

4. External Relations

Export of goods grew year-on-year in both H1 and Q2 itself.

The value of exports of goods amounted to 2 197.5 CZK bn in H1 2022. Export expanded by 192.3 bn (9.6%) compared to the same period of the last year. Relatively strong addition can be ascribed to the growth of prices, mainly of various materials. In Q2 individually, the export of goods rose by 114.6 CZK bn (11.2%) year-on-year to 1 137.2 bn. The year-on-year dynamics accelerated against Q1, where the strengthened price growth played a role and partially also the improvement of situation regarding the supplies of components in some branches.

Export into the EU stands nearly exclusively behind the export growth.

Solely the export into the European Union was growing in H1 (+194.8 CZK bn, 12.1%). In contrast, the export outside the EU was by 2.6 CZK bn (-0.7%) lower year-on-year. Export into the EU increased by 113.7 bn (13.8%) year-on-year in Q2 itself, which presented a faster pace compared to the previous quarter. Export outside the EU stagnated (+0.8 CZK bn, 0.4%). The value of export to Germany (+35.1 CZK bn, 11.1%) and Slovakia (+24.6 bn, 26.4%) grew the most year-on-year in Q2, which was similarly to Q1 linked to a large extent to the sharp hike of the value of exported electricity¹. The year-on-year increase of export to Poland (+10.6 CZK bn, 14.9%), the United States (+8.1 bn, 36.5%), Austria (+7.8 bn, 17.4%), Italy (+7.6 bn, 18.9%) or Spain (+5.9 bn, 21.8%) was also significant. The value of export of goods grew into the majority of countries year-on-year. Russia (-17.0 CZK bn, -72.8%), Ukraine (-2.7 bn, -30.8%) or Ireland (-1.9 bn, -25.6%) belonged for instance among the exceptions, where the export fell year-on-year.

Export of motor vehicles again grew after three quarters of declines.

The value of export of electricity, gas, steam and air conditioning (+35.3 CZK bn, 284.0%), basic metals (+25.9 bn, 30.9%) and chemical substances and products (+24.0 bn, 23.1%) increased the most year-on-year in H1. The increase in prices plays a considerable part for all mentioned export items. Only few types of goods experienced decrease of export year-on-year, only export of motor vehicles (-12.1 CZK bn, -2.3%) and computers, electronic and optical appliances (-6.1 bn, -3.0%) was markedly lower year-on-year. The export of electricity, gas, steam and air conditioning (+14.3 CZK bn, 207.2%) increased the most year-on-year in Q2 itself, however the addition moderated compared to the preceding quarter. Export of basic metals (+13.0 CZK bn, 29.6%), chemical substances and products (+11.5 bn, 21.3%), electrical appliances (+11.3 bn, 12.5%) and metalworking products (+10.3 bn, 16.0%) also strongly grew year-on-year. Following three quarters of year-on-year drops, the export of motor vehicles again started to growth in Q2 (+12.8 CZK bn, 4.8%). The value of export of food (+6.9 CZK bn, 21.8%), oil and natural gas (+5.2 bn²), paper and paper products (+5.2 bn, 30.2%), coke and refined oil products (+4.9 bn, 47.1%) or products of agriculture and hunting (+4.3 bn, 42.8%) and machinery and equipment (+4.2 bn, 3.8%) was also higher. Only the export of computers, electrical and optical appliances and equipment (-5.0 CZK bn, -4.9%) was notably lower year-on-year in Q2.

Import steeply grew under the influence of rising prices of materials.

Goods in the value of 2 274.7 CZK bn was imported into the CR in H1. It is by 344.4 bn (17.8%) more year-on-year. Substantial excess of rate of growth compared to the export increase is connected to the steep hike of prices of materials (mainly oil and natural gas). The import of goods reached 1 203.3 CZK bn in Q2 itself and it rose by 194.6 bn (19.3%) year-on-year. The territorial structure of imports differed from exports. Even though the year-on-year addition to the import from the EU was relatively strong in H1 (+161.1 CZK bn, 13.0%), it lagged behind the growth of imports from countries outside the EU (+180.9 bn, 26.7%). It was just the year-on-year increase of imports from outside the EU that considerably strengthened in Q2 (+110.9 CZK bn, 31.3%), while the imports from the EU grew at a similar pace as in the preceding quarters (+82.6 bn, 12.7%). The imports from

¹ Year-on-year increase of the value of export of electricity, gas, steam and air conditioning to Slovakia reached 6.2 CZK bn and 7.4 bn to Germany.

