Q3 2020 Central and Eastern Europe (CEE) Sovereign Update

Rebound has begun, but full recovery only after 2021

Sovereign and Public Sector, Scope Ratings GmbH, 15 July 2020

EU CEE: Poland I Czech Republic I Hungary I Slovakia I Romania I Bulgaria I Croatia I Slovenia I Lithuania I Latvia I Estonia
Non-EU CEE: Russia I Turkey I Georgia

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Executive summary

Economic activity in CEE is recovering as countries in the region lift lockdowns. This will result in a rebound in growth in the second half of 2020 under Scope's baseline. However, lingering uncertainties regarding the duration of the Covid-19 pandemic, and CEE economies' exposures to an uneven and gradual Western European recovery constitute key downside risks to the regional growth outlook as we enter Q3. We project the CEE region's full recovery to 2019 output levels to be reached in most cases only after 2021.

We expect the region to maintain a highly accommodative monetary policy over 2020 – however with only a few central banks likely to deliver further rate cuts – as inflation levels fall to or below targeted levels (except in the cases of Turkey and Georgia) due to the crisis's severe adverse impacts on aggregate demand. Deflationary risks in non-euro area CEE countries, however, have been reduced. Unemployment levels are increasing only gradually due to support offered by short-time work pay schemes and with a lag given the longer termination notice periods of European contracts. The quantitative easing (QE) kickstarted by several CEE central banks is likely to remain a mainstay in policy toolkits over the future. However, we caution that this tool should continue to be used prudently to avoid outsized capital outflows and elevated currency pressures, especially in countries with weak public finances and a heavier reliance on external financing.

Finally, in this Quarterly, we focus on the specific sovereign risks of Turkey (B+/Stable), on the external and fiscal fronts.

Output loss & recovery subject to policy response, economic structures, market developments

The expected significant GDP contraction in Q2 2020 across all CEE economies – as temporary lockdowns brought unprecedented supply and demand shocks to services sectors, international supply chains broke down, including for critical regional automotive sectors, and foreign-exchange and capital markets volatility was elevated – is expected to be followed by recovery in Q3 2020.

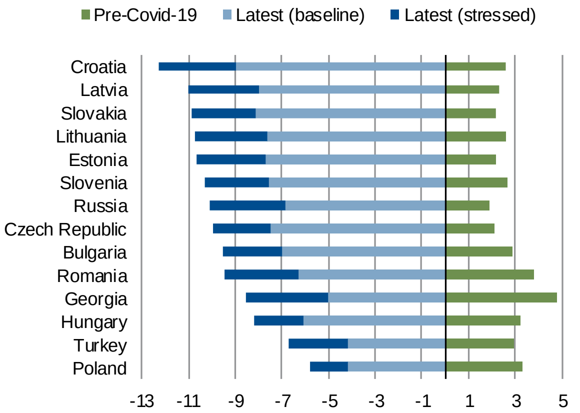
We expect average capacity utilisation in CEE to return to around 90% of pre-crisis levels by Q3, under the assumption of continued global recovery even as new coronavirus cases re-rise in the 2H of 2020 in many countries per Scope's baseline expectation. The speed and resilience of the CEE recovery, however, will depend on several factors, including the uneven impact of Covid-19 in the forthcoming period, underlying structures of economies, the size and effectiveness of domestic and EU stimulus, the speed of the recovery in neighbouring Western Europe, and developments in global energy markets and investor sentiment.

Ultimately, the extent of output loss in 2020 will hinge upon sectoral impacts. In general, we assess the hardest hit sectors as being real estate, trade, travel, arts, entertainment and recreation, with capacity utilisation in these sectors reaching, at crisis peaks, only 40% of 2019 pre-crisis levels.

Importantly, the proposal for a EUR 750bn EU recovery fund presents a major opportunity for EU CEE economies and will be a key support for recoveries in year 2021 and after.

Outside the EU, the ability of the Russian economy to adapt to lower oil prices, and the Turkish government's capacity to correct macro-economic mismanagement and inadequate foreign currency reserve levels will inform recovery paths in these larger regional economies.

Figure 1. 2020 real growth projection, %



Source: Scope Ratings GmbH forecasts

Among the 11 EU CEE economies, we continue to expect the smallest 2020 output decline in **Poland** (A+/Stable), although of a still significant 4.2%, mitigated by the diversified economy's lower exposures to international value chains and international tourism. However, the Polish economy's high shares of temporary and self-employed workers in total employment, at around 17% and 20% respectively, constitute vulnerabilities.

