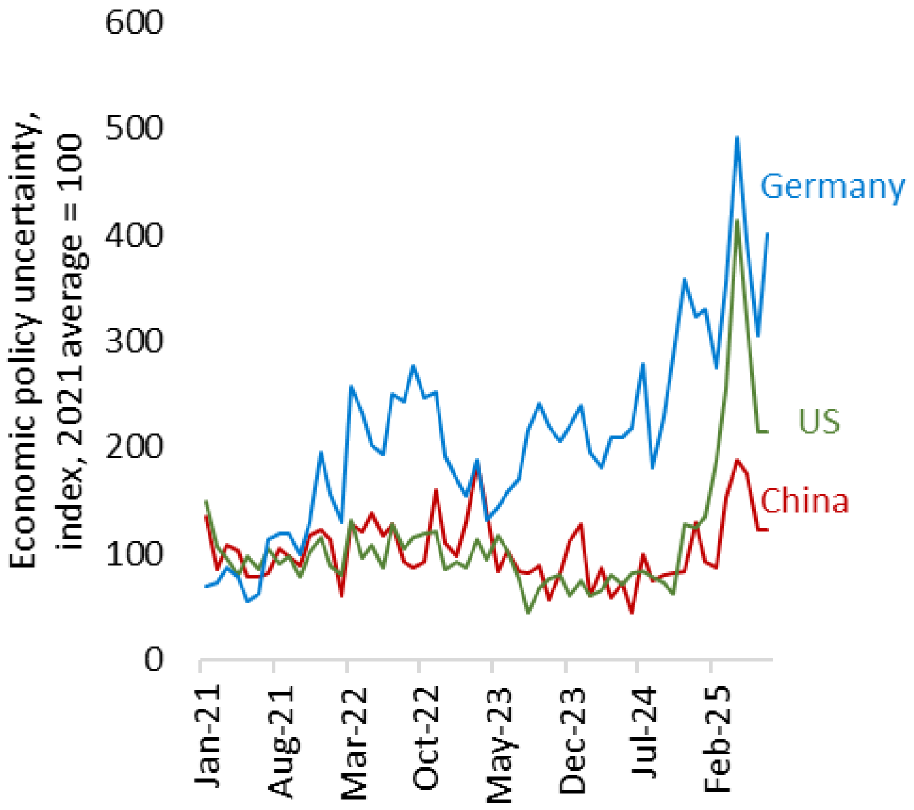
Regional Economic Prospects

September 2025

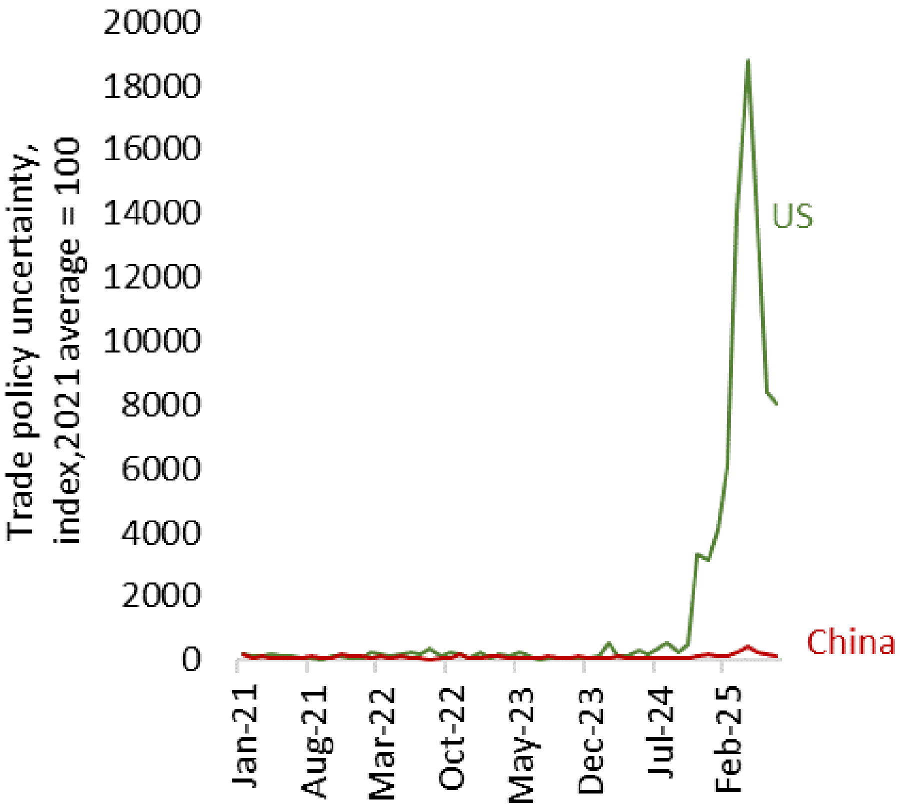
Under pressure

Trade and economic policy uncertainty have come down from their April 2025 peaks but remain very high

