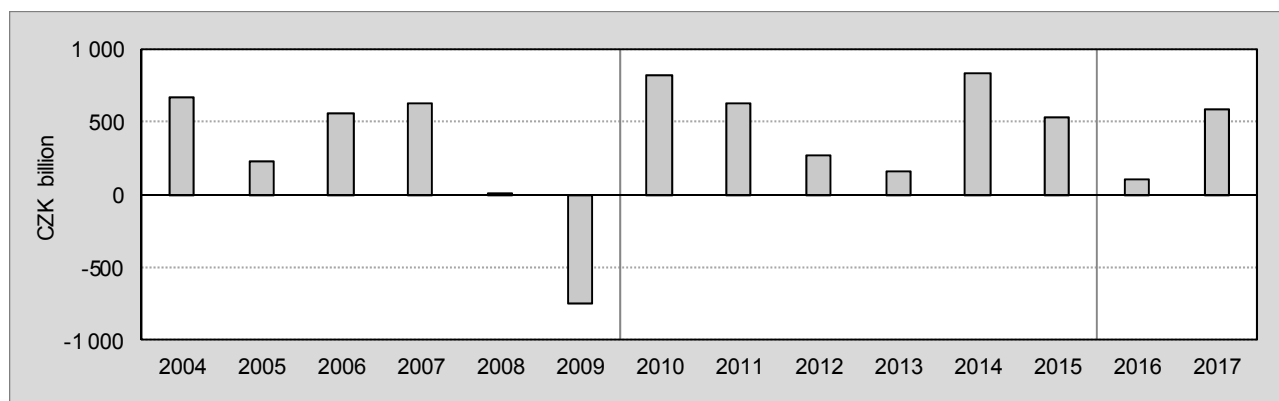


# External trade of the Czech Republic in goods<sup>1</sup> in 2017

## 1. Trends in external trade

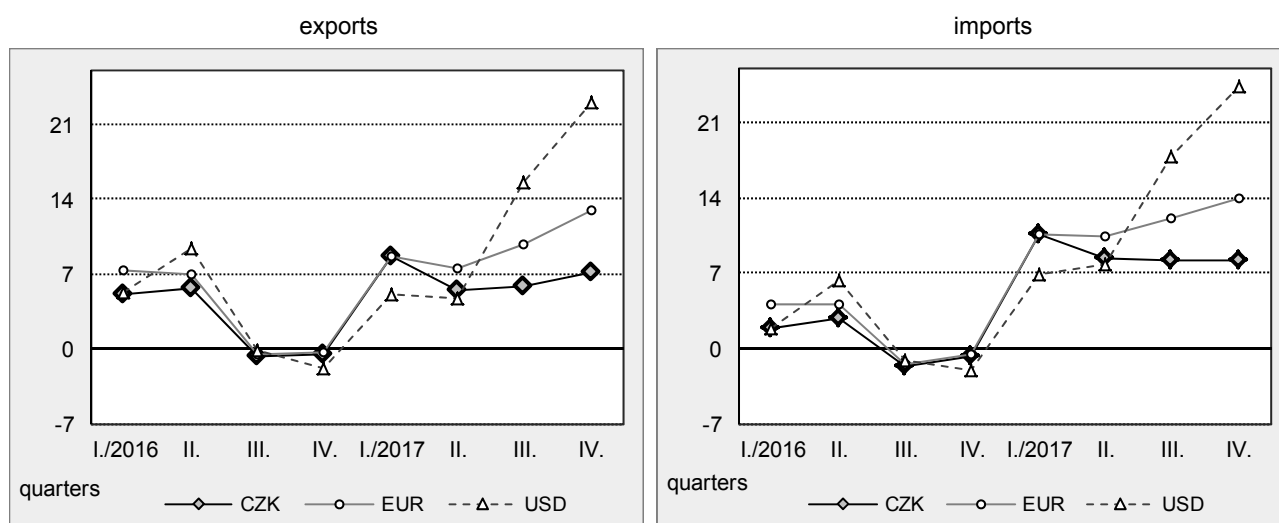
The Czech Republic **turnover of external trade** in goods continued to grow in 2017. Y-o-y increases of turnover were recorded continuously since 2010 and an absolute increment of CZK 577.3 bn in 2017 was comparable with that in 2015. Compared to 2016, total of exports and imports rose by 7.7% and reached CZK 8 046.0 bn.

**Graph 1 - Year-on-year changes in turnover of external trade**



In 2017, value of **goods exported** from the Czech Republic reached CZK 4 244.6 bn. Compared to 2016 exports grew by 6.8%, i.e., by CZK 270.5 bn. These both increments, relative and absolute, were markedly higher than those a year ago, when exports went up only by 2.3% (CZK 90.8 bn).

**Graph 2 - Year-on-year changes in exports and imports as percentage**



In 2017 exports and imports<sup>2</sup> expressed in euros increased by 9.7% and 11.8% respectively. Exports and imports converted to USD grew even faster by 12.0% and 14.2%, respectively, y-o-y.

In 2017 **imports** as well as exports were record-breaking and grew to CZK 3 801.4 bn from CZK 3 494.7 bn in 2016. The rate of growth of imports exceeded the growth of exports which resulted in increasing imports by 8.8% (0.5% in 2016) and in absolute terms by CZK 306.8 bn.

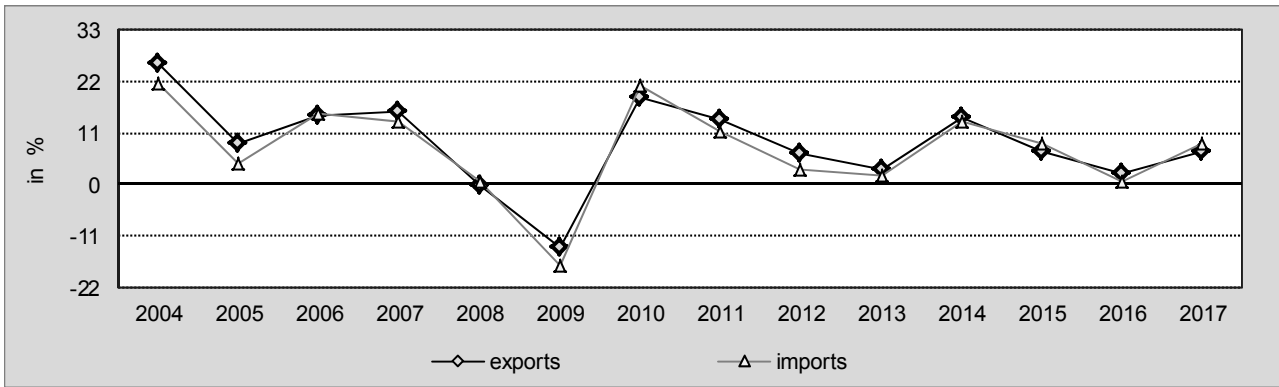
<sup>1</sup> **Cross-border concept of external trade** reflects only physical movements of goods across the border regardless of whether the trade between the Czech and foreign entities occurs. These data are internationally comparable and can be used as indicators of development of value of the trade.

