**Geoeconomic Interconnectivity Index (GEOII): Indicator descriptions**

*This file describes the indicators used in the Geoeconomic Interconnectivity Index by Bertelsmann Stiftung, wiiw and ECIPE. Further information and the full dataset are available under geoii.eu.*

**Sub-index Trade (Indicators 22)**

| Code | Indicator name | Indicator description for download under menue "Indicators" |
|------|----------------|-------------------------------------------------------------|
| TRD_00 | Trade | The subindex measures the intensity, quality and specialisation of bilateral trade flows, including goods and services, and sector-specific interactions, such as intellectual property rights (IPRs). |
| TRD_01 | Goods exports to powers | **Description:** This indicator measures the proportion of goods exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total exports of the respective EU neighbour.<br>**What it tells us:** This indicator reflects the degree of cross-border integration of goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power's market for goods exports, signifying the strength of trade ties and economic interconnectivity in goods.<br>**Reference:** UN Comtrade https://comtrade.un.org/; EU Comext for Kosovo |
| TRD_02 | Goods imports from powers | **Description:** This indicator measures the proportion of goods imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total imports of the respective EU neighbour.<br>**What it tells us:** This indicator **reflects** the degree of cross-border integration of goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for goods imports, reflecting the strength of trade ties and economic interconnectivity in goods.<br>**Reference:** UN Comtrade https://comtrade.un.org/; EU Comext for Kosovo |
| TRD_03 | Services exports to powers | **Description:** This indicator measures the proportion of cross-border services exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total services exports of the respective EU neighbour.<br>**What it tells us:** This indicator reflects the level of services trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power's market for services exports, reflecting the strength of trade ties and economic interconnectivity in services.<br>**Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |

| TRD_04 | Services imports from powers | **Description:** This indicator measures the proportion of cross-border services imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total services imports of the respective EU neighbour.<br>**What it tells us:** This indicator highlights the level of services trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for services imports, reflecting the strength of trade ties and economic interconnectivity in services.<br>**Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |
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| TRD_05 | Backward integration in global value chains in goods with powers | **Description:** This indicator measures the share of foreign value-added in the exports of EU neighbours that originates from each power (EU, US, China, Russia). It highlights the contribution of imported inputs from powers to the production of exports, expressed as a percentage.<br>**What it tells us:** This indicator reflects the intensity of supply chain interconnectivity in goods trade between EU neighbours and powers, beyond traditional trade flows. A higher value of the indicator points to a greater reliance on imported intermediate inputs from a specific power, underscoring the strength of supply chain connections.<br>**Reference:** EORA |
| TRD_06 | Forward integration in global value chains in goods with powers | **Description:** This indicator measures the domestic value-added content in the exports of EU neighbours that is subsequently re-exported by each power (EU, US, China, Russia). It captures the contribution of EU neighbours' domestic inputs to goods traded onward by powers, expressed as a percentage.<br>**What it tells us:** This indicator reflects the intensity of supply chain interconnectivity in goods trade between EU neighbours and powers, beyond traditional trade flows. A higher share indicates a significant role for EU neighbours' domestic inputs in goods that are re-exported by powers, underscoring the strength of supply chain connections<br>**Reference:** EORA |
| TRD_07 | Export Complementarity Index with powers | **Description:** This indicator uses the Trade Complementarity Index (TCI) to measure the alignment between the export profiles of EU neighbours and the import needs of each power (EU, US, China, Russia). It is scored from 0 (no complementarity) to 100 (full complementarity).<br>**What it tells us:** This indicator highlights the potential for stronger trade integration through EU neighbours' exports to powers' markets. A higher score indicates a better match between what EU neighbours export and what powers import, suggesting opportunities for mutually beneficial trade relationships and deeper economic interconnectivity.<br>**Reference:** World Bank World Integrated Trade Solution (WITS) |

