German-Central and Eastern European Business Outlook 2025

Foreword

Dear Readers,

the Central and Eastern Europe (CEE)[1] region remains a vital economic partner for Germany, offering key opportunities through its growing markets and strong industrial base. As we look into 2025, understanding the evolving landscape in CEE is essential for German businesses seeking to navigate both the risks and the potential of this strategically important region.

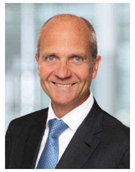
Our study, the "German-CEE Business Outlook 2025," delves into the evolving dynamics of this crucial region. The findings underscore the growing importance of the CEE region for German businesses, highlighting the strategic moves companies are making to leverage the opportunities here. The study reveals that investments in production facilities and export/distribution centres in the CEE region are on the rise, reflecting the region's pivotal role in the global supply chain.

The study also highlights several key challenges that companies face in the CEE region. Political risks and the lack of security, particularly due to the ongoing war in Ukraine and the associated threats from Russia, are identified as the most significant negative factors. Corruption and red tape are also noted as having a considerable detrimental effect on the business environment in the region.

Despite these challenges, the CEE region remains an attractive investment destination. The overall trend for German investment in CEE has been positive over the last two decades, with significant increases in direct and indirect investments. Countries such as Poland, Romania, Ukraine, Hungary, and Czechia continue to be focal points for German businesses, offering substantial opportunities for growth and expansion.

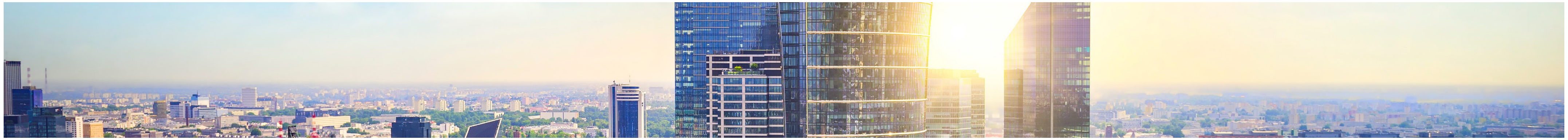
We would like to extend our heartfelt thanks to all the participants of the German-CEE Business Outlook 2025 survey. Your valuable insights and contributions have been instrumental in shaping this comprehensive analysis. We hope that this study provides you with the necessary insights to make informed strategic decisions and navigate the complexities of the CEE region effectively.

Yours truly,



Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Michael Harms
Managing Director
German Eastern Business
Association

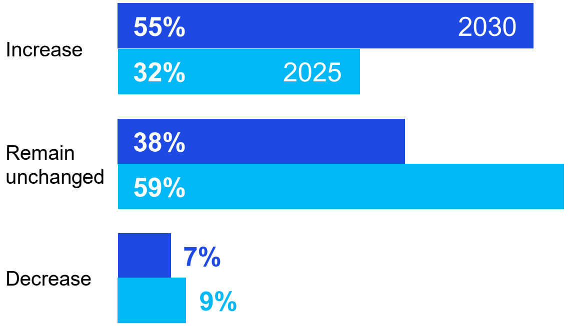


Note: [1] For the purpose of this study, CEE refers to the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine

Executive Summary (1/2)

Relevance of CEE region increases further

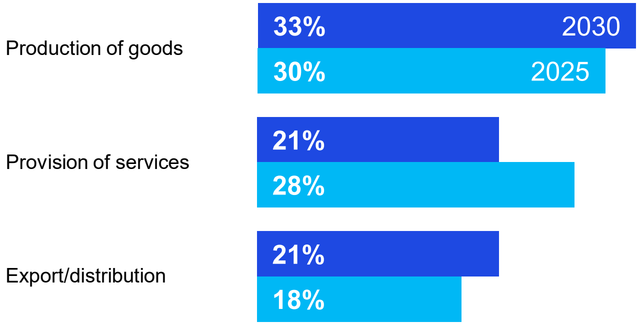
59% of the respondents expect the relevance of the CEE region to remain unchanged over the coming 12 months in terms of its share of sales for the group as a whole. But more than half of the companies (55%) expect the region to become increasingly important for their entire group by 2030 (+23 percentage points) and only 7% expect its relevance to decrease.



Source: KPMG in Germany and German Eastern Business Association, 2025

Investments rise in production and export/distribution

Roughly a third of the companies that plan to invest in CEE are establishing production facilities. Investment in production as well as export/distribution in CEE rises over time (each by 3 percentage points) whereas investment in the provision of services decreases (-7 percentage points).

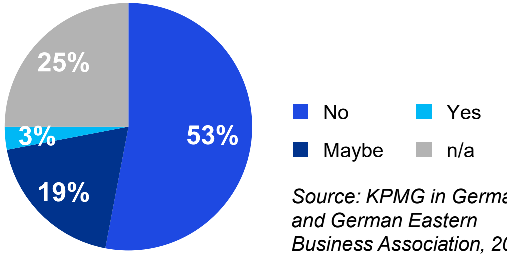


Source: KPMG in Germany and German Eastern Business Association, 2025

22% considering relocating production activities from Germany to CEE in 2025

One in five companies (19%) are considering a relocation in 2025 and 3% are certain that they will relocate their production activities. Most tend to select Poland (37%), Hungary (32%) and Czechia (26%).

However, the majority of companies surveyed (53%) are not yet planning this.



Source: KPMG in Germany and German Eastern Business Association, 2025

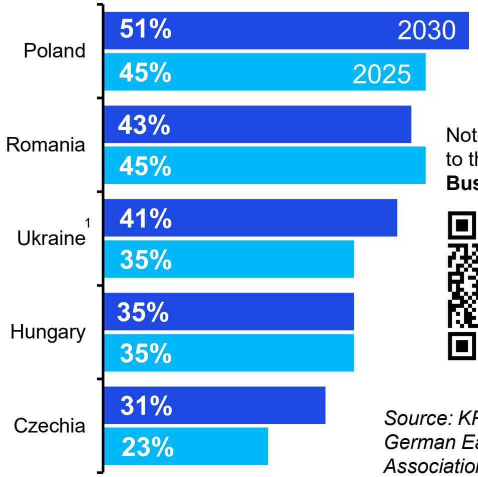
The already outstanding relevance of CEE for German groups will increase even further over the next five years. Investments are on the rise specifically in production activities and facilities for export/distribution in CEE. To cope with the domestic challenges, more than one in five are even considering relocating their German production sites to CEE in 2025.

Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Executive Summary (2/2)

Investments in CEE are and will remain widely distributed in various countries

A variety of countries in CEE are considered investment destinations. Both in 2025 and over the next five years, investment by the companies surveyed will primarily flow to Poland, Romania, Ukraine, Hungary and Czechia.

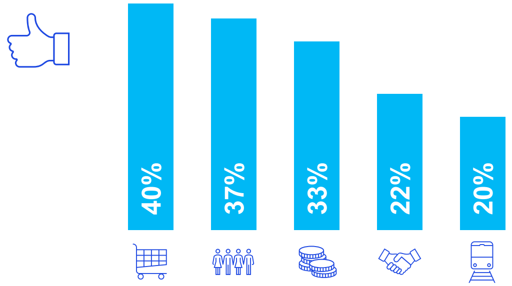


Note: [1] Please also refer to the **German-Ukrainian Business Outlook 2024**:

Source: KPMG in Germany and German Eastern Business Association, 2025

Local demand, skilled workers and low labour costs are CEE's top advantages

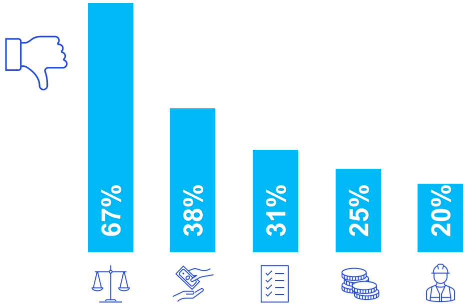
The local demand in CEE is the most important location factor in the CEE region for 40% of the companies. The availability of qualified workers also represents a decisive locational advantage for more than one in three companies (37%), followed closely by the still-low labour costs in the CEE region (33%). Furthermore, respondents appreciate the ease of doing business (22%) and the good logistical infrastructure (20%) in CEE.



Source: KPMG in Germany and German Eastern Business Association, 2025

Security issues, corruption and red tape are the biggest challenges

The ongoing war in Ukraine and the threats to the entire CEE region emanating from Russia have not gone unnoticed. For two thirds of companies (67%) the political risks and lack of security are the most challenging location factors in CEE, followed at a clear distance by the still-prevalent corruption (38%), red tape (31%), rising labour costs (25%) and a shortage of skilled workers (20%).



Source: KPMG in Germany and German Eastern Business Association, 2025

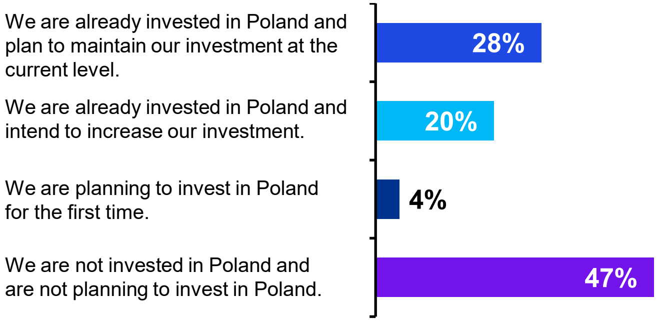
Michael Harms
Managing Director,
German Eastern Business Association

"The region of Central and Eastern Europe is an area full of promise, where the good business opportunities far outweigh the challenges that still exist in some places. We would therefore like to see progress finally being made in deepening the internal market and further EU integration in eastern and south-eastern Europe in order to make this region even more accessible.

Spotlight: Poland and Ukraine

24% plan new investments in Poland

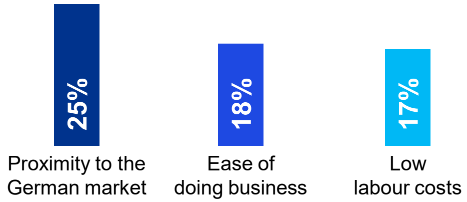
Poland is the number 1 investment destination in CEE today and will remain so in 5 years' time. 28% plan to maintain their investment volume at the existing level and 24% plan to either expand their investments in Poland in the future or plan to invest in Poland for the first time. None of the companies surveyed are planning to withdraw investments from Poland.



Source: KPMG in Germany and German Eastern Business Association, 2025

Proximity to Germany makes Poland a particularly attractive investment destination

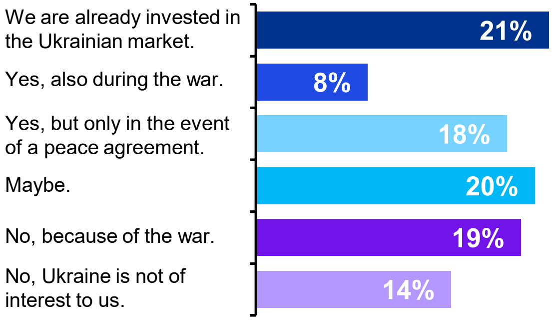
For a quarter of the companies surveyed (25%), Poland's proximity to the German market is the most important factor. The ease of doing business in Poland is the decisive factor for 18% of the companies surveyed. 17% see low labour costs as the most important factor in their decision to invest in Poland.



Source: KPMG in Germany and German Eastern Business Association, 2025

Almost every second company is considering investing in Ukraine in 2025

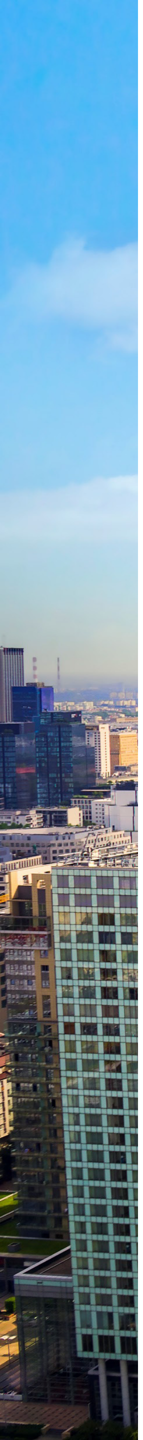
One in five companies surveyed (21%) is already invested in the Ukrainian market. Despite the ongoing war in Ukraine, almost half of the companies surveyed (46%) are considering investing in Ukraine in the next twelve months. However, 18% would only do so in the event of a peace agreement.