Economic policy uncertainty



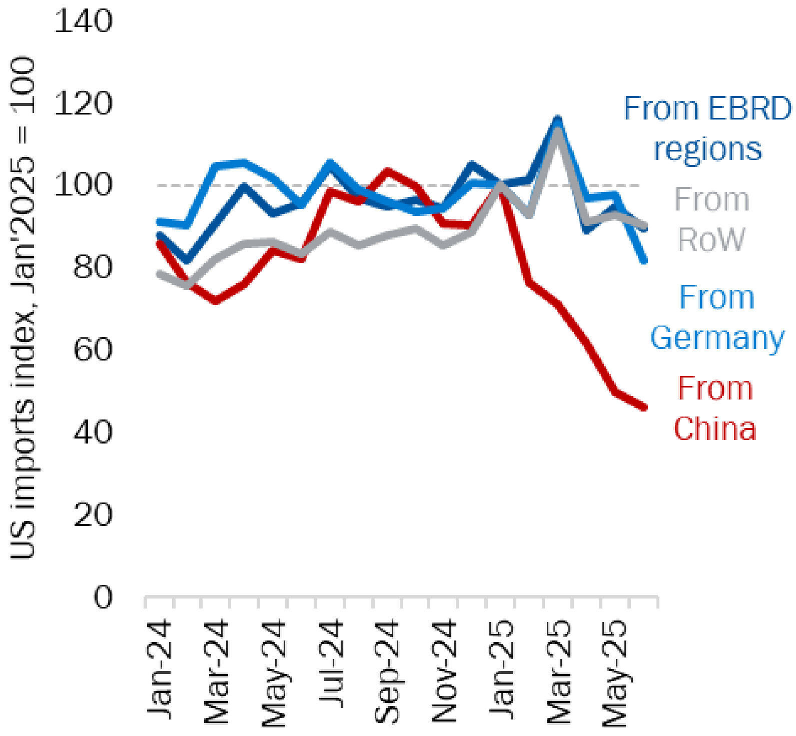
Trade policy uncertainty

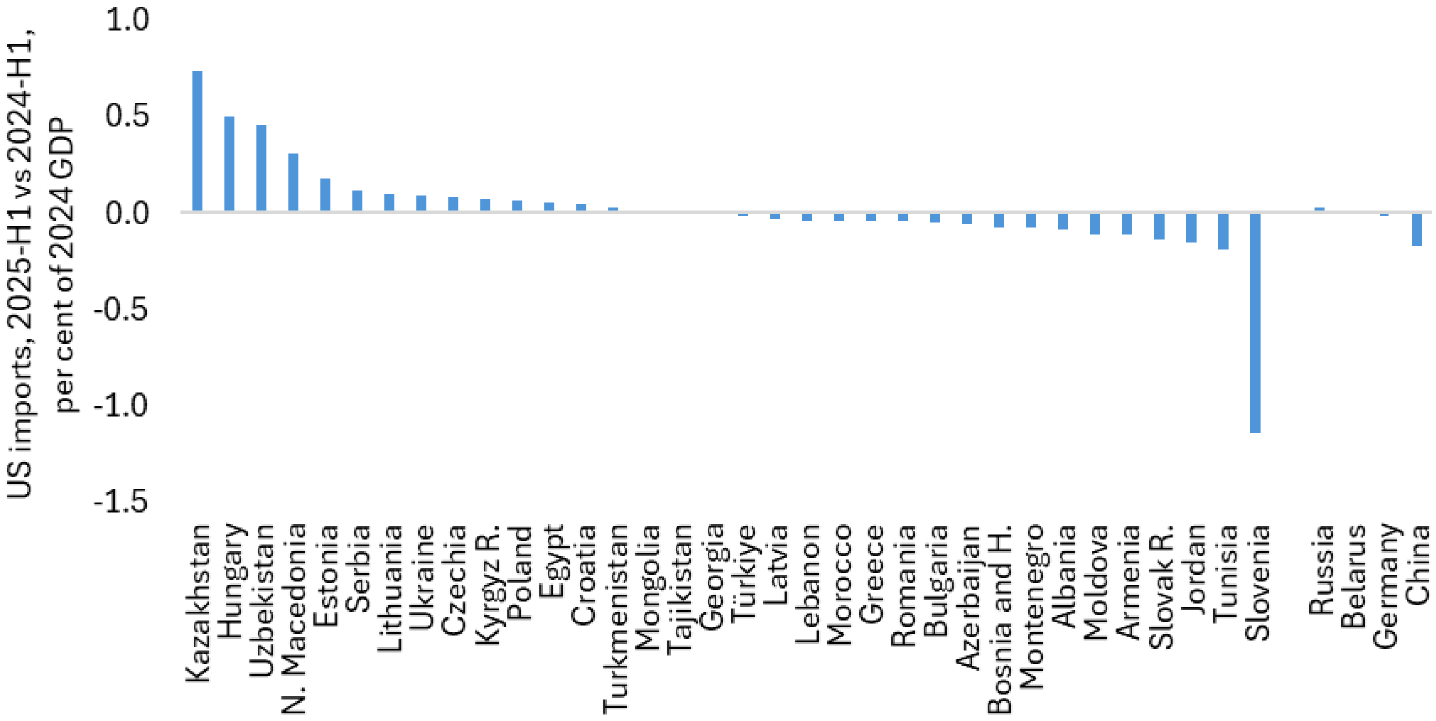


Source: CEIC, Baker, Bloom and Davis (2016) and authors' calculations. Note: Latest observation is July 2025.

US imports from China as well as Slovenia (medicines), Tunisia (olive oil, fertilisers) and Jordan (jewellery, fertilisers) dropped