² The export of oil and natural gas totalled 16 CZK mil in Q2 2021, it was 5.2 bn this year.



Russia (+65.5 CZK bn, 209.9%) increased the most year-on-year in Q2. It mirrored the sharp jump of prices of gas as well as the expanded volume of its import in the effort to fill the gas storage. The increase of imports from Poland (+19.7 CZK bn, 21.7%) and Germany (+19.9 bn, 8.2%), China (+15.2 bn, 13.8%), Slovakia (+10.0 bn, 19.7%), Austria (+8.8 bn, 29.6%), Italy (+7.3 bn, 15.6%) and the United States (+5.9 bn, 24.6%) was also strong. Imports from France (+4.3 CZK bn, 13.8%), Azerbaijan (+3.9 bn, 72.4%) or the Netherlands (+3.7 bn, 13.9%) grew as well. Stronger decrease of imports was recorded only for Hungary (-1.1 CZK bn, -3.5%).

Growth of the value of imports of oil and natural gas was massive.

Branch structure of the import confirms the important role of the price rise in the development of the foreign trade. The import of oil and natural gas (+106.5 CZK bn, 202.1%), basic metals (+59.2 bn, 39.3%) and chemical substances and products (+34.0 bn, 20.0%) was boosted the most year-on-year in H1. The increase of the import of coke and refined oil products was also significant (+23.5 CZK bn, 80.5%) and electrical appliances (+22.6 bn, 12.8%). Import of computers, electronic and optical appliances and equipment (-10.3 CZK bn, -4.7%) and motor vehicles (-9.9 bn, -3.3%) considerably decreased year-on-year in H1. Import of oil and natural gas (+74.9 CZK bn, 241.6%, increase markedly strengthened compared to the previous quarter), basic metals (+27.0 bn, 32.9%), chemical substances and products (+15.3 bn, 17.1%) and coke and refined oil products (+14.1 bn, 85.6%) grew the most year-on-year in Q2 alone. Import of electrical equipment (+9.7 CZK bn, 10.4%), food products (+9.7 bn, 23.0%), black and brown coal and lignite (+6.7 bn, 224.0%) and electricity, gas, steam and air conditioning (+6.2 bn, 159.1%) also grew strongly. Notable year-on-year decrease was reported for computers, electronic and optical appliances (-5.1 CZK bn, -4.6%) and basic pharmaceutical products (-2.3 bn, -6.7%).

Balance of foreign trade ended in deficit in both H1 and Q2.

The balance of foreign trade with goods ended in the deficit of 77.2 CZK bn in H1 2022. The balance thus deteriorated by 152.1 bn year-on-year. The majority of this deficit can be attributed to the development in Q2. The negative balance worsened by 80.0 CZK bn to -66.1 bn year-on-year in Q2. The series of deficits lasting since Q3 2021 then continued. Although Q2 is usually the period within a year, when the foreign trade with goods amounts to surplus³. Total negative balance was caused by major deterioration of the balance of trade with countries outside the EU in H1. Since the usual deficit sank by 183.5 CZK bn year-on-year. The surplus of trade with the EU improved by 33.7 CZK bn year-on-year for the same time period. The surplus of trade with the EU expanded by 31.1 CZK bn year-on-year in Q2 itself, while the deficit with countries outside the EU dived by 110.0 bn. Trade with Russia, whose balance worsened by 82.5 CZK bn year-on-year and further trade with China (-16.2 bn), Poland (-9.1 bn) and Azerbaijan (-3.8 bn.) worked the most in the direction of deficit. On the contrary, the balance of trade with Germany (+15.2 CZK bn) and Slovakia (+14.6 bn) markedly enhanced year-on-year. The balance of trade with Hungary (+5.1 CZK bn), Spain (+3.5 bn), the United Kingdom (+2.5 bn) or the United States (+2.1 bn) also recorded improvement.