By contrast, **Hungary** (BBB+/Stable), the **Czech Republic** (AA/Stable) and **Slovakia** (A+/Negative) are the most exposed economies to global value chains among CEE countries, reflecting higher respective dependencies on automotive industries, which had to suspend production. We forecast the three economies to contract 6%, 7.5% and 8.1% respectively in 2020. Similarly, **Slovenia** (A/Stable)'s real GDP is forecast to shrink by 7.6%, including owing to higher reliance upon its tourism sector. All these countries introduced significant budgetary support measures, amounting to around 5% of GDP on average in the cases of Poland, Hungary, the Czech Republic and Slovenia, and above 2% in the case of Slovakia.

We now project **Romania** (BBB-/Negative)'s output to drop by 6.3% in 2020, with less room for fiscal support given already elevated budget deficits entering the crisis. **Croatia** (BBB-/Stable)'s economy will also be dealt a blow, with GDP projected to contract nearly 9% in 2020. Travel and tourism contribute around a quarter of Croatian GDP and more than 10% of **Bulgaria** (BBB+/Stable)'s, after including indirect effects. We expect Bulgaria's GDP to contract by around 7% in 2020. On 10 July, Bulgaria and Croatia's admissions to the Exchange Rate Mechanism II and Banking Union were announced formally by the European Commission – representing critical milestones in the countries' future entries to the euro area. We consider the ERM II entries for these two economies to be credit positive. Lastly, we foresee the Baltic states **–** **Estonia** (AA-/Stable), **Lithuania** (A-/Positive) and **Latvia** (A-/Stable) – to shrink by 7.5-8% in 2020, reflecting small, open economic structures and heightened sensitivities to weak 2020 global economic conditions.

Russia (BBB/Stabl**e**)'s economic recovery will be challenged by oil production cuts arranged by OPEC+, lower-for-longer oil prices, and weak household consumption. We have revised down our 2020 growth forecast for Russia to -6.8%, from -4.9%. However, Russia's sizeable fiscal and currency reserves provide ample room for further policy response in support of the economic recovery.

Turkey (B+/Stable), the lowest rated issuer in Scope's rated sovereign universe, is forecast to see a 4.2% growth contraction in 2020. In addition to the severe adverse economic impact from the public health crisis, Turkey's macroeconomic stability remains exposed to increasing external sector risk, including declines in its reserve adequacy as well as a significant exposure to lira depreciation and periods of capital outflow.

We forecast **Georgia** (BB/Negative)'s real GDP to contract 5% in 2020, after growth of 5% in 2019, due to the economy's dependence on tourism and travel services, which account for around 30% of GDP, after including indirect impacts on other sectors.

In 2021, Scope sees Poland recovering by 4.5%, Hungary, Romania and Bulgaria by 5.5%-6%, the economies of the Czech Republic, Slovenia and the Baltic states by 6.3%-7%, and Slovakia and Croatia by 7-7.5%. Outside the EU, we expect a 2021 growth rate of 4% for Russia, 5% in Georgia and 5.8% for Turkey.

Finally, we point out that upside and downside risks to baseline economic forecasts prevail. An alternative stressed scenario capturing downside risk in which a severe second wave of coronavirus results in renewed lockdown and reverses the global recovery is presented in **Figure 1 (previous page)** as well as in **Annex II**. An economic vulnerability matrix related to the Covid-19 crisis for CEE economies is shown in **Annex III**.

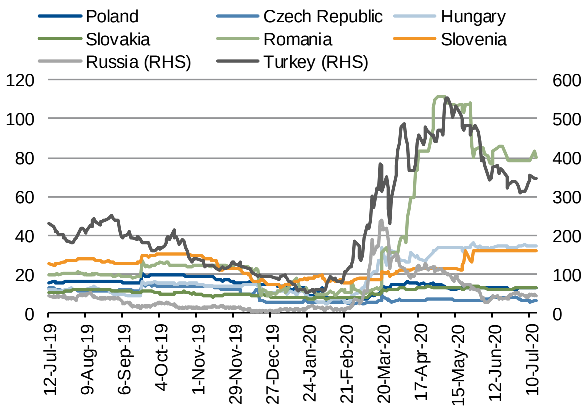
Global monetary accommodation has eased capital market disruption

CEE central banks' have implemented rate cuts and quantitative easing (QE) programmes, which alongside the extraordinary easing implemented by G4 central banks, have in most cases contained debt-financing costs for regional governments. This has brought a decline, for example, in euro and dollar one-year CDS spreads after the sharp increases of March and April (**Figure 2**).

