



EUROPEAN WEEK OF
REGIONS & CITIES

2003 - 2022

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**New Challenges for
Europe's Cohesion**

Thematic insight: regional scenarios on the impacts of COVID, the war against Ukraine and climate change

Wiktor Szydarowski
Director - ESPON EGTC

**How upcoming policy decisions might affect regional
economies in Europe**

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New Challenges for Europe's Cohesion

Reflecting on European fragilities to recover from successive shocks



The impacts of COVID on regional economies in 2020

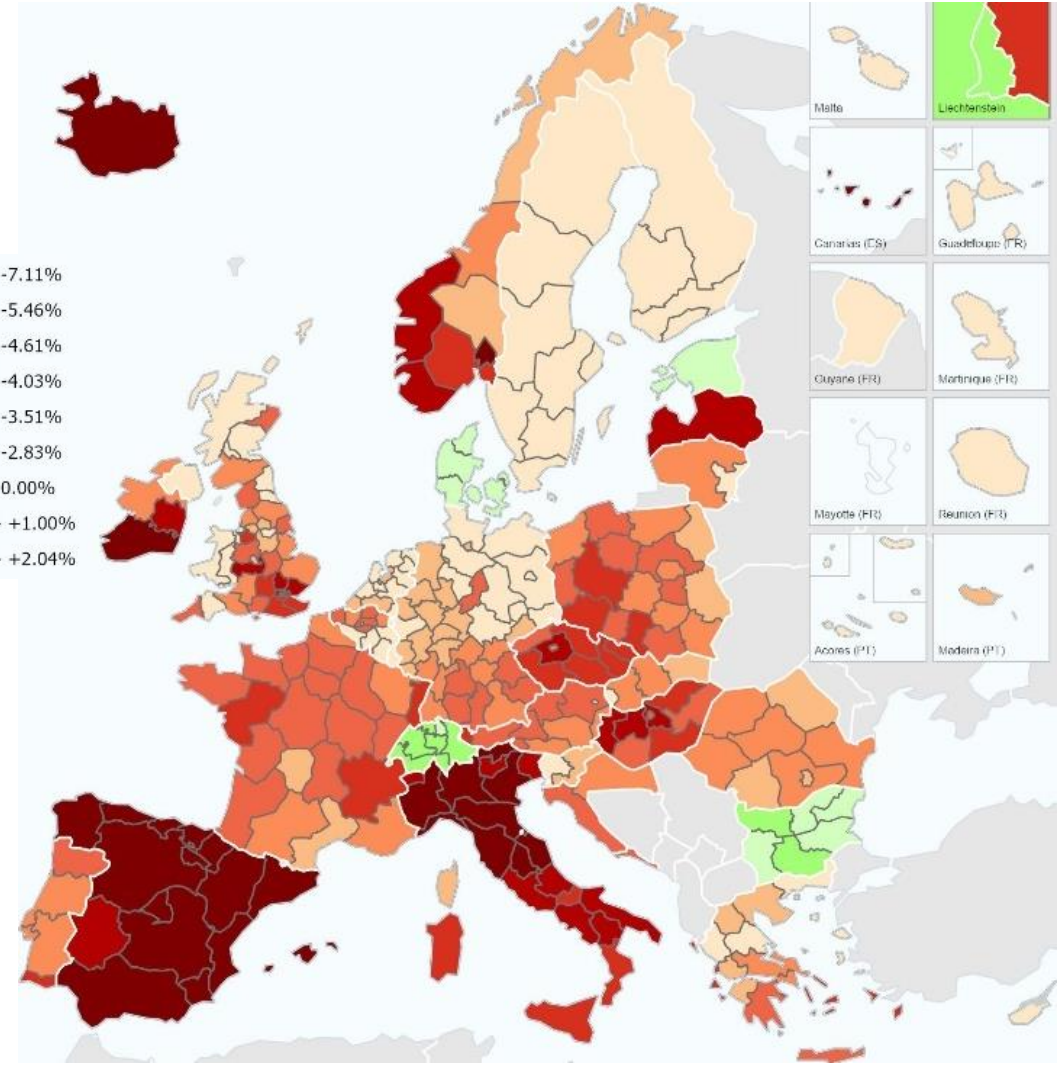
- Sectoral rather territorial
- Asymmetric shock for EU regions



