

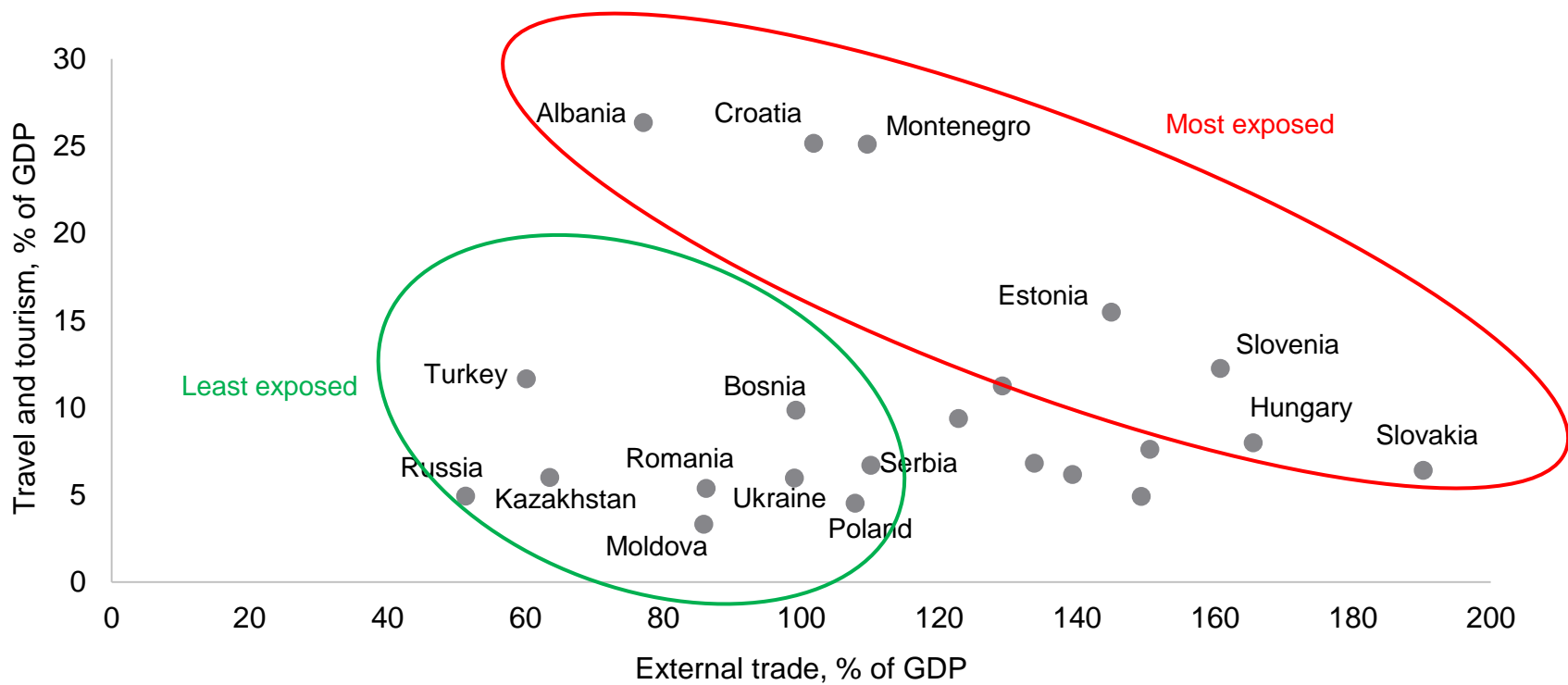
OCEEA Webinar, June 10th 2020

COVID 19's impact on connectivity and trade – Digitalisation potential and policy challenges

Olga Pindyuk

Trade and tourism dependence leaves some countries particularly exposed to initial fallout