Nonetheless, the capacity to implement QE and interest rate cuts varies considerably across the region. This is because such tools often entail trade-offs, especially for countries with elevated external-sector and public-finance risks. While most EU CEE countries had prudent fiscal positions entering this crisis and have materially reduced public debt levels over the previous five years, public debt levels of most countries are anticipated to rise above those reached in the aftermath of the European debt crisis, due to higher spending needs alongside significant cyclical fiscal deterioration (**Figure 3, next page**).

For CEE member states of the euro area, the ECB's Pandemic Emergency Purchase Programme of public and private sector securities in 2020, of currently EUR 1.35trn, is providing ample liquidity, bolstered by the euro's global reserve currency status. As a result, the 10-year euro-denominated yields of Slovakia, Slovenia, Lithuania and Latvia are now even lower (at close to 0%) than levels at the beginning of this year.

Figure 2. CDS spread (bps, 1-year, euro-denominated)



Source: Scope Ratings GmbH, Reuters

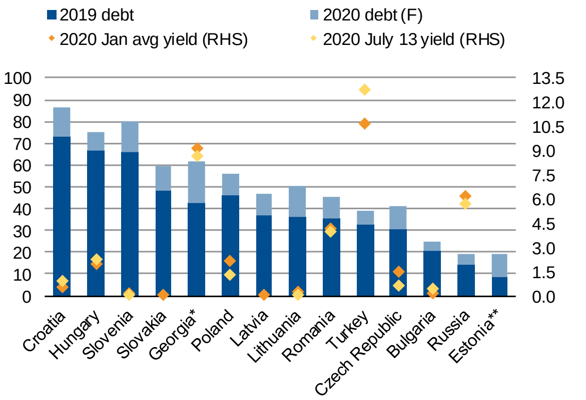
Among non-euro area EU CEE countries, bond-buying programmes in 2020 could total as much as 10% of GDP in the case of Poland and extend into 2021, and over 3% of GDP in the case of Hungary, which has paused its QE programme, as well as for Croatia. The Czech and Polish central banks have delivered large interest rate cuts and we expect rate-cutting cycles to be largely complete.

As a result, government borrowing costs have generally come down from March peaks, although the magnitude of declines has varied by case, reflecting the extent of monetary easing and investor risk assessments. The 10-year local currency yields for the Czech Republic and Poland are now 0.8% and 1.4% respectively, around 70bps below January levels. Hungary and Romania's 10-year yields of 2.4% and 4.0% are similar to pre-Covid-19 levels, whereas Bulgaria and Croatia's are still somewhat higher than January levels.

By contrast, Romania's QE programme is comparatively modest, mindful of the added pressure a larger programme could exert on the exchange rate, given a high proportion of foreign-currency borrowing by both the private and public sectors, and the country's weak public finances. The Romanian central bank has managed to use available monetary space to support capital markets with some interest rate cuts and tentative QE measures whilst safeguarding the currency, and we do not expect further easing for now.

As uncertainties regarding the duration of the Covid-19 crisis and associated risks to economic growth linger, we expect regional currencies to remain volatile, although they may strengthen further on the back of improving global sentiment. Foreign currency reserves of non-euro EU CEE central banks should be adequate to address possible exchange rate pressures in the second half of the year, at above an IMF adequacy threshold of 100% coverage of short-term external debt, except in Romania (around 80%).

Figure 3. Public debt (% of GDP) and bond yields (%, 10-year, local currency)



Source: IMF, Eurostat, Bloomberg, debt projections Scope Ratings GmbH; * five-year primary-market yield shown for Georgia, yield data as of June 23; ** Estonia has no outstanding government bonds of corresponding maturity.

Outside the EU, the Central Bank of Russia cut its key rate by 100bps to 4.5% in the second half of June, hitting the lowest key policy rate level since inflation targeting began in 2015. Further rate cuts are likely this year should inflation remain below the 4% target (3.2% YoY in June), reflecting weak consumer sentiment. Russia's 10-year local-currency government yield has fallen to 5.8%, below January levels, including thanks to central bank accommodation. The Central Bank of Russia's decision to cut the key rate and the drop in government yields pave the way for reductions in interest rates in other financial market segments.

