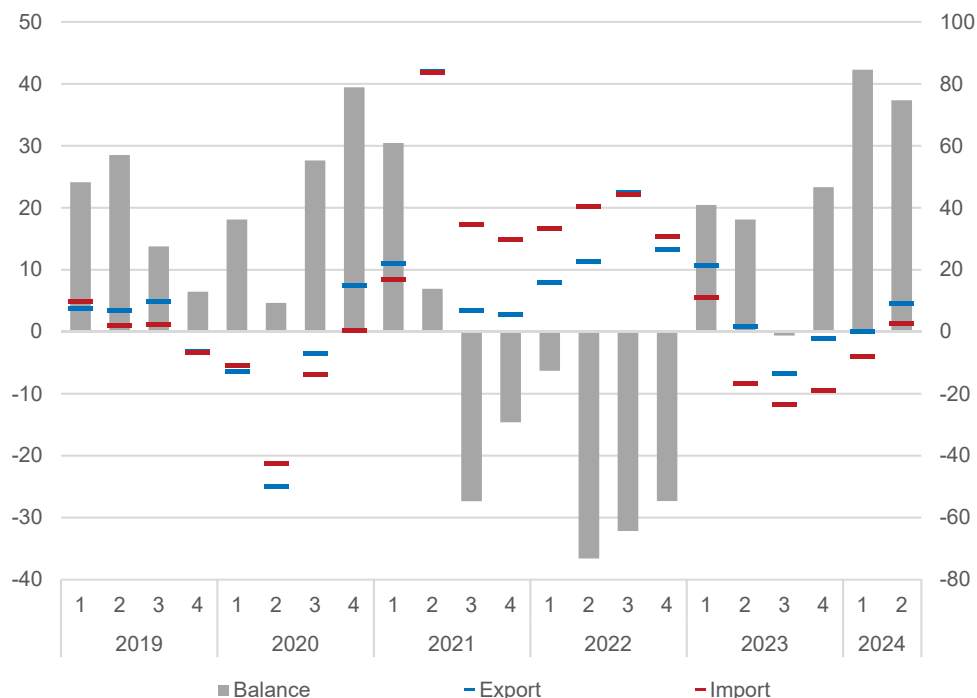


4. External Relations

Year-on-year growth of export strengthened in Q2.

In H1 2024, the value of total exports of goods¹ increased by 52.2 bn CZK (2.3%), year-on-year, to 2,341.8 bn CZK in H1 2024. The development in Q2, when exports increased by 52.3 bn CZK (4.6%), year-on-year, to 1,185.5 bn CZK, stands solely behind the total half-yearly increase. The strengthening of export price growth partially manifested². According to the seasonally adjusted data, the value of exports increased by 0.5%, quarter-on-quarter, in Q2 2024 and the rate of growth thus slowed down in comparison to the previous two quarters.

Chart 9 Export and import of goods (y-o-y change, in %) and balance of international trade with goods (in bn CZK, right axis)



Source: CZSO

Mostly export outside the EU grew.

The value of exports into the EU countries decreased, year-on-year, in H1 (-5.4 bn CZK, -0.3%), which was significantly driven by the development of exports to Germany (-6.7 bn CZK, -0.9%), Austria (-6.7 bn, -6.9%) and the Netherlands (-6.3 bn, -7.9%). On the contrary, the exports to countries outside the EU increased by 57.4 bn CZK (13.2%), year-on-year, in H1. Strengthening of exports to Great Britain (+19.7 bn CZK, 22.0%) played a major role in this development. Exports to the EU grew slightly in Q2 alone (+15.3 bn CZK, 1.7%), however mainly the exports outside the EU (+37.0 bn, 16.9%) contributed to the total year-on-year growth of exports. Exports to Great Britain grew the most, year-on-year³ (see Table 2). With some margin, the increase for Germany and the United States of America followed. Exports to China, Slovakia, Turkey, Ukraine, Spain, Singapore or Romania also contributed notably to the growth of exports. There was a significant minority of countries where exports fell, year-on-year, in Q2. Exports to Belgium, Italy and Austria decreased the most.

¹ Data for foreign trade with goods are recalculated using the updated method based on higher rate of detail since year 2020, see <https://csu.gov.cz/update-of-the-compilation-method-international-trade-in-goods-change-of-ownership>. Unless stated otherwise, all figures are without seasonal adjustment and in current prices.

² Prices of exports of goods were by 3.7% higher, year-on-year, in Q2. Quarter-on-quarter, they increased by 0.6%. Prices of other materials plunged by 18.6% last year and mineral fuels by 0.9%. But prices of mineral fuels decreased by 13.7%, year-on-year, in Q4.

³ Mainly the export of motor vehicles grew sharply.

Motor vehicles continued to be at the forefront of the export growth.

