



**EMERGING
EUROPE**

2020

**Emerging Europe
and the United States**

**TOWARDS
2030**



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The research is produced in two versions: a general one including general findings regarding all 23 investment promotion agencies; and a bespoke one including an additional chapter with findings and analysis of an individual agency's performance, available only for that agency.

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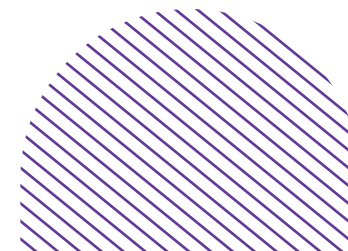
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Emerging Europe and the United States

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2030

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FOREWORD



ANDREW WROBEL
Founding Partner
Emerging Europe

Across the globe, 2020 has been defined by the Covid-19 pandemic, the worst public health crisis for a generation.

The United States meanwhile is facing a critical moment in history — In November, an already divided nation is making its choice between incumbent President Donald Trump and former Vice-President Joe Biden.

What impact will that choice have not only on America, but also for the entire world - emerging Europe specifically?

Would a second term for the Trump administration be good for our region? Or would a new Biden administration improve America's economic and political relationship with our part of Europe?



MAREK DIETL
CEO
Warsaw Stock Exchange

Across CEE, Europe, the US and rest of the world, we are experiencing a shake-up of our economies and life as we knew it. The world has changed.

I am confident that this great initiative, namely Emerging Europe and The United States: Towards 2030, will allow business executives, institutional leaders and politicians to examine the current state of affairs, but also to explore future sustainable relations between Central and Eastern Europe and the United States of America.

We should emphasise the development of economic resilience as a necessary evolution for a post-Covid-19 world.

The international economic system needs to be redesigned to facilitate recovery and adaptation in the aftermath of this significant disruption.

In 2020, Emerging Europe starts a new programme — the Towards 2030 series — which explores trends, threats, challenges and opportunities in future relations with key global regions and nations.

The programme will consist of a survey run amongst the diplomatic community, experts and analysts, representatives of academia, business and industry, a hybrid conference, and a report, which I have the pleasure of sharing with you today.

The Covid-19 pandemic and the presidential election in the US encouraged us to start the Towards 2030 programme with the United States.

This report summarises the opportunities that were identified, and the results of the survey.



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Are sustainability and innovation
your focus areas?

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What do business leaders think?

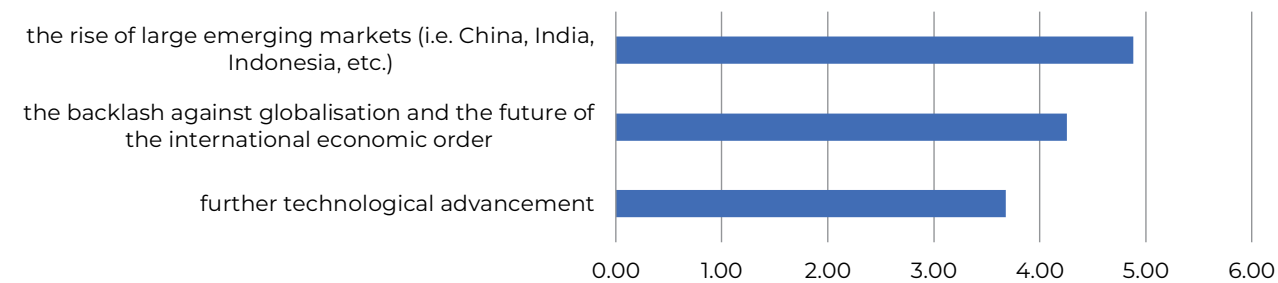
As a part of the Emerging Europe and the United States: Towards 2030 Programme, Emerging Europe collected and analysed almost 70 responses from entrepreneurs and business representatives to obtain their views on the opportunities, challenges and threats impacting future political and economic relations between the emerging Europe region and the United States.

Respondents identified the rise of large emerging markets, the backlash against globalisation and the future of the international economic order and future technological advancement as three key global trends that will have the

biggest impact on the United States' political and economic relations with emerging Europe in the next decade.

Some 37 per cent answered that the backlash against globalisation and the future of the international economic order is the most important trend. The rise of large emerging markets was chosen by 34 per cent, while another 32 per cent of respondents identified it as the second most important. Religious dimensions and climate change are not considered to have a significant impact on the relationship between emerging Europe and the United States.

Chart 1. Top 3 global trends that will have the biggest impact on the United States' political and economic relations with emerging Europe in the next decade



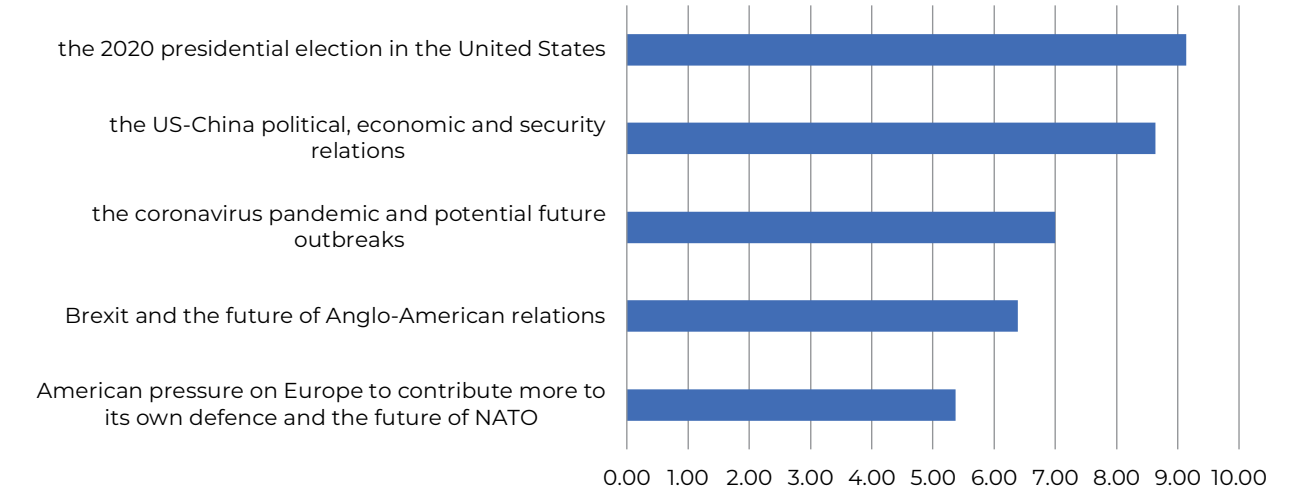
The results of the 2020 presidential election in the United States will play important role in the future of political and economic relations between the region and the United States in the next 10 years - 62 per cent believe that it is the most influential event.

The future of US-China relations is defined as almost equally important. With 8.6/10 points, it holds second position – 25 respondents defined it as a top issue, another 37 per cent decided it should be the second. It is worth mentioning that 88 per cent the respondents answered that the region should seek support from the US and the EU even if China's One Belt One Road could offer access to funding allowing faster development of regional infrastructure. Other

factors that make up the top five are the coronavirus pandemic, the impact of Brexit on future of US-UK relations, and American pressure on Europe to contribute more to its own defence and the future of NATO.

