SOBIESKI INSTITUTE

CENTRUM STRATEGII ROZWOJOWYCH

We Create IDEAS for Poland

THE THREE SEAS INITIATIVE

NEW VOICE OF EUROPE IN THE G20

REPORT
APRIL 2026

4.12 trillion € was the value total of the GDP (PPP) of all 3 Seas Initiative countries in 2025

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THE THREE SEAS INITIATIVENEW:
VOICE OF EUROPE IN THE G20

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THREE SEAS INITIATIVE IN NUMBERS

4.12 trillion EUR

was the value total of the GDP (PPP) of all 3 Seas Initiative countries in 2025, while the size of the German economy was 4 trillion EUR.

2x faster

was the pace of GDP per capita growth in the 3SI countries between 2016-2025 compared to the largest economy in the EU, i.e. Germany (67.3% in the 3SI countries vs 33.4% in Germany)

61.5%

was the rate of increase in disposable income in the 3SI countries between 2014-2024. It was much higher than the EU average (48.3% in the EU27) due to dynamic growth in average net wages (the increase was 77.4% in nominal terms in the S3I countries vs 42.9% in the EU27)

77.4%

was the increase in average net wages in nominal terms (42.9% in the EU27)

4.7% PKB

was the value of the average FDI inflow to 3SI countries in 2000-2019, much more than the average for both: the developed (3.3% GDP) and emerging economies (2.7% GDP)

21x

was the cumulative increase in Central Europe in 2004-2022.

+12.60% GDP

was the rate of Slovenia's improvement in NIIP (from 44.40% GDP in 2012), becoming probably the first 3SI country to have transitioned from "the recipient of capital" to "the provider of capital" status.

I.
INTRODUCTION

For over three decades, the Three Seas countries have – together - been building a space that has become one of the most dynamic regions of the world's economy. The transformation our countries have undergone is an example of how determination, regional cooperation, and consistent reforms can change the course of history. Today, the Three Seas is a region that has not only been closing the development gap with the most advanced economies but that is also increasingly setting the direction for change in Europe and beyond.

This year's Three Seas Summit is taking place in Dubrovnik–city whose historic motto**, "Libertas,"** has for centuries symbolized openness, independence, and the ability to build prosperity through cooperation. This sets the tone for the Three Seas countries which are today developing joint infrastructure, running joint energy and digital projects, and strengthening the region's cohesion and its position in Europe.

Together, there are approximately **120 million people inhabiting the 13 countries** that jointly generate **$4–5 trillion in GDP**. By scale, the region is comparable to the world's largest economies. Between 2004 and 2023, our countries grew on average **2–3 times faster** than the most developed economies of Western Europe, and income per capita increased from about **50%** to **75–80**% **of the EU average**. This is a shared success of the entire region–the result of courage, reforms, and hard work of millions of its citizens.

A key element of this process is the region's economic structure. The Three Seas Initiative combines a strong industrial base with a developed service sector, growing participation of the digital economy, and significant logistical potential stemming from the region's location on the North–South axis. The entire region is rich in human capital–every year, one of Europe's largest cohorts of graduates in engineering, computer science, and mathematics leaves its universities. As a result, the Three Seas countries have become an attractive destination for high-value-added investments, including research and development centers, advanced industry, and digital services.

Another shared experience among our countries is the role of foreign direct investment in building modern economies. FDI has contributed to the growth in productivity, exports, and wages, and in many countries it has served as a catalyst for the creation of local research and development centers and new technology ecosystems. Today, more and more companies from the region are becoming exporters of capital and technology–this is a natural stage in the economic maturation of our countries.

Cooperation within the Three Seas Initiative takes on particular significance in a world marked by geopolitical tensions, disrupted supply chains, and growing infrastructure needs. Our countries have proven that openness to investment can go hand in hand with the commitment to security, especially energy, infrastructure, and technological security. The region can serve as a stabilizing force and a partner that brings the experience of transformation, resilience, and adaptability to the global debate.

In this context, it is particularly significant that **Poland has been invited to participate in the G20 summit in Miami in 2026**. According to the official U.S. statements, Poland will be **the only guest with full participation rights**, which means Poland will be provided with the opportunity to participate in deliberations, working groups, and to contribute to shaping the forum's economic agenda. This invitation is a recognition of the growing role of the entire Central and Eastern European region, not just of a single country. International sources emphasize that Poland's presence in Miami paves the way for stronger representation of the Three Seas Initiative on the global stage, especially since no country in our region has previously participated in a G20 summit in such capacity.

Poland views this invitation as an opportunity to act **on behalf of all Three Seas countries**. Our goal is to strengthen regional cooperation and promote the interests of the entire region–both in Europe and in global forums. Joint actions increase our investment attractiveness, strengthen our negotiating position, and allow us to respond more effectively to the challenges of the modern world. We believe that the voice of the Three Seas Initiative should be heard in the place where global economic rules are shaped.

This document presents an analysis intended to serve all countries in the region. It focuses on four areas:

1. **economic potential of the Three Seas region**–its scale, dynamics, and structure, as well as the role of human capital and innovation.
2. **history of transformation and the importance of foreign investment**–as a foundation for development and a source of economic resilience.
3. **new stage of development: global expansion of companies from the region**–including the identification of sectors in which the Three Seas region has competitive advantages.
4. **importance of the region's representation on the international stage**–and the opportunities that cooperation among Three Seas countries in global formats presents to the region, including in the context of Poland's invitation to the G20 summit in Miami.

Methodologically, the report draws on two groups of sources. The first group consists of 3SI's defining and institutional sources: summit declarations, materials from the 3SI Research Center, official summit websites, and information on the 3SIIF fund. The second group consists of statistical and benchmarking sources: Eurostat, the IMF, the UN, the OECD, the European Commission, the World Bank, and NATO. This distinction is necessary because the Three Seas Initiative does not have its own centralized data system. The 3SI Research Center itself notes that the lack of a permanent secretariat and headquarters has prevented consistent organization of the initiative's documentation.

For centuries, Dubrovnik has been a hub of trade, diplomacy, and ideas. **"O liepa, o draga, o slatka slobodo."** The freedom–understood as the freedom to act, to exchange, to create–captured in the words of the 16th-century poet Ivan Gundulić formed the foundation of this city's development. Today, these same values are the basis for cooperation among the Three Seas countries, jointly building an open, stable, and competitive region.

Together, we have created a region that is not only catching up in terms of development but is increasingly contributing to global solutions. Together, we can also strengthen our position in the global economy–by working to ensure the security, prosperity, and stable growth of all Three Seas countries.

II.
THE THREE SEAS' POTENTIAL – SCALE AND DYNAMICS

The Three Seas Initiative (3SI) has become a permanent feature of the cooperation architecture in Central Europe after just a decade of operations. It is not a classic international organization with an extensive bureaucracy, but rather a flexible political and project-based format focused on meetings, declarations, a list of priority projects, and related investment instruments. It currently consists of 13 EU member states, and following the 2025 Warsaw summit, its agenda has been embedded within a broader ecosystem of strategic partnerships and associated participants. The updated list of priority projects includes 140 projects with consistent focus on three core pillars: transport, energy, and digitalization.

The significance of the Three Seas Initiative stems from the convergence of four factors. Firstly, the region itself is of a significant demographic and economic force within the European Union. Secondly, a large number of the 3SI countries have developed faster than the EU average over the past decade, strengthening the convergence process. Thirdly, the region combines a relatively strong industrial base with the growing role of knowledge-intensive services, technical expertise, and digitalization. Fourthly, after 2022, the Three Seas Initiative's importance as the space of infrastructural resilience, energy security, mobility, and transatlantic relations has surged.

The strongest arguments in favor of the Three Seas Initiative's potential are structural. The region is fully embedded in the EU's single market, and for the most part also in NATO, and it greatly benefits from its location at the intersection of European logistics, energy, and strategic routes. Additionally, some 3SI countries maintain public debt levels below the EU average, which increases their relative fiscal space. At the same time, assessment of the initiative's real value must be performed with caution: the Three Seas Initiative is not yet a fully coordinated functional bloc, and its limitations include relatively weak institutionalization, scattered documentation, and a gap between political ambition and the pace of project implementation.

The Three Seas Initiative is no longer just a political idea, but it is still not a fully mature executive structure. It is, however, one of the most important macro-regional cooperation frameworks in contemporary Central Europe, and its potential lies in its unique blend of scale, growth dynamics, infrastructure, and growing geostrategic significance.

1. INTRODUCTION

The objective of this chapter is to assess whether the Three Seas Initiative can today be seen as a real and independent area of growth, modernization, and resilience, rather than merely a framework for superficial political cooperation. The "scale and dynamics" of the title should be understood broadly: as the demographic, economic, and spatial scale of the region, as well as the dynamics of its development, investment, structural modernization, and resilience. This approach is consistent with the logic of the 3SI itself, defined from the outset as an initiative strengthening North-South connectivity in transport, energy, and digitalization.

This analysis looks at the full participants of the Three Seas Initiative, namely the 13 EU member states: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, and Hungary. The main analysis does not include associated participants or strategic partners, as their inclusion would distort the comparability of statistical data and alter the definition of the region itself. They may, however, appear in the section on geopolitics and institutional evolution.

In our – the authors' - opinion, the Three Seas region has indeed become, over the past decade, a real macro-region of cooperation and growing strategic importance, whose potential is based on four factors: demographic and economic scale, relatively high convergence dynamics, the growing importance of infrastructure and digitalization, and the region's geostrategic position within the EU and the Euro-Atlantic space. At the same time, the degree of institutionalization and funding remains insufficient to consider the 3SI a fully consolidated functional bloc.

10 YEARS OF COOPERATION

Source: Facebook.com, page of the President of the Republic of Poland

2. THE THREE SEAS INITIATIVE AFTER A DECADE. WHAT IS THE 3SI TODAY?

The Three Seas Initiative is not an international organization in the classic sense. It is not founded on the basis of a comprehensive treaty, nor does it have a permanent general secretariat or a unified executive body. Political summits, joint declarations, economic forums, and an ecosystem of priority projects lie in its core. From a political perspective, this format fosters flexibility and provides for broad inclusion of countries and partners. However, from the perspective of implementation, it translates into a limited capacity for central coordination.

This institutional lightness is both a defining feature and a weakness of the 3SI. Thanks to this lightness, the initiative has been able to develop rapidly, adapt its agenda to changing geopolitical conditions, and avoid heavy bureaucracy. On the other hand, the lack of a permanent, institutional infrastructure means that organizational memory, reporting, and archives remain largely dispersed among participating countries, partner institutions, and research centers.

POLITICAL EVOLUTION OF THE THREE SEAS INITIATIVE FROM 2016 TO 2025

In the first phase, spanning 2015–2017, the Three Seas Initiative was primarily a political project integrating Central and Eastern European countries around the need for infrastructural development and greater regional cohesion. The following years saw a transition from symbolic cooperation to the gradually formalizing project execution component. A key milestone was the 2018 Bucharest list of priority projects, which gave the initiative a more tangible dimension.

After 2022, the importance of the security and resilience component has grown significantly. Russian aggression against Ukraine highlighted the region's importance as the area ensuring energy security, infrastructural resilience, logistics, and mobility. In this sense, the formal pillars of the Three Seas Initiative were not altered, however the context of their interpretation has changed. Transport, energy, and digitalization are no longer viewed solely as sub-categories of modernization and growth; they have also come to be seen as elements of security and strategic regional autonomy.

The 2025 Warsaw Summit marked the end of the first decade of the Initiative's operations and confirmed its continued development. The updated list of priority projects comprises 140 items, and the joint declaration refers to both infrastructural investments and the new geopolitical environment. In practice, this means that the 3SI has entered the phase where its importance is no longer a mere political declaration but can increasingly be measured by the 3SI's ability to translate its agenda into investments and regional coordination.

In its current form, the Three Seas Initiative can be defined as a Central European framework for cooperation among EU member states aimed at strengthening the region's infrastructure, energy, and digital cohesion, while simultaneously enhancing its strategic importance within the EU and NATO. This definition is broader than the original narrative of "catching up," but at the same time more accurate in the light of present circumstances. Today, the Three Seas Initiative is simultaneously a development project, an infrastructure project, and a resilience project.

3. SCALE OF THE REGION: POPULATION, ECONOMY, AND TERRITORY

The Three Seas region covers the area located between the Baltic Sea, the Adriatic Sea, and the Black Sea, and its function is primarily logistical, infrastructural, and strategic. Geographically, it constitutes a belt of countries situated between the Western European economic center and Europe's eastern flank. Functionally, it is an area bridging the North–South axis in terms of transportation, energy, and digitalization.

This area has specific significance not only in geographical terms but also in terms of development. The higher the rate of internal integration within the region along the North–South axis, the more effectively it can function as a common corridor for the flow of goods, energy, data, and people. In this sense, 3SI's geography is a structural advantage: it does not depend on the short-term political cycle, but stems from the region's permanent location and the logic of European infrastructure.

DEMOGRAPHICS AND THE ECONOMY

The Three Seas Initiative needs to be seen as an area with a significant population within the European Union. Despite a decline in the total population from 122 million in 2016 to 119.5 million in 2025, the region still accounts for approximately 27% of the total population of the European Union. The Three Seas population is roughly equivalent to the combined populations of France and Spain or the population of Japan. It also displays significantly higher GDP and wage growth rates than those countries. **More importantly, economically, the Three Seas region has already "surpassed" the European Union's largest economy–Germany.** Taking purchasing power parity into account, total GDP of the 3SI amounted to €4.12 trillion in 2025, while the German economy stands at €4.0 trillion.

This leap forward by the Three Seas Initiative countries is particularly evident when looking at the shift in economic strength over the past decade. **As recently as 2016, the 3SI countries collectively accounted for less than 20% of the European Union's GDP (Germany - 23.3%), whereas by 2025 this figure had risen to nearly 22% (Germany - 21.3%).**

Three Seas

DEMOGRAPHICS AND THE ECONOMY

COUNTRY	Area [km^2]	Population 2016	Population 2025	GDP (Purchasing Power Standard, PPS) 2016	GDP (PPS) 2025	GDP growth 2016–2025
Austria	83 871	8 700 471	9 197 213	317 999	450 002	41,5%
Bulgaria	110 910	6 938 759	6 437 360	99 352	182 064	83,3%
Croatia	56 594	4 131 115	3 874 350	73 611	125 578	70,6%
Czech Rep.	78 866	10 553 843	10 909 500	267 503	418 916	56,6%
Estonia	45 226	1 315 944	1 369 995	29 201	45 130	54,6%
Greece	131 990	10 735 415	10 372 335	205 886	300 072	45,7%
Lithuania	65 303	2 895 573	2 890 664	61 506	105 706	71,9%
Latvia	64 589	1 968 957	1 860 565	35 122	54 275	54,5%
Poland	**312 683**	**37 967 209**	**36 497 495**	**748 012**	**1 265 455**	**69,2%**
Romania	238 391	19 760 585	19 043 151	327 169	619 592	89,4%
Slovakia	49 037	5 426 252	5 419 451	112 677	169 729	50,6%
Slovenia	20 273	2 064 188	2 130 850	48 163	80 382	66,9%
Hungary	93 030	9 779 652	9 539 502	191 042	301 639	57,9%
THREE SEAS INITIATIVE TOTAL	**1 350 763**	**122 237 963**	**119 542 431**	**2 517 239**	**4 118 541**	**63,6%**
EU27	4 422 773	444 003 268	450 646 971	12 638 272	18 801 752	48,8%
3SI as % of EU27	**30,54%**	**27,53%**	**26,53%**	**19,92%**	**21,91%**	

Source: Eurostat

INHABITANTS OF THE 3SI COUNTRIES

INHABITANTS OF THE REMAINING EU COUNTRIES

POPULATION OF THE REGION IN TOTAL: **119 542 431**

In terms of population, the Three Seas is a region of a significant size.

27%

of the whole EU population lives in the region.

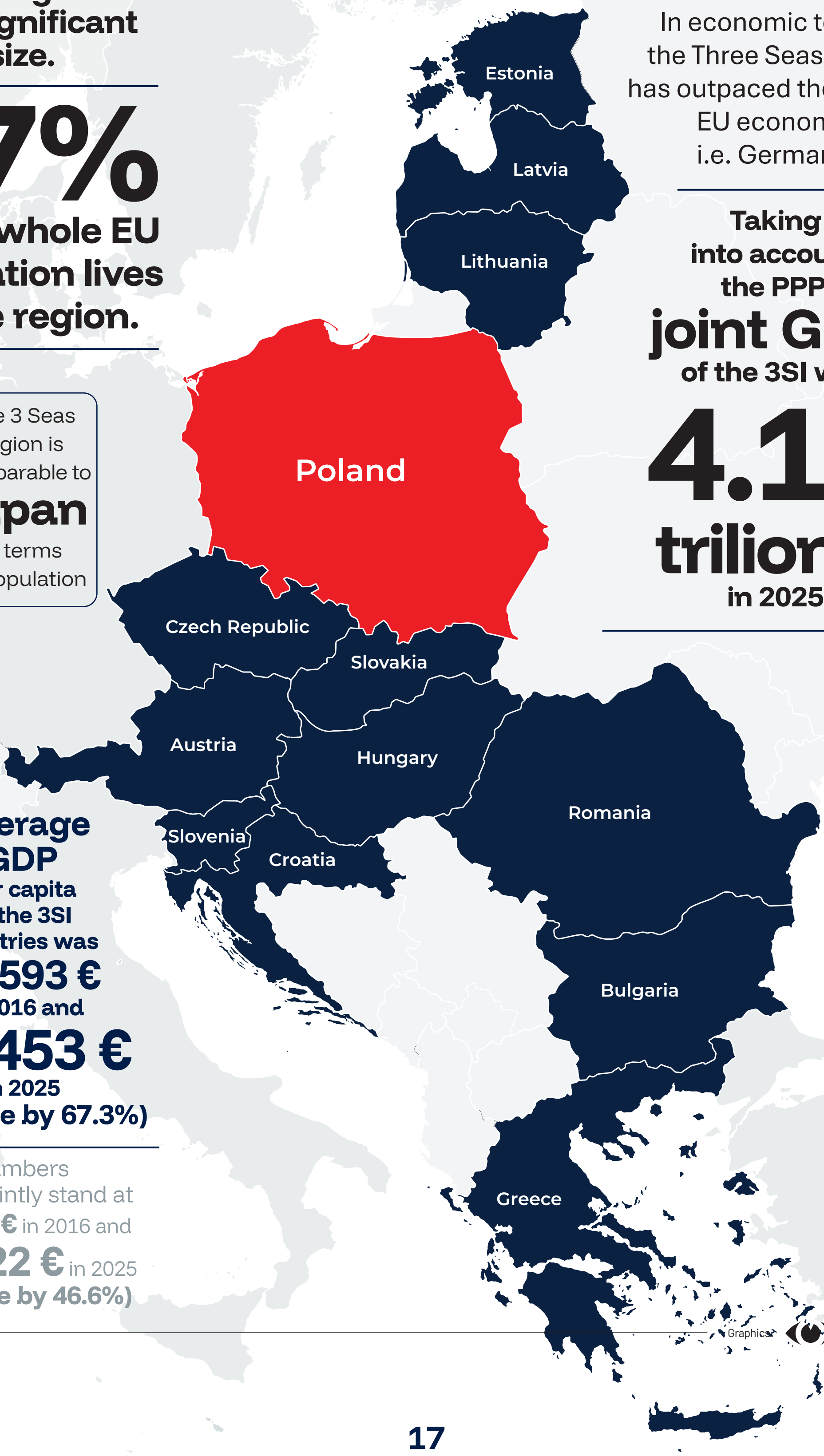
The 3 Seas region is comparable to **Japan** in terms of population

In economic terms, the Three Seas region has outpaced the largest EU economy, i.e. Germany.

Taking into account the PPP,
joint GDP
of the 3SI was

4.12 trilion €

in 2025



Average GDP per capita in the 3SI countries was 20 593 € **in 2016 and** **34 453 €** **in 2025 (increase by 67.3%)**

numbers for EU jointly stand at **28 464 €** in 2016 and **41 722 €** in 2025 **(incease by 46.6%)**

Graphics NOWEMEDIA24.PL
OTR PERZYNA

Crucially, sustained and dynamic economic growth persists within the 3SI countries despite an unfavorable demographic situation (only 4 out of 13 countries recorded population growth: Austria, the Czech Republic, Estonia, and Slovenia). This makes the per capita economic growth rate even more impressive. The average GDP per capita of the 3SI countries rose from €20,593 in 2016 to €34,453 in 2025 (an increase of 67.3%), while the corresponding figures for the entire EU-27 are: €28,464 in 2016 and €41,722 in 2025 (an increase by 46.6%). During the same period, growth in Germany stood at 33.4%, meaning that GDP per capita in the Three Seas countries grew exactly twice as fast as in the EU's largest economy.

It is also worth noting that during the analyzed period, average GDP per capita in the Three Seas region rose from 72.3% to 82.6% of the average for the entire European Union. This is yet another indicator that demonstrates the region's strength and its accelerating convergence with the EU countries.

The cited data confirm a significant increase in the productivity of the Three Seas economies, which is the result of both steady, high levels of foreign investment in these countries as well as their growing self-reliance and accumulation of national capital.

4. GROWING INTERNAL MARKET AND STRONG INDUSTRIAL BASE

Wage growth in the Three Seas countries is one of the most important, yet often insufficiently analyzed, indicators of a shift in the development model. Higher wages naturally create cost pressures for certain production models, but at the same time they increase household purchasing power, foster the growth of the middle class, and strengthen domestic demand. It is precisely this element that distinguishes mature economic convergence from a simple low-labor-cost model. The Three Seas region is no longer solely an area of cost advantage, but increasingly a region of a growing domestic market. This shift is of fundamental importance for the investors and industrial policy: attracting investment does not have to rely on low costs only provided that the local demand and the capacity to absorb modern products and services are growing simultaneously.