The COVID shock

- ↘ National GDP
- ↘ National sectoral demand
- ↘ Regional sectoral added-value

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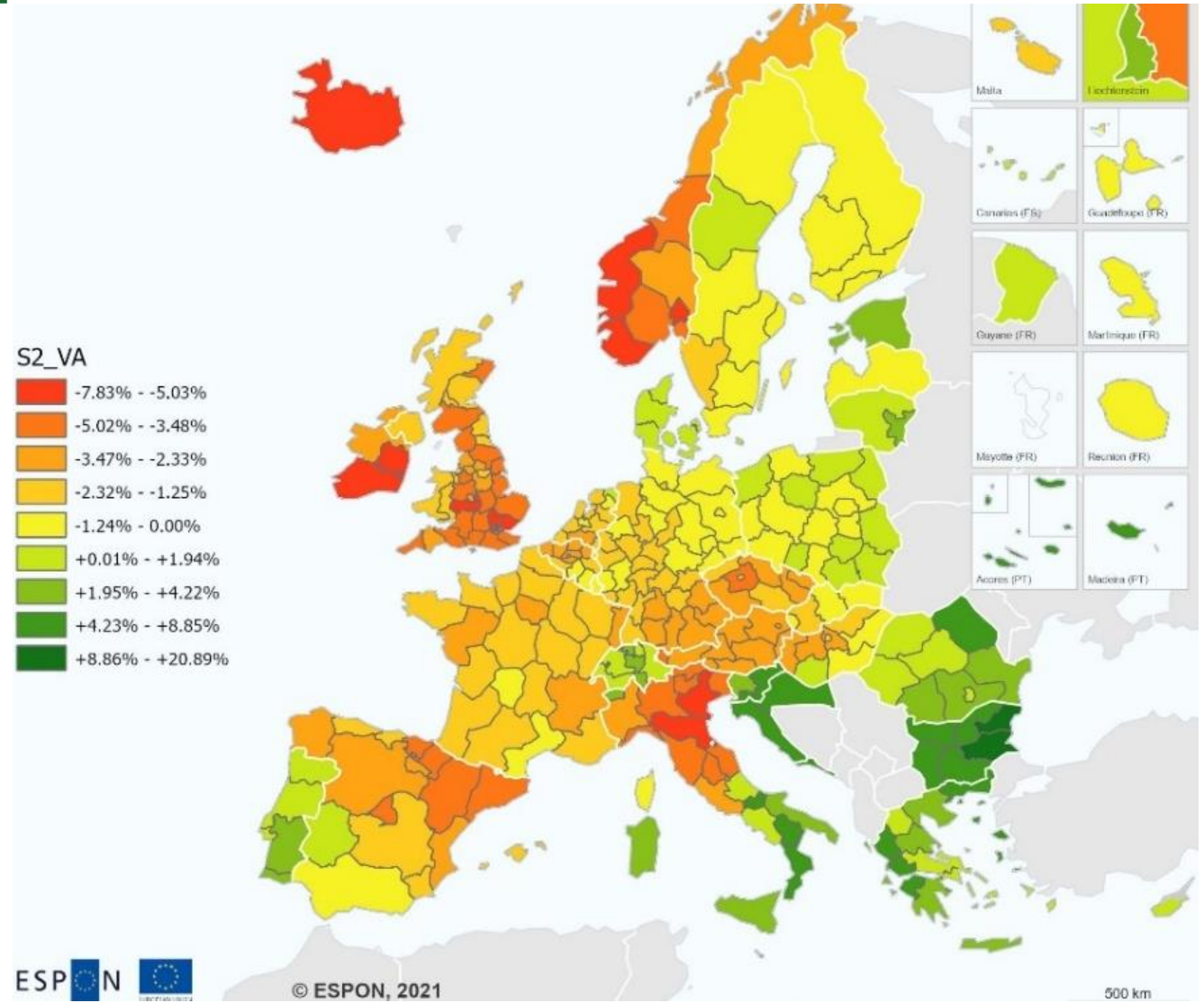
The regional economic impact of Next Generation EU

A consolidated outlook on the combination of the COVID shock with the impact of NGEU funds on regional growth



Hypotheses for simulating the allocation of NGEU grants across regions and across sectors

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Forecasting the decoupling of EU and Russian economies

