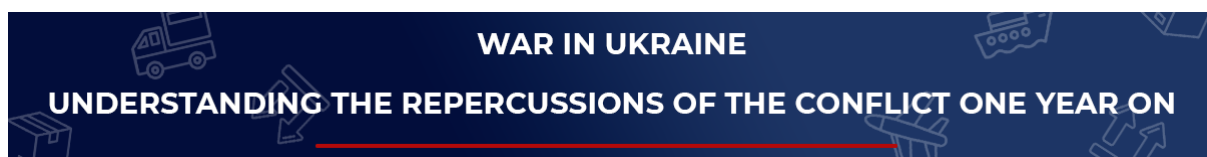




Dear Partners,

The Council of Slovak Exporters' commitment is to provide you cutting edge information and keep you abreast of current developments, trends and snippets that may be relevant, impact your businesses or be worth noting for the future.



Russia' cheap fossil fuel and energy exports may not be as omnipotent as most once believed.

The past year has been marked by soaring energy prices and extreme energy price volatility but also by the remarkable agility and plasticity of the global markets, and underlying leaders' decisions. The circumstances forced the EU – usually a slow-burn decision-taker – to take unprecedented action on the domestic energy diversification agenda and vis-à-vis the aggressor in the form of punitive sanctions. Europe has avoided a recession in the winter of 2022-2023 thus far, in large part owing to above-average temperatures and this rapid switch to alternative energy sources. Brussels may have even surprised itself, while

Russia's economy and ability to wage the war has been weakened, as several publications demonstrate.

Yet another lesson from the past twelve months is that our democracies need strengthening, desperately.

Both the pandemic and the war have exposed this time and time again, and have jointly unleashed the extent through which Central and Eastern Europe's population are prone to falling for disinformation and falsehoods. Government action is overdue in this region, and this should be included in national school curricula.

The bottom line is that Russia is waging a war against a country supported by an alliance whose combined GDP is almost 20 times larger than Russia's.

This has export and supply chain knock on effects and will pose blows to international trade and multilateralism. The war has unleashed a new chapter in trade, where like-minded democracies are more likely to trade with one another, and large authoritarian states cautiously side together. This is because Russia's invasion has shown that deep trade interdependencies can be nastily weaponized against each other.

There are consequences for the 2023 global economy outlook.

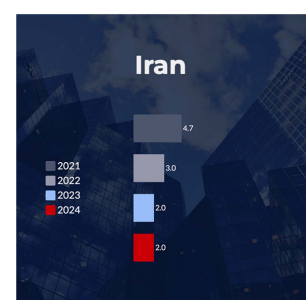
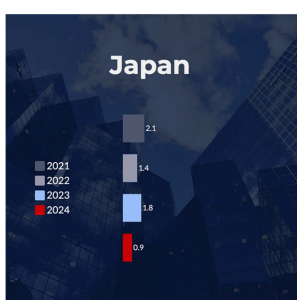
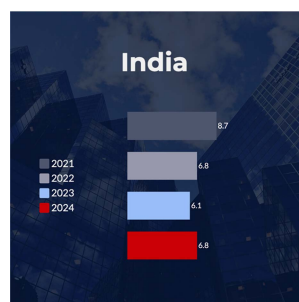
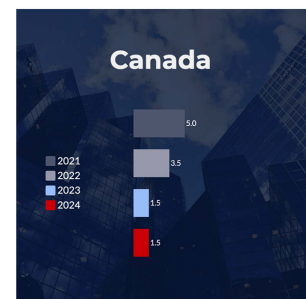
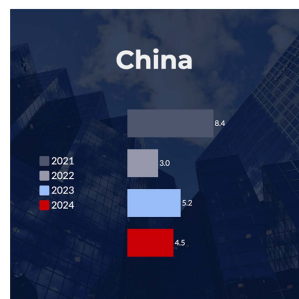
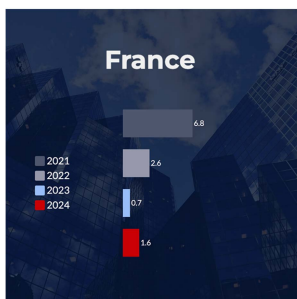
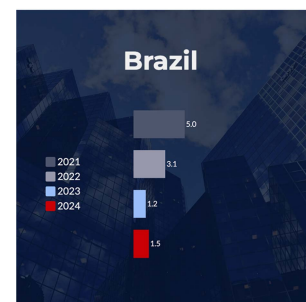
Global economic growth will slow in 2023, reflecting persistent headwinds from inflation and rising interest rates, while modest improvements in the outlook for the US and Europe, and a faster-than-expected rebound in China may moderate these negative impacts. Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024, according to the latest IMF projections. However, much of this growth will still be government-led, with a focus on infrastructure and energy projects. The consumer recovery will be limited, as higher persistent inflation eats into real incomes, and private investment suffers as financing conditions tighten. Oil prices will remain high in 2023, owing to continued disruption from the war in Ukraine and rising Chinese demand.

