

4. External Relations

Value of exports of goods grew only slightly last year.

Total value of exports of goods¹ attained 4 452.7 CZK bn in year 2023, which represented increase against year 2022 of 45.4 bn (1.0%). Development in individual quarters however varied considerably and was affected by the comparative basis of year 2022 as well as the development of prices². Total mild increase of the value of exports of goods is the result of the favourable development in the first half of the year (mainly growth of 10.8% in Q1 and mild increase by 1.0% in Q2). Nevertheless, the exports of goods fell year-on-year by 6.6% in Q3. The decrease reduced to 0.6% in Q4 2023. Value of exports decreased by 7.4 CZK bn and attained 1 138.7 bn. Based on the seasonally adjusted data, the value of exports increased by 1.6% quarter-on-quarter in Q4.

Export to the EU stagnated last year. Export outside the EU slightly increased.

Value of exports into the EU countries basically stagnated for the whole year 2023 (growth of 3.2 CZK bn, 0.1%), because the exports started after the strong increase in the first quarter of the year falling year-on-year and the slump further deepened in H2. The dynamics of exports into the EU thus did not follow up in the two significant increases from years 2021 and 2022. Exports to countries outside the EU rose in total by 41.7 CZK bn (4.9%). The total exports increased only slightly or stagnated in several countries last year. Changes of electricity influenced the export development especially at our geographic neighbours³. The value of exports of goods increased the most to Turkey (+17.4 CZK bn, 34.1%), Great Britain (+15.1 bn, 9.1%), France (+11.4 bn, 5.3%), Germany (+13.8 bn, 1.0%), Poland (+10.0 bn, 3.2%), Ukraine (+9.7 bn, 38.1%), to Switzerland (+7.0 bn, 9.4%) and to Hungary (+5.1 bn, 3.9%) last year. On the other hand, exports of goods sank to Slovakia (-32.3 CZK bn, -7.2%), to Austria (-22.3 bn, -11.1%) or to Russia (-16.9 bn, -52.3%). More detailed view of smaller business partners shows the ongoing sharp growth of exports to Azerbaijan (+1.4 CZK bn, 49.7%) and marked increase of exports to Indonesia (+1.6 bn, 74.0%). The exports into the European Union slumped by 20.0 CZK bn year-on-year (-2.2%) in Q4 2023 itself. On the contrary, the value of goods exported outside the EU expanded (+12.4 CZK bn, 5.4%). The value of exports decreased the most year-on-year to Germany (-15.2 CZK bn, -4.5%) and to Austria (-7.5 bn, -15.2%). The decrease was recorded also for the exports to Spain (-3.4 CZK bn, -10.0%), to Slovakia (-2.9 bn, -2.5%), to Italy (-2.4 bn, -5.0%), to Russia (-2.2 bn, -36.0%) or the Netherlands (-2.0 bn, -5.2%). On the contrary, exports to Turkey (+4.9 bn, 32.3%), Poland (+4.6 CZK bn, 5.8%), Great Britain (+4.1 bn, 9.6%) or France (+2.5 bn, 4.4%) increased year-on-year.

Exports of majority types of goods decreased last year. Total increase was the result of favourable development of some industrial commodities significant for export.

Relatively mild increase of the value of exports was influenced by opposing forces of development of many articles, whose prices plummeted and whose export thus decreased, and on the contrary revival of number of industrial commodities significant for export. Value of export of motor vehicles (+183.8 CZK bn, 17.6%), electrical equipment (+42.4 bn, 10.2%), machinery and equipment (+25.9 bn, 5.2%) and food products (+18.4 bn, 12.4%) increased the most last year. Exporters of other transport equipment also prospered (+8.2 CZK bn, 12.5%). Export of majority of types of goods however decreased last year, the exports electricity, gas, steam and air conditioning (-67.4 CZK bn, -56.5%), basic metals (-35.4 bn, -18.2%), chemical substances and products (-29.2 bn, -12.4%), wood and wood products (-15.4 bn, -25.6%), petroleum and natural gas (-13.2 bn, -98.5%) and products of forestry and wood logging (-10.9 bn, -43.8%) went down the most last year together with prices. The export of computers, electrical and optical appliances (-24.4 bn, -5.9%) and strongly

¹ Data for foreign trade with goods are recalculated using the updated method based on higher rate of detail since year 2020, see <https://www.czso.cz/csu/czso/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 fell by 0.7% last year and were by 2.2% lower year-on-year in Q4 itself. Quarter-on-quarter, the export prices 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.