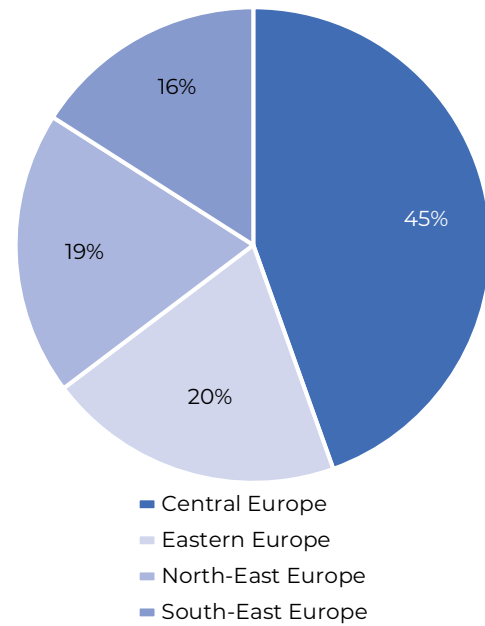
On the other hand, respondents don't think that the regional stability in the Middle East, the future of US-North Korea relations and the 2024 presidential election in Russia contribute in a tangible way to the future of the US-emerging Europe relations in the next decade. At the same time, respondents recognise the importance of close collaboration between emerging Europe countries, the further enlargement of NATO and the further enlargement of the European Union.

Chart 2. Top 5 social, political and economic events that will have the biggest impact on the United States' political and economic relations with emerging Europe in the next decade



The largest number of business opportunities are expected to be found in Central Europe – it was mentioned by 78 per cent of respondents, making up 45 per cent of all answers, followed by Eastern Europe and North-East Europe – 35 and 34 per cent of respondents and 20 and 19 per cent of answers respectively.

Chart 3. In which part of the emerging Europe region do you see the largest number of business opportunities?



Germany is the most vital country for the development of US relations with the region, 72 per cent say. Surprisingly, Russia is considered to be the third most important country in that sense, outpaced by Turkey that holds second position. Despite that, respondents unilaterally agreed that the region should lower its energy dependence on one Russian supplier and look for diversification from different directions and sources.

As far as the development of the emerging Europe region is concerned, three out of four business representatives say that the region should increase health spending to a minimum five per cent of GDP, while 79 per cent are convinced that the region should heavily invest in its youth instead of tackling ageing. 85 per cent believe that the region should prioritise building infrastructure links within the region over expanding global transport links.

Finally, business representatives are not sure about the rise of investment activity between the region – 49 per cent answered that they expect more investments from the United States to emerging Europe in the next decade, while 38

per cent disagree with this statement – but they are convinced that the United States and the emerging Europe region should strengthen their ties – 82 per cent think so.

90 per cent of respondents believe that collaboration is going to strengthen in innovation and digital transformation, 84 per cent expect more investments and trade in this area between the region and the US in the next decade. Moreover, 90 per cent believe that the region should follow “Estonia’s model” and focus on innovation and digitalisation, with 91 per cent believing that the region should strengthen its defence against cyberattacks and disinformation at all cost.

Three out of four respondents believe that ties should be strengthened in the energy and climate sector. Energy and climate is expected to be another sector to attract more investments and produce more trade as well – 75 per cent chose this option. In addition, 91 per cent believe that the region should focus on renewables which not only have a lesser impact on the climate but also offer new investment opportunities.

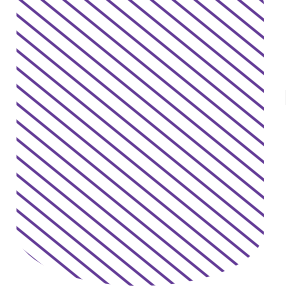


Chart 4. In which areas should the emerging Europe – United States collaboration strengthen in the next decade?

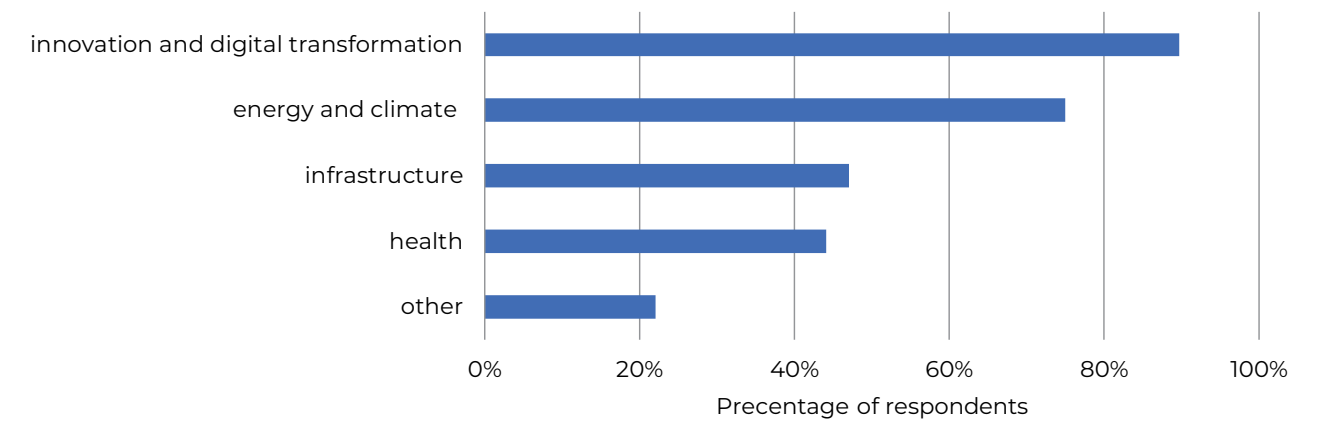
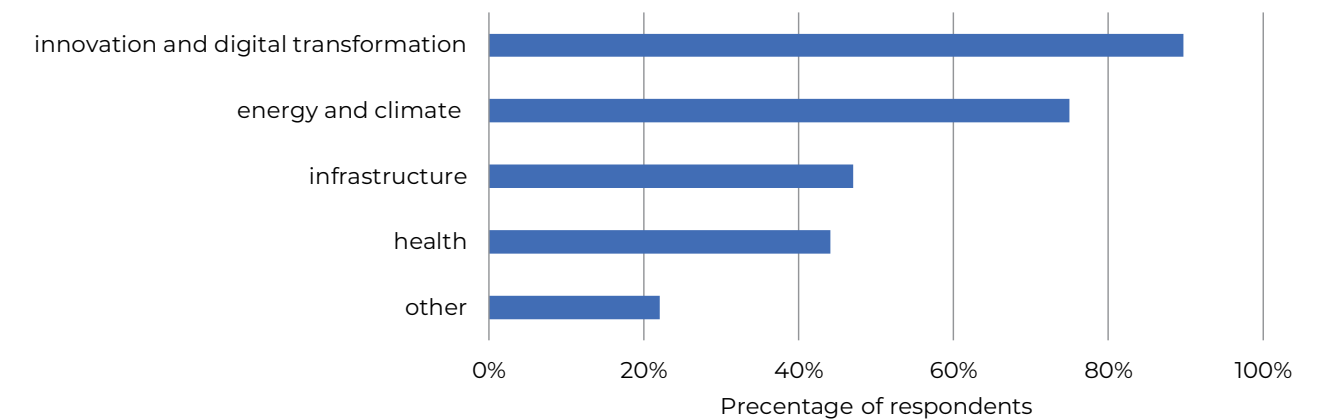


Chart 5. In which areas should there be more trade and investment as far as the emerging Europe – United States collaboration in the next decade is concerned?





