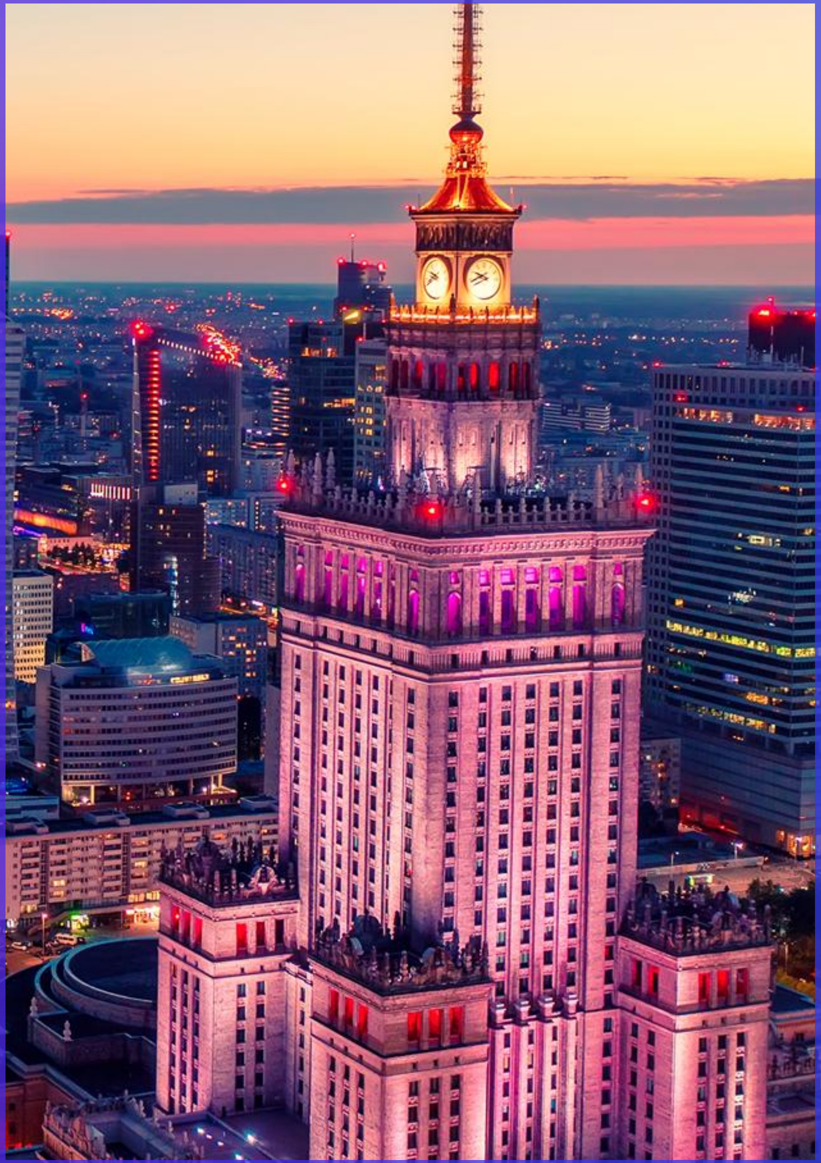
German-Central and Eastern European Business Outlook 2026

Study



Foreword

Dear Readers,

Amid persistent geopolitical tensions, shifting trade patterns and the European economy's search for resilience, Central and Eastern Europe (CEE)[1] has continued to prove both stable and forward-leaning. German companies operating in the region report a broadly steady business footing today and, more importantly, a noticeably brighter medium-term outlook. Compared with last year, expectations have again become more confident: CEE is moving from a supporting role to a core pillar in many European corporate strategies.

This year's *German and Central European Business Outlook* underscores how Central and Eastern Europe is gaining strategic weight for German companies. The region is increasingly valued not only as a reliable production base but also as a growing sales market and sourcing hub. Strong local demand, competitive labour conditions and established industrial clusters continue to drive this momentum. As a result, most companies expect CEE to become even more important for their business over the next five years.

At the same time, the operating environment continues to be shaped by geopolitical uncertainty. Political and security risks remain the most frequently cited challenges, while rising labour costs and intensifying competition — including from Chinese companies — add to the pressure. However, these risks have not dampened corporate interest in the region. Investment intentions are rising, with Poland, Ukraine and Czechia showing the strongest gains. Notably, almost one in five companies plans to invest in Ukraine even during the war.

Sourcing activities in CEE are also expected to expand as companies work to strengthen and diversify European supply chains. While no broad trend of relocating production from Germany to CEE is visible, around a quarter of companies are considering such moves amid structural pressures at home.

Overall, the survey confirms CEE's growing relevance as a dynamic and strategically important part of German companies' European footprint. Those that align their investment, supply chain and talent strategies with this development will be well positioned for the years ahead.

We would like to thank all participating companies for their insights and hope this survey provides practical orientation for navigating a complex environment.

Yours sincerely,

Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Michael Harms
Managing Director
German Eastern Business
Association

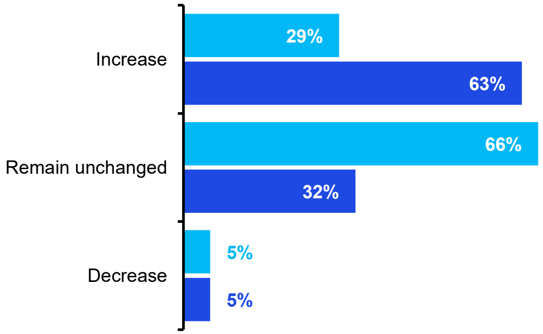
Note:[1] For the purpose of this study, CEE refers to the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine

Executive Summary (1/2)

Relevance of CEE rises further

A clear majority of 63% predict CEE to grow more significant for their company over the next five years; only 5% expect a decline. Compared with our survey last year, more companies anticipate an increase over five years (63% now vs. 55% last year) and fewer expect a decrease (5% vs. 7%).

Over the next 12 months / Over the next 5 years

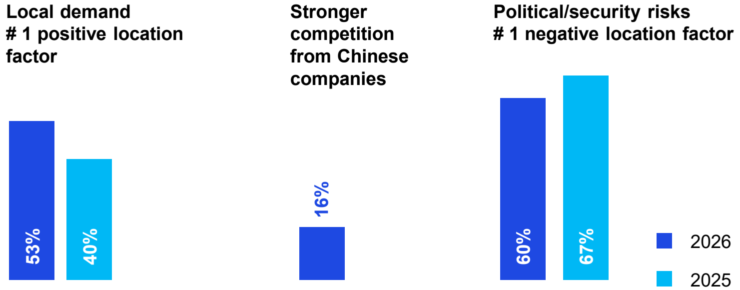


Source: KPMG in Germany and German Eastern Business Association, 2026

CEE's importance as a sales market is rising due to strong local demand, but competition is growing and political/ security risks persist

Local demand is the strongest advantage of the CEE region (53%) and increased significantly as a factor compared to last year's survey (+13 pp). CEE is attractive as it is Europe's fastest-advancing economic region (+2.9% growth forecast in 2026). But 16% of companies anticipate **stronger competition from Chinese firms** in the region.

Political risks and security concerns continue to represent the most significant challenge (60%), driven primarily by the ongoing war in Ukraine and regional geopolitical tensions.

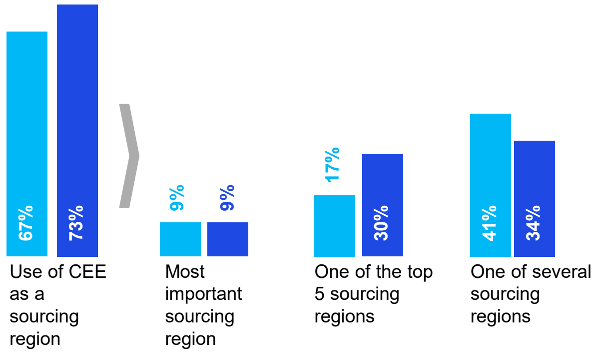


Source: KPMG in Germany and German Eastern Business Association, 2026

Growing sourcing activity in CEE

Currently, 67% of companies source from the CEE region. Of these, 17% rank CEE among their top five sourcing regions and 9% even consider it their single most important procurement location. Looking ahead five years, the overall share is expected to rise to 73% (+6 pp), with almost one in three companies (30%) anticipating CEE to be among their five most important sourcing regions (+13 pp).

Today / In 5 years



Not relevant for sourcing: 29%/22%

Don't know/Not sure: 3%/5%

Source: KPMG in Germany and German Eastern Business Association, 2026

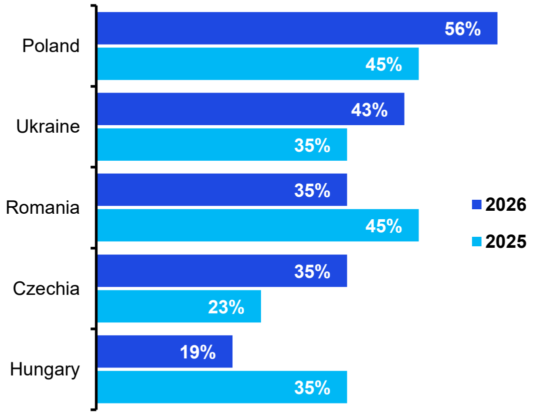
> **In a global environment marked by geopolitical turbulence and uncertainty, CEE offers German companies a growing sales market and an increasingly important sourcing base right on their doorstep. As integration into the EU and the eurozone continues to advance, the region is becoming even more significant for German businesses. At the same time, competition is intensifying as Chinese companies expand their presence in CEE.**

Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Executive Summary (2/2)

Investment intentions spread across CEE, with Poland, Ukraine, Romania and Czechia in the lead

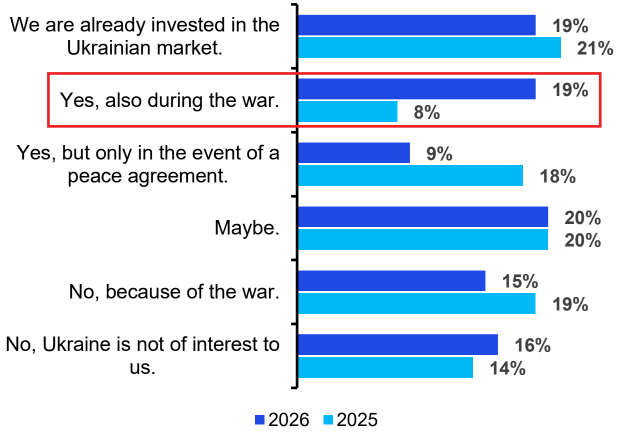
Planned investments remain diversified across multiple markets, with the largest economies anchoring portfolios: Poland 56%, Ukraine 43%, Romania 35%, Czechia 45% and Hungary 19%.



Source: KPMG in Germany and German Eastern Business Association, 2026

Growing interest in Ukraine

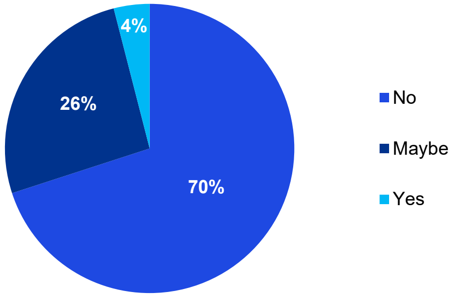
Despite the ongoing war, companies are increasingly willing to invest in Ukraine: over the next 12 months 19% plan to invest even during the war (+11 pp compared to 2025). Another 19% already have a presence in the country, while 15% explicitly rule out investment due to the war.



Source: KPMG in Germany and German Eastern Business Association, 2026; rounding differences possible

More than a quarter are considering relocating production to CEE

Around 70% of companies do not plan to relocate production capacities from Germany to CEE in 2026. However, 26% are considering such a move, likely driven by cost pressures, labour shortages and structural challenges in Germany. Only 4% have made concrete new relocation plans for 2026.