From 2016 the methodology of external trade for recording imports of natural gas was updated. This influence is not taken into account in years 2014 and 2015 (estimated value of 4.4 bn CZK and CZK 16.2 bn respectively).

**2016 and 2017 data are final.**

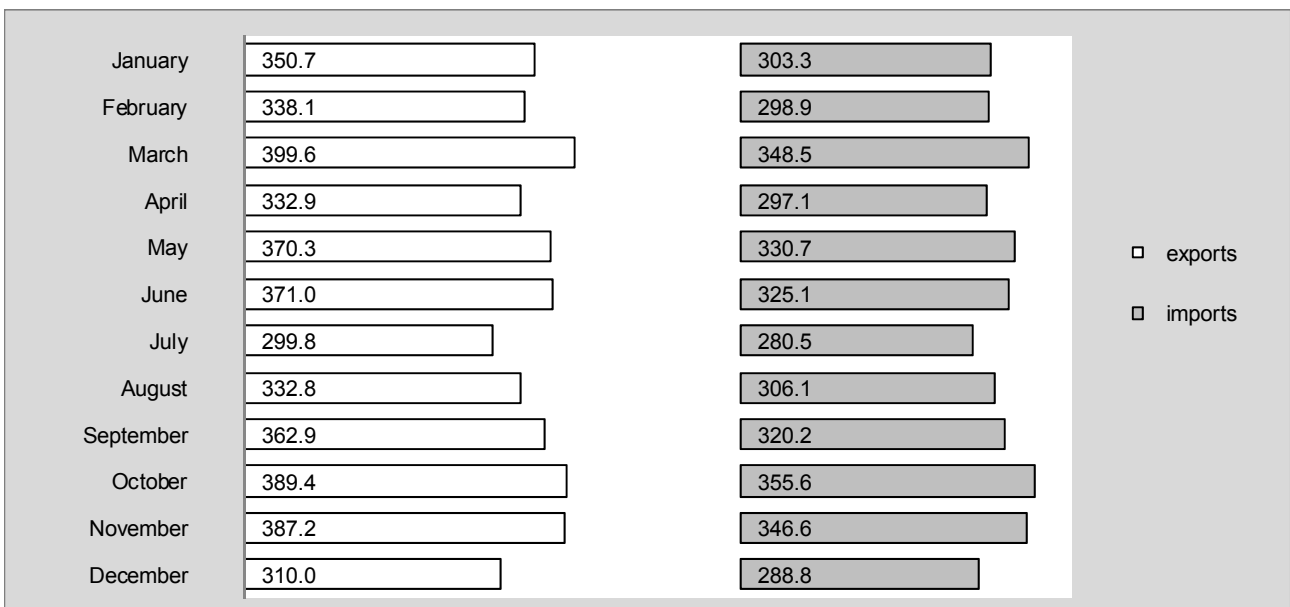
<sup>2</sup> In January to December 2017 compared to January to December 2016 the Czech crown strengthened against EUR by 2.7% and against USD by 4.5%. A significant strengthening of CZK against USD became evident especially in the second half of 2017.

**Graph 3 - Year-on-year changes in exports and imports as percentage**



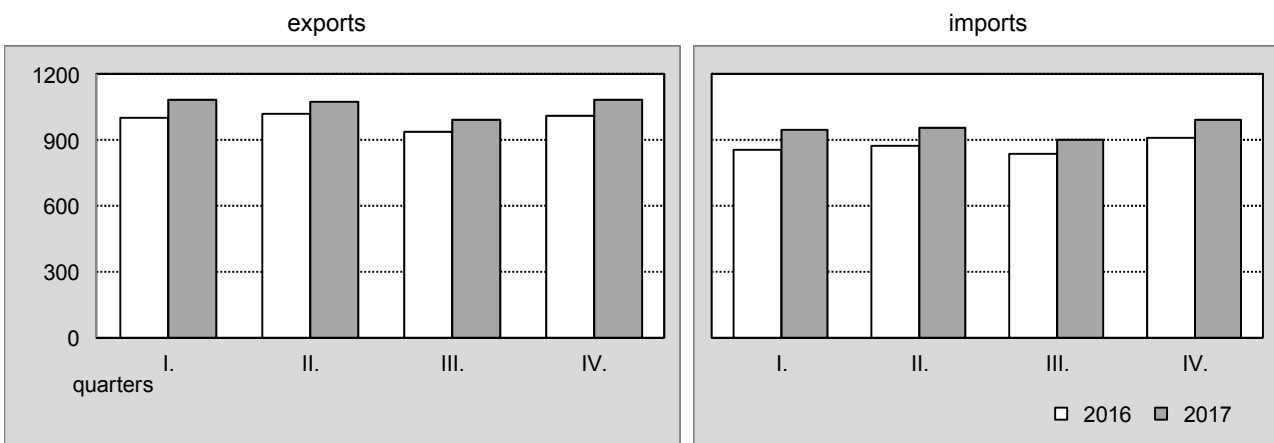
A short-term point of view of external trade development **in individual months** of 2017 showed March and October as the months with the highest value of exports and imports (CZK 399.6 bn and CZK 355.6 bn respectively). The lowest exports and imports (CZK 299.8 bn and CZK 280.5 bn respectively) were recorded in July due to factory holidays in major firms.

**Graph 4 - Exports and imports in respective months of 2017 (in CZK billion)**



Year-round development of trade was affected by different trends in individual quarters in which year-on-year growth of both exports and imports was registered.