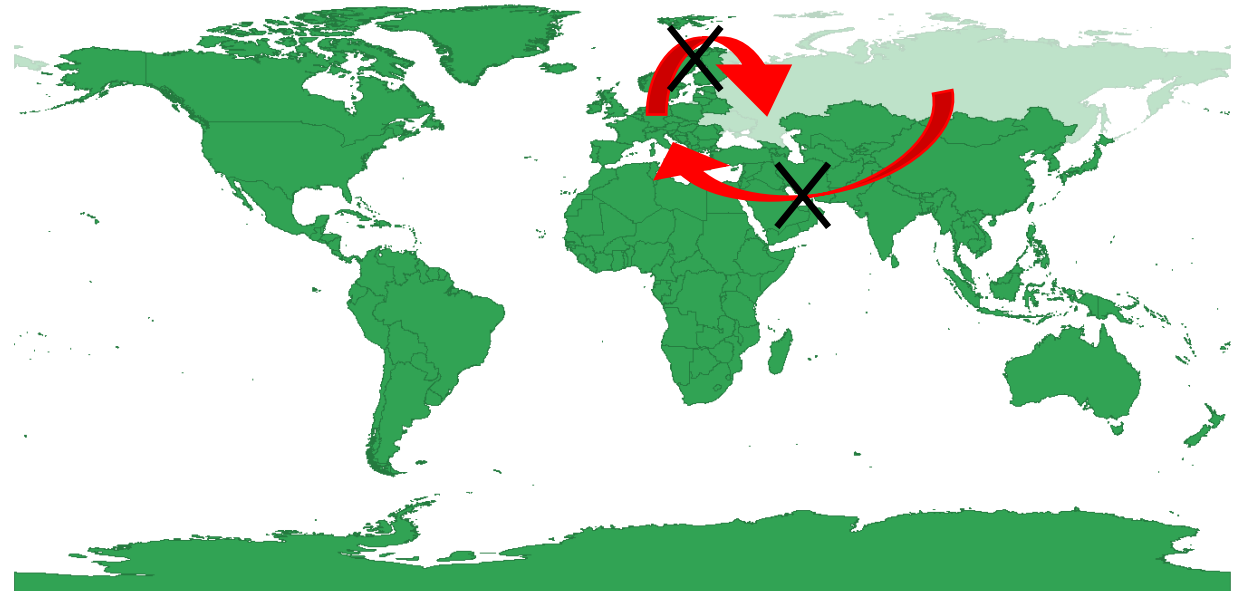
How to anticipate the possible territorial impacts of decoupling EU-RU economies as a consequence of the war?



A theoretical exercise, which becomes more realistic as the war is lasting and political decisions are taken by the different actors involved:

- economic sanctions and counter sanctions,
- anticipations of economic actors resulting in fast inflation and growing substitution

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The effects of a total ban on trade with Russia can be simulated to analyse the possible maximum shock on European regional economies in terms of growth, inflation and employment.



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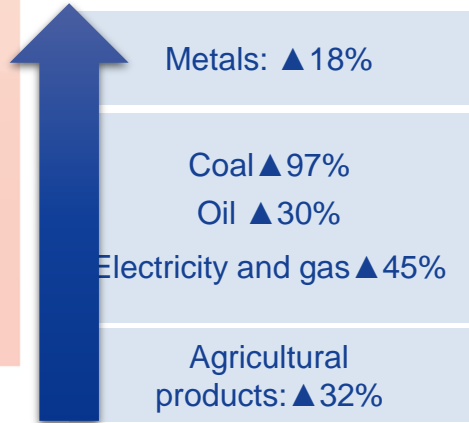
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Decoupling of EU and Russian economies

Quantifying the sectoral and regional effects derived from the fact that Russia would neither export nor import from the rest of the world for one year