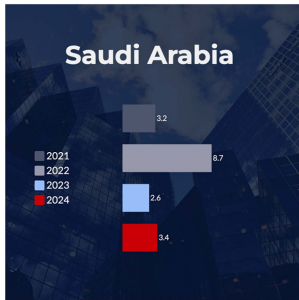
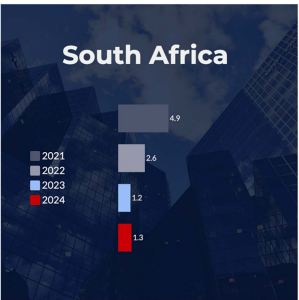
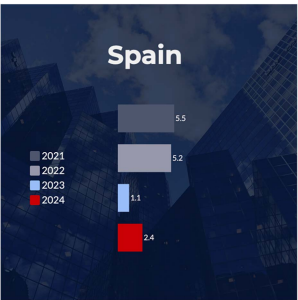
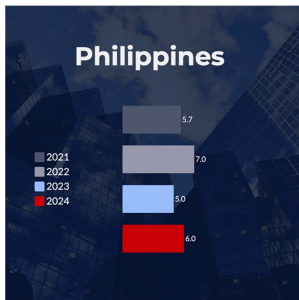
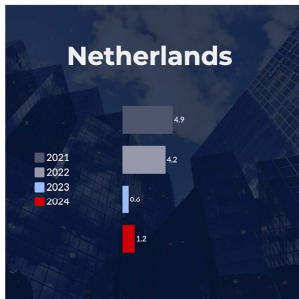
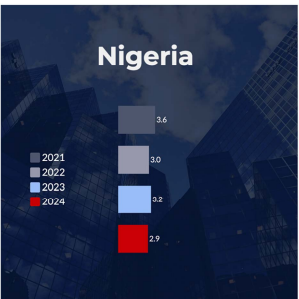
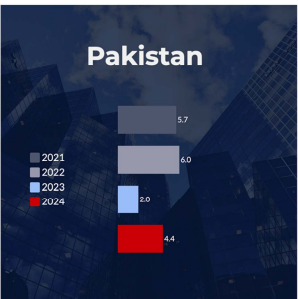
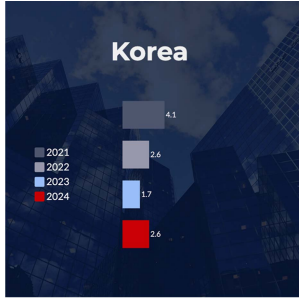
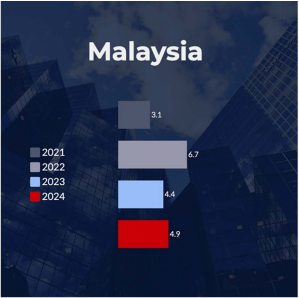
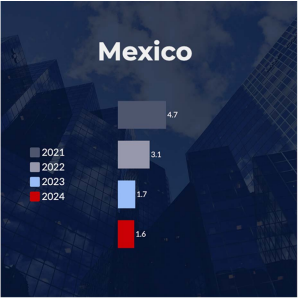
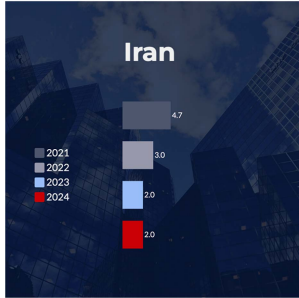
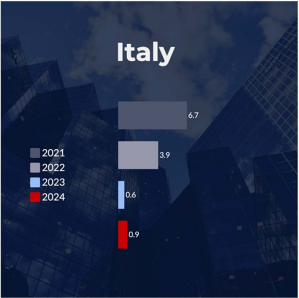
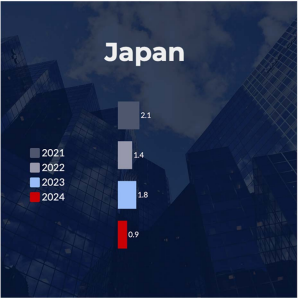
G20 Foreign Ministers in New Delhi