**Graph 5 – Exports and imports of the Czech Republic in respective quarters (in CZK billion)**

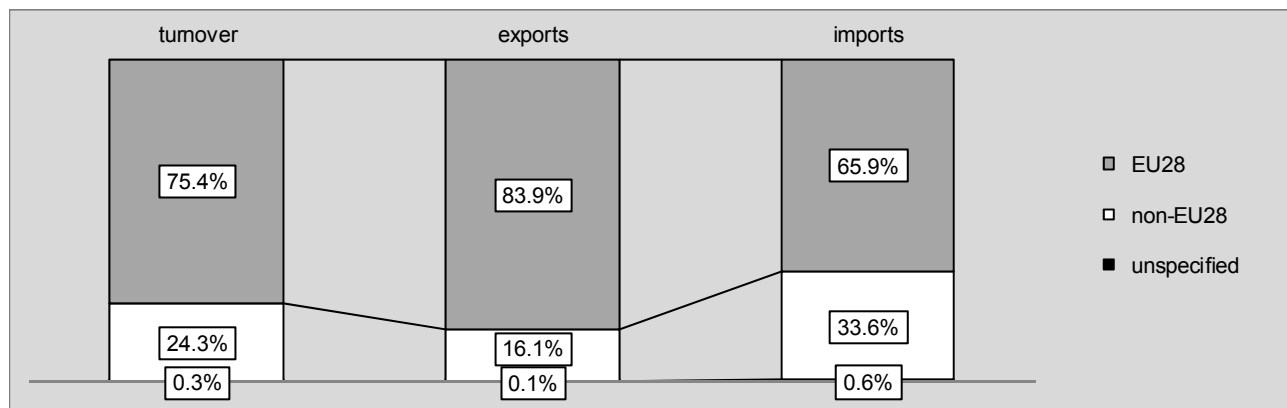


## 2. Territorial structure

### 2.1. External trade of the Czech Republic with EU Member States<sup>3</sup> and non-EU countries

In 2017, a share of external trade with the EU Member States in total amount of the Czech Republic external trade **turnover** reached 75.4% (CZK 6 063.0 bn) against 75.9% (CZK 5 668.7 bn) in 2016, while the contribution of non-EU countries was 24.3%<sup>4</sup> (CZK 1 958.2 bn) compared to 23.8% (CZK 1 774.6 bn) in 2016.

**Graph 6 - Exports and imports by group of countries in 2017 (shares in %)**



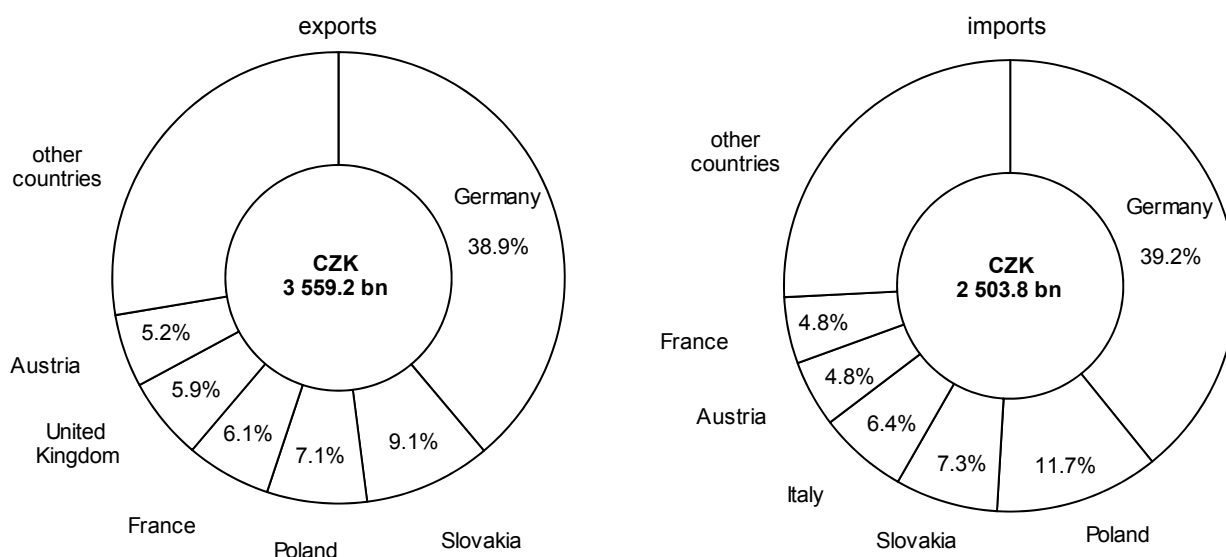
**Exports to the EU Member States** grew by 7.1% to CZK 3 559.2 bn. Y-o-y total increment of exports (CZK +235.5 bn) were influenced mainly by higher exports to Germany (by CZK +97.2 bn), the Netherlands (by CZK +33.6 bn), Poland (by CZK +24.9 bn), Austria (by CZK +18.1 bn) and Hungary (by CZK +12.5 bn).

A continuing decrease of exports to Slovakia (by CZK -7.6 bn in 2017) affected the total exports of the Czech Republic in a negative manner.

A y-o-y negligible decrease of exports to **non-EU countries** by 0.1% in 2016 was followed by a growth by 5.3% (CZK +34.4 bn) in 2017. The biggest y-o-y absolute increments of exports to non-EU countries were recorded to China (CZK +9.4 bn), the Russian Federation (CZK +7.0 bn) and Ukraine (CZK +6.2 bn). On the other hand, exports fell to Japan by 20.2% (CZK -4.6 bn).

An increase of exports to Turkey by CZK +6.2 bn in 2016 was replaced by a fall by CZK -0.2 bn in 2017.

**Graph 7 - External trade with EU states in 2017 (shares in %)**

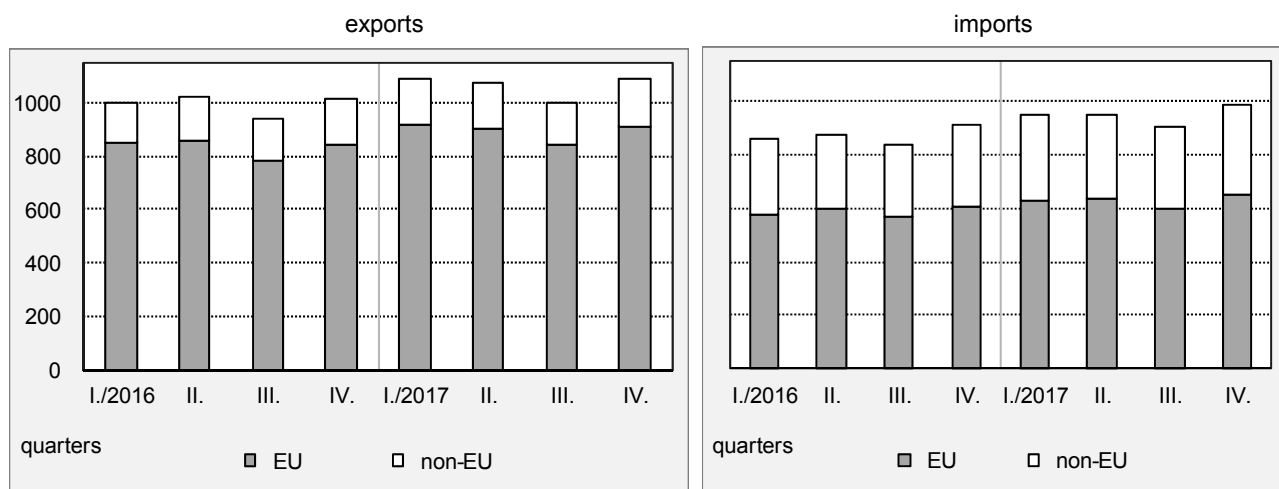


<sup>3</sup> **European Union** - EU (28 member states): Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

<sup>4</sup> In 2017, share of **unspecified countries** in total amount of external trade turnover was 0.3%. Providers of statistical information use the code 'unspecified country' in case when the origin of goods is not known.

