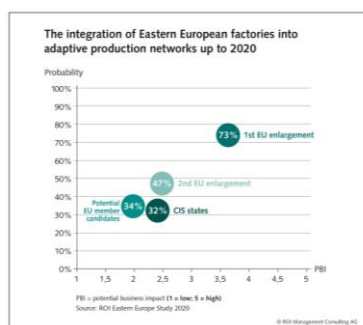


PRESS RELEASE

## Eastern Europe: Extended workbench is a thing of the past

ROI trend study investigates the prospects for the regions of Eastern Europe through to 2020

**Munich, 10/07/2013 – ROI Management Consulting AG, specialists in the design and efficient management of global production networks, has conducted a trend study into prospects for the regions of Eastern Europe for the period up to 2020. Around 50 decision-makers in industry assessed a number of propositions on the future development of four groups of countries with regard to the probability of the developments actually occurring and the effects such developments are likely to have on their business models. The study draws a picture of a region that offers great potential but which is developing at very different speeds. The findings also show that competition between the geographic locations of China and Eastern Europe only plays a subordinate role – companies will in future combine the respective advantages of each geographic location in a balanced global network.**



The significance of Eastern Europe for German companies is undisputed – as a location for development and production, as a local market with 350 million potential consumers but also as an extended 'recruiting platform' in the struggle against the scarcity of skilled workers. However, since there is continued uncertainty about the future development and significance of Eastern

Europe, or at least individual countries, it is worth examining this in greater detail.

Against this background, ROI conducted a comprehensive trend study, asking experts to put forward their ideas on the way they see Eastern Europe developing in the period up to 2020. The countries of the first enlargement of the European Union in 2004, of the second enlargement in 2007, the (potential) EU membership candidates and selected CIS states (Russia, Ukraine, Belarus and Moldova) were considered separately. In a second step, more than 50 decision-makers from various industrial sectors assessed the propositions with regard to their probability and also evaluated the influence they could have on their own business if they were to occur.

### **Large differences between countries and regions**

The results of the study reveal very different development paths for the regions. The significance of the EU countries of Eastern Europe (1<sup>st</sup> and 2<sup>nd</sup> EU enlargement in the east) as locations for production and development for German companies will increase considerably. However, the effects in the labor market seen over the past few years such as the rapid increase in labor costs in Slovenia and the Czech Republic seem to be dimming prospects. "From a Western European point of view, the geographical and cultural proximity to Eastern Europe is of great importance", reflects Hans-Georg Scheibe, Member of the Management Board of ROI Management Consulting AG, on the findings. "We will continue to see strong commitment in the region on the part of German companies which will increase both in terms of quantitatively and qualitatively. Eastern European sites offer better general conditions for setting up adaptive production networks and can cope more effectively with small batch sizes, fluctuations in demand and changes in design than Chinese locations. However, this positive appraisal does not apply to countries where a deterioration or instability in the general political conditions is expected, as in Belarus, Moldova and Hungary.

Russia generally assumes a special role in the forecasts. Despite political, infrastructural and cultural obstacles, significantly more than 90 per cent of those asked assume that the attractiveness of the country as a location will at least remain the same, while 70 per cent even expect its attractiveness to increase. Developing the potential that the country offers thus represents a real core challenge for German industrial companies in the coming years.

### **No trade-off between China and Eastern Europe**

The study also delivers fascinating findings with regard to 'global footprint' considerations. It reveals that there is no direct correlation to be expected between investment and outsourcing decisions for China or Eastern Europe. Neither the repatriation of parts of production from China to Eastern Europe nor a stop to investment in Eastern Europe in favor of China seem likely in the period up to 2020. Companies are more likely to attach increasing importance to balanced strategic footprint planning in which optimum equilibrium is achieved between the respective strengths and weaknesses of the regions.

The comprehensive study with additional information and numerous diagrams is being published under ISBN No. 978-3-9815889-0-3 (in German) and can be ordered from ROI as of July 31.

**Printable images** can be found at  
<http://www.roi-international.com/en/unternehmensberatung-muenchen/news-presse/press/bildarchiv.html>

**About ROI:**

With more than 1,000 successful projects, ROI Management Consulting AG is one of the most prominent specialists in planning, building and controlling global value chains. ROI supports global players and renowned family-run companies, in particular in the integration and optimization of development, production and logistics, in supply chain management and in the company-wide implementation of lean-management principles.

With its projects that are clearly focused on implementation, ROI has received many important awards. The company employs more than 80 people in its offices in Munich, Beijing, Prague, Vienna and Zurich, and is represented globally with partner offices in Italy, France, Great Britain, Thailand and the United States.

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