Source: KPMG in Germany and German Eastern Business Association, 2026

> **Central and Eastern Europe has long been more than just a production location for German companies – the region is an anchor of economic stability in Europe. Those who invest there today are not only securing the future of their own businesses, but also strengthening European competitiveness. We must now prepare both the EU and the candidate countries for enlargement as quickly as possible. The larger the internal market, the stronger Europe will be.**

Michael Harms
Michael Harms
Managing Director,
German Eastern
Business Association

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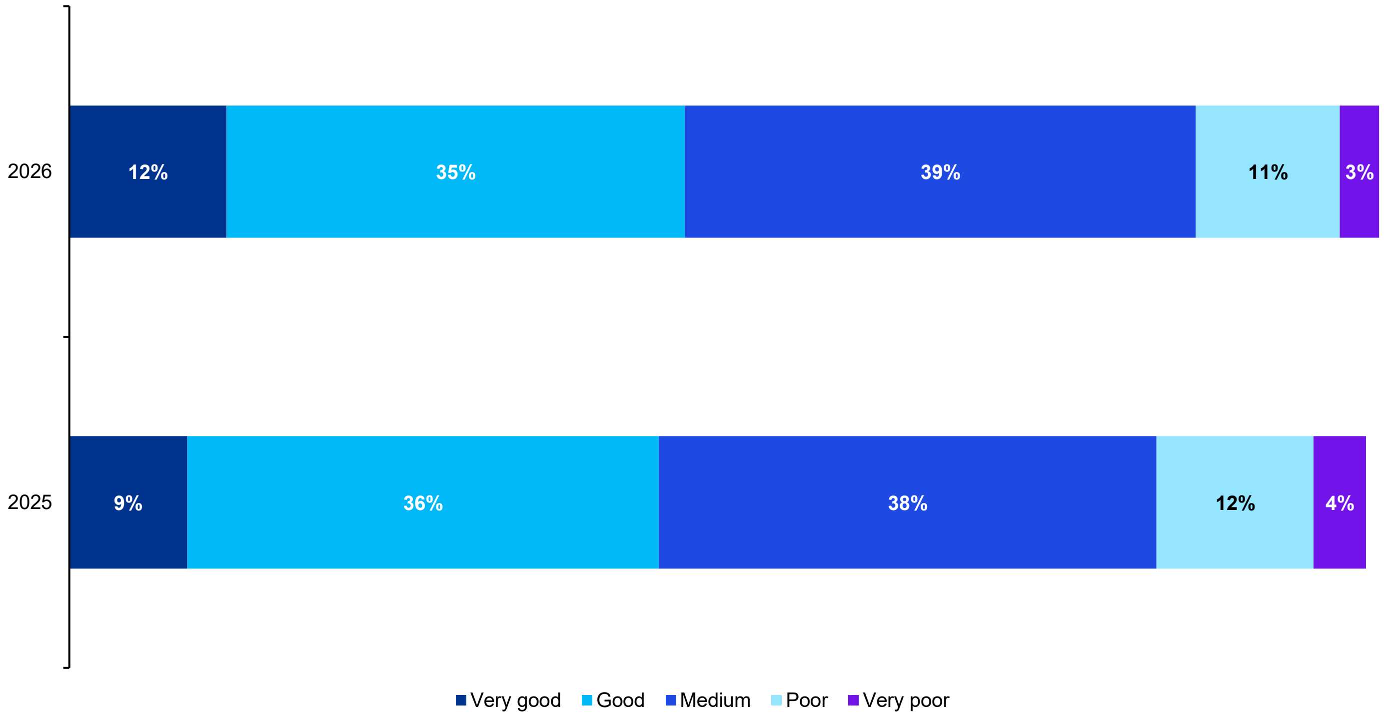
01

Business development and future expectations

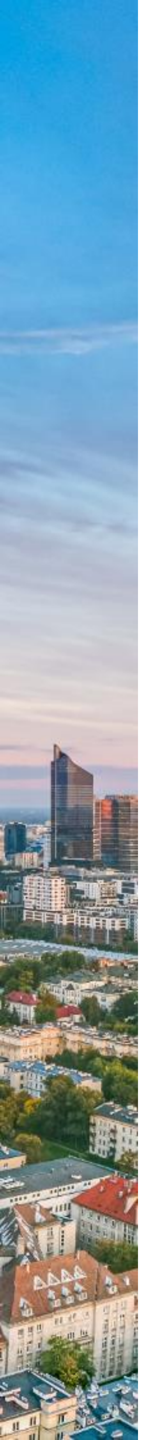
Companies remain positive about their business in CEE

- Almost half of all surveyed companies (47%) describe their current business situation in CEE as good or very good. This reflects a solid level of confidence across a diverse market landscape.
- A substantial share (39%) places their situation in the neutral range, suggesting that for many firms' operations are running steadily without major disruptions or accelerations.
- Only 14% rate their business situation as poor (11%) or very poor (3%).
- Compared to last year, overall assessments show little change, pointing to a remarkable degree of continuity despite global economic uncertainty and geopolitical pressures.

Figure 1: **Current business situation in CEE**



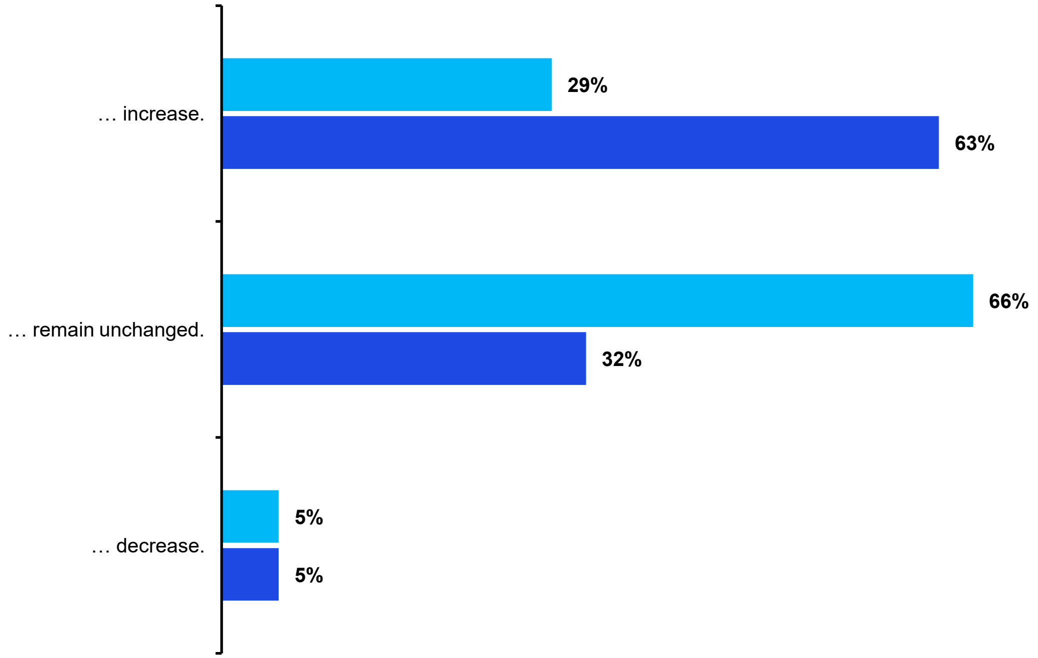
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=115); 2025 (n=99); rounding differences possible



CEE expected to gain strategic importance over the medium term

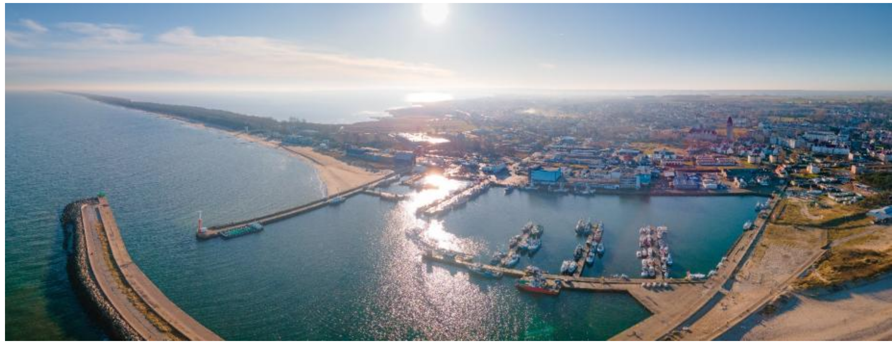
Figure 2: **Development of importance of CEE**

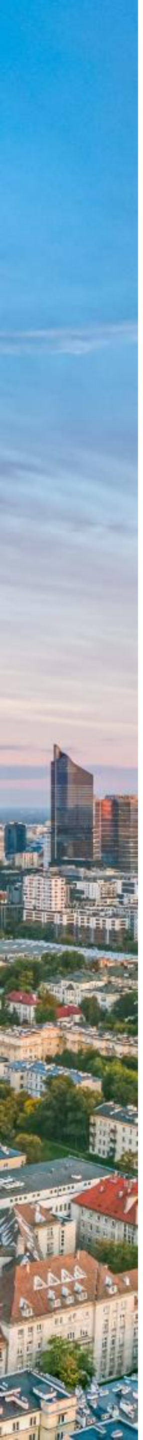
Over the next **12 months/5 years** the importance of CEE in terms of sales as a proportion of total group sales will…



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=97); rounding differences possible

- For the coming year, most companies (66%) expect the region's contribution to group revenue to remain unchanged. At the same time, nearly one third (29%) anticipates rising importance within the next 12 months.
- Looking ahead over five years, expectations shift noticeably: almost two thirds (63%) foresee a greater role for CEE in their revenue mix. This aligns well with the expanding investment intentions highlighted on page 11 of this survey. Only a small share of companies (5%) expects declining relevance.
- Compared with our survey last year, more companies are expecting an increase over five years (63% now vs. 55% last year) and fewer expect a decrease (5% vs. 7%).

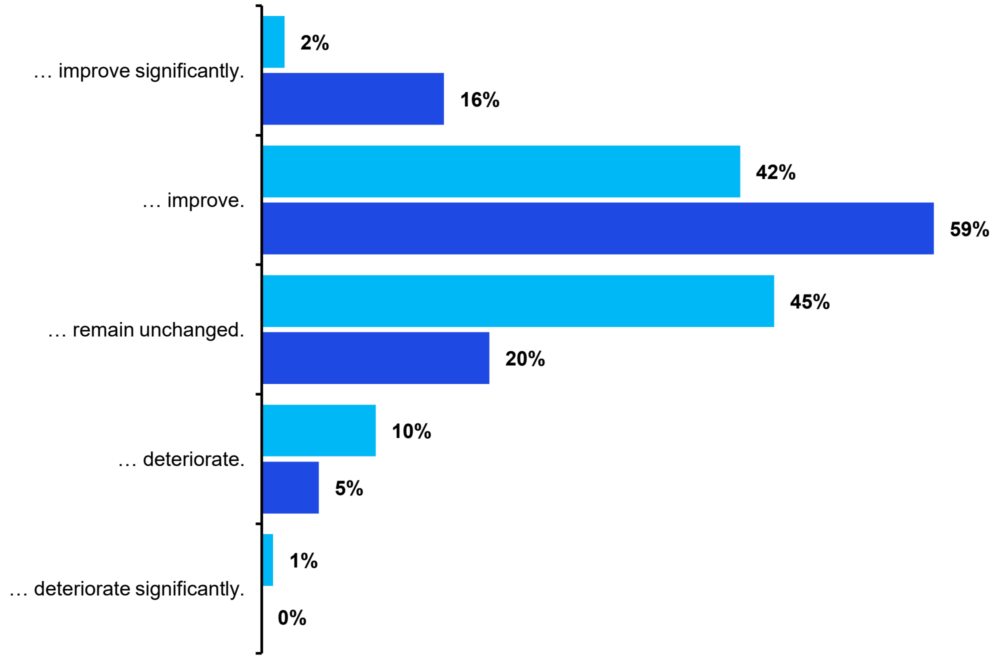




The business outlook in CEE is also positive – particularly in the long term

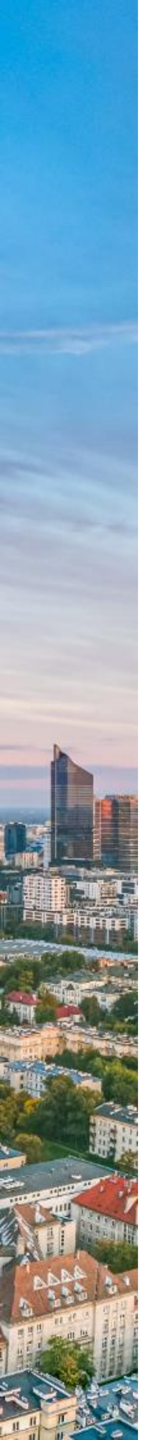
Figure 3: **Development of business situation in CEE**

Over the next **12 months/5 years** we expect our business situation in CEE to…



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=98); rounding differences possible

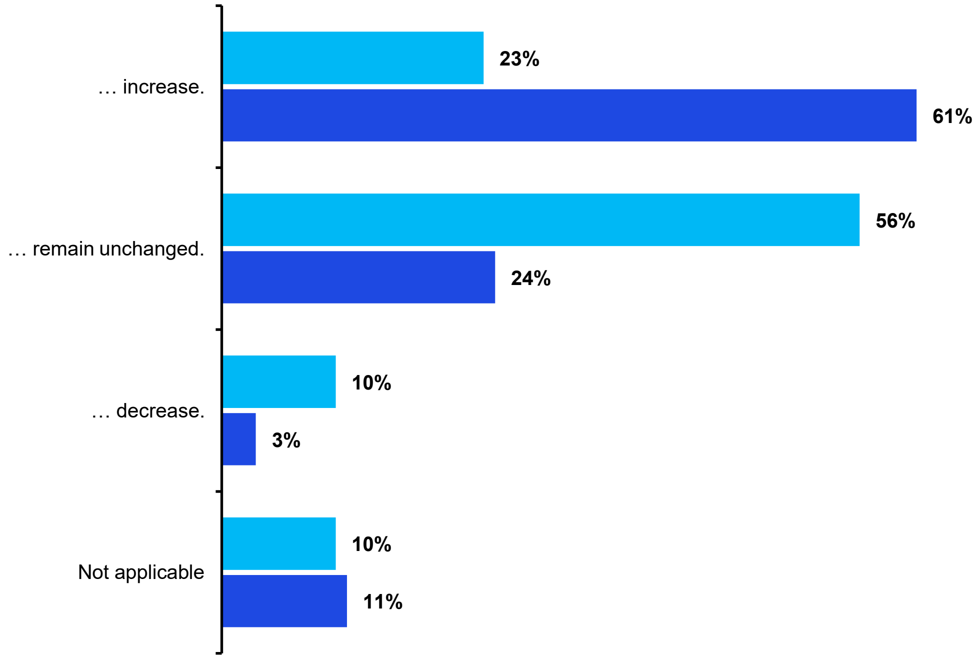
- 44% of the companies surveyed are confident that their situation in the CEE region will improve in the coming year. However, a similar proportion (45%) of companies expect neither an improvement nor a deterioration in their business in the CEE region. Only 11% expect their situation to deteriorate.
- Looking ahead five years, the outlook is even more optimistic by far: Three out of four companies (75%) expect their business prospects in the region to improve over this period. 20% expect the situation to remain the same and only 5% expect it to deteriorate in the long term. None of the companies surveyed expect a significant deterioration of their business situation in the long term.
- Compared with our survey last year, more companies are expecting a significant improvement in CEE over five years (16% now vs. 10% last year).



