

4. External Relations

The strong increase of export was influenced mainly by the first half of the year and low comparative basis in year 2021.

The export reached value 3 936.4 CZK bn in 2021 and it was thus by 453.3 bn (13.0%) higher year-on-year. This exceptionally high addition (the highest since year 2014) was also affected by the comparison with year 2020 (export decline by 5.7%), when the foreign trade was strongly influenced by the interruption of production in large industrial businesses in both the CR and Europe, especially in motor vehicle factories. Development in Q2, which was affected by the low comparative basis of the same time period of year 2020 (export was by 40.8% higher year-on-year), contributed the most to the strong increase. The export of goods was however growing year-on-year in all quarters. In Q4 itself, the value of export amounted to 1 030.0 CZK bn. It represents year-on-year increase of 27.5 CZK bn (2.7%). The relatively moderate dynamics was apart from difficulties with the supply of components in industry also affected by the comparison with very strong Q4 2020, when the impulse of exports to catch up to the losses from Spring of the same year culminated.

Export into the European Union grew stronger than export outside the EU last year.

From the territorial viewpoint, export into the European Union played a major part in the export increase last year, it was 398.4 CZK bn (14.4%) higher. Export outside the EU was by 54.3 CZK bn higher (7.7%). The year-on-year dynamics of export into the EU was higher compared to the export outside the EU in all quarters of year 2021. Export grew into the majority of individual countries, which was also given by low comparative basis. Export to Germany (+125.9 CZK bn, 11.5%), Slovakia (+57.5 bn, 17.7%) and Poland (+51.4 bn, 22.5 %) grew the most in 2021. Export to Austria (+36.4 CZK bn, 25.6%), Italy (+23.5 bn, 18.7%) and France (+18.3 bn, 10.9%) nevertheless also recorded significant increases. Only several countries reported decrease of export. Export to Russia (−4.6 CZK bn, −5.5%), Kazakhstan (−3.6 bn, −46.8%), Indonesia (−2.2 bn, −52.5%) and Turkey (−2.1 bn, −4.9%) fell the most last year.

Export outside the EU was falling in Q4.

In Q4 itself, the export into the EU grew year-on-year (+30.0 CZK bn, 3.7%), while the export outside the EU dropped for the second time in a row (−2.8 bn, −1.4%). Export to Slovakia (+18.7 CZK bn, 20.0%), Austria (+8.3 bn, 21.5%) and Poland (+7.7 bn, 11.7%) increased the most. Year-on-year increase of export to Germany (+4.0 CZK bn, 1.3%) was relatively weak. Growth of export to our nearest neighbours (mainly to Germany and Slovakia) was significantly supported by sharp increase of electricity prices. In Q4, the largest year-on-year decrease was recorded by export to France (−7.2 CZK bn, −13.7%), Russia (−6.1 bn, −25.9%) and Spain (−4.3 bn, −15.4%).

Export of absolute majority of types of goods grew last year.