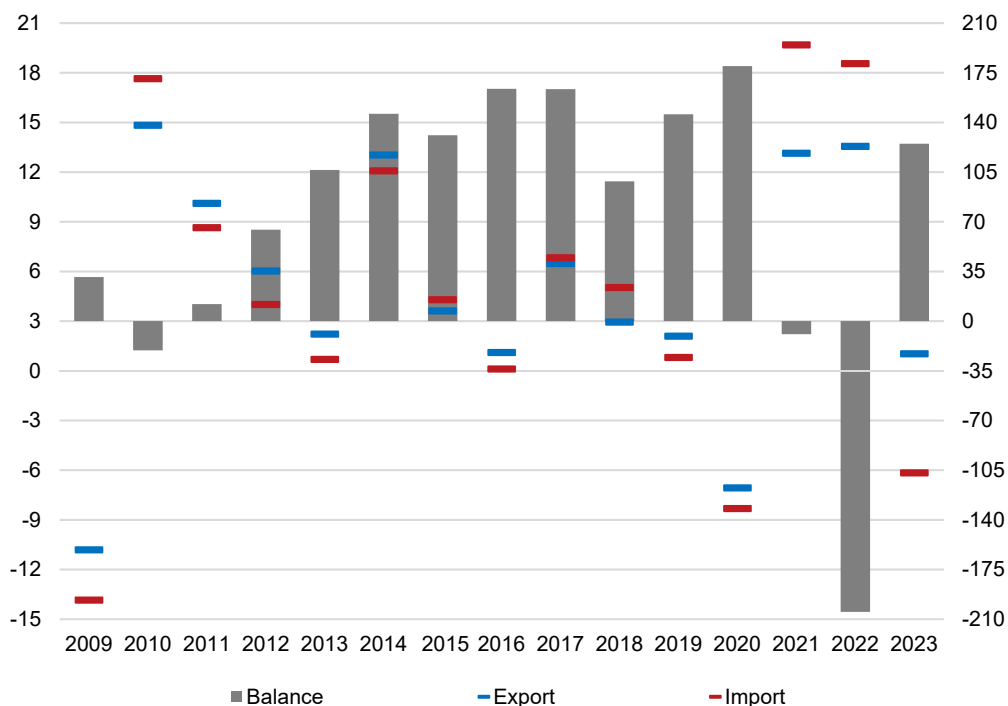
³ In connection with the sharp hike of prices in year 2022, the value of exports of electricity, gas, steam and air conditioning to Germany increased by 38.7 bn CZK and it plunged by 30.8 bn last year. In case of Slovakia, following an increase of 15.6 bn CZK a plunge of 30.9 bn followed last year. Similarly, the export of electricity into Austria increased by 8.9 bn CZK in year 2022 and it fell by 9.1 bn last year.

decreased and more distinct decrease was also recorded at the export of activities of waste collection (-8.0 bn, -17.0%), coke and refined petroleum products (-7.3 bn, -12.5%), products of agriculture and hunting (-6.3 bn, -10.2%), metalworking products (-6.2 bn, -2.3%), or other non-metal mineral products (-6.1 bn, -6.8%).

The export of majority types of goods decreased in Q4.