Source: KPMG in Germany and German Eastern Business Association, 2025

For more than twenty years, Germany has been the primary and most significant ally of Poland in matters concerning trade and investment. Poland is currently experiencing the most rapid economic growth within the EU, with a projected increase in GDP of 3.5% in 2025. Poland will allocate 4.7% of its growing GDP towards defence expenditures, a figure that surpasses that of any other NATO member.

Nicolai Kiskalt
Head of Central and Eastern Europe Desk, KPMG in Germany



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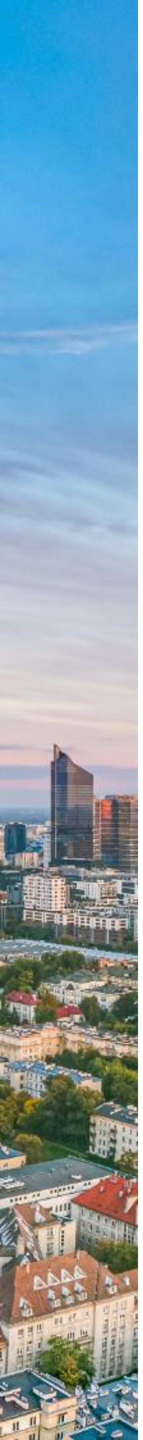
01

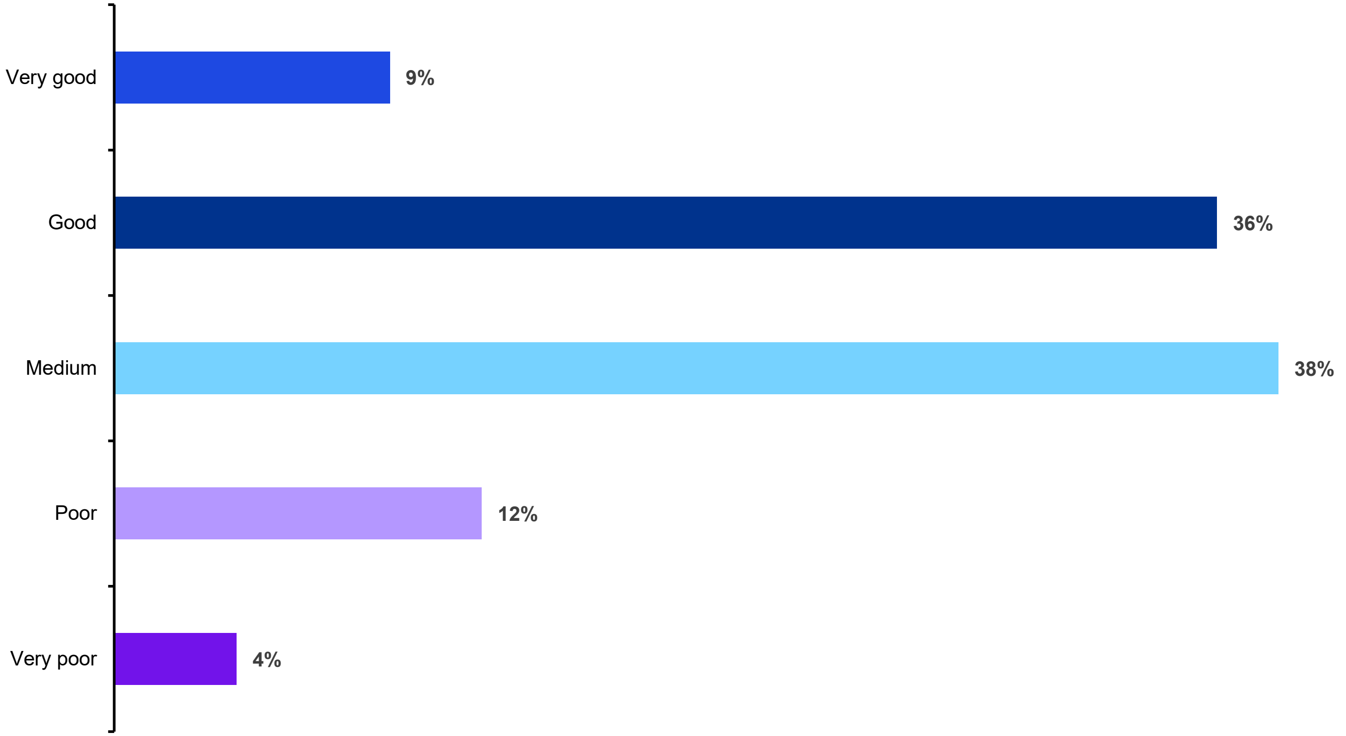
Business development and future expectations



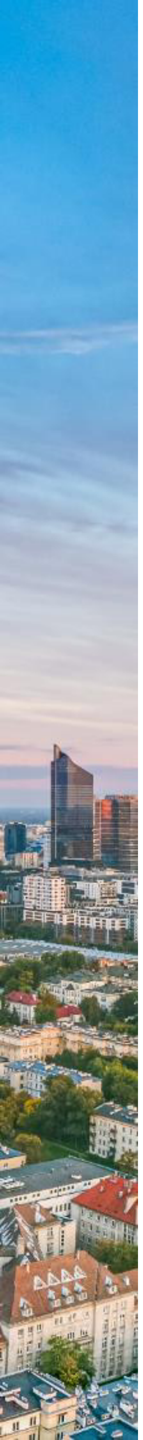
Companies are positive about their business in CEE

- Half of the companies surveyed (45%) rate their business situation in the CEE region as good (36%) or even very good (9%).
- A further 4 out of 10 (38%) see the current business situation of their company in the region as mediocre.
- Only 16% of the companies surveyed rate their business situation as poor (12%) or very poor (4%).

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



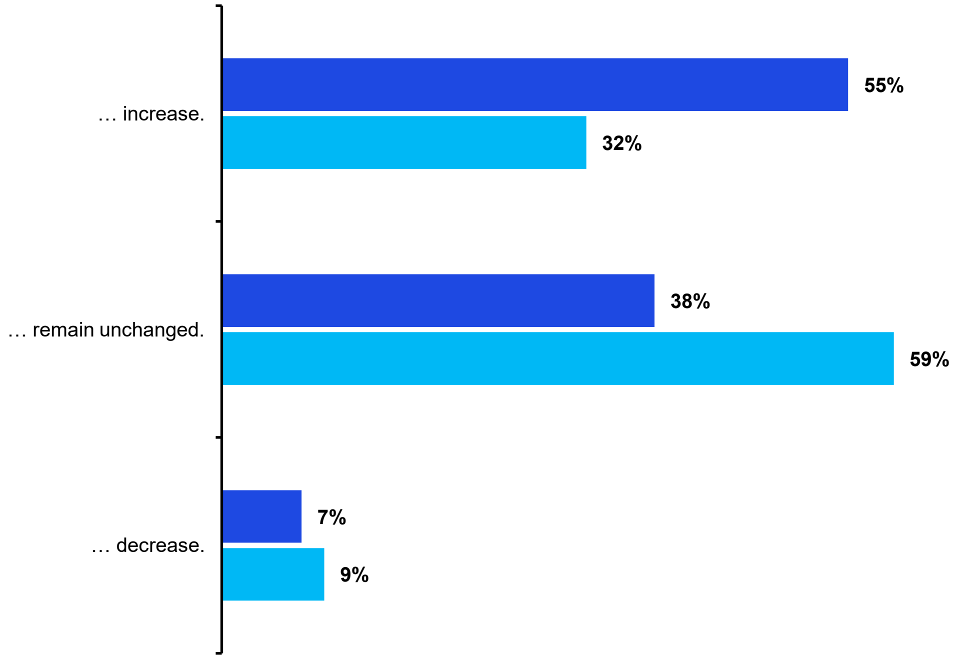
Source: KPMG in Germany and German Eastern Business Association, 2025 (n=99); rounding differences possible



CEE will become increasingly important in the long term

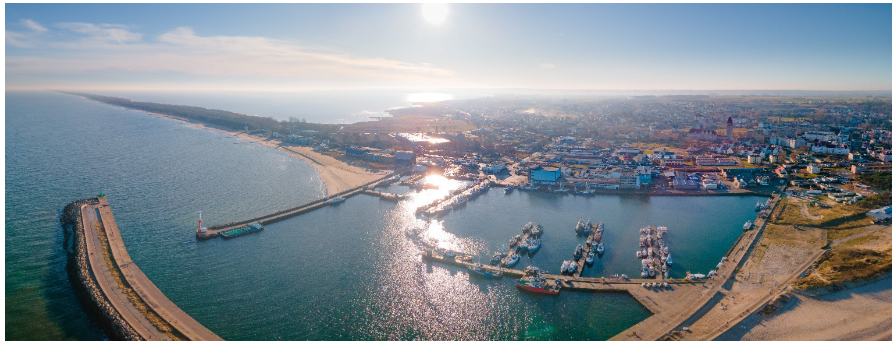
Figure 2: **Development of importance of CEE**

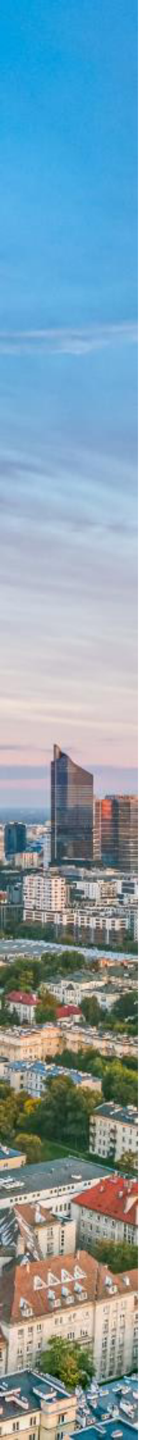
*Over the next **12 months**/**5 years** the importance of CEE in terms of sales as a proportion of total group sales will…*



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=93); rounding differences possible

- For the coming year, around a third of the companies surveyed (32%) expect the importance of the CEE region to grow in terms of its share of sales as a proportion of total group sales.
- More than half (59%) expect the importance of the region to remain the same over the next twelve months.
- The outlook changes over the next five years. In the long term, more than half of the companies (55%, +23 percentage points) expect the importance of the CEE region to increase. 38% expect no change (-21 percentage points).
- Only 9% and 7% of the companies surveyed expect the importance of the region to decline.