Y-o-y **imports** from the **EU Member States** went up by 6.8% (CZK +158.8 bn) to amount to CZK 2 503.8 bn in 2017. While in 2016 imports from the non-EU countries fell by 4.3% (CZK -50.2 bn), in 2017 they increased by 13.2% (CZK +149.2 bn) and reached CZK 1 275.6 bn.

**Graph 8 - External trade with the EU Member States and with non-EU countries (in CZK billion)**



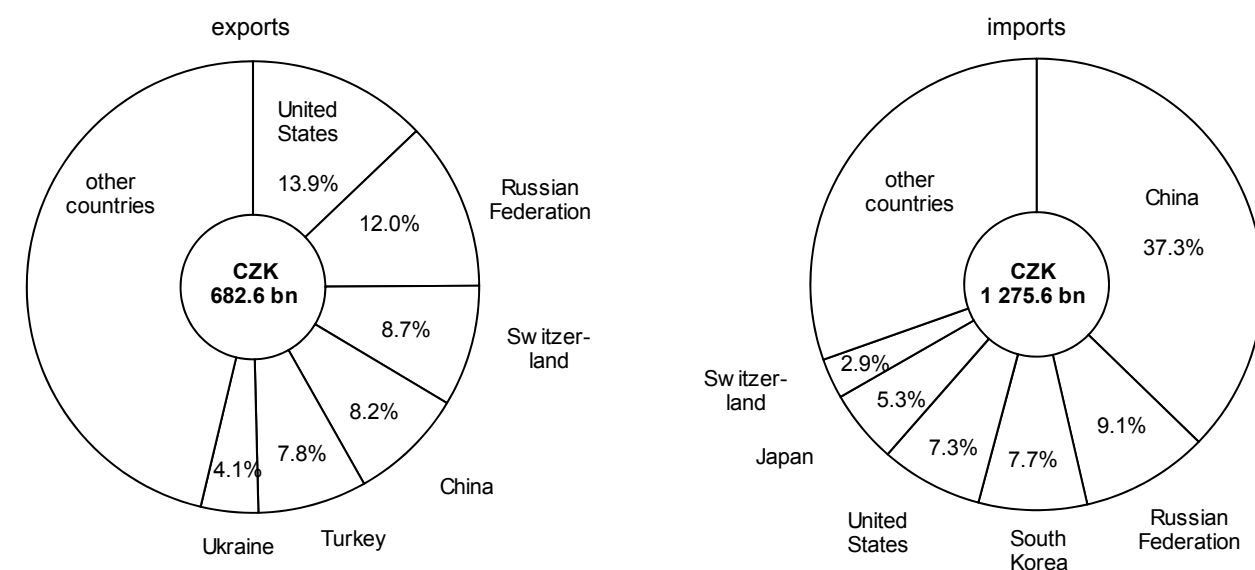
In 2017 the Czech Republic imports from all EU Member States rose except Malta, Cyprus and Luxembourg (all mentioned countries CZK -0.8 bn). The growth of the total annual value of **imports from EU Member States** was influenced mainly by an increase of imports from Germany (CZK +57.4 bn), Austria (CZK +18.3 bn), Ireland (CZK +10.3 bn), Italy (CZK +9.4 bn) and Hungary (CZK +8.7 bn).

From all **non-EU countries** a change in **imports** from China (an increase by 10.1% in 2017 against a decrease by 7.6% in 2016) and the end of the decline of trade with the Russian Federation (a growth of imports by 38.5% against a fall by 19.1% in 2016) are worth recording.

In 2017 only from 19 non-EU countries a decline of imports was observed (for instance Norway, Costa Rica and Singapore). From all other countries imports to the Czech Republic increased. The biggest absolute increases of imports were recorded in trade with (already mentioned) China (by CZK +43.7 bn) and the Russian Federation (by CZK +32.3 bn), further with the South Korea (by CZK +13.1 bn), the United States (by CZK +12.6 bn) and Azerbaijan (by CZK +12.1 bn).

**The balance of external trade** according to the movement of goods with the EU Member States ended in a surplus of CZK 1 055.4 bn, which was by CZK 76.7 bn higher, y-o-y, and that with non-EU countries finished in a deficit of CZK 593.0 bn, which deepened by CZK 114.8 bn, y-o-y. The total trade balance reached CZK 443.2 bn which was by CZK 36.2 bn less than in 2016.

**Graph 9 - External trade with non-EU states in 2017 (shares in %)**



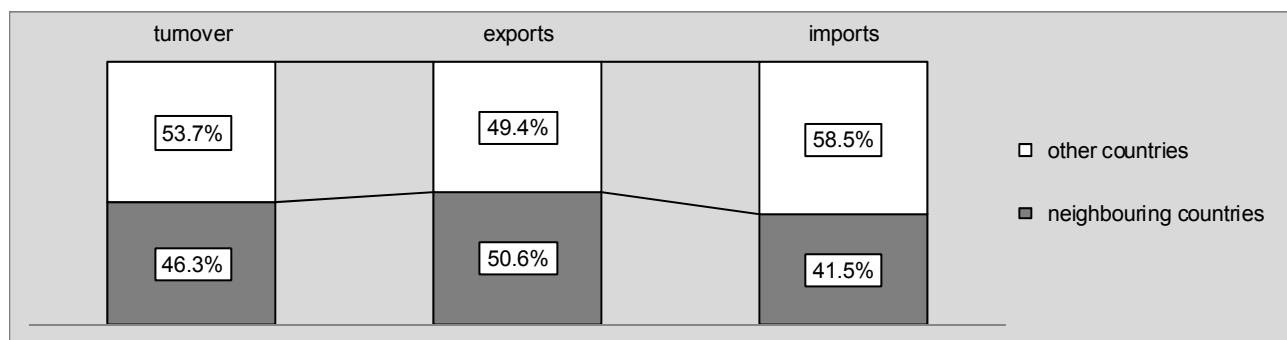
## 2.2. External trade with neighbouring countries

Prevailing part of the Czech Republic external trade is connected with neighbouring states (Germany, Poland, Austria and Slovakia). These countries had a significant influence on rates of growth of total exports, total imports and total balance of external trade. In 2017, a share of external trade with neighbouring countries in total external trade turnover of the Czech Republic was 46.3% (of which shares in total exports and total imports were 50.6% and 41.5% respectively).

In 2017 compared to 2016, external trade turnover of the Czech Republic with neighbouring countries grew by 6.3% (from CZK 3 507.6 bn to CZK 3 727.0 bn).

