

4. External Relations

Value of export of goods expanded mainly due to the strong rise of prices last year.

Total value of export of goods¹ attained 4 413.8 CZK bn² in year 2022 and nominally thus increased by 532.4 bn (13.7%). However the growth of the price level participated on the relatively strong increase – the most for materials and energies, prices however significantly rose for the majority of types of goods³. In individual quarters the year-on-year export dynamics continued at a strong level with the peak in Q3 (8.3%, 11.6% and 22.3% in individual quarters). The value of export climbed up to 1 148.4 CZK bn in Q4 and increased by 136.2 bn year-on-year (13.5%). Price growth constituted a significant stimulus of the year-on-year dynamics throughout the whole year. The export was by 1.0% lower quarter-on-quarter based on the seasonally adjusted data.

Export grew faster into the EU countries.

Last year's increase of export of goods was for the most part allotted to the growth of export into the EU countries (+472.3 CZK bn, 15.4%). Export outside the EU went up considerably slower (+60.2 CZK bn, 7.5%). Export to Germany (+170.6 CZK bn, 14.7%), Slovakia (+70.2 bn, 18.7%) and to Poland (+38.3 bn, 14.1%) featured the highest increase. The export of electricity played a significant role in the increase to Germany and Slovakia⁴. Export of motor vehicles grew the most for Poland. Export to Italy (+35.8 CZK bn, 23.7%), France (+26.0 bn, 13.9%), Austria (+27.2 bn, 15.7%), the United States (+22.9 bn, 24.6%) and Spain (+20.6 bn, 19.8%) also went up considerably. The export had a substantial percentage increase for some destinations, where the value of export is relatively low such as Kazakhstan (170.2%), the United Arab Emirates (58.9%), Azerbaijan (73.2%) or Mexico (39.7%). Export into the majority of monitored countries grew last year. Russia (–48.3 CZK bn, –59.9%)⁵, where the value of export following a series of deep slumps arrived at the lowest level since year 2005 (32.3 bn) comprised a distinct exception.

The stagnating export into the countries outside the EUR revived at the end of the year.

Export into the EU expanded by 109.5 CZK bn (13.7%) in Q4 itself and by 26.9 bn (12.8%) outside the EU. In retrospect, the strong recovery of export into the countries outside the EU is also apparent in the second half of the year (year-on-year change –1.0%, 0.3% and 18.7% in Q1 to Q3). Export to Germany (+41.7 CZK bn, 13.9%), Poland (+9.8 bn, 13.8%), France (+9.5 bn, 21.0%), Spain (+9.4 bn, 39.1%), Italy (+8.7 bn, 21.8%) and Belgium (+5.4 bn, 25.8%) expanded the most year-on-year. Export to Russia plunged deeply year-on-year (–11.9 CZK bn, –66.5%).

Export of motor vehicles the most stimulated the growth of export last year.

In the view of the goods structure, the export of motor vehicles (+101.4 CZK bn, 10.8%) electrical equipment (+66.7 bn, 19.1%) and electricity, gas, steam and air conditioning (+58.9 bn, 97.5%) went up the most last year. Export of machinery and equipment (+36.4 CZK bn, 7.9%), chemical substances and products (+34.6 bn, 17.2%), fabricated metal products (+32.1 bn, 13.3%), food products (+29.5 bn, 24.9%), basic metals (+27.5 bn, 16.4%), rubber and plastic products (+19.2 bn, 10.0%), paper and paper products (+18.9 bn, 28.9%), computers, electronic and optical products (+16.9 bn, 4.1%) and coke and refined petroleum products (+15.4 bn, 36.1%) also attained a large increase.

Motor vehicles dominated the export growth in H2.

