

Results of the

BUSINESS SURVEY 2022

Situation and expectations of companies with German participation in the Baltic States in 2022

Since 2006, the German Chambers of Commerce, delegations and representative offices of German business in the region of Central and Eastern Europe (CEE) have been conducting a coordinated business survey - initially in 14, in 2022 in 16 countries.

The "AHK Business Survey CEE" primarily examines

- » the assessment of the economic situation and the economic outlook, as well as
- » the assessment of the quality of the location by the AHK members operating there. In recent years, however, investors from other countries have increasingly been included in the survey in several countries.

Note:

The sample size in the three Baltic states (EE, LT, LV) and Slovenia (SI) was significantly smaller than in other countries, so the results from these countries are subject to greater uncertainty and should be interpreted accordingly.

Results from 2021 are also marked with an *, as the survey was not publicly analysed for representative reasons in the wake of the Covid-19 pandemic.

Statistical information can be found in the appendix

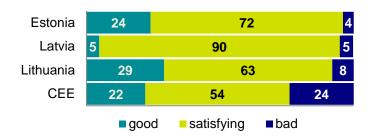


PART A: BUSINESS CLIMATE

1. Situation and expectations

1.1 Assessment of the current economic situation (in %)

Comparative data from previous surveys



	good		good satisfying		bad	
	2021	2022*	2021	2022*	2021	2022*
Estonia	72	24	28	72	0	4
Latvia	12	5	85	90	2	5
Lithuania	49	29	51	63	0	8
		1	<u>.</u> I		.!!	

1.2 Assessment of the economic outlook in the current year compared to the previous year (in %)

Comparative data from previous surveys

Estonia	10		45		45
Latvia	5	4	5		50
Lithuania	8	20		72	
CEE	16		37		47
	■be	etter	unchan	ged	worse

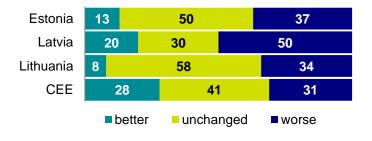
	better		tter unchanged		worse	
	2021	2022*	2021	2022*	2021	2022*
Estonia	70	10	30	45	0	45
Latvia	62	5	19	45	19	50
Lithuania	36	8	50	20	14	72
			<u>-</u> '		<u>-</u> '	

1.3 Assessment of the current situation in one's own industry (in %)

Estonia 32 56 12 Latvia 30 10 60 Lithuania 25 62 13 CEE 31 51 18 good satisfying bad



1.4 Expected further development in own industry in the current year (in %)



Comparative data from previous surveys

| better | unchanged | worse |
| 2021 | 2022* | 2021 | 2022* | 2021 | 202

	2021	2022*	2021	2022*	2021	2022*
Estonia	65	13	32	50	3	37
Latvia	19	20	64	30	17	50
Lithuania	48	8	48	58	4	34



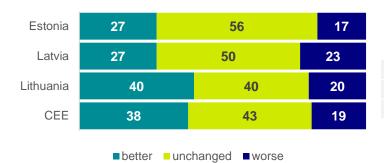
1.5 Assessment of the current business situation of the own company (in %)

3 Estonia 43 54 5 Latvia 45 50 8 Lithuania 40 52 CEE 48 44 good satisfying ■ bad

Comparative data from previous surveys

	good		satis	fying	bad	
	2021	2022*	2021	2022*	2021	2022*
Estonia	69	43	24	54	7	3
Latvia	43	45	50	50	7	5
Lithuania	52	40	48	52	0	8

1.6 Expected development of the business situation of the own company in the current year (in %)



Comparative data from previous surveys

	better		uncha	anged	worse	
	2021	2022*	2021	2022*	2021	2022*
Estonia	41	27	51	56	8	17
Latvia	36	27	55	50	9	23
Lithuania	47	40	53	40	0	20
			.'		.'	