Workforce in CEE expected to expand with positive momentum

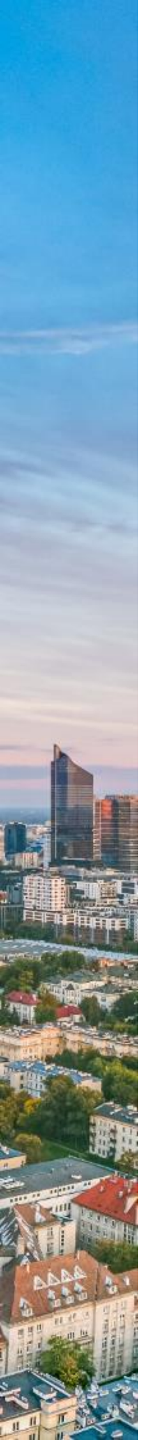
Figure 4: **Development of number of employees in CEE**

Over the next **12 months/5 years** we expect our number of employees in CEE to…



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=98); rounding differences possible

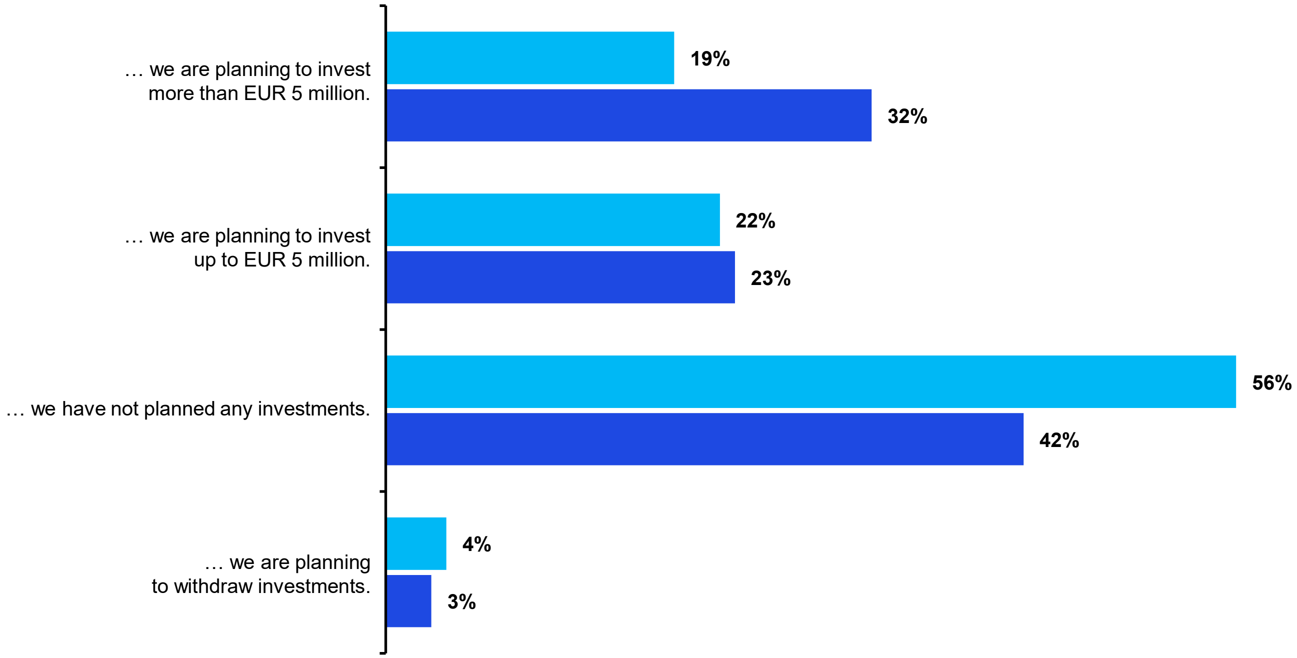
- In the short term, workforce levels in CEE are largely expected to remain stable (56%). Around one quarter (23%) plans to hire additional staff. A reduction in the number of employees is expected by only 10% of companies.
- The picture becomes more dynamic over the next five years: more than half of the companies surveyed (61%) expect to expand their workforce in the CEE region. Only 3% of the companies expect their number of employees to fall in the long term.
- Compared with our survey last year, more companies are expecting an increase in their workforce over five years (61% now vs. 52% last year) and fewer expect a decrease (3% vs. 10%).



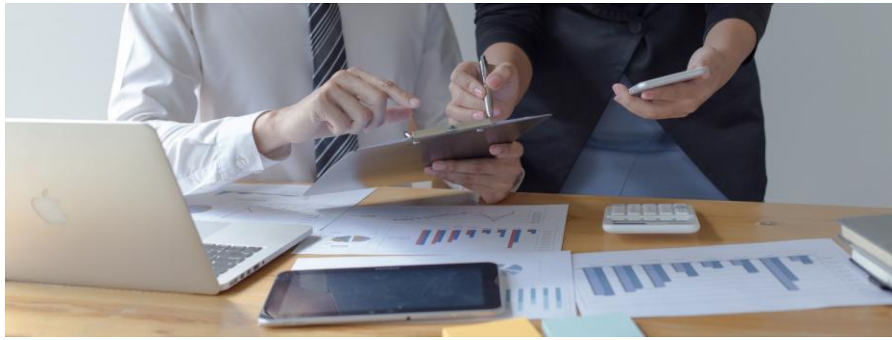
Every second company plans to invest in CEE in the next five years

Figure 5: **Investment plans in CEE**

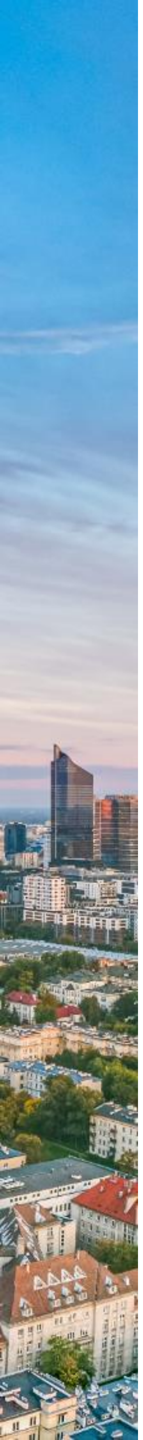
Over the next **12 months/5 years** …



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=97); rounding differences possible

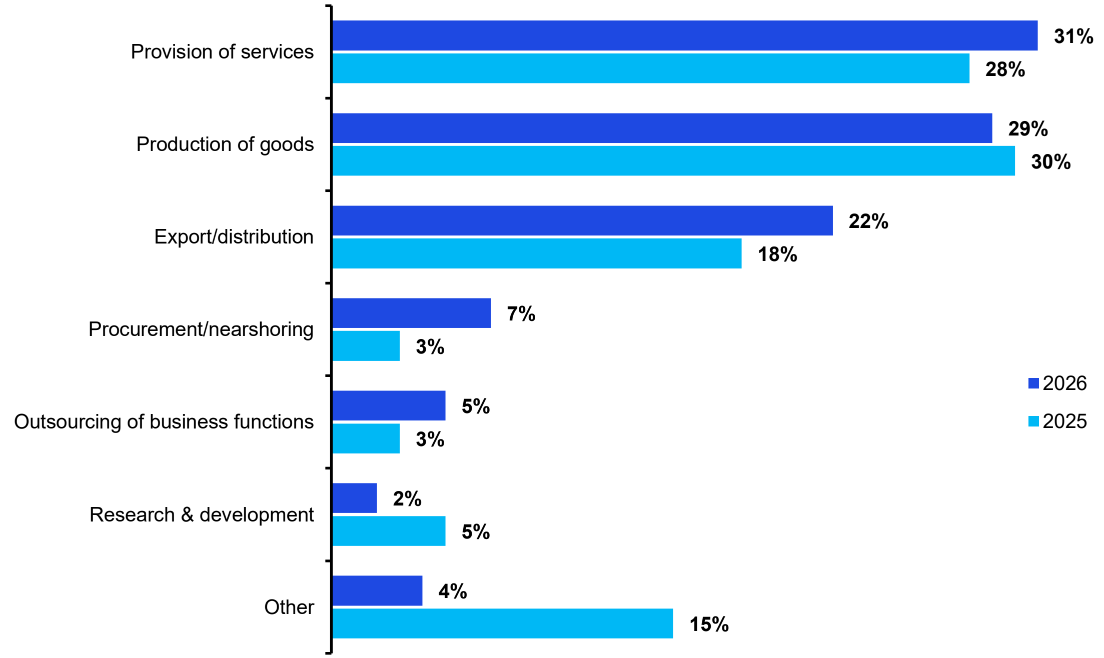


- Within the next year, 41% of companies plan to invest in CEE, including 19% that expect to spend more than EUR 5 million. However, more than half (56%) do not foresee short-term investment activity.
- In the longer term, investment momentum increases sharply: 55% intend to invest over the next five years, and one third (32%) plans sizeable commitments above EUR 5 million.
- Only a small share of the companies surveyed plan to withdraw investments both in the coming year (4%) and over the next five years (3%).
- Compared with our survey last year, investment plans over five years remain stable: Last year 56% intended to invest over five years as compared to 55% this year.



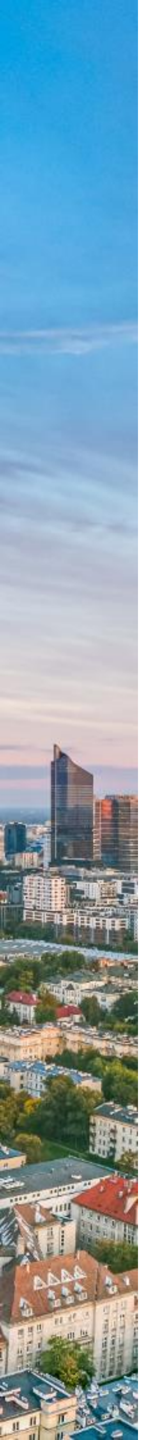
Expansion of production capacity and services drives investment priorities

Figure 6: **Primary focus of investments in CEE**



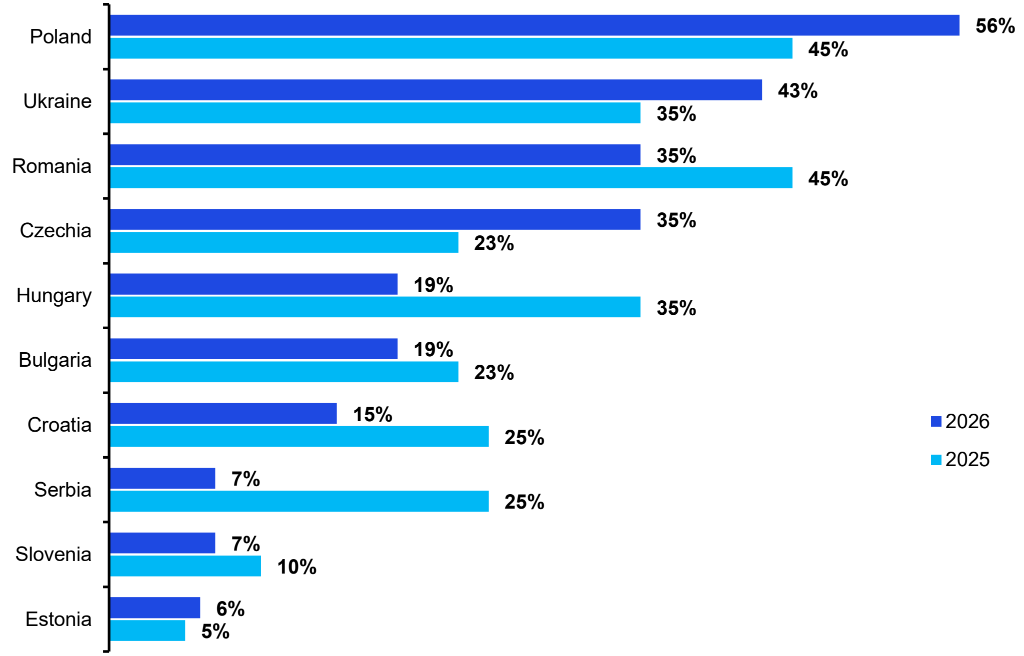
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=55); 2025 (n=52); rounding differences possible

- For most of the companies surveyed that plan to invest in the CEE region, the provision of services is the most important investment area (31%).
- The establishment or expansion of production capacities in the region is also an important area of investment for almost one in three companies (29%).
- Around one in five companies (22%) plans to strengthen export and distribution structures, leveraging CEE's advantageous position within the EU's internal market.
- Overall, the primary areas of investment have remained largely unchanged compared to the previous year.



