

4. External Relations

Value of export grew in H1. The year-on-year export dynamics however considerably weakened in Q2 itself.

The value of export of goods¹ attained 2 282.0 CZK bn in H1 2023 and increased by 114.3 bn (5.3%) year-on-year. The effect of the price growth, which provided impulse for the rise of export in the last year evaporated this year and the prices are on the contrary falling². The main portion of the half-yearly year-on-year increase however played out in Q1, because the export of goods expanded only by 10.0 CZK bn (0.9%) year-on-year to 1 133.0 bn in Q2 2023 itself. The increase also under the influence of a strong basis of the last year markedly weakened in comparison to the double-digit values from the preceding four quarters. Seasonally adjusted data show, that the export of goods again slightly increased by 0.7% quarter-on-quarter following two decreases in Q2 2023.

The value of export into the EU fell year-on-year in Q2.

In the territorial view, the export of goods into the European Union (+92.5 CZK bn, 5.3%) as well as outside the EU (+21.6 bn, 5.3%) expanded by a similar rate in H1. Development in the individual quarters however varied. Following the robust growth from Q1 the value of export of goods into the EU stagnated in Q2 (+2.7 CZK bn, 0.3%) and the increase of export outside the Union weakened to 7.2 bn (3.4%). The value of export to Germany grew the most in Q2 (+7.9 CZK bn, 2.4%), but the growth sharply weakened. The increase of export to Turkey (+5.9 CZK bn, 52.5%), France (+5.1 bn, 9.1%), Italy (+4.8 bn, 9.9%), Great Britain (+2.6 bn, 6.3%) or Belgium (+2.2 bn, 8.3%) was also large. The export rather stagnated or fell for the remaining countries. The export was shrinking the most to Slovakia (−14.8 CZK bn, −12.7%)³, Austria (−4.9 bn, −9.5%), the United States (−3.3 bn, −10.6%) and Russia (−2.9 bn, −45.5%).

Mainly the sale of motor vehicles supported the growth of export.

The sale of motor vehicles (+126.9 CZK bn, 24.8%), electrical equipment (+40.7 bn, 20.7%), machinery and equipment (+27.0 bn, 11.1%) and food products (+12.0 bn, 17.3%) contributed the most to the total year-on-year growth of the value of export of goods in H1. On the contrary resulting from the decrease of prices, the value of export of electricity, gas, steam and air conditioning (−20.7 CZK bn, −43.3%), basic metals (−20.1 bn, −18.6%) as well as chemical substances and products (−17.8 bn, −14.6%) registered decline. The individual view of Q2 indicates, that the development of export confirms the similar trend in industry – the export of motor vehicles (+55.7 CZK bn, 20.5%) and limited group of sub-branches such as electrical appliances (+14.2 bn, 14.0%), or machinery and equipment (+9.4 bn, 7.5%) worked significantly in the direction of growth. Due to rising prices only export of food products kept further growing (+3.8 CZK bn, 10.5%). The rest of export showed stagnation or decrease. The value of export of basic metals (−14.0 CZK bn, −24.9%), chemical substances and products (−12.4 bn, −19.7%) and electricity, gas, steam and air conditioning (−11.9 bn, −56.1%) was falling the most year-on-year in Q2. The export of wood and wood products (−5.5 CZK bn, −31.9%), metalworking products (−5.1 bn, −7.0%), oil and natural gas (−5.1 bn, −99.2%), computers, electronic and optical appliances (−4.0 bn, −4.2%), activities of waste collection (−4.1 bn, −27.8%) or products of forestry, wood logging and associated services (−3.8 bn, −52.3%) went also down.

Import was dwindling as a result of falling prices.

Import of goods attained the value of 2 202.6 CZK bn in H1 2023 and thus fell by 51.0 bn (2.3%) year-on-year. Especially fall of prices of number of materials⁴ as well as the lower volume of import of oil and natural gas left its mark on the decrease and it presented the

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/aktualizace-metody-propoctu-zahranicni-obchod-se-zbozim>. Unless stated otherwise, all figures are without seasonal adjustment and in current prices.

² Prices of export of goods were raised by 1.8% year-on-year in Q2 2023 and fell by 22% quarter-on-quarter.

