SLOVAKIA (Eurozone, EU)

Scenario 1: The USA imposes import tariffs on Slovak industrial products (e.g. automobiles)

Situation:

The USA announces 25% tariffs on car imports and components from the EU. Slovakia, as one of the largest car producers per capita, is significantly affected.

Economic consequences:

- **Reduced exports:** Cars and components become more expensive for American customers → demand falls → Slovak companies lose market share.
- **Impact on production and employment:** Lower demand → carmakers cut production → pressure on employment in the industry and among subcontractors.
- **Decrease in GDP growth:** Exports are a key part of GDP → export decline leads to slower economic growth or even stagnation.
- **Impact on public finances:** Lower tax revenues, rising unemployment → higher budget deficit → pressure to cut spending or raise taxes.
- **Increased dependence on domestic and EU markets:** Slovakia will be forced to diversify markets or boost internal demand, but this will not provide an immediate substitute in the short term.

Scenario 2: Rise of a nationalist-populist government focusing on sovereignty and economic protectionism

Government characteristics:

- Emphasizes "national interests" over international cooperation.
- Questions EU powers, restricts independence of media and judiciary.
- Advocates stronger state role in the economy, e.g. through price regulation, support for domestic companies, nationalization of strategic enterprises.

Economic consequences:

- **Worsening relations with the EU:** Possible suspension of EU funds due to violation of rule-of-law principles → loss of investment resources.
- **Low investor confidence:** Risk of political market intervention → foreign investors withdraw → fewer investments → stagnation in innovation.
- **Public budget problems:** With limited income from EU funds and capital outflows, pressure on public finances increases.
- **Higher financing costs:** Slovakia's credit rating may fall → state pays higher interest on bonds.
- **Economic isolation:** Economy becomes inward-looking → competitiveness declines → long-term economic slowdown.

SLOVAKIA (Digitalized public administration, highly interconnected industrial systems)

Scenario 3: A coordinated cyberattack hits Slovakia, paralyzing key infrastructure: energy grids, banking, public administration, transport, hospitals, and payment systems. The attack involves ransomware and critical infrastructure vulnerabilities.

Economic Consequences:

- **Paralyzed infrastructure**: The attack disables power grids, railway systems, hospitals, and state IT systems → collapse of public services.
- **Industrial shutdown**: Automotive factories and suppliers rely on automation → production stops → economic loss, export disruptions.
- **Unavailable banking services**: Payments, salaries, invoicing fail → panic among citizens and businesses.
- **Loss of investor confidence**: As a smaller economy, Slovakia is perceived as vulnerable → capital flight → economic pressure.
- **Strain on public finances**: Government must repair damage, rebuild networks, and strengthen cyber defenses → increased spending, rising deficit.

EU Response:

- **Full EU solidarity and fast support**, due to Slovakia's cooperative EU stance.
- **Deployment of cyber response teams (ENISA, CERT-EU)** to restore infrastructure.
- **Direct financial aid** from the EU's emergency, digitalization, and recovery funds.
- **Support from other member states** (cyber solidarity teams).
- **European Central Bank guarantees banking sector stability.**

POLAND (Own currency – zloty, EU member)

Scenario 1: The USA imposes import tariffs on Polish steel and agricultural sector

Situation:

To protect its own industry, the USA increases tariffs on Polish steel and food products. Poland is a significant exporter of these goods.

Economic consequences:

- **Export decline to the USA:** Polish goods become more expensive → American buyers turn to cheaper competitors → exports fall.
- **Domestic market surplus:** Unsold goods shift to domestic market → downward pressure on prices → lower income for producers.
- **Zloty depreciation:** Decline in exports reduces demand for zloty → exchange rate weakens → imports become more expensive → inflation rises.
- **Inflationary pressures:** Rising import prices (e.g. energy, machinery) increase production costs → businesses pass costs to consumers.
- **Political pressure:** Agriculture and steel sectors are politically sensitive → pressure on government to introduce subsidies or protection → increased state spending.

Scenario 2: Same nationalist-populist government as in Slovakia

Government characteristics and approach:

- Rejects EU court authority, strengthens control over judiciary.
- Enhances "economic sovereignty" – state price controls, nationalization of strategic companies, favoring domestic producers.
- Media and opposition face restrictions.

Economic consequences:

- **Suspension of EU funds:** The European Commission limits funding if rule-of-law principles are violated → loss of funds for regions and infrastructure.
- **Zloty devaluation:** Investors view the environment as unstable → capital flight → zloty weakens → import prices and inflation rise.
- **Reduced investment:** Fear of unpredictable state intervention discourages private capital → fewer new projects → weaker productivity growth.
- **Domestic inflation:** Government intervention may be anti-market (e.g. price caps), potentially causing shortages or price distortions.

POLAND (Own currency, strong public and private sectors, EU rule-of-law tensions)

Scenario 3:A coordinated cyberattack hits Poland, paralyzing key infrastructure: energy grids, banking, public administration, transport, hospitals, and payment systems. The attack involves ransomware and critical infrastructure vulnerabilities.

Economic Consequences:

- **Widespread outages**: Cyberattacks hit banks, refineries, and logistics → halted production, disrupted trade.
- **Collapse of public services**: Healthcare, digital registrations, and transportation break down → public unrest and protests.
- **Weakened Polish zloty**: Markets react with sell-offs → currency drops → imports become costlier → inflation spikes.
- **Emergency state intervention**: The government nationalizes key IT and energy firms → fears of permanent state control.
- **High recovery costs**: Full system reboots needed → public debt rises due to emergency spending.