Russia's floating exchange rate regime has supported the government's international reserves – which cover almost five times outstanding short-term external debt – under conditions of the severe oil price shock this year, during which the rouble depreciated as well around 15% in March against the US dollar and euro.

In Turkey, concerns about central bank independence and about future interest rate decisions remain. Easy monetary policy has amplified bank lending, with lira lending to the domestic economy increasing to a very elevated 40.4% YoY in June. In addition, Turkey's gross reserves cover about 79% of short-term external debt, from 114% as of mid-2016 – affecting the economy's resilience to balance of payment crises.

The Turkish lira has stabilised since hitting a record low in early May; however, at the time of writing, the lira traded still around 25% below August 2019 peaks against the US dollar. The deterioration in the exchange rate not only raises inflation, but also undermines debt sustainability given that 51% of central government debt is denominated in foreign currencies.

In Georgia, we expect the foreign-exchange and capital flow volatility that accompanied the Covid-19 crisis peaks, to endure through 2020, also in view of upcoming parliamentary elections of late 2020. The recent improvement in global sentiment, however, has been positive for the Georgian lari, allowing the central bank to increase FX reserves to USD 3.42bn in June from USD 3.28bn in April, and deliver a modest rate cut.

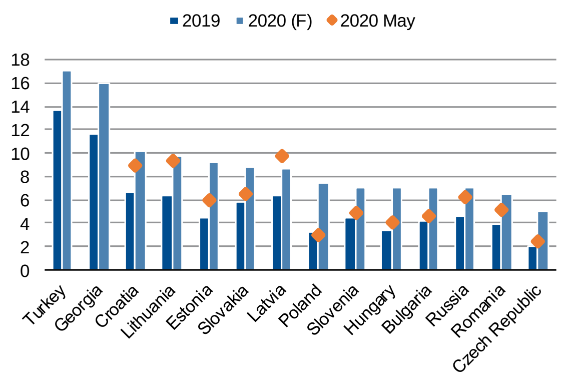
Rising CEE unemployment with a lag, mitigated by short-time work scheme

Unemployment rates have increased only moderately across CEE countries since crisis beginnings (**Figure 4, next page**). This is due in part to contractual protections being more significant for employees in Europe, combined with temporary short-time work pay schemes deployed across CEE countries, through which governments cover a large part of salaries paid by crisis-hit businesses.

Given the significant output drop expected in Q2 2020 and comparatively long termination and notice periods of European contracts, unemployment rate levels may rise from May levels across the region. The extent of such an increase will, however, depend on three factors: i) any expansion of fiscal support; ii) economic structures, with greater pressures on the labour markets of countries with high shares of tourism and accommodation services in overall employment, such as in the cases of Croatia and the Baltic states, and greater pressure on economies with a high share of self-employed, such as in Bulgaria, Romania and Poland; and iii) the share of the economy's workers who are highly skilled, with a lower share potentially reducing the possibility of home office.

Overall, we expect unemployment rates to increase to between 7% and 10% in most EU CEE countries, with exceptions including Croatia (over 10%) and the Czech Republic, the latter where the unemployment rate will increase to only around 5% in 2020, from 2% in 2019, remaining the lowest among CEE countries by far (**Figure 4**).

Figure 4. Unemployment rates, %



Source: Scope Ratings GmbH, European Commission, national statistical offices

Outside the EU, already challenging labour market conditions in Turkey and Georgia (with pre-pandemic unemployment rates of 12.7% and 11.6%) will be further strained given the countries' high dependencies on global value chains and tourism and elevated exposures to exchange rate volatility. Russia's unemployment rate increased moderately to 6.2% in May from 4.3% in February, with this level unlikely to increase much further due to lower shares of self-employed and temporary workers in overall employment. The Russian government plans to increase fiscal support from a presently modest 3% of GDP to around 5% of GDP, which could mitigate labour market stresses.

Pandemic may accelerate structural shifts in car industries

For many CEE countries, the car industry has been a key factor in their economic convergence towards Western European standards over the past 15 years. The industry currently produces 13% of GDP in Slovakia and Romania, and around 10% in the Czech Republic, Hungary and Slovenia. By contrast, the contribution of the car industry to the Polish and Russian economies is among the lowest in the region, at below 3% of GDP in each, reflecting Poland's well-diversified economy and the Russian economy's dependence on its energy sector. Structural changes in the automotive sector that began before this 2020 crisis, including rising demand for electric cars, pose considerable uncertainty for longer-term car production across the region.