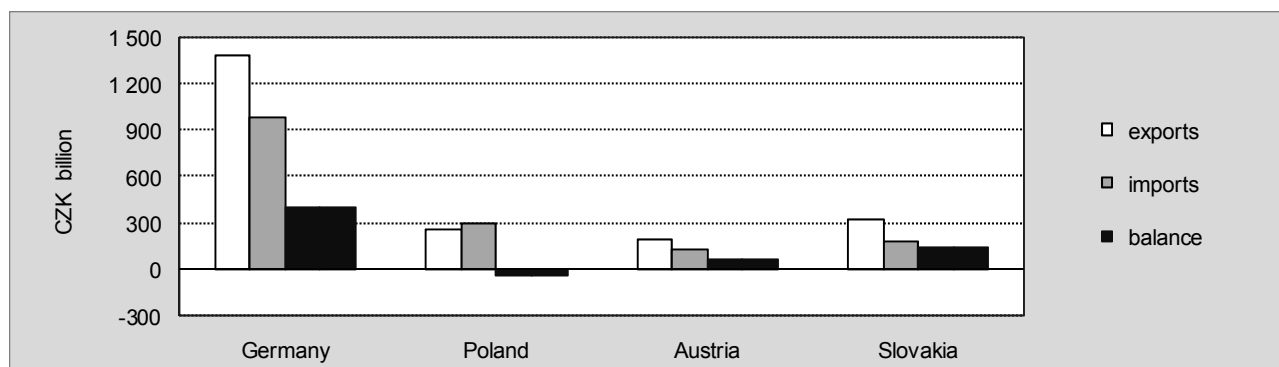
The growth of exports by 6.6% (from CZK 2 015.7 bn to CZK 2 148.3 bn) to neighbouring countries and growth of imports by 5.8% (from CZK 1 492.0 bn to CZK 1 578.6 bn) from neighbouring states resulted in a y-o-y increment of the trade balance surplus with neighbouring countries in total by CZK 46.0 bn.

**Graph 10 - External trade with neighbouring countries in 2017 (shares in %)**



**Germany is the main partner** of the Czech Republic in trade with neighbouring countries and, of course, the most significant external trade partner of the Czech Republic. In 2017, Germany contributed to total external trade turnover of the Czech Republic by 29.4% and to total external trade turnover with neighbouring countries by 63.5%. Germany's share in exports to neighbouring countries was 64.4% and its share in imports from those states was 62.2%.

**Graph 11 - External trade of the Czech Republic with neighbouring countries in 2017**



**Poland, the second greatest external trade partner** of the Czech Republic among the neighbouring countries (with a share 14.7%), had also the second greatest share (6.8% in 2017) in total external trade of the Czech Republic. Value of the external trade turnover of the Czech Republic with Poland was if compared to that of Germany markedly lower (roughly one quarter), thus an influence of trade with Poland on total external trade of the Czech Republic was significantly weaker compared to Germany.

For the second time since formation of the independent Czech Republic in 1993 **Slovakia** did not rank for the second place according to the sum of the value of exported and imported goods. In terms of the order of the individual states according to the turnover value<sup>5</sup>, the trade with Slovakia dropped from the third (in 2016) to **the fourth** position. In 2017 the external trade with this country did not reach the value of the previous year again and fell by 0.3%, y-o-y, even though imports increased by 3.4%, exports which has a more significant value went down by 2.3%.

**Austria with the lowest share** in external trade of the Czech Republic with neighbouring countries (8.2% in 2017), participated in total external trade turnover of the Czech Republic by 3.8% and took the eighth place.

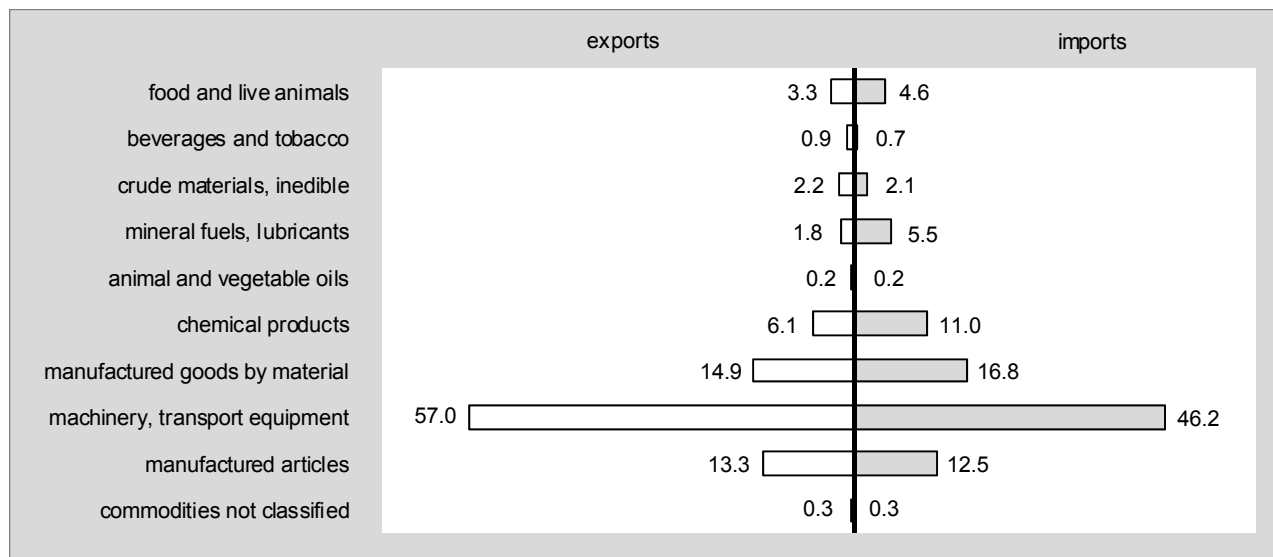
<sup>5</sup> The first five countries according to the size of external trade turnover of the Czech Republic in 2017: Germany, Poland, China, Slovakia and France.

### 3. External trade structure by commodity

#### 3.1. External trade by Sections of SITC

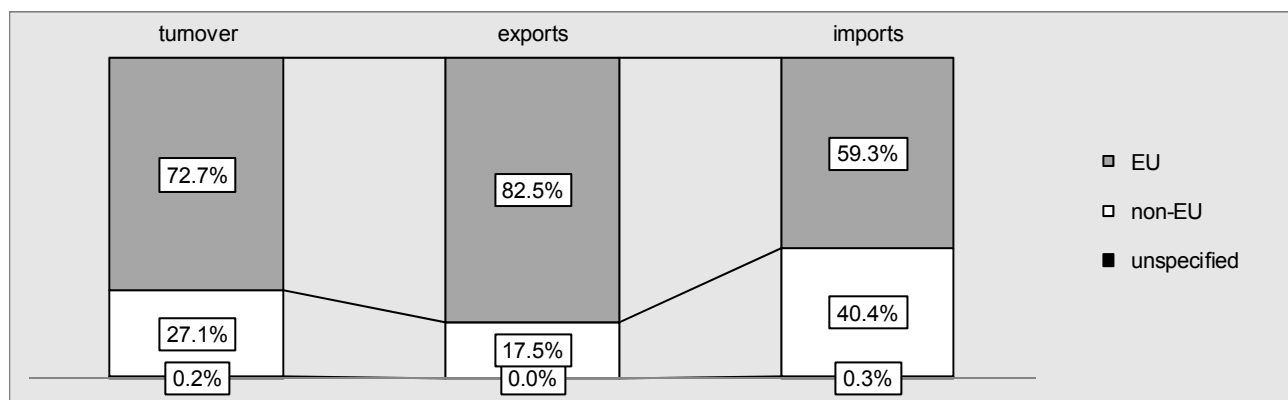
The external trade **structure by commodity** was accompanied with a y-o-y growth in exports and imports of majority of the Standard International Trade Classification<sup>6</sup> aggregated sections.

