P R E S S R E L E A S E

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Post-Pandemic Production Relocation: An Opportunity for Central and Eastern European Countries?

The COVID-19 crisis has triggered a discussion on increasing supply chain resilience to foreign supply shocks. Before the pandemic's arrival in Europe, a lockdown of factories that temporarily suspended manufacturing in China put the supply of intermediary goods at risk. In order to limit such risks, supply chain managers are likely to diversify their sources of supply. While China is not expected to lose its position of global supplier, the aftermath of the pandemic could bring opportunities for Central and Eastern European (CEE) countries in this diversification process, with a higher share in global supply chains.

Here are the **main points addressed** in this Coface study:

A favourable context
Foreign trade and inclusion in supply chains had already increased for Central & Eastern European (CEE) in recent years, boosted by most of its countries' decision to join the European Union (EU) in 2004.

Strong assets
- An educated workforce
- Geographical proximity to Western Europe
- Low labour costs
- Relatively good infrastructure
- A stable business climate
- Improving productivity through greater use of automation and "robotization".

Various sectors concerned
- The automotive industry, the industrial backbone of the region
- But also: the production of machinery, chemicals, and electrical & electronic equipment, as well as the transport and storage sectors
- And new opportunities: outsourcing of services through digitalization and a large ICT talent pool

However, investments are necessary
New investments are needed for the region to gain a favourable position, especially in terms of automation and digitalization.

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Coface: for trade

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