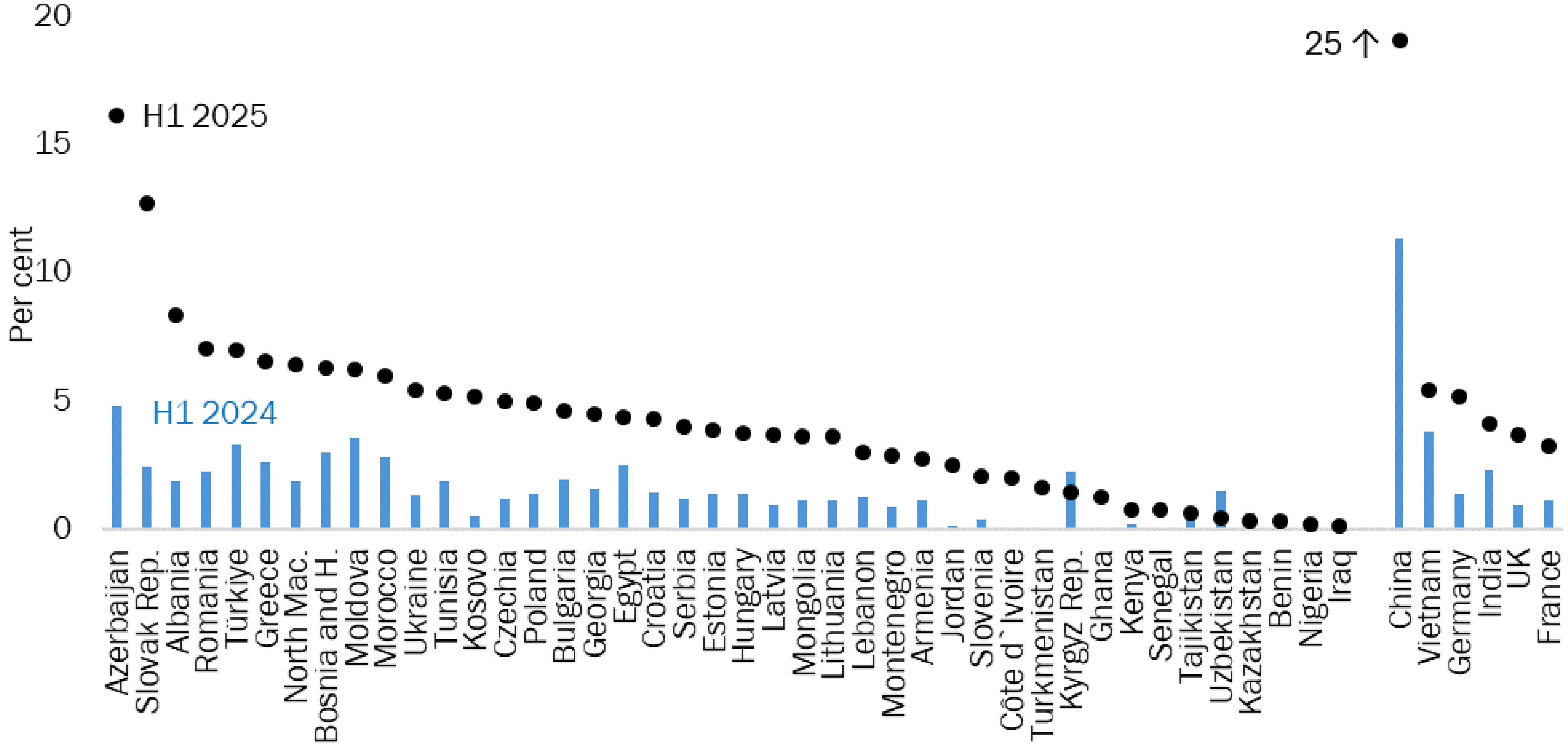
US imports from Kazakhstan (silver and gold bullion bars), Hungary (medicines, computers) up





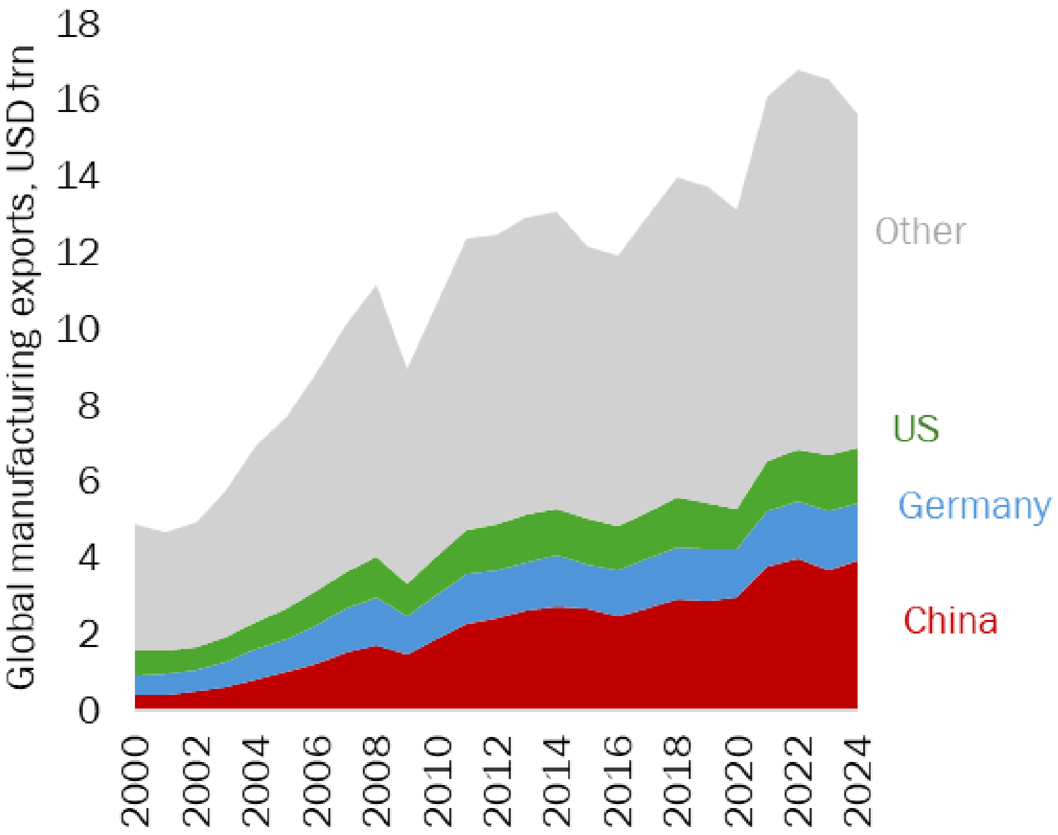
Source: UN COMTRADE and authors' calculations. Note: Latest observation is June 2025. EBRD regions refers to total US imports from economies in the EBRD regions. Based on imports reported by the US. In the chart on the right the denominator is the exporter country's annual GDP.