| TRD_08 | Import Complementarity Index with powers | **Description:** This indicator uses the Trade Complementarity Index (TCI) to measure the alignment between the import needs of EU neighbours and the export profiles of each power (EU, US, China, Russia). It is scored from 0 (no complementarity) to 100 (full complementarity). <br> **What it tells us:** This indicator reflects the potential for stronger trade integration through EU neighbours' imports from powers' markets. A higher score indicates a better match between what EU neighbours import and what powers export, suggesting opportunities for mutually beneficial trade relationships and deeper economic interconnectivity. <br> **Reference:** World Bank World Integrated Trade Solution (WITS) |
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| TRD_09 | Energy goods exports to powers | **Description**: This indicator measures the proportion of energy goods exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total energy exports of the respective EU neighbour. Energy goods are classified under SITC Rev.4 and Rev.3 codes: 32, 33, 34, 35, which include petroleum, gas, coal, electricity, and related energy commodities. <br> **What it tells us**: This indicator reflects the level of energy goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power's market for energy exports, reflecting the depth of trade ties and economic interconnectivity in the energy sector. <br> **Reference:** <br> UN Comtrade https://comtrade.un.org; EU Comext for Kosovo |
| TRD_10 | Energy goods imports from powers | **Description:** This indicator measures the proportion of energy goods imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total energy imports of the respective EU neighbour. Energy goods are classified under SITC Rev.4 and Rev.3 codes: 32, 33, 34, 35, which include petroleum, gas, coal, electricity, and related energy commodities. <br> **What it tells us:** This indicator reflects the level of energy goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for energy imports, reflecting the depth of trade ties and economic interconnectivity in the energy sector. <br> **Reference:** UN Comtrade https://comtrade.un.org; EU Comext for Kosovo |
| TRD_11 | ICT services exports to powers | **Description:** This indicator measures the proportion of cross-border ICT services exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total ICT services exports of the respective EU neighbour. ICT services include telecommunications, computer, and information services, classified under the SI code according to the IMF Balance of Payments (BOP) and International Investment Position (IIP) Manual, Sixth Edition methodology. <br> **What it tells us:** This indicator reflects the level of cross-border integration of ICT services between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power's market for ICT services exports, reflecting the depth of trade ties and economic interconnectivity in the digital and technology sectors. <br> **Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |

| TRD_12 | ICT services imports from powers | **Description:** This indicator measures the proportion of cross-border ICT services imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total ICT services imports of the respective EU neighbour. ICT services include telecommunications, computer, and information services, classified under the SI code according to the IMF Balance of Payments (BOP) and International Investment Position (IIP) Manual, Sixth Edition methodology. <br> **What it tells us:** This indicator reflects the level of cross-border integration of ICT services between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for ICT services imports, reflecting the depth of trade ties and economic interconnectivity in the digital and technology sectors. <br> **Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |
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| TRD_13 | High-tech exports to powers | **Description:** This indicator measures the proportion of high-tech goods exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total high-tech goods exports of the respective EU neighbour. High-tech goods are classified according to the SITC Rev.4 framework, based on Eurostat High-Tech Classification methodology, which includes for example computers and other high-technology products. <br> **What it tells us:** This indicator reflects the level of cross-border integration in high-tech goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power's market for high-tech exports, reflecting the depth of trade ties and economic interconnectivity in technology-driven industries. <br> **Reference:** UN Comtrade; EU Comext for Kosovo |
| TRD_14 | High-tech imports from powers | **Description:** This indicator measures the proportion of high-tech goods imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total high-tech goods imports of the respective EU neighbour. High-tech goods are classified according to the SITC Rev.4 framework, based on Eurostat High-Tech Classification methodology, which includes for example computers and other high-technology products. <br> **What it tells us:** This indicator reflects the level of cross-border integration in high-tech goods trade between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for high-tech imports, reflecting the depth of trade ties and economic interconnectivity in technology-driven industries. <br> **Reference:** UN Comtrade https://comtrade.un.org; EU Comext for Kosovo |
| TRD_15 | Green goods exports to powers | **Description:** This indicator measures the proportion of environmental goods exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total environmental goods exports of the respective EU neighbour. Environmental goods are identified using the HS Rev. 2017 6-digit codes as defined in the IMF Climate Change Indicators Dashboard. <br> **What it tells us:** This indicator reflects the level of trade in environmental (green) goods between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for green goods exports, **reflecting** economic interconnectivity in sectors contributing to environmental sustainability and climate change mitigation. <br> **Reference:** IMF Climate Change Indicators Dashboard based on UN Comtrade https://climatedata.imf.org/ |