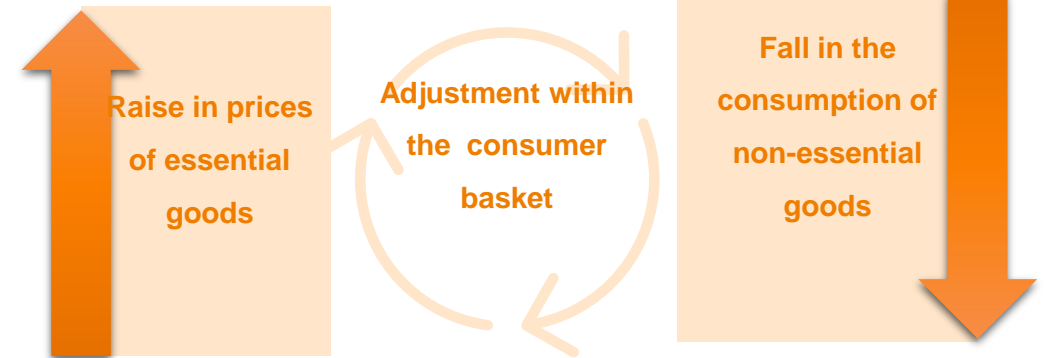
Prices shock in raw commodities



Transmission through manufactured products



Adjustment in Consumption



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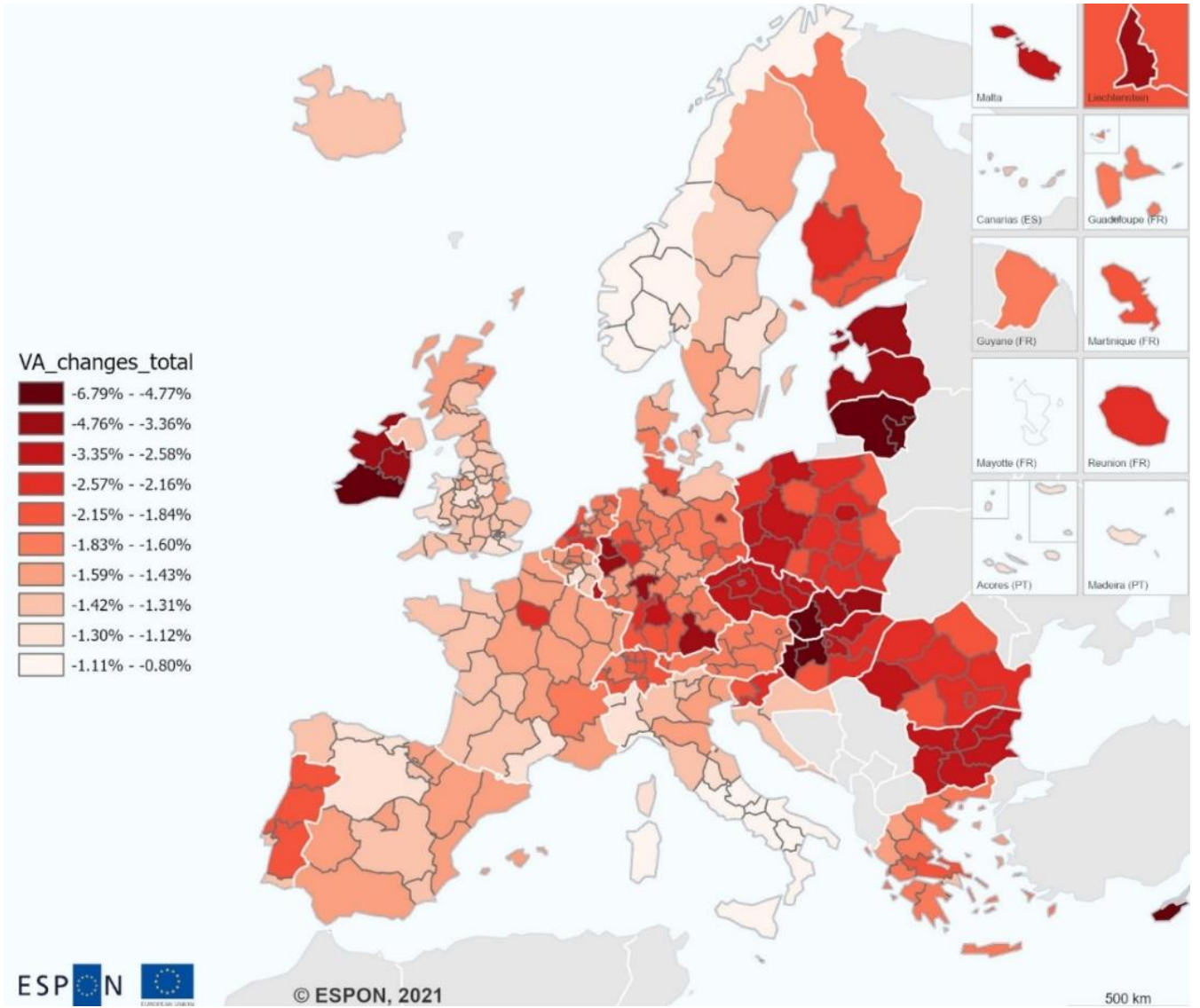
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Decoupling of EU and Russian economies

