023.

Source: wiiw.

**Table 5 / Fiscal balance as % of GDP and revisions since October 2023**

| Region                    | 2023   | 2024   | 2025   |
|---------------------------|--------|--------|--------|
| <b>EU-CEE</b>             |        |        |        |
| BG Bulgaria               | -5.0   | -4.0   | -3.0   |
| CZ Czechia                | -4.0 ▲ | -1.3 ▲ | -0.7 ▲ |
| EE Estonia                | -3.5   | -3.3   | -2.7   |
| HR Croatia                | -2.4   | -2.0   | -1.8   |
| HU Hungary                | -6.0 ▼ | -4.0 ▲ | -3.3   |
| LT Lithuania              | -2.0   | -1.8   | -1.5   |
| LV Latvia                 | -3.5   | -3.0 ▼ | -2.5 ▼ |
| PL Poland                 | -4.9 ▼ | -4.0   | -3.5   |
| RO Romania                | -5.5 ▲ | -4.5   | -3.5 ▲ |
| SI Slovenia               | -4.2   | -3.5   | -2.1   |
| SK Slovakia               | -6.0   | -4.4   | -4.5   |
| <b>Western Balkans</b>    |        |        |        |
| AL Albania                | -2.2   | -1.5   | -1.0   |
| BA Bosnia and Herzegovina | -0.5   | 0.5    | 0.3    |
| ME Montenegro             | -4.9   | -4.8   | -4.5   |
| MK North Macedonia        | -4.0   | -3.0   | -2.5   |
| RS Serbia                 | -2.0   | -2.0   | -1.5   |
| XK Kosovo                 | -0.5   | -1.4   | -2.0   |
| <b>Turkey</b>             |        |        |        |
| TR Turkey                 | -4.0   | -3.0   | -3.0   |
| <b>CIS+UA</b>             |        |        |        |
| BY Belarus                | -2.0   | -1.0   | 0.0    |
| KZ Kazakhstan             | -2.7   | -2.6   | -2.4   |
| MD Moldova                | -5.0   | -4.0   | -3.0   |
| RU Russia                 | -1.8 ▲ | -1.0 ▲ | -1.0 ▲ |
| UA Ukraine                | -27.0  | -15.0  | -10.0  |

Note: Cut-off date: 15 November 2023. Colour scale variation from the minimum (grey) to the maximum (gold). Arrow signifies direction of revisions since October 2023.

Source: wiiw.

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