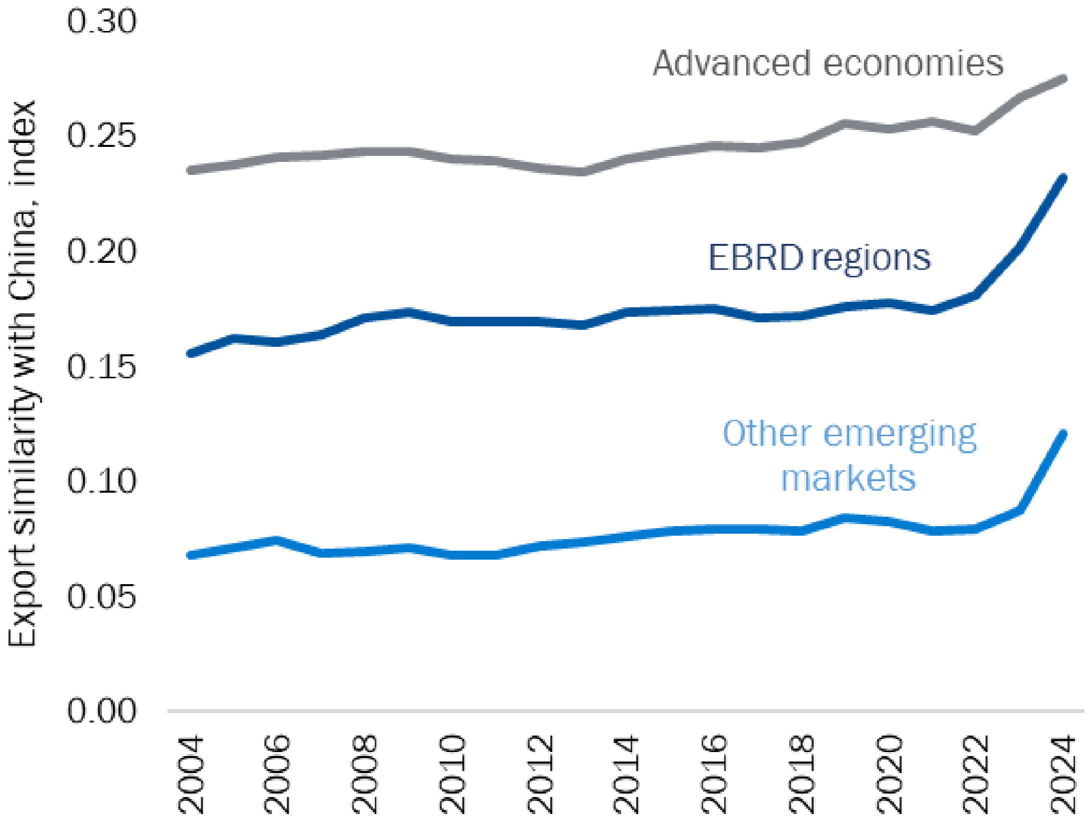
The average tariff rate paid on US imports from the EBRD regions rose by 2.7 pp



Source: USITC and authors' calculations. Note: The estimate for Azerbaijan is driven by exports of aluminium to the US which were already subject to a high tariff rate in 2024.

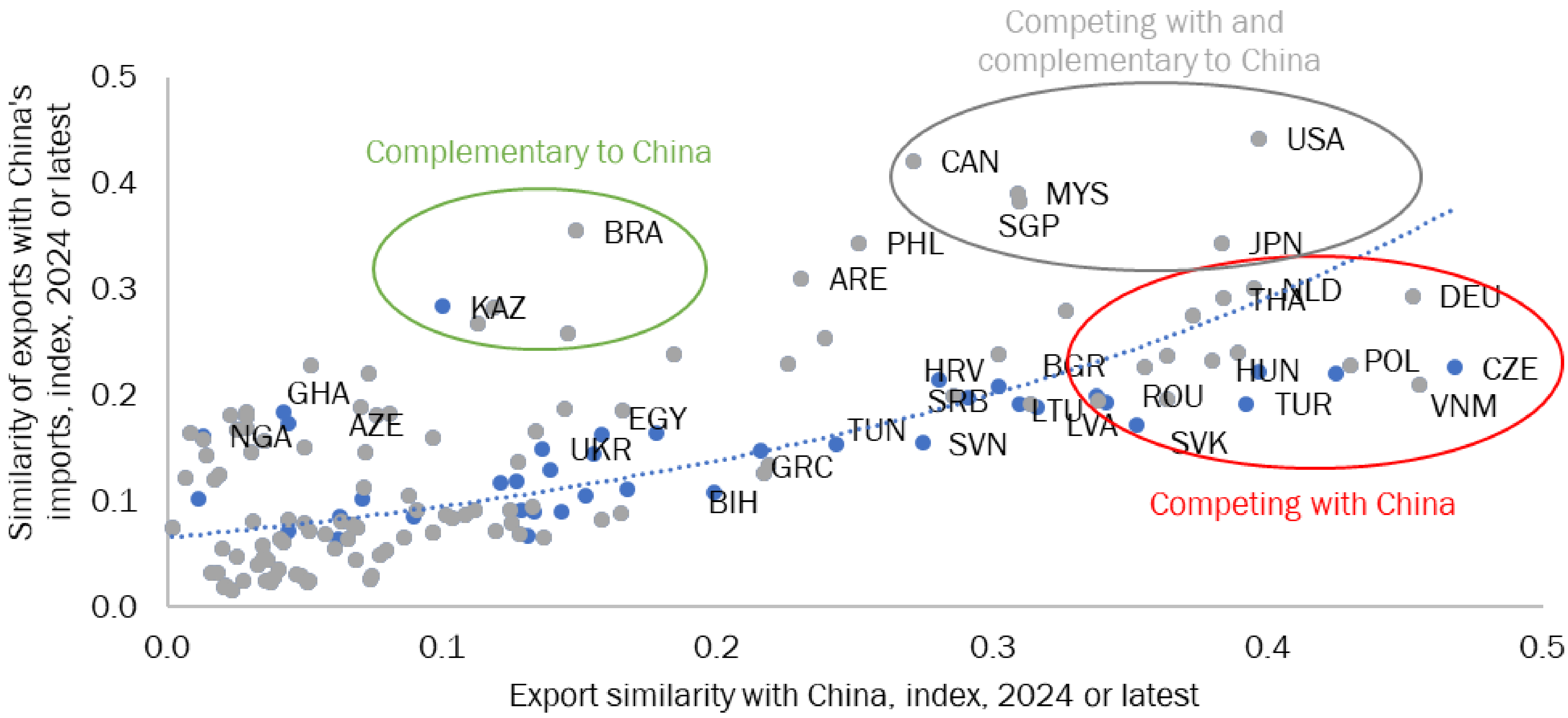
China's manufacturing exports now higher than US and Germany combined and increasingly similar to those of the EBRD regions