| TRD_16 | Green goods imports from powers | **Description:** This indicator measures the proportion of environmental goods imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total environmental goods imports of the respective EU neighbour. Environmental goods are identified using the HS Rev. 2017 6-digit codes as defined in the IMF Climate Change Indicators Dashboard. <br> **What it tells us:** This indicator reflects the level of trade in environmental (green) goods between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for green goods imports, reflecting economic interconnectivity in sectors that support environmental sustainability and climate change mitigation. <br> **Reference:** IMF Climate Change Indicators Dashboard based on UN Comtrade |
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| TRD_17 | Critical raw materials exports to powers | **Description:** This indicator measures the proportion of Critical Raw Materials (CRM) exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total CRM exports of the respective EU neighbour. The classification of CRMs is based on the 2023 Critical Raw Materials List published by the European Commission. <br> **What it tells us:** This indicator reflects the level of trade in Critical Raw Materials between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for CRM exports, reflecting economic interconnectivity in sectors reliant on materials essential for industrial, technological, and strategic applications. <br> **Reference:** UN Comtrade https://comtrade.un.org; EU Comext for Kosovo |
| TRD_18 | Critical raw materials imports from powers | **Description:** This indicator measures the proportion of Critical Raw Materials (CRM) imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total CRM imports of the respective EU neighbour. The classification of CRMs is based on the 2023 Critical Raw Materials List published by the European Commission. <br> **What it tells us:** This indicator reflects the level of trade in Critical Raw Materials between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for CRM imports, reflecting economic interconnectivity in sectors reliant on materials **essential** for industrial, technological, and strategic applications. <br> **Reference:** UN Comtrade https://comtrade.un.org; EU Comext for Kosovo |
| TRD_19 | Agri-food exports to powers | **Description:** This indicator measures the proportion of agri-food exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total agri-food exports of the respective EU neighbour. Agri-food products are classified under HS Rev. 2002 codes: 01-24. <br> **What it tells us:** This indicator reflects the level of trade in agricultural and food products between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for agri-food exports, reflecting interconnectivity in the agricultural trade sector. <br> **Reference:** UN Comtrade; EU Comext for Kosovo |

| TRD_20 | Agri-food imports from powers | **Description:** This indicator measures the proportion of agri-food imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total agri-food imports of the respective EU neighbour. Agri-food products are classified under HS Rev. 2002 codes: 01-24.<br>**What it tells us:** This indicator reflects the level of trade in agricultural and food products between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for agri-food imports, **reflecting** interconnectivity in the agricultural trade sector.<br>**Reference:** UN Comtrade; EU Comext for Kosovo |
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| TRD_21 | Intellectual property rights exports to powers | **Description:** This indicator measures the proportion of Intellectual Property Rights (IPR) exports from EU neighbours to each power (EU, US, China, Russia), expressed as a percentage of the total IPR exports of the respective EU neighbour. IPRs are classified under the SH code: Charges for the use of intellectual property not classified elsewhere (n.i.e), according to the IMF Balance of Payments (BOP) and International Investment Position (IIP) Manual, Sixth Edition methodology.<br>**What it tells us:** This indicator reflects the level of cross-border integration in intellectual property between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for IPR exports, reflecting interconnectivity in innovation, knowledge, creativity, and technology.<br>**Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |
| TRD_22 | Intellectual property rights imports from powers | **Description:** This indicator measures the proportion of Intellectual Property Rights (IPR) imports by EU neighbours from each power (EU, US, China, Russia), expressed as a percentage of the total IPR imports of the respective EU neighbour. IPRs are classified under the SH code: Charges for the use of intellectual property not classified elsewhere (n.i.e), according to the IMF Balance of Payments (BOP) and International Investment Position (IIP) Manual, Sixth Edition methodology.<br>**What it tells us:** This indicator reflects the level of cross-border integration in intellectual property between EU neighbours and powers. A higher percentage indicates greater reliance on a specific power for IPR imports, **reflecting** interconnectivity in innovation, knowledge, creativity, and technology.<br>**Reference:** OECD-WTO Balanced Trade in Services dataset (BaTIS) |