1.7 Expected development of turnover in the current year (in %)

Estonia 33 46 20 Latvia 33 46 21 Lithuania 42 38 21 CEE 47 36 20

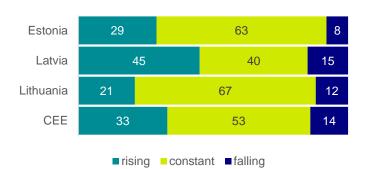
■ rising = constant = falling

Comparative data from previous surveys

	rising		cons	stant	falling	
	2021	2022*	2021	2022*	2021	2022*
Estonia	70	33	21	46	9	21
Latvia	48	29	37	48	15	23
Lithuania	60	42	36	38	4	20



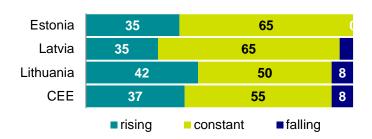
1.8 Expected change in export activity in the current year (in %)



Comparative data from previous surveys

	rising		cons	constant		falling	
	2021	2022*	2021	2022*	2021	2022*	
Estonia	66	29	30	63	4	8	
Latvia	26	45	57	40	17	15	
Lithuania	40	21	53	67	7	12	

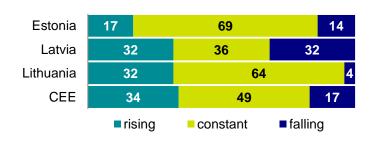
1.9 Expected change in the number of employees in the current year (in %)



Comparative data from previous surveys

	rising		cons	stant	falling	
	2021	2022*	2021	2022*	2021	2022*
Estonia	40	35	50	66	10	0
Latvia	27	27	56	68	17	5
Lithuania	43	42	57	50	0	8

1.10 Current propensity to invest (in %)



Comparative data from previous surveys

	rising		cons	stant	falling	
	2021	2022*	2021	2022*	2021	2022*
Estonia	56	17	38	69	6	14
Latvia	36	32	50	36	14	32
Lithuania	47	32	51	64	2	4

Expected change in labour costs compared to other costs in the current year (in %)

Comparative data from previous surveys

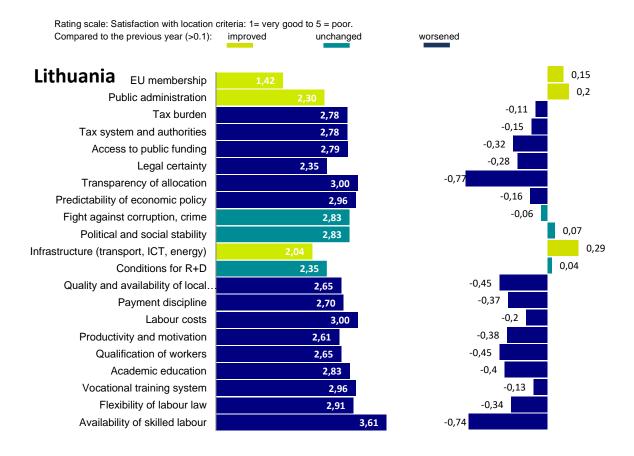
	Ø 2022
Estonia	+17,8%
Latvia	+7,6%
Lithuania	+8,7%

	Ø in 2021	Ø in 2022
Estonia	+7,8%	+17,8%
Latvia	+5,3%	+7,6%
Lithuania	+4,3%	+8,7%