The export of majority of commodities decreased year-on-year in Q4. The slump of value of exports of electricity, gas, steam and air conditioning (-16.7 CZK bn, -56.7%), computers, electrical and optical appliances (-10.2 bn, -8.8%) and basic metals (-5.9 bn, -14.2%) contributed the most to the total year-on-year decrease of exports. The value of exports of electrical appliances (-4.7 CZK bn, -4.0%), petroleum and natural gas (-4.3 bn, -98.8%), chemical substances and products (-3.5 bn, -6.2%), machinery and equipment (-3.4 bn, -2.6%), coke and refined petroleum products (-2.4 bn, -15.8%), products of forestry and wood logging (-2.4 bn, -44.0%), wood and wood products (-2.3 bn, -18.0%) or other non-metal mineral products (-2.2 bn, -10.0%) was also lower. Among the few types of goods, where the exports increased, it grew the most for motor vehicles (+48.5 CZK bn, 17.6%) year-on-year. Exports of food products also recorded a more notable increase (+3.3 CZK bn, 8.1%).

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



Source: CZSO

Import sharply plunged last year, to a large extent due to the slump of prices.

Import of goods slumped by 284.3 CZK bn (-6.2%) to 4 327.8 bn in year 2023. Development of prices of materials and fuels participated on the decrease to a large extent⁴, but also the local subdued both consumer and industrial demand. Similarly to export, the import increased year-on-year in Q1 2023 (5.7%). However, the imports of goods significantly plunged (-8.2% and -11.8% in Q2 and Q3) in the rest of the year. The value of imports attained 1 089.8 CZK bn in Q4 and it was by 110.9 bn (-9.2%) lower year-on-year. Seasonally adjusted data show, that the value of imports dropped by 0.9% quarter-on-quarter in Q4, for the fifth time in a row. Imports from the EU decreased by 68.8 CZK bn last year (-2.5%). Imports of goods from countries outside the EU slumped by 218.5 CZK bn

⁴ Prices of imports of goods were lower by 5.7% last year. In Q4, they fell by 6.1% year-on-year and increased by 1.5% quarter-on-quarter. Prices of imports of mineral fuels dropped by 27.7% last year, other materials by 10.7% and chemicals by 7.9%.



(-12.0%), which was largely influenced by the decrease of prices of a number of materials, mainly petroleum and natural gas. The strongest decrease of imports was recorded for Russia (-189.5 CZK bn, -71.3%), China (-49.5 bn, -8.5%), Poland (-23.2 bn, -5.7%), Germany (-19.7 bn, -2.0%) and Austria (-18.0 bn, -13.1%) last year. The only considerable increase of imports was recorded in case of Norway (+37.0 CZK bn, 75.5%), which assumed the role of the main natural gas supplier instead of Russia since the last year. The import from the EU fell by 16.7 CZK bn year-on-year (-2.4%) in Q4 2023 itself. Import from the countries outside the EU kept falling more markedly (-94.3 CZK bn, -18.8%). Import from China (-49.6 CZK bn, -27.4%) and Norway (-21.7 bn, -53.2%) sank the most year-on-year. The value of imports from the United States (-5.3 bn, -14.3%), from Poland (-5.0 CZK bn, -5.0%), Russia (-4.4 bn, -15.9%), Austria (-4.2 bn, -13.0%) or Germany (-3.9 bn, -1.5%) was also lower. Imports from the majority of observed countries was falling and more notable year-on-year increase was recorded only for Kazakhstan (+2.9 CZK bn, 76.3%, especially the imports of petroleum and natural gas increased).

Import of petroleum and natural gas slumped the most last year.

