

CENTRAL EUROPEAN ECONOMIES ARE PERFORMING WELL DESPITE SIGNIFICANT DEMOGRAPHIC CHALLENGES

Cynthia Kalasopatan Antoine

Diverse demographic situations, mostly unfavourable

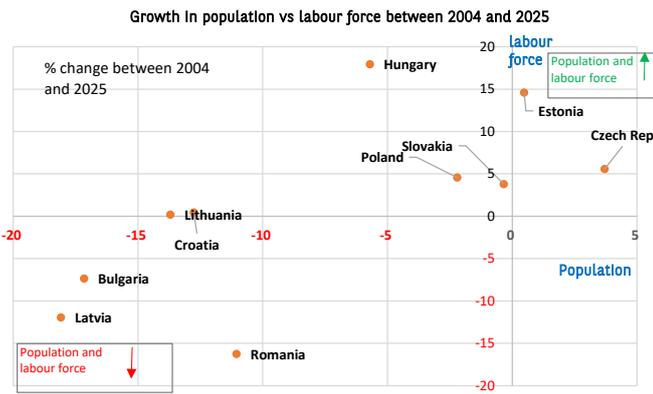


CHART 1 SOURCE: EUROSTAT, NATIONAL STATISTICS, CALCULATIONS BNP PARIBAS

Note: Data for the working-age population is available up to Q3 2025. For the total population, data is available for Poland, Hungary and Slovakia in 2025; for other countries, data is projected for 2025.

Central Europe's gain in market share in Germany

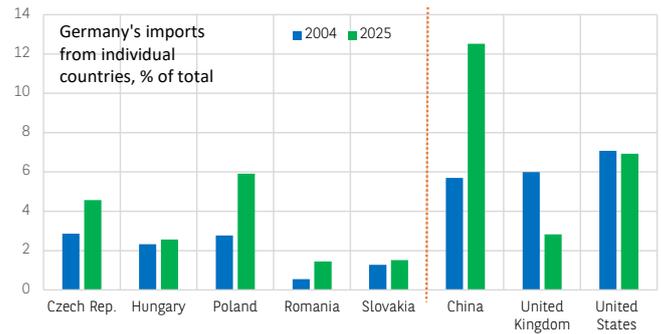


CHART 2 SOURCE: STATISTISCHES BUNDESAMT, CALCULATIONS BNP PARIBAS

Adverse demographic trends. For several years, Central Europe has been facing a marked demographic decline. Its magnitude varies from one country to another (see *Chart 1*). The total population decline from 2004 to 2025 ranges from -0.3% in Slovakia to -17.2% in Bulgaria. The Czech Republic is the only country in the region to have seen a population increase over the same period. The working-age population (ages 15–64) is also declining. However, the situation is less unfavourable in Hungary, Poland, the Czech Republic and Slovakia, while Romania and Bulgaria are experiencing a more significant decline due to migration patterns. Net migration flows were negative for Bulgaria until 2019 and for Romania until 2021. However, this trend has reversed in recent years. Recently, the arrival of Ukrainian refugees has eased the pressure on the working-age population, especially in Poland and the Czech Republic. Ukrainian refugees now account for around 5% of the workforce in Poland.

Medium-term concerns. By 2030, demographic trends are expected to deteriorate further, raising concerns about potential upward wage pressures, a loss of competitiveness and a structural weakening of potential growth.

Additional assets to underpin growth. Despite demographic headwinds, the economies of Central Europe have fared rather well so far, primarily due to several key factors:

- 1) The influx of EU funds (approximately EUR 430 billion between 2004 and 2024, or 20% of GDP). Support from EU funds is expected to continue, and these countries will remain net beneficiaries in the medium term.
- 2) Over the past two decades, productivity growth has outpaced wage costs. This has enabled Central European countries to gain market share in Germany (see *Chart 2*), as well as to achieve notable economic convergence with developed economies.
- 3) A skilled workforce (secondary and higher education graduates account for around 90% of total employment).

Certain strategic sectors, such as electric mobility, AI and defence, are projected to continue attracting foreign direct investment. Hungary and Poland aim to become regional powerhouses in electric mobility, particularly through the production of batteries for electric vehicles. When it comes to AI, Central European countries already have high-performance digital infrastructure, and governments in the region are implementing highly ambitious strategies (see the sections on [Hungary](#) and [Poland](#) in our 'Emerging Economies EcoPerspectives from March 2026'). They have therefore drawn up national plans focused on AI to position their respective countries as key investment hubs.