The table below compiles data on key indicators that determine the financial well-being of citizens. Disposable income per person in a household and average net wages are presented in euros in two variants: nominal values and values adjusted for consumer purchasing power (i.e., taking into account differences in prices and the cost of living in a given country).

KEY INDICATORS DETERMINING THE WEALTH OF CITIZENS' WALLETS, TAKING INTO ACCOUNT DIFFERENCES IN PRICES AND COSTS OF LIVING IN A GIVEN COUNTRY

COUNTRY	Household disposable income 2014	Household disposable income 2024	Income growth 2014–2024	Average net salary 2014 (EUR)	Average net salary in 2024 (EUR)	Wage growth (EUR) 2014–2024	Average net salary 2014 (EUR, purchasing power)	Average net salary 2024 (EUR, purchasing power)	Wage growth (EUR, purchasing power) 2014–2024
Austria	24 835	34 443	38,7%	23 211	33 210	43,1%	21 662	29 758	37,4%
Bulgaria	9 552	18 340	92,0%	3 311	7 811	135,9%	6 754	13 079	93,6%
Croatia	12 235	22 040	80,1%	5 256	12 344	134,9%	7 632	16 277	113,3%
Czech Rep.	16 331	25 992	59,2%	7 622	15 133	98,5%	11 091	16 972	53,0%
Estonia	13 449	20 980	56,0%	7 217	16 140	123,6%	9 241	16 482	78,4%
Greece	13 934	20 639	48,1%	7 680	10 850	41,3%	8 674	12 436	43,4%
Lithuania	14 384	24 503	70,3%	4 823	12 325	155,5%	7 595	15 110	98,9%
Latvia	11 129	19 921	79,0%	5 203	12 821	146,4%	7 320	14 721	101,1%
Poland	**14 669**	**23 567**	**60,7%**	**5 336**	**11 921**	**123,4%**	**9 560**	**18 064**	**89,0%**
Romania	9 424	21 793	131,3%	2 155	7 837	263,7%	4 014	13 023	224,4%
Slovakia	14 288	21 532	50,7%	6 809	10 171	49,4%	9 806	11 433	16,6%
Slovenia	15 453	25 163	62,8%	11 909	19 620	64,7%	14 328	21 572	50,6%
Hungary	12 917	22 776	76,3%	4 512	8 488	88,1%	7 559	11 199	48,2%
THREE SEAS INITIATIVE TOTAL	**14 909**	**24 081**	**61,5%**	**7670**	**13608**	**77,4%**	**10159**	**16 943**	**66,8%**
EU27	**19 981**	**29 639**	**48,3%**	**15 101**	**21 582**	**42,9%**	**15 103**	**21 245**	**40,7%**

Source: Eurostat

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Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

Key findings:

- The Three Seas countries recorded a significantly higher increase in disposable income than the EU average (61.5% for the Three Seas countries compared to 48.3% for the EU27), which is mainly the result of a significant increase in average net wages (in nominal terms, an increase of as much as 77.4% compared to 42.9% in the EU27).

- The absolute leader in wage growth–and consequently in disposable income growth–is Romania, which has thus moved from the last place to a position closer to the middle of the pack. Its 131.3% increase in disposable income, with wage growth exceeding 220% in both cases, is one of the best results among the Western countries.

- In nominal terms, during the decade spanning 2014-2024, average wages in the Three Seas region rose from 50% of the European Union average to 63%, while in purchasing power parity terms, they rose from 67.2% to nearly 80% of the EU27 average.

ECONOMIC STRUCTURE AND THE SHIFT IN THE DEVELOPMENT MODEL

One of the most underappreciated features of the Three Seas region is the relatively strong presence of the manufacturing and production sectors. Unlike some Western European economies, where services have come to dominate the structure of value added, many 3SI countries have retained a stronger industrial base. Given the growing importance of supply security, energy transition, and reindustrialization, this is an advantage, not a burden.

In 2025, in as many as 9 out of 13 Three Seas Initiative countries over 20% of the GDP was generated by the industry. The highest rates were recorded in the Czech Republic (28.6%) and Slovenia (27%), while the lowest was noted in Greece (13.9%). **The average for the 3SI countries is 23.1%, while the average for the entire European Union is significantly lower–19.6%. By comparison, Europe's industrial leader–Germany–generates 24% of its GDP from industry.**

This does not mean, however, that the Three Seas region is nothing but the "Europe's factory." In recent years, the region has been shifting toward a more complex, mixed economic model, where the participation of logistics, warehousing, ICT, business services, and knowledge-intensive sectors is growing alongside industry. This shift is fundamental because it changes how the region's advantages are interpreted. The key question no longer lies with whether the 3S region has lower labor costs than the West, but whether it can combine industry, logistics, technical expertise, and digitalization into a single coherent development model.

In terms of development, the Three Seas Initiative can be described as a region transitioning from a cost-advantage model to a hybrid economic model. Industry and logistics remain at its core, but the importance of knowledge-intensive services, digitalization, modern infrastructure, and technical expertise is growing. From the perspective of industrial policy and investment location, this is a beneficial trajectory, as it allows the region to avoid the middle-income trap and the trap presented by the simple cost competition.

The digital agenda of the 3S region, its focus on innovation, and the importance of investment funds linked to the Initiative should be interpreted in this broader context. If the region is to consolidate its position, transport infrastructure alone is not enough. What is required is the consolidation of the development model prevailing in the region so that the production capacities, technology, knowledge, and domestic demand reinforce one another.

5. HUMAN CAPITAL, STEM, AND THE DIGITAL ECONOMY

It would be a mistake to evaluate the potential of the 3S region based on GDP and infrastructure only. The ability to produce and retain technical personnel is equally important in the long term, especially in the context of competing for new industrial investments, technology service centers, digital infrastructure, and projects related to the energy transition.

The number of graduates in STEM fields (Science, Technology, Engineering, Mathematics) and employed ICT specialists (information technology, computer science, communications) are a good illustration of the region's human potential in the context of new technologies. An additional, valuable metric is also the so-called HRST (Human Resources in Science & Technology) – human resources for science and technology. Below is a comparison of the figures for the Three Seas region and the entire European Union:

NUMBER OF STEM GRADUATES* AND WORKING ICT SPECIALISTS** AN ADDITIONAL, VALUABLE AGGREGATE IS THE SO-CALLED HRST***

	Three Seas Initiative (3SI) Countries	European Union (EU27)	Germany
STEM graduates as a percentage of the total population	6.56 million	27.45 million	6.46 million
Young STEM graduates (aged 34 and under)	1.77 million	7.62 million	1.46 million
ICT professionals	2.35 million	10.45 million	2.32 million
HRST	30.05 million	128.19 million	26.84 million

* Science, Technology, Engineering, Mathematics
** Information technology, computer science, communications
*** Human Resources in Science & Technology - human resources for science and technology.

Source: Eurostat

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Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

As shown in the table above, the pool of specialists in the Three Seas region is comparable to the pool in Germany, though it is significantly younger, as proven by the substantial difference in the number of young STEM graduates (up to age 34) in favor of the 3S region.

6. STRUCTURAL ADVANTAGES OF THE REGION

LOCATION

One of the key strengths of the 3S region from the viewpoint of logistics is its location. The region serves as a bridge between northern and southern Europe, as well as between the economic core of the EU and its eastern flank.

Strategically, the region's location translates into its growing importance for transport corridors, supply chains, warehouse development, and intermodal transport functions. After 2022, significance of this dimension increased, as logistics, transport, and infrastructure began to be analyzed in the context of security, resilience, and military mobility. It is precisely this combination of economy and security that today constitutes one of the most important features distinguishing the Three Seas countries from classic convergence regions.

FULL INTEGRATION WITH THE EU

The second key advantage is the region's full integration with the European Union. All 3SI participants are EU member states, which means they have access to the single market, common competition rules, infrastructure policies, and certain financing instruments. In the context of global competition for investment locations, this is a huge advantage: the Three Seas region offers both lower relative costs than parts of Western Europe and a higher level of regulatory certainty than many alternative locations outside of the EU.

EURO-ATLANTIC ANCHORING

The region's third strength is its Euro-Atlantic anchoring. A significant part of the Three Seas region also forms the core of NATO's central and eastern flanks. Today, the significance of this position goes far beyond military security in the classical sense. It translates into the region's infrastructure being vital for mobility, energy security, critical infrastructure protection, and supply chain resilience. The contemporary role of the 3SI lies precisely at the intersection of the development and security agendas. Transport infrastructure, energy interconnectors, and digitalization are no longer mere tools for growth, but also elements important for strengthening the economic security and resilience of the region's countries.

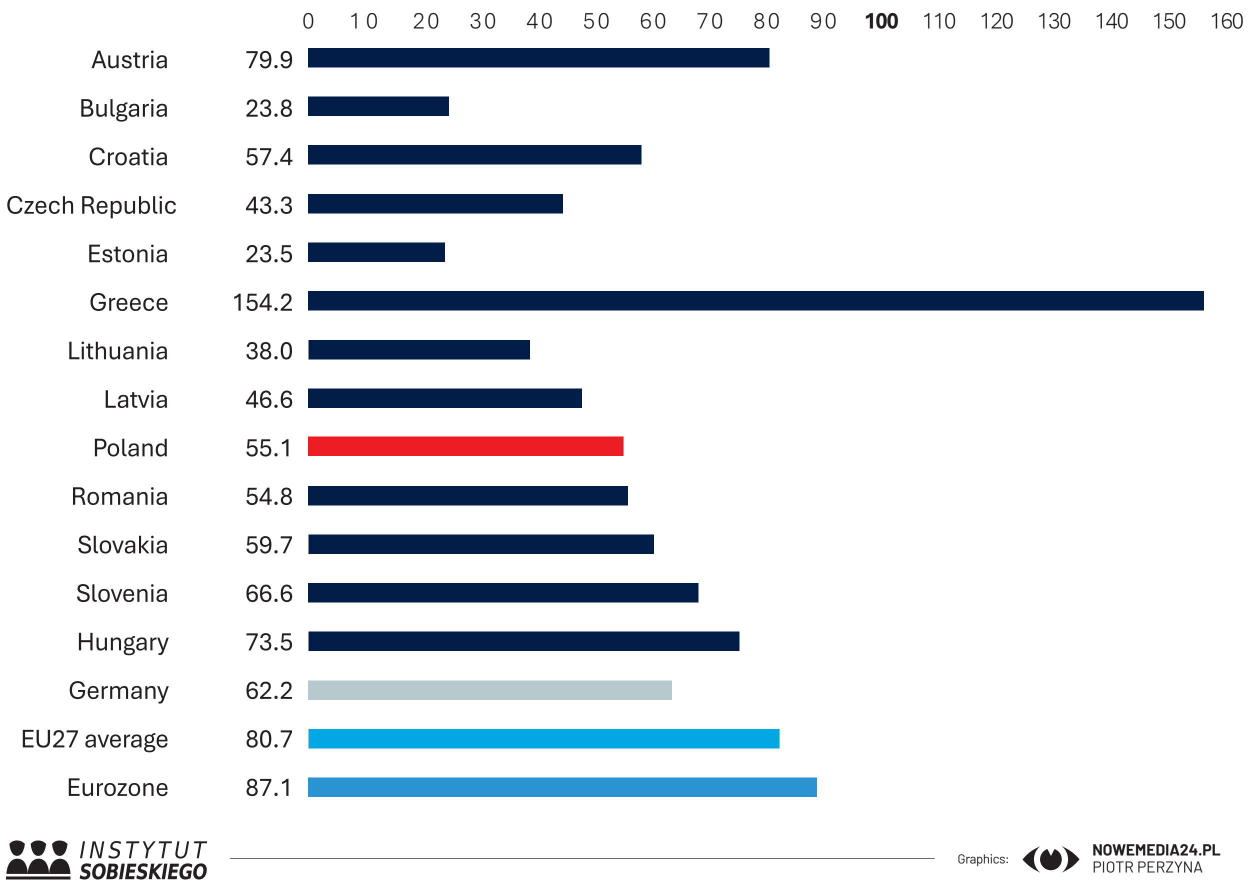
INDUSTRY, CONVERGENCE, AND NEARSHORING

The fourth advantage lies in the combination of a relatively strong industrial base and the continued potential for convergence. In practice, this means that many Three Seas countries remain attractive to investors thanks to a combination of: the rising labor quality, moderate relative costs, proximity to large markets, and full integration into the EU. Given the growing importance of nearshoring and friend-shoring, this region stands to gain more than many non-European locations.

PUBLIC DEBT AND FISCAL SPACE

The fifth advantage, though not in all countries, are relatively lower levels of public debt than the EU average. Against this backdrop, only Greece stands out negatively, with a debt level that remains very high (154.2% of GDP). The remaining 12 countries have public debt levels below the EU average with as many as 9 of them with a debt level lower than Germany (62.2% of GDP), which is considered the most credible debtor in the European Union. Estonia and Bulgaria deserve special mention here, with their public debt levels below 24% of GDP.

PUBLIC DEBT RELATIVE TO GDP [AS % OF GDP AT THE END OF 2025]



A REGION MORE INTEGRATED WITH THE EU THAN WITHIN ITSELF – ROOM FOR FURTHER GROWTH

Integration into global and European supply chains, along with the inflow of FDI, has made the countries of Central Europe a significant production and competitive base for the European Union. It is an important conclusion drawn from the Three Seas region analysis since it means that the region's actual economic ties are most often sector-specific and of a networking character, without turning the region into a single integrated entity.

Although many Three Seas countries have relatively limited bilateral trade with one another, they participate in the same European and global value chains, supplying components, semi-finished products, services, and intermediary functions within a single production system. From the 3SI perspective, this is another very important conclusion: the region's integration does not have to boil down to a simple increase in mutual trade. It can also mean an increase in the number and density of indirect, sectoral, and production-related ties.

Intra-regional FDI is growing, but it still does not constitute the dominant source of capital flow when compared to investments originating from the most developed Western European economies. In other words, from the FDI perspective, the Three Seas economic space is not yet sealed.

7. INFRASTRUCTURE AS THE TANGIBLE CORE OF THE 3SI

PRIORITY PROJECTS

Priority projects are the most tangible dimension of the Three Seas Initiative. These projects will determine whether the Initiative stays in the realm of political declarations or translates into a real change in the region's infrastructure map. According to information from the 3SI Research Center, the list of projects has grown steadily since 2018, and its updated version included 140 projects at the 2025 Warsaw summit. Among them were BRUA, the LNG terminal on Krk, Rail Baltica, Rail2Sea, the synchronization of the Baltic states' power grids with the continental system, Via Baltica, and Via Carpathia.

Development of this list is of a significant symbolic and practical importance. Symbolically, it shows that 3SI has created a common roadmap of priorities. Practically, it creates a platform for political and investment coordination and allows for the region's needs to be communicated to both public and private partners. At the same time, it must be emphasized that the mere presence of a project on the list is not a guarantee its rapid implementation. It is precisely the relationship between the number of projects on the list and the degree of their execution that will be one of the key tests of the 3SI's maturity.

THREE PILLARS: TRANSPORT, ENERGY, DIGITALIZATION

In line with the original logic behind the Three Seas Initiative, it is still the transport and energy projects that carry the greatest weight. However, the significance of digitalization is growing, reflecting the region's evolution towards a more complex economy. From a strategic perspective, it is particularly important today to treat the three pillars as soundly interconnected. Well-functioning logistics requires digitalization, energy security requires both physical infrastructure and management systems, and an efficient digital economy depends on high-quality transport and energy connections.

One of the key challenges for 3SI is project financing. The Polish National Development Bank (Bank Gospodarstwa Krajowego, BGK) reports that the Three Seas Initiative Investment Fund has a total size of €928 million, €750 million of which comes from BGK, and that the fund is currently involved in projects in the transport, energy, and digitalization sectors. This demonstrates that 3SI has succeeded in creating its own investment instrument of a significant scale, though still too limited relative to the region's needs.

The development of the innovation component is also noteworthy. The 2025 Warsaw Summit referred to new instruments and the growing role of the innovation component within the 3SI ecosystem. This means that the Initiative does not wish to stay limited solely to the traditional heavy infrastructure but is also seeking to develop instruments that support innovation and the growth of modern companies. This is a desirable direction, as it is not only the roads and interconnectors that will define the region's long-term strength. This strength will also be determined by its ability to generate added value and its own technological advantages.

Selected projects financed by the Three Seas Initiative Investment Fund (3SIIF):

- **Cargounit – 3SIIF** acquired a 100% stake in a company that is the regional leader in locomotive leasing (headquartered in Poland). The investment is intended to facilitate the development of a regional freight network and positively impact trade within the Three Seas region;
- **Greenergy Data Centers – 3SIIF** acquired a 92% stake in a company building the largest and most efficient data center in the Baltic region (Estonia). The investment fully relies on energy generated by the renewable sources;
- **Enery – 3SIIF** acquired a stake in Enery Development, which operates solar power plants in three Three Seas countries (Bulgaria, the Czech Republic, Slovakia) and is pursuing further investments;
- **BMF Port Burgas – 3SIIF** acquired a significant stake in the company that is the largest port operator in Burgas (Bulgaria). Located on the Black Sea coast, it is a major transportation hub connecting the Three Seas region with the Middle East and Central Asia;
- **R. Power** - In February 2023, 3SIIF acquired a minority stake in R. Power, a company operating in the renewable energy sector in countries such as Poland, Romania, Portugal, Italy, and Germany.

8. CRITICISM OF THE THREE SEAS INITIATIVE

Any regional initiative of growing political and infrastructural significance eventually becomes the subject not only of support but also of criticism. In the case of the Three Seas Initiative, the criticism is particularly complex because it comes from several different sources simultaneously: from analysts and think tanks who point out the real limitations of the 3SI format, from certain political circles within the European Union who are concerned about its impact on internal balance within the EU, from participants in the Initiative themselves who have divergent strategic priorities, as well as from external actors who are hostile to the 3SI, especially from within the Russian information space.

When assessing the Three Seas Initiative's potential, it is crucial to distinguish constructive criticism–which identifies the format's actual weaknesses–from political and propaganda narratives whose aim is not to improve the initiative but to delegitimize it.

The most justified and frequently repeated criticism concerns the Three Seas Initiative's weak institutionalization. The Initiative remains a politically recognizable format but is organizationally lightweight: it lacks a permanent secretariat, a central executive body, or a unified system for monitoring and reporting on projects. Expert analyses point out that without at least a minimal management center, the 3SI may struggle to maintain operational continuity, properly archive documents, coordinate among subsequent summit hosts, and build a lasting institutional memory. Think tanks explicitly pointed at the need to create a secretariat or another permanent operational core, while the research community associated with the 3SI emphasized that the lack of permanent headquarters and infrastructure even hindered proper documentation of how the Initiative developed. This criticism is largely accurate: the 3SI's flexibility was an asset in the founding phase, but in the next phase it risks to limit the ability to transition from political declarations to the effective execution of the defined objectives.

The second main category of criticism pertains to the political and strategic incoherence displayed by the 3SI participants. The Three Seas Initiative brings together countries which vary in terms of economic profiles, risk assessments, and foreign policy priorities. Reports on regional cooperation emphasize that the sustainability of such frameworks depends on whether participants view them solely as a means to advance their own national interests. In the case of the 3SI, this community of interests is real in the area of infrastructure and, to some extent, energy, but significantly weaker on geopolitical issues. A particular example of internal tension is Hungary, which does not reject the Initiative itself, but whose policy toward Russia and regional security undermines the possibility of coming up with a unified strategic message for the entire Initiative. Analyses of the Hungarian perspective indicated that Budapest is not ready to support an interpretation of 3SI that would make it a clearly anti-Russian project.

Criticism regarding the lack of full coherence is therefore justified, but at the same time, it does not necessarily imply an unworkable structural weakness. Rather, it suggests that the Three Seas Initiative should be developed primarily as a functional framework, rather than attempt to build a unified political identity for the whole region.

The third major category of criticism pertains to the gap between the scale of political ambition and the level of actual project implementation. This criticism is particularly stinging because it strikes at the very credibility of the Initiative. The Three Seas Initiative has developed a list of priority projects, a business forum, and investment instruments, but experts have repeatedly pointed out that the political visibility of the Initiative has grown faster than the number of projects that have been successfully implemented or are at an advanced stage of execution. Studies from recent years have indicated that there remains a clear gap between the ambitious infrastructure agenda and the pace of actual implementation. This criticism is all the more important that it is not concerned with the rhetorics as with the very ability to deliver tangible results. In this sense, the Three Seas Initiative is now seen not only through the lens of creating a shared vision for the region, but according to whether it can translate that vision into completed transport, energy, and digital connections. This type of criticism must be considered valid. However, it can be treated as an push for the Initiative to focus more on a smaller number of well-publicized flagship projects and on transparent and regular progress reports.

The fourth line of criticism concerns the geopolitical ambiguity of the 3SI as well as fears that it may be regarded as a project competing with the European Union or as an instrument of regional geopolitics under the Polish leadership. Some German circles and some EU observers looked at the Three Seas Initiative in its early years with skepticism, suspecting it to be a potential project to consolidate the Central European bloc in a way that would deepen the divisions that persist within the European Union. It was pointed out that in Germany, these concerns were linked both to the EU's strained relations with Poland and Hungary as well as to the interpretation of the 3SI as a format capable of promoting regional political agency outside traditional axes of integration. This type of criticism was partly exaggerated, since formally the Three Seas Initiative grouped EU member states exclusively from the very outset and declared its complementarity with the EU policies. However, it was not entirely unfounded in terms of public perception: if the Initiative is poorly communicated, other actors may interpret it as a tool for shifting the balance of power within the Union, rather than as a complementary tool of integration.