**Graph 12 - Commodity structure of external trade in 2017 (shares in %)**



The highest y-o-y absolute increase was recorded in **exports of machinery and transport equipment** (by CZK +182.8 bn). A big part of this increment (CZK +161.4 bn) fell on exports to the EU Member States, mainly to Germany, France, United Kingdom, Slovakia and Poland. In 2017 exports from the Czech Republic consisted mostly of motor vehicles for the transport of persons, parts and accessories for motor vehicles, office machines and automatic data-processing machines, telephone sets (incl. cellular), air conditioning machines and fuel pumps.

**Graph 13 – Territorial structure of machinery and transport equipment in 2017 (shares in %)**



The second highest increment (by CZK +37.6 bn) was recorded in **miscellaneous manufactured articles** exports of which 85,6% went to the EU Member States, the most of that to Germany, Slovakia, Austria, the United Kingdom and France. Exports consisted mainly of seats for motor vehicles and their parts, toys and audio recording media.

Compared to the previous year in 2017, higher absolute exports were also registered in manufactured goods classified chiefly by materials (by CZK +21.4 bn), chemicals and related products (by CZK +20.2 bn) and crude materials, inedible. Exports of mineral fuels, lubricants and related materials remained on the same level as in 2016; on the contrary, a drop was recorded in animal and vegetable oils, fats and waxes (by CZK -3.8 bn) and food and live animals.

<sup>6</sup> Standard International Trade Classification (SITC) is an international classification of goods developed by the United Nation Statistical Division. Its aim is grouping goods within the international trade. The current SITC, Revision 4, was published in 2006. It is composed of 10 sections, 67 divisions, 262 groups, 1 023 subgroups and 2 970 basic headings.

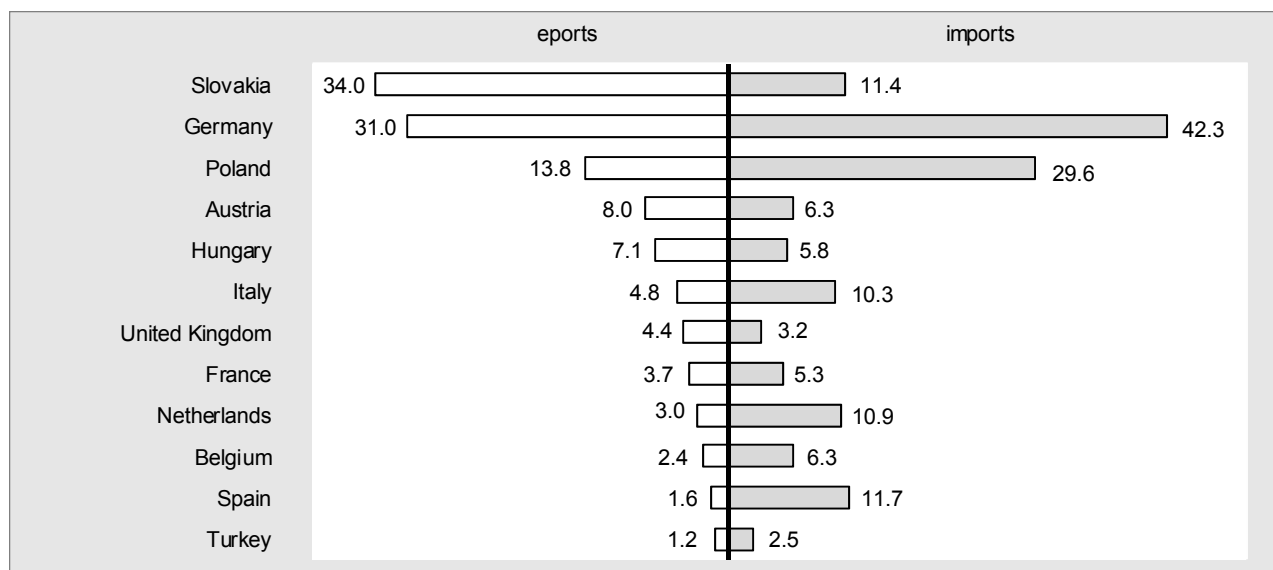
All 10 sections of SITC are listed in Graph 12.

The highest y-o-y increase in imports was recorded in **machinery and transport equipment** (by CZK +153.6 bn), which was influenced almost by the same proportion by increased imports from both the EU Member States and from non EU countries by CZK +79.4 bn and CZK +74.1 bn respectively. In 2017 imports of machinery and transport equipment reached CZK 1 755.5 bn of which the largest part consisted of parts and accessories of the motor vehicles, telephone sets, motor vehicles for the transport of persons and electronic integrated circuits. Goods came mainly from Germany, China, Poland, South Korea and Slovakia.

The second highest increase was registered in imports of **manufactured goods classified chiefly by materials** (by CZK +48.7 bn). In 2017 the biggest part of this section were manufactures of base metal, aluminium, products of iron and steel, paper and paperboard. Most of the goods were imported from Germany, Poland and Slovakia.

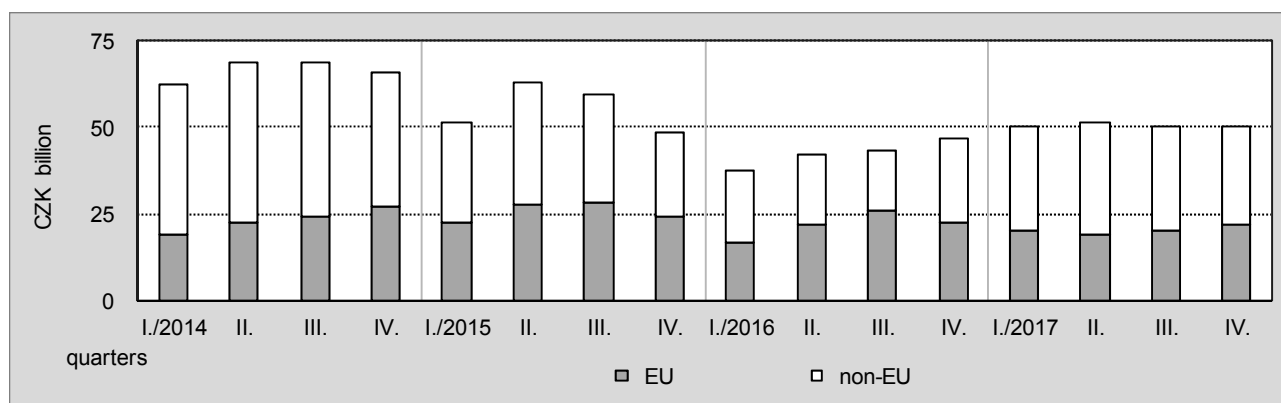
In 2017 compared to 2016, the Czech Republic imported by CZK 16.5 bn more of chemicals and related products, of which almost 30% came from Germany. Y-o-y increments in imports were recorded also in miscellaneous manufactured articles (by CZK +43.7 bn), food and live animals (by CZK +2.6 bn) and beverages and tobacco (by CZK +2.4 bn). Imports of animal and vegetable oils, fats and waxes fell (by CZK -3.0 bn).