Overall effect on regional GDP

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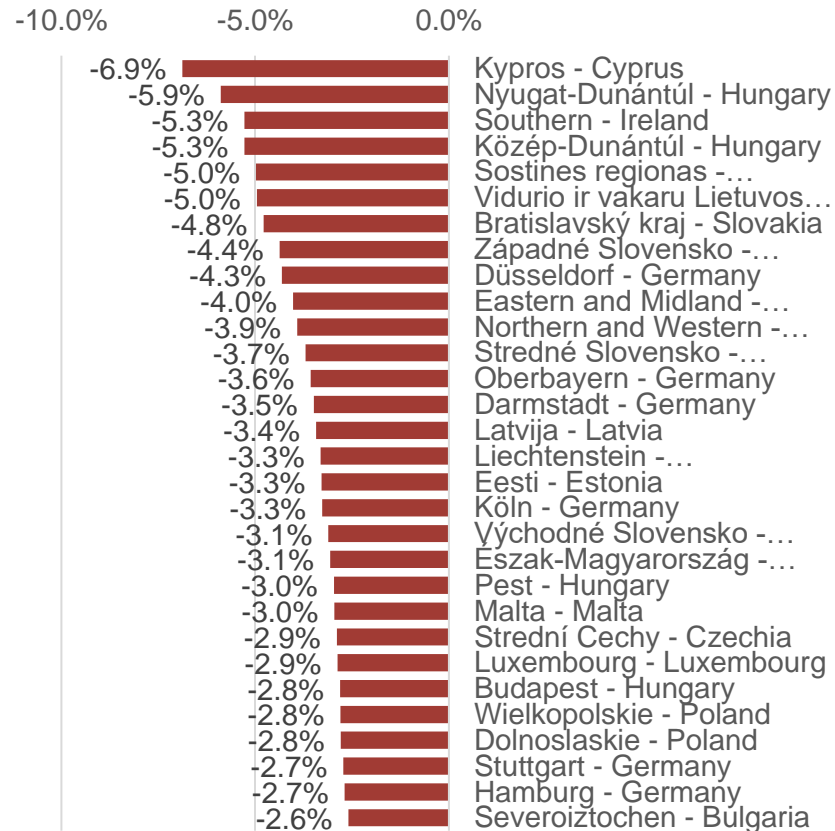


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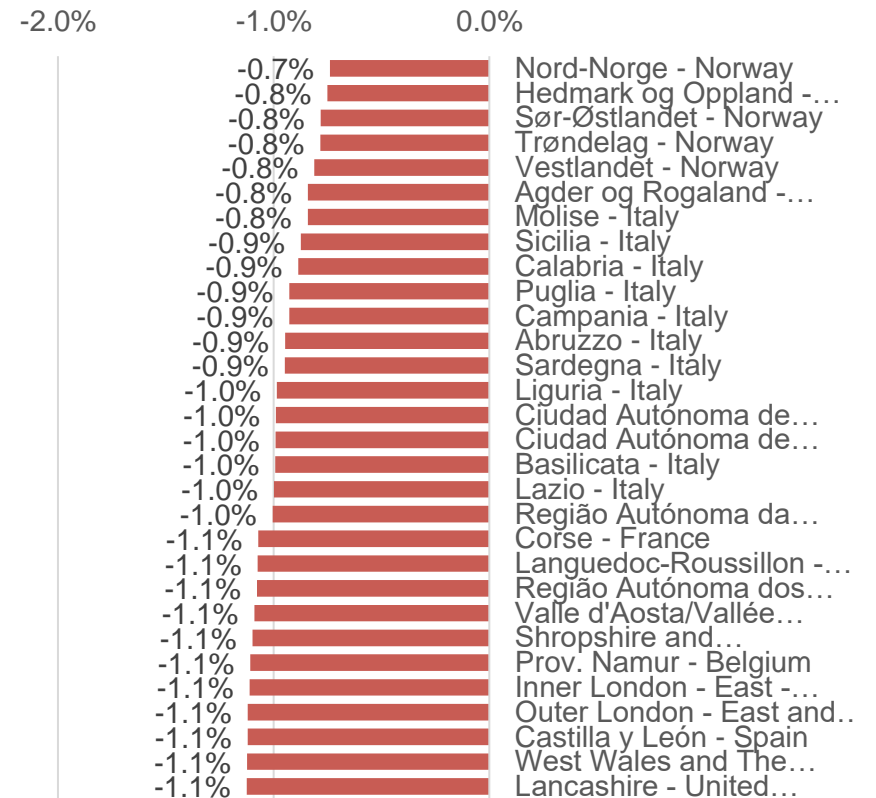
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Decoupling of EU and Russian economies