## Sub-index Finance (Indicators 7)

| Code | Indicator name | Indicator description |
|------|----------------|------------------------|
| FIN_00 | Finance | This subindex measures investments by the powers in the EU neighbouring countries, including different forms of foreign direct investment, mergers and acquisition and external debt. |
| FIN_01 | FDI inward stock from powers | **Description:** This indicator measures the proportion of total Foreign Direct Investment (FDI) inward stock in EU neighbouring countries that originates from each power (EU, US, China, Russia), expressed as a percentage of the total FDI inward stock of the respective EU neighbour.<br><br>**What it tells us:** This indicator reflects the degree of reliance of EU neighbours on foreign investment from the four powers, reflecting the economic linkages and the extent of capital transfer from these powers' markets. A higher share suggests stronger financial ties and potential influence from the contributing power.<br><br>**Reference:** wiiw FDI database based on central banks data https://data.wiiw.ac.at/fdi-database.html; IMF CORDIS https://data.imf.org; UNCTADstat https://unctadstat.unctad.org/; Eurostat https://ec.europa.eu |
| FIN_02 | Mergers and acquisitions with powers | **Description:** This indicator measures the number of mergers and acquisitions (M&A) deals between EU neighbours and each power (EU, US, China, Russia), expressed as a percentage of the total M&A deals of the respective EU neighbour.<br><br>**What it tells us:** This indicator reflects the level of cross-border interconnectivity of investments, highlighting EU neighbours' capital and technology ties with the markets of powers. It focuses on "brownfield" investments, which involve the acquisition or expansion of existing businesses, illustrating deeper market integration and collaboration.<br><br>**Reference:** ORBIS |

| FIN_03 | Greenfield investment projects from powers | **Description:** This indicator measures the number of greenfield investment project announcements in EU neighbouring countries from each power (EU, US, China, Russia), expressed as a percentage of the total number of greenfield investment project announcements in the respective EU neighbour.<br><br>**What it tells us:** This indicator **reflects** the breadth of new investment activities by powers in EU neighbours. A higher number of projects indicates a wider reach and more frequent engagement, reflecting the diversity and volume of prospective economic interactions.<br><br>**Reference:** fDi Markets |
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| FIN_04 | Greenfield investment capital from powers | **Description:** This indicator measures the total announced capital of greenfield investment projects in EU neighbouring countries from each power (EU, US, China, Russia), expressed as a percentage of the total announced capital investments in the respective EU neighbour.<br><br>**What it tells us:** This indicator reflects the scale and intensity of new investment commitments by powers in EU neighbours. Higher capital values signal larger-scale projects and deeper financial involvement, highlighting the economic significance of these ties.<br><br>**Reference:** fDi Markets |
| FIN_05 | Greenfield investment in infrastructure from powers: number of projects | **Description:** This indicator measures the number of greenfield investment project announcements in infrastructure sectors in EU neighbouring countries, originating from each power (EU, US, China, Russia). It is expressed as a percentage of the total number of infrastructure project announcements in the respective EU neighbour. Infrastructure includes renewable energy, software and IT services, as well as selected transport sectors, such as air and water transport, freight, and distribution services.<br><br>**What it tells us:** This indicator **reflects** the extent of prospective cross-border investment connectivity in infrastructure development between EU neighbours and powers. By focusing on the number of prospective projects, it reflects the scale of planned engagement in critical sectors such as transport, energy, and communication, showcasing the role of powers in shaping infrastructure ties with EU neighbours.<br><br>**Reference:** fDi Markets |

| FIN_06 | Greenfield investment in infrastructure from powers: total capital pledged | **Description:** This indicator measures the total announced capital of greenfield investment projects in infrastructure sectors in EU neighbouring countries from each power (EU, US, China, Russia), expressed as a percentage of the total announced greenfield investments in these sectors in the respective EU neighbour. Infrastructure includes renewable energy, software and IT services, as well as selected transport sectors, such as air and water transport, freight, and distribution services.<br><br>**What it tells us:** This indicator reflects the scale and intensity of cross-border investment in critical infrastructure sectors, including renewable energy, software, IT, and transportation services. By focusing on pledged capital, it highlights the financial commitment of powers to infrastructure development in EU neighbours, underscoring the economic significance and potential impact of these investments.<br><br>**Reference:** fDi Markets |
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| FIN_07 | External debt owed to powers | **Description:** This indicator measures the external debt stock of EU neighbouring countries owed to each power (EU, US, China, Russia), expressed as a percentage of the total external debt of the respective EU neighbour.<br><br>**What it tells us:** This indicator reflects the extent of EU neighbours' reliance on foreign borrowing from powers, reflecting cross-border debt connections. It captures financial dependence on powers, including institutions such as the EU, EBRD, EIF, and ERF, and provides insights into the influence these powers exert through lending relationships.<br><br>**Reference:** World Bank International Debt Statistics (IDS) |