Car producers across the CEE region will not benefit significantly from Germany's recently announced EUR 130bn stimulus package, which provides higher subsidies to electric cars but none for those running on petrol or diesel. CEE economies export most cars that they produce (often 90% of the total). Electric cars accounted for less than 2% of total CEE car exports in 2019, although, recently, the number of assembly lines for electric cars in the region have been increasing.

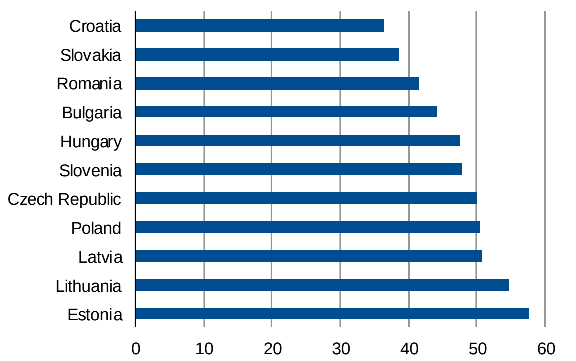
Going forward, the ability of CEE countries to adapt to structural changes in the automotive sector will be important for maintaining comparative advantages in the post-Covid-19 period, given also the EU's increasing budgetary focus on a low-carbon society, the possible reorganisation of international supply chains due to changing staffing needs, and the postponement of some investments by major European carmakers due to the 2020 crisis.

EU budget talks key for CEE outlook

CEE economies are the largest beneficiaries of EU funds relative to their economic sizes, with EU funds accounting for more than half of all public investment in many EU CEE countries. EU development funds are a major positive rating driver for these economies. Thus, the outcome of current 2021-27 EU budgetary negotiations will be key for the region's convergence with the rest of the EU in forthcoming years.

Firstly, important to meeting the region's investment needs will not only be the size of allocations of EU funds, but also the balance between the funding of agricultural and cohesion policies (the latter being the largest part of current EU structural fund allocations to CEE) vis-à-vis 'new' policy areas, namely environmental protection, research and development, integration of migrants, and security. Here, any further delays in striking a deal around an EU budget, however, could postpone the start of programmes in 2021, including for important infrastructure and education-related projects.

Figure 5. Cumulative absorption rates of European structural and investment funds, 2014-20



Source: European Commission, Scope Ratings GmbH

In addition, the European Commission's proposal to introduce a rule-of-law condition in EU funding rules is an important focus in negotiations. While such a reform could incentivise judicial reform in central and eastern European member states and enhance democratic oversight by EU institutions, the reform could also result in a disproportionate reduction in EU funds to poorer CEE EU member states.

Finally, the ability of CEE countries to deploy extra EU funding is key. EU fund absorption rates vary markedly among CEE countries, reflecting variation in the co-financing capacity of governments as well as institutional factors such as the quality of governance and long-term planning, control of corruption and extent of decentralisation. For example, the cumulative absorption rate of 2014-20 EU funds is currently above 50% in the Baltic countries, Poland and the Czech Republic, and around 40% on average in Romania, Croatia and Bulgaria (**Figure 5**).

Policy continuity in Russia

In Russia, following constitutional changes that have allowed Vladimir Putin to remain the country's President beyond his term's original expiry in 2024, we expect policy continuity with regards to prudent fiscal, monetary and FX policies, which will support the economy's external sector resilience despite volatility in global energy markets.

While we expect some modest reforms on the domestic side, more profound structural reform to raise the economy's weak growth potential (estimated at 1.5% over the medium term) are unlikely any time soon – a core constraint on Russia's BBB sovereign ratings.

It remains to be seen whether the Russian government is willing and able to push through legislative reforms to address, mostly importantly, the competition-crimping control the government holds in local markets. Russia's subdued growth potential is also the result of poor infrastructure, adverse demographic trends and glaring regional disparities in income and employment.