The most affected regions



The least affected regions



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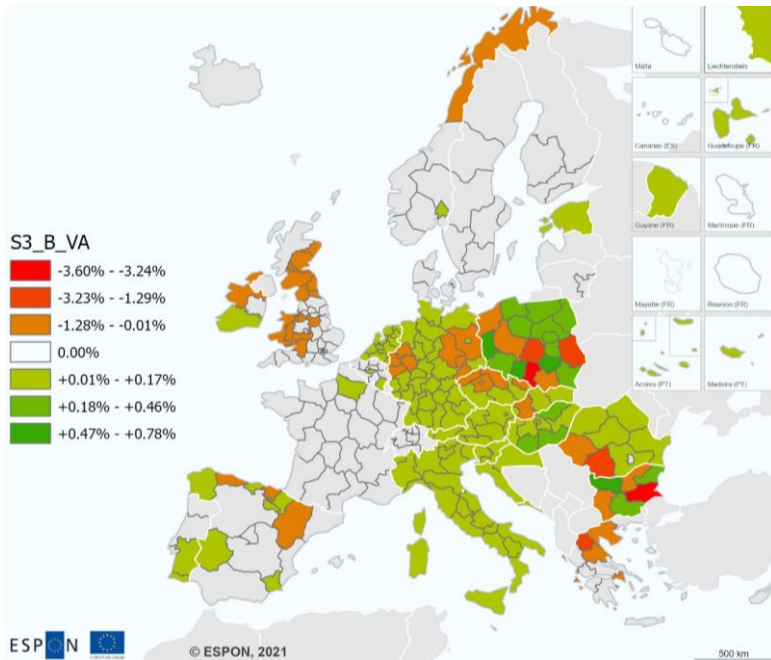
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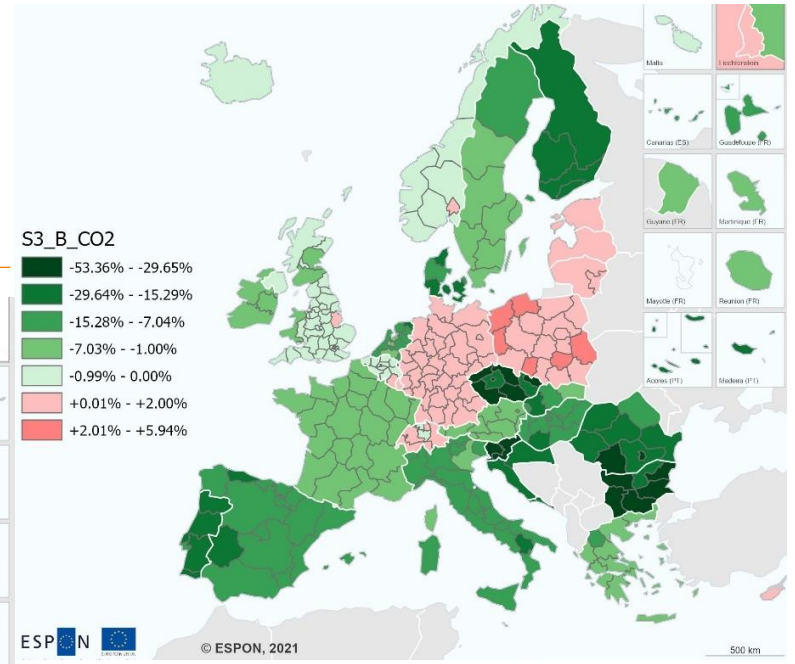
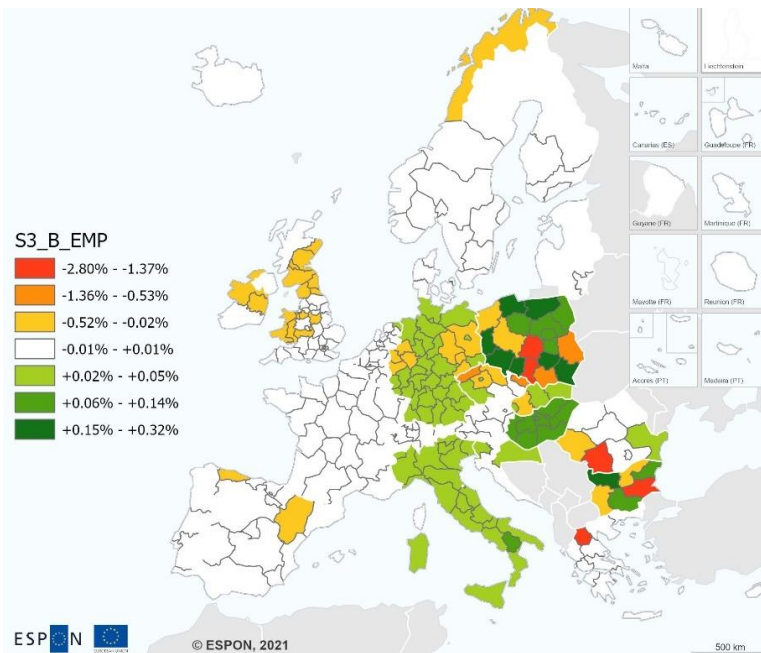
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Decarbonising Europe // the regional impacts