Investment activity in CEE remains broadly diversified across countries

Figure 7: **Top 10 countries for investments in CEE**



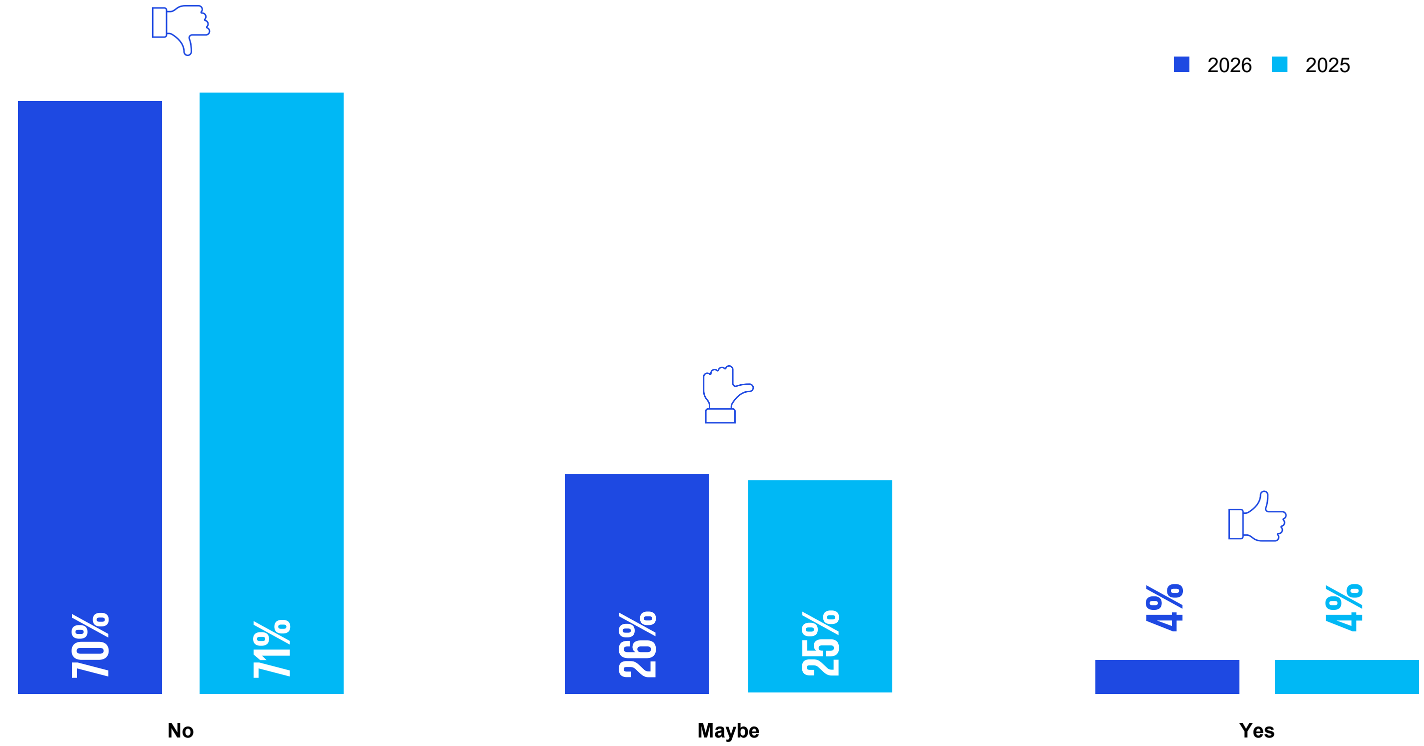
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=54); 2025 (n=49); multiple responses possible

- Poland, Ukraine, Romania, Czechia and Hungary emerge once again as the leading investment destinations for German companies in CEE.
- Poland, by far the largest economy in the region, stands out strongly. More than half of the companies surveyed (56%) that plan to invest in the CEE region intend to expand there – an increase of 11 percentage points compared to 2025.
- For a long time, Poland was primarily seen as an extended workbench for Western companies, as a location for low-cost production. The country is already the fourth most important export market for German companies, overtaking China.
- Despite the ongoing war, 43% of companies planning to invest in CEE are considering expansion into Ukraine, 8 percentage points more than in 2025.
- Serbia, Hungary and Romania recorded declining investment compared to last year.

More than one in four companies are considering shifting production activities from Germany to CEE

- 26% of companies are currently considering relocating production from Germany to CEE in 2026, probably driven by cost pressures, labour shortages and structural challenges in Germany.
- But only a small share (4%; unchanged year on year) has already made relocation plans for the next 12 months.
- However, as in the previous year, most of the companies surveyed (70%) are not planning to relocate production activities from Germany to the CEE region in the next 12 months.

Figure 8: **Plans to relocate production activities from Germany to CEE over the next 12 months**



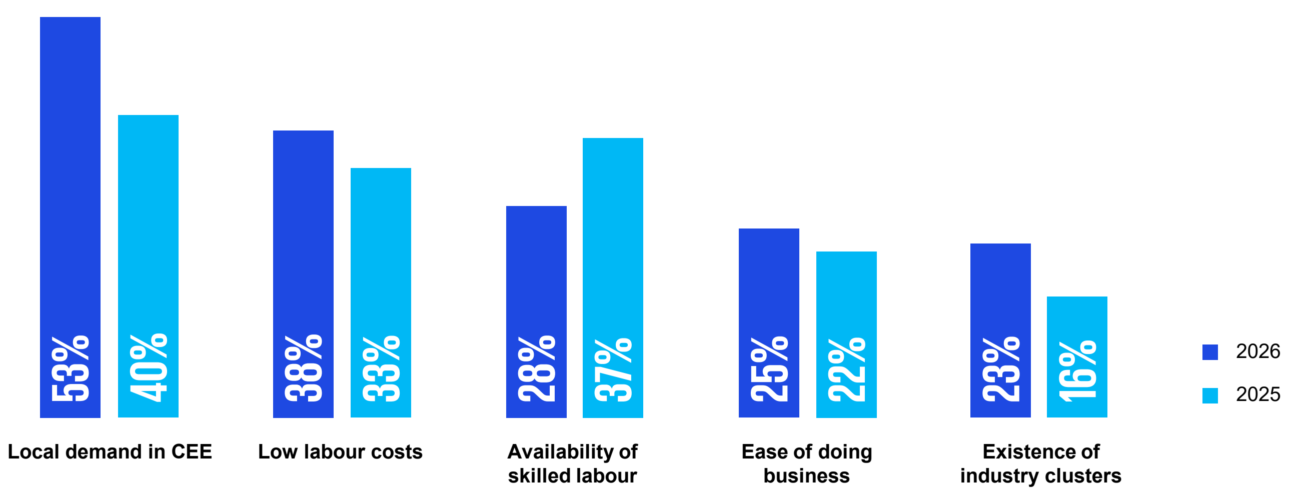
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=66); 2025 (n=68); rounding differences possible

02

Opportunities and challenges

Strong local demand, competitive labour costs and skilled talent remain CEE's key advantages

Figure 9: **The five most positive location factors in CEE**



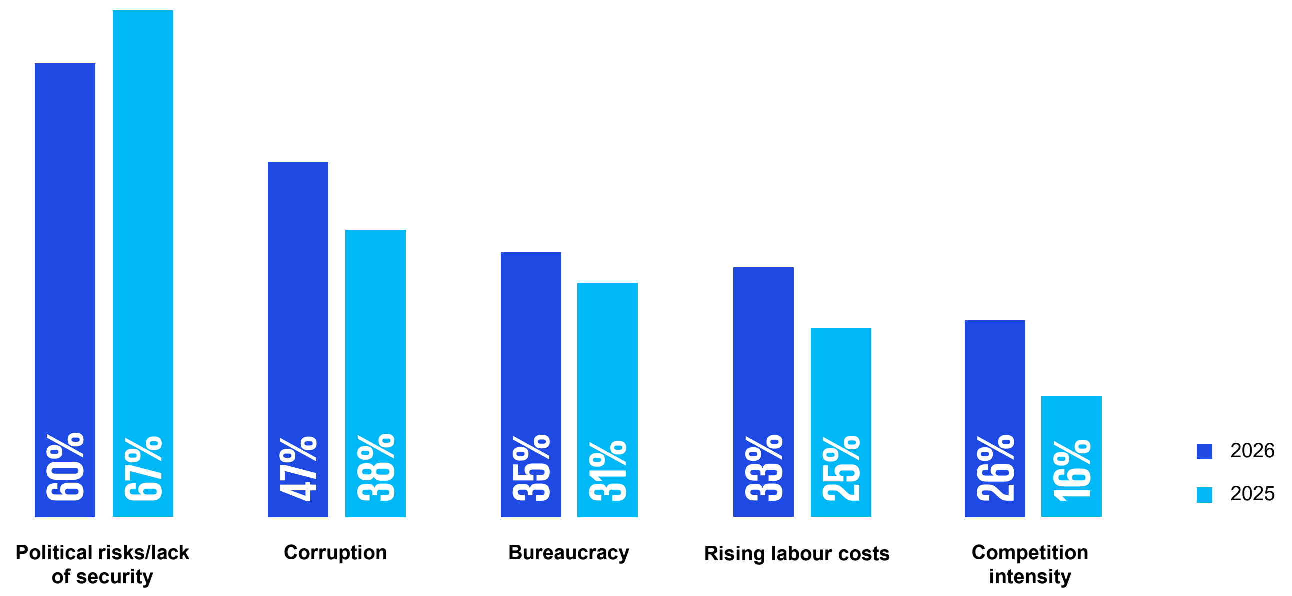
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=96); 2025 (n=90); three responses possible

- Local demand remains the most important locational advantage of the CEE region (53%). Its importance has further increased compared to last year's survey (+13 pp). As Europe´s fastest-advancing economic region with a forecasted GDP growth of +2.9% in 2026 and a sizeable population of 155 million people, the CEE region represents a significant sales market.[1]
- Competitive labour costs rose further as a major advantage for more than a third of companies (38%; +5 pp compared to 2025), even though cost increases in recent years have narrowed the gap to Western Europe.
- Skilled labour availability continues to play a role for more than a quarter of companies (28%), although it has declined sharply by 9 percentage points.
- Ease of doing business (25%) and established industry clusters (23%) complement the region's strengths and contribute to its appeal as an integrated European production and service base.