The fifth category of criticism revolved around the weaknesses in communication and insufficient visibility of the Initiative, which over time has grown to become a distinct strategic issue. Analyses performed in recent years suggest that one of the main limitations of the 3SI, beyond its lack of a strong coordinating institution, is also the absence of a robust information hub. The report "Three Seas Initiative at a Crossroads"[1] points to a persistent lack of detailed knowledge about the Initiative in Brussels, as well as the prevalence of misconceptions regarding its function and

1 Three Seas Initiative at a Crossroads, The Opportunity Institute for Foreign Affairs, Warsaw, 27.04.2025, https://www.3s1o.org/images/raport-2025/3s1o_report_threeseasinitiative.pdf.

character. In turn, studies on regional development within the 3SI have highlighted the need to create a user-friendly portal, a shared information infrastructure, and stronger measures to counter disinformation. This criticism is on point, because in the case of the 3SI communication is not an addition to policy, but a component of its very capacity to act and deliver. An initiative that cannot define its own role leaves this task to others: skeptics, competitors, and opponents.

The sixth set of critical arguments pertains to financial issues, namely to whether the investment instruments associated with the Three Seas Initiative are adequate to the scale of the region's infrastructural needs. Critics point out that while the creation of the Three Seas Initiative Investment Fund was of great political and institutional significance, the scale of its resources remains limited relative to the size of the total investment gap in transport, energy, and digital infrastructure. From this perspective, the 3SI is sometimes criticized as a project with grand ambitions but relatively limited financial resources of its own. This criticism is largely justified if one expects the 3SI alone to finance the region's entire infrastructural transformation. However, it is unfounded if the Initiative is regarded as a platform for coordination, attracting capital, and political reinforcement of the shared priorities. Nevertheless, from the perspective of public discourse, this is a serious criticism, as it can easily be used to undermine the substantive effectiveness of the entire Initiative.

The seventh category is more narrative in nature and pertains to the question of whether the Three Seas Initiative is truly a joint regional initiative or rather a project associated primarily with Poland and, to some extent, Croatia. This is a recurring topic in the literature and expert debate since the 3SI's inception. The very fact that questions about "whose initiative this is" arise in the bibliography and studies devoted to the Initiative shows that the issue of political ownership is a problem for some observers. Every regional format needs driving forces. The problem arises when the leadership of one country weakens the sense of shared ownership among other participants and results in the perception of the initiative serving as a tool of a single-center policy. Thus, this criticism points to the need for a more polycentric architecture of visible leadership.

Last but not least, there are disinformation narratives, primarily originating from the Russian information space, which are openly hostile. The claims portraying the Three Seas Initiative as a NATO and U.S. project directed against Russia, against Germany, and even against the European Union itself are present in the EUvsDisinfo database and are a recurring theme in studies on disinformation targeting the 3SI. EUvsDisinfo flags them as pro-Kremlin disinformation and conspiracy theories. Such allegations do not constitute legitimate political or institutional criticism, but are part of a broader information war. Nevertheless, they should not be dismissed, as they tend to be effective precisely when they exploit the Initiative's real communication and organizational weaknesses. In other words, propaganda does not create problems out of thin air, but it can amplify and distort the weaknesses that already exist.

In summary, it can therefore be stated that the most significant criticisms of the Three Seas Initiative fall into two main categories.

The first is substantive criticism, relating to weak institutionalization, insufficient degree of project implementation, limited funding, incomplete alignment of interests, and communication issues.

The second is instrumental criticism or propaganda, which portrays the 3SI as an anti-EU project, a geopolitical bloc against the West, or a vehicle of foreign influence.

The first category of reservations must be taken seriously and translated into reforms that strengthen the Initiative. The second category of reservations requires, above all, an effective communication response and the consistent positioning of the 3SI within the logic of complementarity with the EU and NATO. In this sense, criticism of the Three Seas Initiative should not be viewed solely as a threat. It can also serve as a valuable source of analysis allowing for formulation of proposals aimed at strengthening the Initiative's sustainability and effectiveness, which would turn it into a force for good.

9. CONCLUSIONS

After a decade, the Three Seas Initiative should be recognized as an initiative that has outgrown the realm of purely declarative regional policy. Its current standing is grounded in its substantial demographic and economic scale, growing significance of its infrastructure, the region's increasingly complex economic structure, and its strategic role within the EU and NATO. This combination makes the 3SI one of the key regional formats in contemporary Central Europe.

Some countries in the region maintain strong trade ties with their 3SI neighbors, but for many economies, Germany and, more broadly, the Western European core remain key partners. This means that the Three Seas countries are strongly integrated into the European economy, but this integration often follows a center–semi-periphery pattern rather than a dense network of exclusively intra-regional links. Therefore, in practice, the 3SI economies are often linked more by their shared participation in the same European system than by the autonomous intensity of their mutual trade.

The greatest strength of the Three Seas Initiative is that it brings together elements that only rarely can be found together: a shared space of growth convergence, an industrial base stronger than in parts of the West, a growing pool of technical and digital skills, full integration into the EU single market, and growing geopolitical significance. This set of advantages could make the region particularly attractive for investment, infrastructure development, and the establishment of new value chains in the coming years.

The greatest weakness, however, remains the 3SI's insufficient level of institutionalization and insufficient focus on project implementation. As long as a significant part of the agenda remains dependent on scattered funding and political mobilization of subsequent summit hosts, the Three Seas Initiative will remain a project with great strategic strength but incomplete executive power. This, however, does not lower its significance. Quite the contrary: it shows that the region has already reached a stage where the main question rests not with whether the 3SI makes sense, but with whether it can transition from the stage of political consolidation to the stage of closing the infrastructure gap permanently and building its competitive advantages.

If the Three Seas Initiative is to be more than just a political label for a group of countries sharing a geographical location, it must gradually strengthen precisely those relationships that are North-South and intra-regional in nature. One of the main objectives of the Initiative, therefore, should be not so much to describe the region's already existing, strong economic integration but to create the conditions for deepening it. The 3SI's infrastructure logic–transport, energy, and digital–is intended to serve precisely this purpose.

The Three Seas Initiative is not yet a fully consolidated functional bloc, but it is no longer merely a political concept either. It is a growing infrastructural and strategic macroregion whose importance for the future of Central Europe and the entire EU will continue to grow.

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III.
SUCCESS STORY: TRANSFORMATION AND THE ROLE OF FOREIGN DIRECT INVESTMENT (FDI)

1. TRANSFORMATION AS THE FOUNDATION – THE MOST SUCCESSFUL POLITICAL TRANSITION OF THE LAST THIRTY YEARS

The twelve countries[2] that began moving away from central planning in 1989 now–as mature market economies, rooted in the EU's legal and institutional structures, capable of stimulating growth faster than the so-called "old EU" countries- stand on the threshold of a new phase. The path from command-and-control economic systems to a free-market economy was neither simple nor free of social costs, but its ultimate result is unprecedented: within a single generation, the countries of the Three Seas region have undergone a fundamental economic transformation.

The scale of the challenge the region faced in 1989 was unparalleled in post-war European history. In 1990, Poland's GDP per capita at purchasing power parity stood at a mere 41% of the European Community's average at the time and at only 32.7% of the West Germany's[3] –the benchmark to which the region's transforming economies aspired. Inflation reached levels unimaginable for stable economies: in February 1990, the year-over-year consumer price index exceeded 183%[4], the capital market did not exist, and the network of institutions necessary for a market economy to function had to be built practically from scratch. The transformation was not merely about price liberalization and privatization–it required simultaneous construction of an entire institutional system: an independent judiciary, a banking system, a stock exchange, a tax system, and an efficient public administration.

2 In 2023, Greece joined the Three Seas Initiative, bringing the total number of member states to 13.

3 Polish Economic Institute: Poland's GDP per capita rose by 209% from 1990 to 2023 – Puls Biznesu – pb.pl.

4 Hyperinflation at 1,183%. This was the biggest problem of the 1989 transition [#30YearsOfFreedom] - Forsal.pl.

Among all post-socialist countries, Poland achieved real GDP growth of 237.5% between 1990 and 2024, tripled the size of its economy and came to rank third among all 27 EU member states in terms of cumulative economic growth.[5] For thirty years, Poland remained the only major OECD country to avoid a recession–until the COVID-19 pandemic hit in 2020 and when the global lockdown caused the first annual decline in GDP since the start of the transition, even of amounting to just 2.2%.[6]

Equally significant is the growth trajectory of the entire region. Eleven[7] countries in Central and Eastern Europe recorded an average annual GDP growth rate of 3.2% between 2004 and 2024–nearly three times higher than in the EU-15 (1.2% annually). This growth was driven primarily by an increase in productivity of manufacturing and production. The increase was 1.4% on average annually and accounted for nearly 45% of total GDP growth–a factor that distinguishes the region's economic model from one based on low labor costs and points to deeper modernization processes. The fastest convergence was recorded in Romania (45 percentage points closer to the EU average) and Lithuania (40 percentage points), but Poland, with a result of 30.5 percentage points, is an example of sustained and stable convergence–based on a strong institutional foundation.[8]

The key to understanding this transformation lies, among other things, with the institutional dimension, which is prerequisite for sustainable growth. The adoption and implementation of the *acquis communautaire* –at a pace dictated by accession negotiations–forced the countries of the region to simultaneously modernize civil, commercial, environmental, and labor laws, as well as product safety standards. The result was not only a set of new regulations but also a predictable legal environment that radically reduced transaction costs for foreign investors and domestic entrepreneurs.

5 World Bank World Development Indicators, Poland Observer's own calculations, data for 1990–2024.

6 Poland was in a recession in the 21st century, but it may soon become a global leader - Bankier.pl.

7 The 2025 report by the Warsaw School of Economics (SGH) and the Economic Forum covers 11 countries in Central and Eastern Europe: Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Estonia, Latvia, Lithuania, Slovenia, and Croatia. Austria and Greece, which are also part of the Three Seas Initiative, are missing.

8 Report by the Warsaw School of Economics and the Economic Forum 2025: gazeta.sgh.waw.pl/sites/gazeta.sgh.waw.pl/files/zalaczniki-2025/Raport-SGH-i-Forum-Ekonomicznego-2025-PL.pdf.

2. EU ACCESSION AS A CATALYST – FROM CONVERGENCE TO INTEGRATION

The accession of eight Central European countries to the EU in May 2004 triggered convergence mechanisms that no other model of regional integration had been able to provide before. Real GDP per capita at purchasing power parity (PPP) for these eight countries is today 27% higher than it would have been otherwise–that is, had accession not taken place.[9]

In the year of its accession to the EU, Poland's GDP per capita, calculated according to purchasing power parity, amounted to a mere 51.5% of the EU average, which placed Poland as third from the last in the entire Community–only Lithuania (50.3%) and Latvia (47.4%) ranked lower than Poland. Today, in 2024, Poland has reached 79% of the EU average,[10] and the pace of convergence shows no signs of slowing down.

Integration with the EU has turned Central Europe into an export hub of global significance. The region's integration into the EU value chains has contributed to a fivefold increase in the value of goods exports and transformed the region's economic structure allowing for transition from economies based on cheap labor and simple processing to economies building competitive advantage on knowledge, technology, and advanced manufacturing capabilities. The value of exports by Poland has risen over the twenty years of its EU membership from approximately €59 billion annually in 2004[11] to over €366 billion in 2025[12]–a more than sixfold increase in a single generation, making the Polish economy one of the most open and internationalized in the region. The Czech Republic, Hungary, and Slovakia underwent a similar export transformation, becoming key suppliers in European automotive, electronics, and industrial supply chains.

The combined share of the eight Central European countries in the EU's GDP rose from approximately 6% at the time of accession to 8.5% in 2022–even though the population of these countries accounts only

This disparity clearly illustrates what the Three Seas Initiative is yet to become–and what its growth potential will be once the productivity gap is closed.

9 These 8 (not 11) countries are the group examined in the PIE report titled "The Great Enlargement: 20 Years of Central European Membership in the EU" (Warsaw, April 2024). These are the countries that joined the EU in 2004–excluding Malta and Cyprus (due to their island status) and excluding Romania and Bulgaria (which joined the EU only in 2007): The-Great-Enlargement.-20-years-of-Central-European-membership-in-the-EU.pdf.

10 Polska gospodarka znów goni unijną średnią [The Polish economy is once again catching up to the EU average], parkiet.com, 27.03.2025, https://www.parkiet.com/gospodarka-swiatowa/art42022051-polska-gospodarka-znow-goni-unijna-srednia.

11 Statista, based on GUS/Eurostat, Poland: export value after accession to the EU, 2024.

12 GUS, Polish foreign trade – data for 2025.

13 PIE report titled "The Great Enlargement: 20 Years of Central European Membership in the EU" (Warsaw, April 2024).

3. FOREIGN DIRECT INVESTMENT – THE ENGINE OF MODERNIZATION

Foreign direct investment was the driving force behind the transformation: it was not the state budgets, but private capital from the Western financial markets that financed the modernization of factories, technology transfer, and the construction of new manufacturing capacities in the region. **Cumulative FDI in Central Europe increased 21-fold between 2004 and 2022**[14]–a number that all in itself stands as a historical testament to the scale of the transformation. After 2004, the market was opened to foreign capital from the "old" Europe, and this capital found in the Three Seas region a unique blend of factors working in its favor: European legal and institutional standards, significant human potential in the form of a well-educated workforce, lower labor costs than in the West, and a strategic geographical location at the center of the continent.

The role of FDI, however, was complex and cannot be boiled down to capital transfer only. The transfer of technology, management models, and production standards that were the result of the entry of foreign investors into the region was equally important, and in the long run even more so. Volkswagen's factories in Slovakia, Toyota's and LG's in Poland, and Samsung's in Romania not only employed local workers but also created ecosystems of partners and associates, forcing domestic suppliers to meet the quality, certification, and logistics standards required in global value chains. This spillover effect–the transfer of knowledge and standards to the local industrial base–was one of the most important channels through which FDI contributed to growth in productivity.

Poland remains the largest beneficiary of FDI in the Three Seas region. A favorable business environment, a well-educated population, and a market of over 37 million people have attracted and continue to attract global corporations, making Poland a natural gateway to the entire region. Poland's special economic zones–now transformed into the Polish Investment Zones– were of strategic importance in this regard. For decades, they have been offering tax breaks and developed investment sites to investors in exchange for job creation and technology transfer. Similar instruments have operated and continue to operate in the Czech Republic, Slovakia, Romania, and the Baltic states, creating regional competition for foreign capital, which–paradoxically–has contributed to raising investor service standards throughout the entire 3SI region.

14 Ibid.

The need for the evolution of the FDI model has been the challenge of the past decade: the region is gradually losing its cost advantage over Western Europe, which requires a shift toward technology-intensive and R&D-driven investments. UNCTAD reports document the growing FDI selectivity in terms of locations: by 2023, countries accounting for more than half of global FDI flows were already applying foreign investment screening mechanisms, and the quality of digital administration and regulatory transparency have been becoming increasingly important factors in determining location choices. FDI inflows to the Central, Eastern, and Southeastern European region grew faster than the global average during this period, concentrating increasingly in high-tech sectors and digital services. New waves of FDI in the region are increasingly concentrated in high-tech sectors, shared service centers, the biotechnology industry, and–to a growing extent–the defense and dual-use sectors, where geopolitical realignments after 2022 have made Central Europe a strategic hub for the production of arms and critical components.

4. THE "MISSING MIDDLE" NARRATIVE – A REGION THAT DOES NOT FIT INTO OLD CATEGORIES

The Three Seas region is neither Western Europe nor an emerging market. It is something else entirely–and it is precisely this failure to fit into old analytical categories that constitutes its persuasive strength today when talking with global partners. The region has undergone a transformation, completed the first stage of convergence, built market institutions, and entered a mature phase of growth based on productivity, innovation, and exports of advanced goods. At the same time, it has maintained the growth dynamics characteristic of emerging markets–3.2% annually compared to 1.2% in the EU-15–and has room to further close the productivity and technological capability gap. Within the G20 context, this is an exceptional and unique position: a region with Euro-Atlantic legal and institutional standards, yet with investment development still significantly below its potential.

Poland–with a nominal GDP set to reach $1 trillion in 2025 and ranked 20th among the world's largest economies according to the IMF–is a natural advocate of this narrative. Over the course of thirty years of transformation, the Polish economy has more than tripled in size, and Poland has become one of the largest contributors to European growth. Forecasts by Credit Agricole and Bank Pekao indicate that, provided the current pace of convergence is maintained, Poland will reach approximately 100% of the EU average of GDP per capita in the early 2030s–becoming the first major post-communist country to close the development gap with Western Europe within a single generation. This is a message that resonates on global forums not as a story of ambition, but as a story of realized potential–and one that the Three Seas Initiative can and should communicate as a shared achievement, rather than the accomplishment of a single country.

5. THE ROLE OF FDI – A KEY ENGINE OF GROWTH

Foreign direct investment has played a role in the development of the Three Seas countries that goes far beyond the traditionally understood transfer of capital. In the classical view, FDI fills the gap by financing the construction of factories, infrastructure, and production capacity that the local market would not be able to finance on its own at a comparable pace.

In the case of the Three Seas region, which entered 1989 with a technologically underdeveloped industrial base, low productivity, and a virtual absence of a capital market, this traditional function of FDI was essential–but it turned out to be merely the first layer, beneath which lay much deeper transformative mechanisms.

The transfer of technology and organizational know-how that occurred with the entry of foreign investors into the region turned out to be more important than the capital itself. Foreign corporations brought to their branches and subsidiaries more than just machinery and software. They brought, above all, proven procedures for quality management, logistics, management accounting, and human resources management–standards that local firms could not have developed on their own over the years. This effect, referred to as *technology spillover,* extended far beyond the companies directly acquired or established by foreign investors: it reached domestic subcontractors and partners, forcing them to adapt to the quality, certification, and logistics standards applicable in global value chains.

Research by the European Central Bank on productivity convergence in Central Europe indicates that FDI plays a significant role in the process of catching up with Western Europe. This effect is stronger in countries and industries which have higher human capital capable of absorbing the transferred technologies.[15] This means that the scale of benefits brought by the FDI depends not only on the volume of incoming capital but also on the quality of the host country's educational and institutional ecosystem–which explains why the effects of FDI were significantly stronger in Estonia or Poland than in the countries with weaker institutional foundations.

The transfer of management standards also had an institutional dimension that extended beyond the corporate level and permeated the broader regulatory and legal fabric of the country. Large corporations entering the region brought compliance procedures, corporate ethics standards, and risk management systems that gradually became a benchmark for local regulators and legislators. Foreign investors also exerted direct pressure on governments–through employers' organizations, chambers of commerce, and dialogue with the administration–creating a drive to simplify procedures, increase legal predictability, and combat corruption.

15 FDI and productivity convergence in Central and Eastern Europe - an industry-level investigation, Working Paper Series No. 992, January 2009.

This pressure was systemic in nature: globally mobile investors choose jurisdictions with a better legal culture, which fueled regional competition in terms of the quality of institutions. As a result, the inflow of FDI and the improvement in institutional quality reinforced each other–creating a growth spiral that underpinned the transformative success of the entire region.

The integration into global value chains, made possible by FDI, transformed the economic structure of the Three Seas countries in an irreversible and strategically beneficial way. The region ceased to be an exporter of raw materials and simple industrial goods, and became a specialized manufacturing hub for advanced components and finished products deeply embedded in the European and global supply chains.

6. EFFECTS OF THE FDI

PRODUCTIVITY GROWTH

Behind the growth in wages and exports, there lies another mechanism: FDI boosted labor productivity–and it was this effect, rather than the inflow of capital itself, that determined the sustainability of the region's economic advancement. Empirical research by the ECB shows that where foreign investment grew, productivity also grew–faster and more steadily than in the companies operating without foreign capital. The smaller the initial productivity gap between the host country and the eurozone, the stronger the observed effect. The practical result is that as the FDI ecosystem in the region matured–as local firms improved their capabilities and approached Western standards–each additional zloty in FDI generated an increasingly higher productivity gain.

In Central European countries, firms with foreign capital consistently exhibit higher labor productivity than domestic firms in the same sectors. This is true for both: direct effect of capital and technological endowment and indirect effect of forcing domestic competitors and partners to raise their standards.

A 2022 WIIW study covering 17 economies in Central, Eastern, and Southeastern Europe confirmed that **FDI inflows into more technology-intensive sectors generate greater productivity benefits than FDI in the traditional sectors**.[16] This is an important observation for the region's future investment policy: selectivity in attracting FDI–focusing on advanced technologies, research and development, and dual-use sectors–can generate higher multiplier effects than the mass attraction of investments based on low labor costs.

16 B. Jovanović, D. Hanzl-Weiss, Economic and Social Impacts of FDI in Central, East and Southeast Europe, Research Report 464, November 2022.

Among the Three Seas countries, Slovenia achieved the highest labor productivity measured as GDP per hour worked in 2023 ($65.3/h), followed by the Czech Republic ($58.2/h) and Estonia ($52.1/h). All three countries are characterized by deep integration with Western FDI networks: Slovenia–with Germany and Austria in precision manufacturing; the Czech Republic–with the Volkswagen Group and the automotive network; and Estonia–with Finnish and Swedish capital in IT and finance. In the mid-1990s, the Baltic countries had labor productivity at only about 25% of the eurozone level–by 2023, Lithuania had reached $49/h and Estonia $52/h, closing a significant portion of that gap.[17]

LABOR PRODUCTIVITY (GDP/EMPLOYEE) – THREE SEAS COUNTRIES (2004–2022, EU27=100)

COUNTRY	Productivity 2004 (EU27=100)	Productivity 2022 (EU27=100)	Change (pp.)	Comment
Polska	**60**	**83**	**+23**	**Highest absolute growth in CEE-8**
Poland	73	87	+14	High starting point
Czech Rep.	65	75	+10	Slowdown after 2010
Hungary	67	84	+17	Strong FDI impact in the automotive sector
Slovakia	55	83	+28	Leader in digitalization; highest growth rate in the Baltic region
Estonia	50	82	+32	Largest increase in % in the CEE
Lithuania	45	72	+27	Strong convergence following the 2008 crisis
Latvia	79	89	+10	High base; similar to the EU-15
Slovenia	32	65	+33	Lowest base; strongest relative growth
Romania	31	55	+24	Low base; rapid convergence
Bulgaria	57	72	+15	Tourism; strong COVID impact
Croatia	104	110	+6	Above the EU average; stable position
Austria	90	75	-15	Debt crisis 2010–2015
Greece	90	75	-15	Debt crisis 2010–2015

Source: Eurostat; PIE – Report "The Great Enlargement, etc.," 2024; ECB Working Paper No. 992

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17 D. Clark, Labor productivity in Central and Eastern European countries in 2023, Statista, 28.11.2025.