Exposure to external trade, tourism and travel services

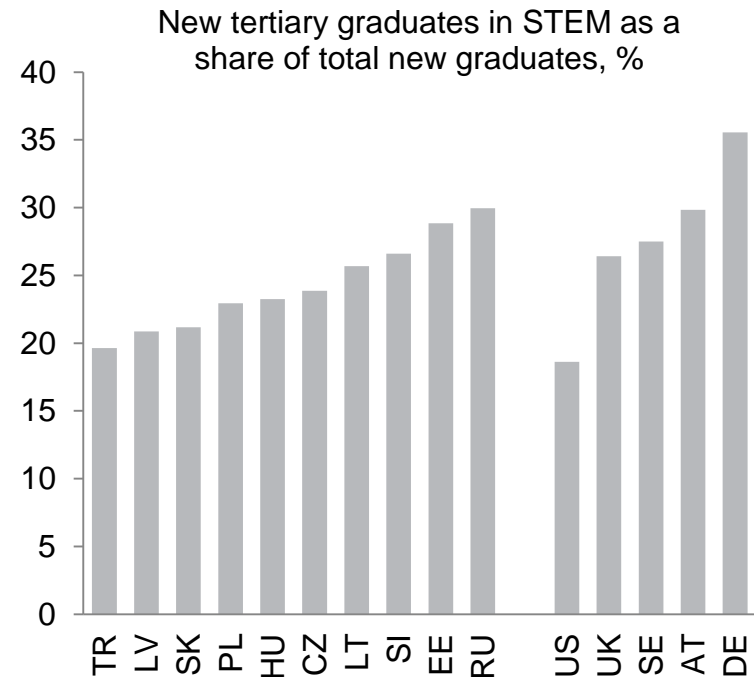
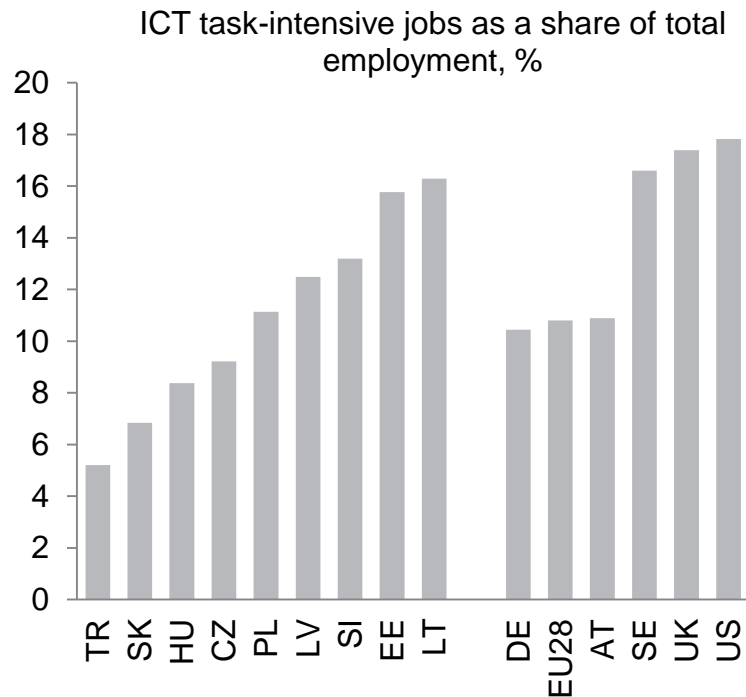


Opportunities and challenges of accelerated digitalisation

- In the CESEE digitalisation can be the next driver of sustainable growth
 - Solving issues of labour shortages and rising productivity
 - Avoid the trap of staying in low-value added parts of production chains
- Shift to remote work increases chances of services outsourcing
- Need for government policy
 - Educational policies to reskill workers
 - Incentives to businesses to invest in new technology and access to financing

Region has solid foundations for further digitalisation

Selected indicators of digital development, 2017



Policy challenges

- Divide between developed and developing countries
 - Differences in access to broadband services and e-commerce platforms, quality of infrastructure and legal framework
 - Lack of high-skilled labour
- Deregulation of labour markets in the gig economy (labour law, wage-setting, collective bargaining...) — tax erosion, social protection funding
- Effects of automation on low-skilled labour - unemployment and growing social polarization
- Increasing loneliness?

Thank you for your attention!

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Country codes

| | | | | | |
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| AL | Albania | KZ | Kazakhstan | RS | Serbia |
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| BG | Bulgaria | MD | Moldova | SK | Slovakia |
| CZ | Czech Republic | ME | Montenegro | TR | Turkey |
| EE | Estonia | MK | North Macedonia | UA | Ukraine |
| HR | Croatia | PL | Poland | XK | Kosovo |
| HU | Hungary | RO | Romania | | |

CESEE23 Central, East and Southeast Europe

CIS4+UA Commonwealth of Independent States-4 and Ukraine

EA19 Euro area

EU-CEE11 European Union – Central and Eastern Europe

WB6 Western Balkans