The export of motor vehicles grew the most year-on-year in Q4 itself (+45.1 CZK bn, 19.3%). Considerable annual addition for motor vehicles can be attributed for the major part to the development in H2. Export of electrical equipment (+29.6 CZK bn, 33.8%), machinery and

¹ Data regarding the foreign trade with goods are recalculated using an update method based on a bigger degree of detail since year 2020, see <https://www.czso.cz/csu/czso/update-of-the-compilation-method-international-trade-in-goods-change-of-ownership>.

² Unless stated otherwise, all figures are not seasonally adjusted and in current prices.

³ Prices of exports of goods hiked by 12.7% for the entire year and grew by 11.2%, 15.1%, 14.9% and 9.8% year-on-year in individual quarters.

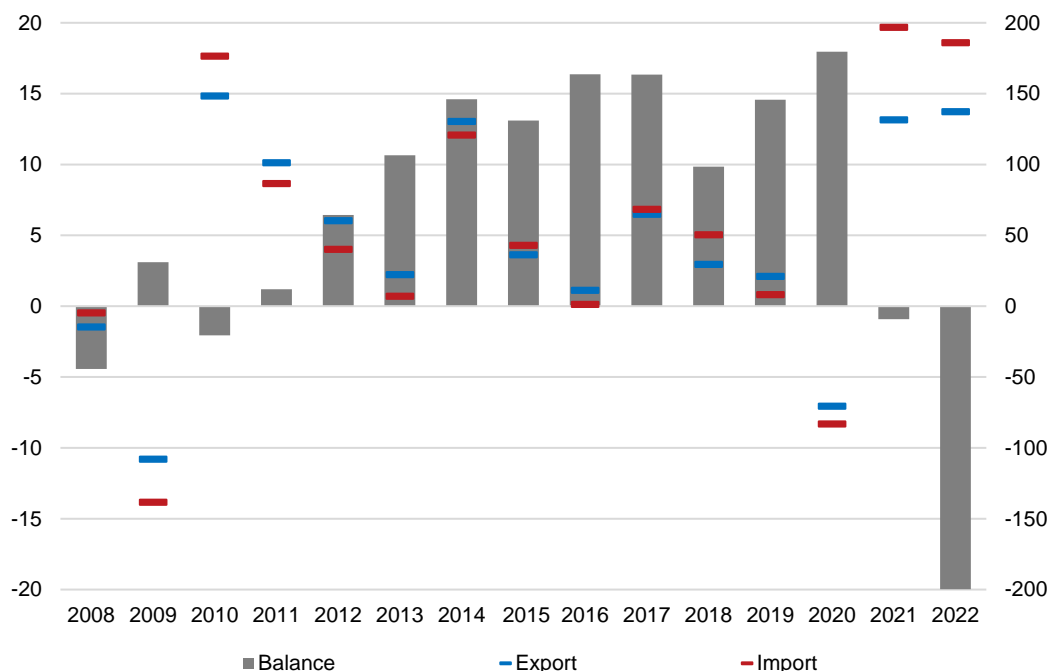
⁴ Strengthening of the export of electricity, gas, steam and air conditioning was noticed at all our neighbours. Addition to the export to Germany reached 38.7 CZK bn and to Slovakia 15.6 bn. In addition, the increase was also considerable in case of Austria (+8.9 CZK bn) and to certain extent also Poland (+3.4 bn).

⁵ Export to Russia plummeted mainly for the motor vehicles (–16.4 CZK bn), computers, electronic and optical products (–9.5 bn), electrical equipment (–5.4 bn) and machinery and equipment (–5.1 bn). At the same time, strengthening of export into some former Soviet republics is also observed, the most to Kazakhstan (+7.4 CZK bn, absolute majority from this increase occurred in the second half of the year). Mainly export of computers and electronic and optical products and motor vehicles (including parts) was higher here.



equipment (+19.0 bn, 16.8%), computers, electrical and optical products (+13.3 bn, 12.5%) and food products (+9.2 bn, 28.4%) further strongly increased year-on-year in Q4. Export of the majority of articles grew year-on-year, the growth trend however changed for electricity, gas, steam and air conditioning after a longer time in Q4, when the export fell by 4.0 CZK bn (-11.8%) year-on-year after six quarters. Export of basic metals also decreased year-on-year for the first time since Q3 2020 (-2.4 CZK bn, -5.4%).