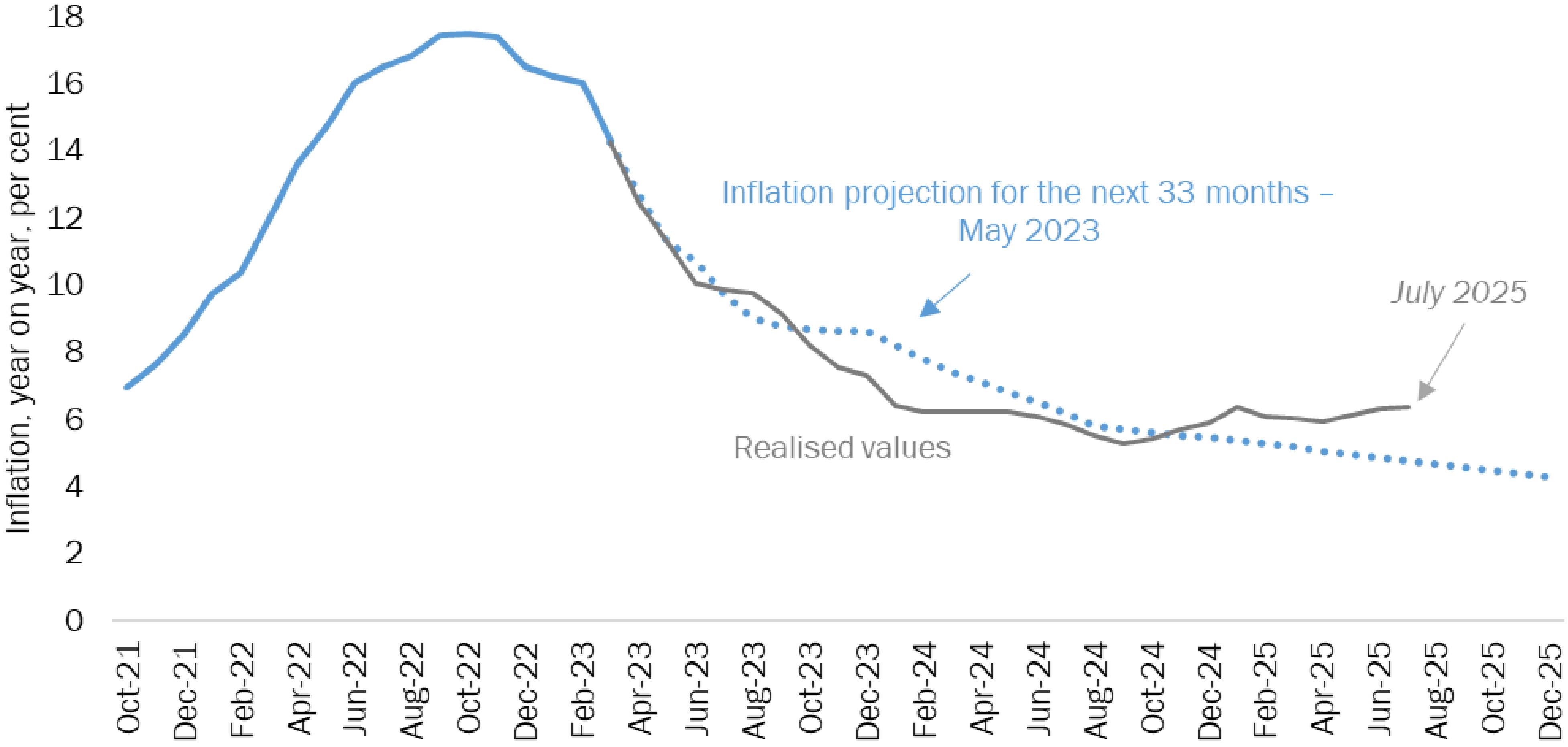
Source: UN COMTRADE and authors' calculations. Note: Manufacturing is defined as HS-2 codes from 28 to 96. Export similarity is calculated based on Finger and Kreinin (1979). Right hand chart shows simple averages across unbalanced panels of up to 39 economies in the EBRD regions, 30 advanced economies and 125 other emerging markets following IMF country groupings.

China is increasingly competing with manufacturing exporters in the EBRD regions



Source: UN COMTRADE and authors' calculations. Note: Export similarity is calculated based on Finger and Kreinin (1979). EBRD regions in blue, comparators in grey. Selected economies labelled.