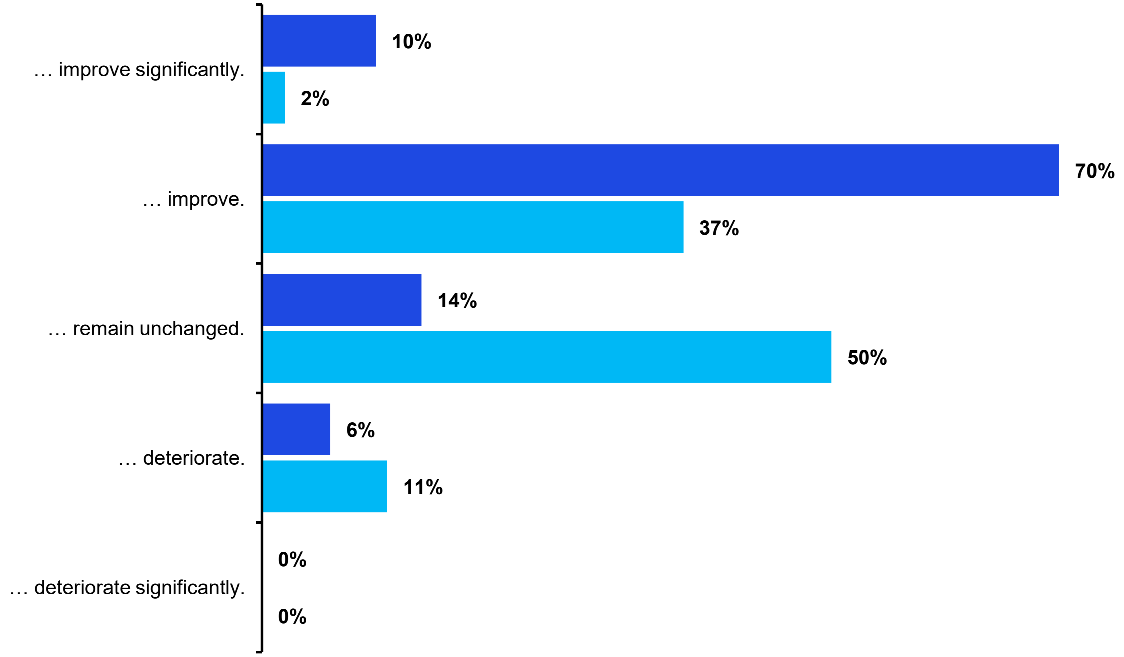




The outlook for the CEE region is also positive – especially in the long term

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

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



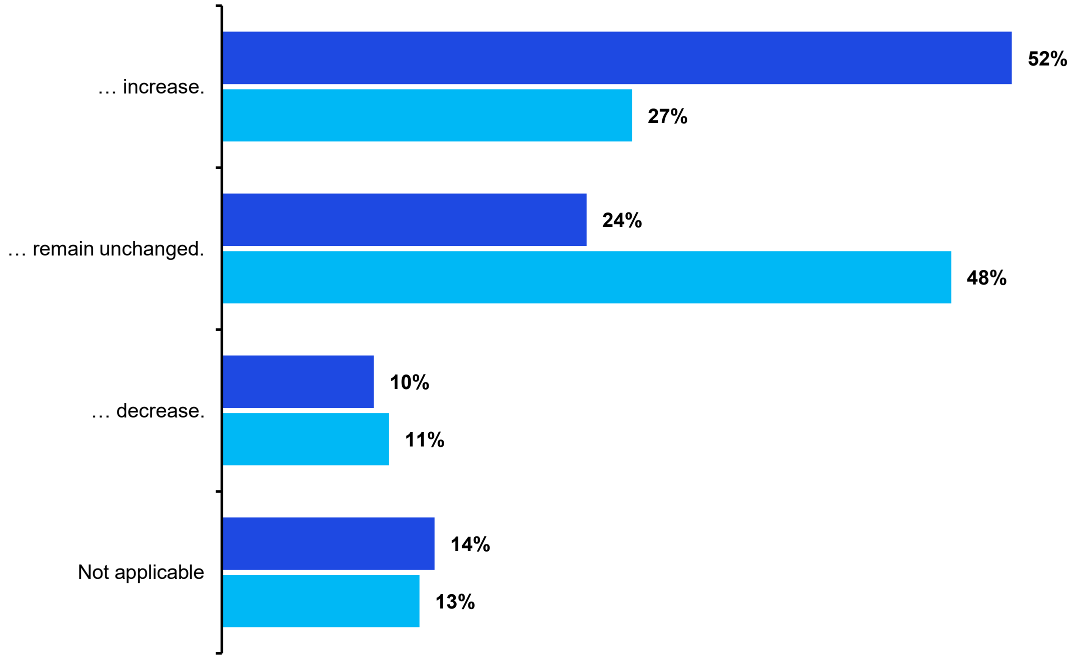
Source: KPMG in Germany and German Eastern Business Association, 2025 (n=98); rounding differences possible

- 39% of the companies surveyed are confident that their situation in the CEE region will improve in the coming 12 months.
- The majority (50%) expects neither an improvement nor a deterioration in their business in the CEE region. Only 11% expect their situation to deteriorate.
- Looking five years ahead, the outlook is even much more optimistic. Four out of five companies (80%) expect their business situation in the region to improve over this period.
- 14% expect the situation to remain the same and only 6% expect it to deteriorate in the long term.
- None of the companies surveyed expect their business situation to deteriorate significantly in the short or long term.

Number of employees in CEE to increase

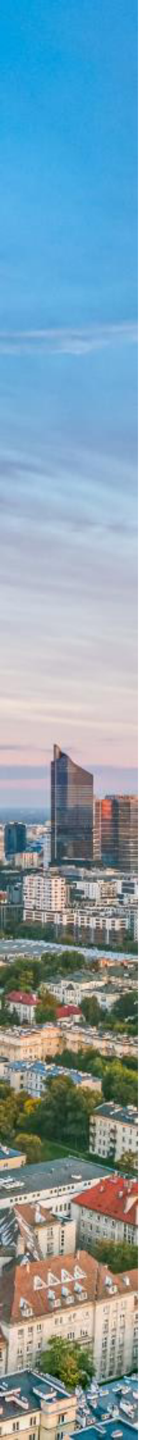
Figure 4: **Development of number of employees in CEE**

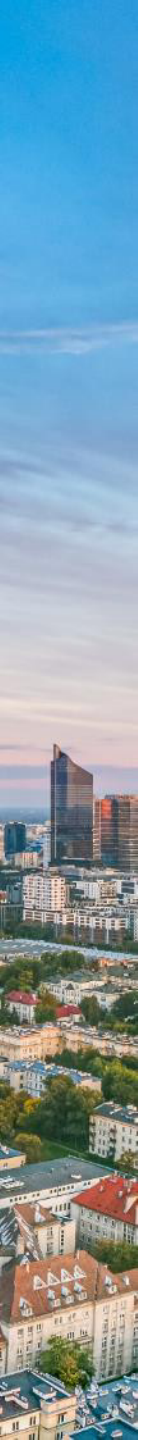
Over the next 12 months/5 years we expect our number of employees in CEE to…



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=97); rounding differences possible

- Similarly to the assessment of their business development, the majority of the companies surveyed (48%) expect the number of employees in the CEE region to remain unchanged over the next 12 months.
- However, more than one in four companies (27%) are planning to increase their workforce.
- A reduction in the number of employees is expected by 11% of companies.
- The picture changes over the next five years. More than half of the companies surveyed (52%) expect to expand their workforce in the CEE region.
- A quarter (24%) also plan to leave their workforce unchanged in the long term.
- 10% of the companies expect the number of employees to fall.

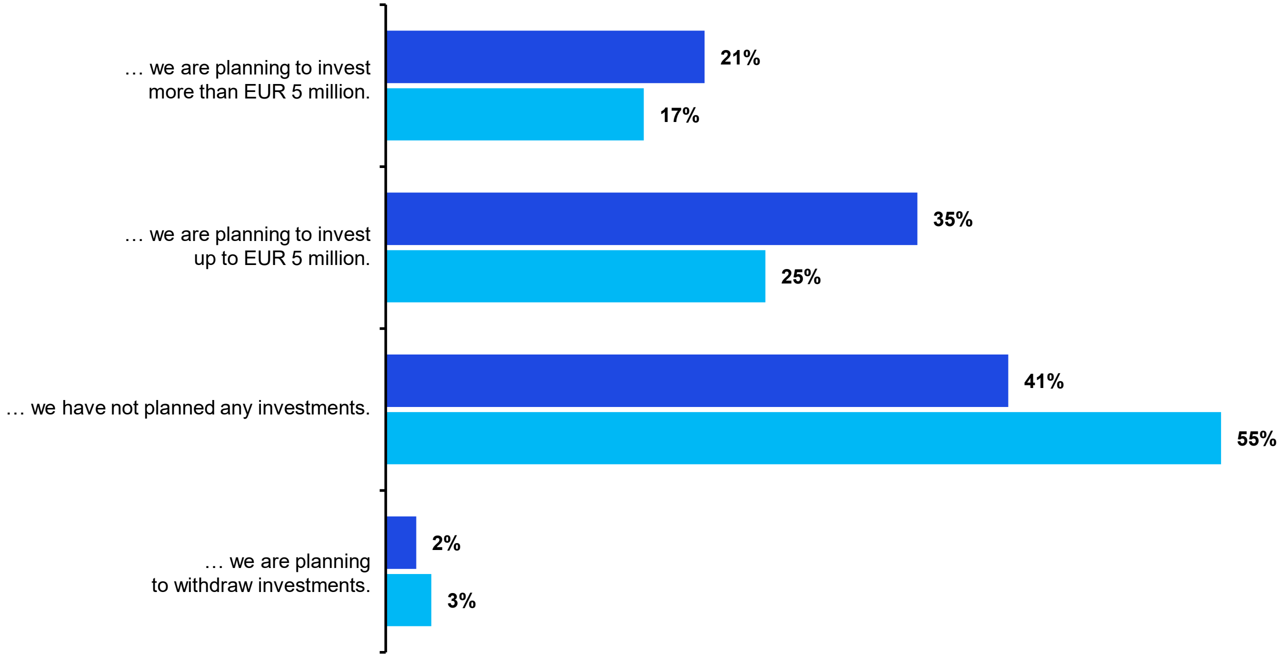




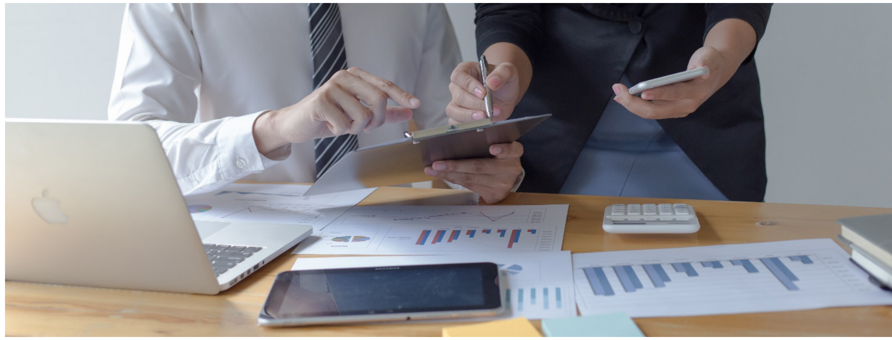
Every second company plans to invest in CEE in the next five years

Figure 5: **Investment plans in CEE**

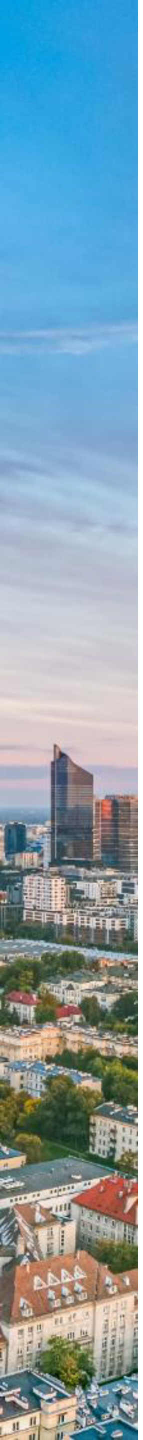
Over the next 12 months/5 years …



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=96); rounding differences possible