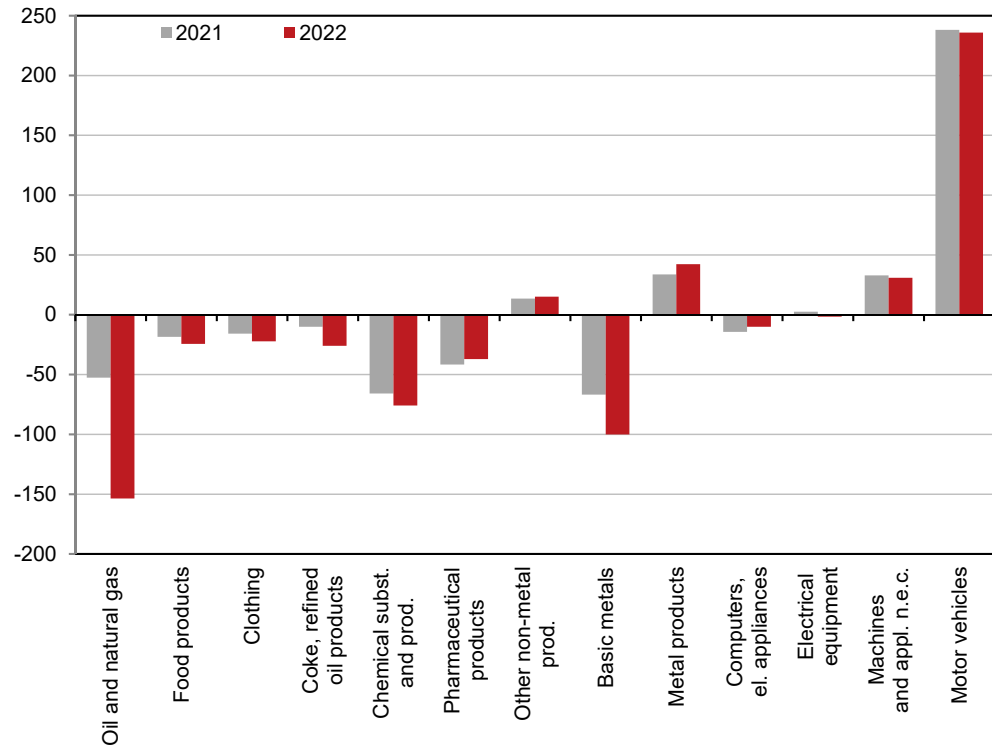
Mainly the rapid worsening of the balance of foreign trade with materials stood behind the deficit.

The foreign trade with materials the most affected the balance development. Result of the steep jump of prices was massive year-on-year deterioration of the balance of trade with oil and natural gas (-101.1 CZK bn), basic metals (-33.3 bn), coke and refined oil products (-15.9 bn), chemical substances and products (-10.0 bn) or black and brown coal and lignite (-8.2 bn) in H1. Balance was however declining for the majority of goods categories. In contrast the growth of prices led to the marked improvement of the balance of trade with electricity, gas, steam and air conditioning (+23.6 CZK bn) in H1. The trade with fabricated metal products (+8.5 CZK bn), products of agriculture and hunting (+4.9 bn), basic pharmaceutical products (+4.5 bn) and computers, electronic and optical appliances and equipment (+4.2 bn) also significantly operated in the direction of year-on-year improvement. The deficit of trade with oil and natural gas (-69.7 CZK bn), basic metals

³ Within the bounds of second quarter of the year, the foreign trade with goods finished in deficit last in year 2007 (-1.9 CZK bn).

(-14.0 bn) and coke and refined oil products (-9.3 bn) sank the most year-on-year in Q2. The balance of trade with black and brown coal and lignite was also worse (-5.5 CZK bn). Motor vehicles (+12.3 CZK bn), where the balance improved for the first time since last year's Q2 was the most directed towards the year-on-year improvement of the trade with goods balance. Further, the balance of trade with electricity, gas, steam and air conditioning (+8.1 bn), fabricated metal products (+5.2 bn), agricultural and hunting products (+2.8 bn) and basic pharmaceutical products (+2.7 bn) improved.

Chart 9 Balance of foreign trade with goods in foreign trade statistics (cumulation of H1, in CZK bn, selected divisions of the CPA classification)



Source: CZSO