Common success Common challenges

BUSINESS LINES



LISTING



STOCK MARKET



DEBT MARKET



DERIVATIVES MARKET



COMMODITY MARKET



INFORMATION PRODUCTS

STRATEGIC INITIATIVES



STOCK MARKET

- GPW Growth
- Securities Lending System
- Trading Platform



DEBT MARKET

- BondSpot Development



DERIVATIVES MARKET

- Derivatives Development



COMMODITY MARKET

- Waste and Secondary Raw Materials Trading Platform
- Agricultural Commodity Market



INFORMATION PRODUCTS

- GPW Data
- GPW TCA TOOL



NEW BUSINESS LINES

- GPW Private Market
- GPW Tech
- GPW Ventures



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Transatlantic cooperation key to emerging Europe's future amid 'hyper-acceleration' of history

WORDS BY NIKOLA ĐORĐEVIĆ

NATO Deputy Secretary-General Mircea Geoană (pictured above) has said that the Covid-19 pandemic has led to a "hyper-acceleration of history", and that like all major turning points, it presents both challenges and opportunities.

"I come from a region that for a long time lacked freedom, and dignity, which is why I believe that at these difficult moments we should return to the values and foundations of what we have built. The NATO alliance represents one billion people and 50 per cent of global GDP. We are a formidable force and we must stick together and harness our strengths," said Mr Geoană, a Romanian.

"But we must also look at our weaknesses, which this pandemic has exposed. At NATO we have been working on boosting resilience, from energy to infrastructure, from military-civilian cooperation to natural disaster response. And all of the NATO members in Central and Eastern Europe have contributed a great deal, helping to create the unique set of tools that we now possess."

To meet today's challenges, and threats, it is important that countries on both sides of the Atlantic need to remain united, he added.

"There is no way that the US can do it alone. There is no way Europe can do it alone. We are two sides of the same coin. We are part of the same family of nations that love democracy and freedom, even if we do not always see eye to eye."

Mr Geoană pointed to his own appointment – he is the first senior NATO official from emerging Europe – as an example of the region's increased importance, and its potential.

"The number one conclusion from this pandemic is that supply chains need to be shortened. This creates a huge opportunity for reshoring and nearshoring to our countries in emerging Europe. This could also be a chance to address the problem of migration: it's great to have Romanians, Poles in Silicon Valley, but we also need to make sure that we nurture our own unicorns."

Mr Geoană made his comments while delivering the keynote address at Emerging Europe and United States: Towards 2030, a unique initiative exploring sustainable future relations between the emerging Europe region and the United States, organised by Emerging Europe on August 27.

Discussions covered a number of topics, from innovation to infrastructure and healthcare to finance, but it was the impact of the Covid-19 pandemic that unsurprisingly dominated proceedings, and which was the theme of the headline debate: Never let a crisis go to waste.

Marcus Heinz, representative for Poland and the Baltic States at the World Bank, spoke about the vast impact of the Covid-19 crisis on the region.

"For Central Europe we can currently see GDP shrinking in 2020 by about five per cent. The share of the population at risk of poverty could grow to 18 per cent in 2020," he warned.

Low wage, unskilled workers, and young people are especially vulnerable, as are women: one in five will face difficulties returning to work, as opposed to just one in ten men.

"These are the people we need to think of first when we devise measures to shield vulnerable households from the storm," Mr Heinz added.

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Business and the private sector will need to play a key role

There was unanimous agreement that business and the private sector will need to play a key role.

"In order to restore public and economic health and get to the next level of resilience, we need to involve business and civil society. Governments cannot do it on their own," said Anthony Kim of the Heritage Foundation, who also pointed to the significance of US-European cooperation.

"This global health crisis highlights the importance of transatlantic relationships. We need to talk, we need to compare notes, we need to map the way forward," he said.

Marek Dietl, CEO of the Warsaw Stock Exchange, said that the way businesses evaluate risk will have to change.

"Businesses and policy makers have been too focused on avoiding risk," he said. "They should look at those companies which have been the most resilient during this crisis: agile firms who were equipped to react quickly."

Where there has undoubtedly been progress in the emerging Europe during the Covid-19 pandemic is in the quick adoption of digital solutions. Digitalisation has been an ongoing, and often slow process in the region for some time: the necessity created by pandemic has accelerated it., with both the government and private sector moving towards digital tools at a rate much faster than before. Schools switched to distance learning, medical facilities began incorporating telemedicine, and e-government services were launched to help people deal with administrative issues that pandemic lockdowns might otherwise have made impossible to carry out.

"We have seen an unprecedented pace of digitalisation," said Marcin Petrykowski of S&P Global Ratings and Amcham Poland. "In the course of the last six months we've gone through a revolution that has strengthened digital business."

Incorporation of ESG (Environmental, Social, Governance) standards is another way that firms could increase resilience, according to Irena Pichola, a partner at Deloitte, who pointed out that as companies move forward they should "find ways to bring more stakeholders to the table".

"I think the crisis has led to clear conclusions in boardrooms," she said. "Directors are much more aware of the need to guide their organisations with consideration for the impact they have on wider society."

In all of the issues raised by panelists, it was clear that emerging Europe as a region still has a lot of catching up to do, and could do well to look across the Atlantic for best-practice examples. As the Warsaw Stock Exchange's Mr Dietl put it, "less bureaucracy and more free markets".

The last word went to Marcin Petrykowski, who echoed the need to learn from the United States.

"What the US does very well is blend private and public money, allowing business to piggyback on public initiatives. In our part of the world we do not get it right yet. We need to learn from the US about how to create long term impact for society."



The United States – Emerging Europe marketplace

The Three Seas Initiative has led to deeper cooperation between the countries of the emerging Europe region and has strengthened ties with the United States in the energy, climate, and health sectors.

Twelve European Union countries are involved in the initiative, 11 of which are in emerging Europe. Objectives of the initiative include the development of infrastructure in the energy, transport, and digital sectors, and targets new investments, economic growth, and energy security.

The United States has formally supported the Three Seas Initiative since 2017. During that year's summit in Warsaw then US President Donald Trump emphasised the importance of the initiative in the context of the region's energy security.

In particular, he suggested that the BRUA natural gas pipeline would reduce dependence on Russian natural resources. In addition, in order to achieve the goal of energy independence, the Three Seas countries developed a list of projects, among which are the LNG terminal in Krk, Croatia, and the Poland-Lithuania Gas Interconnection (GIPL).

Export of goods from the United States to emerging Europe amounted almost 19.5 billion US dollars in 2019, up by 54 per cent from 2015. Import of goods to the United States from emerging Europe reached almost 35.9 billion US dollars, an increase of 31 per cent. In the meantime, total export of goods from emerging Europe is up only by 28 per cent, and total import of goods – by 32 per cent.

Poland is by far the largest exporting country from the region, with almost 8.7 billion US dollars worth of goods heading to the United States, followed by Czechia (5.7 billion US dollars), Hungary (5.4 billion US dollars) and Slovakia (5.2 billion US dollars).

Slovakia more than doubled its exports to the US between 2015 and 2019, as did Estonia, Latvia, and Belarus. As much as 20 per cent of exports from the region to the United States is machinery, mechanical appliances, nuclear reactors, and boilers, more than 17 per cent vehicles, and almost 16 per cent electrical machinery and equipment.