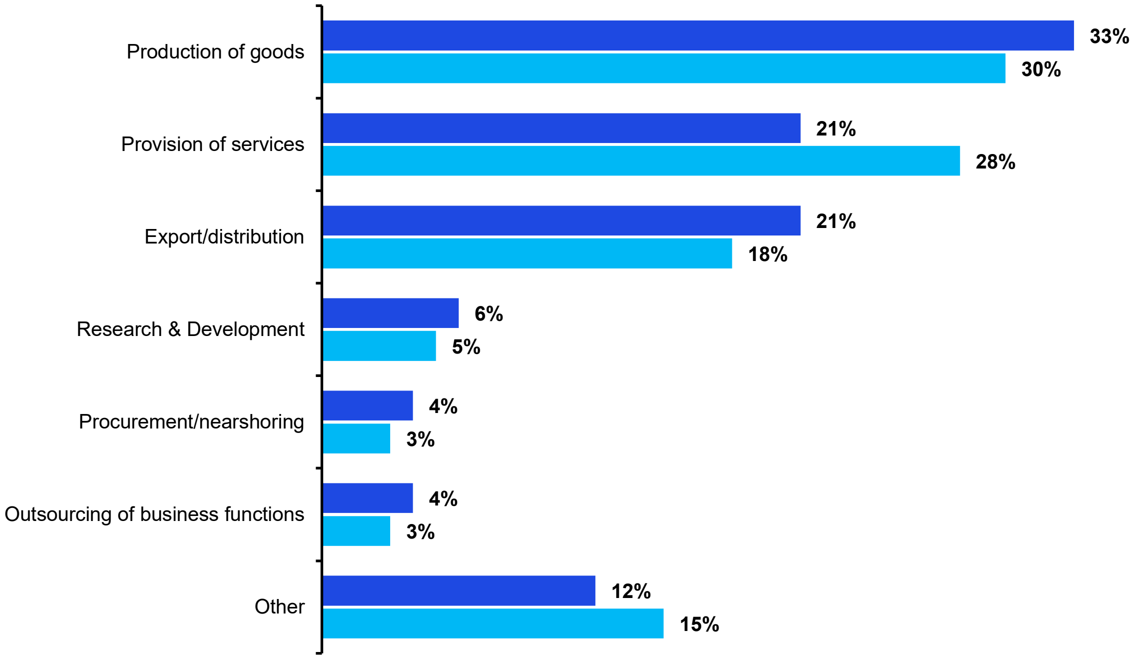
- Looking ahead to the next 12 months, more than one in three companies (42%) plan to invest in the region in the coming year. 17% even intend to invest more than EUR 5 million.
- However, the majority of companies surveyed (55%) do not plan to invest in the CEE region for the time being.
- Over a five-year horizon, investment intentions are even more ambitious. The majority (56%) intend to invest in the CEE region in the long term. Every fifth company (21%) plans to invest more than EUR 5 million.
- However, 41% of companies do not plan to invest in the CEE region in the long term either.
- Only a small proportion of the companies surveyed plan to withdraw existing investments both in the coming year (3%) and over the next five years (2%).



Expansion of production capacities is the focus of planned investments

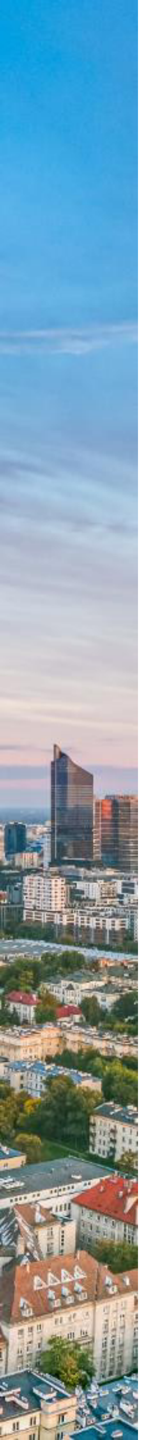
Figure 6: **Primary focus of investments in CEE**

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



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

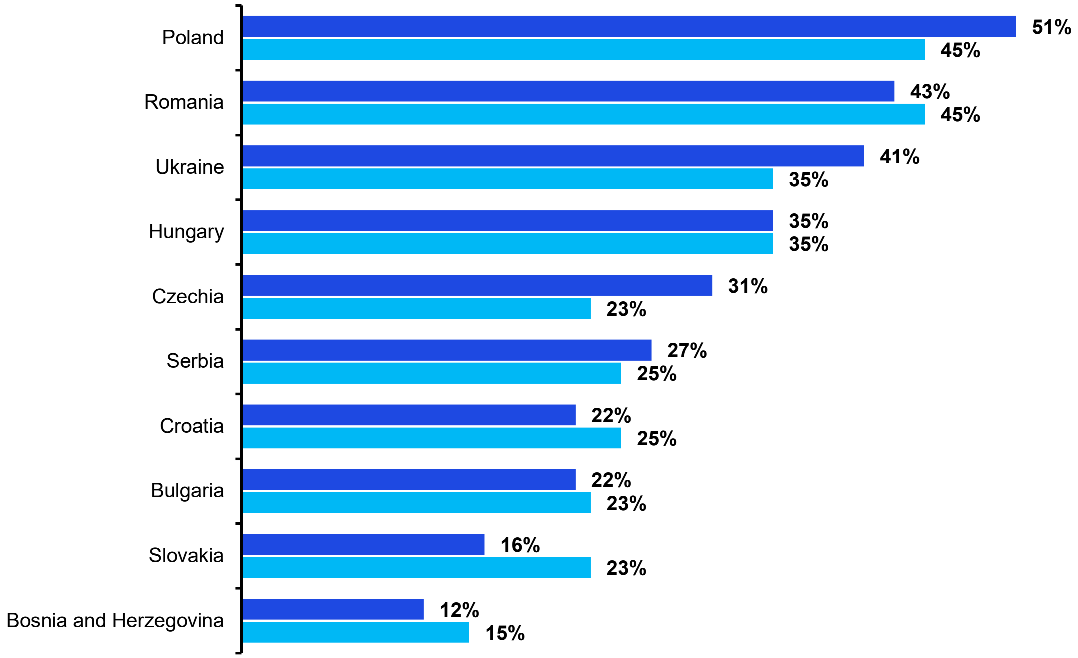
- For the majority of the companies surveyed that plan to invest in the CEE region, the establishment or expansion of production capacities is the main focus of their planned investment activities, both on a twelve-month (30%) and five-year (33%) basis.
- The provision of services in the region is also an important area of investment for one in five companies (21%) over the next five years. However, this business sector will become a less important area for investment over this time (-7 percentage points).
- The expansion of the region as an export destination is another main focus of investment activities for around one in five companies (18% and 21% respectively).



Investments in CEE are and will remain widely distributed in various countries

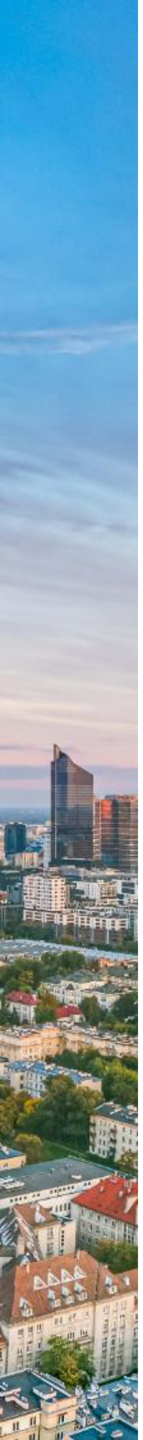
Figure 7: **Top 10 countries for investments in CEE**

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



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

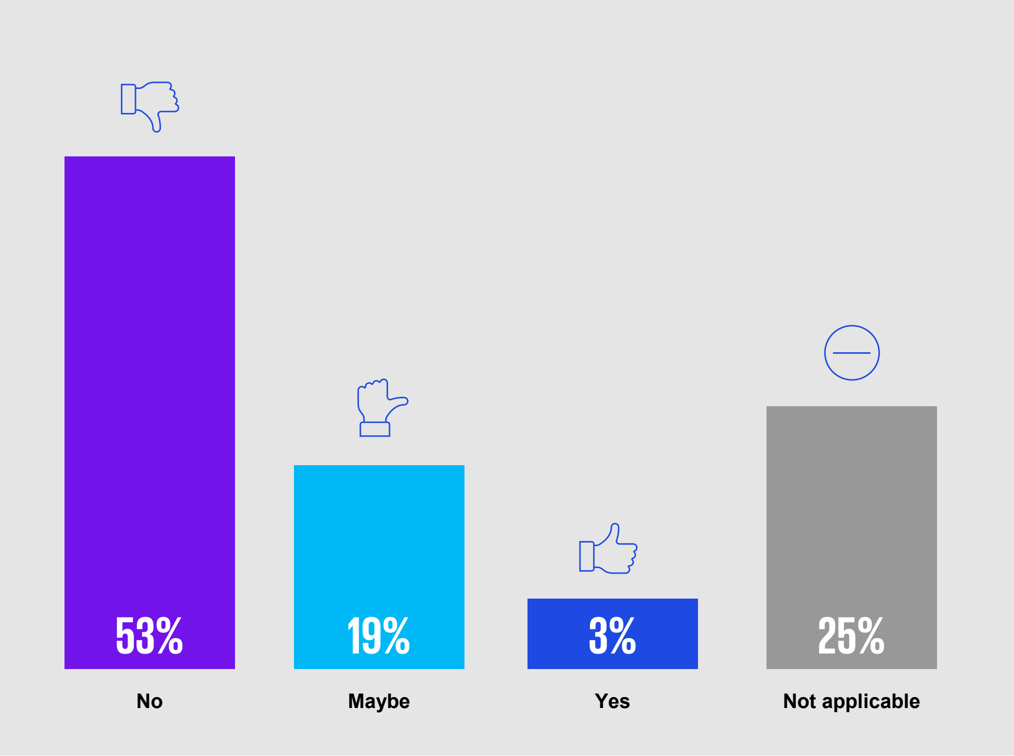
- Poland, Romania, Ukraine, Hungary and Czechia are the five most important investment destinations for German companies in the CEE region, both for the next 12 months and for the next five years.
- Poland, by far the largest economy in the region, plays the leading role. More than half of the surveyed (51%) that plan to invest in the CEE region intend to invest in Poland in the next five years.
- Ukraine ranks in CEE as an investment destination despite the war. More than one in three companies planning to invest in CEE want to invest in Ukraine in 2025, and as many as 41% within the next five years.
- Looking ahead to the next five years, Czechia records the highest growth in investment interest of all countries in the CEE region (+8 percentage points).



22% of companies are considering relocating production activities from Germany to CEE in 2025

- One in five of the companies surveyed (19%) are considering a potential relocation in 2025
- Out of the companies considering planning to relocate production activities from Germany to CEE over the next 12 months, the top 3 countries they plan to move to are Poland (37%), Hungary (32%) and Czechia (26%).
- 3% are certain that they will relocate their production activities.
- However, the majority of the companies surveyed (53%) 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**