## Sub-index Policies (Indicators 14)

| Code | Indicator name | Indicator description for download |
|------|----------------|-------------------------------------|
| POL_00 | Policies | This sub-index measures the alignment of economic policies between EU neighbours and the respective powers, including trade policies, sanctions, macroeconomic policies and arms transfers. |
| POL_01 | Trade Agreements Depth Index with powers | **Description:** This indicator measures the depth of Preferential Trade Agreements (PTAs) between EU neighbours and each power (EU, US, China, Russia). It is based on the alignment across 52 trade policy areas, scored on a scale from 0 to 1, where 1 indicates the highest level of depth. <br><br>**What it tells us:** This indicator reflects the extent of bilateral coordination and alignment in trade policy between EU neighbours and powers. It captures the degree to which trade restrictions are reduced and policies are harmonised across 52 areas, including enforceable provisions that extend beyond WTO rules. A higher score indicates stronger bilateral alignment and integration of trade policies. <br><br>**Reference:** World Bank Deep Trade Agreement (DTA) database |
| POL_02 | Similarity of data regulatory framework index with powers | **Description:** This indicator measures the similarity of regulatory frameworks governing cross-border data flows between EU neighbours and each power (EU, US, China, Russia). It is scored on a scale from 0 to 1, where 1 indicates the highest level of similarity. <br><br>**What it tells us:** This indicator reflects the degree of alignment in cross-border data flow policies between EU neighbours and powers. It captures bilateral compatibility of regulatory models, distinguishing between open (US), conditional (EU), or closed (China/Russia) approaches. Higher similarity scores indicate closer regulatory alignment, facilitating smoother cross-border data interactions. <br><br>**Reference:** Ferracane, M., & Erik van der Marel (2024). Governing personal data and trade in digital services. Review of International Economics. Vol. 33 (1), 243-264. |

| POL_03 | Import tariffs of EU neighbours | **Description:** This indicator measures the simple average tariff rates applied by EU neighbours to imports from each power (EU, US, China, Russia), expressed as a percentage of the value of the imported goods. The tariff rates are prioritised as follows: effectively applied rates first, followed by preferential tariff rates, and then Most Favoured Nation (MFN) rates.<br><br>**What it tells us:** This indicator reflects the level of ad-valorem tariffs on goods, highlighting trade barriers between EU neighbours and powers. Lower average tariff rates indicate fewer obstacles to closer economic cooperation and suggest stronger trade alignment with the respective power.<br><br>**Reference:** World Bank World Integrated Trade Solution (WITS) |
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| POL_04 | Import tariffs of powers | **Description:** This indicator measures the simple average tariff rates applied by powers (EU, US, China, Russia) to imports from EU neighbours, expressed as a percentage of the value of the imported goods. The tariff rates are prioritised as follows: effectively applied rates first, followed by preferential rates, and then Most Favoured Nation (MFN) rates.<br><br>**What It Tells Us:** This indicator reflects the level of ad-valorem tariffs on goods, highlighting trade barriers between EU neighbours and powers. Lower average tariff rates indicate fewer obstacles to closer economic cooperation and suggest stronger trade alignment with the respective power.<br><br>**Reference:** World Bank World Integrated Trade Solution (WITS) |
| POL_05 | NTM tariff equivalents of EU neigbours | **Description:** This indicator measures the ad-valorem equivalent (AVE) of non-tariff measures (NTMs) applied by EU neighbours to imports from each power (EU, US, China, Russia). These are expressed as percentages, equivalent to import tariff rates. The focus is on two key types of regulatory NTMs: Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures. The indicator is calculated as the simple average of the AVEs for TBTs and SPS measures.<br><br>**What it tells us:** This indicator reflects the level of cross-border trade restrictiveness caused by non-tariff measures applied by EU neighbours. Lower values indicate fewer regulatory barriers, reflecting a more open trade relationship and reduced obstacles to closer economic cooperation between EU neighbours and powers.<br><br>**Reference:** WTO I-TIP, wiiw calculations following Ghodsi et al. (2024). Ghodsi, M., Vujanović, N., & Landesmann, M. (2024). *Can multinationals withstand growing trade barriers?* (No. 239). wiiw Working Paper. |