The largest importing countries are Poland (six billion US dollars), Czechia (2.8 billion US dollars), Ukraine (2.4 billion US dollars) and

Chart 6. Geographical structure of commodity exports from emerging Europe to the United States

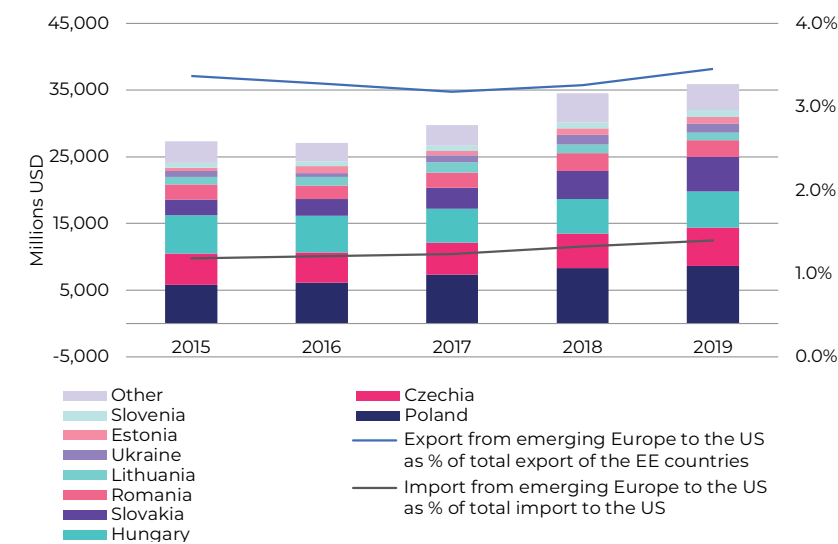
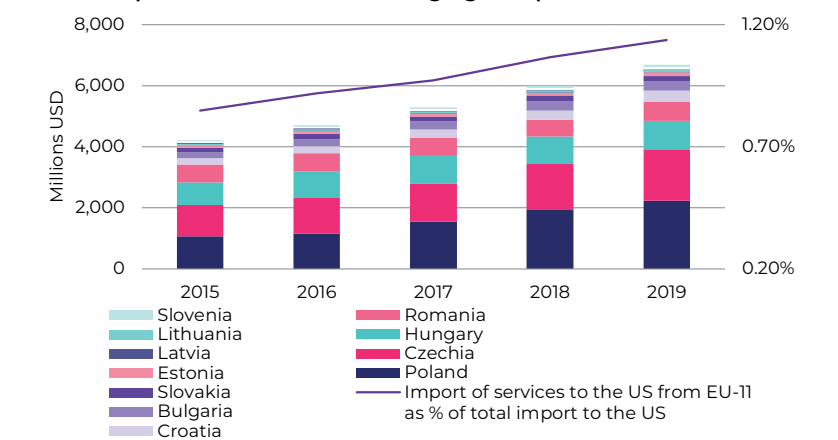


Chart 7. Export of services from emerging Europe EU-11 to the United States



Hungary (1.9 billion US dollars) – together they account for two thirds of the total imports from the United States to emerging Europe.

Albania imported an astonishing 177 per cent more goods in 2019 than in 2015, Ukraine 173 per cent. Meanwhile, Georgia, Croatia, Latvia, Belarus and Bosnia and Herzegovina more than doubled their US imports. The largest categories of imports are similar - machinery, mechanical appliances, nuclear reactors and boilers (more than 16 per cent), aircraft and spacecraft (13 per cent) and vehicles (almost 13 per cent).

As far as trade in services is concerned, the eleven EU countries

from the emerging Europe region exported 6.7 billion US dollars of services (up 58 per cent compared to 2015) and imported 7.9 billion US dollars of services (up 26 per cent compared to 2015) to and from the United States in 2019.

Although the trade balance is still favourable for the United States, the gap between exports and imports has become smaller. The largest exporting country from the region – Poland – more than doubled the value of services exports to the United States in this period, reaching more than 2.2 billion US dollars in 2019. Import of services to Poland experienced moderate growth – 26 per cent between 2015 and 2019.



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It's time for everyone in emerging Europe to get behind the Green New Deal

WORDS BY NIKOLA ĐORĐEVIĆ

Like most the world, emerging Europe is at an energy crossroads. In order for the region to achieve its climate goals and make the European Union's Green New Deal work, all stakeholders will have to work together and make real improvements to people's lives. Fortunately, current trends are encouraging, with increasing numbers of key decision makers understanding the importance of green energy and green technologies.

These were the conclusions drawn at the end of a highly constructive discussion dedicated to energy and the climate, part of the recent Emerging Europe and United States: Towards 2030 event, a unique initiative focused on developing smart and sustainable future relationships between the region and the US, organised by Emerging Europe on August 27.

"Climate change is a reality and environmental degradation is only one of its effects. Another reality is

that we are currently facing a crisis caused by the novel coronavirus pandemic," said Cristian-Silviu Buşoi, a Romanian MEP and chair of the industry, research and energy committee (ITER) in the European Parliament.

"The crisis has deepened existing problems faced by all sectors, but has also presented opportunities for green recovery and reconstruction that will support member states to embrace a low carbon future."

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A revolution in public transportation is already happening

This low carbon future will involve a shift toward green energies such as hydrogen, and a move away from coal and eventually even from gas. In the transportation sector, electric cars and buses could make the necessary difference in reducing emissions that would enable EU member states to achieve the ambitious goal of being carbon-neutral by 2050.

As Mr Buşoi points out, any talk of climate also includes energy, and the two fields are inexorably linked.

"Energy and climate are interlinked and will always be as energy accounts for two thirds of total greenhouse gas emissions, consequently all efforts that will focus on tackling climate change will need to have energy as a major component," he explains.

Right now, there are encouraging trends when it comes to public transport, although the the car market lags behind.

"A revolution in public transportation is already happening," Katarzyna Sobótka-Demianowska, head of e-mobility at ABB Poland, says encouragingly.

"When we look at Polish cities many of them already have electric buses. This is a revolution that is driven by people putting pressure on local governments, demanding better air quality, less noise, and a general better quality of life," she explains.

Government and EU subsidies for electric public transport procurement are of paramount importance as they enable cities to purchase electric buses at nearly the same cost as conventional vehicles.

Similar programmes exist around the region for consumer cars, but adoption is still somewhat limited. The panel pointed out this is primarily due to the fact that electric vehicles (EVs) are still noticeably more expensive than cars powered by fossil fuels.

Ms Sobótka-Demianowska does see an opportunity, however. If electric cars are to be adopted, manufacturers could rethink the ways in which they sell them.

"Maybe you don't need to own the car, maybe you can rent it and pay a monthly fee together with your electricity bill," she says.

There is a significant chance, according to Carlo Pignoloni, CEO and country manager of Enel Romania, that as the EV market matures, prices will fall.

Electric cars will also need accompanying infrastructure, and that is something companies are interested in providing.

"We at Enel are strongly interested in this sector because we believe this is the way to fight climate change," Mr Pignoloni says.

"We are undertaking some investment for the deployment of the infrastructure network needed in order to make available the charging points for cars."

Positive trends can also be seen on the investing and financing side of the climate and energy equation. Many investors, especially those from younger generations, no longer look merely at financial parameters when they choose where to invest.

Instead, they are turning to ESG (environmental, social, and governance) indicators to help them make the right investment that makes sense in the context of climate change and energy transformation.

"There are opinions that ESG investments are a kind of fashion that will pass. In my view that is not an option, and I think that the ESG trend will shape the capital and financial markets globally for years to come," says Izabela Olszewska, a member of the management board and CSO of the Warsaw Stock Exchange.

The market for ESG investments is growing globally with its current valuation being 30 billion US dollars (around 25 billion euros) with the largest share belonging to European funds, followed by those in the US.

Europe and America need to work together to solve the complicated issues of climate change and energy policy, according to Mr Busoi.

"I'm a big supporter of deepening the relationship between the EU and the US, between the central and eastern parts of the EU, not only in the field of political and military cooperation but also to reinforce and strengthen the economic and energy dimension," he says.

Sebastian Jabłoński, CEO of TRMEW Obrót, one of Poland's largest independent energy companies, adds that in order for Europe to get to zero emissions, real people need to think of it as a chance for a better life.

"And that can be only achieved if we go from governments talking and big corporations talking to everyone being involved in the process. People have to see values for themselves," he says.

Opportunities exist in the transformation. According to Mr Jabłoński, a transition to green energy and renewables could actually create more jobs that it takes away.