[1]Source: IMF, 10/2025

Political and security risks, corruption and bureaucracy remain core challenges in CEE

Figure 10: **The five most negative location factors in CEE**

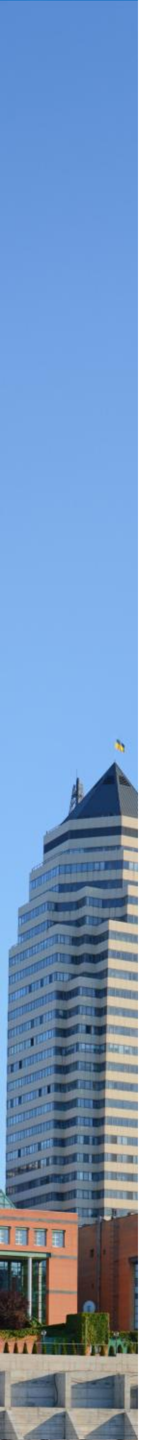


Source: KPMG in Germany and German Eastern Business Association, 2026 (n=96); three responses possible

- Security concerns and political risks remain the most frequently cited challenges (60%), primarily due to the ongoing war in Ukraine and regional geopolitical tensions. However, compared to the previous survey this perception seems to be declining slightly (-7 pp).
- Corruption is seen as a greater challenge this year (47%, +9 percentage points compared to the previous survey). This increase is also reflected in the Corruption Perception Index on page 33, which shows that even the largest economies in the CEE region continue to have comparatively poor scores.
- Bureaucratic hurdles continue to affect operational efficiency in several markets for one third of companies (35%).
- While low labour costs still represent a decisive competitive advantage of the CEE region for many of the companies (see page 16), 33% of the companies surveyed also see increasingly rising wages as one of the most negative factors.
- Competitive market pressure (26%) rises as a challenge (+10 pp).

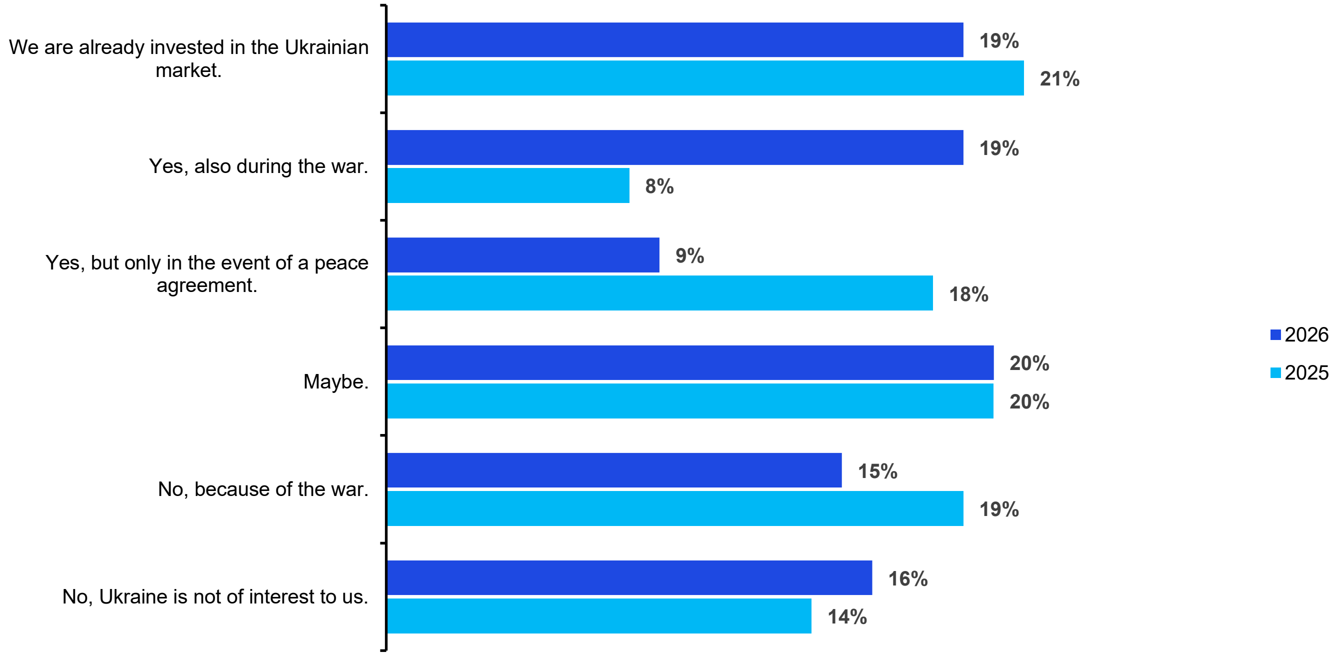
03

Spotlight: Ukraine



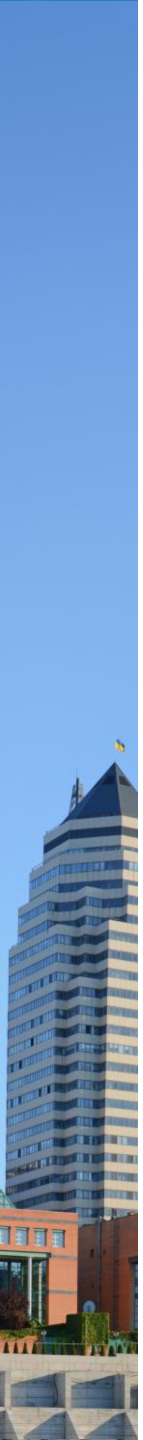
Growing share of companies prepared to invest in Ukraine despite the war

Figure 11: **Plans to invest in Ukraine in the next 12 months**



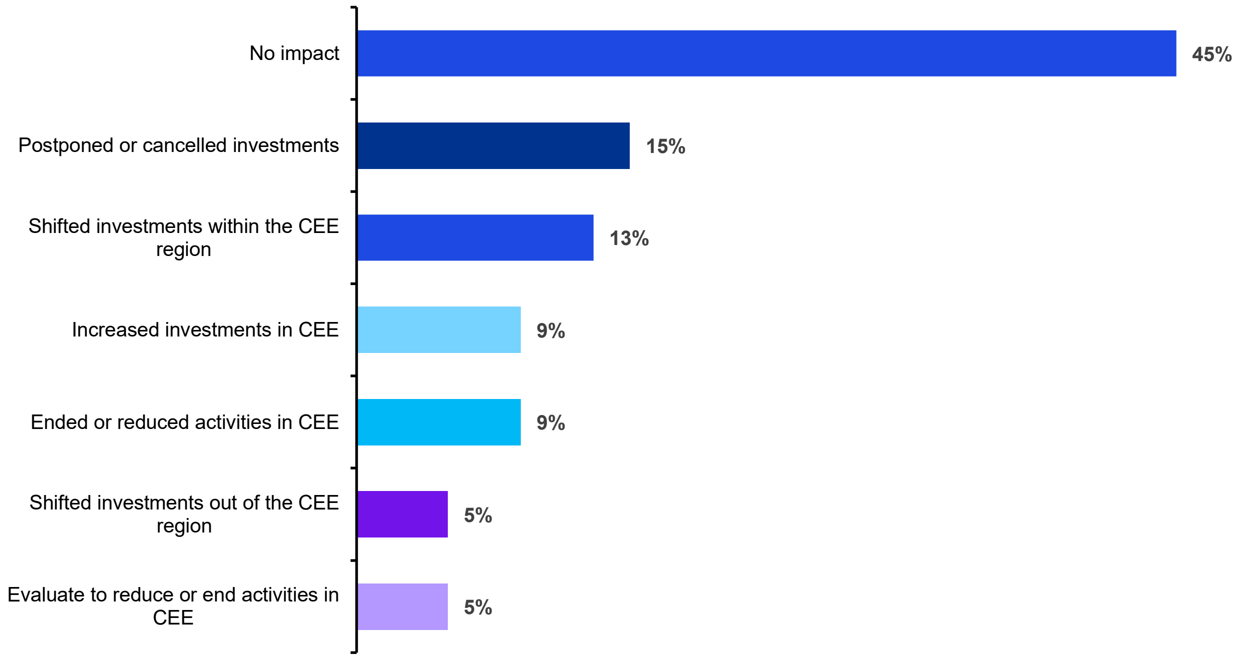
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=98); 2025 (n=90); rounding differences possible

- Investment appetite in the short term in Ukraine has increased noticeably: 19% plan to invest even during the war (+11 pp compared to 2025). The overall share of companies considering investments in Ukraine has increased slightly to 48%.
- The share of firms already present in Ukraine holds at 19%.
- However, war-related caution remains: 15% have ruled out investment in Ukraine due to the war, while another 16% are not investing in Ukraine irrespective of the war.



Investment decisions in CEE somewhat impacted by Russia's war against Ukraine

Figure 12: **Impact of Russian war against Ukraine on investment decisions in CEE**



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=94); rounding differences possible

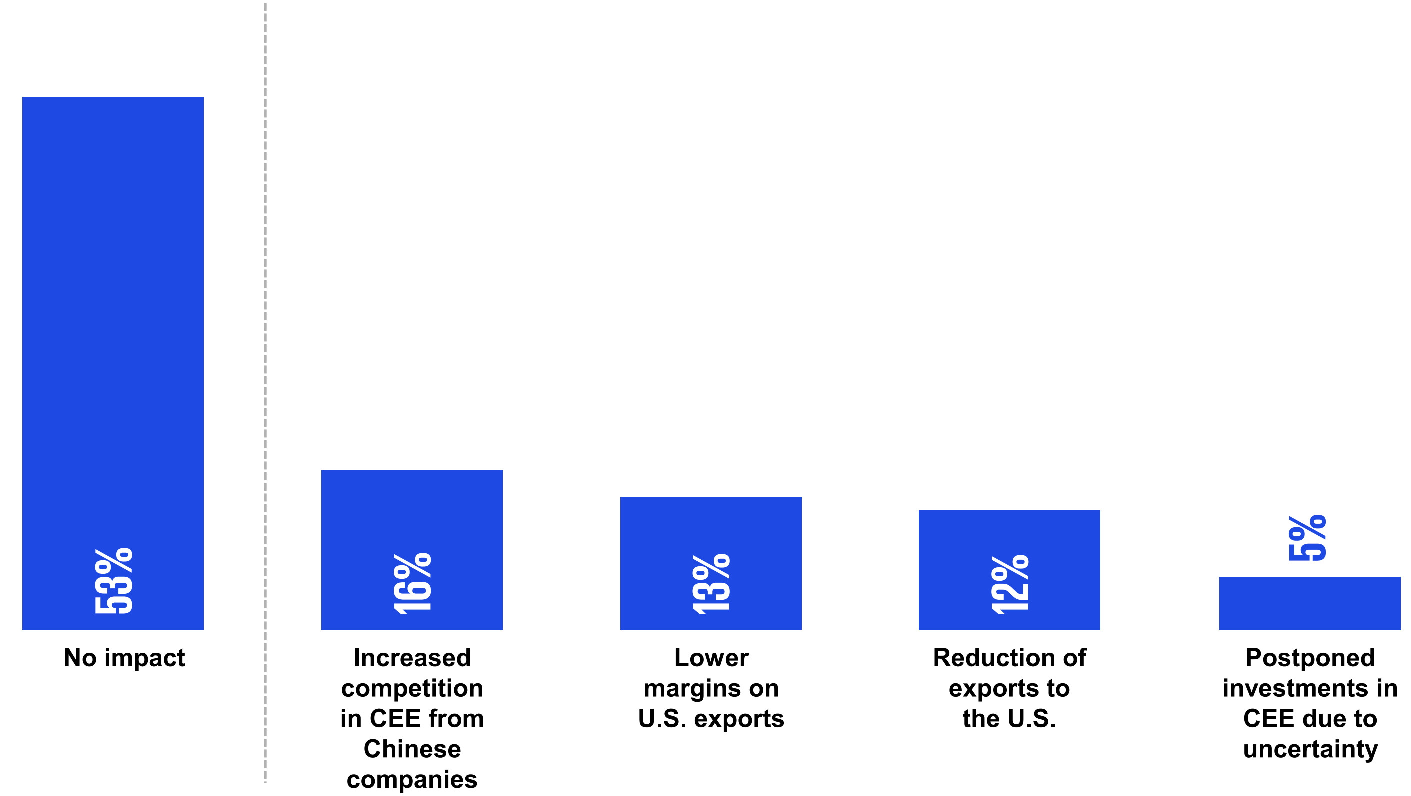
- 45% report that the Russian war against Ukraine has no impact on their investment decisions. Those companies differentiate between Ukraine and the remainder of the CEE region.
- 15% report having postponed or cancelled investments due to the war, while 13% have shifted activities within the region.
- A smaller group either increased (9%) or reduced (9%) their activities or moved investments out of the region altogether (5%) due to the war.

04
Further spotlights

Impact of U.S. tariffs on business activities in CEE

- More than half of the companies surveyed (53%) do not expect U.S. tariffs to affect their business activities in Central and Eastern Europe.
- 16% anticipate stronger competition from Chinese companies in CEE.
- 13% are experiencing margin pressures on their U.S. exports as cost increases cannot be passed on to their customers.
- An additional 12% of companies predict a reduction in their exports to the U.S., while 5% are postponing investments in CEE due to existing uncertainties.