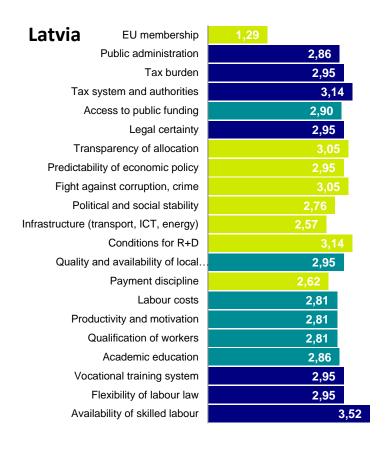
PART B: INVESTMENT CONDITIONS

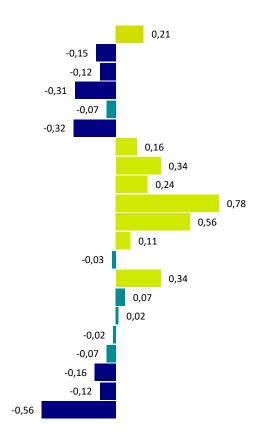
3. Evaluation of location criteria

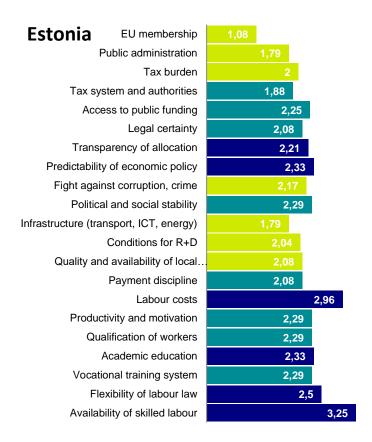


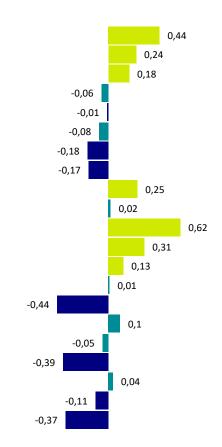






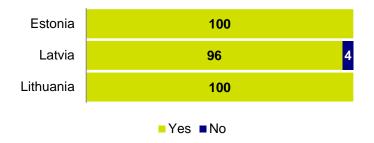




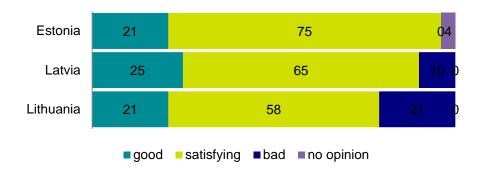




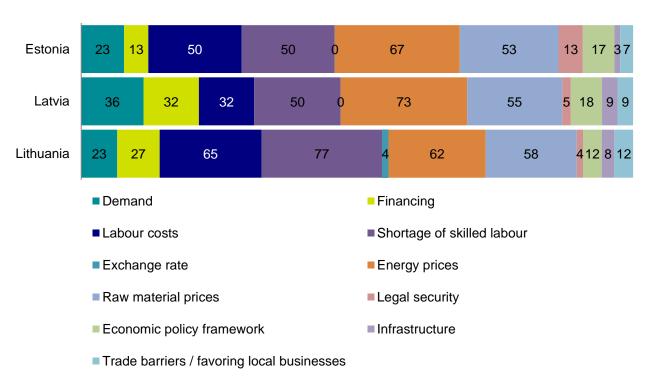
Would you choose your current country as an investment location again today? (in %)



Overall, how would you rate the work of the current government? (in %)



Where do you see the greatest risks for the economic development of your company in the next twelve months? (in %)





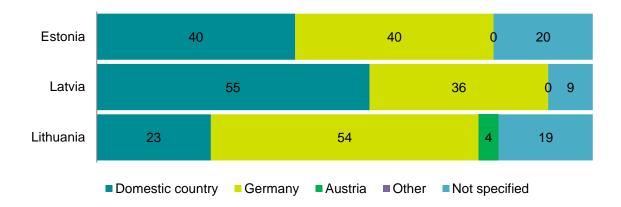
What measures have you taken or do you plan to take soon to mitigate the consequences of the shortage of skilled workers?



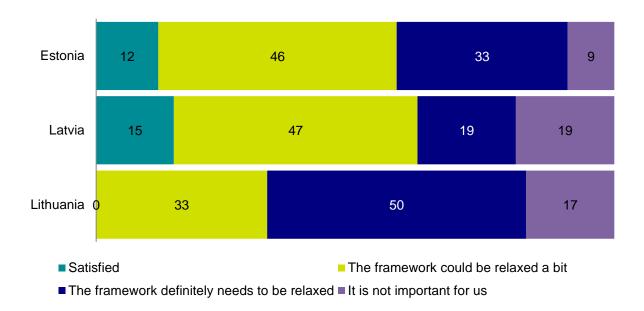
- Increased use of temporary workers
- Expansion of the catchment area for employees (e.g. through transport offers)
- Recruitment of skilled workers abroad
- Motivating workers of retirement age to stay in the company
- Expansion of in-house training
- Increased cooperation with educational institutions
- Above market average increase in wages
- Expansion of voluntary fringe benefits
- Increased automation, digitalisation
- Site relocation
- Other



In which country is the headquarter of the majority owner of your company / group located?

