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Coffee Break

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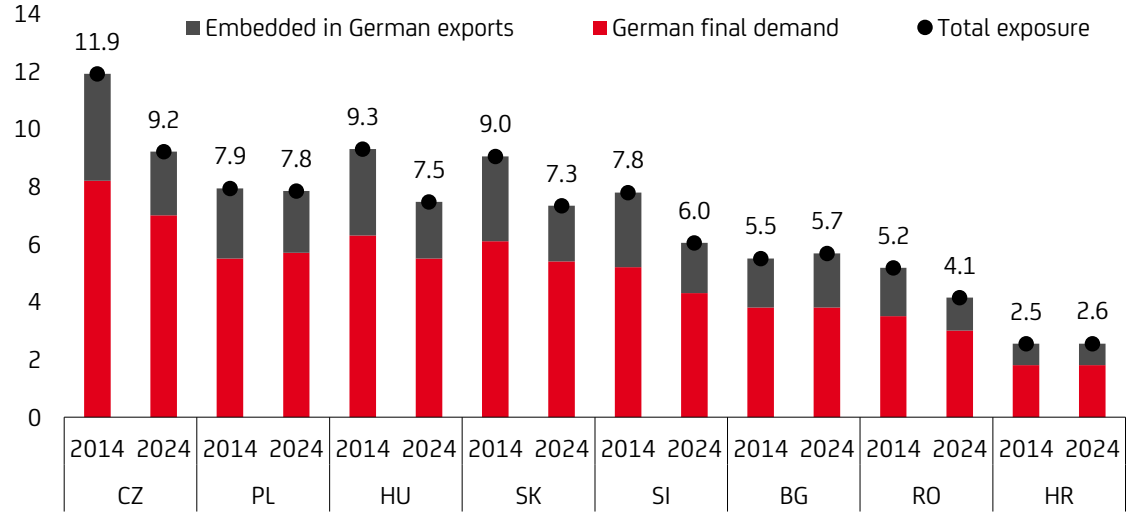
How exposed is CEE to Germany?

9 October 2026

Germany remains a major source of external demand for CEE economies, with Germany-linked activity accounting for around 7-9% of gross value added (GVA) in the Visegrad economies. Value-added data reveal a more balanced pattern of dependence across countries than gross export statistics suggest. Despite lower exposure than a decade ago, Germany remains an important economic anchor for the region. A sustained German recovery should thus continue to support CEE growth.

GERMANY-RELATED VALUE-ADDED EXPOSURE IN CEE

% OF GVA, 2014 AND 2024



Source: Eurostat FIGARO database, The Investment Institute by UniCredit
Note: "German final demand" is based on the database "Domestic value added in foreign final use by industry of origin" while "Via German exports" is based on the database "Foreign value added in exports by country of origin and exporting country"

THE CONTEXT

With Germany embarking on a sizeable fiscal expansion and showing the first signs of recovery in its main industrial sectors after several years of weakness (see our *Coffee Break* - Green shoots in Germany's industry? for further details), understanding how strongly CEE economies remain tied to German demand has become increasingly important. While Germany remains the region's most important economic partner, conventional trade statistics do not fully capture the supply-chain linkages that connect CEE economies to German demand. We therefore use trade in value-added data, which provide a more complete measure of economic dependence by capturing both Germany's role as a final market and an export hub within regional and global supply chains.



THE DATA

We use Eurostat's FIGARO trade in value-added database to assess the extent to which economic activity in CEE is linked to Germany, distinguishing between Germany's role as a final market and as a hub within European supply chains. The first channel measures value added generated in CEE economies that is embedded in German exports, while the second one measures value added generated in CEE economies that is ultimately absorbed by German final demand, including household consumption, government expenditure and investment. The chart expresses both channels as a share of domestic GVA, providing a measure of the importance of Germany-linked demand for domestic economic activity. Using data for 2014 and 2024 allows us to assess how these linkages have changed over the last decade.



OUR VIEW

First, Germany remains a major external source of demand for CEE economies. In 2024, Germany-linked demand accounted for around 7-9% of GVA in the Visegrad economies (comprising Poland, Czechia, Slovakia and Hungary), with Czechia recording the highest exposure (9.2%). Exposure is lower elsewhere in the CEE region, albeit still meaningful, ranging from around 4% of GVA in Romania to around 6% in Slovenia and Bulgaria. These figures suggest that developments in Germany remain large enough to be reflected in regional growth and industrial activity, particularly in the manufacturing-intensive economies of Central Europe.

Second, Germany's importance appears more balanced across the Visegrad economies than gross export data would suggest. Measured by exports of goods and services to Germany, exposure ranges from almost 27% of GVA in Czechia and 20% in Hungary to only around 13% in Poland. However, trade in value-added data paints a much more even picture, with Germany-linked activity accounting for around 7-9% of GVA across the Visegrad group. While Czech exports to Germany amount to more than twice the Polish level relative to GVA, the gap narrows substantially when measured in value-added terms (9.2% versus 7.8% of GVA). Part of the difference reflects the multiple cross-border movements of intermediate goods within European supply chains, which inflate gross trade flows without generating additional domestic income. Croatia is even less integrated into German manufacturing value chains, reflecting its more service-oriented economy.

Third, Germany-related exposure has declined across most CEE economies over the past decade. The largest reductions were recorded in Czechia, Hungary and Slovakia, where Germany-linked activity fell by around 2pp of GVA, while exposure remained broadly unchanged in Poland. Most of the decline reflects a smaller contribution from the German export-hub channel, whereas Germany's role as a final market has proved more stable. Further evidence from FIGARO suggests that this reflects a gradual diversification of trade and production linkages towards other EU economies and non-EU markets. Nevertheless, Germany remains the dominant external source of demand for much of the region, implying that a sustained German recovery should continue to support CEE growth, albeit somewhat less than in the past.

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