Import of petroleum and natural gas (-161.4 CZK bn, -46.9%) and further basic metals (-61.8 bn, -16.3%), chemical substances and products (-48.0 bn, -12.2%) and computers, electronic and optical appliances (-21.1 bn, -4.3%) participated to a major extent on the last year's slump of import. Significant decrease of the value of imports of coke and refined petroleum products (-17.1 CZK bn, -15.9%) electricity, gas, steam and air conditioning (-15.4 CZK bn, -42.1%) or black and brown coal and lignite (-10.1 bn, -31.5%) also confirms the effect of falling material prices. Decrease of imports of other manufacturing products (-12.5 CZK bn, -12.2%) was also substantial. Motor vehicles (+71.2 CZK bn, 12.2%), electrical appliances (+22.5 bn, 5.2%), other transport equipment (+12.4 bn, 24.6%) or food products (+11.3 bn, 5.4 %) belong among the minority of products, whose import increased last year. Decrease of petroleum and natural gas (-32.4 CZK bn, -38.7%) and electrical equipment (-23.9 bn, -17.9%) contributed the most to the year-on-year slump of value of import in Q4 itself. More notable decrease was also recorded for imports of machinery and equipment (-10.4 CZK bn, -9.7%), basic metals (-10.1 bn, -12.4%), computers, electronic and optical appliances (-9.2 bn, -6.8%), chemical substances and products (-8.1 bn, -8.5%), coke and refined petroleum products (-4.1 bn, -15.3%), clothing (-3.8 bn, -19.6%), black and brown coal and lignite (-3.4 bn, -48.1%) or other manufacturing products (-3.4 bn, -12.0%). Only the import of motor vehicles increased considerably year-on-year in Q4 (+14.8 CZK bn, 9.4%) in Q4.

Trade with countries outside the EU contributed the most to the improvement of international trade balance.

International balance of goods ended in surplus of 124.9 CZK bn⁵ last year. That is year-on-year by 329.7 CZK bn better result, which was impacted mainly by the plunge of prices of fuels and basic materials. Balance reached surplus in the first half of the year (39.8 CZK bn and 36.4 bn in Q1 and Q2) and ended in small deficit in the third quarter of the year (-0.2 bn). International balance of trade of goods attained surplus of 48.9 CZK bn in Q4 2023 and thus improved by 103.5 bn year-on-year. Seasonally adjusted data confirm that the balance markedly improved after mild quarter-on-quarter deterioration in Q3. Balance of international trade balance of goods improved last year both with the EU (+72.1 CZK bn) and countries outside the Union (+260.2 bn). The trade with (+172.7 CZK bn), China (+47.1 bn), Poland (+33.2 bn), Germany (+33.4 bn), Turkey (+18.5 bn), France (+17.6 bn), Ukraine (+14.1 bn), Great Britain (+11.5 bn), Belgium (+10.3 bn) and Italy (+10.2 bn) worked the most in the direction of balance improvement last year. The balance of trade with Norway (-39.6 CZK bn) and with Slovakia (-36.6 bn) on the contrary sharply worsened.

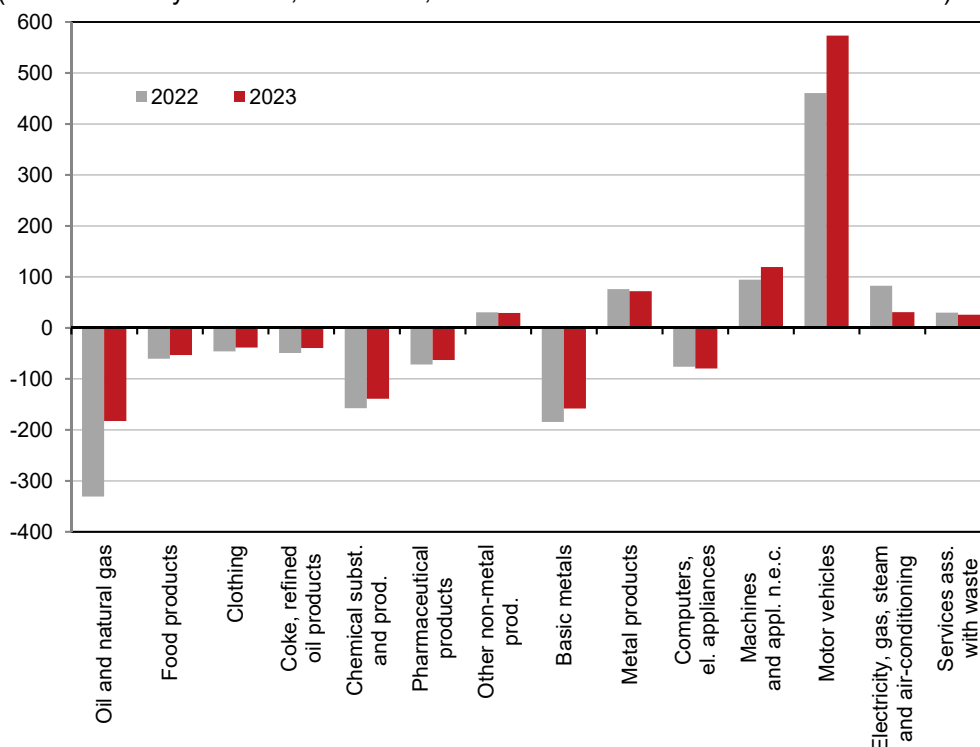
Surplus of balance of trade with the EU countries improved only slightly in Q4.