EXPORT GROWTH

In 2004–the year of its accession to the EU–Poland exported goods and services worth 59 billion euros annually. In 2025 the value of Polish exports reached 366 billion euros, which means more than a sixfold increase in a single generation. Foreign-owned companies account for a disproportionately high share of the Polish exports: they generate nearly 70% of the total export revenue[18] from manufacturing. However, they account for less than half of the manufacturing entities in Poland. These numbers bear witness to their radically higher productivity and export orientation relative to domestic firms, as they are embedded in the global value chains and engage in intrafirm trade with foreign parent and sister companies. In the Czech Republic, this mechanism is even more pronounced: 85% of the cars produced there[19]–their production being almost entirely the result of FDI–are exported, and the automotive sector accounts for nearly 20% of the total Czech exports. In Slovakia, the significance of the automotive industry is even more prominent, in proportion, since it makes this country of 5.5 million people into one of the world's largest per capita car producers–an effect of FDI inflows from Volkswagen, Stellantis, and Kia.[20][20] In Slovakia and Hungary, exports account for over 85–95% of GDP, and in the Czech Republic, they reach nearly 70%–figures characteristic of small economies deeply integrated into global production networks, a direct result of several decades of FDI inflows in the manufacturing sector.[21]

18 GUS, Economic Activity of Enterprises with Foreign Capital in 2024, Warsaw, November 2025.

19 T. Ekström, Czech Auto Industry Statistics, WiFiTalents, 12.02.2026, https://wifitalents.com/czech-auto-industry-statistics/.

20 Slovakia Tops Global Charts as World's Leading Carmaker per Capita, Eurocrux, 28.01.2026, https://eurocrux.substack.com/p/slovakia-tops-global-charts-as-worlds.

21 Eurostat, IMF, WifiTalents/Czech Auto Association, BBC/Eurocrux.

GROWTH IN EXPORTS OF GOODS AND SERVICES IN THE THREE SEAS COUNTRIES – 2004 VS. 2023

COUNTRY	Exports 2004 (billion EUR)	Exports 2023 (billion EUR)	Growth (x-fold)	Exports/ GDP 2023 (%)	Leading export sector
Polska	**75**	**353**	**4,7**	**~52%**	**Automotive, machinery, food, electronics**
Poland	65	210	3,2	~80%	Automotive (45% of exports), machinery
Czech Rep.	20	95	4,8	~42%	Automotive, IT, textiles
Romania	44	145	3,3	~85%	Automotive, electronics, pharmaceuticals
Hungary	27	110	4,1	~95%	Automotive (35%), electronics
Slovakia	9	44	4,9	~65%	Metals, machinery, food
Bulgaria	8	28	3,5	~45%	Tourism, machinery, food
Croatia	6	22	3,7	~75%	ICT, wood, machinery, services
Estonia	10	47	4,7	~70%	Refinery, machinery, wood, IT services
Lithuania	5	18	3,6	~60%	Wood, machinery, financial services
Latvia	15	48	3,2	~80%	Machinery, pharmaceuticals, automotive
Slovenia	100	250	2,5	~60%	Machinery, tourism, financial services
Austria	15	62	4,1	~35%	Oil, food, tourism, services
Greece	15	62	4.1	~35%	Oil, food, tourism, services

Source: Eurostat; GUS; Statista; WIIW Trade Database 2024

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WAGE GROWTH AND LABOR MARKET QUALITY

The FDI sector also generates higher wages than the national average. In the Polish automotive industry–integrated into global production networks through FDI–annual wage growth reached 5.8% in 2023, compared to a national average of 5.2%. Foreign-owned companies also offer higher wages in the business services sector: in the BPO and SSC centers in Poland, foreign entities create three-quarters of all new jobs, and consistently offer higher salaries than local companies with comparable profiles. The WIIW study documents a statistically significant positive correlation between greenfield FDI inflows and wage growth in the Central European economies, with this effect being stronger for FDI coming from technologically advanced countries than for investments from emerging markets.

CORRELATION BETWEEN FDI STOCK (% OF GDP) AND WAGE LEVELS – THREE SEAS COUNTRIES 2022

COUNTRY	FDI stock/ GDP 2022 (%)	Median wages 2022 (EUR/ month)	GDP per capita PPP (EU27=100)	Interpretation
Estonia	100	1530	83	Leader: highest FDI/GDP → highest wages in the Baltic region
Czech Rep.	70	1470	87	High FDI intensity → highest wages in the CEE
Hungary	60	1100	75	High FDI/GDP; automotive and pharmaceutical sectors
Bulgaria	60	720	55	High FDI/GDP, but low wages – low-baseline effect
Croatia	55	1100	72	FDI concentrated in tourism; seasonal employment
Latvia	55	1030	72	Moderate FDI/GDP; lower wages despite convergence
Slovakia	55	1180	84	FDI concentrated in the automotive sector → higher industrial wages
Lithuania	45	1340	82	Lower FDI/GDP ratio than Estonia, but strong wage growth thanks to the IT sector
Romania	35	850	65	Rapid wage growth; still a large gap compared to the EU-15
Poland	**32**	**1280**	**83**	**Lower FDI/GDP in nominal terms, but the largest absolute stock**
Slovenia	30	1760	89	Low FDI/GDP → other wage-determining factors (domestic capital)

Source: UNCTAD WIR 2023; Eurostat; WIIW Economic and Social Impacts of FDI 2022

JOB CREATION

MANUFACTURING SECTOR – FDI AS A DRIVER OF INDUSTRIAL EMPLOYMENT

In the manufacturing sector, foreign direct investment has transformed the labor market in the Three Seas region in a lasting and structural way. In Poland, the automotive industry, together with the supporting sectors, employs over 730,000 people and generates wages that total 5.39 billion euros annually. Poland accounts for 45% of total automotive employment across the entire CEE region. As of the end of 2024, the automotive sector alone–a direct result of FDI from Volkswagen, Toyota, Stellantis, and hundreds of suppliers–employed 200,500 people in car and car parts factories. Across the Visegrad Group and the Baltic states, the automotive sector and associated industries provide nearly 1.6 million jobs–a figure comparable to the total number of jobs available in some smaller countries in the region. In Slovakia, the Czech Republic, and Hungary, the automotive sector accounts for 8–12% of total industrial employment. As a result of FDI inflows from OEMs and their global supplier networks, Automotive production doubled in Slovakia between 2010 and 2017, while in Hungary it increased by nearly 90%.

BUSINESS SERVICES SECTOR AND BPO/SSC/GBS CENTERS – A SHIFT FROM SIMPLE SERVICES TO R&D

In parallel with the industrial transformation, FDI has created an entirely new segment of the labor market in the Three Seas region: business service centers, which have evolved from simple back-office processes into advanced technology and R&D centers. In Poland, in the first quarter of 2025, 435,300 people were employed in the business services sector across 1,803 BPO, SSC/GBS, and R&D centers, with foreign investors accounting for 90.2% of new centers and 93.4% of associated jobs.

The occurrence of this qualitative shift is supported by the fact that R&D centers ranked second among all new investments–accounting for 26.2% of all new centers and 32.6% of new jobs, second only to IT centers (42.6% and 39.3%). ABSL forecasts predict that by 2026, the sector, driven by nearshoring and AI implementations, will be employing between 504,000–523,000 people. The Polish Economic Institute has discussed the ICT sector as a driver of FDI across the entire Three Seas region in its 2023 report–noting that Estonia (6.6% of the workforce in ICT) and Austria (5%) are regional leaders in this regard, ahead of Poland and the Czech Republic.

R&D CENTERS AND INNOVATIVE FDI CLUSTERS IN THE REGION

The Czech Republic and Romania are establishing themselves as regional leaders in terms of R&D centers established by foreign companies. The Czech Republic attracts R&D centers of global technology corporations–including Red Hat, IBM, and Honeywell. They are concentrated in Prague and Brno, where one of the largest IT clusters in Central Europe operates. Krakow is the largest business services hub in Poland, with **107,800 employees** as of Q1 2025, ranking just behind Warsaw (111,500) and ahead of Wrocław (70,300). Romania, which began to attract service centers a bit later, is nevertheless recording the fastest growth rate in the region–Cluj-Napoca has become one of the fastest-growing technology hubs in Central Europe, and the IT sector accounts for approximately 6% of Romania's GDP, with a very high share of FID companies. The Baltic states–particularly Estonia and Lithuania–are attracting investment in advanced financial services and fintech: Tallinn is home to over 1,000 tech startups, and after Brexit, Vilnius has become one of Europe's main licensing centers for financial institutions, attracting hundreds of companies from the UK.

WAGE GROWTH AND JOB CREATION – THE IMPACT OF FDI (SELECTED THREE SEAS COUNTRIES)

COUNTRY	Average gross wage 2004 (EUR/month)	Average gross wage 2023 (EUR/month)	Growth (%)	Jobs in FDI companies	Share of FDI in employment (%)
Poland	480	1530	+219%	~1,7 mln (bezpośr.)	~12%
Czech Rep.	600	1730	+188%	~850 tys.	~17%
Romania	210	990	+371%	~750 tys.	~14%
Hungary	440	1310	+198%	~600 tys.	~16%
Slovakia	530	1420	+168%	~400 tys.	~17%
Estonia	480	1880	+292%	~120 tys.	~19%
Lithuania	380	1720	+353%	~150 tys.	~12%
Bulgaria	170	870	+412%	~280 tys.	~11%

Source: Eurostat; WIIW 2022; OECD Employment Outlook 2023; GUS, ČSÚ, INS

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SHARE OF FDI IN GDP AND EXPORTS

INVESTMENT POSITION OF THE THREE SEAS REGION – CUMULATIVE DATA FOR 2023–2024

The cumulative GDP of all 13 Three Seas countries is now greater than France's GDP. Over the past two decades, the region has also attracted an unprecedented volume of foreign direct investment.[22] The Three Seas region as a whole stands out for the structure of its foreign capital inflows, which - over the last twenty years - have consistently and positively differed from global trends.

The average FDI inflow to the Three Seas Initiative countries between 2000 and 2019 was 4.7% of GDP annually–significantly above the average for both developed (3.3% of GDP) and emerging (2.7% of GDP) economies.[23]

This overrepresentation of the region in global FDI flows was a result of a unique combination of factors: full EU membership ensuring legal certainty for investors, geographical proximity to Western European markets, production costs lower than in the EU-15, and a rapidly growing, skilled labor force. Direct investment dominated over portfolio investment in the structure of capital inflows to the region, which is considered particularly beneficial for long-term GDP growth and macroeconomic stability in economic literature. However, there are significant differences between countries: Estonia attracted FDI at a level close to 100% of GDP (the highest ratio in the region), the Czech Republic and Hungary hovered around 60–70% of GDP, while Poland accumulated the largest nominal stock–over $390 billion. Croatia stands out from the other Three Seas countries: capital from the Initiative's member states–particularly from Slovenia and Austria–accounts for the largest share in its FDI structure, reflecting the depth of regional economic ties inherited from decades of shared history.[24]

22 Inicjatywa Trójmorza – bilans i perspektywy [Three Seas Initiative – Assessment and Outlook], Institute of New Europe, 2.08.2025, https://ine.org.pl/inicjatywa-trojmorza-bilans-i-perspektywy/.

23 P. Żuk, M. Ledóchowski, Przepływy kapitału do gospodarek państw Inicjatywy Trójmorza [Capital Flows to the Economies of the Three Seas Initiative Countries], obserwator finansowy.pl, 17.01.2022, https://www.obserwatorfinansowy.pl/bez-kategorii/rotator/przeplywy-kapitalu-do-gospodarek-panstw-inicjatywy-trojmorza/.

24 PEI: Sektor ICT w krajach Trójmorza regionalnym motorem wzrostu, [ICT sector as the regional driver of growth], Warszawa, sierpień 2023, https://pie.net.pl/wp-content/uploads/2023/09/ICT-Trojmorza-.pdf.

After 2022, FDI inflows into the region follow a new logic: the growing importance of geopolitical factors, the reshoring of supply chains from Asia, and the demand for technological sovereignty mean that the Three Seas countries–located at the intersection of NATO, the EU, and the eastern flank–are becoming a strategically preferred location for corporations seeking to *"friendshore,"* i.e., to relocate their production to allied countries.

RETURN ON INVESTMENT AND REINVESTMENT FROM FDI – THE POSITION OF THE THREE SEAS COUNTRIES COMPARED TO THE EU

Data from current accounts allow to perform a comparison of rates of return on foreign investments across individual European countries. The methodology is based on the combination of two complementary datasets published by Eurostat as part of balance of payments statistics. On the one hand, the international investment position (IIP) provides information on a country's external liabilities, broken down into foreign direct investment (FDI), portfolio investment in equity and debt instruments, and other investments. On the other hand, the current account, specifically its primary income component, shows the investment income stream paid to non-residents during a given period: dividends and reinvested earnings in the case of direct and portfolio investments.

The implied rate of return is derived from comparing investment income paid abroad with the stock of foreign liabilities.

The analysis of the rate of return on foreign investments, calculated on the basis of the balance of payments and international investment position data, finds application in several areas of international economics and economic policy:

1. First, it allows to assess the investment attractiveness of individual economies–a higher rate of return generated by assets located in a given country suggests that foreign investors achieve better results there than in other economies, which may attract further capital inflows.

2. Second, this analysis allows for the assessment of an economy's external stability: high and rising income outflows may exacerbate the current account deficit and signal growing imbalances.

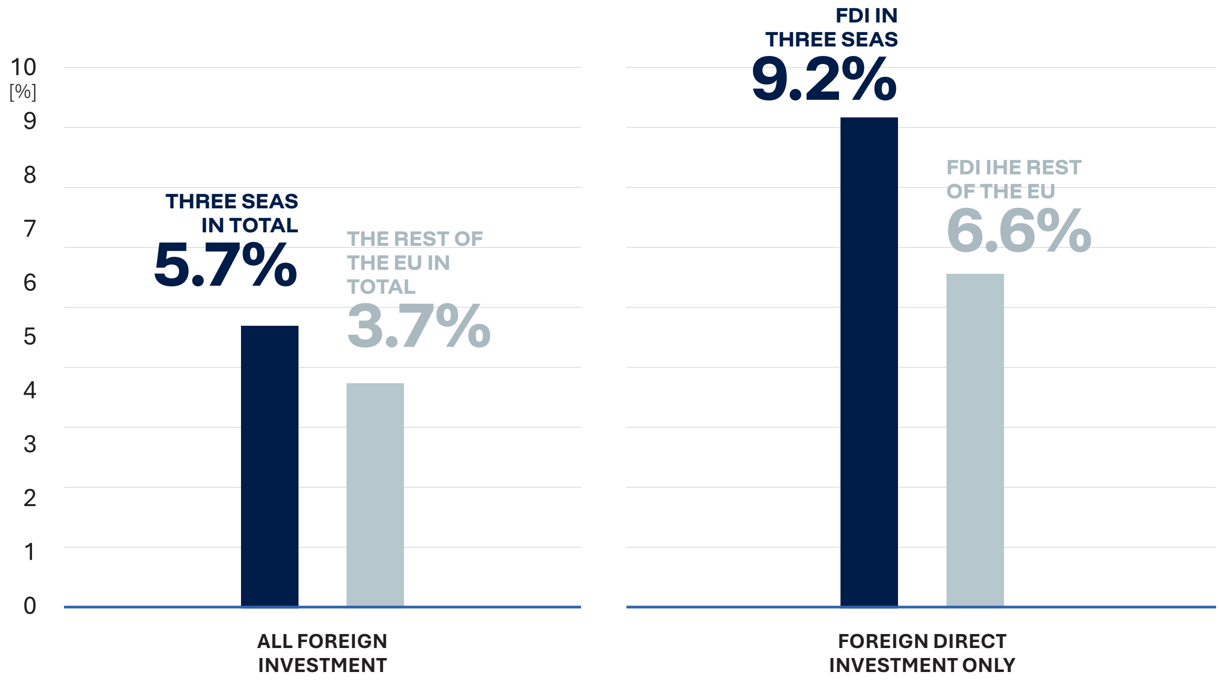
3. Finally, this methodology is used in studies on the economic convergence of Central and Eastern European countries, where significant inflows of foreign capital over the past thirty years raise questions about the distribution of the benefits of economic integration between the countries of origin and the host countries.

Interpreting the level of the implied rate of return requires consideration of the structural context of a given economy, as both high and low values carry different implications. A high rate of return on foreign investment in a given country means that a significant portion of the generated national income is transferred to non-residents in the form of dividends and interest, leading to a discrepancy between gross domestic product (GDP) and gross national income (GNI)–with the latter being often significantly lower. This situation is typical for economies that attract a large amount of foreign capital relative to their own savings, including many countries in Central and Eastern Europe, where the banking sector, the automotive industry, and retail trade remain largely in the hands of foreign owners. A high rate of return may simultaneously indicate the effective use of capital in the host economy, but it raises questions about the long-term balance of benefits and the economy's ability to reinvest profits locally. Conversely, a low rate of return suggests either the maturity of investments and low margins in capital-intensive sectors, or–in a more worrying scenario–that the country is a source of capital that yields modest returns abroad, thereby limiting the positive contribution of foreign residents' investments to national income. It is also important to compare the rate of return paid to non-residents with the rate earned by residents on their investments abroad–the asymmetry between these figures determines the primary income balance in the current account and impacts the long-term trajectory of the net international investment position.

The Three Seas countries achieve a significantly higher rate of return on foreign investments compared to the rest of the European Union. **The average implied rate of return on total foreign liabilities in the Three Seas region countries is 5.7%, while in the other EU member states it amounts only to 3.7%–in economic terms, this difference of two percentage points is significant.**

An even more pronounced disparity becomes apparent when the analysis is narrowed down to foreign direct investment (FDI) only, i.e., after excluding portfolio investments in government bonds and publicly traded stocks. In this context, **the rate of return on FDI in the Three Seas countries reaches 9.2% compared to 6.6% in the rest of the EU.** Limiting the analysis to direct investment is of significant methodological importance, as FDI reflects capital engagement in real economic activity–production, services, distribution networks–unlike portfolio investments, whose returns depend to a greater extent on a country's fiscal and monetary policies (in the case of government bonds) or the current state of capital markets (in the case of stocks).

RATE OF RETURN AND REINVESTMENTS FROM FDI - THE THREE SEAS COUNTRIES COMPARATIVE TO THE EU



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These results demonstrate that investment attractiveness of the Three Seas countries remains significant, which stems from several coexisting structural factors. The region offers relatively lower labor costs while maintaining a highly skilled workforce, a favorable geographic location at the center of European supply chains, as well as a relatively high economic growth rate, which translates into faster development of sales markets and higher operating margins for investors. Higher rate of return compensates for the perceived higher investment risk–currency, institutional, and geopolitical–especially after 2022, in the context of the war in Ukraine.

RATE OF RETURN ON FOREIGN INVESTMENTS (BOTH DIRECT AND PORTFOLIO) ACHIEVED BY NON-RESIDENTS (FOREIGN INVESTORS) IN A GIVEN COUNTRY, AS WELL AS BY RESIDENTS ABROAD

COUNTRY	Non-residents' income from total investments (for 2016–25)	Non-residents' income from FDI (for 2023–25)	Residents' income abroad (for 2016–25)
Bulgaria	9,4%	12,1%	3,1%
Czech Rep.	7,4%	11,5%	4,3%
Poland	**6,9%**	**11,4%**	**4,4%**
Hungary	6,3%	6,9%	6,1%
Romania	6,0%	11,5%	6,2%
Croatia	5,8%	7,3%	7,2%
Malta	5,7%	7,0%	5,1%
Latvia	5,5%	10,1%	5,1%
Lithuania	5,3%	10,3%	3,1%
Cyprus	5,1%	6,7%	4,7%
Estonia	4,9%	6,9%	4,1%
Slovakia	4,8%	9,0%	4,0%
Ireland	4,5%	14,7%	3,0%
Slovenia	4,5%	8,8%	3,5%
Belgium	4,4%	7,8%	4,2%
Netherlands	4,3%	6,0%	3,9%
Austria	4,2%	8,1%	3,9%
Italy	3,6%	4,8%	3,2%
Portugal	3,6%	5,6%	3,8%
Sweden	3,5%	7,1%	4,3%
Finland	3,3%	9,9%	3,2%
Spain	3,1%	4,2%	3,7%
Luxembourg	2,9%	3,7%	2,7%
Denmark	2,9%	5,5%	3,1%
Germany	2,7%	4,9%	3,1%
France	2,6%	4,9%	3,4%
Greece	2,4%	5,8%	3,0%

Rate of return on foreign investments (both direct and portfolio) achieved by non-residents (foreign investors) in a given country, as well as by residents abroad. The Three Seas countries also stand out positively due to higher rate of reinvestment of foreign direct investment income between 2016 and 2025. This ratio, calculated as the share of reinvested profits in total income generated by FDI in a given economy, indicates what portion of capital income generated in the host country remains there in the form of recapitalization of existing investments or expansion of production capacity, and what portion is transferred abroad in the form of paid dividends. It is therefore one of the key indicators showing to what extent the presence of foreign capital translates into the sustainable development of the host economy's production base, rather than merely into the transfer of profits to investors.

The average reinvestment rate in the Three Seas countries was 39% during the analyzed period. In the rest of the European Union it was noticeably lower and stood at 32%.

The seven-percentage-point difference in favor of the Three Seas region suggests that foreign investors present in the region view these economies as attractive not only from the perspective of current profitability but also in terms of long-term development opportunities. This prompts them to retain a larger portion of the profits in their subsidiaries in host countries rather than to repatriate them.

