The ICT sector in the CEE countries as a regional driver of growth

Executive summary

- CEE countries have the resources and potential to strengthen and develop the ICT sector. This is evidenced by increasing Research and Development (R&D) expenditure, the growing number of investments in IT services, as well as the economic stability of these countries despite the recent crises. The ICT sector in the CEE countries is characterised by a rapid pace of development. This is visible in the permanent increase in the share of value added in GDP, new jobs, and the dynamics of international trade — exports of commercial ICT services in the CEE region have increased more than six-fold between 2005 and 2021.

- There are some areas in which the CEE region is already ahead of more developed economies in the EU — such as the share of employment in the ICT sector or a number of enterprises in ICT sector per 1000 inhabitants. On the other hand, ICT enterprises in Western Europe tend to have higher labour productivity with EUR 135,512 in value added per employee, compared to EUR 45,351 in the CEE region. Central and Eastern European countries record weaker results in digitisation of enterprises and individuals, such as e-commerce sales, cloud services and big data use and e-government activities of individuals.

- Dynamic changes in business environment accelerated the emergence of new trends that are going to affect digital economy in the future, such as artificial intelligence, cybersecurity and cloud technology. The impact of artificial intelligence will be felt more and more in the region. Both within the ICT sector and through the technologies produced by this sector. The cybersecurity sector may undergo particular development in the region in the near future due to the growing market demand as a result of the hybrid threat from Russia. Cloud technology on the other hand will be the foundation for further development of the former two phenomena.

- Subsequently, further development of the ICT sector requires certain measures, among which are raising awareness of the digital economy and the conscious absorption of the emerging tools and technologies. CEE countries are also facing a shortage of skilled ICT specialists, caused by both a mismatch of educational offerings to meet today's world needs, as well as surging demand for digital experts (such as robotic engineers, operators and cybersecurity specialists).

- In that light, there is a need for cooperation between all CEE countries through the development of common priorities as well as coordination of activities at the regional level in the field of technology. The existence of umbrella organisations, such as the CEE Digital Coalition (an informal gathering of digital and advanced technologies industry organisations from Central Eastern Europe), aimed at uniting the voice of businesses in different countries is crucial for representing their common interests at the European and global levels, also in the light of upcoming elections to the European Parliament. Increased investments aimed at supporting start-ups, small and medium enterprises growth, but also creating a friendly business environment enticing global companies to invest in the region is desired. Furthermore, increased cooperation between public and private sectors is urged to better tailor solutions for actual business needs. Lastly, creating a balanced regulatory environment is crucial to ensure competitiveness and further development of the digital economy in the CEE region.

CEE Digital Coalition is an informal gathering of digital and advanced technologies industry organisations from Central Eastern Europe. The Coalition which includes 18 organisations from 11 countries was founded on the premise that CEE societies share cultural and historical heritage, tend to be in similar stages of digital progress, and have a common digital identity. Its establishment was marked by the signature of the "Warsaw Digital Declaration", when 12 associated organisations joined forces and agreed to support both private and public sectors in creating innovative and safe digital environments in Europe.