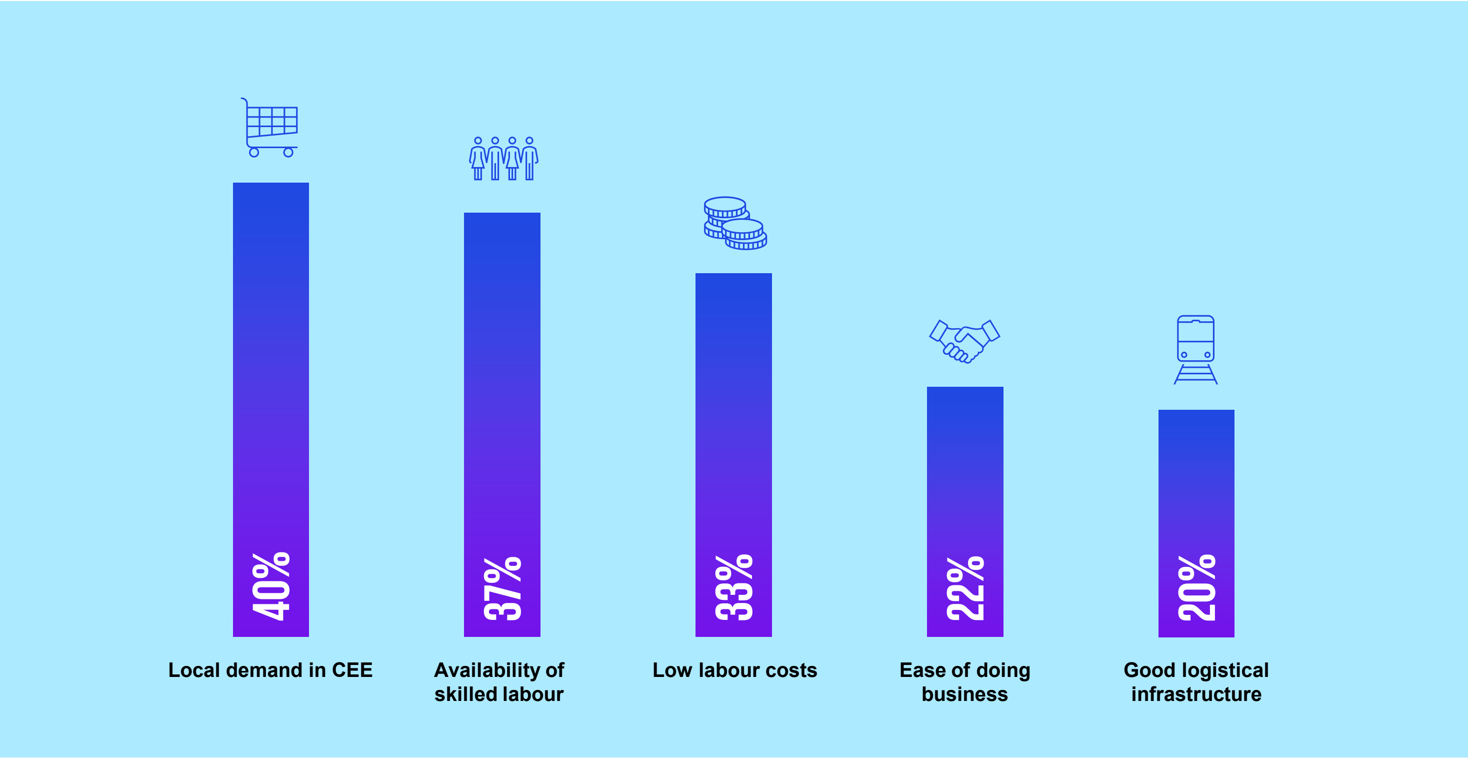
Source: KPMG in Germany and German Eastern Business Association, 2025 (n=91); rounding differences possible

02

Opportunities and challenges

Local demand, skilled workers and low labour costs are CEE's top location advantages

Figure 9: **5 most positive location factors in CEE**

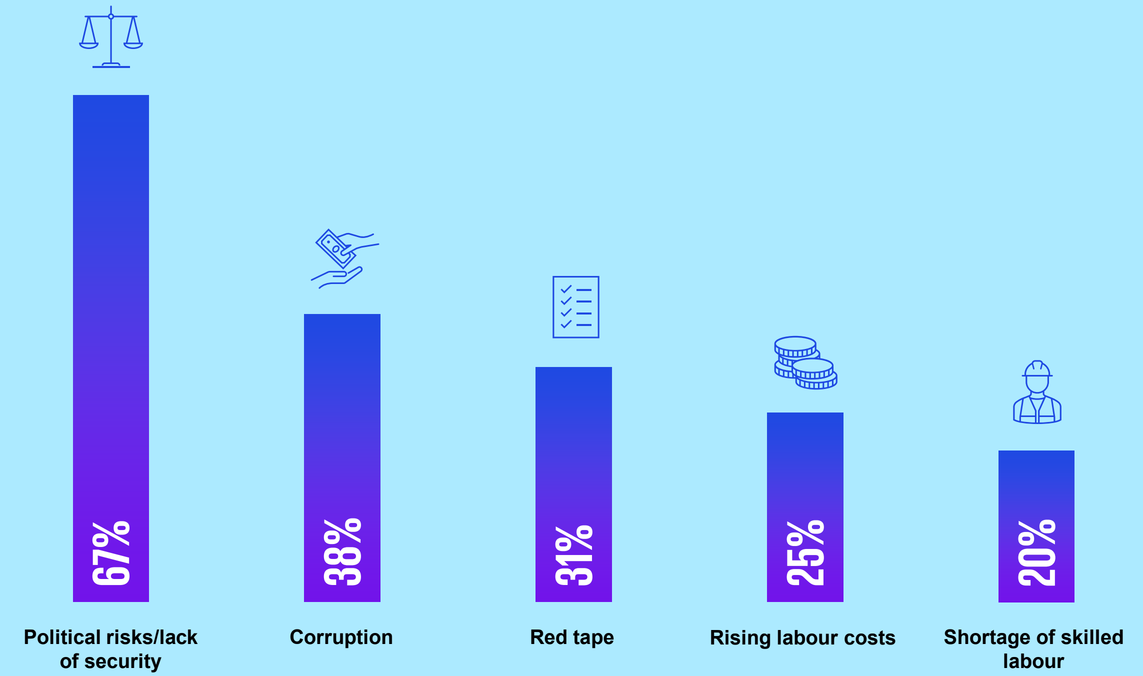


Source: KPMG in Germany and German Eastern Business Association, 2025 (n=90); three answers possible

- Demand, and therefore the local market, is one of the three most important location factors in the CEE region for 40% of companies.
- The availability of qualified workers also represents a decisive locational advantage for more than one in three companies (37%).
- A further third (33%) see the still-low labour costs in the CEE region as a decisive factor for their company to be active in the region.
- The companies surveyed also appreciate the ease of doing business (22%) and the good logistical infrastructure (20%) in the region.

Security issues, corruption and red tape are the biggest challenges of the CEE region

Figure 10: **5 most negative location factors in CEE**



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=88); three answers possible

- The ongoing war in Ukraine and the threats emanating from Russia have not gone unnoticed. For two thirds of companies (67%), the political risks and lack of security represent the number one negative location factor in the CEE region.
- This is followed at a clear distance by the prevalent corruption in some countries, which 38% of companies consider to be one of the three biggest disadvantages of the location. Please refer to our comments about the corruption perception index in the main CEE countries on page 33.
- In third place comes red tape, which is also perceived by almost a third of companies (31%) as a decisive locational disadvantage also of the CEE region.
- While low labour costs still represent a decisive competitive advantage of the CEE region for many of the companies (see p. 17), 25% of the companies surveyed also see increasingly rising labour costs as one of the most negative factors. Please refer to our analysis on page 34.
- The shortage of skilled workers is also a challenge for one in five companies (20%).

03

Spotlight: CEE as a gateway between Europe and Asia

EU Global Gateway Initiative could positively impact business in the CEE region

Global Gateway is the European Union's connectivity initiative. From 2021-2027, the EU will invest around EUR 300 billion in sustainable and high-quality projects that meet the needs of the partner countries and benefit the local population in the long term.

There are investment packages for the regions Sub-Saharan Africa, Middle East, Asia and the Pacific, and Latin America and the Caribbean. Global Gateway primarily targets infrastructures that provide solutions to the various challenges in the current geopolitical context in the following five policy areas: Digital, Climate and Energy, Transport, Health and Education, and Research.

The **CEE region** could thus act as a bridge between the EU and countries in Asia.

- 43% of the companies surveyed expect the initiative to have a positive impact on their business in the region. 9% even assume that Global Gateway will have a significant positive impact.
- However, a third (33%) do not expect the initiative to have a positive impact on their business in the CEE region.
- Just under a quarter of companies (23%) are unable to estimate the impact on their business in the region at this time or are unaware of the initiative.

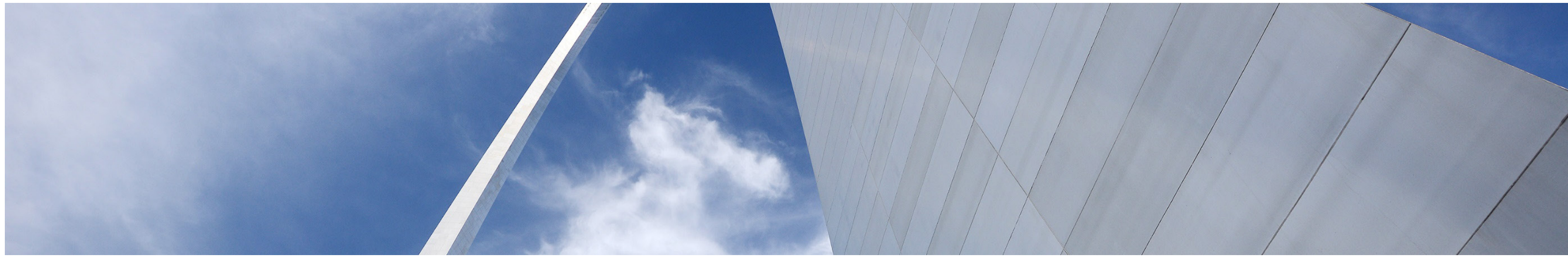
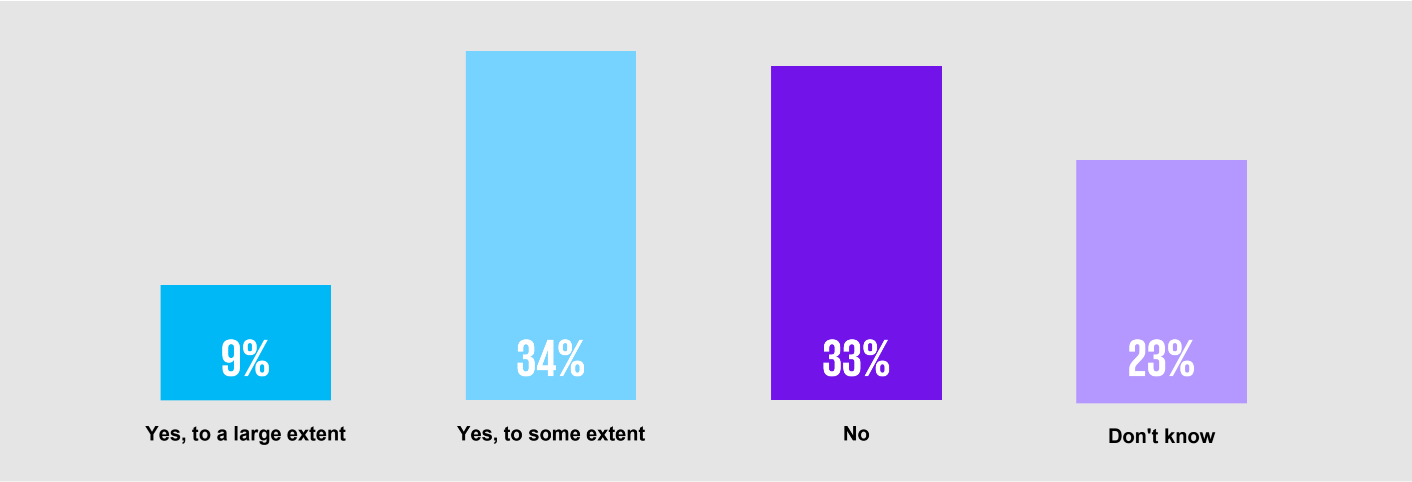


Figure 11: **Expectation of the positive impact of the EU's Global Gateway Initiative on CEE business**



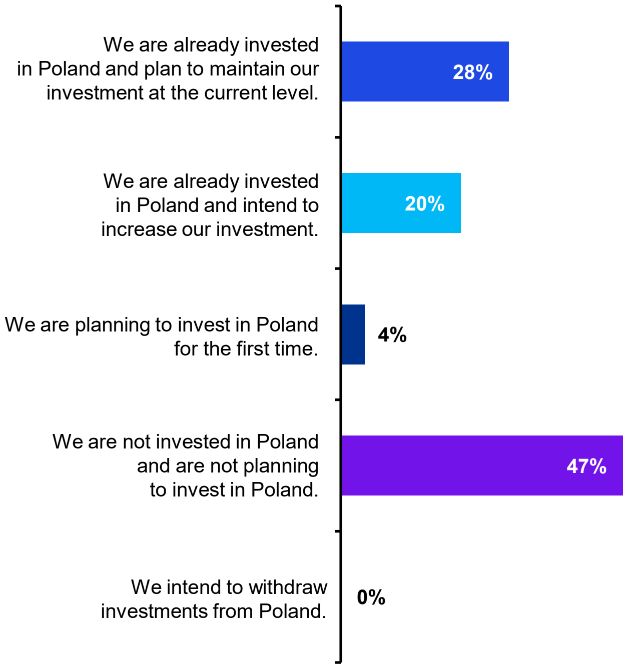
Source: KPMG in Germany and German Eastern Business Association, 2025 (n=90); rounding differences possible

04

Spotlight: Poland and Ukraine

Every fourth company plans new investments in Poland

Figure 12: **Investment plans for Poland**



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=89); rounding differences possible

With a GDP of EUR 790 billion (USD 863 billion) and a population of 36.6 million people in 2024[1], Poland is the largest economy in the CEE region.