**Graph 14 - External trade in food and live animals with selected countries in 2017 (in CZK billion)**



In 2017, a four-year decline in imports of **mineral fuels, lubricants and related materials** stopped. Imports of this SITC commodity section amounted to CZK 207.5 bn in which case they grew by 18.5% relatively and by CZK +32.4 bn absolutely. In the first place, imports of petroleum, petroleum products and related materials went up (by CZK +28.6 bn) compared to 2016. Imports of electric current and gas, natural and manufactured remained on the same level as in 2016.

**Graph 15 - Imports of mineral fuels from EU and non-EU**

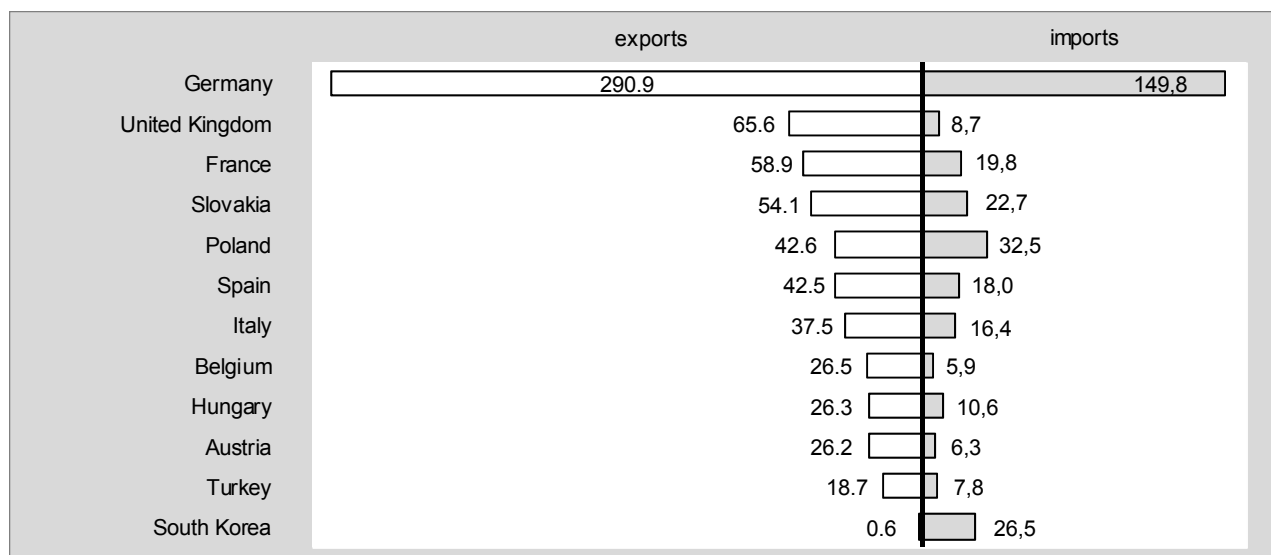


The apportionment of individual commodity section of SITC in trade with the EU Member States is almost the same as the structure of total external trade. The only marked difference is seen in imports of mineral fuels which are largely determined by the supply of Russian gas and oil.

### 3.2. External trade in road vehicles

Road vehicles (SITC 78)<sup>7</sup>, of which then predominantly **motor cars (SITC 781)** and **parts and accessories of the motor vehicles (SITC 784)** continued to be the **main item of exports of the Czech Republic in 2017**. Exports of road vehicles (CZK 897.6 bn) remained the highest of all SITC sections and was (by CZK +57.8 bn) higher, y-o-y. The prevailing part of exports (CZK 765.4 bn), higher by CZK +51.0 bn, y-o-y, went to the EU Member States of which one third fell to trade with Germany.

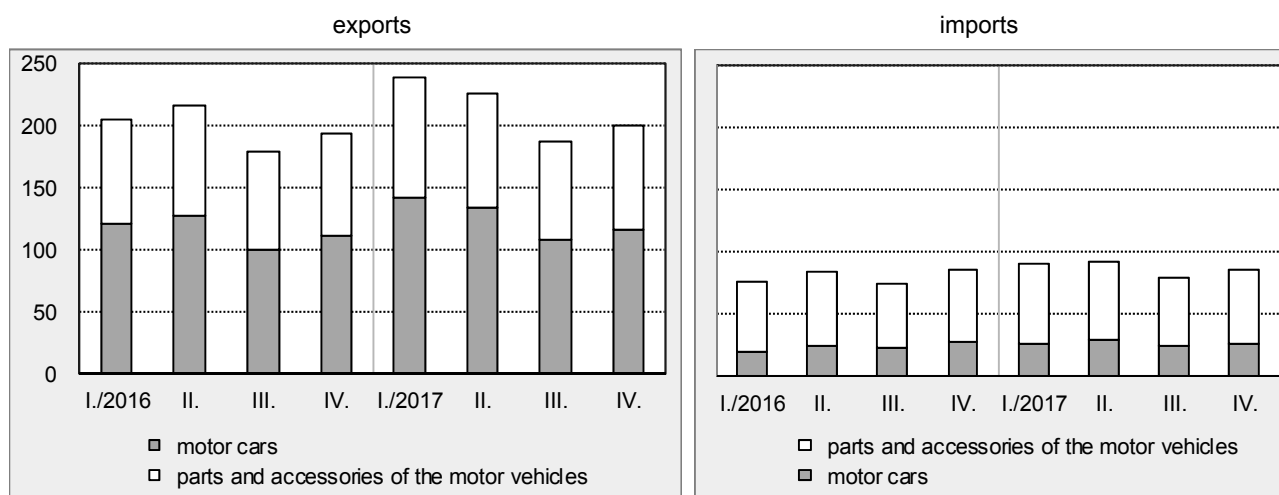
**Graph 16 - External trade in road vehicles with selected countries in 2017 (in CZK billion)**



Road vehicles contributed to the total **exports** by 21.0% of which shares of motor cars and parts and accessories of the motor vehicles were 11.8% (11.5% in 2016) and 8.2% (8.4% in 2016) respectively. Y-o-y, exports of motor cars rose by 8.8% and exports of motor cars and parts and accessories of the motor vehicles increased by 4.8%.