Cynthia Kalasopatan Antoine
cynthia.kalasopatanantoine@bnpparibas.com

GROUP ECONOMIC RESEARCH

ECOINSIGHT

Structural or thematic topics

ECOPERSPECTIVES

Analyses and forecasts with a focus on developed and emerging economies.

ECOFLASH

Data releases, major economic events

ECOWEEK

Recent economic and policy developments, data comments, economic calendar, forecasts

ECOPULSE

Easy-to-read monthly overview of inflation dynamics

ECOCHARTS

Monthly barometer of key economic indicators of the main OECD countries.

ECOTV

What is the key event of the month?
You will find the answer in our economy broadcast.

MACROWAVES

Our economic podcast

HOW TO RECEIVE OUR PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE
see the [Economic Research website](#)

&

FOLLOW US ON LINKEDIN
see the [Economic Research linkedin page](#)

OR TWITTER
see the [Economic Research Twitter page](#)



The information and opinions contained in this document have been obtained from, or are based on, public sources believed to be reliable, but there is no guarantee of the accuracy, completeness or fitness for any particular purpose of such information and such information may not have been independently verified by BNPP or by any person. None of BNPP, any of its subsidiary undertakings or affiliates or its members, directors, officers, agents or employees accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, as to the accuracy and completeness of the information or any opinions based thereon and contained in this document and it should not be relied upon as such. This document does not constitute research, as defined under MIFID II, or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on, in connection with any contract or investment decision. Information and opinions contained in this document are published for the information of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient, are subject to change without notice. In providing this document, BNPP does not offer investment, financial, legal, tax or any other type of advice to, nor has any fiduciary duties towards, recipients. Any reference to past performance is not indicative of future performance, which may be better or worse than prior results. Any hypothetical, past performance simulations are the result of estimates made by BNPP, as of a given moment, on the basis of parameters, market conditions, and historical data selected by BNPP, and should not be used as guidance, in any way, of future performance. To the fullest extent permitted by law, no BNPP group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this document even when advised of the possibility of such losses. All estimates and opinions included in this document are made as of the date of this document. Unless otherwise indicated in this document there is no intention to update this document. BNPP may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this document or derivatives thereon. Prices, yields and other similar information included in this document are included for information purposes however numerous factors will affect market pricing at any particular time, such information may be subject to rapid change and there is no certainty that transactions could be executed at any specified price. BNPP may have a financial interest in any issuer or person mentioned in this document, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa. BNPP, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this document. BNPP may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this document. BNPP may be a party to an agreement with any person relating to the production of this document. BNPP may to the extent permitted by law, have acted upon or used the information contained herein or in the document, or the analysis on which it was based, before the document was published. BNPP may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this document. Any person mentioned in this document may have been provided with relevant sections of this document prior to its publication in order to verify its factual accuracy.

This document was produced by a BNPP group company. This document is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNPP. By accepting or accessing this document you agree to this.

BNP Paribas is a société anonyme incorporated in France, licensed and supervised as a credit institution by the European Central Bank (ECB) and as an investment services provider by the Autorité de contrôle prudentiel et de résolution (ACPR) and Autorité des marchés financiers (AMF), and having its registered office at 16, boulevard des Italiens, 75009 Paris, France.

Some or all of the information contained in this document may already have been published on <https://globalmarkets.bnpparibas.com>.

For country-specific disclaimers (United States, Canada, United Kingdom, Germany, Belgium, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, Brazil, Turkey, Israel, Bahrain, South Africa, Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam) please type the following URL to access the applicable legal notices: https://globalmarkets.bnpparibas.com/gm/home/Markets_360_Country_Specific_Notices.pdf

© BNP Paribas (2025). All rights reserved.

Subscribe to our publications:

ECONOMIC RESEARCH



Published by BNP PARIBAS Economic Research
Head office: 16 boulevard des Italiens – 75009 Paris France / Phone : +33 (0) 1.42.98.12.34
Internet: www.group.bnpparibas - www.economic-research.bnpparibas.com
Head of publication : Jean Lemierre
Chief editor: Isabelle Mateos y Lago



BNP PARIBAS

La banque
d'un monde
qui change