Figure 13: **Impact of U.S. tariffs on business activities**

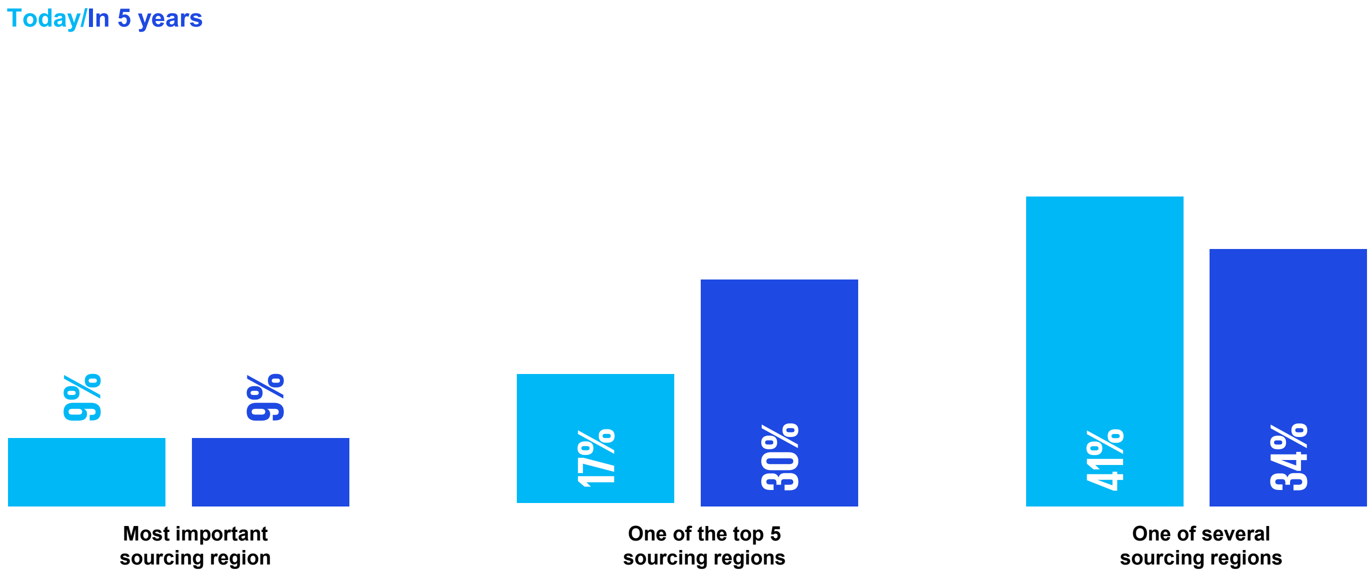


Source: KPMG in Germany and German Eastern Business Association, 2026 (n=94); multiple responses possible

CEE's role in corporate sourcing strategies builds up over time

- At present, 67% of companies are sourcing in CEE; of which 41% consider CEE to be "only" one of several sourcing regions in their global supply networks, but 17% rank it among their top five sourcing regions, and 9% view it as their single most important procurement region.
- Looking ahead five years, the total rises to 73% (+6 pp). However, interestingly, almost one in three companies (30%) believes that the CEE region will be among their top five sourcing regions within the next five years (+13 pp).
- At the same time, around a third of companies (29%) currently sees no sourcing relevance in CEE, with 22% still seeing no relevance in the next five years.

Figure 14: **Importance of the CEE region in the companies' sourcing strategy**



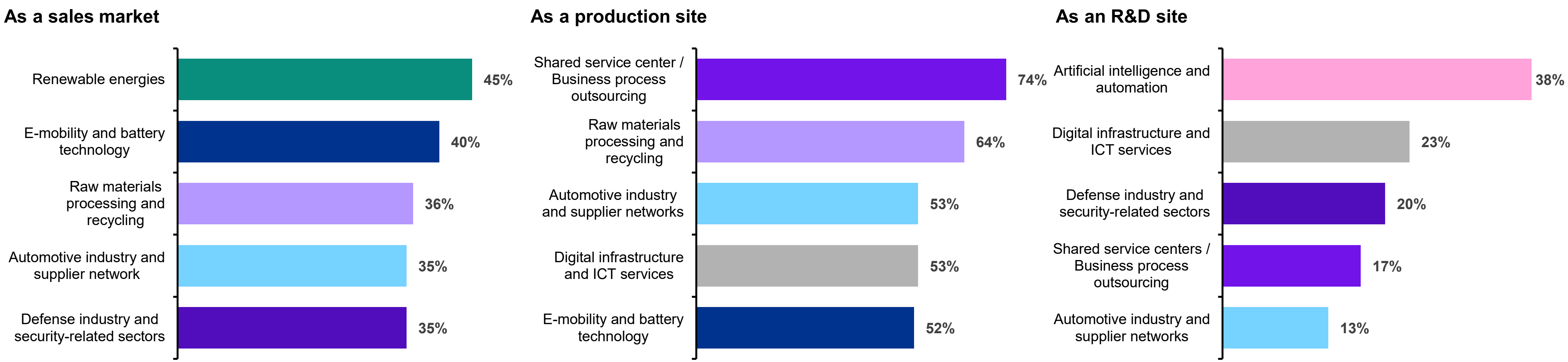
Not relevant for sourcing: 29%/22%

Don't know/Not sure: 3%/5%

Source: KPMG in Germany and German Eastern Business Association, 2026 (n=95); rounding differences possible

Strategic future sectors differ significantly by local business activity

Figure 15: **Top 5 strategic future sectors in CEE**

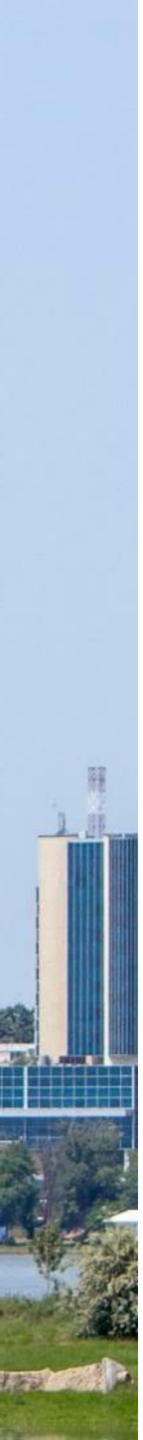


Source: KPMG in Germany and German Eastern Business Association, 2026 (n=89); multiple responses possible

- Renewable energy (45%) stands out as the most promising future **sales market**, supported by Europe's long-term climate agenda. E-mobility and battery technology (40%) as well as raw materials processing (36%) follow closely, reflecting active industrial transformation.
- As a **production location**, shared service centres dominate (74%), underscoring CEE's importance beyond manufacturing. Raw materials processing and recycling (64%) and the automotive industry (53%) also rank highly for production activities.
- In **R&D**, AI and automation (38%) take the lead, pointing to the increasing technological maturity of selected CEE markets.

05

Profile of the companies surveyed



Profile of the companies surveyed

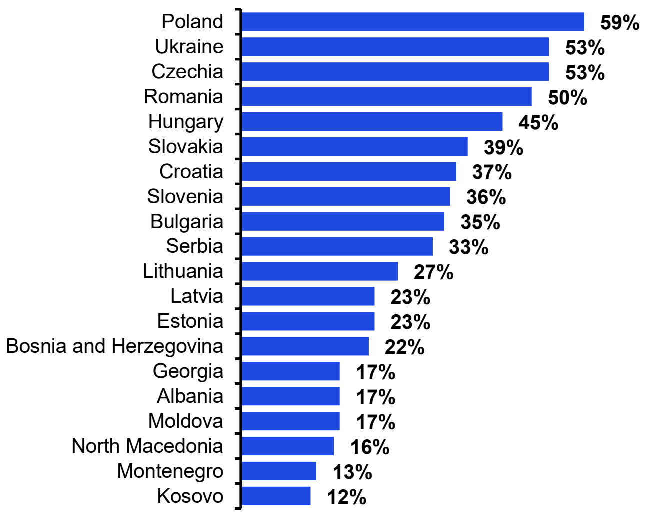
The German Eastern Business Association and KPMG in Germany approached CEE-based subsidiaries of German groups and German companies with activities in CEE for this survey. A total of 115 companies participated in the survey, which was conducted between 24 November 2025 and 13 January 2026.

The questions focused on the economic outlook for German companies in the CEE region and the challenges and opportunities for their businesses.

For this survey, the 20 countries listed in Figure 17 are assigned to the Central and Eastern Europe (CEE) region.

KPMG in Germany acted as an analytical research partner in the context of this study.

Figure 16: **Countries where the companies surveyed have operations**



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=115); multiple responses possible

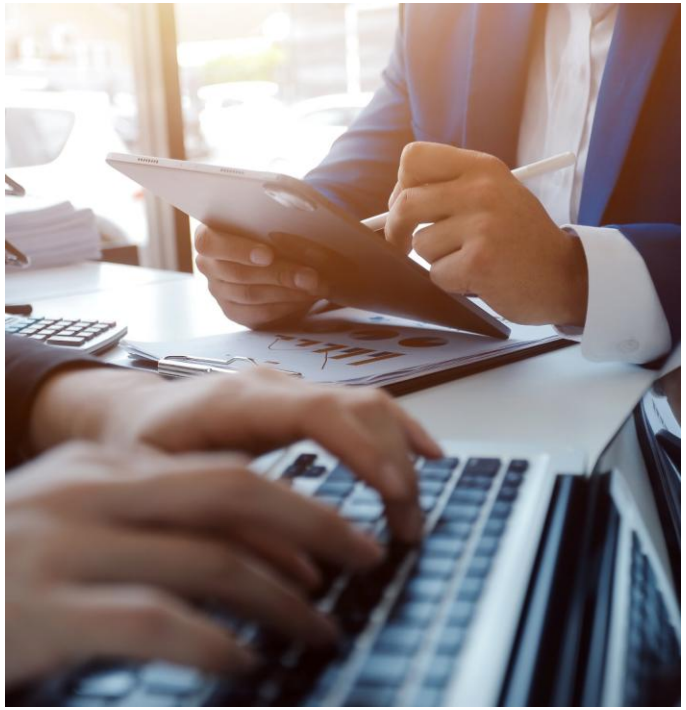
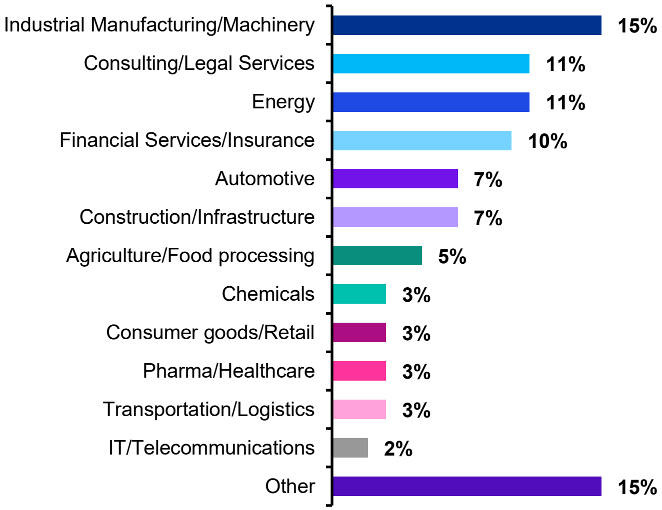
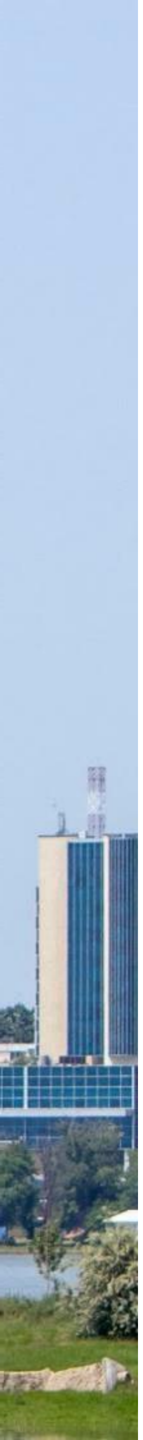


Figure 17: **Breakdown by sector of the companies surveyed**

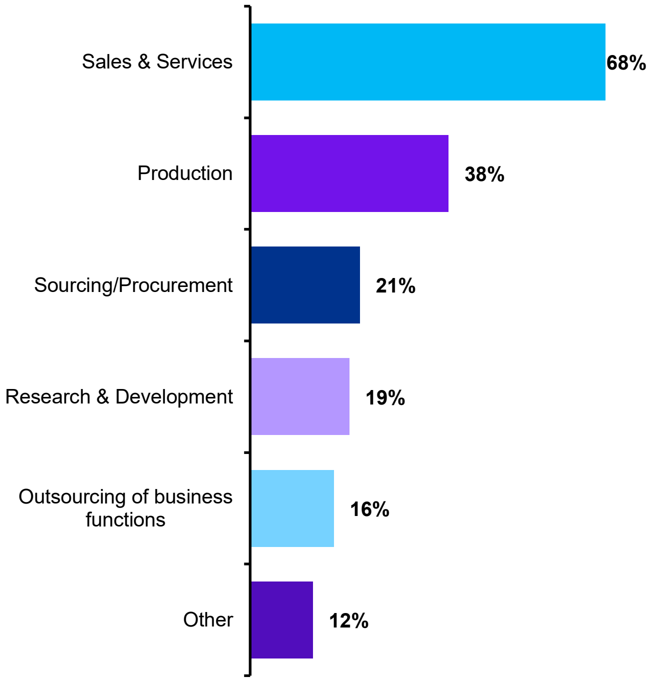


Source: KPMG in Germany and German Eastern Business Association, 2026 (n=115); rounding differences possible