³ Export to our nearest neighbours was considerably influenced by the decrease of price of electricity. In case of Germany, the value of export of electricity, gas, steam and air conditioning slumped by 4.8 CZK bn and the export of products associated with waste collection was by 2.1 bn lower in Q2. Export of electricity to Slovakia slumped by 8.0 CZK bn and it was joined by the lowering of export of oil and natural gas by 5.1 bn.

⁴ Prices of import of goods fell by 7.6% year-on-year in Q2 and plunged by 4.5% quarter-on-quarter. Prices of mineral fuels were lower by 32.0% (mainly oil and oil products, gas and electricity), other materials by 15.8% (mainly metalliferous ores and metallic waste) and chemicals by 10.9% (especially plastics).

result of the development mainly in Q2. The value of import of goods went down by 102.7 CZK bn (–8.6%) to 1 093.5 bn year-on-year in Q2. The seasonally adjusted import of goods decreased quarter-on-quarter for the third time in a row, specifically by 1.3%. The decrease of import concerned the EU countries (–20.1 CZK bn, –1.4%) as well as the countries outside the EU (–33.9 bn, –4.0%) in H1. The import was still growing year-on-year at the beginning of the year, consequently the total decrease for the half-year can be attributed to Q2, when the import from the EU fell by 46.2 CZK bn (–6.3%) and plunged by 57.7 bn (–12.6%) outside the EU. The import from Russia slumped the most year-on-year in Q2 (–81.3 CZK bn, –84.0%), which proves the significant role of the decrease of prices of oil and natural gas in the total development of the foreign trade. The import from Germany (–14.4 CZK bn, –5.5%), Poland (–11.4 bn, –10.3%), Austria (–7.0 bn, –18.4%), Italy (–6.0 bn, –11.0%), Slovakia (–4.7 bn, –7.6%) or Azerbaijan (–3.4 bn, –36.1%) was also lower. Import grew from the minority of countries, the most from Norway (+24.4 CZK bn, 953.9%)⁵, China (+7.8 bn, 6.3%), Great Britain (+2.9 bn, 17.4%) and Korea (+2.1 bn, 9.0%).

Mainly the import of oil and natural gas plunged.

Import was falling year-on-year in H1 mainly under the influence of lower prices of various materials. It can be observed on the largest decreases – oil and natural gas (–71.1 CZK bn, –44.6%), basic metals (–39.2 bn, –18.8%) and chemical substances and products (–24.0 bn, –12.0%). On the contrary the import of motor vehicles (+55.7 CZK bn, 19.7%), electrical appliances (+48.3 bn, 25.0%) and machinery and equipment (+12.5 bn, 6.4%) was significantly higher. The import of oil and natural gas plunged by 60.7 CZK bn (–57.3%), basic metals by 28.1 bn (–25.7%), chemical substances and products by 16.0 bn (–15.5%) and coke and refined oil products by 10.9 bn (–35.4%) year-on-year in Q2 itself. Marked decreases also affected the value of import of electricity, gas, steam and air conditioning (–4.6 CZK bn, –45.2%), paper and paper products (–4.1 bn, –20.9%), computers, electronic and optical appliances and equipment (–3.9 bn, –3.4%), black and brown coal and lignite (–3.7 bn, –37.4%) or wood and wood products (–3.2 bn, –32.6%). Import was falling across the board in Q2 and among scarce exceptions the value of import of motor vehicles including parts (+26.2 CZK bn, 17.6%) and electrical appliances (+19.7 bn, 19.7%) grew the most year-on-year.

Balance of foreign trade with goods ended in surplus.

Balance of foreign trade with goods attained a surplus of 79.4 CZK bn in H1 and improved by 165.3 bn year-on-year. This year's surplus presented the best result of the balance in the given period for the last four years but lagged behind the level from the same period of years 2014–2019. The positive balance of foreign trade with goods amounted to 39.5 CZK bn in Q2 itself and the balance was improved by 112.7 bn year-on-year. Based on the seasonally adjusted data the balance improved by notable 22.6 CZK bn quarter-on-quarter. The year-on-year balance improvement concerned trade with the EU (+112.6 CZK bn) as well as the countries outside the EU (+55.6 bn) in H1. The balance of foreign trade with goods with the EU improved by 48.9 CZK bn year-on-year and outside the EU by 64.8 bn in Q2 itself. Trade with Russia (+78.5 CZK bn), Germany (+22.3 bn), Poland (+11.2 bn) and Italy (+10.8 bn) worked the most in the direction of year-on-year balance improvement in Q2. The balance of trade with Turkey (+7.3 CZK bn), France (+5.2 bn), Azerbaijan (+3.6 bn), Belgium (+3.6 bn), Ukraine (+3.3 bn), Kazakhstan (+3.1 bn), Switzerland (+2.4 bn), Austria (+2.1 bn) or Bulgaria (+2.1 bn) was also improving. In contrast the most pronounced balance deteriorations were related to foreign trade with Norway (–26.0 CZK bn), Slovakia (–10.1 bn), China (–8.2 bn), the United States (–5.1 bn) and South Korea (–2.6 bn).