"We [can] create an extra 300,000 jobs that will substitute those lost in oil and gas extraction, and mining. We will move from the 80,000 jobs that we have now in the coal mining industry in Poland to 300,000 jobs in renewables," he explains.

Emerging Europe and the EU itself have been hit with the fallout of the Covid-19 pandemic at a time when they're already facing the Goliath of climate change, but the panel agrees there is a way forward.

As investors start seeking out companies that take ESG seriously, governments invest into green energy and begin to exit fossil fuels, the region might just succeed in hitting its targets. But for this to happen, stakeholders on all levels will have to work together and be a part of the conversation.

The panel was in agreement that Covid-19 lockdowns have had the effect of slowing down life, and have given time to people to reflect on the importance of health. They have raised awareness of the fact that health, the environment, climate, and energy policies are part of the same challenge.

Emerging Europe looks well placed to meet that challenge.

Free the data: Investment in healthcare innovation must look beyond money

WORDS BY CRAIG TURP-BALAZS

It was Covid-19 that understandably dominated discussion of the current and future healthcare landscape across the emerging Europe region at EE and the US: Towards 2030, an event held last week in Warsaw and broadcast to the world online.

Leading figures from the region's healthcare ecosystem took an in-depth look at the impact of the pandemic on both primary care as well as offering insight into what it means for innovation moving forward.

"The coronavirus pandemic has brutally exposed the weaknesses of healthcare systems around the world," said Mirosław Suszek, operations director at Lux Med, Poland's largest private healthcare provider. "On the other hand, it has extraordinarily accelerated the adoption of telemedicine. But will this change after the pandemic? A majority of patients would like to continue using virtual care with one condition: they will also retain access to services in clinics. This integrated care model of telemedicine with services in a medical facility is the most preferable by patients and the most efficient for care providers. It has great future."

Jan-Philipp Beck, the CEO of EIT Health, a network of best-in-class health innovators backed by the EU, believes that Covid-19 will be pivotal to the future of healthcare.

"We will look back on this year as a turning point," he said. "We will see it as a wake-up call that ensures we are better prepared for the next global health crisis."

Anna Wójcicka, a board member at Warsaw Genomics, is of the opinion that there is still much to be learnt.

"We were not prepared and we are still not prepared for what is going to happen next," she said. "We are still in deep chaos. We have learnt a lot but there are still things we do not know. Much is going to have to change."

Michał Kurzelewski, medical director and IM medical lead Poland at pharmaceutical producer Pfizer said that while the very nature of a crisis is the way that it catches us unprepared, how we react is crucial.

"Looking at the positives, there is now a strong stimulus for innovation. This crisis has revealed just how important science is. It has made heroes out of scientists. What we need to do now is to start looking at how emerging Europe can join the stream of innovation and become a major player on the global stage. This is a great opportunity for Polish scientists to become part of the global solution."

While it's increasingly clear that the Covid-19 pandemic has accelerated change, innovation and investment in a variety of fields, few sectors have been impacted as much as healthcare.

The way in which healthcare companies quickly had to pivot from day-to-day operations to Covid-19 support is just one example of this. At Warsaw Genome, said Anna Wójcicka, "we switched to Covid-19 testing in one week. If you have good systems in your company it is not that difficult. What was more difficult was integrating into national systems when they are not being well coordinated."

Michał Kurzelewski believes that cooperation between business and universities will be key moving forward, and that that process has been accelerated by Covid-19: not least when it comes to developing a vaccine.

"Investment in healthcare is crucial, and partnership between the companies who can deliver the solutions, universities and scientists will be decisive. The trick is how to make these partnerships more effective," he said.

There was broad agreement between the four speakers that access to good data has to be improved. EIT Health's Jan-Philipp Beck was blunt in his assessment that "Europe will not be able to catch up with the US without access to good data. Europe needs GDPR 2.0."

"Take artificial intelligence (AI) as an example: Europe still has the chance to exercise leadership. But if we don't act fast on the data side then we will lose that opportunity. A lot of AI-enabled solutions are often developed in the US because it's easier to get hold of the data."

As Mirosław Suszek set out his vision for healthcare in 2030, it became increasingly clear that data was key:

"Patients fill out contextual e-forms before a visit to a clinic or hospital. Based on the collected data and medical records patients are navigated to the right solution, at the right time and at the right place – in a medical facility or remotely, at home. There is less waste of unnecessary visits and medical procedures."

Cutting down on unnecessary visits and procedures is at the core of what has been dubbed value-based healthcare (VBHC).

The VBHC movement is based on the work of Harvard University Professor Michael Porter, whose landmark book, Redefining Health Care Creating Value-Based Competition on Results, co-authored

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The Covid-19 pandemic has not yet passed – far from it

with Elizabeth O. Teisberg, was published in 2006 following 10 years of research into why the healthcare industry did not conform to the principles of competition seen in all other sectors of the economy.

Since then, value-based healthcare has quickly become one of the most important topics in healthcare transformation. Value-based approaches to organising healthcare delivery are widely touted as critical to improving the health outcomes of patients worldwide and controlling costs. Value-based healthcare's central tenet is that value for patients must be the overarching principle in the organisation and management of healthcare delivery systems. Value is defined as the outcomes that matter to patients and the costs to achieve those outcomes.

But as Jan-Philipp Beck pointed out, like many potential healthcare innovations it needs good data.

"When we look at the potential of digital healthcare, by improving remote diagnosis we will be able to reach better outcomes for patients, but for that data is important," he said.

Michał Kurzelewski concurs: "The more care that can be delivered at home, the safer it will be for both doctors and patients."

Anna Wójcicka was keen to point out however that there will always be a role for physical examinations: "these are essential," she said.

The last word went to Mirosław Suszek. "What we need to do is find the right spot for digital medicine. Healthcare is complex."

The Covid-19 pandemic has not yet passed – far from it. But the mood of the medical community is one of optimism. It has given a boost to innovation, and has provided all stakeholders with a reminder that there can never be enough investment in healthcare, that even the best-funded systems can face collapse during a time of crisis. But equally important is that we view investment as not merely being about money: it's also about sharing data, collaboration, and partnerships.

The discussion was a clear signal that the healthcare community understands this: perhaps even more than any other field impacted by Covid-19.



Covid-19 is a once in a lifetime opportunity for emerging Europe to develop better infrastructure

WORDS BY NIKOLA ĐORĐEVIĆ

The Covid-19 crisis is a “once in a lifetime” opportunity for emerging Europe to rethink how it approaches large infrastructure projects and the wider issue of mobility. By turning to public-private partnerships, green technology, and automation, the region can take a giant leap that might otherwise have taken decades. However, in order to do so, the region – and indeed the whole of European Union – will have to reappraise how it chooses which infrastructure projects to take on, and how it goes about building them.

These were some of the key conclusions reached during a highly constructive discussion dedicated to infrastructure and mobility, part of the recent Emerging Europe and the United States: Towards 2030 event, a unique initiative focused on developing smart and sustainable future relationships between the region and the US, organised by Emerging Europe on August 27.

One important challenge the region will need will deal with is the large infrastructure gap it has in comparison with Western Europe that, when Russia and the CIS countries are included, stands at a staggering three trillion US dollars (around 2.5 trillion euros).

“The gap is here and whenever we talk to investors about how much progress we’ve made it never seems to be enough. We still have lots and lots connections to build,” says Agnieszka Gajewska, partner and CEE government and public sector leader at PwC.

She points out that despite everything that has been built in emerging Europe over the last 20 or so years, there are still many bottlenecks that need to be addressed. These bottlenecks are physical, such as the fact that connections from West to East are much better than those North to South, but also digital and bureaucratic.