At the same time, this indicator differs significantly among countries within the Three Seas region itself, which makes it difficult to treat them as a homogeneous group. In Croatia, Lithuania, Poland, and Hungary, the share of reinvested profits exceeds 50%, which means that more than half of the income generated in these economies by foreign capital stays in the country in the form of capital injections into operations. At the opposite end of the spectrum are Latvia, Slovakia, and Estonia, where this ratio falls below 30%–in these countries, the "distribution" model, in which foreign investors prefer to withdraw current profits in the form of dividends, prevails. These differences may stem both from different sectoral structures of foreign investment (the manufacturing sector favors reinvestment due to its own high capital intensity, while the financial and service sectors generate a faster flow of payouts) as well as from the investment life cycle and tax conditions.

It is also worth noting that a high reinvestment rate is not unique to the countries in the 3SI region. Among Western European countries, Spain, Luxembourg, and Italy stand out clearly, as the share of reinvested profits also exceeds 50% in these countries. In the case of Luxembourg, however, this figure requires particularly cautious interpretation due to the country's role as a financial hub and large presence of special-purpose entities, which may distort the statistics through intra-corporate capital flows. Despite these isolated cases, the arithmetic mean remains clearly higher for the entire Three Seas group than for the rest of the EU. It confirms that the region as a whole is characterized by a more growth-oriented profile of foreign capital utilization. A higher reinvestment rate, combined with the higher rate of return as discussed earlier, paints a coherent picture of economies that are dynamically absorbing and effectively utilizing incoming capital.

REINVESTMENT RATE OF FOREIGN DIRECT INVESTMENT EARNINGS, 2016–25.

COUNTRY	FDI profit reinvestment rate
Spain	67%
Croatia	55%
Luxembourg	55%
Lithuania	52%
Poland	51%
Hungary	50%
Italy	50%
Sweden	49%
Bulgaria	45%
Greece	45%
Portugal	41%
Romania	39%
Czech Republic	38%
Cyprus	38%
Austria	33%
Slovenia	33%
Belgium	32%
Netherlands	30%
Germany	28%
France	27%
Latvia	26%
Slovakia	24%
Estonia	21%
Ireland	16%
Finland	12%
Malta	10%
Denmark	-12%

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THE AUTOMOTIVE SECTOR – A DRIVER OF VALUE AND EXPORTS IN THE THREE SEAS REGION

Even if 2024 brought the first significant correction in production data in years, clear regional specialization is evident in the automotive sector, which - in the Three Seas countries - is almost entirely driven by FDI. In Poland, the automotive industry's industrial output reached PLN 223.3 billion (approx. EUR 50 billion) in 2024–0.7% less than in the record-breaking year of 2023 (PLN 236.5 billion). Meanwhile, the sector's total exports amounted to EUR 45.5 billion (a 9.5% year-over-year decline), reflecting a global slowdown in demand for electric vehicles and weaker performance by Western European OEMs.[25] In the Czech Republic, the automotive sector, driven by FDI (Volkswagen/Škoda, Hyundai, Toyota), produced a record 1.453 million cars in 2024–up 3.9% year-over-year. Over 93% of them were exported. Škoda Auto, the largest Czech manufacturer, produced nearly 897,000 vehicles, including 96,534 electric and plug-in hybrid cars.[26] In Slovakia, the automotive sector's participation in GDP amounts to approximately 13%. It is three times more than in Germany, which is considered the heart of the European automotive industry. This number makes Slovakia, a country of 5.5 million people, the most "car-dependent" economy in the world relative to GDP. Slovakia produced nearly 1 million cars in 2024, once again ranking first in the world in terms of car production per capita.[27] At the same time, Hungary underwent the most profound qualitative transformation in the region: Mercedes' investments in Kecskemét and BMW's in Debrecen are now coupled with massive battery factories for electric vehicles–Samsung SDI, SK Innovation, and CATL–positioning Hungary as a European hub for the production of traction cells and batteries. It is a direct consequence of over €10 billion in FDI in the electromobility sector flowing to Hungary after 2019.[28] Romania remains an example of how a single, FDI investment spanning multiple decades can define industrial profile of the entire country: Dacia/Renault in Mioveni–acquired by Renault in 1999 for a symbolic €50 million–generates approximately 2.9% of Romania's GDP, accounts for 8% of the country's total exports, and collaborates with a network of nearly 616 suppliers worldwide. However, the case of Dacia also illustrates the risk of excessive concentration: Renault's 2026 decision to move production of new car models to Türkiye and Slovenia shows that a country overly dependent on a single investor remains structurally vulnerable to corporate strategic choices.[29]

25 AutomotiveSuppliers.pl/GUS, Automotive Industry 2024, May 2025.

26 2024: A year of record passenger car production, AutoSAP, 21.01.2025.

27 Eurocrux / Slovak Automotive Industry Association.

28 Motoryzacja w krajach Grupy Wyszehradzkiej [The Automotive Industry in the Visegrad Group Countries], PIE, Warszawa 2023.

29 Mioveni Plant (DACIA), Renault Group, https://www.renaultgroup.com/en/group/locations/mioveni-plant/.

TURBULENCE AND SELECTIVITY – THE NEW FDI LANDSCAPE OF THE REGION

FDI inflows into the Three Seas region in recent years have been shaped by three successive shocks: the COVID-19 pandemic, the war in Ukraine, and the global economic slowdown. Each of these events was accompanied by offsetting effects that, in the longer term, altered the structure of investment. In 2020, FDI inflows to the EU fell by 13%, with Slovakia recording one of the sharpest declines in the Three Seas region, while Bulgaria and Hungary maintained growth, and Poland remained at 2019 levels–the only major country in the region to do so. The year 2021 brought a rebound. The outbreak of war in Ukraine in February 2022 triggered short-term investor caution, but paradoxically strengthened the region's long-term appeal: In 2022, 53% of global investors declared their intention to shorten supply chains and bring production closer to the European market–and Central Europe, as a "nearshoring hub", became the obvious beneficiary of this trend. However, between 2022 and 2023, FDI inflows continued to decline in Slovakia and Slovenia, while Estonia–thanks to its liberal investment environment–was the only country to record growth, though without returning to pre-pandemic levels. Data for 2023 and preliminary estimates for 2024 indicate a slowdown in the growth trend in Poland: a decline of just under 9% occurred for the first time after three years of growth. It was driven mainly by lower reinvestment of profits and a negative balance of debt instrument transactions. The end of the war in Ukraine–if it takes place–is cited by Warsaw School of Economics experts as the main factor that could unlock a new wave of investment in the region. This trend points to growing FDI selectivity in terms of locations: quality of regulations, institutional stability, and availability of skilled labor are becoming more important factors than cheap labor alone.

The Czech Republic and Romania are identified in the 2025 PFR TFI and PwC report[30] as the most promising destinations for foreign expansion in Central Europe in the coming years, due to their developed ecosystem of business and technology services and their geographical proximity to the Western European markets.

30 Launch of the report on foreign direct investment prepared by PFR TFI and PwC in cooperation with KUKE | PAP MediaRoom portal.

CUMULATIVE FDI (STOCK) IN THE THREE SEAS COUNTRIES – 2004 VS. 2022 (BILLION USD)

COUNTRY	FDI stock 2004 (billion USD)	FDI stock 2022 (billion USD)	Growth (x-fold)	FDI/GDP 2022 (%)	Notes
Poland	**84**	**239**	**2.8**	**~32%**	**Largest FDI stock in the region in nominal terms**
Czech Rep.	57	191	3.4	~70%	High FDI/GDP; automotive hub
Romania	18	110	6.1	~35%	Strong growth after 2007 (EU accession)
Hungary	44	119	2.7	~60%	High FDI/GDP; regional hub
Slovakia	15	73	4.9	~55%	Automotive; largest car manufacturer per capita in the EU
Bulgaria	7	57	8.1	~60%	Strong momentum; lower starting point
Croatia	8	43	5.4	~55%	Tourism + infrastructure
Estonia	7	34	4.9	~100%	Highest FDI/GDP ratio in the region; digitalization
Lithuania	6	28	4.7	~45%	Service centers; manufactu-ring
Latvia	4	20	5	~55%	Financial services and logi-stics
Slovenia	5	17	3.4	~30%	High wages; advanced in-dustry
Austria	105	310	3	~55%	Major FDI exporter; regional hub
Greece	24	60	2.5	~30%	Tourism; post-crisis recove-ry

Source: UNCTAD World Investment Report 2023; World Bank; WIIW FDI Database 2023

INSTYTUT SOBIESKIEGO — Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

7. CASE STUDIES

POLAND: FROM AN ASSEMBLY PLANTTO INNOVATION HUB

Poland is a prime example of the FDI evolution: from investments attracted by low labor costs in the 1990s to an increasingly technologically advanced hub for manufacturing and services. The automotive industry has historically been at the heart of this evolution, and its latest chapter took us to the realm of electromobility with Poland emerging as one of its key European players, and becoming not just a consumer of technology, but a producer of it. The Volkswagen Group plant in Września–which has been producing Volkswagen Crafters since 2016 and the electric e-Crafter since July 2020–achieved a record output of over 103,000 cars in 2024, the highest annual result in the plant's history.[31] In total, the two Volkswagen Poznań plants produced nearly 275,000 vehicles in 2024–about 25,000 more than the previous year.[32] It is worth noting that VW also plans to expand the factory in Września with two new production halls dedicated to the next generation of electric Crafters. It only confirms the strategic importance of the plant.[33] In 2024, the Polish automotive industry reached the value of PLN 186 billion, accounting for 11.1% of the country's total industrial output, while investments in electromobility exceeded PLN 8.5 billion. LG Energy Solution, the Korean battery giant whose factory in Wrocław is the largest electric vehicle battery production facility in Europe, and supplies cells to – among others - Audi, Porsche, BMW, and Mercedes, is the symbol of this new chapter. LG Energy Solution has invested (and plans to invest) a total of over PLN 14 billion in Poland,[34] making the country a strategic hub in the European electromobility supply chain. More global players are jumping on this wagon as well: Ascend Elements–an American company specializing in recycling and production of cathode materials–has chosen Poland as the location for its first gigafactory in Europe, with a planned investment of approximately PLN 5 billion[35] and the production of cathode materials essential for next-generation batteries. In consequence of these investment decisions, Poland is becoming a regional hub in the European electromobility value chain with production ranging from active materials and cells, through battery modules, to finished electric vehicles. This represents a qualitative leap unprecedented in the history of the Polish industry: from a subcontractor of simple assembly operations, the country has been transforming into a manufacturer of components upon which the entire European energy transition depends. In this context, Poland is no longer merely the largest economy of the Three Seas Initiative–it is the technological locomotive, whose development trajectory sets the direction for the entire region.

Alongside the rapidly growing electromobility industry, the semiconductor sector is rapidly gaining importance in the Polish investment landscape. In 2026, the government worked on the strategy "Poland in the Game for the Future – Policy for the Semiconductor Sector 2026+," which aims to integrate Poland into the European semiconductor triangle with Germany and the Czech Republic. At the same time, the investors are showing a noticeably

31 Volkswagen Poznań: Rekord produkcji w 2024 roku i liczne wyzwania na horyzoncie [Volksvagen Poznań: Record-breaking production in 2024 and challenges ahead], 14.05.2025, https://volkswagen-poznan.pl/article/volkswagen-poznan-rekord-produkcji-w-2024-roku-i-liczne-wyzwania-na-horyzoncie.

32 Blisko 275 tys. samochodów zostało wyprodukowanych w fabrykach VW Poznań w 2024 r. [Some 275 000 cars were made in VW Poznan factories in 2024], polskiprzemysl.pl, 20.04.2025, https://polskiprzemysl.com.pl/produkcja-vw-poznan/.

33 K. Słomski, Volkswagen ponownie inwestuje we Wrześni. W Polsce będzie powstawał nowy model [Volkswagen is investing in Września. The factory will produce the next eCrafter model], Auto Świat, 25.11.2025, https://www.auto-swiat.pl/wiadomosci/aktualnosci/volkswagen-inwestuje-we-wrzesni-fabryka-bedzie-produkowac-kolejny-model-ecrafter/yq09hxl?utm_source=www.perplexity.ai_viasg_auto-swiat&utm_medium=referal&utm_campaign=leo_automatic&srcc=undefined&utm_v=2.

34 M. Grzegorczyk, M. Bołtryk, LG wyda w Kobierzycach jeszcze 1,4 mld zł [LG to spend another 1.4 billion PLN in Kobierzyce], Puls Biznesu, 20.01.2021, https://www.pb.pl/lg-wyda-w-kobierzycach-jeszcze-14-mld-zl-1106043.

35 P. Ciszak, Amerykańska inwestycja w Polsce. Fabryka za 5 mld zł [American investment in Poland. A factory worth 5 billion PLN], money.pl, 12.05.2025, https://www.money.pl/gospodarka/amerykanska-inwestycja-w-polsce-fabryka-za-5-mld-zl-7155925535492608a.html.

increased interest in the defense sector and dual-use technologies. Since July 2025, defense and dual-use companies can obtain a Decision on Support within the framework of the Polish Investment Zone, and the European Investment Bank has allocated as much as €3.5 billion for defense projects in Europe in 2025, nearly 40% of which is earmarked for the EU's eastern flank, including Poland.

The second, business services and R&D centers are an equally important pillar of Poland's success in attracting FDI. Today, Poland is a global hub for high-value-added outsourcing–there are 1,803 BPO, SSC/GBS, and R&D centers operating in the country, employing a total of 435,300 people. Kraków and Wrocław are among the most attractive locations for business services in Europe–not only due to costs, but also because of the quality of human capital, the academic base, and infrastructure. Krakow is home to 157 service and R&D centers, with the largest, average size of a center in Poland, which suggests a concentration of advanced functions rather than simple outsourcing. Companies such as Google, IBM, Motorola, Capgemini, UBS, and Goldman Sachs have established regional centers in Poland with an ever expanding range of functions, including centers of excellence in cybersecurity, AI, and advanced analytics–signaling a shift away from treating Poland as a cost center to treating Poland as a center of excellence.

THE CZECH REPUBLIC: ŠKODA AND THE ARCHITECTURE OF EXPORT EXCELLENCE

Škoda's story is perhaps the best European example of how FDI can transform a domestic manufacturer from a second-tier brand into a global player. In 1991, Volkswagen acquired a 30% stake in Škoda, ending a privatization race that was closely observed all across Central Europe and became a test of the West's readiness to invest in the region. Today, Škoda Auto is a pillar of the Czech economy: the automotive industry as a whole accounts for over 9–10% of the Czech GDP, 25.6% of total industrial production, and approximately 20% of the country's total exports.[36] In 2024, Škoda's Czech factories alone produced nearly 897,000 vehicles–3.7% more than in the previous year.[37] Today, Škoda is not just a brand–it is the foundation of the Czech export model. FDI inflows into the Czech Republic reached a record high of CZK 5.38 trillion in 2024,[38] and the trend initiated by Volkswagen is being continued by subsequent investors: TSMC and Samsung Electronics registered in Taiwan and the US were among the most active applicants for FDI approvals in 2024–2025, with Taiwan and the US being the two most common countries of origin for foreign investors in the Czech Republic.[39] In 2026, the construction of a new truck factory began in Hebe (worth several

36 Data on the sector's share of GDP and production: [gov.pl – Czech Republic economic situation].

37 Škoda production in 2024: [xpert.digital].

38 Record FDI in 2024 – CZK 5.38 trillion: [tradingeconomics.com].

39 The U.S. and Taiwan as the main investors in the Czech Republic in 2023: [whitecase.com — FDI Reviews 2025].

hundred million euros, ultimately creating over 1,000 jobs), confirming the continued interest in the Czech Republic as a location for industrial production in the heart of Europe.[40]

ROMANIA: DIGITAL ADVANCEMENT FROM A LOW BASE

Romania is an example of a country that, thanks to FDI, has managed to advance in global value chains, despite challenging conditions at the outset. Its IT&C sector has become the most significant success story of the past decade: the country has approximately 250,000–280,000 IT specialists[41]–one of the largest pools in Central and Eastern Europe–and the value of the IT market was estimated at approximately 12 billion euros in 2025.[42] Globally recognized technology brands originating in Romania–UiPath (listed on the New York Stock Exchange, valued at over $35 billion at its peak) and Bitdefender–prove that FDI and good human capital can transform a country from a center of cheap labor into a center of innovation. In 2024, net FDI inflows amounted to €5.603 billion,[43] and Romania is increasingly positioning itself as an investment alternative to the other Three Seas countries: labor costs remain lower than in Poland or the Czech Republic, and it offers higher levels of regional investment aid for businesses. Gross fixed capital formation in Romania amounted to approximately 26% of GDP in 2024, placing it among the EU leaders in this regard.[44] Romania has also benefited from EU funds allotted to digitalization and infrastructure, with experts pointing to this fact as one of the key drivers of Romania's growth relative to regional competitors.

ESTONIA: A DIGITAL PHENOMENON AS A GLOBAL MODEL

Estonia is, in many respects, the most remarkable case in the entire Three Seas Initiative–a country with a population of just 1.4 million that has managed to become a global benchmark for digital transformation. Over 90% of Estonians use digital public administration services, and the country was the first in the world to provide full access to electronic health records for all its citizens.[45] The e-Residency program has become a flagship tool for export of the Estonian digital model: by 2025, over 130,000 entrepreneurs from more than 170 countries established nearly 34,000 companies in Estonia, generating over 31 million euros in tax revenue annually for the country.[46] In 2024, Invest Estonia secured €225 million in foreign direct investment, creating

40 Budowa nowej fabryki samochodów ciężarowych w Hebie, Czechy: rozszerzenie europejskich mocy produkcyjnych i stworzenie ponad tysiąca miejsc pracy [Construction of a new car factory in Heba, Czech Republic: expansion of the European production capacities and creation of over 1000 jobs], Bytheway Logistics, 3.04.2026, https://bytheway.com.pl/news/nowosci-z-zakresu-logistyki-magazynowej/budowa-nowej-fabryki-samochodow-ciezarowych-w-hebie-czechy-rozszerzenie-europejskich-mocy-produkcyjnych-i-stworzenie-ponad-tysiaca-miejsc-pracy/.

41 250,000–280,000 IT professionals: [brainsconsulting.ro] / [report xyz.pl].

42 IT market value ~€12 billion in 2025: [seenews.com].

43 FDI of 5.603 billion EUR in 2024: [gov.pl – Romania Economic Guide].

44 Investment intensity 26% of GDP and ranking vs. Estonia/Czech Republic: [PRBCC — Romania on the economic map of Europe].

45 Digitalization at 90%+ and full e-health documentation: [DW.com], [EC – 2025 National Report].

46 e-Residency: 130,000 entrepreneurs: [newseria.pl], [finevolution.pl].

over 600 new jobs. The ICT sector accounts for nearly half of the country's total R&D spending, confirming the depth of its technological specialization.[47] Digital foundations have also become a defense asset: following the Russian cyberattack in 2007, Estonia built one of the most advanced cyber defense environments in the world, and the NATO Cooperative Cyber Defence Centre of Excellence, headquartered in Tallinn, now sets global standards for protection against hybrid threats. Estonia is consistently transforming its position into a defense hub. In the fourth quarter of 2025, FDI inflows totaled €728 million. Estonia, which launched mandatory screening of foreign investments in September 2023, approved five transactions with a combined value exceeding €300 million in 2024. They involved investors from the U.S., Switzerland, Japan, and other non-EU countries, confirming that a transparent security screening system does not deter foreign capital.[48] The key to this success remains the mutually reinforcing relationship between a transparent legal environment, digital administration, and the inflow of foreign capital. Estonia has proven that a small country can set global standards if it consistently invests in its niche.

CROATIA: FDI IN TOURISM, ENERGY, AND INFRASTRUCTURE

Croatia represents a different but equally valuable model of the FDI in the Three Seas region. Its investment profile is dominated by tourism, infrastructure, and the growing energy sector. Tourism, which for decades has been the main source of capital, has attracted FDI into hotels and leisure infrastructure, creating a modern service base along the Adriatic coast. FDI in Croatian tourism consists mainly of hotel and real estate development investments by the global chains (Hyatt, Marriott, Mövenpick). Croatia's strategic location at the crossroads of routes from Central Europe to the Adriatic makes it a logistics hub for the entire region. A prime example of a strategic investment in the energy sector is the LNG terminal on the island of Krk. This €234 million project launched in 2021 is a key hub for gas supply security for Central Europe. Croatia's entry into the eurozone in 2023 and the Schengen Area has reduced transaction costs for investors and opened a new chapter in attracting FDI–total FDI inflows amounted to approximately 1.5% of GDP in 2023, and cumulative foreign capital stock exceeded 55% of GDP, placing the country in the middle of the list for the CEE region.[49] New FDI projects are primarily being implemented in the energy sector, incl. renewable energy, and transmission network modernization, and are financed by a combination of EU funds and private capital.

47 EIS 2025.

48 FDI Q4 2025 — EUR 728 million: [tradingeconomics.com].

49 FDI share of GDP and cumulative FDI stock ~55% of GDP: [SGH and Economic Forum Report 2024].

8. FDI AS A FACTOR IN INSTITUTIONAL QUALITY

The relationship between FDI and institutional quality is bidirectional: better institutions attract more and better FDI, and the inflow of investment from countries with high corporate standards improves the quality of institutions in the host country. Academic research using panel data for the EU-10 countries confirms that the quality of governance –measured by World Bank indicators covering the rule of law, government effectiveness, corruption control, and regulatory quality–was a statistically significant determinant of FDI inflows, with *the direction and pace of change* being more important than the absolute level of the indicators: investors were attracted by a credible trajectory of improvement, not by the perfection of the starting point. Estonia remains a regional leader in terms of regulatory quality–it was the only EU-10 country to record an increase in FDI in 2022–2023, despite a general slowdown in the region, precisely thanks to its predictable and investor-friendly investment environment. The mechanism through which FDI impacts institutional quality operates on several levels: transnational corporations introduce compliance standards and anti-corruption procedures, exert lobbying pressure for pro-market reforms, and legal stability translates directly into their operating costs. Prime examples of the synergy between institutional quality and high-tech FDI are specific projects by the Three Seas Investment Fund (3SIIF): an investment in Greenergy Data Centers in Estonia–the first energy-efficient data center in the Baltic region, executed precisely because Estonia's digital institutions and legal framework minimized regulatory risk – and the acquisition of a 100% stake in Cargounit, Poland's leading locomotive leasing company, where a transparent corporate law system and the absence of barriers to takeovers allowed for the transaction to be closed efficiently. For global investors seeking reliable and predictable markets, this institutional quality of the Three Seas region is a direct competitive advantage: the region offers European legal standards and EU enforcement mechanisms combined with the growth dynamics previously characteristic of emerging markets–a combination rarely found on a global scale.