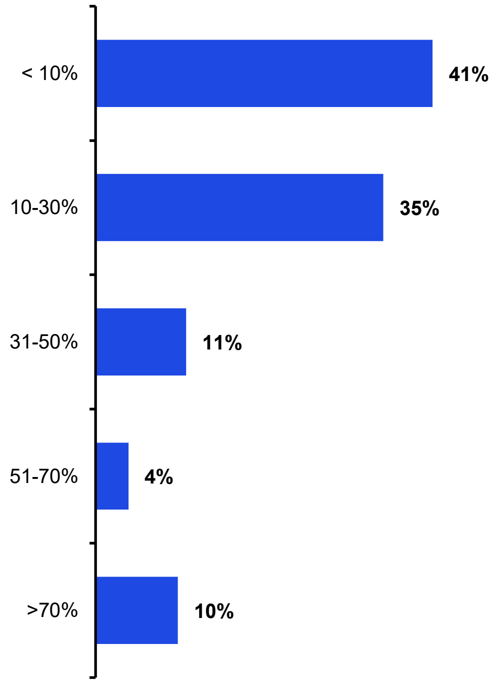
Profile of the companies surveyed

Figure 18: **Breakdown by business activities of the companies surveyed**



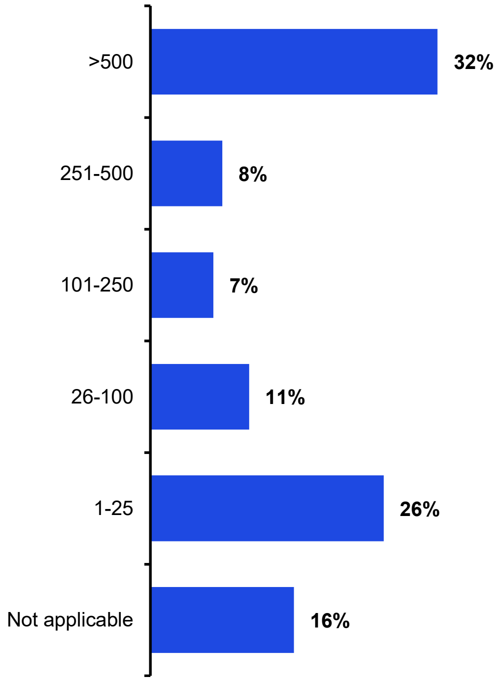
Source: KPMG in Germany and German Eastern Business Association, 2026 (n=115); multiple responses possible

Figure 19: **Share of group sales of the CEE region**



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=113); rounding differences possible

Figure 20: **Number of employees in the CEE region**



Source: KPMG in Germany and German Eastern Business Association, 2026 (n=114); rounding differences possible

Macroeconomic overview

CEE: Europe's fastest-advancing economic region

Current regional dynamics

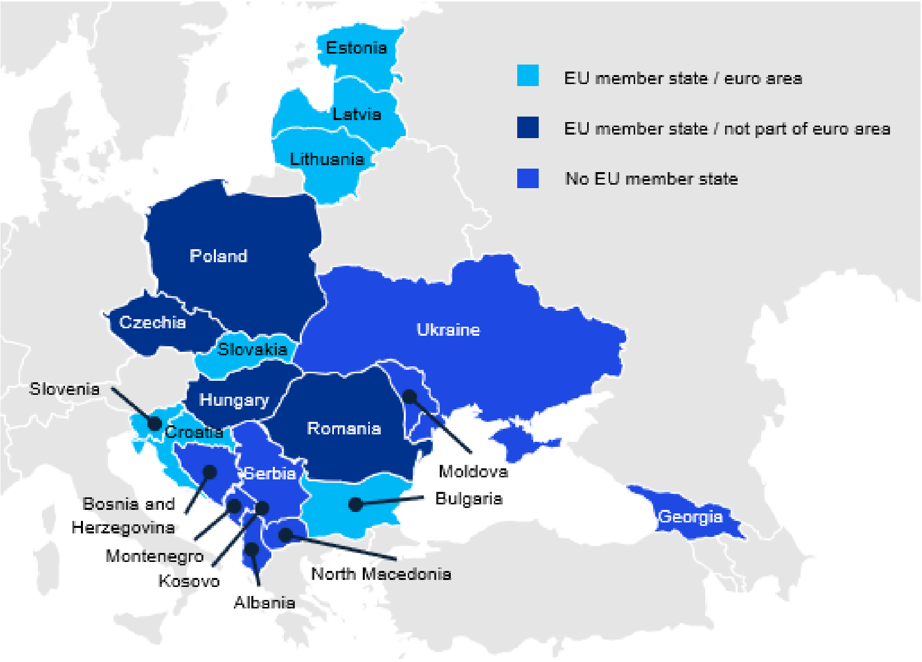
- The **economic weight of CEE is increasing**: the 20 CEE countries are expected to reach a GDP of around USD 3.2 trillion in 2025, which corresponds to around 64% of the German economy.
- While only slight growth of 0.9% is forecasted for Germany in 2026, the **GDP in the CEE region is expected to grow by an average of 2.9%.**
- **Germany-CEE trade** strengthens, reaching EUR 529 billion by in 2025, with Poland as Germany's 4th-largest export market.
- **Regional integration** accelerates: Romania and Bulgaria joined Schengen on 1 January 2025, Bulgaria adopted the **euro** on 1 January 2026, leaving 9 of the 20 CEE countries outside the EU and Schengen and 4 CEE EU members outside the euro zone (CZ, PL, HU and RO).
- **Ukraine's reconstruction** is boosting regional demand through the EUR 50 billion EU Facility for Ukraine, which supports activities in the construction, logistics, transport and supply chain sectors.

What´s ahead for the CEE region?

- CEE countries are investing massively in their **defence capabilities**. A significant proportion of this investment is being channelled into security-related infrastructure. The modernisation of the armed forces goes hand-in-hand with technological innovations. Furthermore, **demand for military equipment** leads to massive investments in production facilities.
- The **EU Emissions Trading System 2** (ETS2) starting in 2027 will raise carbon-related costs for households and SMEs, accelerating energy-efficiency and decarbonisation investments across the region.
- **EU enlargement** momentum continues, with Montenegro as the frontrunner **–** 12 negotiation chapters closed and aiming to complete accession talks by the end of 2026. Albania, Serbia, North Macedonia, Moldova, Georgia, Bosnia & Herzegovina and Ukraine are progressing at different speeds.

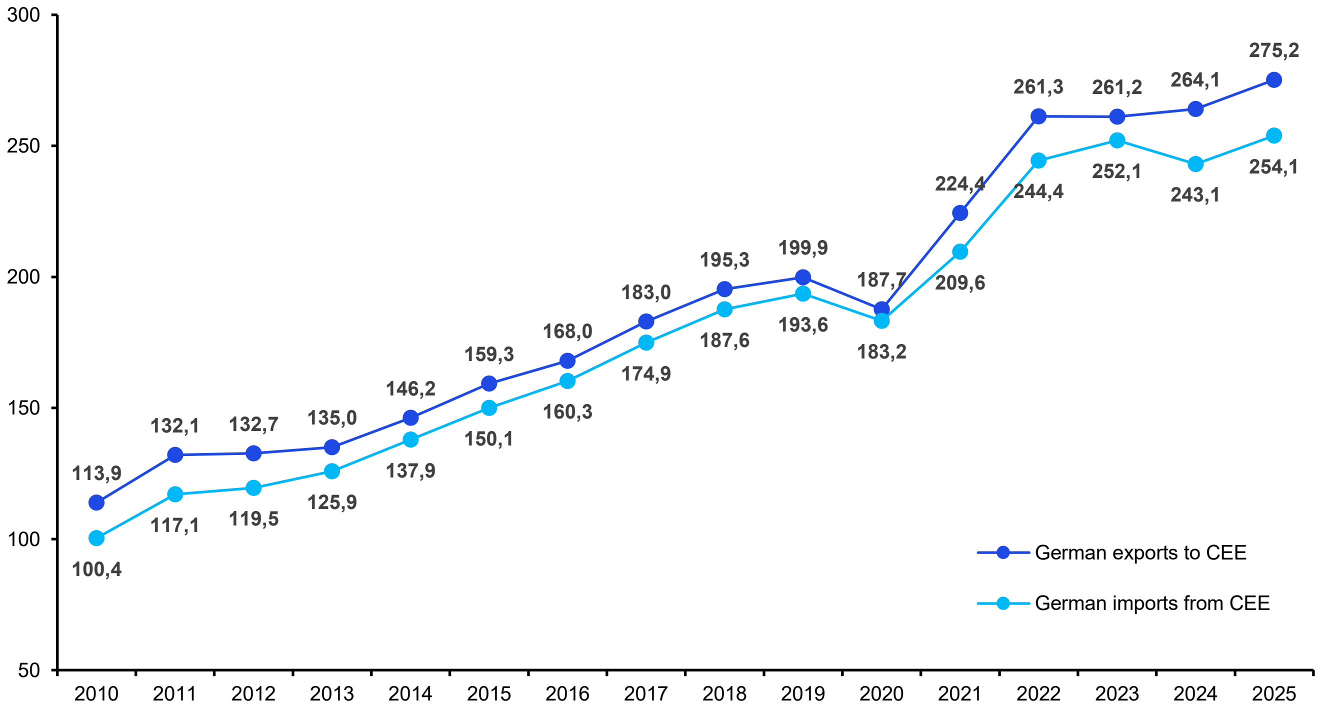
Source: European Central Bank (ECB), European Commission, IMF, GTAI, KPMG Research

Figure 21: **Central and Eastern Europe – an overview**



Germany-CEE trade relations continue to expand

Figure 22: **Foreign trade (in EUR billion)**



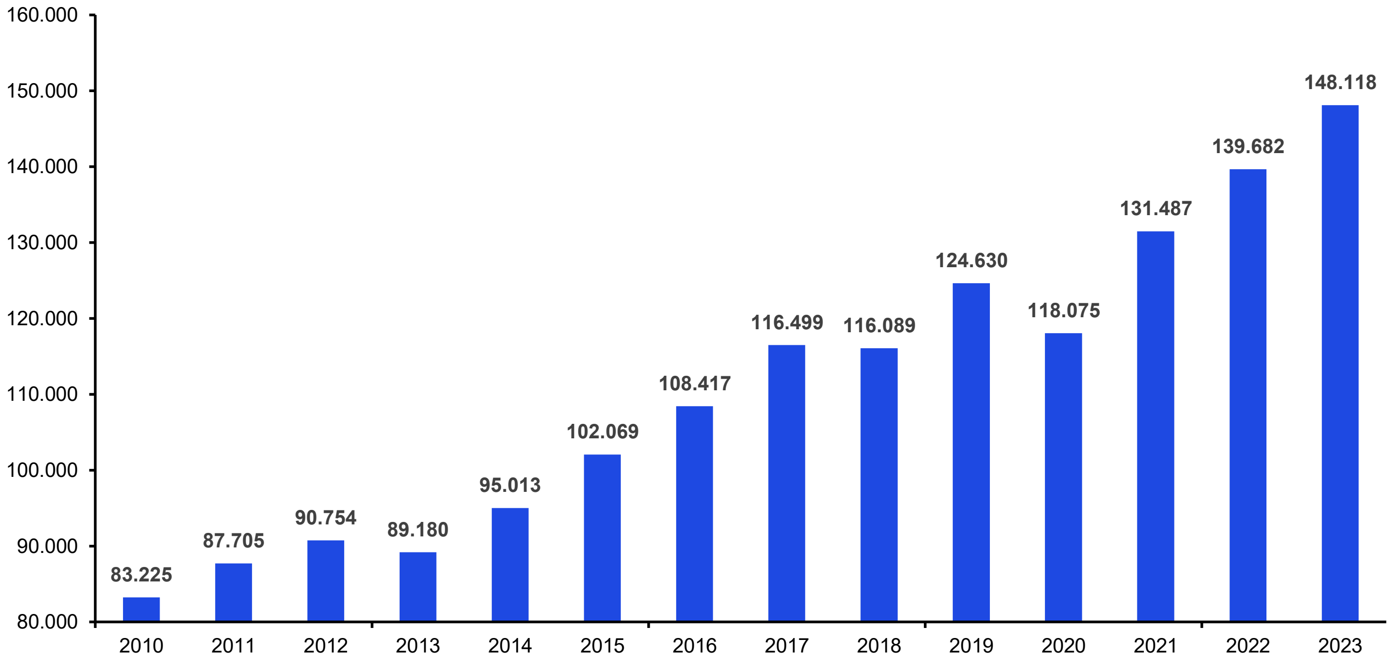
Source: Federal Statistical Office (Destatis)

- **Worth EUR 529.3 billion in 2025, Germany´s trade volume with CEE surpasses its EUR 492.3 billion combined trade volume with the U.S. (EUR 240.5 billion) and China (EUR 251.8 billion).**
- Bilateral trade in goods between Germany and CEE grew by about 4.4% in 2025 compared to 2024.
- Both German exports and imports grew in 2025.
- The trade balance is consistently positive for Germany and has been fairly balanced. The trade surplus has been stable in Germany's favour.
- Poland is the most important trading partner in the CEE region. With a total trade volume of EUR 180.4 billion in 2025, Poland represents roughly one third of Germany's trade with CEE. Overall, in 2025 Poland was Germany's fourth most important export market.