“I think as always we need have really robust analyses before we decide on any new piece of infrastructure. We need to be more selective about which piece of infrastructure will bring the proper economic stimulus,” Ms Gajewska says.

This way, the region could begin to benefit from shorter and more efficient supply chains. Clever construction of infrastructure could bring additional value to entrepreneurs and companies by making them more globally competitive.

The pandemic has created many challenges for governments, but it has also opened up space for governments and stakeholders to make infrastructure projects better, faster, and smarter.

Libor Lochman, the executive director of the Community of European Railway and Infrastructure Companies (CER), an organisation that brings together railway projects, national associations, and infrastructure managers, sees automation as key to smarter and more environmentally friendly infrastructure.

“We need much higher efficiency, much lower consumption of fossil fuels, and much higher share of electric and green energy,” he says.

That way, the ambitious plans of the European Green Deal could be connected with the Covid-19 recovery efforts and the concept of green mobility. Otherwise, resources are wasted.

“And that’s what we do today, we really waste the resources, so we need to provide more technology for automation,” Mr Lochman explains.

But as countries in emerging Europe try to take advantage of better infrastructure, shorter supply chains, and automation they would

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Society needs to navigate both physical and digital connectivity



be wise not to fall into the trap of isolationism, according to Elena Poptodorova, deputy chair of the American University in Bulgaria (AUBG).

“One big risk we may be running is if there would be the temptation and necessity to localise manufacturing. If that were to happen, would countries disconnect themselves from the global supply chain? I think this is a big risk,” she warns.

Ms Poptodorova also warned of what she sees as a growing digital divide in emerging Europe between not only countries but also within them. Even though many countries in the region, such as Bulgaria and Romania, have very fast internet speeds this hasn’t necessarily translated into faster adoption rates of digitalisation. She further stressed that current society needs to navigate both physical and digital connectivity.

“Gradually we started realising there is more to integration than just signing papers and treaties,” Ms Poptodorova says.

“And when Covid-19 hit that became even more apparent. We know that we need physical

connectivity but we also need to develop virtual connectivity.”

Bureaucracy is another piece of the infrastructure puzzle in emerging Europe and the changes in how things are done – brought about by the Covid-19 pandemic – may be the perfect time to let go of the old way of doing things.

“I think investment in infrastructure is critical now and the opportunity that this crisis give us is to cut red tape and catalyse actual investments. It is time now to de-bureaucratise investment in infrastructure once and for all,” says Daniel Farmache, CEO of E-Infra, which invests in telecommunications and energy infrastructure, as well as clean energy.

The time has come, according to Mr Farmache, to move quickly and coordinate with different levels of governments.

“We have been used to central governments not coordinating with local governments, we have been used to having fragmented mentalities among eastern European states. This does not happen in the US, and should not happen when

you want to tackle a crisis through investment infrastructure,” he says.

Teaching emerging Europe how to overcome bureaucratic hurdles may be the greatest contribution the United States can make to the region’s infrastructure and mobility sectors.

“The US needs to bring something that is additional to what we’re already discussing, and this can certainly be technology and know-how. Things like open data, smart cities, technology and built-for-purpose infrastructure,” says Ms Gajewska.

Mr Farmache points out that while the infrastructure gap in the region is big, there is also a lot of dry power, to the tune of 1.5 trillion US dollars, in the hands of private equity that could be invested into new projects.

He believes the United States should share with emerging Europe just how well public-private partnerships can work.

“From my perspective what we can take from the US is the courage of private investors to invest in infrastructure,” Mr Lochman concludes.

Emerging Europe must upskill to bridge its digital divide

WORDS BY PORTIA KENTISH

A group of expert panelists has agreed that for emerging Europe to truly lead the way in digital transformation, it needs to upskill and reeducate, so it can bridge its own digital divide. The panel, chaired by Emerging Europe's founding partner, Andrew Wrobel, was part of a major event, Emerging Europe and United States: Towards 2030, a unique initiative focused on developing smart and sustainable future relationships between the region and the US, organised by Emerging Europe on August 27.

The discussion, which focused on innovation and the digital transformation, provided an expert peak into the future of technologies in the region, particularly in the light of the recent Covid-19 pandemic, which

has significantly altered the way we see the role of digital systems.

However, as Jaroslaw Ponder, head of the Europe office at the International Telecommunication Union (ITU) argued, we cannot afford to be lulled into a false sense of security with the region's digital skills. "I want to challenge that we shouldn't cheat ourselves into thinking that remote work is a digital transformation. Zoom is very simple, it is a video conference, it is workflow, it is simple document management systems. The digital transformation is what happens next," he said.

He explained that if the first few months of the pandemic has proved anything, its that we need to strive towards a more holistic digital transformation. "Covid-19 time shows

that transformation is possible as it triggers blockers to be resolved and push for us to really prepare this hybrid mode," Mr Ponder continued.

One of these blockers particular to emerging Europe is the digital divide, which became painstakingly apparent during the Covid-19 lockdown. For example, more than a third of Polish teachers were not ready to use laptops to begin teaching online, and many households do not have an adequate amount of PCs for each child.

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The challenge is to reskill people and answer the demands of new technology

As another panelist, the CEO of Nearsol, Victor Pereda, explained, the rapid pace of technological development can mean that large areas of the population are left behind. "Technology is moving too fast and people are too slow to react, you can see it by going back to numbers. Even in developed countries, if you go to other regions the percentage is huge, more than a third. There is a definite need to transform."

The pandemic undoubtedly highlighted this need, as many were forced to quickly become proficient for fear of getting left behind. However, as the panelists argued, it is not possible for a digital transformation to take place so fast. Rather, sustainable and long-lasting changes need to be implemented, both on a government level and through the private sector.

"The government needs to push. The digital revolution is always going to happen, but the government will decide how quickly it will grow. This can slow you down when it comes to leading," explained Paweł Jakubik, digital leader at Microsoft Polska. "Pre-Covid-19 we were not ready to work from home. Having to transform so many people to a work at home environment, where some regions' technology wasn't as good as in Western Europe meant that a lot of companies lost out, as they weren't ready for the digital transformation to come as quickly."

Despite Europe appearing very ahead of other regions in the world, the panel agreed that governments are aware of a lack of digital skills among the population. This is particularly true in rural areas where Jerzy Brodzikowski, general manager of the Cambridge Innovation Center, feels that policymakers really need to step in to find ways to fill in this disparity, as well as finding "ways to empower communities to develop technologies to help rural areas and communicate them better with the rest of the developed world."

"Many feel that the east of Poland's ICT sector is weaker, but this is not true because there are software houses in all the big cities. But, around them in the towns, there is not a lot of technology at all. Instead, it needs government-sponsored subsidies where people can have access to technology. Alternatively, the free market could step in, where larger corporations can see that people are having huge benefits from access to these technologies," he continued.

Another step to bridging this digital divide, and allowing the region's populations to catch up with

its technologies is via regulation, according to Mr Ponder, who explained that the ITU's global regulatory outlook tracker, which looks at the regulators' approaches in involving all utilities into the discussion, in all sectors is still not there. "Only 10 out of the 46 countries in Europe were found to be complying with these regulation features."

This regulatory framework is viewed as a way forward to ensuring that leaders at government level are pushing digitalisation in all capacities. To explain, Mr Ponder used the example of agriculture, on which a big proportion of the region's population still relies, and where digital competence is hard to come by. To ensure that these people are not left behind, the government needs to create bridges and ensure developments in the digitalisation of agriculture. According to him, these kind of steps must also involve encouragement from the private sector.

Communication between the private sector and government is crucial in ensuring longevity and acceleration. As Mr Ponder explained, "It's not about supporting the opening of an innovation centre that is glossy for three months then dies. Instead, you have to prepare the system to enable entrepreneurs to interact with the government and to not be afraid of what comes out of clear demands."