Especially the trade with motor vehicles and also oil and natural gas contributed to the balance improvement.

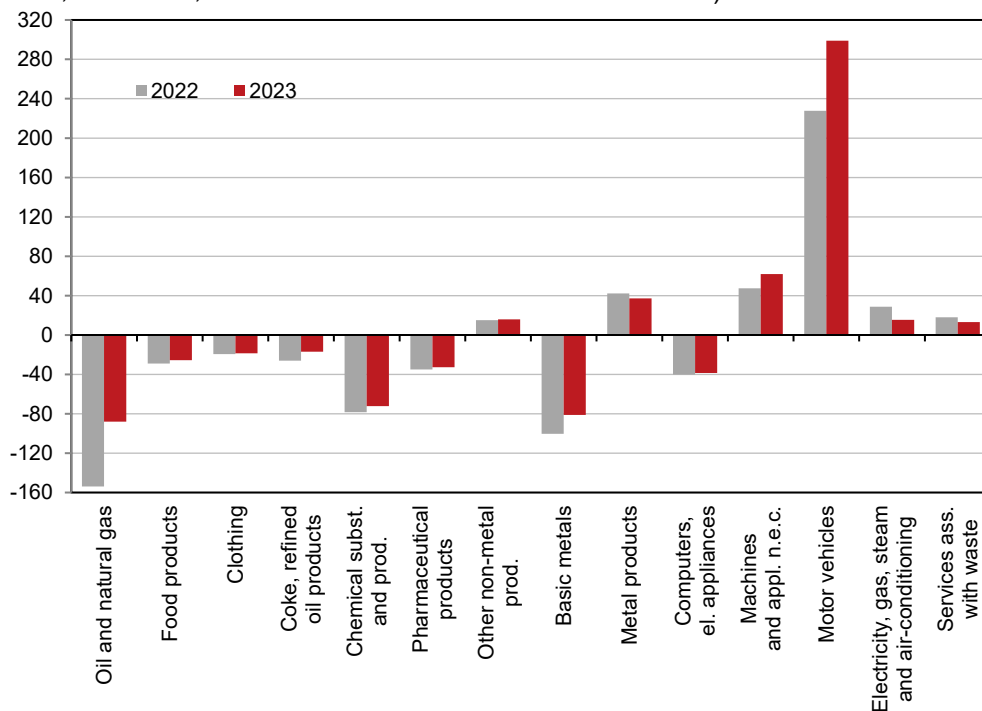
Surplus improvement of trade with motor vehicles (+71.2 CZK bn) and deficit moderation for oil and natural gas (+65.7 bn) worked in the direction of balance improvement in H1. Balance of trade with basic metals (+19.1 CZK bn) and machinery and equipment (+14.5 bn) also developed favourably. The balance of trade with electricity, gas, steam and air conditioning (–13.3 CZK bn), electrical appliances (–7.6 bn) and products of forestry, wood logging and

⁵ Norway represents a "new" source of natural gas and substitute for the outage of import of this commodity from Russia.



associated services (-5.8 bn) worsened the most. The balance of trade with oil and natural gas (+55.6 CZK bn) and further with motor vehicles (+29.4 bn), basic metals (+14.1 bn) and coke and refined oil products (+8.6 bn) improved the most year-on-year in Q2 itself. Trade with machinery and equipment (+7.6 CZK bn), chemical substances and products (+3.7 bn) or black and brown coal and lignite (+3.2 bn) also recorded more notable balance improvement. The worst balance deterioration affected the trade with electricity, gas, steam and air conditioning (-7.3 CZK bn), electrical equipment (-5.5 bn), metalworking products (-4.2 bn) and products of forestry, wood logging and associated services (-3.8 bn).

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