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



Source: CZSO

Import grew stronger than export last year.

Import of goods reached the value of 4 613.5 CZK bn for the whole year 2022 and it was by 723.0 bn higher (18.6%). The import dynamics thus to a large extent exceeded the export last year, which was mainly due to the sharp rise of prices of the imported materials⁶. The year-on-year additions to import overtook the export in all quarters of the year. The import gradually increased by 16.9%, 20.3% and 22.3% in Q1 to Q3 year-on-year. The value of import reached 1 198.8 CZK bn in Q4 and went up by 157.3 bn year-on-year (15.1%). Quarter-on-quarter, the (seasonally adjusted) import went down by 1.9%.

Increase of import from countries outside the EU exceeded the increase from the EU countries.

Effect of the rising prices of materials is apparent on the difference between the percentage increase of the import from the EU (+303.9 CZK bn, 12.5%) and countries outside the EU (+415.7 bn, 29.2%), where the main portion of the imported oil and natural gas comes from. Import from China grew the most (+125.0 CZK bn, 26.6%), import from Russia had the second largest increase due to the provision of natural gas (+113.8 CZK bn, 74.9%) and Germany ranked the third (+89.4 bn, 9.9%). Import from Poland (+66.2 CZK bn, 19.4%) also grew strongly. The effort to lower the reliance on Russia in the import of the natural gas is noticeable on the sharp growth of the value of import from Norway (+38.3 CZK bn, import was boosted fivefold) and Azerbaijan (+21.2 bn, 160.5%)⁷. Larger decrease was recorded only for import from Kazakhstan (-3.5 CZK bn, -20.4%) and Ukraine (-2.4 bn, -6.4%). Significant percentage

⁶ Prices of import of goods were thus raised by 17.2% last year.

⁷ According to the breakdown of import of oil and natural gas to individual importers, mainly Norway was added among “new sources” last year (from 1.2 CZK bn in year 2021 to 38.3 bn last year). Import of this commodity from the United States (+7.3 CZK bn, 79.2%) considerably increased via tankers with liquefied gas and strengthened the existing ties to Azerbaijan (+21.2 bn, 161.7%). On the contrary the value of import of oils and natural gas from Kazakhstan decreased (-3.8 CZK bn, -26.6%). These changes eventuated mainly in the second half of the year. Russia was liable in total for 68.7% of the value of imported oil and natural gas last year (73.7% in year 2021).

increases were also recorded for the import from the United Arab Emirates last year (87.7%), Greece (43.2%), Bulgaria (40.8%), India (40.7%), Indonesia (40.5%) or Israel (30.0%). Import of goods from the EU went up by 55.6 CZK bn year-on-year (8.8%) in Q4 itself and import outside the EU by 101.7 bn (25.1%). The largest year-on-year increase occurred for import from China (+46.0 CZK bn, 33.2%) and Norway (+37.1 bn, the value of import expanded by more than elevenfold). Increase of the import from Norway was simultaneously accompanied by the year-on-year slump for Russia (−25.6 CZK bn, −48.0%). Import from Germany (+21.9 CZK bn, 9.8%), the United States (+10.0 bn, 36.3%), Poland (+9.3 bn, 10.2%), Azerbaijan (+6.2 bn, 139.2%) and the Great Britain (+6.1 bn, 38.0%) also grew strongly.

Import of goods was growing mainly due to the effect of oil and natural gas. Import of electrical equipment sharply jumped up in the second half of the year.