The exports of motor vehicles (+43.2 bn CZK, 6.8%) and computers, electronic and optical appliances and equipment (+16.0 bn CZK, 8.8%) increased the most in H1. On the other hand, the exports of machinery and equipment (-12.8 bn CZK, -4.7%), electricity, gas, steam and air conditioning (-10.6 bn, -37.4%) and basic metals (-10.6 bn, -11.9%) plunged. Exports of a number of goods started to grow, year-on-year, in Q2 itself and strengthened for other goods compared to the previous quarter. Exports of motor vehicles (see Table 1) and computers, electronic and optical appliances and equipment increased the most. Exports of rubber and plastic products, food products and chemicals and chemical products also grew considerably. A decrease in the value of exports was recorded for a minority of good types, the most for machinery and equipment, basic metals and coke, and refined petroleum products.

Table 1 Sections of CPA classification with highest impact on goods exports development in Q2 (year-on-year) **Table 2 Countries with largest impact on exports of goods in Q2 2024 (year-on-year)**

	bn CZK	%		bn CZK	%
Motor vehicles (excl. motorcycles) and parts	+20.7	+6.4	Great Britain	+12.8	+28.8
Computers, electron. and opt. appliances and equipment	+11.6	+13.2	Germany	+12.5	+3.6
Rubber and plastic products	+5.7	+10.3	United States of America	+5.3	+18.6
Food products	+5.7	+14.0	Poland	+4.5	+5.7
Chemicals and chemical products	+4.9	+9.5	China	+3.6	+32.1
Collection, treatment, management and disposal of waste	+2.6	+24.9	Slovakia	+3.3	+3.2
Electric equipment	+2.6	+2.3	Turkey	+2.9	+17.3
Paper and paper products	+2.5	+13.0	Ukraine	+2.0	+25.7
Other manufacturing products	+1.8	+6.9	Spain	+1.8	+5.5
Basic pharmaceutical products	+1.7	+9.8	Singapore	+1.7	+76.4
Wearing apparel	+1.5	+29.6	Romania	+1.5	+8.3
Electricity, gas, steam and air conditioning	-1.7	-17.2	Sweden	-1.4	-7.3
Coke and refined petroleum products	-3.0	-23.4	Austria	-2.1	-4.6
Basic metals	-3.8	-8.9	Italy	-2.5	-5.0
Machinery and equipment, n.c.e.	-4.2	-3.1	Belgium	-3.5	-12.8

Source: CZSO

Source: CZSO

Import strongly grew, year-on-year, in Q2.

The value of imports of goods totalled 2,182.6 bn CZK in H1 2024 and it was lower by 30.0 bn CZK (1.4%), year-on-year. The decline mainly resulted from a strong plunge that occurred in Q1. The value of imports already increased by CZK 13.8 billion (1.3%), year-on-year, in Q2 2024 and thus reached 1,110.8 bn CZK. Nevertheless, the increase in import prices was higher than the given nominal increase of its value⁴. According to the seasonally adjusted data, the value of exports decreased by 0.4%, quarter-on-quarter. Imports from the EU (-13.5 bn CZK, -1.0%) as well as from non-EU countries (-17.4 bn, -2.2%) were lower, year-on-year, in H1. Imports from China (-23.6 bn, -8.7%) and Norway (-20.8 bn, -41.3%) shrank notably, while imports from Taiwan (+11.3 bn, 76.3%) had a strong increase. Imports from the EU grew slightly (+2.6 bn CZK, 0.4%) already in Q2, as did imports from countries outside the EU (+12.6 bn CZK, 3.2%). Taiwan also contributed the most to the increase in imports in Q2 (see Table 4) and the sharp surge of dynamics evident also in the previous quarter continued⁵. Trade with Azerbaijan, Germany or Poland also contributed significantly to the growth of imports. On the contrary, imports from Norway, Hungary or Slovakia fell significantly.

Import of electrical equipment was falling.

The largest increase in imports was recorded for computers, electronic and optical appliances (+25.1 bn CZK, 11.2%), food products (+11.1 bn, 10.4%) and coke and refined

⁴ Prices of imports of goods were by 3.0% higher, year-on-year, in Q2 and by 0.1%, quarter-on-quarter.

⁵ The increase for Taiwan was related to an increase in imports of computers and electronic and optical appliances.



petroleum products (+10.8 bn, 25.8%) in the cumulation for the whole H1. On the contrary, the value of imports of electrical equipment⁶ (-36.3 bn CZK, -15.0%), machinery and equipment (-17.4 bn, -8.3%) and oil and natural gas (-11.3 bn, -12.8%) fell significantly. The imports of computers, electronic and optical appliances grew the most in Q2 alone (see Table 3) and further the value of imports of coke and refined petroleum products, food products and chemical products increased significantly. On the contrary, considerable declines were recorded for imports of electrical equipment, oil and natural gas, as well as machinery and equipment.