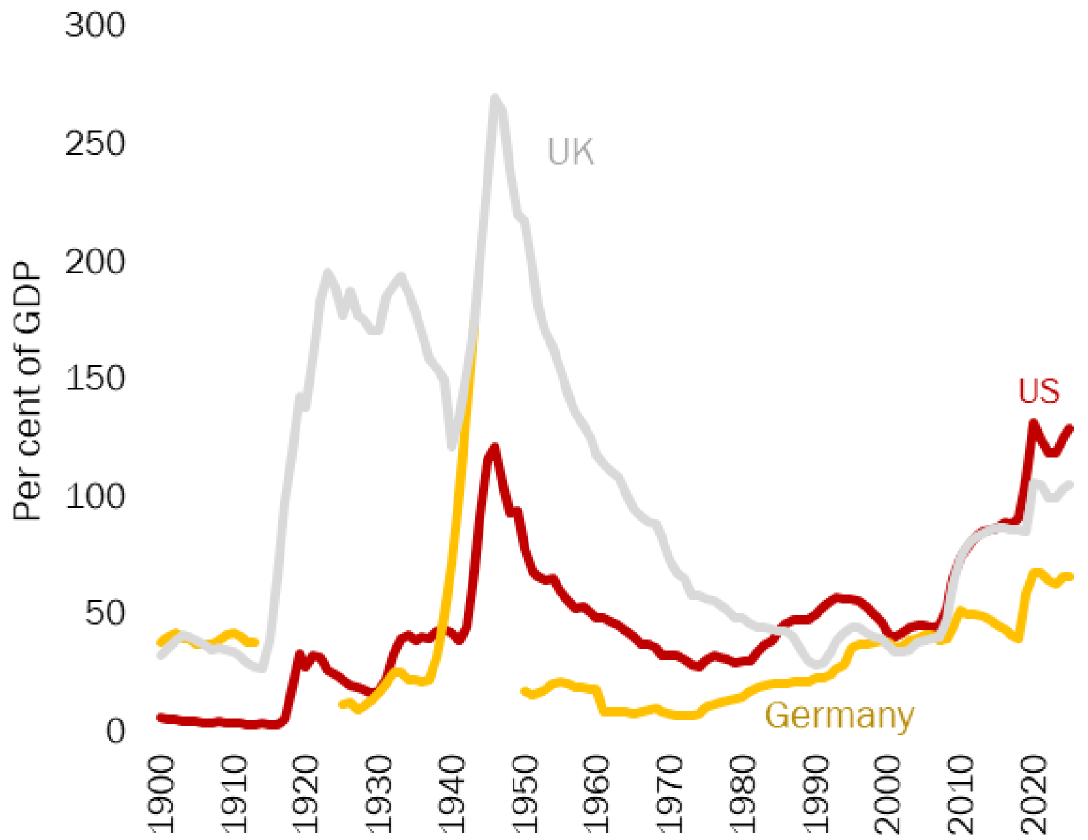
Inflation in the EBRD regions (excl. SSA and Iraq) has been rising above expectations: up to 6.4% as of July 2025 from a low of 5.3% in Sep 2024, driven by demand-side factors

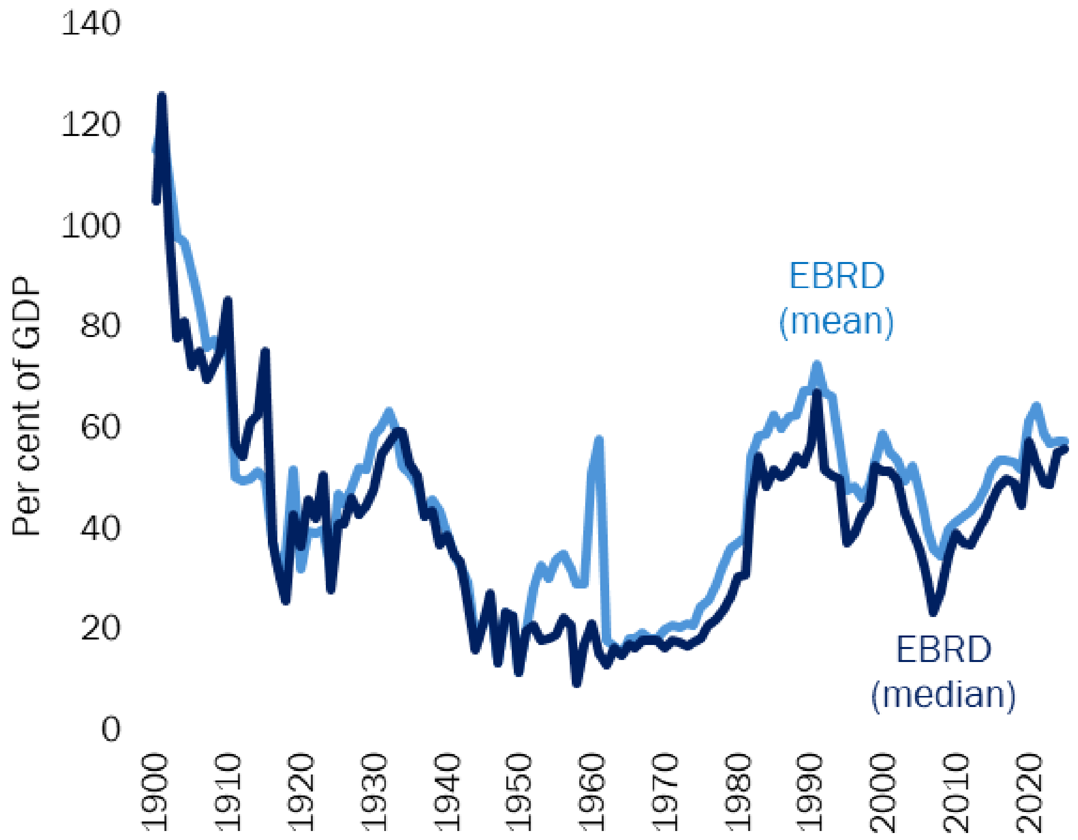


Source: May 2023 Regional Economic Prospects based on IMF, national authorities via CEIC, World Bank Global Inflation database and authors' calculations. Note: Simple average across 33 economies in the EBRD regions (excluding Ukraine 2024 onwards and excluding SSA Iraq). Dashed line denotes a month-to-month curve fitted based on end of-year and annual average April 2023 IMF inflation forecasts. Red line denotes data releases after the May 2023 REP.

In most economies public debt-to-GDP ratios remain high but below their historical peaks – US, as well as Senegal, Ukraine and Tunisia notable exceptions

