

4. External Relations

Export jumped up significantly in H1, which was mainly the result of comparison with the crisis period of last year's Spring.

The value of exported goods attained 1 995.2 CZK bn in H1 2021, which was by 390.1 CZK bn (24.3%) more year-on-year. The robust year-on-year increase was to a large extent caused by the comparison of last year's Spring months, when the operations of large part of domestic and foreign industry halted, which was also accompanied by the downturn of foreign trade. Also for this reason the majority of the recorded increase occurred in Q2 of the year, which was hit the most by the reaction to the pandemics last year. Value of export thus arrived at 1 016.2 CZK bn in Q2 2021 and its year-on-year increase climbed up to 293.0 bn (40.5%).

The renewal of industrial activity suspended last year provided impulse especially to the export into the EU.

Robust increase of export for major part consisted of export into the European Union (+328.3 CZK bn, 25.7%) in H1. The increase of export outside the EU was relatively smaller, but still substantial (+61.9 CZK bn, 19.0%). Export to Germany (+113.7 CZK bn, 22.5%), Poland (+36.9 bn, 35.9%), Slovakia (+29.6 bn, 20.0%) and France (+26.3 bn, 35.4%) grew the most year-on-year. With a view to the character of the last year downturn however the export grew robustly into nearly all monitored destinations apart from the Korean republic, where the last year's large increase was not repeated. Q2 itself contributed to the increase of the whole half-year to a large extent, thus the quarterly results very much resemble the half-yearly results. Export into the EU thus increased by 241.1 CZK bn (41.9%) year-on-year in Q2 and by 51.7 bn (35.0%) outside the EU. Export to Germany (+84.9 CZK bn, 37.3%), Poland (+25.2 bn, 55.6%), Slovakia (+23.8 bn, 34.4%) and France (+21.2 bn, 70.0%) recorded the largest additions.

Export of motor vehicles the most contributed to the growth.

With respect to the branch structure, motor vehicles (+152.0 CZK bn, 39.1%) contributed to the year-on-year increase of export the most in H1 2021, while the majority of this increase pertained to Q2 (+117.9 bn, 79.0%). The comparison with the last year's deep slump also influenced the results of other important export articles for H1 – export of electrical equipment (+40.4 CZK bn, 29.4%), machinery and equipment (+32.6 bn, 17.9%), rubber and plastic products (+20.5 bn, 24.0%) and fabricated metal products (+19.5 bn, 18.7%) considerably hiked up. The value of export of chemical products and substances often fluctuates together with prices of oil, so a large part of this year's increase can also be linked to it (+24.6 CZK bn, 31.2%). Export of computers, electronic and optical appliances also expanded notably (+21.4 CZK bn, 12.3%), even though this segment was not hit by the pandemics so strongly like other articles last year. The export markedly accelerated for the majority of mentioned types of goods (except for computers, electronic and optical appliances) also in Q2.

Import also strongly grew year-on-year.

The value of import rose strongly similarly to export. It arrived at 1 910.4 CZK bn in H1 and increased by 350.8 bn (22.5%) year-on-year. The dynamics of import considerably lagged behind the export in Q2 2020. The paces however started to gradually balance out this year. The value of import was 997.2 CZK bn in Q2, which represents a year-on-year increase by 283.3 bn (39.7%). Import from the EU went up by 241.3 CZK bn (24.3%) in H1 year-on-year, while by 106.8 bn (19.1%) from countries outside of the EU. Import from Germany (+86.4 CZK bn, 22.5%) and Poland (+36.7 bn, 27.5%) grew the most. Raised prices of oil and natural gas as well as the heightened demand for oil led to a sharp increase of import from Russia (+22.7 CZK bn, 73.1%). Similarly to export, the development of import in Q2 had a large impact on the whole half-year. The import from the EU thus increased by 202.6 CZK bn (46.0%), while the import from countries outside the EU grew by 78.8 bn (29.3%).

Raised prices of oil and other commodities strongly influenced the value of import.

Apart from the renewal after the pandemic downturn, raised prices of some commodities also had an effect on the value of import in H1. It is apparent especially for the increase of import of basic metals (+42.5 CZK bn, 37.9%), which substantially exceeded the pandemic slump as well as oil and natural gas (+17.2 CZK bn, 48.6%). Together with prices of oil the import of chemical substances and products also jumped up (+39.9 CZK bn, 30.8%). The



main proportion of increase occurred for all of them in Q2. Otherwise import of (+81.9 CZK bn, 38.8%), electrical equipment (+46.3 bn, 36.1%) and machinery and equipment (+26.6 bn, 17.3%) had the largest year-on-year increase in H1.