9. SECURITY AND RESILIENCE – FDI AS AN ELEMENT OF STRATEGIC STABILITY

A NEW PARADIGM OF ECONOMIC SECURITY

Amid mounting geopolitical risks after 2022, foreign direct investment in the Three Seas region has taken on a strategic importance that it lacked in previous decades. Attacks on undersea telecommunications cables in the Baltic and North Seas, disruptions to global supply chains exposed by the pandemic–these events have shown that economic infrastructure functions as security infrastructure as well, and its resilience depends on the quality of investment. In this context, FDI has ceased to be merely an instrument of economic growth and has become an element of the regional security architecture.

The Three Seas countries have adopted a convergent strategic approach in this area: security and economic growth are treated as mutually reinforcing, rather than competing; goals, and investments in sensitive sectors are evaluated through the lens of long-term resilience and interoperability with NATO and EU allies.

CRITICAL INFRASTRUCTURE AS A DUAL SAFEGUARD

Investments in transport, logistics, and digitalization–the priority of the first pillar of the Three Seas Initiative–generate a double return: economic and strategic. The Via Carpathia and Rail2Sea projects, planned as trade routes connecting the Baltic Sea with the Adriatic Sea, are simultaneously of fundamental importance for military mobility on NATO's eastern flank. In its May 2025 report, the Atlantic Council explicitly recommends incorporating military and digital components into these infrastructure projects, proposing the creation of *a Three Seas Defense Innovation Hub* - a platform to pool public, private, and EU funding for dual-use projects. In 2025, the European Investment Bank and the European Defense Fund adjusted their financing rules to allow funding of dual-use infrastructure, previously excluded from civilian financing. This opens new opportunities to attract to the region FDI from European sources.

ENERGY: FROM DEPENDENCE TO DIVERSIFICATION

Energy is the sector where the effects of FDI on regional security are most direct. Poland is implementing a nuclear reactor construction program in partnership with Westinghouse (USA) and serves as an example of how FDI in the energy sector allow for simultaneous diversification of the energy mix, reduction of dependence on Russian supplies, and deepening relations with allied countries. The Baltic states are performing desynchronization from the BRELL power grid (controlled by Russia) and integrating with the European ENTSO-E network, an endeavor financed with the support from the EIB and FDI from Scandinavian countries. Croatia, Poland, and Lithuania are investing in LNG terminals to diversify gas supplies. The common denominator of these projects is clear: FDI (from allied countries) in the energy sector is an instrument of energy independance in the Three Seas region.

DEFENSE AND DUAL-USE TECHNOLOGIES: A NEW WAVE OF FDI

The defense and dual-use sector are generating a new wave of FDI in the region, a trend driven by both rising national defense budgets and a global post-2022 reassessment of supply chains. Over the course of this decade, Poland plans to spend more than 5% of its GDP on defense, creating the potential to attract massive FDI in defense technologies, weapons systems, cybersecurity, and AI. Global defense manufacturers are increasingly looking at the region as a strategic production location: close to Ukraine and the Russian border, with the highest per capita defense budgets in NATO, a growing dual-use industrial base, and a European legal framework. This combination is attractive to investors who define their strategy not solely through the lens of costs, but also through the lens of supply security and proximity to the end customer. However, this phenomenon cuts both ways: growing defense budgets attract FDI to the region but also stimulate the overseas expansion of companies from the Three Seas countries.

SIGNIFICANCE FOR THE G20

In the context of the G20 forum, the Three Seas' experience provides a credible, evidence-based model for combining investment openness with the protection of strategic interests. In the global G20 debate, questions about how to reconcile the need to attract FDI with the necessity to protect critical infrastructure and technologies are increasingly being raised. Answers to these questions in the form of ready-made regulatory and institutional models are still lacking. The Three Seas Initiative has developed a pragmatic approach in this regard:

- FDI screening based on the EU standards of Regulation 2019/452,
- preferential treatment for investors from allied countries,
- active attraction of FDI coupled with simultaneous verification of ownership structures.

This is a model that can be readily presented at the G20 as not based on protectionism, but on openness to investment compatible with security requirements, and a model which, in the context of the growing geopolitical fragmentation of the global economy, has the potential to become the standard for the entire group.

IV.
A NEW PHASE: GLOBAL EXPANSION OF THE THREE SEAS REGION COMPANIES

1. A SHIFT IN THE DEVELOPMENT MODEL - THE MECHANICS OF TRANSITION: FROM RECIPIENT OF THE CAPITAL TO ITS PROVIDER

International expansion of domestic companies is a key element of building and maintaining the economy's international competitiveness, which, in its turn, should be viewed primarily through the lens of the economy's ability to ensure a sustained rise in citizens' standard of living. In this context, competitiveness becomes a multidimensional category, linking the external sphere with the internal condition of the state.

- **External dimension:** This is the economy's ability to secure the means to meet its import needs in a consistent and safe way (including through exports of goods and services and income from foreign investments) as well as to maintain a long-term balance of payments equilibrium.

- **Internal dimension:** This refers to the effective use of available labor resources, the generation of savings necessary to finance investments, and the provision of budgetary funds enabling the performance of the state's key functions.

The foundation of this multidimensional competitiveness lies in the evolution of its sources. Economies in the early stages of development build their position on **cost (price) advantages**, leveraging low labor costs and basic resources. However, lasting success and promotion to the group of leaders require the development **of qualitative (non-price) advantages**. These are based on uniqueness of the product, innovation, and technological advancement, which allow to compete on the global markets not only with price but, above all, with added value.

THE MECHANISM OF INNOVATION AND THE LEARNING EFFECT

The key driver of long-term growth is technological progress (alongside the quality of institutions and the efficient allocation of resources), which directly translates into labor productivity. While income dynamics are influenced by the accumulation of human and physical capital, it is innovation that enables greater output to be generated with the same resources.

In this process, the international expansion of enterprises **acts as a civilizational accelerator**. By forcing constant competition with global leaders, international trade imposes on domestic enterprises a discipline of efficiency. Foreign expansion stimulates **the** so-called **learning effect**: companies operating in demanding foreign markets adapt modern technologies more quickly, improve management processes, and engage in independent research and development.

The number and size of companies involved in exports often correlate with the efficiency of the entire economy. Success in foreign markets not only generates foreign exchange but also builds a body of knowledge (*know-how*) that spills over to other sectors, forcing higher standards in energy production, administration, and the regulatory sphere as well.

EXPORT AND INVESTMENT EXPANSION

Competition in foreign markets forces companies to raise standards of management, product quality, and process efficiency. Interaction with the most demanding consumers in export markets leads to a transfer of knowledge back to the home country.

Full-scale foreign expansion goes beyond the mere export of goods. It also encompasses **outward foreign direct investment (Outward FDI)**. These investments are a natural complement to exports and a key element in building global value chains. They can facilitate transfer of profits back to the home country and–more importantly–**a** reciprocal, in-depth **transfer of knowledge** about how global markets operate.

Key argument for expansion is the ability to leverage **economies of scale**. Many modern industries, such as the high-tech sector or pharmaceuticals, are characterized by enormous fixed costs associated with research and development (R&D). Expanding beyond a relatively small domestic market allows these costs to be spread across a larger number of customers, which reduces the cost of innovation per unit. Increasing the scale of operations can allow for process improvements that would be unprofitable on a smaller scale.

International expansion offers an opportunity for diversification and stabilization as well. Presence in multiple markets makes corporate and national revenues less dependent on local economic cycles, thereby increasing economic security.

THE MECHANICS OF TRANSITION: FROM RECIPIENT OF THE CAPITAL TO ITS PROVIDER

A country's transition from recipient (importing capital) to donor (exporting capital) status is an evolutionary process, reflected in the balance of payments. The entire process is based on the identity*:

CA + FA + KA = 0

Where:
CA – *Current Account*
FA – *Financial Account*
CA – *Capital* Account
*excluding errors and omissions.

PHASE I: RECIPIENT OF THE CAPITAL (IMPORT-DRIVEN INVESTMENT)

Emerging economies, such as the countries of the Three Seas Initiative (3SI) in the first decade of the 21st century, typically have a negative current account (CA < 0). This is because the sum of domestic consumption and investment exceeds current production. The resulting savings gap must be closed by net imports of goods and services, which requires external financing. In the balance of payments, this process is reflected by a surplus in the financial account (FA > 0), achieved through inflows of foreign direct investment (FDI), portfolio investment, and foreign loans. These flows result in a deteriorating **Net International Investment Position (NIIP)**, which represents the difference between foreign assets and foreign liabilities (stock) of a country.

PHASE II: MATURITY AND TRANSFORMATION (BALANCE SHEET STABILIZATION)

As the economy matures, structural transformation takes place. Thanks to the earlier inflow of technology and capital (in Phase I), countries in this phase cease to be mere suppliers of raw materials and cheap labor, and become producers of high-value-added goods. In the balance of payments, it is reflected by:

- **Trade surpluses:** Exports of goods and modern services begin to exceed imports (trade balance–the balance of goods and services–in the current account of the balance of payments) and outflows from dividends paid to foreign investors (primary income in the current account of the balance of payments). Consequently, the current account (CA) balance improves and often shifts to a sustained surplus or balance.

- **Stabilization of the NIIP:** The negative net international investment position (NIIP) stops deteriorating. Although liabilities to foreign countries remain high, the growth rate of domestic assets abroad begins to offset them. The economy no longer "invests and consumes on credit" but begins to finance its development from generated surpluses and domestic savings. On the business side, domestic companies (e.g., leaders in the logistics, IT, or energy sectors) no longer rely exclusively on foreign financing and begin to generate their own surpluses.

PHASE III: PROVIDER OF THE CAPITAL (GLOBAL EXPANSION)

The economy reaches maturity and becomes **a net exporter of the capital**. Foreign investments made by entities from such a country (**Outward FDI**) and purchases of foreign securities exceed the capital flowing into the country. This may be one of the typical signs of transformation, as in this phase the country ceases to be merely a "market" and becomes one of the "players" in the international economy. From an economic perspective, this may manifest itself through:

- **Positive Current Account (CA > 0):** The economy generates an export surplus and thus produces more savings than it is able to effectively absorb (invest) domestically.

- **Negative Financial Account (FA < 0):** Paradoxically, a negative figure on the financial account is a sign of strength here–it indicates a net outflow of capital from the country. This is the result of dynamic expansion and direct investments made by domestic companies in foreign markets.

- **Improvement in the NIIP Structure:** Thanks to the accumulation of foreign assets, the **NIIP** balance is steadily rising (toward zero or positive values). Income from investments made abroad begins to feed into the national budget, creating a new, stable pillar of growth, independent of domestic consumption.

- **Role in the Global Supply Chain:** Companies from a country in the expansion phase can move up to the highest levels of the international value chain, taking control of production but also of technology, logistics, and branding.

DIAGRAM: TRANSITION MECHANICS – FROM RECIPIENT OF THE CAPITAL TO ITS PROVIDER

PHASE I

Domestic investment and consumption exceed domestic production. The resulting savings gap must be covered by imports (CA < 0), which requires foreign financing in the form of equity and debt (FA > 0), and results in a negative net international investment position.

PHASE II

Exports of goods and services begin to exceed imports and outflows from dividends paid to foreign investors. The current account balance moves toward equilibrium or even shows a surplus (CA~0). The negative net international investment position stabilizes.

PHASE III

The economy generates an export surplus and thus produces more savings than it can effectively absorb (invest) domestically (CA>0). Domestic firms make investments abroad (FA<0), and the net international investment position improves.

THE PATH TO THE "ECONOMIC CORE"

Although the above model is heuristic in nature and does not represent a universal development path for all economies. It goes well beyond a mere technical accounting entry but reflects a profound evolution. A country's ability to progress through these stages determines its path from the periphery to the core of the global system.

The ultimate goal of economic evolution is to break the one-way dependence on technological centers and integrate into global value chains on a partnership basis. Moving from the semi-periphery, where competitiveness rests on costs, to **the economic core,** which is based on quality, is generally linked to the status of an exporter of innovation and capital.

CURRENT ACCOUNT BALANCE AS A % OF GDP

KRAJ	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Austria	2,6	2,9	1,6	1,5	1,7	2,4	1,6	2,6	1,3	0,8	2,4	3,4	1,7	-1,3	1,6	1,5	1,9
Bulgaria	-8,3	-1,7	0,3	-0,8	1,3	2,1	0,0	3,0	3,2	0,7	1,7	1,6	0,2	-1,4	-1,2	-0,5	-5,7
Croatia	-6,6	-2,1	-1,7	-1,8	-1,1	0,3	2,5	2,1	3,3	1,0	2,1	-1,9	0,3	-3,5	0,1	-2,2	-3,5
Czech Rep.	-2,3	-3,5	-2,1	-1,5	-0,5	0,2	0,4	1,8	1,5	0,4	0,3	1,8	-2,1	-4,7	-0,1	1,7	0,7
Estonia	2,5	1,8	1,3	-1,9	-0,1	0,6	1,5	1,0	1,7	0,6	2,0	-2,5	-3,7	-3,1	-1,2	-1,2	-0,2
Greece	-12,5	-10,1	-8,8	-3,6	-1,5	-0,7	-0,8	-1,7	-1,9	-2,9	-1,5	-7,2	-7,2	-10,7	-6,8	-7,2	-5,7
Hungary	-1,3	-0,1	0,4	1,1	3,0	0,8	2,1	4,4	1,8	0,3	-0,6	-1,1	-4,4	-9,0	0,0	1,8	1,7
Latvia	7,9	1,7	-3,5	-3,8	-2,9	-1,5	-0,1	1,8	1,5	-0,4	-0,2	3,0	-4,1	-5,5	-3,8	-1,5	-3,4
Lithuania	2,0	0,2	-3,7	-1,6	1,7	3,6	-2,5	-1,0	1,0	0,4	3,8	7,2	1,4	-6,1	1,1	3,2	0,9
Malta	-8,3	-6,0	-2,0	-0,4	0,1	5,5	2,6	-0,6	18,9	13,3	17,9	16,0	9,4	-2,9	6,5	7,1	8,6
Poland	**-3,8**	**-5,2**	**-5,1**	**-4,1**	**-2,0**	**-2,9**	**-1,3**	**-1,0**	**-1,2**	**-2,0**	**-0,3**	**2,4**	**-1,3**	**-2,2**	**1,6**	**0,3**	**-0,9**
Romania	-4,7	-5,1	-4,7	-4,7	-1,1	-0,3	-0,7	-2,1	-3,2	-4,6	-4,9	-5,1	-7,2	-9,6	-6,7	-8,2	-7,9
Slovakia	-3,4	-4,6	-4,9	0,9	2,9	1,7	-2,1	-1,5	-1,7	-1,6	-3,5	-0,5	-4,8	-9,6	-3,0	-4,6	-3,6
Slovenia	-1,0	-0,7	-0,8	1,4	3,5	5,3	4,1	5,3	6,8	6,5	6,4	7,3	3,5	-0,9	4,8	4,5	3,5

Source:Main Balance of Payments and International Investment Position items as share of GDP (BPM6), Eurostat, 15.04.2026, .https://ec.europa.eu/eurostat/databrowser/view/bop_gdp6_q__custom_21068614/default/table

In this phase, the economy ceases to be merely a “construction site” for others’ projects and becomes a “design office” and owner of the capital. It is precisely this structural change that constitutes the essence of joining the select group of countries that form the global economic core, offering their citizens lasting security and the highest standard of living.

NET INTERNATIONAL INVESTMENT POSITION AS A % OF GDP

KRAJ	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Austria	-5,10	-5,20	-1,90	-3,20	0,70	2,30	2,80	2,90	3,70	5,40	13,30	11,50	14,40	16,40	17,50	23,90	26,20
Bulgaria	-97,00	-91,80	-82,40	-77,30	-73,20	-72,00	-61,50	-47,50	-43,60	-37,70	-28,10	-17,20	-9,10	-3,50	-0,90	0,80	-5,50
Czech Rep.	-43,70	-45,20	-44,50	-45,30	-40,70	-36,00	-32,70	-26,90	-24,70	-24,20	-19,50	-16,00	-14,90	-20,20	-14,40	-7,40	-9,80
Estonia	-78,70	-70,00	-54,20	-50,60	-49,50	-46,30	-39,90	-39,00	-32,70	-29,40	-22,10	-19,90	-16,40	-20,70	-19,40	-9,70	-4,40
Greece	-88,70	-100,00	-90,40	-119,20	-132,30	-133,90	-136,90	-139,20	-143,00	-147,80	-156,90	-177,10	-175,60	-149,40	-145,90	-137,60	-136,80
Croatia	-88,10	-93,60	-93,40	-94,20	-92,10	-92,40	-81,60	-75,10	-67,70	-60,10	-52,30	-52,30	-40,40	-34,70	-26,80	-29,60	-28,40
Hungary	-114,20	-106,40	-103,80	-89,60	-77,90	-75,20	-62,90	-53,70	-50,70	-45,90	-42,90	-50,50	-49,70	-44,70	-38,90	-33,30	-32,40
Lithuania	-61,30	-61,00	-54,10	-54,70	-51,00	-47,20	-43,90	-43,10	-37,60	-30,10	-23,50	-18,20	-9,90	-12,10	-4,60	-0,70	-1,90
Latvia	-84,30	-85,70	-80,70	-71,00	-70,30	-65,90	-61,70	-55,80	-53,00	-47,00	-41,40	-35,00	-27,90	-28,20	-25,50	-19,60	-18,40
Poland	-57,20	-64,10	-61,40	-64,60	-69,00	-69,00	-60,90	-60,00	-60,70	-55,00	-49,20	-44,50	-40,60	-34,60	-31,80	-28,30	-29,70
Romania	**-59,60**	**-62,60**	**-62,90**	**-64,60**	**-64,40**	**-57,60**	**-54,90**	**-51,90**	**-49,90**	**-45,70**	**-44,60**	**-48,70**	**-47,30**	**-42,60**	**-41,60**	**-41,30**	**-45,30**
Slovenia	-41,00	-43,40	-40,00	-44,40	-39,80	-38,70	-31,50	-29,10	-24,40	-19,10	-16,40	-15,30	-6,80	-0,30	3,60	9,90	12,60
Slovakia	-66,40	-60,90	-63,50	-60,70	-61,30	-62,90	-63,50	-66,30	-67,90	-69,10	-65,60	-64,10	-59,50	-63,30	-57,80	-55,00	-52,40
Słowenia	-1,0	-0,7	-0,8	1,4	3,5	5,3	4,1	5,3	6,8	6,5	6,4	7,3	3,5	-0,9	4,8	4,5	3,5

Source: *Net international investment position – quarterly data, % of GDP*, Eurostat, 14.04.2026, https://ec.europa.eu/eurostat/databrowser/view/tipsii40/default/table?lang=en.

INSTYTUT SOBIESKIEGO

Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

ANALYSIS OF TRANSFORMATIONAL PROCESSES IN THE THREE SEAS REGION

An analysis of macroeconomic data for the Three Seas region can serve as an example of the presented model of evolution from the recipient of capital to its provider. Although the countries of the region are at different stages of this path, they demonstrate a general consistency in their pursuit of achieving the status of mature economies, and forming the foundation of Europe's economic core.

FOUNDATION OF GROWTH: SUCCESS OF THE FIRST PHASE OF ACCUMULATION

Essentially, the countries of the 3S region have gone through a period of intensive development of their production and technological base, characteristic of **Phase I**. Most 3S countries entered this path following the collapse of the socialist system, as part of their political and economic transformation. Phase I was a time when these countries effectively leveraged the inflow of foreign capital and foreign direct investment (FDI) to modernize infrastructure and integrate into global supply chains. Thanks to this strategic openness, the Three Seas region has become one of the most attractive investment areas in the world, creating a solid foundation for the current stage of development–the transition to building its own capital and technological resources.

PHASE OF INTENSIVE STABILIZATION: MATURITY AND STRUCTURAL TRANSFORMATION

Currently, a large **group of countries in the region**–including the Czech Republic, Hungary, Poland, and the Baltic states–is in **Phase II (Maturity and Transformation)**. Balance of payments data suggest that these economies have embarked on a path of sustained improvement in financial stability indicators.

The pace of improvement in the Net International Investment Position (NIIP) is particularly impressive. For example, Latvia reduced its negative balance from -85.7% (2010) to -18.4% of GDP (2025) in just over a decade, which may indicate, among other things, a rapid pace of accumulation of domestic assets abroad or a decline in foreign liabilities.

Similar processes are observed in Lithuania, Hungary, and Poland, where regular current account surpluses confirm that these economies are ceasing to be mere consumers of capital and are becoming effective exporters of value added. This situation is proof of high adaptability of local enterprises, which successfully compete in the most demanding global markets while building national savings.

MATURITY LEADERS: SLOVENIA AS PROOF JOINING THE "ECONOMIC CORE" IS DOABLE

Slovenia serves as an exceptionally inspiring example for the entire region. As one of the first countries in the 3S group, it has likely entered Phase III and is approaching the status of a net provider of capital. Achieving a positive Net International Investment Position of +12.6% of GDP in 2025 is a significant success that demonstrates the feasibility of joining the core economic group.

Slovenia proves that a smaller economy is not a barrier but can be an asset in building a highly specialized, innovative economy based on the export of knowledge and capital. Its stable current account surpluses and ability to finance development from its own surpluses serve as an example for other countries in the region. Slovenia's success confirms that the evolutionary model, in which a country ceases to be a "construction site" for others' projects and becomes a "design office" and owner of the capital, is fully feasible in the context of Central and Eastern Europe.

