



## Quarterly Risk Outlook (2<sup>nd</sup> quarter 2024)

Sri Lanka Export Credit Insurance Corporation

Belarus – GDP is projected to trend around 78.58 USD billion in 2025.



The Belarus GDP is projected to trend around 78.58 USD Billion in 2025 and 81.88 USD Billion in 2026. GDP in Belarus is expected to reach 75.56 USD Billion by the end of 2024, according to trading Economics global macro models and analysis expectations. Belarus' GDP grew by 4% in January – February 2024, According to estimates, in January – February 2024 the GDP amounted to Br 34.5 billion in current prices, up by 4% inn comparable prices year-on-year.

The highly centralized Belarusian economy emphasizes full employment and a dominant public sector. It has been described as a market socialist. The main product exported from Sri Lanka to Belarus were Tea (\$ 2.27M), Coconut and other vegetable fibers (\$ 1.8M), and used Rubber Tires (\$ 444k). During the last 24 years the exports of Sri Lanka to Belarus have increased at an annualized rate of 1.54%, from \$ 3.16 M in 1998 to \$4.57M in 2022.

To achieve the most important parameters, the government is set to approve the country's target plan for 2024. It will focus on the priority tasks for the government bodies to implement manufacturing, export and investment plans. The tasks set in it will be aimed at balanced economic growth without the risk of provoking macroeconomic shocks. The measures will also be aimed at raising living standards of the population.

Decree No. 308 on monetary policy targets for 2024 was also adopted to create conditions for sustainable economic growth. The list includes a set of qualitative indicators to ensure the sustainability of the banking system (including as a source of investment resources), and also price and financial stability.

Czech Republic -The region's most prosperous and industrialized economies and serves as an entry point for U.S. companies.



The Czech Republic, also known as Czechia, is a landlocked country in Central Europe. The economy of the Czech Republic is a developed export-oriented social market economy based in services, manufacturing, and innovation that maintains a high-income welfare state and the European social model. For the full year 2023, gross domestic product is likely to have fallen by 0.6%, but is forecast to grow by 1.2% in 2024. Fitch forecasts public debt/GDP to be broadly stable at 44.6% in 2024, from 44.2% expected in 2023, and gradually decline to 44.1% in 2027, driven by narrowing primary budget deficits.

Today, this nation that sits at the heart of Europe has emerged as one of the regions most prosperous and industrialized economies and serves as an entry point for U.S. companies expanding beyond the more traditional markets in Western Europe to the market in the east. Inflation is expected to gradually decline to around 3.5 percent by 2024. Services account for around 62 percent of the economy, with manufacturing and construction at around 36 percent, and agriculture at around two percent. The auto industry is central to industrial production, making up 10percent of GDP.

The Czech Republic is a medium-sized, open, and export- driven economy that is heavily dependent on foreign demand especially from the Eurozone. Around 70% of Czech exports go to other EU member states; of this, 26% is exported to the Czech Republic's largest trading partner, Germany. The United States is the Czech Republic's largest non – EU export destination and third largest overall non – EU trading partner. U.S. – Czech trade reached record levels in 2022 with exports from the United States to the Czech Republic growing 23 percent to almost \$ 3.8 billion and imports from the Czech Republic reaching \$ 7.5 billion. Leading U.S. exports to- and investments in the Czech Republic include automotive parts and equipment, energy franchising, information technology, medical equipment, and scientific equipment.

Croatia – Modern Croatian economy is considered high-income and dominated by its tertiary service sector.



The economy of Croatia is a developed social market economy. It is one of the largest economies in Southeast Europe by nominal gross domestic product (GDP). It is an open economy with accommodative foreign policy, highly dependent on international trade in Europe.

According to the forecasts of the European Commission for 2024, the Croatian GDP is expected to grow at a constant pace of 2.5%, with the support of increased private consumption, rising wages and investments of EU funds. Croatia's real GDP growth is projected to stand at 3.0% in 2024 and to edge down to an average of 2.7% towards the end of the projection horizon.

The modern Croatian economy is considered high-income and dominated by its tertiary service sector which accounts for 70% of GDP. The high levels of tourism in Croatia contributes to nearly 20% of GDP. Some major contributors to Croatia's economy include tourism, manufacturing, agriculture and services. Tourism plays a significant role, as Croatia is known for its beautiful coastline and historic cities, attracting visitors from around the world.