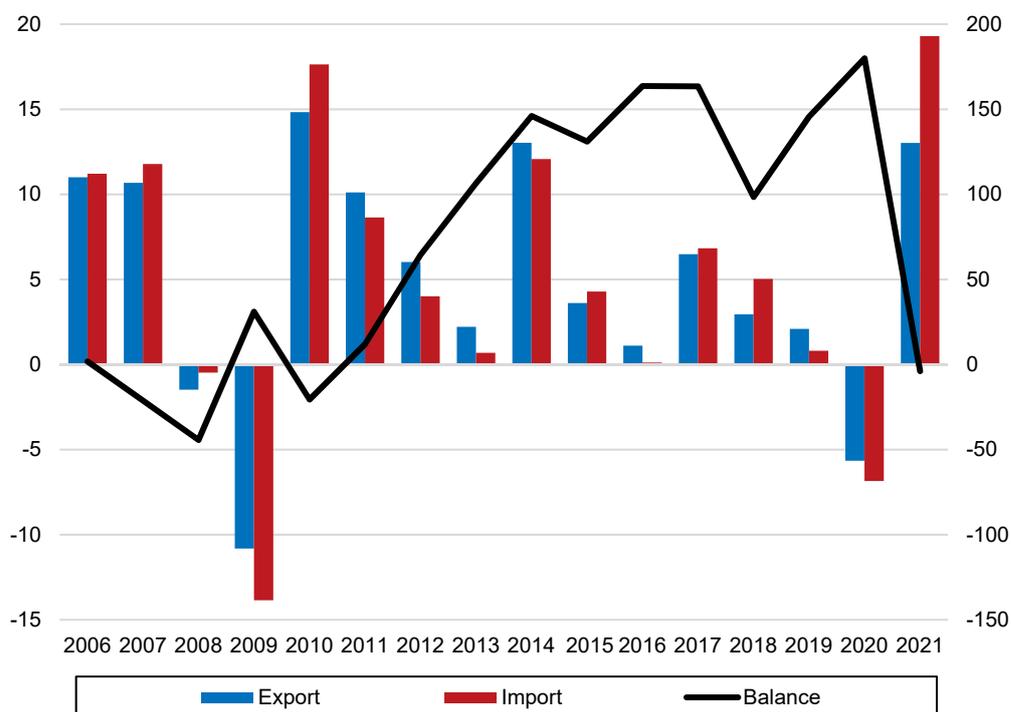
Electrical appliances contributed the most to the total increase of export of goods in 2021 (+51.1 CZK bn, 17.0%), followed by chemical substances and products (+48.4 bn, 29.5%), motor vehicles (+47.4 bn, 5.2%) and basic metals (+46.7 bn, 37.3%). Higher prices strongly assisted the growth of chemical products and metals. It was also behind the record increase of export of electricity, gas, steam and air conditioning supply (+39.7 CZK bn, 191.6%). Export of machinery and equipment (+39.3 CZK bn, 10.3%), metal products (+31.6 bn, 14.6%) and rubber and plastic products (+24.3 bn, 13.3%) recovered after the slump in 2020 and grew significantly. Products associated with waste (+18.5 CZK bn, 66.2%)¹, coke and refined oil products (+17.3 bn, 67.7%) and wood and wood products (+15.8 bn, 38.3%) recorded exceptionally strong export increase last year. Export of food products (+9.7 bn, 8.1%), computer, electronic and optical appliances (+8.7 CZK bn, 2.3%), other non-metal mineral products (+8.6 bn, 12.2%), other products of manufacturing (+7.8 bn, 9.2%), clothing (+7.2 bn, 21.1%) or paper and paper products (+6.5 bn, 10.4%) also grew solidly. Only the export of some relatively smaller items was lower year-on-year, export of oil and natural gas (−2.9 CZK bn, −85.3%) and motion pictures, video production and sound recording activities (−1.5 bn, −14.4%) went down the most.

¹ Especially the increase of the value of export of metallic waste had an effect.

In Q4, the export of motor vehicles sank deeply.

Large deceleration of the export dynamics, which occurred in the second half of year 2021, can be for the major part connected to the difficulties in manufacturing of motor vehicles. In Q4 itself, the export of motor vehicles lowered by 50.0 CZK bn year-on-year (-17.4%). Only exporters of computer, electronic and optical appliances (-13.7 CZK bn, -11.8%) then recorded considerable decrease. Electricity, gas, steam and air conditioning supply (+27.4 CZK bn, 450.9%) played a key role in the resulting total year-on-year increase of the value of export of goods in Q4, but also the majority of other branches preserved at least a moderate growth. Towards the end of the year, export of basic metals (+13.1 CZK bn, 41.0%), chemical substances and products (+11.2 bn, 24.1%), coke and refined oil products (+6.1 bn, 89.7%), metalworking products (+5.2 bn, 8.8%), products associated with waste (+3.8 bn, 47.4%), electrical appliances (+3.2 bn, 3.7%), food products (+3.2 bn, 10.2%) or wood and wood products (+3.1 bn, 28.3%) was higher year-on-year.