OUTLOOK: REGIONAL SYNERGY FOR SUCCESS

Current trends allow for optimistic forecasts for the entire Three Seas region. The region is not only catching up with the world's most developed economies, but is doing so in a sustainable manner, gradually becoming less reliant on external financing and building its own economic autonomy. This process, evident in hard macroeconomic data, is the foundation for long-term security and improved living standards for the citizens of all countries participating in the 3S Initiative.

2. WHY NOW? A STRATEGIC WINDOW OF OPPORTUNITY FOR THE THREE SEAS REGION

In economic history, moments when geopolitical factors, macroeconomic fundamentals, and business readiness converge at a single point are rare. For the Three Seas countries, perhaps that moment is now. Today's situation is not merely the sum of trends, but above all a unique opportunity to "take a leap forward."

GLOBAL REALIGNMENT: FROM EFFICIENCY TO SECURITY

The ongoing redefinition of globalization is the strongest external driver for the region. The world is partially moving away from a model based solely on the logic of the lowest cost (*just-in-time*) toward a model based on supply resilience (*just-in-case*). This is an opportunity not only to attract valuable investments to 3S countries but also for local companies from the 3S countries to become more deeply embedded in the global value chains.

- **Nearshoring and Friendshoring:** In the face of geopolitical tensions, Western corporations are seeking "safe havens." The 3S region offers a unique mix: relatively high political security (EU and NATO membership) while maintaining high cost competitiveness.

- **Replacing Unreliable Links:** Rising production costs in other parts of the world, such as Asia, and the risks associated with long supply chains make companies from the Three Seas region a natural first-choice partner. We have the opportunity not only to cater to the needs of global corporations but also to actively fill the gap left by suppliers from other regions of the world, offering a high technical culture and geographical proximity.

"SWEET SPOT" COMPETITIVENESS: QUALITY AT A REASONABLE PRICE

The 3S region is no longer "Europe's assembly plant," but it has not yet become as expensive as Western European countries. We are in the so-called *sweet spot*:

- **Quality Advantage:** Local companies offer products and services that, in many segments, achieve a level of quality competitive with Western counterparts. At the same time, thanks to lower overhead costs and still moderate (though rising) wages, our pricing remains relatively competitive.

- **Human capital and innovation:** Investments in education and technology sectors made over the past decade are beginning to pay off. Our competitiveness is no longer based on cheap labor, but on high efficiency and process innovation.

INTERNAL READINESS: STRONG BUSINESS AND "HUNGER FOR SUCCESS"

Three decades that have passed since the political transformation have shaped a generation of managers and entrepreneurs with unique characteristics:

- **Hardened by change:** Companies from the 3S region have developed under conditions of constant transformation and uncertainty. This almost innate flexibility and ability to adapt quickly is our greatest advantage over Western economies that have been resting on their laurels.

- **Strong finances:** Many companies in the region have entered the current period with a relatively low debt and a large liquidity cushion. This capital is waiting to be deployed– domestic markets are becoming too cramped for them (saturation of the EU market), and the only logical step is expansion beyond the region.

- **Ambition:** An attitude described as the "hunger for success" remains alive in the 3S region. This psychological fuel, often lacking in satiated Western societies, is crucial for taking the risks associated with entering new, global markets.

THE FLIGHT FORWARD: TURNING BARRIERS INTO STRENGTHS

Paradoxically, our limitations are the very reasons why we must act.

- **The Trap of Anonymity:** Low brand recognition of companies from the 3S region as well as the still-developing capital markets mean that if they want to be credible in the eyes of global investors, enterprises are forced to scale up through expansion. Acquisitions of companies from developed markets can be an opportunity to acquire more than just specific assets, but also to acquire a recognizable brand and, often, know-how coming with decades of operating in a given market.

- **No time must be wasted:** Cost advantages will not last forever. In particular, demographic changes and the aging of societies are becoming a fundamental challenge for 3S countries. If we do not use current financial surpluses to build global brands and expand investments now, we risk getting stuck in the middle-income trap.

- **Conclusion:** The Three Seas region is presented with a significant opportunity. We can remain an effective manufacturing base for the West, or we can use the current global turmoil to seize the initiative. Our companies have the capital, experience, and the right moment in history at their disposal. Whether the companies of the region are able to grab this opportunity, depends on us, as the societies of the 3S countries.

3. G20 MARKETS AS A NATURAL DIRECTION FOR EXPANSION

If the Three Seas region is to realize its ambition of transitioning from a recipient to a provider of capital, it must set its sights on the heart of the global economy. The G20 countries, which account for the vast majority of the global GDP and international trade, represent a natural target market for ambitious companies from the 3S region.

THE SCALE AND DYNAMICS: WHERE IS NEW DEMAND EMERGING?

Attractiveness of the G20 markets, particularly those in the emerging market group (such as India, Indonesia, Brazil, and Mexico) rests on **the** unprecedented **scale of demand**.

- **The middle-class boom:** Hundreds of millions of people are just entering the phase of mature consumption in these countries. They are looking for high-quality yet competitively priced products and services, which is exactly what companies from the 3S region offer.

- **Infrastructure and technology needs:** Some G20 countries are currently undergoing a major modernization. From the energy transition, through the digitizalition of public administration, to modern agriculture and logistics–the expertise developed by companies from the Czech Republic, Romania, Poland, and Estonia meets these needs perfectly. We are perceived as partners offering "Western quality" but with greater flexibility and better understanding of the realities of the emerging markets.

CAPITAL PARTNERSHIP

Expansion into G20 markets is not just about selling products, but also about gaining access to **the global financial system**.

- **Large-scale financing:** Presence in the G20 markets facilitates access to the largest venture capital and private equity funds, as well as major financial institutions seeking to scale innovative companies with a proven ability.

- **Technology partnerships:** Collaboration with entities from the U.S., Japan, or South Korea enables technology transfer, which can be crucial for further enhancing competitive quality in the home country.

ACQUISITIONS: A SHORTCUT TO GAINING AN EDGE IN FOREIGN MARKETS

Expanding into G20 markets, including the most developed Western economies, currently presents a unique opportunity for capital acquisitions. **Western Europe and the U.S. are facing a succession crisis of significant scale.**

- **Taking over the legacy:** Many of the profitable, technology-driven companies of profitable, technology-driven companies in countries such as Germany, France, and Italy lack natural successors, which poses a massive business challenge. This situation presents an opportunity to acquire recognizable brands and experienced engineering teams for the capital from the Three Seas Initiative.

- **Technological leap:** Instead of building brand recognition from scratch, companies from the 3S region can acquire well-established entities, gaining immediate access to local markets and advanced know-how.

GLOBAL SUCCESSION AND CAPITAL STABILITY

Expansion into G20 markets also helps address internal challenges within the 3S region. Many companies founded in our region in the 1990s are facing the challenge of generational transition as well. Global partnerships and a presence in G20 markets increase the valuation of these companies, making them more attractive to global investment funds and facilitating the professionalization of corporate governance.

THE THREE SEAS INITIATIVE AS A PRAGMATIC DEVELOPMENT PARTNER

In the complex architecture of today's world, the 3S countries are emerging as **a Pragmatic Development Partner**.

- **Security and Transparency:** We uphold European Union standards, offering regulatory stability and business transparency, which are crucial for global investors.

- **No Colonial Legacy:** In relations with countries of the Global South (part of the G20), Three Seas countries can be seen as reliable and modern partners, unburdened by the historical baggage of the colonial era. This opens the door to strategic alliances where other players may encounter diplomatic barriers.

- **A Community of Modernization Pathways (Practice-Based Partnership):** The Three Seas countries provide a unique value in relations with emerging markets within the G20–namely, fresh and practical experience in economic transformation. Unlike economies that underwent industrialization a century ago, the 3S region possesses "up-to-date know-how" in building modern institutions, digitizing public administration (GovTech), and implementing modern financial technologies (FinTech) from the ground up. This can serve as the foundation for an exchange of experiences among economies that understand the challenges associated with rapid growth, adaptation to global standards, and building economic resilience.

4. ARCHITECTS OF A GLOBAL PRESENCE: EXAMPLES OF 3S REGION CHAMPIONS

The Three Seas region's transition to a phase of active capital expansion is best illustrated by the successes of specific companies. The following overview is neither a ranking nor an exhaustive catalog–it is a selection of representative entities whose actions demonstrate that barriers to entry into global markets are fully measurable and surmountable for companies from our region.

In the era of liquid capital and digital economy, the classic definition of a company's national affiliation is evolving. In this analysis, we adopt a functional and operational approach. It is our understanding that the entities who build the region's strength meet the following criteria:

- Originate from the 3S business ecosystem or have chosen our region as their strategic operational and licensing base (an example of this is Lithuania's role as a hub for modern financial technologies).
- Their key decision-making centers and research and development (R&D) departments are located in the 3S region, and their global value chains are managed from here.
- Contribute to building local know-how and human capital, regardless of the current ownership structure.

I. DIGITAL TECHNOLOGIES, SOFTWARE, AND GAMING (INNOVATION ENGINE)

In this category, the 3S region has ceased to be merely a software development base and has become a hub setting global standards–from security, through automation to digital entertainment.

- **UiPath (Romania):** A Romanian "unicorn" that made its debut on the New York Stock Exchange. The company has revolutionized the business process automation market and is currently one of the global leaders in its industry, with the largest corporations as clients.
- **Asseco (Poland):** Through numerous acquisitions, the group has become one of the largest software producers in Europe, operating in over 60 countries and employing 33,000 people.
- **CD Projekt (Poland):** A global icon of the video game industry. Thanks to *The Witcher* series and *Cyberpunk 2077*, the company has proven that the 3S region can export not code, but above all a unique culture and narrative, becoming one of the most recognizable technology brands in Europe.

- **ESET (Slovakia):** A global pioneer in cybersecurity. The company protects over 100 million users worldwide, and its research laboratories in Slovakia are among the world's leading centers for digital threat analysis.

- **Gen Digital / formerly Avast (Czech Republic):** A Czech digital security giant (now merged with NortonLifeLock) that built its power on the "freemium" model.

- **Bitdefender (Romania):** One of the global leaders in cybersecurity, whose software protects millions of systems. The company is recognized as one of the most innovative providers of antivirus solutions and data protection systems.

- **Comarch (Poland):** Prime example of the Polish IT expertise with a strong R&D focus. The company delivers advanced ERP systems as well as loyalty and telecommunications solutions to markets in Western Europe, Asia, and the Americas, relying on its own products.

- **Infobip (Croatia):** A cloud-based communications platform that, as a Croatian "unicorn," has built a strong position in the Communications Platform as a Service market. Thanks to its technology, companies from around the world can communicate with billions of customers through channels such as WhatsApp and SMS.

- **ElevenLabs (Poland):** The youngest leader on the list, setting the standard in the field of artificial intelligence. Their AI-powered speech generation technology is recognized as one of the most advanced in the world, making them a key player in the new GenAI ecosystem.

- **Tilde (Latvia):** A unique example of a leader in the niche but critical field of language technology. Using AI, Tilde creates machine translation systems tailored to the specificities of European languages, breaking down communication barriers in business.

- **Sygic (Slovakia):** An early European leader in GPS navigation. The company's apps are used by millions of drivers and transport fleets worldwide, integrating with the systems of the most well-known car brands.

- **ICEYE (Poland/Finland):** A global leader in satellite Earth imaging using synthetic aperture radar (SAR). The company, which operates one of the world's largest commercial microsatellite fleets, provides real-time data regardless of weather conditions or time of day, revolutionizing the New Space and global security sectors.

- **Creotech Instruments (Poland).** A leading representative of the space and advanced technology sector, the company specializes in the design and production of microsatellite platforms (HyperSat) and advanced research equipment for the European Space Agency (ESA). As a publicly listed company, Creotech is a symbol of the high-tech advancement of the 3S region, proving that local engineering is a key element in building European sovereignty in space.

- **DocPlanner / ZnanyLekarz (Poland):** One of the largest global platforms connecting patients with doctors. Thanks to successful expansion and acquisitions (including in Turkiye, Brazil, and Italy), the company operates in over a dozen countries, digitizing the healthcare sector and facilitating access to specialists for millions of users each month.

- **Booksy (Poland):** A global leader in the beauty & wellness booking sector. The app, created in Poland, has become the industry standard in the U.S., the U.K., and Spain, offering not only a booking system but a complete business management tool for salons worldwide.

- **SiteGround (Bulgaria):** One of the world's best rated providers of hosting and cloud infrastructure services. Although the company originated in Sofia, its reach is truly global–it serves millions of users and operates data centers on four continents.

- **MikroTik (Latvia):** A manufacturer of professional networking equipment. The Latvian company builds systems used by internet service providers and in critical infrastructure, offering an affordable and efficient alternative to global IT giants.

- **WB Electronics (Poland):** A leading private defense contractor specializing in advanced communications and command systems, as well as unmanned technologies. Their systems (such as FlyEye reconnaissance drones and Warmate loitering munitions) are recognized as some of the most effective and battle-proven solutions in the world. The WB Group is steadily building its global presence by establishing joint ventures and exporting technology to dozens of countries, including the U.S. and Asian nations.

- **Milrem Robotics (Estonia):** One of the global leaders in unmanned ground vehicles. Their robots are used by over a dozen NATO countries. In 2026, the company is a symbol of Estonian "defense diplomacy," proving that a small country can dictate terms in the hi-tech defense sector.

II. FINTECH AND MODERN SERVICES (NEW BANKING)

The Three Seas region has become one of the most dynamic testing grounds for modern finance. Thanks to a combination of engineering expertise and regulatory infrastructure open to innovation (of which Lithuania and Estonia have become symbols), companies in this sector have not only caught up with their Western competitors but often came to set new standards in mobile payments, cross-border capital flows, and digital access to investment markets.

- **Revolut (Lithuania/UK):** Although the company has global ambitions, it is its Lithuanian banking license and massive operations center in Vilnius that have become the foundation of its success in the European Union. Revolut is a symbol of simplified daily financial management, used by tens of millions of Europeans.

- **Blik (Poland):** The system that has become the standard for mobile payments in Poland is now exporting its business model. Expansion into Slovakia and Romania is the first step in building a pan-European payment standard that challenges global card giants.

- **Wise (Estonia):** The company, which was born out of the need for cheaper international money transfers, is now listed on the London Stock Exchange. It remains strongly tied to the Estonian tech ecosystem, serving as one of the region's driving forces.

- **XTB (Poland):** One of the world's largest publicly traded stockbrokers. The company is boldly expanding into non-European markets, including Asia (Indonesia) and Latin America (Chile, Brazil), exporting its own advanced investment platform.

- **Payhawk (Bulgaria):** A Bulgarian "unicorn" that has revolutionized corporate expense management. Its fintech platform integrates payment cards and accounting, rapidly gaining market share in the U.S. and the U.K., among other places.

- **Viva Wallet (Greece):** An innovative neobank that was the first in Europe to build an integrated payment infrastructure. The company is growing rapidly in the Mediterranean region and Western Europe.

- **Erste Group (Austria):** A financial institution that has shaped modern banking in Central Europe. With a strong presence in the Czech Republic, Slovakia, Hungary, and Romania, Erste is one of the most important providers of capital for the development of regional entrepreneurship.

- **OTP Bank (Hungary):** The largest financial institution in Hungary and one of the most active consolidators in the region's banking sector. Through bold acquisitions in the Balkans and Central Europe (including Slovenia, Bulgaria, and Serbia), OTP has become a key capital partner for cross-border investments throughout the 3S region.

III. MODERN MOBILITY, LOGISTICS, AND PLATFORMS (CONNECTIVITY)

The 3S region has become a European hub of innovation in how we move people and goods. Companies in this category are effectively challenging global players by focusing on sustainability and the digitalization of the supply chain.

- **InPost (Poland):** A true "disruptor" of the European logistics market. Through bold acquisitions (Mondial Relay in France, Menzies in the UK), the company is building Europe's largest network of parcel lockers, changing the shopping habits of millions of people and promoting the most eco-friendly form of e-commerce delivery.

- **Rimac Group (Croatia):** A showcase of modern Croatia. Mate Rimac founded a company that not only manufactures the world's fastest electric hypercars but that has also become a key technology partner for giants like Porsche and Hyundai, and that is managing the Bugatti brand.

- **Bolt (Estonia):** An app that grew from a small startup in Tallinn to become Uber's main rival in Europe and Africa. Bolt is a symbol of Estonian agility, offering rides, scooter rentals, and food delivery in over 500 cities worldwide.

- **Solaris Bus & Coach (Poland):** A European leader in the production of zero-emission buses. The company from Bolchów was one of the first to focus on electric and hydrogen propulsion, winning contracts in nearly all capitals and major cities across the European Union.

- **Vinted (Lithuania):** A Lithuanian unicorn that has dominated the European secondhand clothing market. By promoting the circular economy, the company has built a community of tens of millions of users, becoming one of the most important e-commerce players in Europe.

- Wielton Group (Poland): A manufacturer of trailers and the architect of European consolidation in the transport equipment manufacturing industry. Through acquisitions in Italy, France, and the United Kingdom, Wielton has not only scaled up but also become the owner of the most highly regarded local trailer brands.

- **Škoda Auto (Czech Republic):** A symbol of the Czech automotive industry and one of the oldest automotive brands in the world. As a key pillar of the Volkswagen Group, Škoda has successfully transformed from a regional manufacturer into a global player present in over 100 markets.

- **PESA Bydgoszcz (Poland):** A leader in the production of modern rolling stock in Central and Eastern Europe. The company is successfully implementing its expansion strategy, supplying trains and trams to the demanding markets of Western Europe (Germany, Italy) and the Three Seas countries (Romania). In 2026, PESA announced the acquisition of the German tram manufacturer HeiterBlick and plans to utilize this reputable brand and its Leipzig plant.

- **NEWAG (Poland):** One of the most modern manufacturers of electric multiple units and locomotives in Europe.

- **Wizz Air (Hungary):** The fastest-growing low-cost airline in Europe. Thanks to an extremely efficient operational model, Wizz Air not only connects the 3S region with the rest of the world but is also boldly entering Middle Eastern markets.

- **LOT (Poland):** The national carrier, which, despite global turmoil, is successfully establishing itself as a leading airline in Central Europe by offering strategic long-haul connections to North America and Asia, serving as a key transportation hub for the region.

- **airBaltic (Latvia):** The most modern airline in the Baltic region. The company was the first in the world to base its entire fleet on modern Airbus A220-300 aircraft, becoming a regional hub of innovation and setting standards for efficiency in aviation.

- **Aegean Airlines (Greece):** Greece's largest airline and holder of multiple titles as Europe's best regional carrier. Thanks to its strategic location and modern fleet, Aegean is a key link connecting the southern flank of the Three Seas Initiative with Western Europe and the Middle East.

- **Raben Group (Poland/Netherlands):** A logistics giant that, although it has Dutch roots, has been managed from Poland for decades. Thanks to dozens of acquisitions in Germany, Italy, and Greece, Raben is a vital transport artery for European industry today.

- **Inter Cars (Poland):** The largest distributor of spare parts for passenger cars, vans, and trucks in Central and Eastern Europe. The company operates a massive logistics network comprising over 600 branches in 20 countries. Inter Cars is an example of success based on a unique partnership model and advanced digitization of warehouse processes, which allows the company to compete effectively in the challenging markets of Western Europe.

- **Packeta / Zásilkovna (Czech Republic):** The Czech leader in e-commerce logistics, which has built a powerful network of pickup points in Central Europe, effectively competing with global courier operators.

- **Tallink Grupp (Estonia):** A Baltic maritime transport giant operating a fleet of modern ferries connecting the region's major ports (Tallinn, Helsinki, Stockholm, Riga). The company is a pioneer in combining passenger transport with freight logistics and modern maritime tourism services.

IV. INDUSTRY, ENERGY, AND RAW MATERIALS (FOUNDATIONS AND SECURITY)

In an era of competition for raw materials and energy security, companies from the 3S region are key to Europe's resilience, controlling critical resources and driving innovation in the heavy industry.

- **Elemental Holding (Poland):** A global leader in the recovery of strategic metals (PGMs) and the recycling of Li-Ion batteries. Thanks to aggressive acquisitions in the U.S., the company has become a significant element of the supply chain for global electromobility.

- **KGHM Polska Miedź (Poland):** One of the world's largest producers of copper and silver. With mines in Chile, Canada, and the U.S., KGHM is one of the few companies in the region with such a large-scale mining operation outside Europe, securing raw materials for the energy transition.

- **Orlen (Poland, Lithuania, Czech Republic):** The largest multi-energy group in the region, active in Poland, the Czech Republic, Germany, Hungary, Lithuania, and Slovakia, among other countries. Following the consolidation of its domestic assets in Poland, Orlen has the capital to invest in offshore wind energy, hydrogen technologies, and SMRs, boosting 3S's energy independence.

- **MOL Group (Hungary):** An integrated fuel and chemical giant, present in over 30 countries. MOL not only controls key refineries in the region but is also developing a modern network of mobility and retail services across Central Europe.

- **OMV (Austria):** One of the largest energy companies in Central Europe. The company extracts and processes oil and gas but it is also actively developing chemical recycling technologies for plastics and investing in green hydrogen.

- **Metlen / formerly Mytilineos (Greece):** A leader in the energy and metallurgy sectors. The company is implementing significant renewable energy projects worldwide–from Australia to Latin America–serving as one of the strongest drivers of expansion on the southern flank of the 3S region.

- **Voestalpine (Austria):** A leading European producer of specialty steels, particularly for the automotive and rail industries. The company serves as a model for the region, demonstrating how to transition from traditional steelmaking to the production of the most technologically advanced components for the global industry.

- **Skeleton Technologies (Estonia):** One of the leading manufacturers of ultracapacitors based on advanced materials. The company provides solutions for energy storage systems used in transportation, industry, and by the European Space Agency.

- **Unimot (Poland):** Poland's largest independent fuel importer, which is rapidly expanding the AVIA brand. The company is successfully entering the renewable energy and gas logistics sectors, demonstrating agility in adapting to the changing energy mix.