"We have supported several countries now in setting up a system that allows them to think more long term. We strongly advocate for a system to be created along with financial engagement and academia."

Regardless, he has observed many governments in the region who broadcast that they are for a digital future, yet do not follow up with the necessary actions. "They don't know what skills they need nor how many experts, and don't have an open dialogue with the private sector."

Instead, governments must identify the needs of companies in closing the gap, with the support of stakeholders in making a proper assessment of the digital skills, how to harmonise them, and ultimately, how to achieve real holistic changes.

This skillset doesn't necessarily have to be digital, but as Mr Jakubik explained, there are now trends in Poland of applications that don't need programmers or IT support. "We expect a massive development on this, and this is a part of the education we are seeing, where upskilling is happening not only in technology universities but in the humanities

too," he explained, citing a need to venture this trend further south into Hungary and the Balkans.

This is just one example of how the digital world is rapidly changing, a shift in which the pandemic is rashly accelerating, leaving not only regions but sectors behind in the digital divide.

In a report looking at digital maturity in Europe released two months ago, Poland took 23rd place, and most of the region followed closely behind, in the second half of the ranking. However, Poland is seen as a leader in individual sectors, such as connectivity. Therefore in order to move forward, the trailing sectors need to be caught up to speed, as the epithet goes, it is only as strong as the weakest link.

"The Polish banking system was never something we were ashamed of, but this was before the digital transformation era," explains Mr Jakubik.

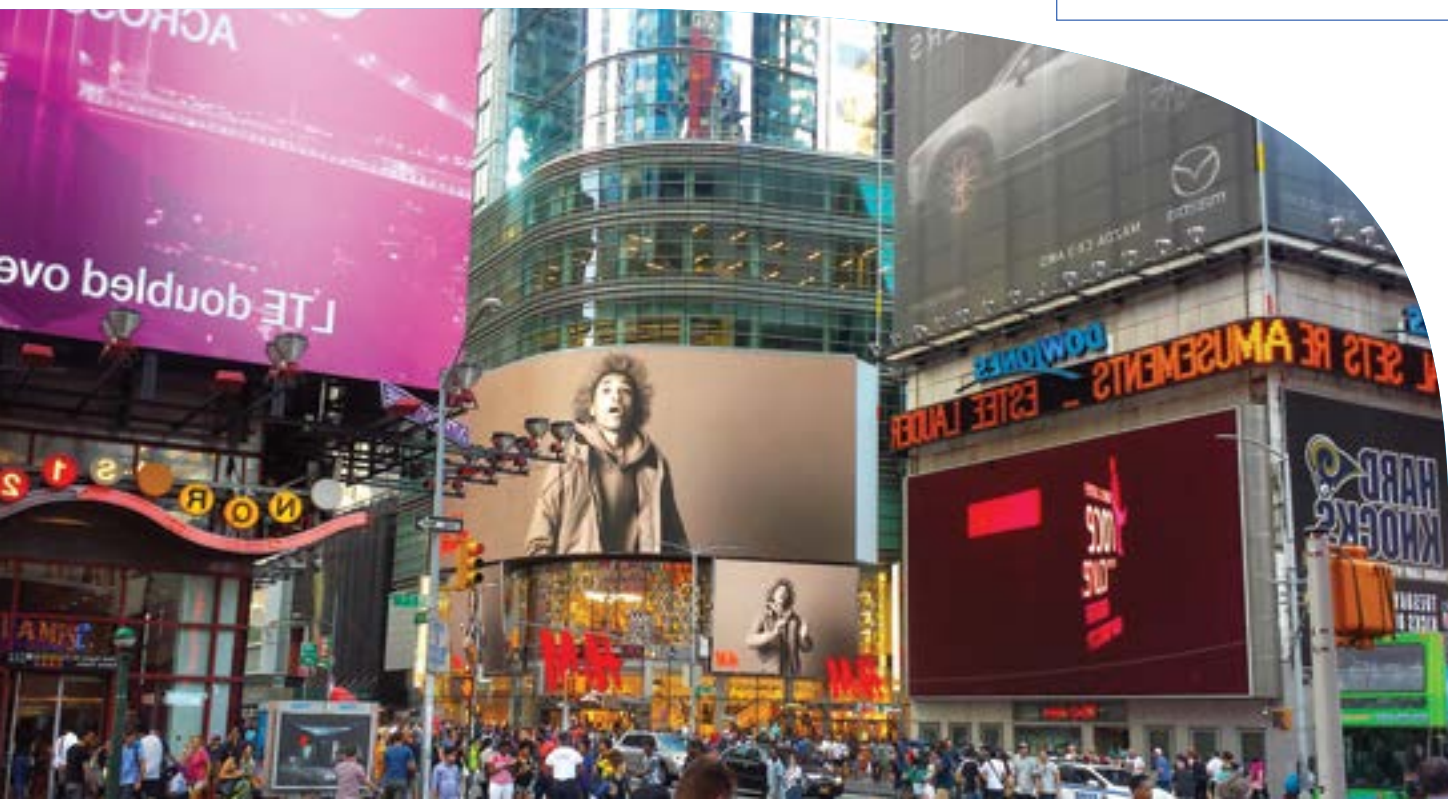
Vargha Moayed, chief strategy officer at UiPath, a leading enterprise Robotic Process Automation (RPA) software company founded in Romania, said that digitisation is making companies rethink, and also pointed to the banking sector.

"Legacy banks have seen digitally native competitors heighten the digital experience and now they are being forced to respond," he said. "RPA helps them do this, such as during the Covid-19 crisis when banks had hundreds of thousands of people calling them at the same time to cancel loan repayments. RPA can handle these mass requests at once."

Mr Moayed also broached the subject of automation taking over jobs.

"It will destroy certain kinds of jobs," he said, "like every other tech before it has done. But at the end of the day tech can also create jobs. Tech creates new needs we didn't have before: we didn't have a need for TV or social media before we invented them, but when we did they came with a plethora of jobs to make them function. But this requires reskilling, and the challenge for both private companies and governments is to reskill people and answer the demands of new technology."

Mr Jakubik believes that emerging Europe can take examples from Asia, a region which instead of playing catch-up, simply developed a league of its own. Hot spots like Singapore, Thailand and Japan, can provide good examples, but emerging Europe has to find its own way, and this can only come in tangent with education and upskilling, the panel concluded.



Emerging Europe needs to move up the value chain

WORDS BY MAREK GRZEGORCZYK

Emerging Europe offers a wealth of opportunities for investors but needs to do a better job of promoting itself outside of the region. It also needs to consciously move away from a low-cost business model to one that can compete not merely on price, but also on the quality of the goods and services it provides.

These were some of the main conclusions reached during a lively debate, Let the Media Talk, which closed the Emerging Europe and the US: Towards 2030 event, organised by Emerging Europe and held in a hybrid format on August 27.

Moderated by Liz Claman from Fox News, the discussion, which included contributions from leading media experts from across the region, focused on emerging Europe's place in the world and how it can position itself on the global stage.

"The opportunities that will open up for the region depend not just on its geographical location but how it positions itself as a reliable partner, as a place where you can really do business," said Nevena Krasteva, editor-in-chief at SeeNews, who also highlighted the need for the region to collaborate.

"One of the big disadvantages of the region – especially for countries not in the EU – is that there are fragmented small markets, whereas the only way they can really position themselves is if they are connected and work together."

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We have to stop promoting the region as low-cost

Wojciech Przybylski, editor-in-chief at Visegrad Insight, agrees.

