

Supply Opportunities in Central and Eastern Europe

Central and Eastern Europe (CEE) is home to some of the most competitive economies in Europe. The markets are well integrated in European supply chains and many local companies boast significant experience in producing goods for worldwide export markets. This region has enjoyed an outstanding level of economic development, growing faster than nearly all other economies outside of Asia. The leading CEE economies, namely the Czech Republic and Poland, are now on par with those of several Western European countries. The ongoing global supply chain crisis and shortage of materials have led many U.S. and European companies to consider new nearshoring/sourcing venues as an alternative to Asia, which puts the entire CEE region into the spotlight.

This report maps the supply chain capabilities and sourcing strengths of three CEE countries – the Czech Republic, Poland, and Romania – and delivers detailed information on key sectors. The Czech Republic ranks first in manufacturing competitiveness for the region and its economy is driven by a strong industrial base focused on exporting. Exports from the country were strong in the years prior to COVID-19 and the Czech Republic and Poland remain this region’s most competitive economies. Poland is the fifth-largest manufacturing country in the EU and is continuing to grow, with manufacturing contributing over a fifth of the country’s GDP. Demand is strong for new and innovative manufacturing technologies. Romania recorded some of the highest rates of growth in Europe and has become a low-cost alternative for labor-intensive and export-oriented manufacturing. Romania also has the potential to become the center of the Central and Southeast European manufacturing industries.

The following table provides Virginia companies with an indication of which country to primarily turn to for which types of products, services, and materials; the strongest sectors within each country are marked with an “x”.

Comparative analysis: Leading sectors for sourcing, by country

Sector	Czech Republic	Poland	Romania
Automotive	x	x	x
Chemical industry		x	
Electronics and electrical engineering	x	x	x
Environmental technologies	x		
Food and beverages		x	
Furniture		x	
ICT	x	x	x
Manufacturing and mechanical engineering	x	x	
Metal processing and metalworking			x
Nanotechnologies	x		
Shipbuilding			x

Generally, CEE companies are keen to consider new production opportunities. The sectors covered in this report have capabilities that accommodate a myriad of products and a full range of support services. Many sectors are seeking new international customers, specifically looking to mitigate falling demand from Europe by shifting their focus to U.S. companies.

To access the full report and learn more about VEDP's Supply Chain Optimization Program, please contact Monica Sadie, VEDP's Supply Chain Program Manager, at msadie@vedp.org.