- **Synthos (Poland):** One of the world's largest producers of synthetic rubbers. The company is a key supplier to global tire manufacturers and is actively investing in small modular reactor (SMR) technology.
- **ZPUE (Poland):** A leader in the power sector, supplying advanced substations and energy storage systems essential for the modernization of power grids across Europe.
- **Czechoslovak Group / CSG (Czech Republic, Slovakia):** One of the fastest-growing defense industry holding companies in Central Europe. The company combines tradition (the Slovak brand Tatra) with state-of-the-art technologies in the production of special-purpose military vehicles, ammunition, and radar systems, exporting its products to global markets.

V. LIFE SCIENCES & FMCG (HEALTH AND LIFESTYLE)

The Three Seas region proves that it can build brands that become daily choices of their consumers - from advanced medicine to foods. Companies in this sectors have evolved from local producers to regional leaders who are effectively consolidating the market and exporting proven, high-quality products worldwide.

- **Krka (Slovenia):** One of Europe's leading manufacturers of generic drugs. It exports 94% of its production, building a strong brand based on trust and modern pharmaceutical processes in over 70 countries.
- **Adamed (Poland):** A pioneer in pharmaceutical innovation that has strengthened its leading position in the region through acquisitions in Vietnam and Italy, among other places. The company actively invests in next-generation drugs, competing with global corporations.
- **Richter Gedeon (Hungary):** One of the most important pharmaceutical companies in Central and Eastern Europe. The company not only manufactures drugs but it also has extensive research and development (R&D) capabilities, and its products are sold worldwide.

- **LPP (Poland):** Owner of brands such as Reserved and Sinsay. It is one of the fastest-growing apparel companies in Europe, successfully managing a large network of stores and a powerful e-commerce platform, competing directly with global fashion giants.

- **Bata (Czech Republic / Switzerland):** A pioneer of globalization with Czech roots. Although the company operates from various bases, its heritage and work ethic remain the foundation for many companies in the region aspiring to become global consumer brands.

- **Maspex (Poland):** One of the leading companies in the European food industry. Through its "acquire and develop" model, it has become the owner of icons such as Tymbark (Poland) and Rio Bucovina (Romania), emerging as the largest food group in this part of the continent.

- **Podravka (Croatia):** An ambassador of Adriatic cuisine. Its flagship product–Vegeta–is sold in dozens of countries, and the group itself is actively acquiring smaller entities in the region, strengthening its position in the food and pharmaceutical sectors.

- **Atlantic Grupa (Croatia):** One of the leading players in the FMCG industry in Southeast Europe. The company owns strong brands of coffee, snacks, and beverages, and thanks to efficient distribution and acquisitions, it has become a regional powerhouse.

- **Rohlik Group (Czech Republic):** One of the fastest-growing e-grocery platforms in Europe, connecting local suppliers with advanced logistics. It is successfully expanding its operations in Western Europe, including Germany, under local brands.

- **Hasco-Lek (Poland):** A family-owned company that has evolved into a modern medical holding company. It invests in innovative drug formulations and medical devices, systematically increasing its share in foreign markets.

- **Green Holding (Poland):** One of the largest producers of ready-to-eat products in Central Europe. The company supplies fresh lettuce and vegetables to the largest retail chains in Europe, managing the entire supply chain from farm to table (i.e., vertical integration).

VI. INDUSTRIAL DESIGN, CONSTRUCTION & HOME

The 3S region has become the "producer of quality" for the global construction and interior design industries. Our companies are no longer merely subcontractors–today, they set the standards for safety, design, and energy efficiency, and their brands are synonymous with reliability, enabling the companies to overtake their long-established Western competitors.

- **Dedeman (Romania):** The largest chain of home improvement stores in Romania, built entirely with domestic capital. Having effectively defended its market against global chains, it is an example of spectacular success in retail, now serving as a model of operational efficiency.

- **Fakro (Poland):** The global runner-up in roof window manufacturing. A company built on its own technical expertise and hundreds of patents, which has set the pace for innovation across the entire industry, exporting to dozens of countries.

- **Selena Group (Poland):** A global manufacturer of construction chemicals. Selena's products (under the Tytan brand) are available in over 100 markets, and the company's production facilities operate in Poland, Brazil, South Korea, and Spain, making it one of the most internationalized Polish companies.

- **Gorenje (Slovenia):** A symbol of Central European design in home appliances. The company has proven that home appliances can be works of art, which has allowed the brand to maintain a permanent presence in millions of homes around the globe.

- **Canpack (Poland):** One of the most globalized players in the region. Canpack produces metal packaging for the world's largest beverage brands, from India to Brazil and the U.S.

- **ZPUE (Poland):** A key supplier for Europe's energy transition. Their substations and smart grid solutions are the foundation of infrastructure modernization in many EU countries.

- **Akrapovič (Slovenia):** A global leader in the design and manufacturing of top-tier exhaust systems. The Slovenian brand is synonymous with engineering perfection and material innovation, serving as a factory partner for the most prestigious racing teams as well as luxury car and motorcycle manufacturers.

- **Shelly Group (Bulgaria):** An international technology holding company specializing in Smart Home and IoT (Internet of Things) solutions. The company manufactures innovative building automation devices (lighting, temperature, energy) distinguished by their reliability and app-based control.

The entities presented here paint a diverse yet cohesive picture of the region as **a new hub of European entrepreneurship**. From agile fintechs in the Baltic states, through industrial powerhouses in the region's center, to modern consumer brands in the south–the Three Seas Initiative boasts a comprehensive economic portfolio, ready for expansion within the G20.

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V.
POLAND IN THE G20 AS THE VOICE OF THE THREE SEAS

INSTYTUT SOBIESKIEGO

1. A GAP IN GLOBAL REPRESENTATION

For many years, a structural representation gap regarding Central and Eastern Europe has persisted in the global economic architecture. This region, comprising the thirteen countries of the Three Seas Initiative and approximately 120 million inhabitants, remains one of the fastest-growing areas in the world, yet it lacks its own representation in the most important decision-making forums. This applies in particular to the G20, which accounts for over 80 percent of global GDP and serves as the main platform for coordinating the economic policies of the world's largest economies. The absence of Three Seas countries in this format means that a region characterized by high growth dynamics, growing geostrategic importance, and a significant contribution to European security does not participate directly in the process of shaping global rules.

Within the European Union, only Western European countries–Germany, France, and Italy–as well as EU institutions are represented in the G20. This means that the perspective of Central and Eastern Europe is present only indirectly, through positions formulated by countries with different economic structures, levels of development, and strategic priorities. Western European economies are much more capital-intensive, characterized by lower growth rates and different structural challenges than converging economies. As a result, the needs of the Three Seas region–regarding infrastructure, energy security, supply chain resilience, and technological transformation–are not fully reflected in the global debates.

The consequences of this gap are multilayered. First, the region's countries do not participate in setting the standards they must later implement, which limits their influence on the shape of regulations concerning trade, investment, finance, and technology. Second, the lack of representation makes it difficult to share transformative experiences that could be valuable to many developing economies. Third, the region lacks the ability to promote joint infrastructure and energy projects that are significant not only for Europe but also for global supply chains. Finally, the absence of the Three Seas countries from the G20 weakens the region's ability to build strategic partnerships with economies outside Europe.

GDP PER CAPITA GROWTH (PPP) – THREE SEAS VS EU-15 (2004–2023)

REGION	2004	2023	CHANGE	AVERAGE GROWTH RATE
THREE SEAS	50% OF THE EU	75-80% OF THE EU	+25-30 percentage points stable	2-3 times faster than the EU-15
EU-15	100%	100%	stable	low

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Thanks to their experience with transformation, the Three Seas countries could actively participate in setting standards in the areas that directly impact their development and security:

- **resilience standards for energy infrastructure**–covering grid synchronization, resilience to resource pressures, and cybersecurity of energy systems.
- **standards for Critical infrastructure in frontline states** – risk assessment models, resilience to geopolitical disruptions, and principles of supply diversification.
- **security-based energy transition standards** – aligning climate goals with system resilience, which is critical for many G20 countries (India, Indonesia, South Africa).
- **interoperability standards for the North–South transport infrastructure**– important for global supply chains.
- **digital and cybersecurity standards** – the region benefits from the experience of the Baltic states, which are global leaders in this field.
- **standards for investment in converging economies** – models for capital absorption, institution-building, labor market development, and innovation.

The region could therefore not only implement global regulations but also help shape them in areas where it possesses unique expertise.

In this context, Poland's invitation to the G20 summit in Miami in 2026 marks a watershed moment. For the first time, a Central and Eastern European country has been given the opportunity to fully participate in the deliberations and working groups of the G20. This is not only a recognition of Poland's growing role but also a signal that global partners recognize the importance of the entire Three Seas region. Poland's participation in the G20 opens up space to present the perspective of a region that has so far remained outside the mainstream of the global economic debate.

If Poland were to host a G20 summit in the future, it could propose a topic reflecting the experiences of the entire Three Seas region and addressing global challenges. One option would be the topic of **infrastructure resilience in the era of geopolitical instability**, encompassing energy, digitalization, supply chains, and critical infrastructure–an issue of importance to the U.S., Japan, India, Australia, South Korea, and the European Union. An alternative proposal could be **an energy transition based on security and pragmatism**, presenting the Three Seas model as an approach that combines climate goals with the resilience of energy systems, which would be attractive to developing countries and frontline states. A third possible topic would be **"new convergence**"–a discussion on how rapidly growing regions, such as the Three Seas, can bolster global economic growth; this topic would resonate with the experiences of Indonesia, Mexico, Brazil, and South Africa. All these proposals have a common denominator: leveraging the experiences of Central and Eastern Europe to enrich the global debate on resilience, development, and economic security.

2. POLAND AS THE REGION'S NATURAL REPRESENTATIVE

As the largest economy in the Three Seas region, Poland plays a significant role in shaping the region's dynamics. However, its significance stems not only from the scale of its economy but, above all, from its relations with other countries. It is this regional cooperation precisely–in trade, infrastructure, energy, security, and innovation–that makes Poland's potential more visible to global partners. In international relations, Poland is perceived as a country capable of representing the region's interests in an inclusive manner, coming from the perspective of mutual benefits and mutual support.

POLAND'S SHARE OF THE THREE SEAS INITIATIVE'S GDP (PPP)

INSTYTUT SOBIESKIEGO Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

Poland's experience of transformation is a key element of its credibility. Over the course of three decades, Poland has transitioned from a centrally planned economy to one of the most dynamic markets in Europe. The rise in GDP per capita from approximately 30 percent of the EU average in the 1990s to over 80 percent today is proof of the effectiveness of reforms, European integration, and openness to investment. Poland, like other Three Seas countries, has built modern market institutions, developed the private sector, and created conditions for innovation. This experience is valuable to the G20 because it demonstrates how profound economic modernization can be achieved despite limited resources.

Political and economic stability is key element of Poland's standing. Diversified economic structure, strong domestic market, regulatory predictability in key sectors, low systemic risk, as well as integration with the European Union and NATO strengthens Poland's credibility as an economic and political partner. Combined with Poland's growing role for the regional security, this creates a solid foundation for representing the interests of the Three Seas Initiative in global forums.

SELECTED MACROECONOMIC INDICATORS FOR POLAND

INDICATOR	VALUE	SIGNIFICANCE FOR THE G20
GDP (PPP)	approx. $1.6 trillion	the largest economy in the Three Seas Initiative
Growth 2004–2023	+90%	high convergence dynamics
Share of the region's exports	~40%	integration of value chains
R&D investments	growing	Attractiveness for innovative projects

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Graphics: NOWEMEDIA24.PL PIOTR PERZYNA

Poland also plays an active role in the region through its involvement in infrastructure, energy, and logistics projects. Its presence in the G20 creates an opportunity to systematically promote these initiatives on the global stage. The Three Seas Initiative, Via Carpatia, Rail2Sea, North–South energy corridors, power grid synchronization, and the development of LNG infrastructure are just some of the projects strengthening the region's cohesion and resilience. However, it is in Poland's interest to further expand the portfolio of investments and actively encourage partners from non-European countries–such as the U.S., Japan, South Korea, India, Australia, and the Gulf states–to commit capital and technology.

Potential areas of cooperation include, among others, the development of digital infrastructure (5G/6G networks, data centers, cybersecurity), investments in green energy (offshore wind farms in the Baltic Sea, hydrogen, SMRs), modernization of the rail transport and seaports, construction of energy storage facilities, smart city projects, as well as the development of regional logistics hubs and transshipment centers to serve trade between Europe and Asia. Poland can also promote investments in the defense, biotechnology, and space sectors, as well as in advanced manufacturing technologies, which are becoming increasingly attractive to global partners seeking stable and predictable locations in Europe.

At the same time, Poland remains one of NATO's frontline states, which, in the context of the war in Ukraine, pushed the country to assume a special role. It has become a logistics hub, a center for humanitarian operations, and a destination for companies and investors interested in Ukraine's reconstruction. This further strengthens Poland's position as a regional economic and strategic hub, and allows it to present the Three Seas Initiative within the G20 as an area of high growth potential, stability, and long-term investment opportunities.

3. THE THREE SEAS INITIATIVE IN THE G20

What the Three Seas region brings to the G20 is the unique perspective of a dynamically developing part of Europe which, over the past three decades, has undergone one of the fastest economic transformations in the world. Countries such as Estonia, Lithuania, Poland, the Czech Republic, Slovakia, Romania, and Croatia have to a significant extent closed the gap with the European Union's average level of development, and in some areas–such as the digitization of public services, GDP growth rates, and macroeconomic resilience–have begun to set new standards. This experience of institutional, technological, and infrastructural modernization is particularly relevant for G20 partners seeking effective models for development and strengthening economic resilience.

The region's convergence is evident throughout Central and Eastern Europe. Estonia has become an international benchmark in e-government and cybersecurity. Romania and the Czech Republic have developed some of the most competitive IT sectors in Europe, attracting high-value-added investments. Lithuania and Latvia have built strong fintech and logistics sectors. Croatia and Slovenia are developing advanced industrial technologies and low-carbon energy technologies. The common denominator of these processes is rapid growth, infrastructure modernization, and increasing integration into European and global value chains.

The Three Seas Region also brings experience in infrastructure and energy cooperation to the G20 table. Projects such as Via Carpatia, Rail2Sea, North–South energy corridors, LNG terminals in Poland and Croatia, gas interconnectors between Slovakia, Hungary, and Romania, and the synchronization of the Baltic states' power grids with continental Europe strengthen the resilience of all of Europe. Their significance is not regional but global–they impact the stability of supply chains, energy security, and the diversification of energy sources, which is important for many G20 countries.

The region's experience with energy transition is also a key element of its contribution. The Three Seas countries–largely situated on NATO's eastern flank–must view the energy sector as part of their security infrastructure. This requires a different approach to investments in power generation, transmission networks, energy storage, and gas infrastructure. In a region that has been exposed to resource pressures and the risk of destabilization for decades, the energy transition must combine climate goals with strategic resilience.

This experience is also relevant for other G20 countries facing similar challenges:

- **India, Indonesia, and South Africa** must balance economic growth with security of supply and grid stability.
- **Japan and South Korea** are seeking energy diversification models in the wake of resource crises and geopolitical tensions.
- **Brazil, Mexico, and Argentina** are developing renewable energy, but at the same time need infrastructure resilient to disruptions and extreme weather events.

The Three Seas countries can share experiences that combine energy transition with a security-oriented approach–from the synchronization of the Baltic states' power grids, through the development of LNG terminals in Poland and Croatia, to the construction of North–South energy corridors. The region demonstrates that moving away from climate dogmatism toward pragmatism, stability, and infrastructure resilience can serve as an effective model for countries that cannot afford the risk of energy supply disruptions or dependence on a single supplier.

Thus, the Three Seas Initiative brings to the G20 a perspective that views energy transition not only as a technological process but also as an element of security strategy. This approach can serve as inspiration for many economies facing similar dilemmas.

The Three Seas region is also an area with growing innovation potential. Estonia, Lithuania, and Poland have become important startup hubs; the Czech Republic, Slovakia, and Hungary are developing next-generation automotive and electromobility industries; Romania and Bulgaria are building strong capabilities in the IT and digital services sectors. The shared experience of transformation, modernization, and integration with the European market makes the region an attractive partner for the world's largest economies.

Thanks to its geographical location, the Three Seas Initiative serves as a bridge between Western Europe and the Balkans, the Caucasus, the Middle East, and Central Asia. The development of transport and logistics infrastructure–including ports in Gdańsk, Klaipėda, Constanța, and Rijeka, the modernization of rail corridors, and the construction of transshipment hubs–reinforces the region's significance as a major trade hub. This enhances its role in global value chains and makes it an attractive investment area for G20 partners.

As a result, the Three Seas Initiative brings to the G20 the perspective of a region that combines rapid economic growth, experience with transformation, growing innovation potential, and significant geostrategic importance. This adds value to the global economic debate, particularly in the areas of convergence, resilience, infrastructure, and economic security.

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ABOUT THE PUBLISHERS

The Sobieski Institute is a Polish private think tank whose mission is "Creating ideas for Poland." It was registered in 2005 as a foundation, having began its activities in 2003. Between 2003 and 2010, the Institute published "Międzynarodowy Przegląd Polityczny", a quarterly. From 2011 to 2015, it organized the annual "Poland – The Great Project" congress. In 2017, it organized the National Innovation League. Since 2017, the Institute has placed strong emphasis in its activities on publishing studies and recommendations aimed at demonstrating how the Polish economy should capitalize on the opportunities associated with the Fourth Industrial Revolution, innovation, and new technologies.

The Sobieski Institute also conducts educational activities through the "Academy of Young Experts" project, which supports young people in developing leadership skills and soft skills. Each edition of the program focuses on a different key issue, addressing the current needs of the younger generation. Currently, during its 6th edition, the project focuses on European Union, imparting knowledge and preparing participants to take part in European Personnel Selection Office (EPSO) competitions. The program opens the door for its participants to international careers in the EU institutions. It is a unique opportunity to gain practical skills and pursue professional development at the highest level.

One of the Sobieski Institute's latest projects is the "Sobieski Channel," which we invite you to subscribe to on YouTube. The channel was created to feature inspiring conversations on topics important for Poland. We meet with interesting personalities there to foster space for substantive debate in a joint effort.

Over the years, the Sobieski Institute has collaborated with many organizations. To date, these have included:

- non-governmental organizations: Polish Automation and Robotics Forum, Mutual Insurance Support Foundation, Republican Foundation, Jagiellonian Institute, New Confederation, Ambitious Poland, Youth for Poland, Students for the Republic, Konrad Adenauer Foundation, Central European Energy Partners, Sławomir Skrzypek Foundation, Wacław Felczak Foundation, Institute for Foreign Affairs and Trade (Külügyi és Külgazdasági Intézet), Institute for Politics and Society (Institut pro politiku a společnost), The F. A. Hayek Foundation Bratislava;

- commercial companies: Aiut, Assay Group, Rohde & Schwarz, WB Electronics, Asseco, Samsung, Lotos, Google, Procter & Gamble, PwC, Cisco, EY, Phoenix Systems, Uber, USP Zdrowie, Fortum, Orange, Energa, Zysk i Ska, Collegium Wratislaviense, 4CF;

- Government/supranational institutions: Ministry of Foreign Affairs, European Commission Representation in Poland, Ministry of Climate and Environment, Industry of the Future Platform Foundation, Agency for Development and Industry, Warsaw Stock Exchange, Bank Gospodarstwa Krajowego, Chancellery of the Prime Minister, Ministry of Digital Affairs, Law and Justice, Embassy of Hungary, Senate of the Republic of Poland, European Conservatives and Reformists Party, European Parliament Office in Poland.

A complete list of reports and publications, as well as information about the Institute's activities, can be found at **www.sobieski.org.pl**.

We also invite you to subscribe to the Sobieski Channel on youtube.com/kanalSobieski. Join us—it's worth it!

CENTRUM STRATEGII ROZWOJOWYCH

Foundation Center for Development Strategies (CSR) is an independent analytical centre specialising in the design of long-term economic strategies and building consensus on key directions for Poland's development. The Foundation's mission is to provide policymakers and business leaders with reliable analyses and systemic recommendations that strengthen the economic sovereignty, security, and developmental potential of the state. CSR acts as a catalyst for dialogue, bridging expert knowledge with operational realities to co-create solutions that extend beyond the current political cycle.

The Foundation's activities focus on areas of strategic importance for the future of the Republic of Poland, with a particular emphasis on growth mechanisms and the stability of the regulatory environment. Through proprietary tools, such as the Strategic Dialogue Forum held under the **Chatham House Rule**, CSR creates a secure space for substantive debate between public administration and the private sector. The think tank emphasises pragmatism and state efficiency, aiming to translate diagnoses into concrete concepts that build Poland's enduring competitive advantage in the international arena.

THE THREE SEAS INITIATIVE

NEW VOICE OF EUROPE IN THE G20

Over the past three decades, the countries of Central and Eastern Europe have undergone one of the most successful economic transformations in modern history. From post-communist economies to dynamic, innovation-driven markets, the Three Seas region has emerged as a vital engine of growth within the European Union and beyond. Today, with a population of nearly 120 million and a combined GDP exceeding €4 trillion, it represents a scale comparable to that of the world's largest economies.

This report presents the Three Seas Initiative as more than a regional cooperation platform. It is a macro-regional force built on infrastructure, energy, and digital connectivity – an increasingly cohesive space of economic convergence, industrial strength, and technological potential. The region's growth dynamics, resilience to global shocks, and expanding role in global value chains position it as a key contributor to Europe's competitiveness.

Poland's invitation to participate in the G20 marks a historic turning point. For the first time, the voice of the Three Seas region can be represented directly in a forum where global economic rules are shaped. This creates a unique opportunity not only to strengthen regional cooperation but also to articulate shared interests on the global stage.

The Three Seas Initiative is no longer just a vision of catching up; it has become a reality. It is becoming a platform shaping the future of Europe and of the global economy.

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