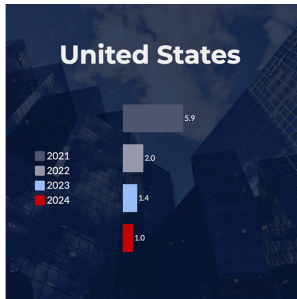
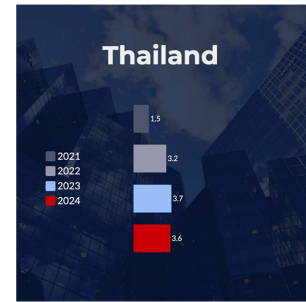
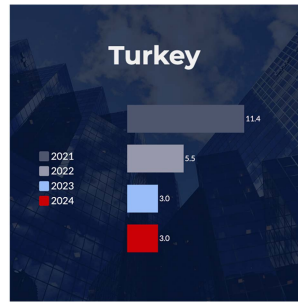
G20 Foreign Ministers convened on 1-2 March 2023 in New Delhi under India's Presidency to deliberate the grave challenges the world is facing but the talks were tainted by grave divisions over Russia's war in Ukraine, which most members strongly condemned, underscoring the immense human suffering but also the conflict worsening vulnerabilities in the global economy: limiting growth, increasing inflation, disrupting supply chains, driving energy and food insecurity, and financial stability risks. The format of the world's

most powerful economies that produce 85% of the world's output also discussed insufficient progress towards Sustainable Development Goals, climate change, pollution and biodiversity loss, growing poverty and inequality, and global supply chain disruptions, aggravated by geo-political tensions and conflicts. G20 deliberations and macro policy cooperation provide a valuable opportunity for forging cooperation to address global challenges but members' divisions marred a joint political communique on this occasion. The meeting dynamics illustrates the broader underlying geopolitical tensions, which spill over to multilateral fora, impair cooperation, and put sustainable development at risk.

SELECTED WORLD ECONOMIES REAL GDP GROWTH PROJECTIONS BASED ON IMF LATEST FORECAST (PERCENT CHANGE)





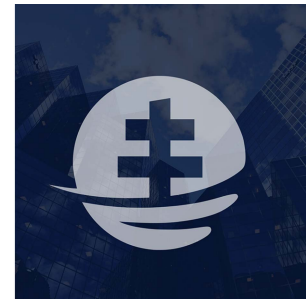


Projections Source: International Monetary Fund, World Economic Outlook, January 2023 Update.

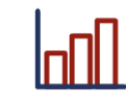
Note: The selected economies account for approximately 83 percent of world output.

1/ Difference based on rounded figures for the current and October 2022 WEO forecasts.

2/ Data and forecasts are presented on a fiscal year basis.