The value of imports of oil and natural gas grew the most (+190.0 CZK bn, 123.1%) in year 2022. Mainly under the influence of the revival in the second half of the year, the import of electrical equipment also strongly increased (+89.7 CZK bn, 26.0%). Notable increases were also recorded for the import of basic metals (+57.1 CZK bn, 17.7%), chemical substances and products (+52.1 bn, 15.2%), motor vehicles (+66.0 bn, 12.8%), coke and refined petroleum products (+38.2 bn, 55.2%), pharmaceutical products (+35.8 bn, 20.7%), machinery and equipment (+32.5 bn, 8.9%) or fabricated metal products (+22.1 bn, 12.6%). For the majority of the mentioned articles, mainly the change of prices stimulated the increases. Together with the renewal of demand for fossil fuels in connection to the energy crisis it was also the case of revival of import of black and brown coal and lignite (+17.2 CZK bn, 117.2%) and electricity, gas, steam and air conditioning (+12.3 bn, 50.2%). Import of electrical equipment (+44.8 CZK bn, 50.9%), motor vehicles (+31.1 bn, 25.0%) and oil and natural gas (+28.7 bn, 52.4%) was growing the fastest year-on-year in Q4, the slump of dynamics however continued here (it was the lowest addition since Q3 2021). Increase was also notable for machinery and equipment (+12.4 CZK bn, 13.1%), food products (+8.9 bn, 18.3%), coke and refined petroleum products (+6.1 bn, 29.5%), fabricated metal products (+5.7 bn, 12.6%) and chemical substances and products (+5.3 bn, 6.0%). Import of basic metals (−5.3 bn, −6.0%) and electricity, gas, steam and air conditioning (−1.4 bn, −14.5%) dropped the most year-on-year.

Total balance of foreign trade with goods ended in deep deficit last year.

Balance of foreign trade with goods ended in deficit of 199.7 CZK bn last year. It was the second annual deficit in a row and it worsened by 190.5 CZK bn. The balance was negative in all last year's quarters and attained the sixth deficit in a row in Q4, this time in the amount of 50.4 CZK bn. The deficit deteriorated by 21.1 CZK bn year-on-year. Seasonally adjusted data nevertheless suggest that the balance was improving quarter-on-quarter for the second quarter in a row.

Growth of the prices of materials impacted the balance deterioration. It was also related to the deepening of the trade deficit with the countries outside the EU.

Worsening of the balance of foreign trade with goods was completely attributed to the trade with countries outside the EU last year (deficit deepening by 355.5 CZK bn). Even the record improvement of the trade balance with the EU by 168.4 CZK bn was thus not sufficient for the maintaining the total overall surplus. Trade with Russia (−162.1 CZK bn), China (−127.2 bn), Norway (−34.0 bn), Poland (−27.9 bn) and Azerbaijan (−19.9 bn) worked the most in the direction of balance deterioration last year. On the contrary, the balance improved in case of trade with Germany (+81.2 CZK bn), Slovakia (+46.4 bn), Italy (+15.5 bn), Spain (+11.2 bn), Hungary (+11.1 bn) or Kazakhstan (+10.9 bn). In Q4 itself, the trade balance with China (−46.8 CZK bn) and Norway (−35.5 bn) worsened the most year-on-year. Smaller downswings were then recorded for the trade with the United States (−6.3 CZK bn), Azerbaijan (−5.7 bn) or South Korea (−4.9 bn). The foreign trade result was markedly better in case of Germany (+19.8 CZK bn) and Russia (+13.7 bn). Trade with Italy (+6.5 CZK bn), Spain (+6.3 bn), Slovakia (+5.1 bn), Kazakhstan (+5.1 bn), Switzerland (+5.1 bn), Austria (+4.5 bn) or France (+4.3 bn) also worked in the direction of surplus.