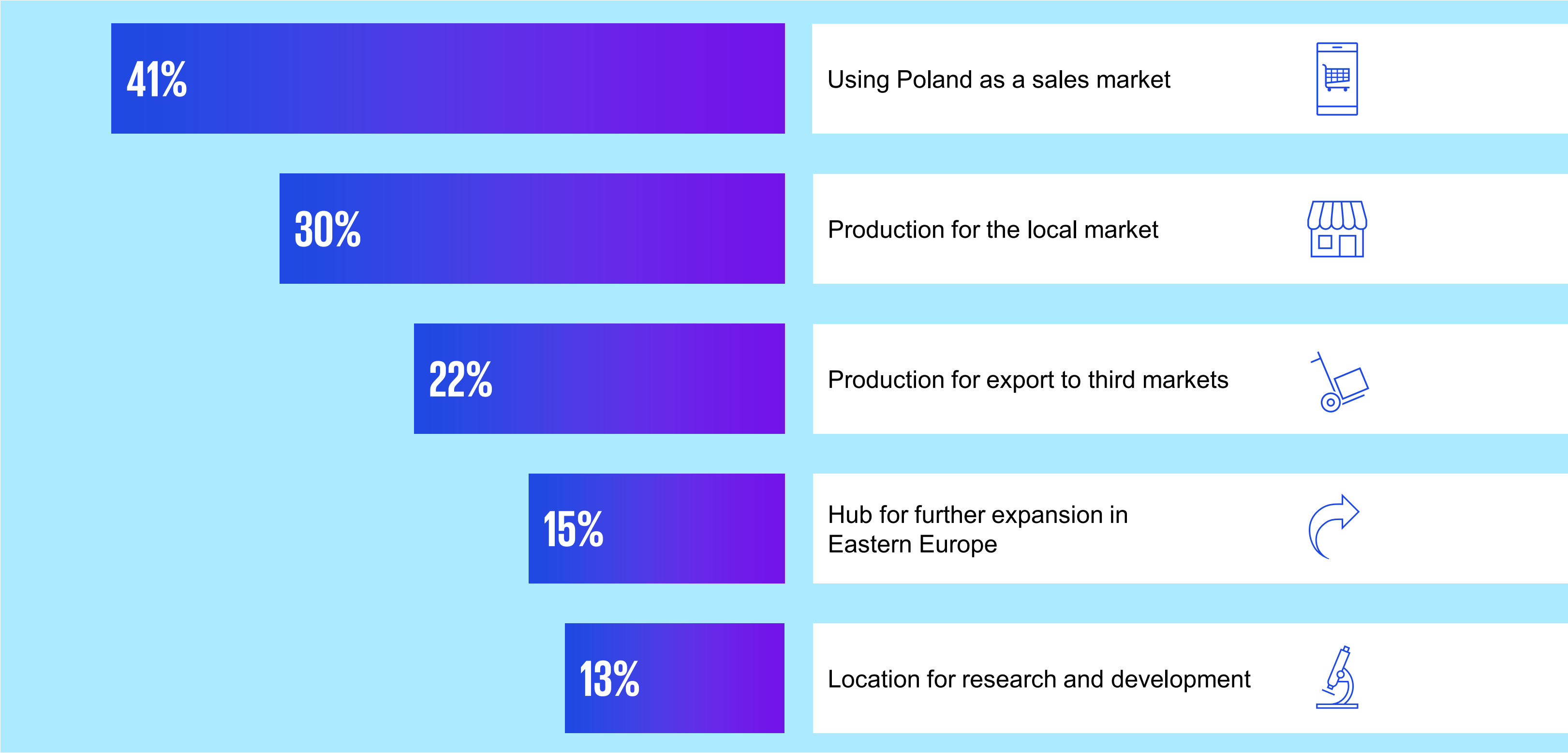
- The majority, and therefore almost half of the companies surveyed (48%), have already invested in Poland. 28% plan to maintain their investment volume at the existing level and 20% plan to expand their investments in Poland in the future.
- In addition, 4% of the companies surveyed are planning to invest in Poland for the first time in the future.
- Just under half of the companies surveyed (47%) have neither invested in Poland nor are they planning to do so in the future.
- None of the companies are planning to withdraw investments.

Note: [1] IMF, 10/2024

Poland particularly interesting as a sales market

- Out of the companies that are already invested in Poland or which intend to invest in Poland in the future, using the country as a sales market for their products represents the top investment priority for 41%.
- A little less than a third of those companies (30%) aims to use Poland as a production location for the local market.
- 22% intend to use Poland as a production location for the further export of their products to third markets.
- 15% of companies also plan to use Poland as a hub for expansion into other CEE countries.
- 13% intend to use Poland as a location for their R&D activities.

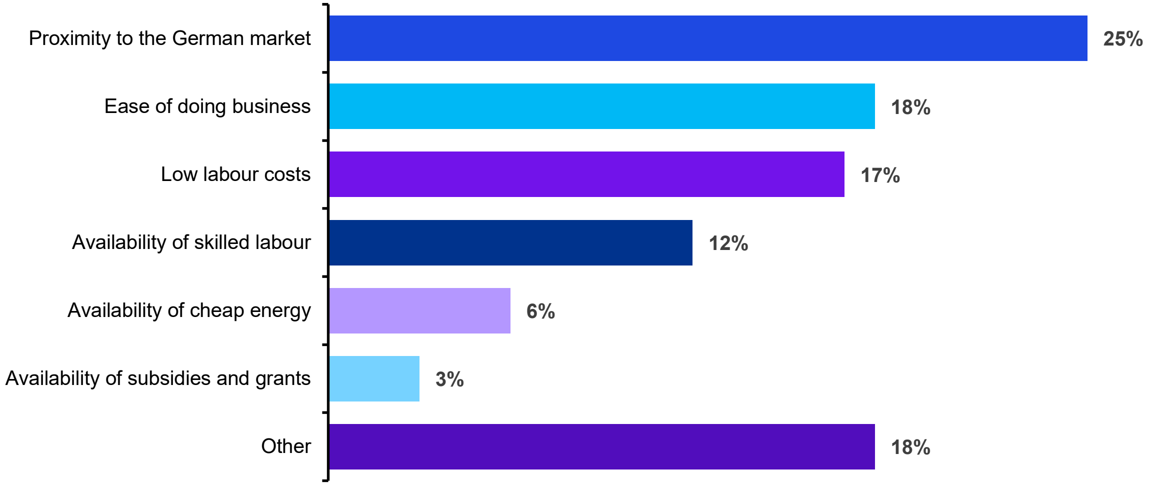
Figure 13: **Top 5 investment priorities in Poland**



Source: KPMG in Germany and German Eastern Business Association, 2025 (n=46); multiple answers possible

Proximity to Germany makes Poland particularly attractive as an investment destination

Figure 14: **Most important factor for investing in Poland**



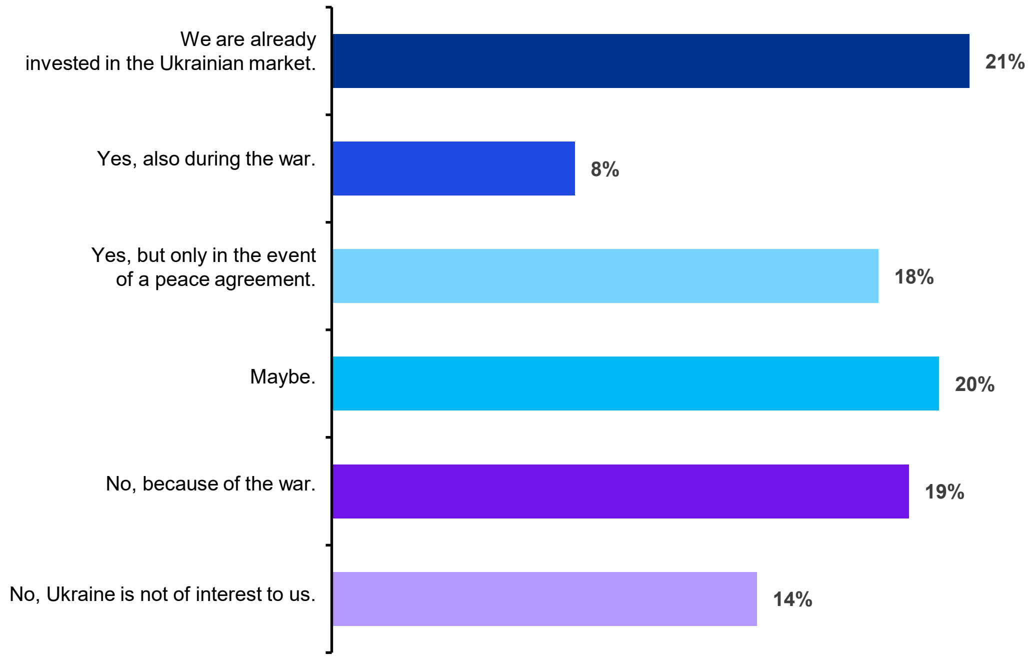
Source: KPMG in Germany and German Eastern Business Association, 2025 (n=65); rounding differences possible

The **German-Polish border** runs mainly along the Oder and Lusatian Neisse rivers and has a total length of approx. 460 km.

- For a quarter of the companies surveyed (25%), Poland's proximity to the German market is the most important factor.
- The ease of doing business in Poland is the decisive factor for 18% of the companies surveyed.
- 17% see low labour costs as the most important factor in their decision to invest in Poland.

Almost every second company is considering investing in Ukraine in 2025

Figure 15: **Plans to invest in Ukraine over the next 12 months**



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

- One in five companies surveyed (21%) is already invested in the Ukrainian market.
- Despite the ongoing war in Ukraine, almost half of the companies surveyed (46%) are considering investing in Ukraine in the next twelve months. However, 18% would only do so in the event of a peace agreement.
- For just under a fifth of companies (19%), the ongoing war is an exclusion criterion for potential investments.
- 14% are not interested in Ukraine as a location regardless of the war.
- Please also refer to the comprehensive **German-Ukrainian Business Outlook 2024** of KPMG in Germany and the AHK Ukraine:

05

Profile of the companies surveyed

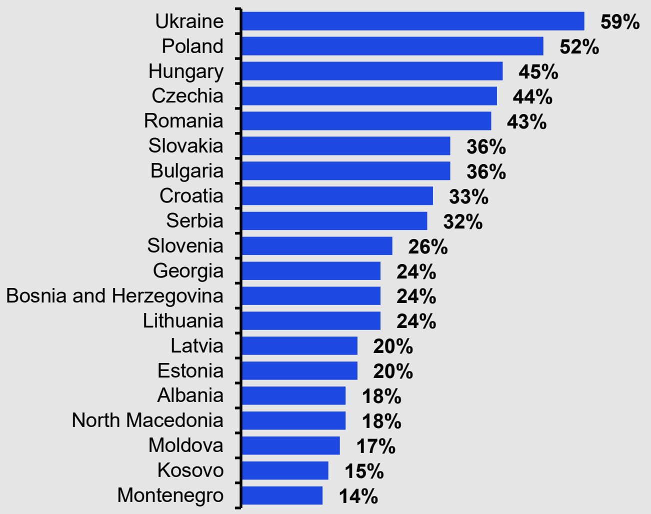
Profile of the companies surveyed

The German Eastern Business Association and KPMG in Germany approached subsidiaries of German groups and German companies with activities in CEE for this survey. A total of 133 companies participated in the survey, which was conducted between 20 November and 31 December 2024.