Chart 9 Export and import of goods (year-on-year change, in %) and balance of foreign trade with goods (in CZK bn, right axis)



Source: CZSO

Import very strongly increased during the whole last year.

Import of goods attained value of 3 940.3 CZK bn in 2021 and expanded by 637.1 bn (19.3%) year-on-year. Comparison with weak year 2020 contributed to the sharp increase of import, but the development of prices of many raw materials also had an effect. Increase of prices of oil and natural gas, basic metals as well as other materials was reflected in the very strong import dynamics during the whole year. In Q4 itself, the value of import arrived at 1 057.4 CZK bn and it was by 133.9 bn (14.5%) higher year-on-year. Significant growth of prices of materials was reflected on the development of import from the territorial view, which the CR largely imports from countries outside the EU. Import from the European Union thus expanded in total by 366.4 CZK bn (17.3%) last year, while the import from the non-EU countries was by 265.2 bn (22.7%) higher. Import from Germany (+117.1 CZK bn, 14.3%), Russia (+69.8 bn, 103.0%), Poland (+60.8 bn, 21.2%) and China (+60.2 bn, 14.6%) grew the most last year. Increase of import from Slovakia (+41.5 bn, 25.8%), Italy (+29.0 bn, 19.5%), Japan (+23.4 bn, 38.6%) and Austria (+23.1 bn, 23.7%) was also strong. In Q4 itself, the year-on-year growth of import from the countries outside the EU (+75.7 CZK bn, 23.0%) notably exceeded the increase of import from the Union (+56.9 bn, 9.7%). The dynamics of import from Russia (+26.4 CZK bn, 136.6%) as well as China (+22.2 bn, 18.5%)



further strengthened. The increase was significant for Poland (+12.9 CZK bn, 16.2%), Germany (+10.9 bn, 4.8%), Slovakia (+9.6 bn, 20.9%), Italy (+6.3 bn, 15.6%) or Austria (+6.2 bn, 23.6%). The import was falling the most from South Korea (-2.6 CZK bn, -11.2%) and Hungary (-2.1 bn, -7.4%) in Q4 year-on-year.

Growth of import was mostly affected by the increase of prices of some materials last year.

Sharp growth of import was recorded for a number of articles last year. Import of basic metals (+103.1 CZK bn, 45.6%), oil and natural gas (+80.5 bn, 109.0%) and chemical substances and products (+73.9 bn, 27.3%) recorded the largest increase. The increase of import of electrical appliances (+70.8 CZK bn, 25.1%), machinery and appliances (+44.0 bn, 13.8%) and motor vehicles (41.8 bn, 8.6%) was also very strong. Further, growth of import of rubber and plastic products (+26.1 CZK bn, 14.8%), coke and refined oil products (+23.5 bn, 51.3%), computer, electronic and optical appliances (+22.4 bn, 5.3%), metal products (+20.1 bn, 12.5%), basic pharmaceutical products (+17.6 bn, 15.5%), other products of manufacturing (+15.3 bn, 20.7%), electricity, gas, steam and air conditioning supply (+12.7 bn, 107.8%), food products (+10.6 bn, 6.6%) or ores (+10.0 bn, 70.1%) was very strong. Only import of textiles (-5.3 CZK bn, -9.1%) and motion pictures, video production and sound recording activities (-1.0 bn, -18.6%) experienced a more notable decrease.

In Q4, only import of motor vehicles was strongly falling year-on-year.