% regional GDP

% regional employment



% regional CO2 emissions





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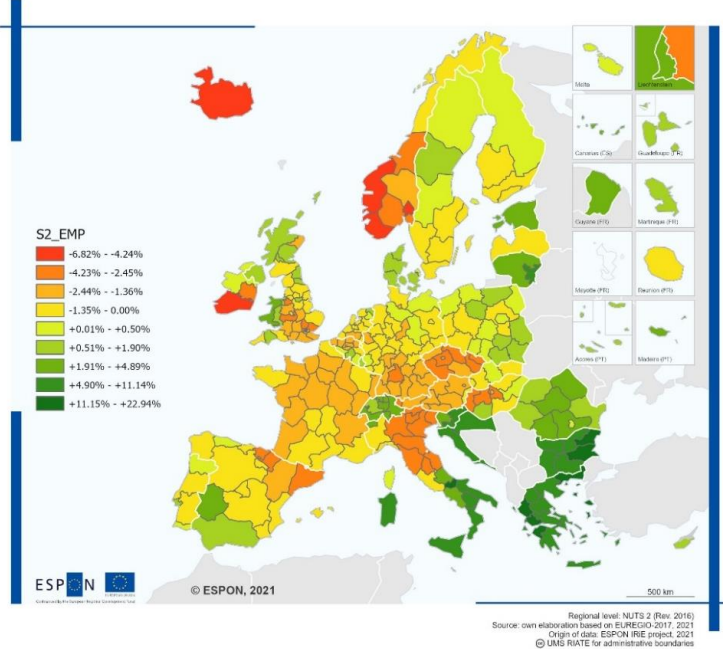


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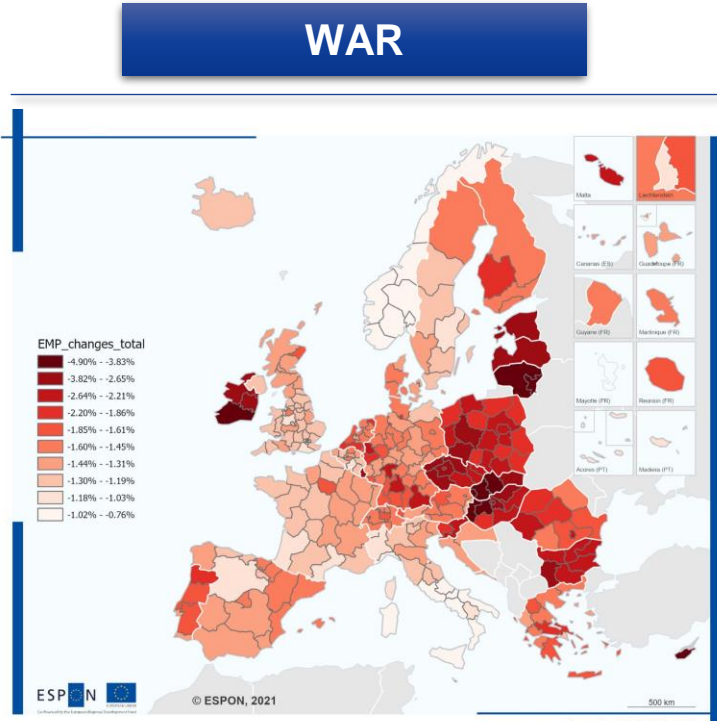
Overlapping and successive shocks...