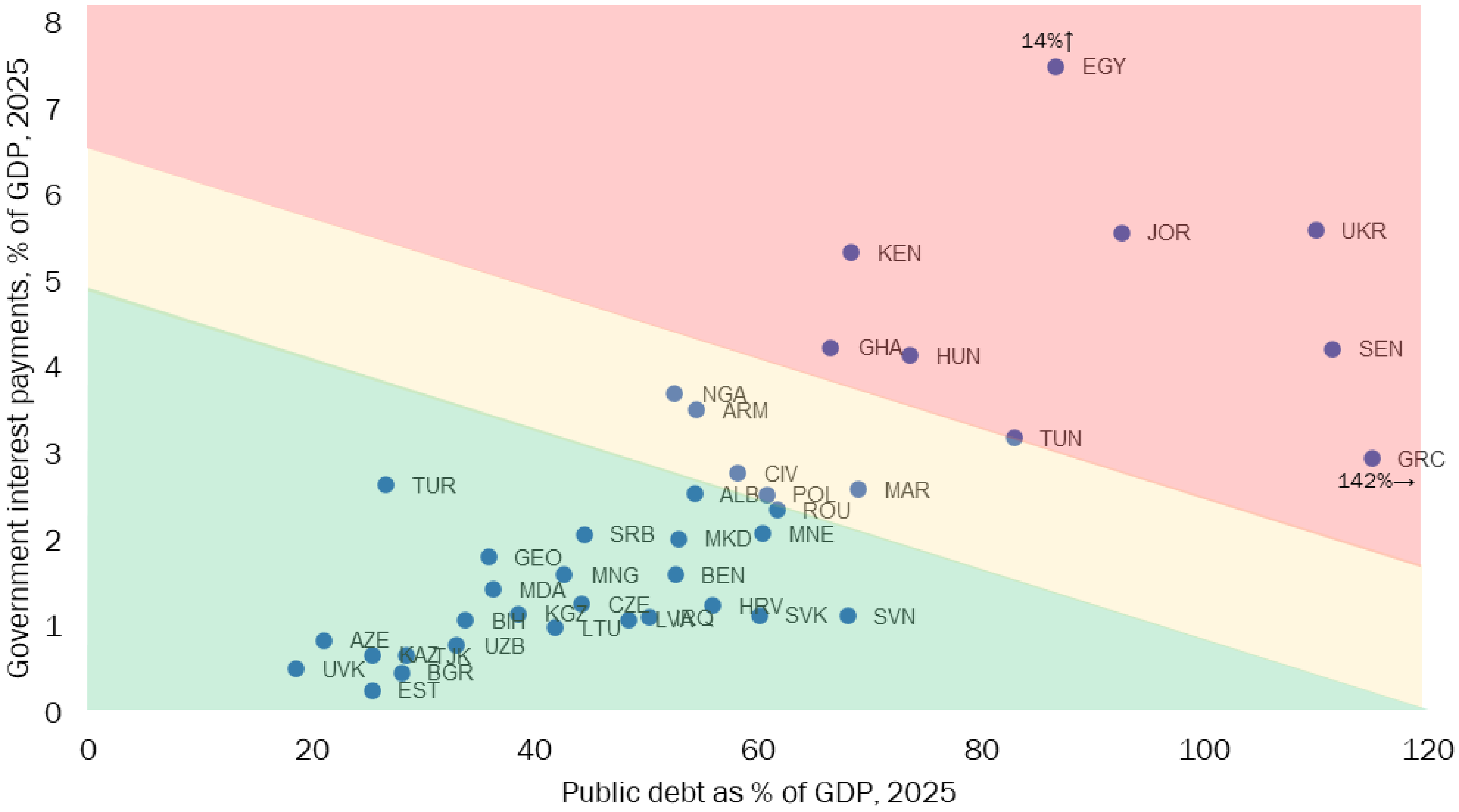
In Latvia, North Macedonia, Poland, Slovak Republic and Slovenia, debt is also at or close to its historical peaks but remains more modest





Source: Global Macro Database. Note: EBRD mean and median based on an unbalanced set of economies.

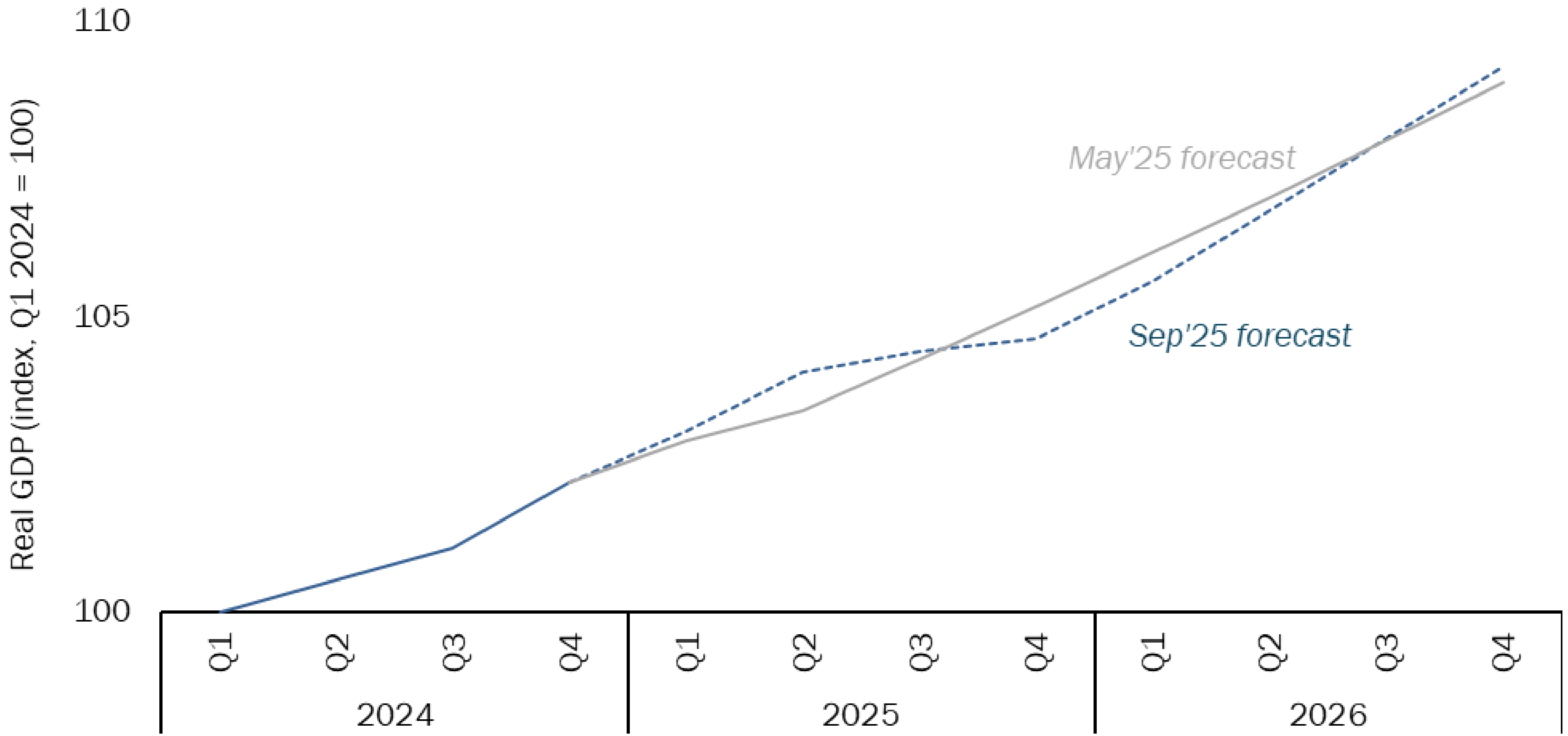
Public debt servicing costs are high in several sub-Saharan African economies as well as in Egypt and Jordan