German direct investment in CEE continues its upward trajectory

- The net stock of German direct and indirect direct investment in CEE rose to EUR 148.1 billion in 2023. This compares to EUR 436.3 billion in the U.S. and EUR 115.8 billion in China.
- At EUR 47.8 billion, Poland recorded the highest level of German direct investment, while Albania had the lowest (EUR 146 million).
- Poland also recorded the largest absolute increase in German direct investment between 2010 and 2023 – from EUR 21.6 billion to EUR 47.8 billion. By comparison, the region as a whole recorded growth of EUR 64.9 billion over that period.
- Serbia recorded the strongest relative increase in German direct investment between 2010 and 2023. Germany's net direct investment stocks grew by 196% in this period. By comparison, the region as a whole recorded growth of 78% over that period.

Figure 23: **Direct and indirect investment stocks of German companies in CEE (netted[1]; in EUR million)**



Notes: [1] receivables-payables most recent figures available for 2023 only
Source: Deutsche Bundesbank

Poland remains the largest economy in CEE

Figure 24: **CEE's five largest economies – a comparison to Germany (data for 2025)**

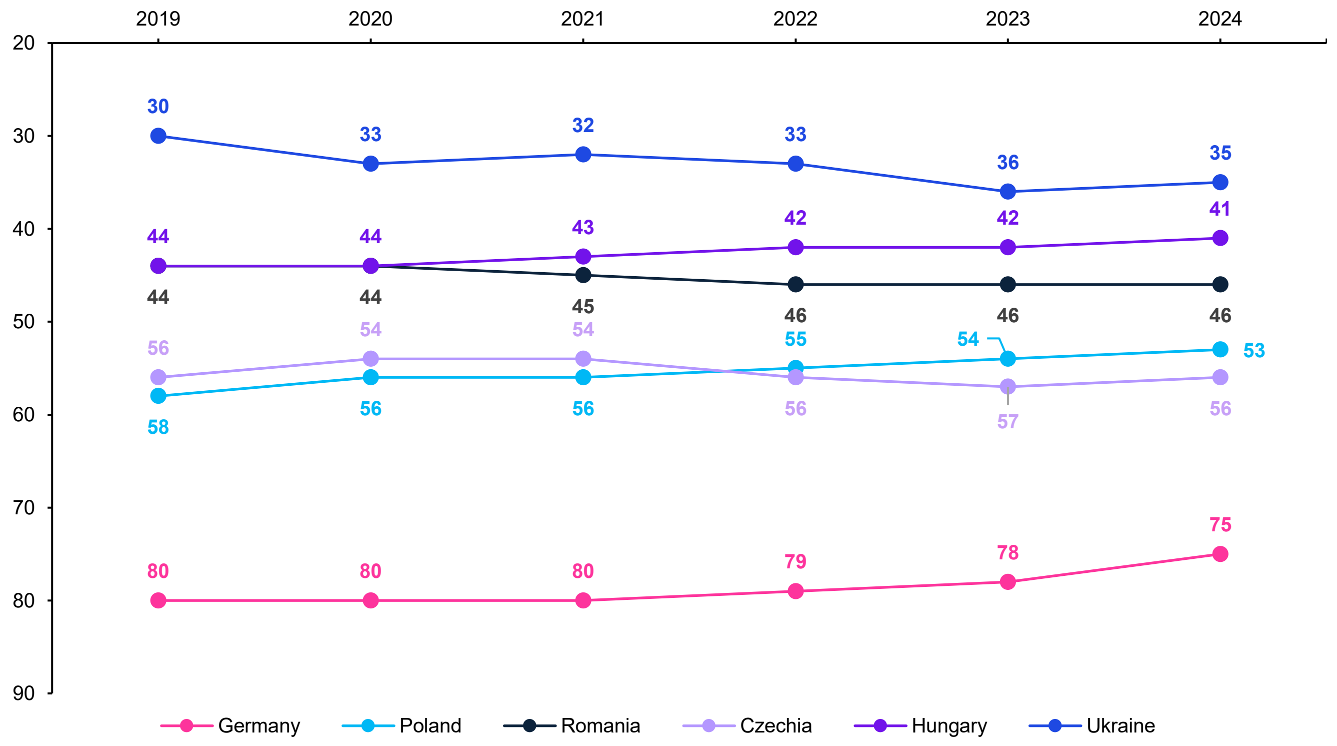
	Poland	Romania	Czechia	Hungary	Ukraine	Germany
GDP (in USD billion)	**1,039.62**	**422.51**	**383.38**	**247.76**	**209.71**	**5,013.57**
GDP per capita (in USD)	**28,485**	**22,436**	**35,161**	**25,916**	**6,382**	**59,925**
Population (in millions)	**36.50**	**18.83**	**10.90**	**9.56**	**32.86**	**83.66**
Unemployment rate	**2.9%**	**5.9%**	**2.5%**	**4.3%**	**11.6%**	**3.7%**
General government gross debt (% of GDP)	**60.0%**	**61.2%**	**44.0%**	**74.8%**	**108.6%**	**64.4%**

Source: IMF, 10/2025

- The 5 largest economies of the CEE nations represent around 75% of the GDP generated in the entire region and account for 70% of the total population.
- Poland clearly leads in both GDP and population size.
- However, Czechia achieves the highest GDP per capita among the major CEE economies.
- Unemployment rates vary widely, from extremely low levels in Czechia (2.5%) to significantly higher levels in Ukraine (11.6%).
- Debt ratios also differ substantially, with Czechia recording the lowest national debt (44.0%) and Ukraine the highest (108.6%).

Corruption levels in CEE remain above those in Germany

Figure 25: **Corruption Perception Index (CPI) (0 = highly corrupt/100 = very clean)**



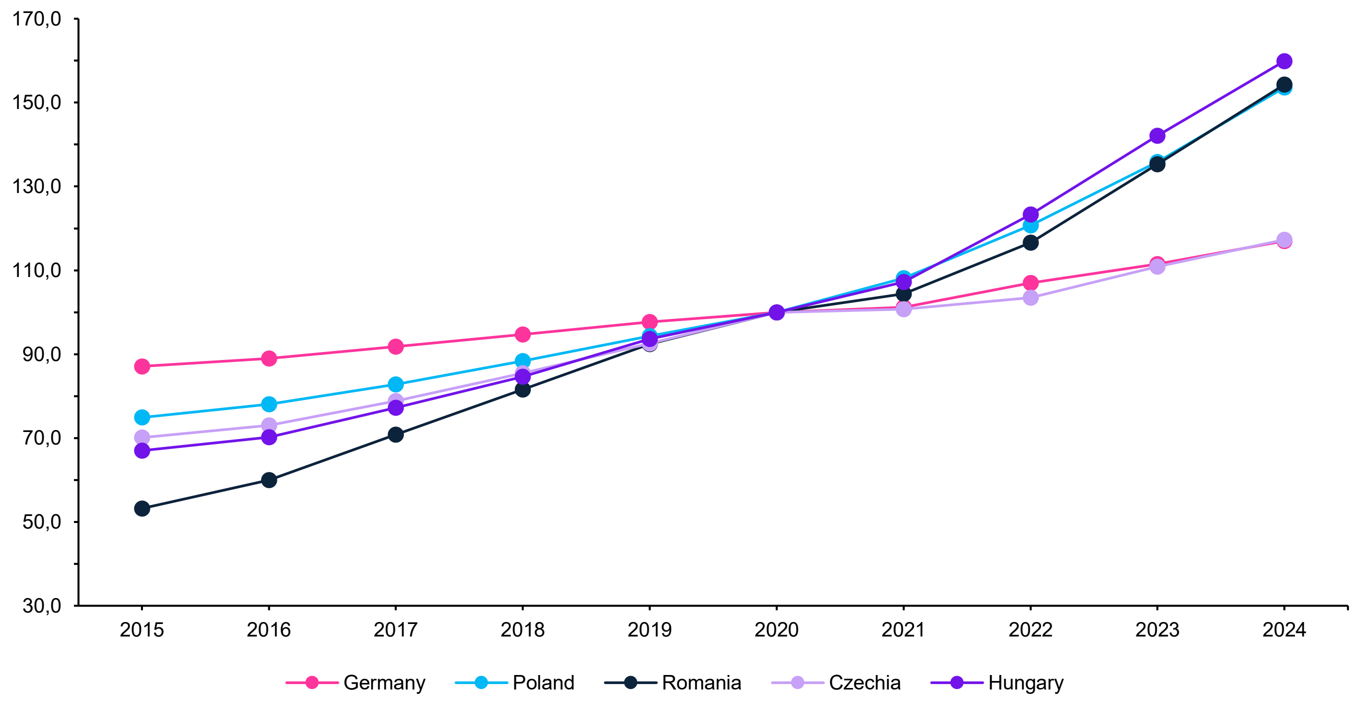
Source: Transparency International

- In 2024, Germany ranked 15th (75 points), Czechia 46th (56 points), Poland 53rd (53 points), Romania 65th (46 points), Hungary 82nd (41 points) and Ukraine 105th (35 points) out of 180 economies in Transparency International's Corruption Perception Index (CPI).
- Germany, with its low level of everyday corruption, ranks relatively favourably compared to the CEE economies.
- Ukraine, on the other hand, performs the worst in comparison.
- Globally, the average CPI score remains unchanged at 43. This puts the five largest CEE countries only slightly above the average.
- While corruption levels have risen in Poland and Hungary in recent years, they have decreased in Romania, Czechia and Ukraine.

Labour costs in CEE increase rapidly, yet remain well below Western European levels

- While low labour costs have long been a decisive location factor for Central and Eastern European countries, they have been rising steadily for years.
- Romania recorded the largest increase in labour costs (+190% since 2015). By comparison: in Germany, labour costs have risen by just 34% over the same period.
- Labour costs have also risen significantly in the other four CEE countries considered during the reporting period: in Czechia by 67%, in Poland by 105% and in Hungary by 139%.
- Despite all this, labour costs per hour in Central and Eastern Europe were significantly lower than in Western countries in 2024. While the average hourly labour cost was EUR 43.40 in Germany, employers paid an average of EUR 12.50 in Romania and EUR 18.20 in Czechia.

Figure 26: **Labour Cost Index (Industry, construction and services; 2020 = 100)**



Source: Eurostat

About us

KPMG

KPMG is an organization of independent member firms with more than 276,000 employees in 138 countries and territories. In Germany too, KPMG is one of the leading auditing and advisory firms and has over 14,100 employees at 28 locations. Our services are divided into the following functions: Audit, Tax, Performance & Strategy, Deal Advisory and Consulting. Legal advice services are provided by a legally independent company.

KPMG in Germany has set up Country Practices for all relevant business corridors between Germany and other countries/regions. All Country Practices are staffed by country experts who know the special characteristics and the regulatory environment of these markets, regularly work in these countries and provide German and global multinational companies with advice on their country/corridor-related questions on a daily basis.

www.kpmg.de

German Eastern Business Association

The German Eastern Business Association (Ost-Ausschuss der Deutschen Wirtschaft, hereinafter abbreviated as OA) is the major regional initiative of the German economy for 29 countries in Central Europe, Eastern and Southeastern Europe, in the South Caucasus and in Central Asia.

We support our members in their projects, arrange contacts and answer questions about market entry. In close cooperation with the Federal Government and the governments of the partner countries, we work to reduce trade barriers and improve economic conditions in the region. The OA is supported by six central associations of German business and has over 350 member companies. In 2022, it celebrated its 70th anniversary.

As a centre of competence, we inform our members about current market developments via working groups, specialist conferences, delegation trips and background discussions, as well as through print and online publications.

As a door opener, we network our member companies with the Federal Government, the governments of our 29 partner countries and the EU Commission and offer them valuable contacts to the relevant local economic actors.

As a representative of the interests of German industry, we act in bilateral government working groups and committees. We promote the business of our members in the region and address your company petitions.

www.ost-ausschuss.de

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