EU Response:

- **Cautious and conditional assistance** due to ongoing institutional disputes.
- **Technical help from ENISA/CERT-EU is granted**, but **requires transparency and monitoring**.
- **Financial aid is limited** – EU demands rule-of-law improvements and judicial independence.
- **No direct government funding**; funds may be directed to **local governments or private sector**.
- **ECB offers coordination, but not currency stabilization (non-Euro country).**

UNITED KINGDOM (Own currency – pound, non-EU)

Scenario 1: USA imposes tariffs on UK industrial exports (e.g. pharmaceuticals, machinery)

Situation:
The USA imposes tariffs on UK exports as part of trade tensions. Key sectors such as machinery, pharmaceuticals, and chemicals are affected.

Economic consequences:

- **Export losses:** Higher US tariffs make British goods less competitive → demand drops.
- **Production cuts and layoffs:** Export-oriented firms scale back operations → job losses in manufacturing.
- **Weaker pound:** Reduced foreign earnings weaken the currency → more expensive imports → inflation.
- **Supply chain disruptions:** UK's global supply chains face pressure due to reduced demand and higher trade barriers.
- **Trade realignment:** Britain must look for alternative markets, but that may take time and resources.

Scenario 2: Nationalist-populist government with strong focus on sovereignty and protectionism

Government characteristics:

- Emphasis on sovereignty – "Britain for the British", "locals first".
- Reduced cooperation with the UN, WTO, NATO.
- Greater state control of the economy – price interventions, subsidies, restrictions on foreign investors.
- Criticism of foreign influence in media, universities, and tech firms.
- Restrictions on media freedom, protests, and public criticism.

Economic consequences:

- **Reduced investor confidence:** Environment seen as unstable → capital flight → companies leave London.
- **Weakening of the British pound:** Low confidence → currency depreciates → imports become more expensive → inflation.
- **Increased isolation:** Harder access to foreign markets → export declines → weaker economic growth.
- **Domestic market distortions:** Price caps (e.g. on energy, rent) → shortages, business losses, production declines.

- **Rise in public spending:** Subsidies and bailouts → rising public debt → potential credit rating downgrade → more expensive government borrowing.
- **Risk of technological stagnation:** Restrictions on foreign firms → lagging innovation → developing domestic alternatives is expensive and slow.

CHINA (Own currency – yuan, non-EU)

CHINA (Tech superpower, heavily digitalized society)

Scenario 3:A coordinated cyberattack hits China, paralyzing key infrastructure: energy grids, banking, public administration, transport, hospitals, and payment systems. The attack involves ransomware and critical infrastructure vulnerabilities.

Economic Consequences:

- **Disrupted production chains**: Cloud systems and logistics are paralyzed → factory output slows, exports delayed → GDP contracts.
- **High-tech sector vulnerability**: Major companies (Huawei, Alibaba, BYD) are targeted → data loss, investor distrust.
- **Financial panic**: Digital stock exchanges and payment platforms (e.g. Alipay, WeChat Pay) go offline → restricted money flows.
- **Swift state response**: The authoritarian government mobilizes IT forces and cuts off international network access → digital isolation.
- **Long-term strategy**: Major investment in "digital sovereignty" → domestic networks, government-controlled internet ("Digital Firewall 2.0").

EU Response:

- **No direct assistance** to China.
- **Strengthening of EU cybersecurity and digital autonomy** (investments in cloud, chips, AI).
- **New trade restrictions on Chinese tech** to protect critical infrastructure.
- **Restructuring of supply chains** to reduce dependence on Chinese components.
- **Stronger cyber coordination within NATO** and digital defense coalitions.

Country	Scenario 1: US Tariffs	Scenario 2: Nationalist-Populist Government	Scenario 3: Cyberattack	EU Response
Slovakia *(Eurozone, EU)*	- Tariffs on cars - Export loss - GDP decline - Employment & fiscal pressure	- Focus on sovereignty - Possible EU fund suspension - Investor flight - Budget strain, isolation	- Paralyzed infrastructure - Industrial shutdown - Panic, capital flight - High recovery cost	Full solidarity CERT-EU & ENISA Direct funding ECB support Trusted partner
Poland *(Own currency, EU)*	- Tariffs on steel/agriculture - Export fall - Zloty depreciation - Inflation	- EU clashes over rule of law - Zloty falls - Investment decline - Market distortions	- Widespread outages - Currency instability - State control increases - High recovery costs	Conditional support Monitored technical aid No direct gov. funding ECB coordination only
UK *(Pound, non-EU)*	- Tariffs on industry - Export loss - Job cuts - Weaker pound - Supply chain disruption	- Sovereignty-focused - Less intl. cooperation - Capital flight - Market instability - Innovation lag	❌ Not targeted in scenario 3	No direct EU help Trade diversification by EU Possible regulatory divergence
China *(Yuan, non-EU, tech power)*	❌ Not targeted in scenario 1	❌ Not targeted in scenario 2	- Paralyzed logistics & finance - Investor panic - Digital isolation - Push for tech independence	No aid EU boosts its own cyber defense Tech decoupling New restrictions on Chinese tech