Trade with oil and natural gas was the main cause of the foreign trade with

Balance of trade with oil and natural gas worsened the most (−177.0 CZK bn) last year and further with basic metals (−29.6 bn), electrical equipment (−23.0 bn), coke and refined petroleum products (−22.8 bn) and chemical substances and products (−17.6 bn). Trade with brown coal and lignite (−14.0 CZK bn), wearing apparel (−9.8 bn), food products (−6.3 bn), other products



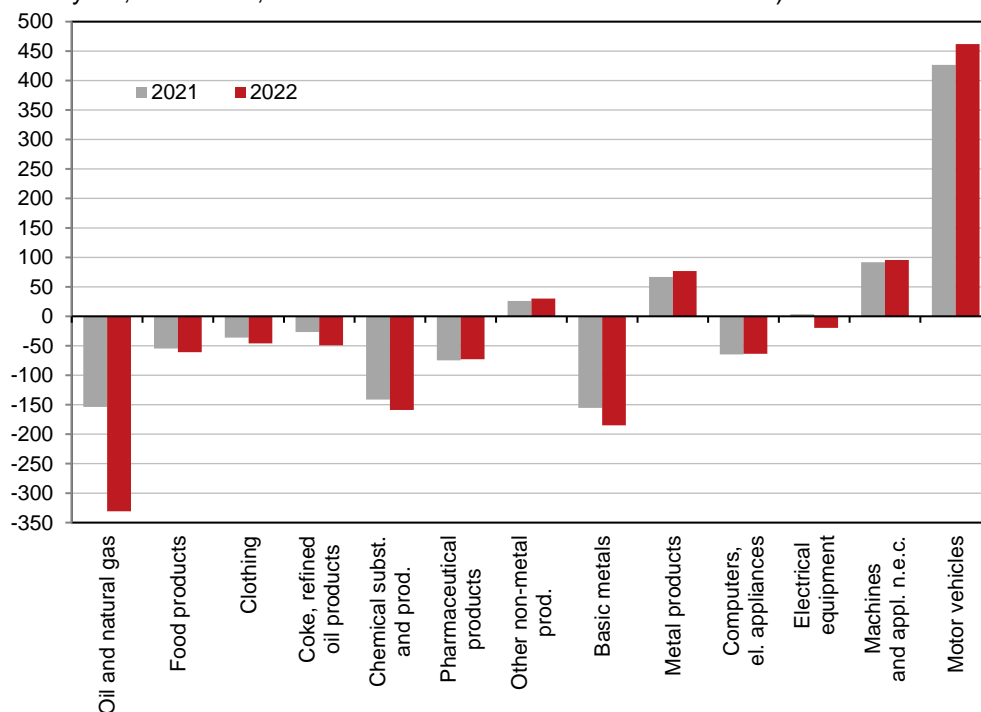
goods balance deterioration.

of manufacturing (-4.7 bn), other transport equipment (-4.6 bn) or leather and associated products (-4.5 bn) also had an adverse effect on the total balance. Balance improvement on the contrary occurred in case of trade with electricity, gas, steam and air conditioning (+46.6 CZK bn), motor vehicles (+35.4 bn), fabricated metal products (+10.0 bn) or products of agriculture and hunting (+7.9 bn).

Trade with oil and natural gas and electrical equipment worsened the balance at the end of the year.

Trade with oil and natural gas (-24.6 CZK bn) and electrical equipment (-15.2 bn) worsened the balance the most year-on-year in Q4. The deficit for coke and refined petroleum products (-3.9 CZK bn), chemical substances and products (-2.8 bn.) or wearing apparel (-2.2 bn) also deepened. Surplus of trade with electricity, gas, steam and air-conditioning also shrank (-2.5 CZK bn). Balance was improving for a minority of products. Marked year-on-year balance strengthening was recorded for trade with motor vehicles (+14.0 CZK bn) and computers, electronic and optical products (+10.4 CZK bn) in Q4. Trade with machinery and equipment (+6.7 CZK bn) or basic metals (+2.9 bn) also worked in the direction of improvement of the total balance.

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



Source: CZSO