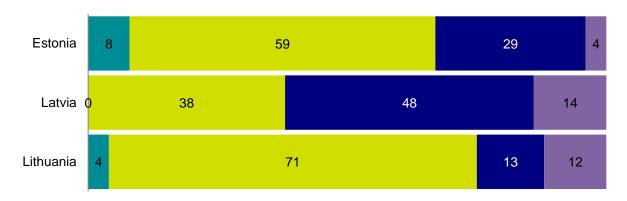


Are you satisfied with the governmental framework for labor procurement from third countries?





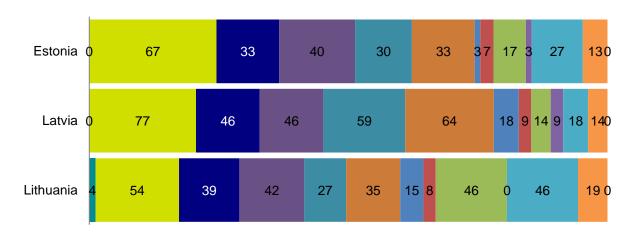
How big is the problem of increasing labor costs in your company?



- It is a very big problem, which makes us consider relocation
- It is a problem, but we can still balance it
- It is a growing problem that we will have to deal with in the near future
- It is not a problem for us at the moment



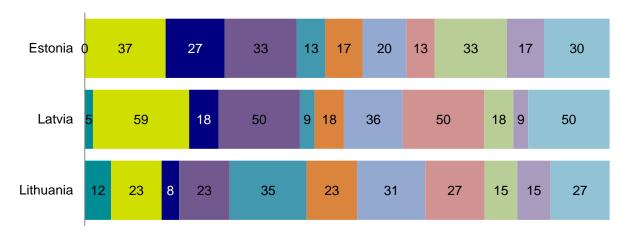
What short-term economic consequences of the Russian invasion of Ukraine do you experience or expect for your company? (Multiple answers possible)



- No consequences
- Higher costs for energy, raw materials and inputs
- Lack of raw materials and inputs
- Supply chain and logistics disruptions
- Increasing trade barriers
- Increasing legal uncertainty
- Stop or reduction of production
- Increase of production
- Decrease in incoming orders
- Increase in incoming orders
- Loss of business partners, break-up of business relationships
- Obstacles in payment transactions
- Other



What long-term changes in the international division of labour do you expect? (Multiple answers possible)



- No changes
- Change in transport routes
- Change in risk assessment of production sites
- Termination or restrictions of business relationships in certain regions
- Relocation of Subsidiaries/production sites to new locations
- Relocation of Subsidiaries/production sites closer to German/European home market
- Increase of political influence on supply chains (e.g. through laws, trade barriers)
- Increase in protectionism / autarchic (self-sufficient) national economy
- Greater diversification of suppliers
- Greater diversification of sales markets
- Economic decoupling of world regions



Survey details

Survey period

30 March - 22 April 2022

Survey format:

Online via common platform of all 16 countries.

.

Participants

Participating countries and number of participants 2022:

AL	Albania	33
BA	Bosnia-Herzegovina	47
BG	Bulgaria	38
CZ	Czech Republic	0
EE	Estonia	25
HR	Croatia	103
HU	Hungary	163
KS	Kosovo	74
LT	Lithuania	25
LV	Latvia	21
MK	North Macedonia	29
PL	Poland	67
RO	Romania	0
RS	Serbia	104
SI	Slovenia	30
SK	Slovakia	74
CEE	in total	833

Statistical references

Average of the region / CEE

- » "CEE region" refers to the 16 countries participating in the survey (see above).
- » Unless otherwise stated, "regional average" or "CEE average" means the arithmetic mean of the total results for the participating countries.
- » For some questions, the number of countries included in the CEE average is less than 16, unless the question in question was asked in all countries.