In Q4 2021 itself, only import of motor vehicles strongly fell year-on-year (-25.0 CZK bn, -16.4%), import of other goods was generally growing. Again the value of import of materials was rising the most – oil and natural gas (+35.6 CZK bn, 184.6%) and basic metals (+28.4 bn, 46.7%). The increase of import of chemical substances and products (+15.9 bn, 21.3%), coke and refined oil products (+10.3 bn, 98.0%) and electricity, gas, steam and air conditioning supply (+6.3 bn, 187.4%) can also be associated with the increase of prices. The import of machinery and equipment (+7.2 bn, 8.4%), electrical appliances (+6.9 CZK bn, 8.3%), other manufacturing products (+5.6 bn, 26.8%) or food products (+5.7 bn, 13.7%) was also higher.

The foreign trade balance with goods ended in deficit for the first time since year 2010.

Balance of the foreign trade with goods fell into the deficit of 3.9 CZK bn in year 2021. It represents the first deficit since year 2010. The balance thus dropped by 183.8 CZK bn year-on-year. Especially the development in the second half of the year contributed to the deterioration, when the difficulties with the supplies of components in manufacturing of motor vehicles became fully evident and were also joined by the worsening of balance resulting from the growth of prices of materials. Last year's drop of foreign trade balance with goods can be fully ascribed to the trade with countries outside the EU (deepening of deficit by -210.9 CZK bn). In contrast the surplus of trade with the EU countries improved by 32.0 CZK bn. The trade with Russia (-74.4 CZK bn), China (-58.2 bn), Japan (-21.9 bn), Turkey (-14.0 bn), Ukraine (-13.5 bn), Kazakhstan (-13.0 bn) and Poland (-9.3 bn) worked the most in the direction of balance worsening. The balance of trade with the South Korea (-7.5 CZK bn), the Netherlands (-6.2 bn), Italy (-5.5 bn), the United States (-3.0 bn), Romania (-2.7 bn) or Belgium (-2.5 bn) also worsened. On the contrary, the trade with Slovakia (+16.0 CZK bn), Austria (+13.4 bn) and Germany (+8.8 bn) had significantly favourable effect and the balance with Sweden (+4.8 bn), France (+3.6 bn), Spain (+3.0 bn) or the Great Britain (+2.4 bn) also improved.

Deficit balance was in Q4 the worst since year 2008.

In Q4, the balance deficit amounted to 27.4 CZK bn. It represented the worst result since year 2008 and the first deficit in this period since year 2010². Compared to Q4 2020, the balanced deteriorated by 106.4 CZK bn³. Trade with the majority of monitored countries worked in the direction of deficit. The surplus of trade with the EU sank by 26.9 CZK bn year-on-year and the deficit with countries outside the EU deepened by 78.5 bn. The trade with Russia (-32.5 CZK bn) and China (-21.8 bn) pushed in the direction of deficit the most.

² Within Q4s of the year, the foreign trade ended in deficit in years 2005–2008 and 2010.

³ Surplus reached 79.0 CZK bn in Q4 2020, which was the largest recorded result.

Balance of foreign trade with France (−10.2 CZK bn), Germany (−6.8 bn), Poland (−5.2 bn), Italy (−5.0 bn), Turkey (−4.0 bn) or Spain (−4.0 bn) was also significantly worse. In contrast, the balance of trade with Slovakia (+9.2 CZK bn), Austria (+2.1 bn), South Korea (+1.7 bn) or Hungary (+0.9 bn) improved.