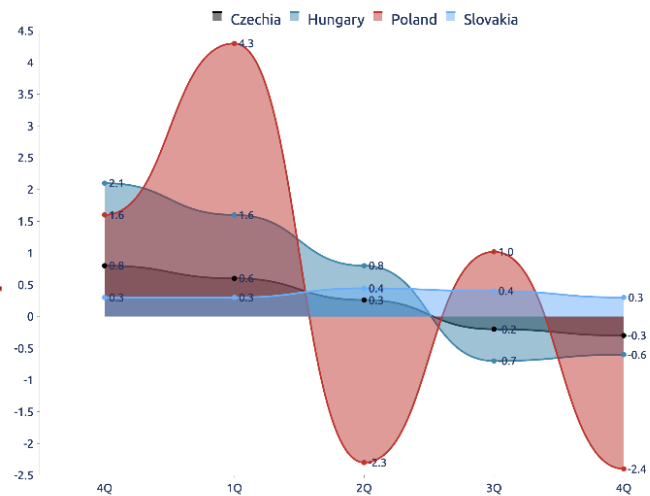


Sources: National Statistical Offices



GDP Growth Rate Comparison

The Gross Domestic Product (GDP) of an economy is a measure of total production. More precisely, it is the monetary value of all goods and services produced within a country or region in a specific time period.



Sources: National Statistical Offices



INTERNATIONAL SPOTLIGHT

February kicked off the 2023 with the Munich Security Conference,

a forum where since 1963 governments, experts and companies come together to discuss Euro-Atlantic defense and security issues, a thermometer of European security debates identifying future trends, as well as a platform for leaders from outside the Alliance to come and pass on messages. It was on this platform that Russian President Vladimir Putin in 2007, for the first time publicly accused the US of supporting an unreasonable expansion of NATO to the East. At a one-year mark of Russia's invasion of Ukraine, NATO Deputy Secretary General Mircea Geoană kicked-off a panel discussion centered around the implications of authoritarian regimes attempting to subvert and reshape elements of the international order. In addition to Ukraine and NATO, debates are set to center around this year's grand themes: defense spending, cyber-security, China, and energy and climate (DW)

Moldova's pro-Western government resigned last month after a turbulent 18 months in power marked by economic turmoil and the spillover effects of Russia's war in adjacent Ukraine.

President Maia Sandu accepted PM Natalia Gavrilita's resignation and nominated 48-year-old former interior minister Dorin Recean who will be set on Moldova's bid to join the EU and revive the faltering economy. His challenges include dealing with what Moldova portrays as attempts by Russia to destabilize Moldova, a former Soviet republic of 2.5 million people which borders Ukraine and NATO and EU member Romania. (Reuters)

In February 2023, DG ECFIN's flash estimate of the consumer confidence indicator improved

further by 1.5 percentage points in the EU and 1.7 pp in the euro area. Despite this fourth consecutive monthly improvement, at -20.6 (EU) and -19.0 (EA) ppt consumer confidence remains well below its long-term average (European Commission).

The U.S. Federal Reserve will raise interest rates at least twice more in coming months,

with the risk they go higher still, according to a majority of forecasters in a mid-February Reuters poll who see no cut by the end of 2022. This brings the majority of private-sector analysts in line with the central bank's own forecasts, leaving financial market traders alone in clutching on to hopes rates will start falling later this year. (Reuters)

The Biden Administration has cancelled Secretary of State Antony Blinken's trip to China, following the appearance of a Chinese surveillance balloon over the US.

US secretary of state called it 'irresponsible act' and a 'clear violation of US sovereignty and international law' as Beijing denied espionage claims. The event is detrimental to the substantive discussions that the two parties were prepared to have. US secretary of state Antony Blinken was to meet Xi Jinping in Beijing, making him the first US secretary of state to meet the Chinese president in five years to strengthen communications channels amid rising geopolitical tensions (Financial Times).

V4 REGION



SLOVAKIA

WHAT'S UP

WHAT'S NEXT

The Slovak economy showed resilience in the last three months of 2022 when it expanded at an unchanged quarterly rate of 0.3 percent. Meanwhile, the economies of Slovakia's Visegrad partners shrunk over the same period. Economic growth in Slovakia was likely buttressed by vigorous household consumption in the pre-Christmas season. Consumers resorted to pent-up savings to maintain their standard of living, amid the soaring prices of essentials, such as fuel, electricity, food and declining real incomes. Year-on-year growth in consumer prices in Slovakia moderated for the first time in more than two years, slowing to 15.2 percent in December from 15.4 percent.