**Exports of motor cars and parts and accessories of the motor vehicles** grew in all individual quarters of 2017. Q3 2017 as in previous years was the weakest quarter of 2017; on the other hand the largest part of motor cars and parts and accessories of the motor vehicles was exported in Q1 2017.

**Graph 17 - External trade of motor cars and parts and accessories of the motor vehicles (in CZK billion)**



Road vehicles had significantly weaker impact on trend in total **imports** and imports of machinery and transport vehicles section than in total exports in 2017. Imports of road vehicles went up by 6.5% (CZK +24.3 bn), y-o-y. Imports of road vehicles participated in total imports by 10.5% and in machinery and transport equipment section by 22.8%.

<sup>7</sup> Division 78 - road vehicles consists of 6 groups (781 - motor cars and other motor vehicles, including station-wagons and racing cars; 782 - motor vehicles for the transport of goods and special purpose; 783 - road motor vehicles; 784 - parts and accessories of the motor vehicles of groups 722,781, 782 and 783; 785 - motor cycles and cycles, invalid carriages; 786 - trailers and semi-trailers, other vehicles, not mechanically-propelled).



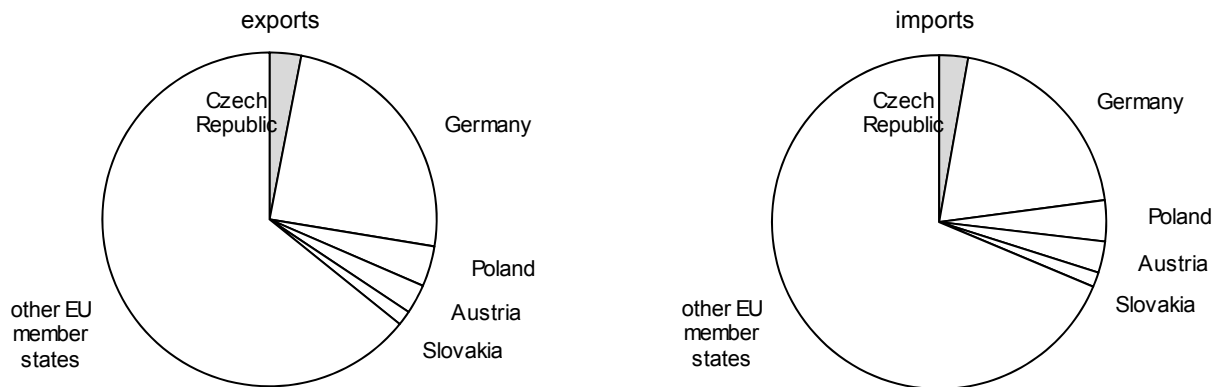
#### 4. Eurostat data<sup>8</sup>

In 2017 compared to 2016, the rate of growth of exports of the **EU Member States** accelerated to 7.4%. Total value of exports thus increased almost by EUR +362 bn y-o-y and reached EUR 5 223.7 bn. Total EU Member States imports grew even faster by 7.9% (EUR +377.6 bn) to EUR 5 138.7 bn. In 2016 exports of EU Member States stagnated and their total imports went up by less than one percent.

Exports and imports of nineteen Eurozone<sup>9</sup> countries went up by 7.3% and 8.8% respectively y-o-y. **The Czech Republic** contributed to the total EU Member States **exports** and **imports** by 3.1% and 2.8% respectively which were by 0.1 p.p. higher shares both of exports and imports than in 2016.

According to Eurostat data, the Czech exports and imports rose by 8.5% and 10.9% respectively in 2017 compared to 3.3% and 1.4% respectively in 2016.

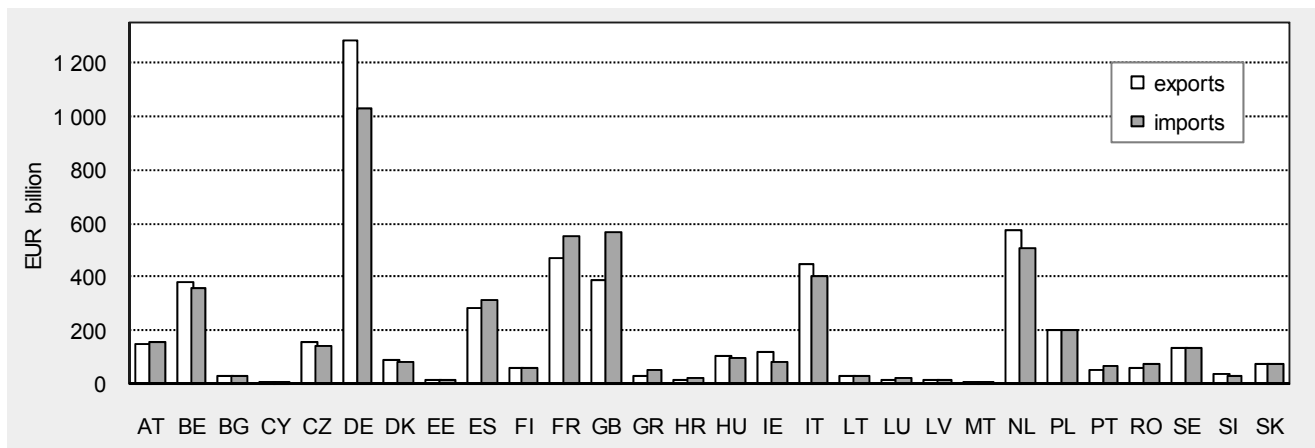
**Graph 18 - Share of the Czech Republic and neighbouring states in external trade of the EU in 2017**



Balance of the EU Member States ended in a surplus of EUR 85.0 bn which was by EUR 15.7 bn lower compared to 2016. Germany (EUR 248.8 bn), the Netherlands (EUR 67.6 bn), Italy (EUR 47.4 bn), Ireland (EUR 43.1 bn), Belgium (EUR 20.8 bn) and the Czech Republic (EUR 16.1 bn) recorded the highest surpluses of the all EU Member States.

Deficit was observed in the trade balance of the United Kingdom (EUR 179.3 bn), France (EUR 79.2 bn), Spain (EUR 28.3 bn) and Greece (EUR 21.4 bn).

**Graph 19 - EU28<sup>10</sup> external trade by country in 2017**



<sup>8</sup> Eurostat, the statistical office of the European Union, 10 August 2018.

<sup>9</sup> Eurozone 19: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

<sup>10</sup> European Union - EU (28 member states): Austria (AT), Belgium (BE), Bulgaria (BG), Croatia (HR), Cyprus (CY), the Czech Republic (CZ), Denmark (DK), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (GR), Hungary (HU), Ireland (IE), Italy (IT), Latvia (LV), Lithuania (LT), Luxembourg (LU), Malta (MT), the Netherlands (NL), Poland (PL), Portugal (PT), Romania (RO), Slovakia (SK), Slovenia (SI), Spain (ES), Sweden (SE) and the United Kingdom (GB).