Source: IMF WEO April 2025 and authors' calculations. Note: IMF projections for 2025. Data not available for Lebanon and Turkmenistan. Sub-Saharan African economies and Iraq marked as black dots.

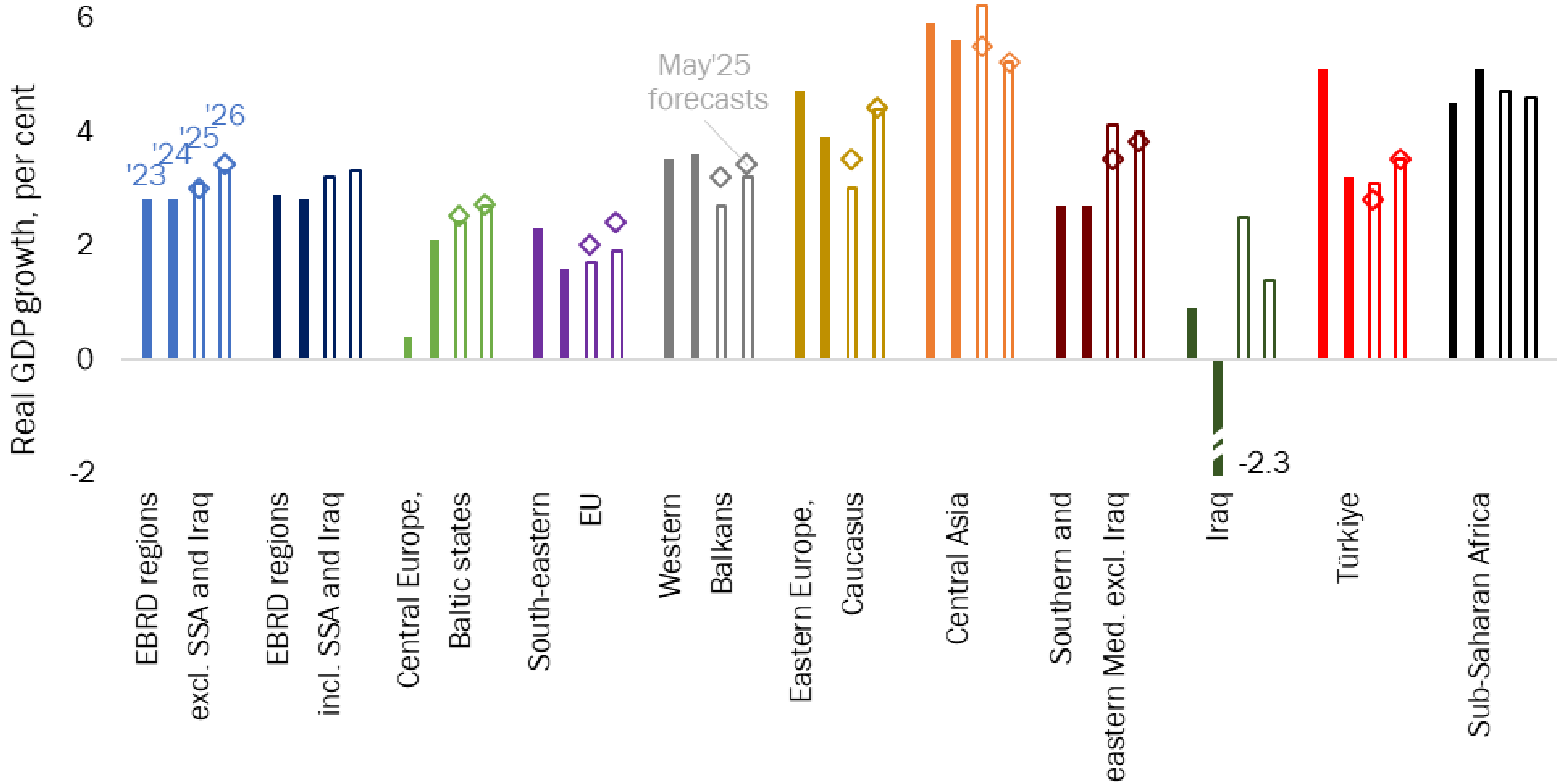
Growth in the EBRD regions excl. SSA and Iraq expected at 3.1% in 2025, picking up to 3.3% in 2026 (revised up by 0.1 pp in 2025 and down by 0.1 pp in 2026 since May'25)

For the EBRD regions including SSA and Iraq growth expected at 3.2% in 2025 and 3.3% in 2026



Source: National authorities via CEIC and EBRD forecasts. Note: EBRD average (including sub-Saharan Africa and Iraq) based on the values of gross domestic product in 2024 in current US dollars from the IMF.

Revisions to forecasts mark a further divergence in growth trajectories between Emerging Europe (with subdued outlook) and the rest of the EBRD regions



Source: National authorities via CEIC and EBRD forecasts. Note: EBRD average based on the values of gross domestic product in 2024 in current US dollars from the IMF.