Shifting to 2024, the economy is projected to grow at a similar rate to 2023. Private spending will remain supportive thanks to lower inflation. Moreover, a rebound in exports – spurred by a robust tourism sector will enhance growth. Meanwhile, tight financing conditions are set to take a toll on investment activity. The disbursement of EU funds is a key factor to watch.

The agricultural sector represents only 3.1% of the country's GDP and employs 6% of the workforce (World Bank latest data available). The secondary sector contributes 19.9% of GDP and employs 28% of the active population. Croatian industry is concentrated in competitive activities: textiles, wood, steel industry, aluminum, and the food industry. With more than one third of the territory covered with forests, the wood industry is one of the fundamental sectors of the economy. The country has limited mineral resources. The manufacturing sector is estimated to contribute 12% of the national value added.

The service sector represents 60.9% of the country's GDP, employing 66% of the workforce. The tourism sector, in particular, is among the key segments of the Croatian economy, accounting for almost a quarter of GDP, by far the largest share in the EU.

## Austria – One of the fourteen richest in the world in terms of GDP.



The economy of Austria is a highly developed social market economy, with the country being one of the fourteen richest in the world in terms of GDP per capita. Austria, formally the Republic of Austria, is a landlocked country in central Europe, lying in the Eastern Alps. It is a federation of nine federal states, one of which is the capital, Vienna, the most populous city and federal state.

The economy of Austria is highly developed social market economy, with the country being one of the fourteen richest in the world in terms of GDP. The Austrian economy is deemed one of the most stable in Europe. The country relies on a very strong network of export-focused SMEs, excellent academic standards and significant spending for research and development.

Austria has a low percentage of unemployment compared to other countries in the Eurozone and the EU, as well as global comparison. Although it increased marginally in 2023 (to 5.1% from 4.8% one year earlier as the increase in labor supply outpaced employment growth), the unemployment rate is still at a historically low level. This trend is expected to continue in 2024, with a projected unemployment rate of 5.4%. According to the latest figures by EU Commission, nominal wages increased by 8.3% in 2023 and should continue on an upward trend (7.1% in 2024 and 3.9% in 2025), driven by inflation and the tight labor market. Overall, Austrians enjoy one of the highest GDP per capita in Europe, estimated by the IMF at USD 69,069 in 2023.

Austrian economy is heavily dependent on foreign trade, which accounts for 124% of GDP (World Bank latest data available). Its trade with the countries of the European Union accounts for almost 70% of its total trade (WTO). According to data from Statistics Austria, machinery and vehicles retained their position as the foremost product group in Austrian international trade during 2022, accounting for 30.8% of imports and 35.6% of exports. Imports in this category experienced an 11.2% increase, reaching EUR 65.72 billion, while exports grew by 12.6%,

The service sector dominates the economy, contributing 62.1% of GDP and employing 71% of the country's active population. Every sixth job is provided by tourism, which has a major impact on the country's economy. According to the latest available information from the Austrian Statistical Office, tourism accounts for 20.7% of the country's GDP, with an added value (direct & indirect) of more than EUR 10.8 billion.

Algeria - Algeria is among the top ten largest gas exporters in the world, it ranks 16th in oil reserves and 10th in confirmed gas reserves.



Algeria is a country located in Northern Africa bordering the Mediterranean Sea. It is considered the gateway between Africa and Europe. Algerian economy is mainly driven by hydrocarbons and public investment, with the former accounting for 40% of GDP, 94% of exports and one-third of fiscal revenues. In 2022, the country benefited from high energy prices and the increased demand from Europe that followed the EU sanctions against Russia, resulting in a GDP growth of 3.2%. The positive trend continued in 2023, when economic growth reached 4.2%, underpinned by robust activity in the hydrocarbon, industry, construction, and services sectors. For 2024 and 2025, GDP growth is forecasted to decelerate marginally to 3.1% and 2.5%, respectively, amid lower hydrocarbon prices (IMF). Private consumption, constituting 42% of GDP, is anticipated to make a positive contribution, largely sustained by government-introduced social support measures for households.