| POL_06 | NTM tariff equivalents of powers | **Description:** This indicator measures the ad-valorem equivalent (AVE) of non-tariff measures (NTMs) imposed by each power (EU, US, China, Russia) on imports from EU neighbours. These are expressed as percentages, equivalent to import tariff rates. The focus is on two key types of regulatory NTMs: Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures. The indicator is calculated as the simple average of the AVEs for TBTs and SPS measures.<br><br>**What it tells us:** This indicator reflects the level of cross-border trade restrictiveness caused by non-tariff measures applied by powers. Lower values indicate fewer regulatory barriers, reflecting a more open trade relationship and reduced obstacles to closer economic cooperation between EU neighbours and powers.<br><br>**Reference:** WTO I-TIP, wiiw calculations following Ghodsi et al. (2024). Ghodsi, M., Vujanović, N., & Landesmann, M. (2024). *Can multinationals withstand growing trade barriers?* (No. 239). wiiw Working Paper. |
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| POL_07 | NTM regulatory divergence | **Description:** This indicator measures the regulatory divergence of non-tariff measures (NTMs) between EU neighbours and each power (EU, US, China, Russia). It is scored from 0 to 1, where 1 represents the highest level of divergence. The assessment is based on regulatory objectives and 6-digit product codes. The indicator is calculated as the simple average over technical barriers to trade (TBTs) and sanitary and phytosanitary (SPS) measures.<br><br>**What it tells us:** This indicator reflects the degree of cross-border regulatory divergence between EU neighbours and powers. Higher divergence scores indicate significant differences in the objectives of NTMs, such as technical barriers to trade (TBTs) and sanitary and phytosanitary (SPS) measures, posing greater obstacles to closer economic cooperation.<br><br>**Reference:** WTO I-TIP, wiiw calculations following Cieślik and Ghodsi (2024).<br><br>Cieślik, A., & Ghodsi, M. (2024). The Impact of Regulatory Divergence in Non-Tariff Measures on the Cross-Border Investment of Multinationals. *Emerging Markets Finance and Trade*, 1-40. Chicago |

| POL_08 | Trade sanctions | **Description:** This indicator measures the presence of trade sanctions imposed by each power (EU, US, China, Russia) on EU neighbours. It is scored between 0 (no sanctions) and 1 (sanctions in place). <br><br> **What it tells us:** This indicator reflects the extent to which bilateral sanctions disrupt cross-border trade between EU neighbours and powers. Trade sanctions are often used as a legally justified instrument of foreign policy. This indicator does not differentiate between various types of sanctions but merely reflects the resulting impediments to economic cooperation as sanctions limit the ability to exchange goods and services. <br><br> **Reference:** GSDB database |
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| POL_09 | Trade restrictions | **Description:** This indicator measures the occurrence of trade restrictions applied by each power (EU, US, China, Russia) to EU neighbours, expressed as a percentage of the total number of restrictions imposed on each EU neighbour. The analysis covers the entire economy, focusing on both amber (moderately restrictive) and red (highly restrictive or prohibited) types of restrictions. Amber restrictions reflect policies that complicate trade but allow negotiations, while red restrictions reflect severe barriers to market access, impeding economic cooperation. <br><br> **What it tells us:** This indicator reflects the extent to which trade restrictions disrupt cross-border trade between EU neighbours and powers. Trade restrictions limit the ability to exchange goods and services and thus create barriers to economic cooperation. <br><br> **Reference:** GTA database |
| POL_10 | Bilateral Investment Treaties | **Description:** This indicator measures the existence of Bilateral Investment Treaties (BITs) between EU neighbours and each power (EU, US, China, Russia). It is scored from 0 (no BIT) to 1 (BIT in place). For the EU, the score is calculated as a simple average of the BITs in place across its 27 member states. <br><br> **What it tells us:** This indicator reflects the level of coordination and alignment of investment policies between EU neighbours and each power. Having a bilateral framework in place for protecting and facilitating investments indicates closer economic ties. <br><br> **Reference:** UNCTAD International Investment Agreements Navigator |