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

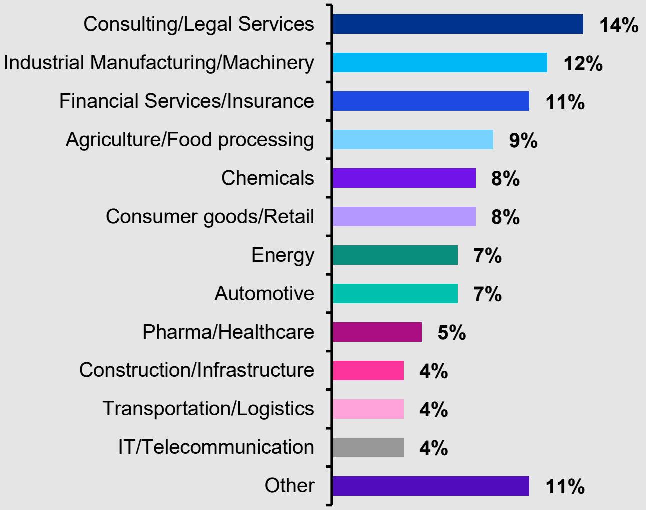
For this study, the 20 countries listed in Figure 16 are assigned to the Central and Eastern Europe (CEE) region.

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



Source: KPMG in Germany and German Eastern Business Association, 2025; (n=133); multiple answers possible

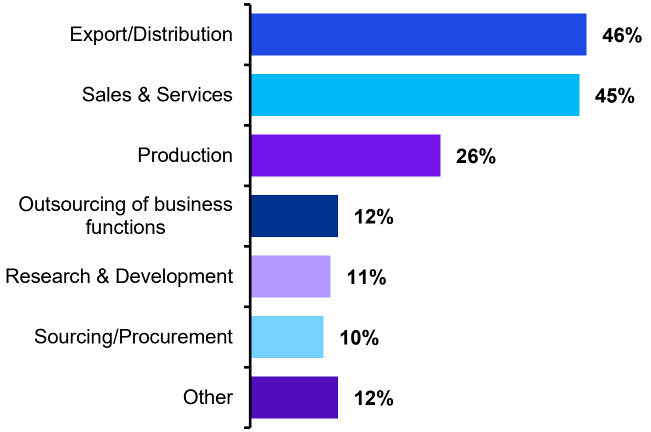
Figure 17: **Breakdown by sector of the companies surveyed**



Source: KPMG in Germany and German Eastern Business Association, 2025; (n=76); rounding differences possible

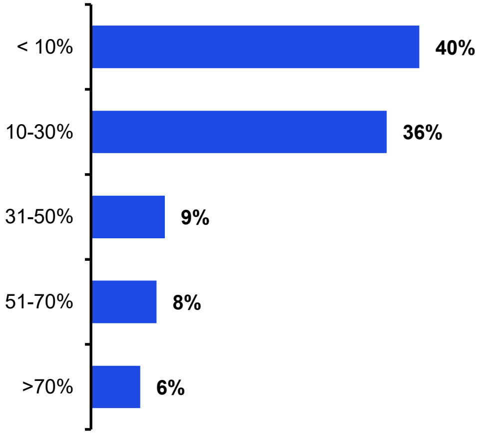
Profile of the companies surveyed

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



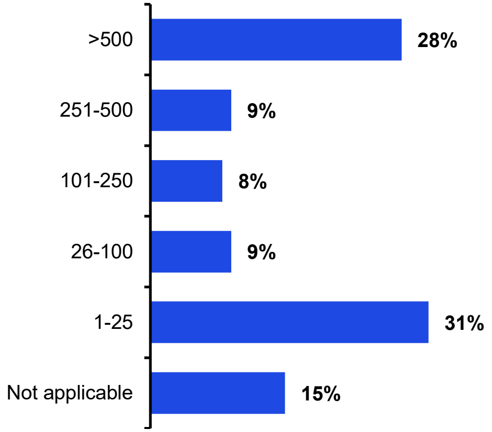
Source: KPMG in Germany and German Eastern Business Association, 2025; (n=107); multiple answers possible

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



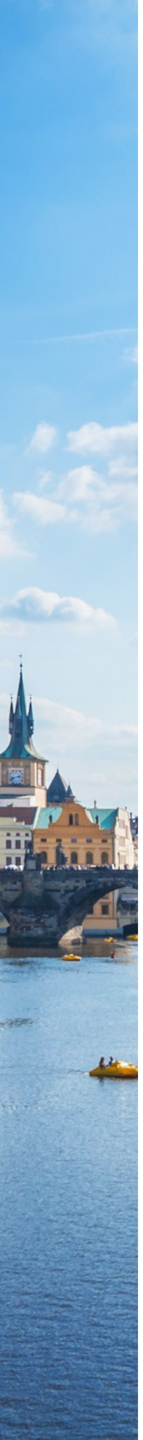
Source: KPMG in Germany and German Eastern Business Association, 2025; (n=99); rounding differences possible

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



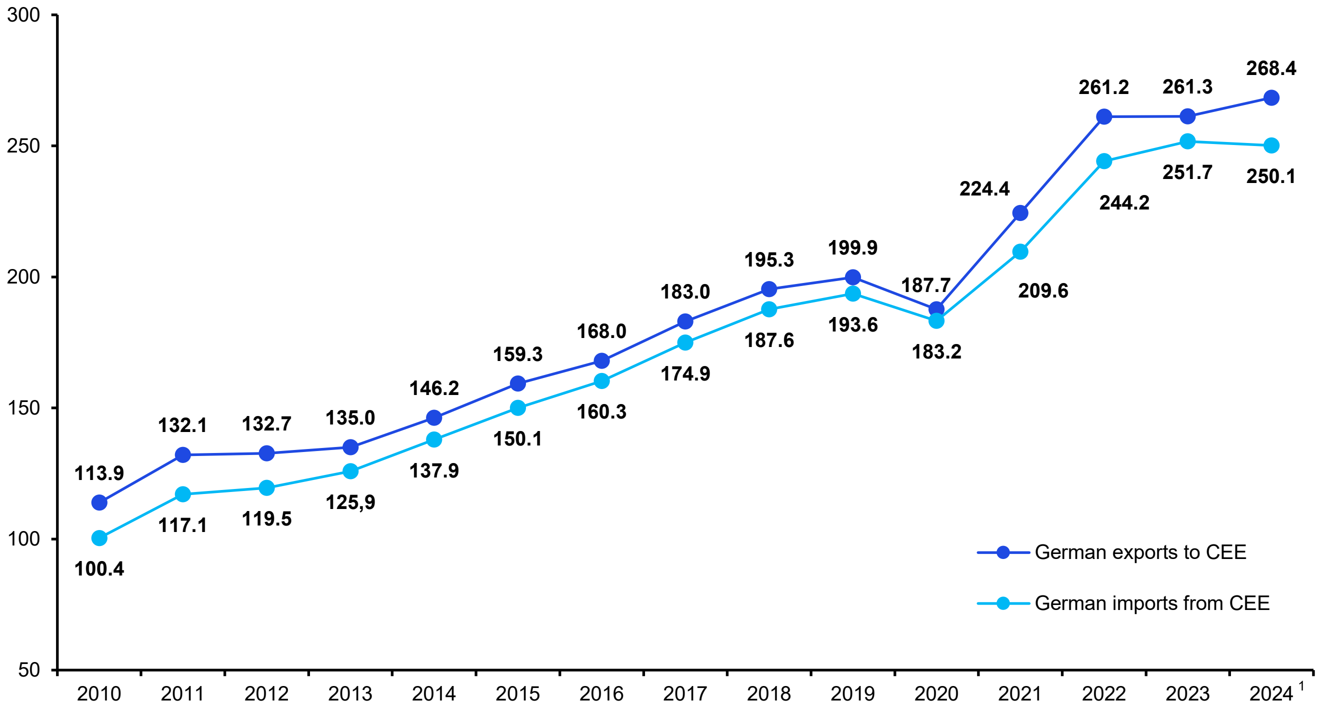
Source: KPMG in Germany and German Eastern Business Association, 2025; (n=98); rounding differences possible

Macroeconomic overview



Foreign trade between Germany and CEE grows steadily

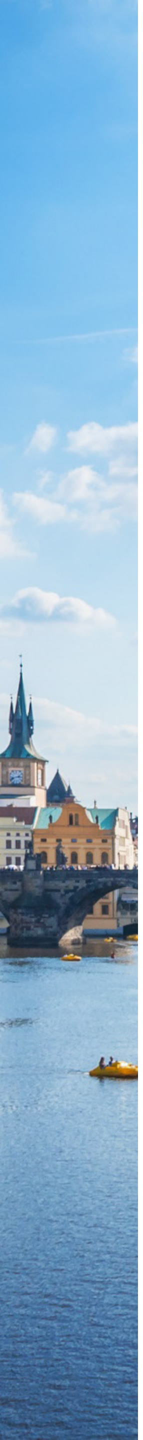
Figure 21: **Foreign trade (in EUR billion)**



Note: [1] Figures for 2024 are forecasts by the German Eastern Business Association

Source: Federal Statistical Office (Destatis)

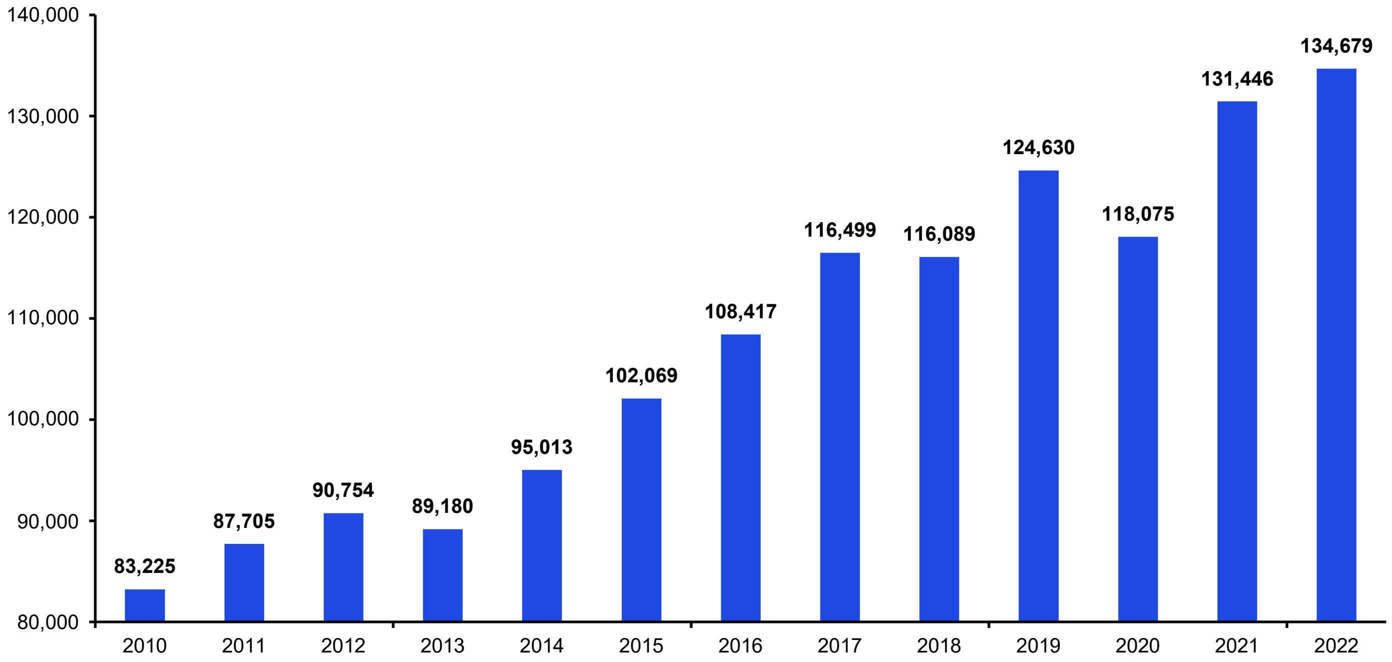
- **The estimated trade volume between Germany and CEE of EUR 519 billion in 2024 exceeded the combined trade volume of Germany with the US (EUR 256 billion) and China (EUR 248 billion) of EUR 504 billion.**[1]
- Bilateral trade in goods between Germany and CEE grew by about 1% in 2024 compared to 2023.
- While German exports to CEE continued to grow, imports decreased in 2024.
- The trade balance is consistently positive for Germany but is fairly balanced.
- Poland is the most important trading partner in the CEE region. With an estimated total trade volume of EUR 173 billion in 2024[1], Poland represents exactly one third of Germany's trade with CEE in 2024. Overall, in 2024 Poland was Germany's fourth most important export market.
- The last drop in bilateral trade since 2010 occurred during the pandemic in 2020, although a recovery followed already in 2021.