Q3 Update country focus: Turkey

External economic environment

Turkey's already inadequate international reserve levels entering 2020 have been further curtailed. Gross official reserves (including gold) have eased to USD 90.5bn as of 3 July, compared with a 2013 peak at USD 134.6bn (and USD 105.7bn entering 2020). While reserves remain more than adequate to meet sovereign debt-servicing needs for 2020, their weakening levels reflect increased risk longer term regarding the capacity of Turkey's private and public sectors to repay foreign-currency-denominated debt.

Susceptibility to reversals in capital flows contributes to external sector vulnerabilities. Net capital outflows, which eased after the 2018 lira crisis, re-escalated this spring (to a total of USD 40.4bn from March to April, including net errors and omissions).

Public finances

We expect a general government deficit this year of around 10% of GDP compared with the 5.3% deficit in 2019. In addition, we expect *structurally* higher deficits after the crisis compared with pre-crisis levels.

Assuming the expected budgetary deterioration, slower growth, foreign exchange depreciation alongside more elevated foreign currency borrowing costs, we foresee government debt to increase to at least 40% of GDP in 2020, before steadily continuing to rise over the medium term.

Rating outlook

On 10 July, Scope downgraded the long-term ratings of Turkey one notch to B+ from BB-. The Stable Outlook assigned to Turkey's B+ sovereign ratings balances external sector risks as well as deterioration in fiscal, monetary and economic policy frameworks with Turkey's several credit strengths, including a large, diversified economy, comparatively moderate public and private debt levels and favourable demographics.

Additional research (since the Q2 2020 CEE Update)

Sovereign Outlook Q3 Update: gradual, uneven global recovery; meaningful risks remain on the horizon, 8 Jul

US dollar's global dominance remains intact; EUR and RMB still far behind but for how long?, 10 Jun

The EU's EUR 750bn recovery fund proposal aims to balance loans, grants and own resources, 29 May

Croatia: Covid-19 to compound ERM II entry and government's long-term economic reform challenges, 29 May

From loans and guarantees to grants: Europe's forceful, evolving Covid-19 policy response, 20 May

Central, Eastern Europe: monetary policy is easing Covid-19 capital market disruption, 18 May

Euro area's financing needs soar but with use of greater fiscal space than in 2009, 13 May

Turkey's external-sector weaknesses in five charts: economy at risk as reserves decline, 5 May

Annex I: Scope's CEE sovereign ratings & 2020 rating actions

Figure 6. Scope's CEE long-term, foreign-currency issuer ratings, as of 15 July 2020

Central and Eastern European 11 (CEE 11)				Other CEE	
Euro area		*Non-euro area EU*			
Estonia	AA-/Stable	Bulgaria	BBB+/Stable	Georgia	BB/Negative
Latvia	A-/Stable	Croatia	BBB-/Stable	Russia	BBB/Stable
Lithuania	A-/Positive	Czech Rep.	AA/Stable	Turkey	B+/Stable
Slovakia	A+/Negative	Hungary	BBB+/Stable		
Slovenia	A/Stable	Poland	A+/Stable		
		Romania	BBB-/Negative		

Figure 7. Scope's CEE sovereign rating actions in 2020, as of 15 July 2020

Date	Sovereign	Rating action	Rating & Outlook
17 January	Russia	Upgrade/Outlook change	BBB/Stable
21 February	Estonia	Upgrade	AA-/Stable
17 April	Georgia	Affirmation/Outlook change	BB/Negative
1 May	Slovakia	Affirmation/Outlook change	A+/Negative
12 June	Romania	Affirmation	BBB-/Negative
10 July	Turkey	Downgrade/Outlook change	B+/Stable