Trade with the countries outside the EU (+106.6 CZK bn) participated to a major extent on the year-on-year improvement of the international trade balance in Q4, while in case of trade with the European Union the positive balance slightly shrank (-3.3 bn). Balance of trade with

⁵ View on the development in the last ten years shows, that the positive balance of the international trade of goods was higher in years 2014–2017 and 2019–2020.

China (+49.9 CZK bn, Norway (+20.7 bn) and Poland (+9.7 bn) improved year-on-year the most. International trade result was also better in case of Great Britain (+6.5 bn), Turkey (+5.9 bn), France (+4.6 bn), Ukraine (+4.4 bn), the United States (+4.3 bn) or Japan (+3.2 bn). Above stated development of balance with the EU was affected by the international worsening of positive balance of trade with Germany (-11.4 CZK bn), Slovakia (-4.6 bn), Spain (-4.3 bn) or Austria (-3.3 bn). Among the countries outside the Union, mainly trade with Kazakhstan (-2.8 CZK bn) had more notable contribution in the direction of total balance worsening.

Chart 10 Balance of international trade with goods in international trade statistics
(cumulation of year 2023, in CZK bn, selected divisions of the CPA classification)



Source: CZSO

Balance of trade with petroleum and natural gas and motor vehicles improved the most last year.

Moderation of the deficit in the trade with petroleum and natural gas (+148.2 CZK bn) influenced by the decrease of prices and improvement of the surplus of trade with motor vehicles (+112.6 bn) associated with the continuing revival in the branch, had the largest share on the last year's massive balance improvement. Balance of trade with basic metals (+26.4 CZK bn), machinery and equipment (+24.7 bn), chemical substances and products (+18.8 bn), electrical equipment (+20.0 bn), other manufacturing products (+12.2 bn), coke and refined petroleum products (+9.8 bn), basic pharmaceutical products (+8.6 bn), rubber and plastic products (+7.7 bn), clothing (+7.5 bn), black and brown coal and lignite (+7.3 bn), food products (+7.1 bn), paper and paper products (+7.1 bn) or ores (+6.3 bn) also worked strongly in the direction of improvement last year. The balance was improving year-on-year for a major part of commodities. Trade with electricity, gas, steam and air conditioning (-51.9 CZK bn), products of forestry and wood logging (-11.1 bn), products of agriculture and hunting (-10.1 bn) and wood and wood products (-7.9 bn) were strong exceptions. Balance of trade with motor vehicles (+33.7 CZK bn), petroleum and natural gas (+28.1 bn) and electrical appliances (+19.2 bn) improved the most year-on-year in Q4 itself. Trade with machinery and equipment (+7.0 CZK bn), clothing (+4.6 bn), chemical substances and products (+4.5 bn), basic metals (+4.3 bn), basic pharmaceutical products (+4.1 bn) or other manufacturing products (+3.2 bn) also had a favourable effect on the balance. Worsening of balance for electricity, gas, steam and air conditioning (-13.7 CZK bn) was the largest factor in the year-on-year worsening of balance in Q4.