| POL_11 | Financial sanctions | **Description:** This indicator measures the incidence of financial sanctions imposed by each power (EU, US, China, Russia) on EU neighbours. It is scored between 0 (no sanctions) and 1 (sanctions in place).<br><br>**What it tells us:** This indicator reflects the extent to which bilateral financial sanctions disrupt cross-border flows of capital and investments between EU neighbours and powers. Financial sanctions are often used as a legally justified instrument of foreign policy. This indicator does not differentiate between various types of sanctions but merely reflects the resulting impediments to economic cooperation, as sanctions limit the ability to exchange capital, access funding, or engage in investment activities.<br><br>**Reference:** GSDB database |
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| POL_12 | Synchronicity of monetary policy | **Description:** This indicator measures the degree of alignment in monetary policy between EU neighbours and each power (EU, US, China, Russia). Scores range from -1 (lowest synchronicity) to 1 (highest synchronicity), based on the pairwise correlations of monthly interest rate data.<br><br>**What it tells us:** This indicator reflects the extent of monetary policy alignment between EU neighbours and powers. Higher synchronicity scores indicate closely aligned monetary policy trends, suggesting stronger economic integration and responsiveness to shared macro-economic conditions. Conversely, lower scores suggest divergent policy directions, which may signal differing macro-economic conditions or priorities.<br><br>**Reference**: IMF IFS, national statistics, wiiw calculations based on Ca'Zorci et al. (2020), Martinez-Martin et al. (2018),<br><br>Ca' Zorzi, Michele and Dedola, Luca and Georgiadis, Georgios and Jarocinski, Marek and Stracca, Livio and Strasser, Georg H., Monetary Policy and its Transmission in a Globalised World (May, 2020). ECB Working Paper No. 20202407, Available at http://dx.doi.org/10.2139/ssrn.3599928<br><br>Martinez-Martin, J., Saiz, L., & Stoevsky, G. (2018). Growth synchronisation in euro area countries. European Central Bank Economic Bulletin, Issue 3. Retrieved from https://www.ecb.europa.eu/press/economic-bulletin/focus/2018/html/ecb.ebbox201805_03.en.html |

| POL_13 | Synchronicity of fiscal policy | **Description:** This indicator measures the extent of fiscal policy alignment between EU neighbours and each power (EU, US, China, Russia). Scores range from -1 (lowest synchronicity) to 1 (highest synchronicity), based on the pairwise correlations of annual government budget balances as a percentage of GDP.<br><br>**What it tells us:** This indicator reflects the extent to which fiscal policies between EU neighbours and powers move in tandem. Higher synchronicity scores indicate similar fiscal strategies, such as comparable levels of public spending or budget deficits, which can foster stronger economic coordination. Lower scores suggest divergent fiscal policies, potentially signaling differing macro-economic conditions or priorities.<br><br>**Reference:**<br><br>IMF WEO, national statistics, wiiw calculations based on Ca'Zorci et al. (2020), Martinez-Martin et al. (2018)<br><br>Ca' Zorzi, Michele and Dedola, Luca and Georgiadis, Georgios and Jarocinski, Marek and Stracca, Livio and Strasser, Georg H., Monetary Policy and its Transmission in a Globalised World (May, 2020). ECB Working Paper No. 20202407, Available at http://dx.doi.org/10.2139/ssrn.3599928<br><br>Martinez-Martin, J., Saiz, L., & Stoevsky, G. (2018). Growth synchronisation in euro area countries. European Central Bank Economic Bulletin, Issue 3. Retrieved from https://www.ecb.europa.eu/press/economic-bulletin/focus/2018/html/ecb.ebbox201805_03.en.html |
| POL_14 | Arms transfer | **Description:** This indicator measures the proportion of arms transfers from each power (EU, US, China, Russia) to EU neighbours, expressed as a percentage of the total arms transfers acquired by the respective EU neighbour from all partners. This indicator is measrued in a common artificial unit, so-called trend-indicator value (SIPRI TIV), which reflects military capability.<br><br>**What it tells us:** This indicator reflects the extent to which EU neighbours rely on specific powers for augmenting their military capabilities. Higher percentages indicate greater dependence on a particular power for arms and military equipment, reflecting the depth of bilateral security and defence relationships.<br><br>**Reference:** SIPRI Arms Transfers Database |