Annex II: Macro-economic outlook 2019E-2020F

	Country/region	Real GDP growth (%)			General government balance (% of GDP)		General government debt (% of GDP)		Fiscal stimulus (% of 2019 GDP), as of June 29, 2020**		Yield, local currency, 10-year (%)	CDS spread, EUR 1-year (bps)	Policy rate (%)**	Exchange rate vis-à-vis euro (%)	Reserves (% of short-term external debt)***
		2019	2020 (baseline)	2020 (stressed)	2019	2020 (baseline)	2019	2020 (baseline)	Direct fiscal support	Credit guarantees and/or subsidised loans	As of July 13, 2020****			June 1 - July 10, 2020	2019
Euro area CEE	Slovakia	2.4	-8.1	-10.8	-1.3	-7.5	48.0	59.5	1.8	0.5*	-0.2	13	-0.50	-	-
	Slovenia	2.4	-7.6	-10.3	0.5	-8.7	66.1	80.2	6.0	4.6	0.1	32	-0.50	-	-
	Estonia	4.4	-7.7	-10.6	-0.3	-7.2	8.4	19.4	2.1	6.2	-	30	-0.50	-	-
	Lithuania	3.9	-7.6	-10.7	0.3	-6.5	36.3	50.2	2.3	2.7	0.1	20	-0.50	-	-
	Latvia	2.2	-8.0	-11.0	-0.2	-8.6	36.9	48.9	3.5	4.9	-0.2	20	-0.50	-	-
Non-euro area EU CEE	Poland	4.2	-4.2	-5.8	-0.7	-8.4	46.0	56.2	4.6	7.8	1.3	13	0.10	-1.0	122.7
	Romania	4.1	-6.3	-9.4	-4.3	-8.9	35.2	45.1	2.0	1.4	4.0	78	1.75	0.0	79.4
	Czech Republic	2.5	-7.5	-10.0	0.3	-7.6	30.8	41.3	4.8	8.8	0.7	6	0.25	0.6	124.4
	Hungary	4.9	-6.0	-8.2	-2.0	-5.5	66.3	74.4	4.0	5.3	2.3	34	0.75	-2.3	174.4
	Bulgaria	3.4	-7.0	-9.5	2.1	-3.8	20.4	25.9	2.1	4.4	0.5	21	0.00	0.0	178.6
	Croatia	3.0	-8.9	-12.2	0.4	-6.9	73.2	86.5	3.5	4.0	1.0	21	0.05	0.7	125.2
Non-EU emerging Europe	Russia	1.4	-6.8	-10.1	1.9	-6.0	14.0	25.0	4.5	0.6	5.7	49	4.50	-3.4	455.0
	Turkey	0.9	-4.2	-6.7	-5.3	-9.7	33.0	40.0	1.5	5.5	12.8	355	8.25	-2.1	61.7
	Georgia	5.0	-5.0	-8.5	-1.8	-8.0	42.7	62.0	3.0	1.0	8.7*****	-	8.25	-0.1	91.7

Source: Scope Ratings GmbH, IMF, OECD, Eurostat, Bloomberg, national central banks, Haver Analytics; * per month; ** deposit facility rate of the ECB for euro area CEE economies; yield on the 7-day National Bank of Poland money market bills for Poland; 2-week repo rate displayed for the Czech Republic; interest rate on minimum reserves shown for Hungary; 1-week repo rate for Romania, Russia and Turkey; cash rate for Bulgaria; rate on regular operations for Croatia; 1-week refinancing rate for Georgia; *** coverage of short-term external debt plus long-term external debt maturing in one year or less, an IMF adequacy threshold for this ratio is above 100%; **** as of 13 July; ***** 5-year yield, as of 23 June.

Annex III: Economic vulnerability to Covid-19 shock

	Country/region	External			Internal	
		Global value chain participation rate, % of total gross exports, 2015*	Manufacturing, % of gross value added, 2019	Travel and tourism total contribution, % of GDP, 2018	Temporary employment, % of total employment, 2020 Q1 or latest available data	Self-employed, % of total employment, 2020 Q1 or latest available data
Euro area CEE	Slovakia	63.6	20.7	6.4	6.5	13.5
	Slovenia	52.4	23.2	12.3	11.2	18.6
	Estonia	51.6	14.9	15.5	2.7	10.2
	Lithuania	48.4	18.0	4.9	1.1	11.2
	Latvia	41.3	11.7	9.4	3.4	12.9
Non-euro area EU CEE	Poland	48.1	19.1	4.5	16.6	20.2
	Romania	44.2	18.8	5.4	1.1	23.0
	Czech Republic	58.6	24.9	7.6	6.4	14.0
	Hungary	59.2	21.7	8.0	5.9	8.2
	Bulgaria	52.2	16.5	11.3	3.5	26.5
	Croatia	32.4	14.7	25.1	16.2	12.1
Non-EU CEE	Russia	41.3	14.6	4.9	7.8	6.6
	Turkey	33.4	21.1	11.7	12.6	32.4
	Georgia	N/A	10.1	31.3	N/A	50.9

Source: WTO, Eurostat, World Bank, OECD, World Travel & Tourism Council, Rosstat, Turkstat, Geostat; * foreign inputs, and domestically produced inputs used in third countries' exports, percentage of total exports.

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