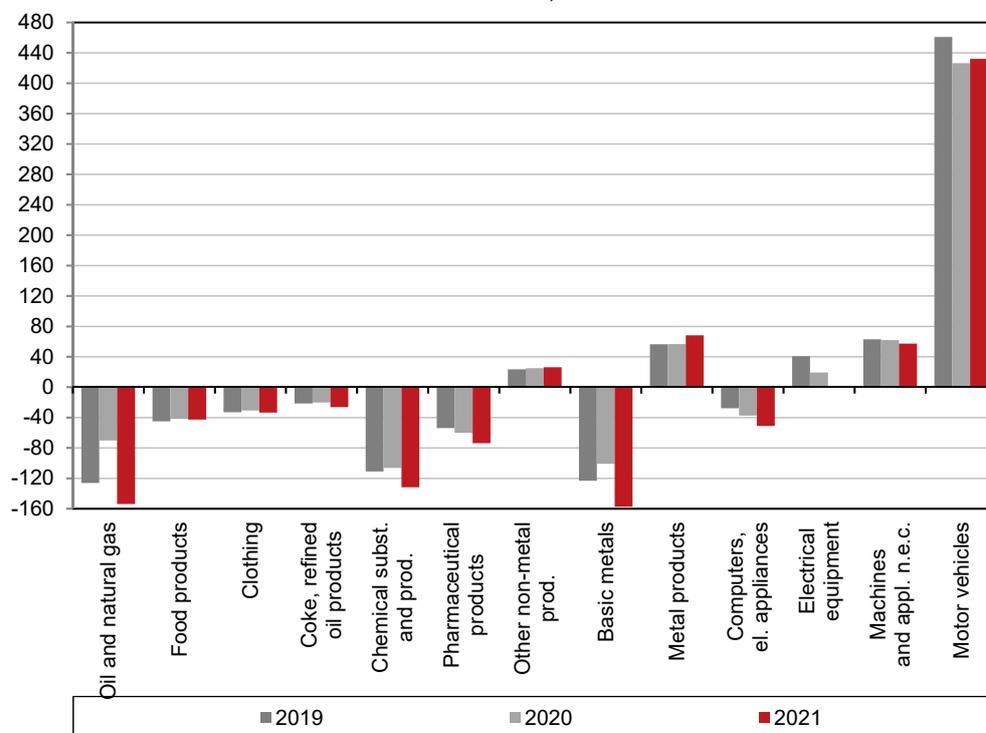
Trade with oil and natural gas contributed the most to the balance decrease last year.

Given the structure of goods, the trade with oil and natural gas (−83.4 CZK bn), basic metals (−56.4 bn) and chemical substances and products (−25.5 bn) held the largest share on the last year’s balance deterioration. Balance of trade with electrical equipment (−19.7 CZK bn), basic pharmaceutical products (−13.8 bn), computers, electronic and optical appliances (−13.7 bn) and ores (−10.0 bn) also strongly worsened last year. The balance of trade with other products of manufacturing (−7.5 CZK bn), coke and refined oil products (−6.2 bn), other transportation equipment (−5.0 bn) or machinery and equipment (−4.7 bn) was also worse. On the contrary, the trade with electricity, gas, steam and air conditioning supply (+27.0 CZK bn), products connected to waste (+14.0 bn), metal products (+11.5 bn), wood and wood products (+8.7 bn), textiles (+7.0 bn) and motor vehicles (+5.6 bn) had a strong effect in the direction of balance improvement.

In Q4, the balance deteriorated across the majority of types of goods year-on-year.

Trade with the majority of goods types worked in the direction of deficit in Q4 2021. Only balance of trade with electricity, gas, steam and air conditioning supply (+21.0 CZK bn), products associated with waste (+2.9 bn), metal products (+1.9 bn), textiles (+1.7 bn) and wood and wood products (+1.3 bn) developed favourably year-on-year. Deficit of trade with oil and natural gas (−35.4 CZK bn), basic metals (−15.2 bn) and computers, electronic and optical appliances (−14.4 bn) deepened strongly further year-on-year. Surplus of trade with motor vehicles fell steep (−25.0 CZK bn). Balance of trade with machinery and equipment further worsened (−7.9 CZK bn), chemical substances and products (−4.8 bn), coke and refined oil products (−4.2 bn), other products of manufacturing (−4.1 bn), electrical equipment (−3.8 bn) or basic pharmaceutical products (−3.5 bn).

Chart 10 Balance of foreign trade in foreign trade statistics (cumulation of year 2021, in CZK bn, selected divisions of the CPA classification)



Source: CZSO