In recent years, continued large fiscal and external current account deficits have reduced policy space as public debt increased significantly and international reserves declined (IMF). During 2022 and 2023, the windfall hydrocarbon revenues failed to counterbalance the additional expenditures aimed at supporting the economy, resulting in a continual widening of the government deficit, which stood at 9% of GDP last year. Among the top-priority expenditures, the government plans to fund a 47-50% raise in public sector workers' salaries from 2023 to 2024, an augmentation in retirement allowances for the least affluent, an expansion of unemployment benefits, and a doubling of the defense budget, which will result in high deficits in 2024 (6.8%) and 2025 (6.3%) as per the IMF. The debt-to-GDP ratio was estimated at 55.1% in 2023 (from 55.6% one year earlier) and is expected to follow an upward trend over the forecast horizon, reaching 63.9% by 2025.

Agriculture accounts for 11.6% of Algeria's GDP and employs 10% of the workforce (World Bank, latest data available). The main crops are wheat, barley, oats, citrus, wine grapes, olives, tobacco and dates. Algeria also produces a large quantity of cork and is an important livestock farmer. In late 2023, the government introduced the "Strategic plan for the development of cereal production in Algeria 2023-2028", aimed at developing the soft wheat, maize, sugar and oilseeds sectors to reduce the annual food import bill.

The secondary sector represents 45.9% of GDP, employing 31% of the active population. The oil and gas sector accounts for most of the federal income and almost all of its export income (it represents over 90% of total exports). Algeria is among the top ten largest gas exporters in the world, it ranks 16th in oil reserves and 10th in confirmed gas reserves. The ores mined in large quantities are iron, lead, phosphate, uranium, zinc, salt and coal. The main activities of the manufacturing sector are industrial food processing, textile and chemical products, metals and construction materials. The manufacturing sector alone accounts for 35% of GDP (World Bank). Figures from the Ministry of Industry show that in the two first quarters of 2023, the public industrial sector recorded a growth rate of over 5.6% and 1.3% y-o-y, respectively.

**Georgia - Economic growth in recent years has been boosted by rising domestic and external demand, resulting in higher consumption, exports, tourism, and remittances**



Georgia, a country at the intersection of Europe and Asia, is a former Soviet republic that's home to Caucasus Mountain villages and Black Sea beaches. Georgia is a transition economy influenced by its past affiliation to the Soviet Union. Economic growth in recent years has been boosted by rising domestic and external demand, resulting in higher consumption, exports, tourism, and remittances. According to the IMF, growth is expected to ease to 5.7% in 2024, with consumption playing a larger role supported by strong real wage growth and employment.

The 2024 budget aims for a deficit of 2.5% of GDP, with increased revenues from corporate income tax for banks and new gambling taxes funding higher expenditures. These include increased wages, social benefits, and capital investments. Public debt is projected to remain below 40% of GDP both in 2024 and over the medium term. Inflation experienced a significant decline throughout 2023, ending the year at 0.4 percent.

More than 1.83 million Georgians, out of a population of 3.7 million, constitute the domestic labor force (World Bank) and the country possesses many natural resources on its territory. The country has forests and woods, rivers and lakes, farmland, marble, minerals, manganese, iron, copper, coal, oil, clays, and sand, as well as wildlife. Georgia has an agricultural tradition, which has helped develop its economy for years. The country has signed a Deep and Comprehensive Free Trade Area (CFTA) agreement with the EU, which implies that all Georgian agricultural products can be exported without duty to EU markets. According to the latest available figures by the National Statistics Office, the average annual income stands at GEL 1,508 for small holdings and GEL 13,151 for medium and large holdings.

Georgia is very open to international trade as it accounts for around 116% of its GDP (World Bank – latest data available). The country has no foreign exchange controls, allows foreign investment in almost all sectors, and has an impressive privatization program, particularly in terms of land allocation. The main products exported in 2023 were motor cars (34.9%), copper ores and concentrates (7.9%), wine of fresh grapes (4.3%), alcoholic beverages (3.2%), and Ferro-alloys (3%); whereas the main imports were motor cars (21.1%), petroleum and petroleum oils (7.5%), medicaments put up in measured doses (3.5%), petroleum gases and other gaseous hydrocarbons (2.9%), telephone sets (2.4%), and copper ores and concentrates (1.5%).

In 2023, Georgia's main customers were Azerbaijan (14.2%), Armenia (12.9%), Kazakhstan (11.5%), Kyrgyzstan (11.4%), Russia (10.8%), with the CIS countries accounting for 65.9% of total exports and the EU for 11.6%. Georgia's main suppliers were Turkey (16.5%), the United States (13.0%), Russia (11.2%), China (8.5%), Germany (6.3%), and Azerbaijan (4.2%). The EU accounted for 24.6% of total imports, the CIS state for 21.2%.