Table 3 Sections of CPA classification with highest impact on goods imports development in Q2 (year-on-year)

	bn CZK	%
Computers, electr. and opt. appliances and equipment	+20.1	+18.6
Coke and refined petroleum products	+8.5	+42.7
Food products	+7.0	+13.1
Chemicals and chemical products	+4.4	+5.0
Rubber and plastic products	+1.9	+3.7
Basic pharmaceutical products	+1.7	+5.2
Paper and paper products	+1.4	+9.3
Furniture	+1.2	+17.7
Other transport equipment	-1.6	-9.3
Metalworking products except for machinery and equipment	-1.7	-3.4
Electricity, gas, steam and air conditioning	-2.3	-40.9
Black and brown coal and lignite	-2.7	-43.8
Machinery and equipment, n.c.e.	-6.3	-6.0
Oil and natural gas	-10.6	-23.4
Electric equipment	-13.0	-10.8

Table 4 Countries with largest impact on imports of goods in Q2 2024 (year-on-year)

	bn CZK	%
Taiwan	+7.1	+96.0
Azerbaijan	+4.6	+77.3
Germany	+3.6	+1.4
Poland	+3.4	+3.4
United States of America	+2.6	+8.1
Bulgaria	+1.7	+35.0
Spain	+1.4	+6.0
India	+1.3	+15.3
Kazakhstan	+1.3	+61.1
France	-1.5	-4.3
Great Britain	-1.7	-8.9
Russia	-2.1	-13.7
Slovakia	-3.1	-5.0
Hungary	-4.4	-15.2
Norway	-10.8	-39.8

Source: CZSO

Source: CZSO

Surplus of the balance of international trade with goods jumped to historical maximum in H1.

The balance of international trade with goods reached a surplus of 159.2 bn CZK for the whole H1 2024, which is according to the available data the highest recorded value in the given period of the year. The positive balance improved markedly, year-on-year, in both quarters of the year. The international trade surplus attained 74.7 bn CZK in Q2, up by 38.5 bn CZK, year-on-year. Surplus of the seasonally adjusted balance also improved quarter-on-quarter.

Especially the balance of trade with countries outside the EU was improving.

The year-on-year balance improvement can be ascribed completely to the trade with the non-EU countries in H1, where the traditional deficit narrowed by 74.8 bn CZK. The surplus of trade with EU countries improved only by 8.1 bn CZK, year-on-year. The balance of international trade with goods with China (+29.2 bn CZK), Great Britain (+24.6 bn CZK) and Norway (+22.9 bn CZK) improved the most, year-on-year, in H1. In contrast, a significant drop in the surplus was recorded for trade with Taiwan (-10.5 bn CZK), the Netherlands (-5.7 bn), Azerbaijan (-5.7 bn) and Germany (-5.2 bn). In Q2 alone, the balance of trade with EU countries improved by 12.7 bn CZK, year-on-year, and with non-EU countries by 24.4 bn CZK. Trade with Great Britain (see Table 6) and Norway contributed the most significantly to the year-on-year improvement of the balance and the trade balance with Germany, Slovakia, Hungary, Turkey or China also improved. Trade with the United Kingdom (see Table 6) and Norway contributed most significantly to the year-on-year improvement of the balance, and the trade balance with Germany, Slovakia, Hungary, Turkey and China also improved. Trade with Taiwan, Azerbaijan, Belgium and Italy acted the most in the direction of the year-on-year deterioration of the balance.

⁶ This year's decrease is connected to the last year's high comparative base for products needed to install photovoltaic power plants (especially batteries). Imports peaked in the first half of 2023 and subsequently started to fall.

Table 5 Sections of CPA classification with highest Table 6 Countries with largest impact on international impact on international trade with goods balance trade with goods development in Q2 2024 (year-on-year) development in Q2 2024 (year-on-year)

	bn CZK		bn CZK
Motor vehicles (except for motorcycles) and parts	+20.4	Great Britain	+14.5
Electric equipment	+15.6	Norway	+11.9
Oil and natural gas	+10.7	Germany	+8.9
Rubber and plastic products	+3.8	Slovakia	+6.4
Black and brown coal and lignite	+3.0	Hungary	+4.9
Other transport equipment	+2.7	Turkey	+3.4
Metalworking products except for machinery and equipment	+2.5	China	+3.3
Collection, treatment, management and disposal of waste	+2.1	United States of America	+2.7
Machinery and equipment n.c.e.	+2.1	Russia	+2.5
Paper and paper products	+1.1	France	+2.5
Food products	+1.1	Bulgaria	-2.4
Furniture	-1.3	Italy	-3.3
Basic metals	-1.6	Belgium	-3.5
Computers, electr. and opt. appliances and equipment	-4.7	Azerbaijan	-4.5
Coke and refined petroleum products	-8.5	Taiwan	-7.3
	-11.5		
	Source: CZSO		Source: CZSO

Trade with motor vehicles contributed the most to the balance improvement.

Trade with motor vehicles (+37.3 bn CZK), electrical equipment (+32.0 bn) and oil and natural gas (+11.7 bn) influenced the most the year-on-year improvement of the international trade balance in H1. The most significant balance deterioration was recorded for coke and refined petroleum products (-14.4 bn CZK) in H1. In Q2 alone, the balance of trade with motor vehicles (see Table 5), electrical equipment and oil and natural gas improved the most, by a significant margin. A significant improvement also played out in trade with rubber and plastic products, black and brown coal and lignite, other transport equipment and fabricated metal products. The balance of trade with coke and refined petroleum products, computers, electronic and optical appliances and basic metals deteriorated the most, year-on-year, in Q2.