"We need to identifying the common interest and speak with one voice," he said. "Countries are still missing on the human potential of the region, and they are largely suffering from depopulation: they will be deserted if somethings is not done to change things. Joining a common platform of thinking and creating actionable policy proposals on the foreign stage is what will move the region forward."

All of the panelists agreed that human potential, and talent, especially that of young people in fields such as IT, was the region's biggest asset, but a race to the bottom could be its demise.

James Brooke, editor-in-chief at Ukraine Business News said that the skills of the region's people were built on the Soviet Union's concentration on STEM education, but warned that they mustn't sell themselves short. "Some of the world's leading outsourcing companies are based in Ukraine, offering a better service at a third of the price of Western Europe or the US. But that doesn't necessarily help Ukraine's brand," he said.

His comments were echoed by Ognjen Janeski, editor-at-large at TV24 in North Macedonia.

"In this country we have seen a lot of foreign investment in manufacturing, but for more than a decade we have had a government that has been selling our citizens as cheap manpower. Yes, we have investment, but still everyone wants to emigrate because salaries are low."

Craig Turp, editor at Emerging Europe, explained that his organisation had for some time been focusing on the need for the region to move away from a low-cost model.

"And this doesn't just apply to human capital, but also to the goods and services it supplies," said Turp. "We have to stop promoting

them as low-cost. Yes, cost can be an important factor, but it is not the be all and end all. Emerging Europe needs to tell the world that its products and services are worth paying premium prices for, else it will end up stuck in a race to the bottom that will keep salaries low and encourage further migration towards countries where they are higher."

"We need to understand that the high quality of human capital could be very beneficial for the region's future economy but we need good leadership," added Marek Tejchman, deputy editor-in-chief at Dziennik Gazet Prawna. "We need quality leadership that is able to look past the next few months and across borders, and understand that only then can we progress. The European Union's Recovery Fund offers us a great opportunity but we have to spend the money well, and bring in more added-value investment."

Quality leadership, as the panel recognised, is indeed lacking in some parts.

"In Ukraine we have a rookie president who has not been able to cope with the economic fallout from the Covid-19 pandemic," said James Brooke.

Nevena Krasteva believes that the emphasis for improving the situation across emerging Europe was now very much on the countries of the region themselves.

"Moving up the value chain won't happen simply by asking foreign investors to pay higher salaries. We have to make local businesses competitive, and for that to happen you need to have a certain environment that thinks globally and is ready to work across borders," she said.

"Certainly, the region needs to promote itself better," agreed Craig Turp. "Over the past decade it has learnt how to promote itself as a tourist destination: now it needs to put more emphasis on promoting added-value investment."



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About the Towards 2030 Programme

Emerging Europe's mission is to foster sustainable social, economic and democratic growth in 23 countries of Central and South-eastern Europe and the Caucasus. The organisation works towards its mission by raising awareness of the investment, trade, cultural and tourism potential of the region — and bringing together a global, like-minded community with a stake in the region.

The Towards 2030 Programme looks at various parts of the world, individual countries and regions, analyses the geopolitical and economic circumstances, identifies business opportunities and discusses challenges that can have an impact of the development of political and economic relations between the emerging Europe region and other geographies.

Some of the regions the programme looks at:

- the United States
- the United Kingdom
- the Asian Tigers (Hong Kong, South Korea, Singapore, Taiwan)
- the DACH countries (Austria, Germany, Switzerland)
- the Middle East
- China
- Africa
- Latin America

All regional editions of the programme consist of:

- a survey involving businesses, sector associations, the diplomatic community, non-governmental organisations and think tanks. It covers opportunities and threats impacting future political and economic relations.
- a hybrid conference (offline in two locations addressed to local audiences and online for a general audience) featuring business leaders and media representatives.
- a report including survey findings as well as executive summaries of the discussions carried out at the conference and additional research. The report is distributed to decision-makers and is also available upon request.

Emerging Europe and the United States: Towards 2030, carried out in Q3 2020, was the first edition of the series and preceded the 2020 presidential election in November.

The United States is a key partner for emerging Europe countries, both politically and economically. The value of American investments in Poland alone currently exceeds 60 billion US dollars. In 2017, President Donald Trump endorsed the Three Seas Initiative, saying that the project

would “transform and rebuild the entire region and ensure that your infrastructure, like your commitment to freedom and rule of law, binds you to all of Europe.” In 2018, US Secretary of Energy Rick Perry announced a new “Partnership for Transatlantic Energy Cooperation” (P-TEC) initiative. And, finally, in March 2020, North Macedonia became the 30th member of the NATO alliance.

The conference started with a keynote address from Mircea Geoană, Deputy Secretary General at the North Atlantic Treaty Organisation, and continued with a panel discussion focused on the post-Covid reform agenda in emerging Europe and the region's sustainable collaboration with the United States. The discussion looked at the social and economic growth and how to make government and business collaborate to create more inclusive societies and ensure more equitable economic growth, how to awaken the region's talent and the spirit of creativity and foster collaboration across the region and beyond and how to “build back better” and trigger investment and behavioural changes that will reduce the likelihood of future shocks.

The discussion later concentrated on four sectors: energy and climate, health, infrastructure and mobility and innovation and digital transformation.

Climate change and environmental degradation are an existential threat to Europe and to the world. To overcome these challenges, Europe needs a new growth strategy that will transform our countries into modern, resource-efficient and competitive economies with zero greenhouse gas emissions by 2050. Economic growth must be decoupled from resource use while we ensure that no one is left behind.

The World Health Organisation has identified its key healthcare challenges: delivering fairer healthcare, preparing for another epidemic, investing in people who defend our health, stopping infectious diseases and expanding access to treatment, to name just a few. Many healthcare challenges are interconnected and will require a coordinated international effort. However, experts are concerned governments around the world are failing to invest sufficient funds in overcoming these issues.

Creeping infrastructure limits growth by preventing businesses and people from making the

most of economic opportunities. Without investment to maintain and improve facilities, transport links, the capacity to produce goods shrinks, making growth slower in the longer term. With e-commerce turnover increasing by 15-20 per cent per year, there is an ongoing structural shift in retail supply chains and shopping has become far more complex offering new challenges to urban planners, retailers and logistics companies.

We constantly hear much about the enormous promises of technology. But, as Professor Yuval Noah Harari said at Davos earlier this year, technological advancement, automation and innovation can significantly improve the quality of human life and accelerate economic development, but they can also create a global useless class, lead to data colonialism and digital dictatorships. It is vital that we are prepared for these technological disruptions. This means that governments must work on future-proof policies, businesses need to undergo digital transformation that increasing their market share and customer engagement and employee morale, while individuals have to acquire a skillset that will allow them to compete on the future labour market.

During all the sessions, the experts looked at how closer collaboration between emerging Europe and the United States can help find solutions to some of the biggest challenges, what opportunities the current challenges offer for American businesses, as well as those from Europe, and how emerging Europe can contribute to and benefit from these solutions.

Politics, economy, business, security, lobbying, disinformation, fake news, liberal democracy and populist tendencies, the backlash against globalisation and the future of the international economic order, further technological advancements, the rise of large emerging markets (i.e. China, India, Indonesia, etc.), cyber-attacks and disinformation and climate change are only a few aspects vital for the future of the global order. The last session was joined by journalists representing various international media outlets. They shared their thoughts about the role the emerging Europe region plays and how its role should develop within the next decade.

SURVEY DEMOGRAPHICS

Total number of respondents: 68

Type of organisation

A business	45.6%
A think tank/NGO	19.1%
An embassy	8.8%
Academia	7.4%
A chamber of commerce	4.4%
Other	14.7%

Industry

Innovation and digital transformation	23.5%
Energy and climate	16.2%
Health	5.9%
Infrastructure	4.4%
Other	50.0%

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