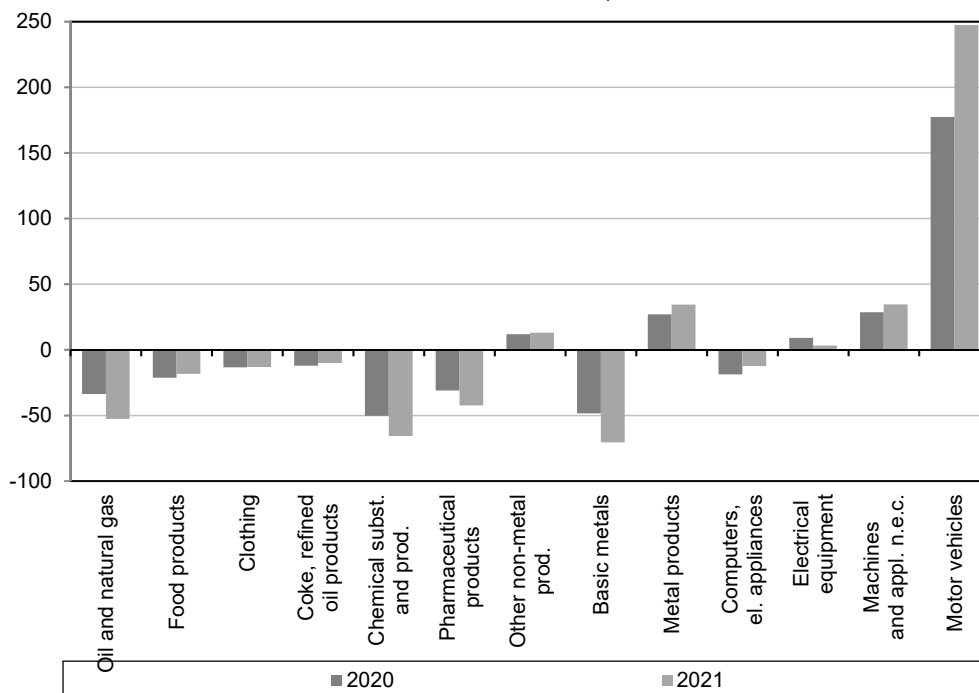
Foreign trade balance markedly improved year-on-year in H1, however the Q2 surplus alone was relatively weak.

Balance of foreign trade with goods reached a surplus of 84.8 CZK bn for the whole H1, which is by 36.4 bn better result year-on-year. Large part of this improvement however occurred in Q1. The surplus arrived at 19.0 CZK bn in Q2. It is by 9.7 bn larger surplus compared to last year's Q2, however except for this quarter, it represents the worse Q2 result since year 2012¹. The relatively weak result was affected mainly by the development in June, when the balance plunged into the deficit, out of character for this month. May result was however also weaker than usual. The surplus of trade with the EU countries grew massively for the whole H1 (+87.0 CZK bn). In contrast, the usual deficit with countries outside the EU notably deepened under the influence of raised prices of some commodities (-44.9 CZK bn). In H1, the trade with Germany (+27.3 CZK bn) and France (+15.8 bn) worked the most in the direction of the balance improvement. On the contrary, the deficit of trade with China (-20.5 CZK bn) and Russia (-17.2 bn) further deepened. The surplus with the EU countries improved by 38.5 CZK bn in Q2 itself, on the contrary the deficit with the non-Union countries deepened by 27.1 CZK bn. The balance of trade improved the most with France (+11.5 CZK bn), Germany (+9.2 bn) and Slovakia (+7.9 bn). Balance of trade worsened especially with Russia (-13.7 CZK bn), Japan (-8.3 bn) and Poland (-5.6 bn).

Sale of motor vehicles contributed the most to the balance improvement.

Sale of motor vehicles worked the most in the direction of balance improvement (+70.1 CZK bn), further then fabricated metal products (+7.5 bn) and computers, electronic and optical appliances (+6.2 bn). On the contrary, the trade with basic metals (-22.0 CZK bn), oil and natural gas (-18.9 bn), chemical substances and products (-15.3 bn) and basic pharmaceutical products (-11.4 bn) recorded a large balance worsening. The balance composition was similar in Q2 – sale of motor vehicles (+51.8 CZK bn) had the largest share on its improvement. Worsening on the other hand concerned oil and natural gas (-19.3 CZK bn), basic metals (-18.8 bn) and chemical substances and products (-13.1 bn).

Chart 8 Balance of foreign trade in foreign trade statistics (cumulation of H1, in CZK bn, selected divisions of the CPA classification)



Source: CZSO

¹ Surplus in Q2 was in the latest years either the largest or second largest for the whole year.