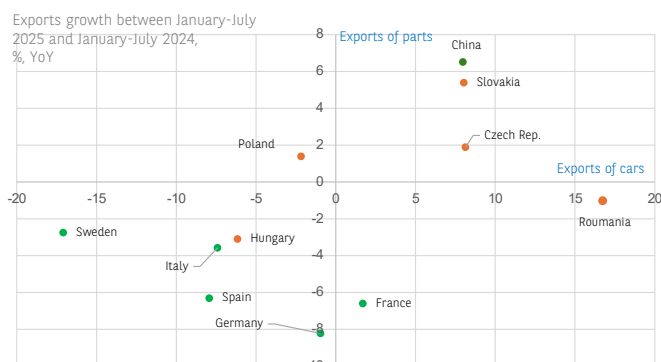


EXPORTS FROM CENTRAL EUROPEAN COUNTRIES ARE HOLDING UP WELL DESPITE HEADWINDS IN THE AUTOMOTIVE SECTOR

Cynthia Kalasopatan Antoine

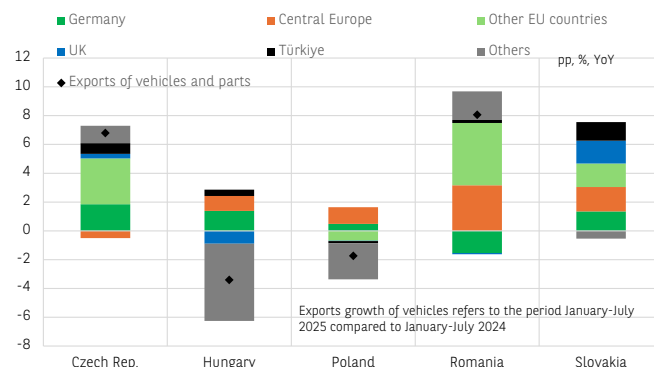
EXPORTS OF CARS AND PARTS



SOURCE: EUROSTAT, GENERAL ADMINISTRATION OF CUSTOMS, BNP PARIBAS

Eurostat data for EU countries : exports measured in current euros ; Data from General Administration Customs for China : exports measured in current dollars. Classification HS 87 03 and 87 08 for EU countries and China.

CONTRIBUTION TO EXPORTS GROWTH OF AUTOMOBILE PRODUCTS (CARS, PARTS AND OTHER VEHICLES)



SOURCE: EUROSTAT, BNP PARIBAS

Exports from Central European countries (Hungary, Poland, Czech Republic, Romania, Slovakia) have shown great resilience since the beginning of the year despite the US tariff shock. The automotive sector, a major pillar of the region's economies (both for industry and exports)¹, has also fared well overall, while exports from the sector contracted in Western European countries in the first seven months of 2025 compared to the same period in 2024 (see graph, bottom left quadrant).

However, there are differences between the economies of Central Europe. The Czech Republic and Slovakia, although most heavily exposed to the automotive sector, stand out above all the other countries in the region. Both countries have recorded solid growth in exports of cars and spare parts (see chart at top right quadrant). Conversely, Hungary is suffering from weaker external demand, like most developed European economies. In Romania, car exports have grown strongly, but not spare parts exports (see chart, bottom right quadrant). The situation is reversed in Poland.

What explains this resilience?

The frontloading effect, consisting in the increase in exports to the United States before the hike in US customs tariffs, had little impact. In most countries, exports of automotive products to the United States rose sharply in February and/or March but, unsurprisingly, declined in the first seven months of the year compared with the same period in 2024. The trade agreement concluded between the European Union (EU) and the United States last July reduced US customs tariffs on the automotive sector to 15% (compared to the 25% initially announced), but the tariff shock was still significant. In 2024, the customs duties applied by the United States to this sector (weighted by trade) ranged from 1.1% for Romania to 2.5% for Slovakia. On the other hand, the US market accounts for a relatively small share of exports from Central European countries. As a result, the direct impact of the tariff measures has been limited.

The resilience of exports in the automotive sector can be explained primarily by well-oriented trade with the EU (between +1.2% for Polish exports in the first seven months of 2025 and +7.2% for Romania and Slovakia). Trade is highly concentrated geographically. In 2024, intra-EU exports of vehicles and spare parts ranged between 64% of exports in this segment for Slovakia and 82% for Romania. The integration of regional value chains has enabled exports from Central European countries to grow due to their positioning in promising segments (range, car model) and lower production costs (wage competitiveness).

Stronger trade in vehicles and spare parts between Central European countries over the past years is another factor explaining their good export performance². Intra-regional trade grew significantly in the first seven months of the year (with the exception of the Czech Republic) on a year-on-year basis.

Finally, some Central European countries, including the Czech Republic and Slovakia, have been able to count on diversified markets and rising demand from outside the EU, particularly from Türkiye and the United Kingdom³.

¹ The automotive sector accounted for 11% of total exports in Poland, 16.2% in Hungary, 17.3% in Romania, 20.8% in the Czech Republic and 34.4% in Slovakia. It accounted for 9.6% of manufacturing value added in Poland in 2022, 16.6% in Hungary, 16.7% in Romania, 17.6% in the Czech Republic and 23.4% in Slovakia.

² For example, 11.6% of Slovakia's automotive exports in 2024, were geared towards Poland, Hungary, Romania and the Czech Republic.

³ The share of automotive product exports to the United Kingdom accounted for 8.5% of exports in this segment for the Czech Republic and 8.3% for Slovakia. The share to Türkiye represented 3.3% for the Czech Republic and 1.8% for Slovakia.

cynthia.kalasopatanantoine@bnpparibas.com

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