The main near-term policy goal is to safeguard economic growth in a period of political instability, high geopolitical uncertainty and lingering broad-based inflationary pressures. Drawing EU funds in 2022 will fuel GDP growth but issues regarding the country's ability to draw down EU structural funds will persist.



CZECHIA

WHAT'S UP

The Czech Republic's economy shrank by 0.3% on quarter in the three months leading to December of 2022, following a 0.2% decline in the previous period, while the Czech annual inflation rate rose to 17.5 percent year-on-year in January 2023, up from 15.8 percent in the previous month and compared to market expectations of 17.3 percent.

WHAT'S NEXT

The Czech Republic's manufacturing-oriented economy is facing weakened competitiveness owing to record-high energy prices and its previously high reliance on Russian energy imports. The energy outlook has stabilized following steady build-up of natural gas reserves, but falling household consumption and weak external demand will weaken the country's large industrial base. This may result in a period of economic stagnation in 2023.



HUNGARY

WHAT'S UP

Hungary's economy shrank a less-than-expected 0.4% compared with the previous three months, making it the second country in the region after the

WHAT'S NEXT

Real GDP growth will essentially stagnate in 2023, as high interest rates and still-high inflation take their toll on domestic demand and as the energy crunch hits

Czech Republic to fall into recession. Consumer prices surged to an EU-high 25.7% from a year earlier in January, which has prompted households and firms to cut back on spending. Price growth is seen elevated in the short term even after the central bank hiked the key interest rate to an EU-high 18% in October.

main EU export markets, while growth should return to its long-run potential thereafter.

POLAND

WHAT'S UP

Poland is to ramp up defense budget to 4% of GDP, following Warsaw's announcement of the 'unprecedented' plans to ratchet up spending on its military and security amid Russia's invasion of Ukraine. Poland is already among NATO's top spenders when adjusted for its GDP. The focus of its recent military spending spree has been South Korea – where military equipment tends to be cheaper than in the EU or the US – where it has signed deals to buy tanks, aircraft and other arms ordering \$10 billion-\$12 billion worth of weaponry so far. Europe's pressure on Poland over the rule of law also played a role in the decision of Polish leaders turn to Seoul.

WHAT'S NEXT

Warsaw's bold vow has set a precedent for other EU members, and fellow Visegrad countries – Czechia, Slovakia and Hungary – to rethink their own financial commitments to the Alliance. All three Visegrad capitals committed to level up to the NATO-recommended 2% of GDP defense spending target in the upcoming years, in the face of the Russian threat.

Events of Note February-March 2023

28/02/23

Slovak-Tajik Business Forum

The Council of Slovak Exporters hosted a business high-level forum with Tajik representatives in partnership with the Tajik Embassy in Austria and the Ministry of Economy of the Slovak Republic. Photos of the event can be seen [here](#)

22/03/23

WOF Expo

The Council of Slovak Exporters will be present at WOF Expo in Vienna on the 22nd and 23rd of March with Deputy Chairman Zulf Hyatt-Khan speaking on a panel focused on “How to Prepare For the New Supply Chain Act” More details can be seen [here](#)

29/03/23

European Cluster Collaboration Platform

The European Cluster Collaboration Platform, on behalf of the European Commission and in partnership with the Slovak Innovation and Energy Agency, the Union of Slovak Clusters, the Ukrainian Cluster Alliance and the Enterprise Europe Network are jointly organizing the EU-Ukraine Business Partnership workshop and matchmaking, within the framework of “Clusters meet Regions” cycle on integrating Ukrainian clusters and companies into the EU value chains. The “Clusters meet Regions” workshop on EU-Ukraine Business Partnership will take place on the 29 - 30 March 2023, in Kosice More details can be seen [here](#)

TBC/03/23

We will keep you posted on any future events that we will be happening in collaboration with the [Slovak Innovation and Energy Agency](#)

For **more information** on these or any other events please email us at [**info@exporteri.sk**](mailto:info@exporteri.sk)