Effects in terms of employment (%)

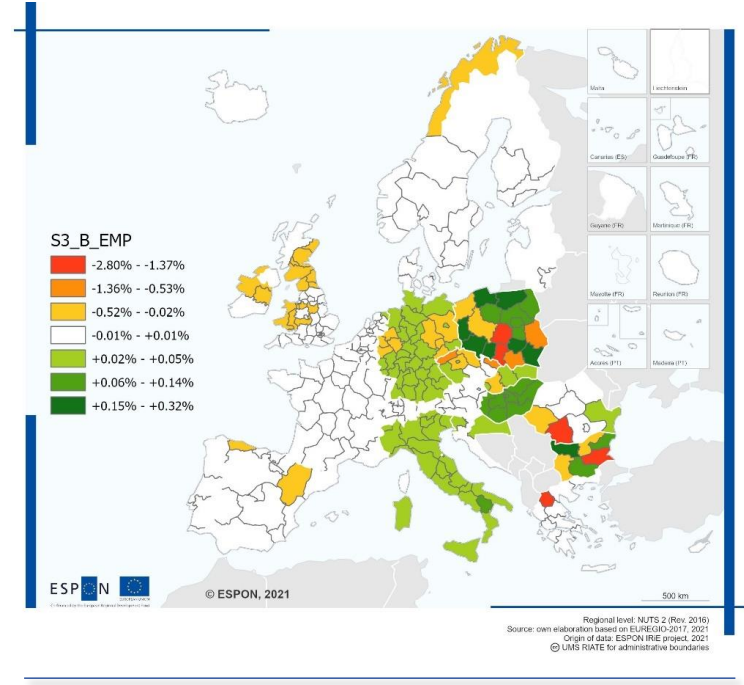
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COVID



CLIMATE CHANGE





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New Challenges for
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Paving the way for enhanced European strategic autonomy in times of crises



Europe has been through the worst shock ever (COVID19), but the recovery is hampered by the consequences of the war. In search for “bouncing forward”, the overlapping crises might become the norm and require revised priorities for EU policies, and Cohesion Policy in particular.



Eastern Europe benefits a lot from the NGEU but suffers the most from the war. Attention to political tensions there, as well as indirect effects elsewhere. Warning about the effects on employment via prices, beyond the exposure in trade and growth.



No matter if EU and Russian economies end up being formally decoupled, the current situation would already call for new sets of policy answers to avoid further amplification of the shock, starting with fiscal initiatives and with territorially focused policies to support most affected sectors and households.

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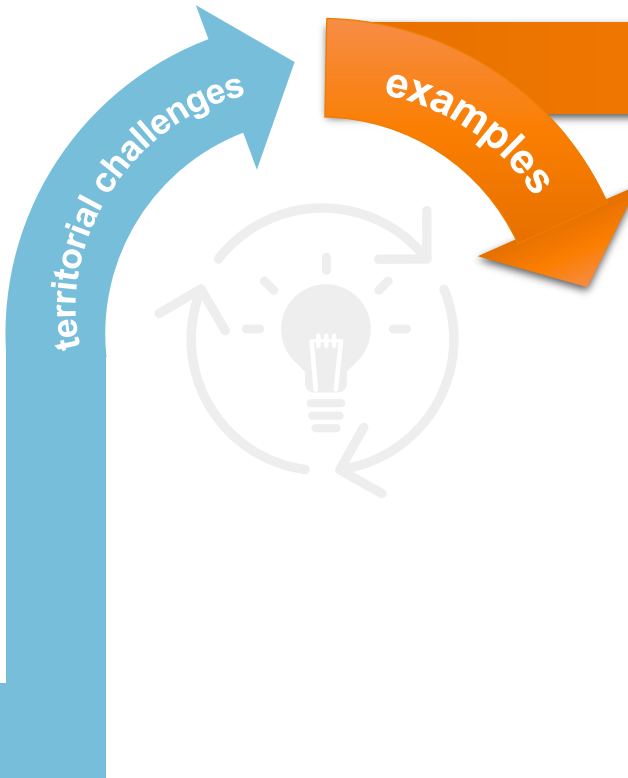


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New Challenges for
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Places resilient to crises

- Environmental changes
- Social diversities
- Economic transition
- Technological transformation
- Multi-level governance



Potential research areas and topics

- Territorial vulnerability to different types of crises
- Concept of territorial resilience and its integration in policy processes
- Governance and capacity building to increase resilience of territories (anticipation, mitigation measures, etc.)
- The added value of culture for territorial resilience
- Cyber resilience practice for municipalities to safeguard local democratic processes/guarantee availability of (crucial) public services
- Disaster resilience, crisis management

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**New Challenges for
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Thank you for your attention!

Wiktor Szydarowski (ESPON EGTC)

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