Trend of growing investments from Germany in CEE

- The net stock of German direct and indirect direct investment in CEE rose to EUR 134.7 billion in 2022. This compares to EUR 424.5 billion in the US and EUR 122.4 billion in China.
- At EUR 44.1 billion, Poland recorded the highest level of German direct investment, while Kosovo had the lowest at EUR 144 million.
- In terms of value, Poland also recorded the largest increase in German direct investment between 2010 and 2022. Germany's net direct investment stocks grew from EUR 21.6 billion to EUR 44.1 billion in this period. By comparison, the region as a whole recorded growth of EUR 51.5 billion over the entire period.
- Serbia recorded the largest percentage increase in German direct investment between 2010 and 2022. Germany's net direct investment stocks grew by 176% in this period. By comparison, the region as a whole recorded growth of 62% over the entire period.

Figure 22: **Direct and indirect investment stocks of German companies in CEE (netted[1]; in EUR million)**



Notes: [1] receivables-payables most recent figures available for 2022 only
Source: Deutsche Bundesbank

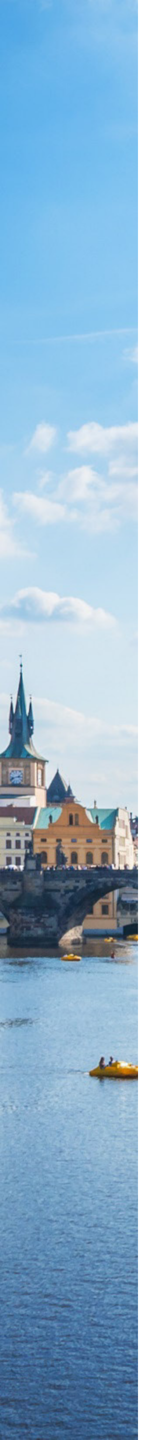
Poland is CEE's largest economy

Figure 23: **CEE's five largest economies – a comparison to Germany (data for 2024)**

	Poland	Romania	Czechia	Hungary	Ukraine	Germany
GDP (in USD billion)	**862.91**	**380.56**	**342.99**	**228.81**	**184.10**	**4,710.03**
GDP per capita (in USD)	**23,560**	**20,090**	**31,370**	**23,880**	**5,500**	**55,520**
Population (in millions)	**36.62**	**18.94**	**10.94**	**9.58**	**33.44**	**84.83**
Unemployment rate	**3.2%**	**5.6%**	**2.8%**	**4.4%**	**14.2%**	**3.4%**
General government gross debt (% of GDP)	**55.5%**	**55.7%**	**43.5%**	**73.5%**	**95.6%**	**62.7%**

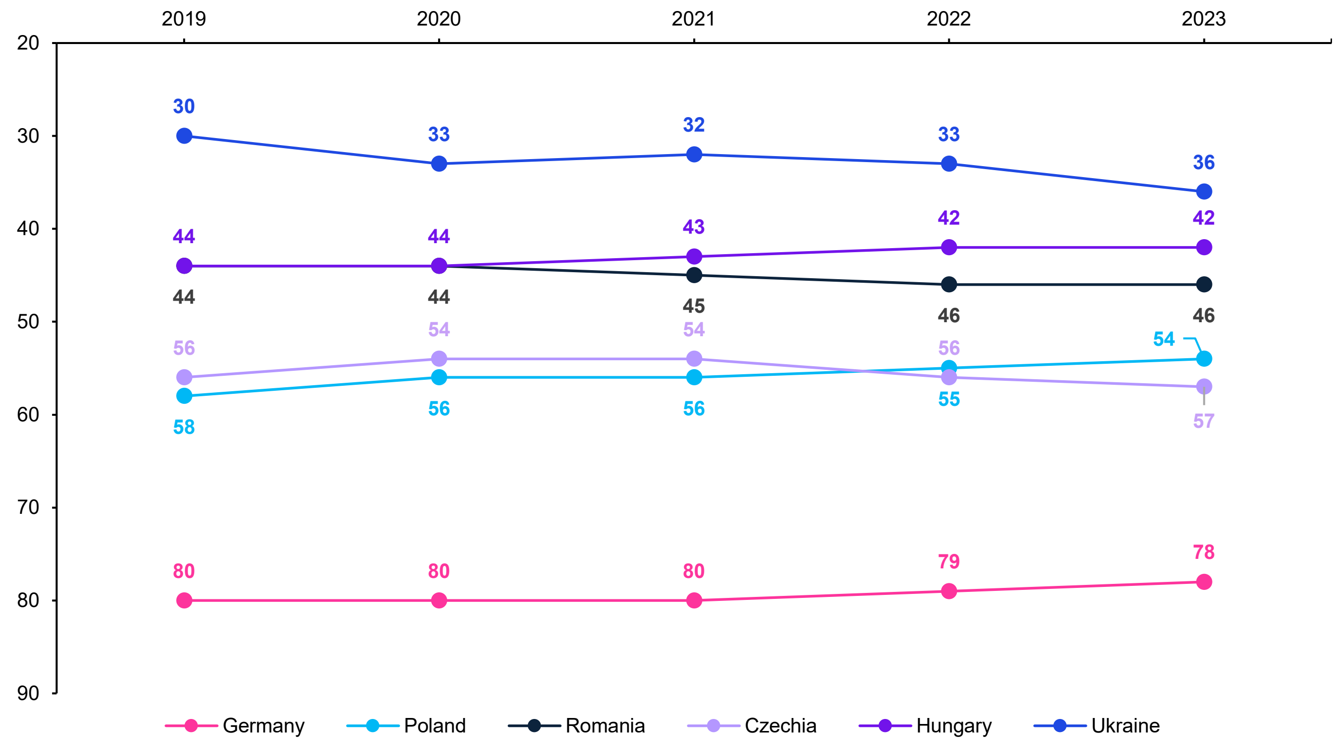
Source: IMF, 10/2024

- Poland is by far the largest economy and the country with the most inhabitants in Central and Eastern Europe.
- However, Czechia clearly has the highest GDP per capita of the five largest economies in the region.
- The unemployment rate as a percentage of the labour force is highest in Ukraine (14.2%) and lowest in Czechia (2.8%).
- Czechia also has the lowest national debt at 43.5%, while Ukraine has the highest (95.6%).



Corruption in CEE higher than in Germany

Figure 24: **Corruption Perception Index (CPI) (0 = highly corrupt/100 = very clean)**



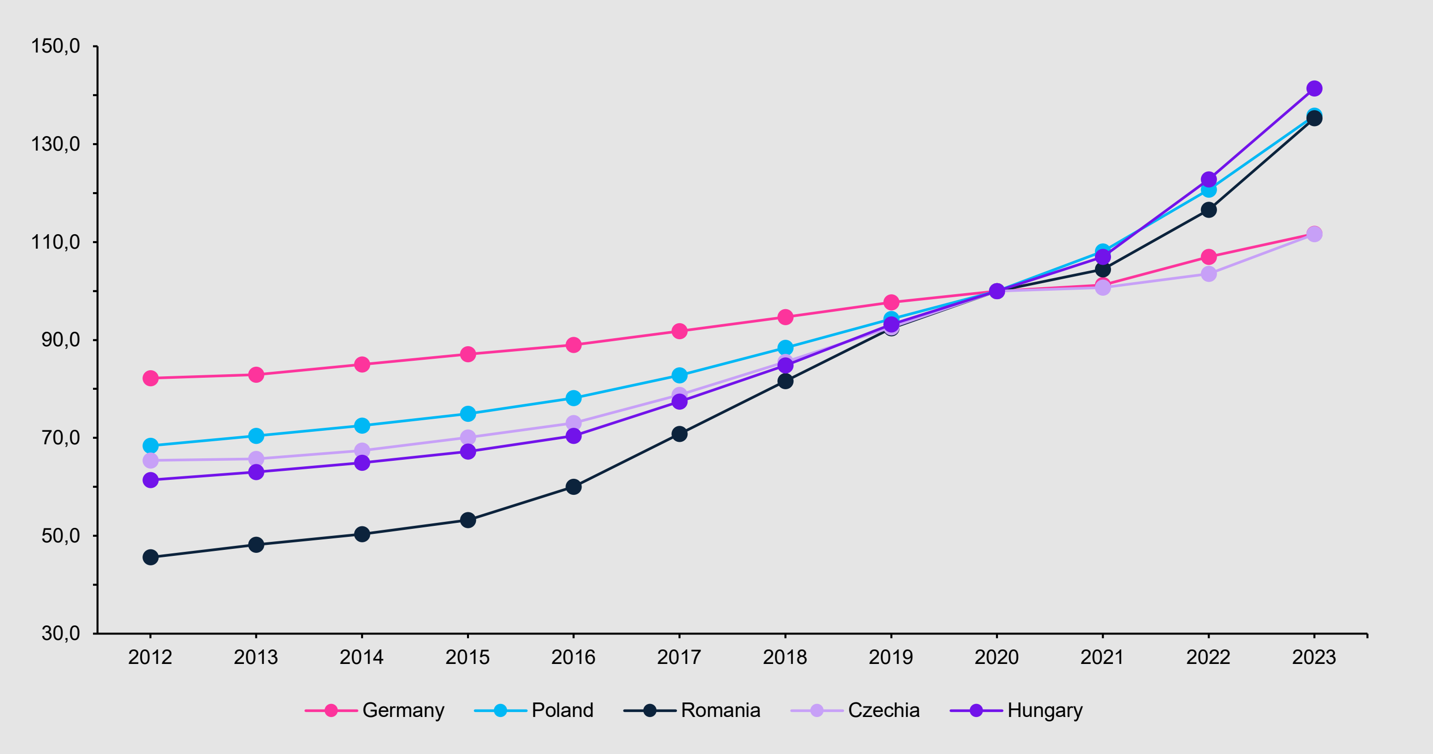
Source: Transparency International

- In 2023, Germany ranked 9th (78 points), Czechia 41st (57 points), Poland 47th (54 points), Romania 63rd (46 points), Hungary 76th (42 points) and Ukraine 104th (36 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, even if the difference to the other CEE countries is decreasing.
- Globally, the average CPI score remains unchanged at 43. This puts the five largest CEE countries only slightly above the average.
- While corruption has risen in Poland and Hungary in recent years, it has decreased in Romania, Czechia and Ukraine.

Labour costs rise significantly in CEE

- While low labour costs have long been a decisive location factor for Central and Eastern European countries and still are today, they have nevertheless been rising steadily for years.
- Romania recorded the largest increase in labour costs. Here, labour costs rose by 197% in the period from 2012 to 2023. In comparison: in Germany, they rose by just 36% in the same period.
- Labour costs also grew considerably in the other four CEE countries during the period under review: in Czechia they rose by 71%, in Poland by 99% and in Hungary by 130%.
- Despite all this, in 2023 hourly labour costs in Central and Eastern Europe are between EUR 11.0 in Romania and EUR 18.0 in Czechia compared with EUR 41.3 in Germany.

Figure 25: **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 275,000 employees in 142 countries and territories. In Germany too, KPMG is one of the leading auditing and advisory firms and has over 14,500 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.

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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.

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