4. External Relations

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| Value of exports went up in H1. |  | Total value of goods exported reached 1 821.0 CZK bn[[1]](#footnote-1) in H1 2018. That is by 6.3 bn (0.3%) more in comparison to the same period of the last year. Result from Q1, which was considerably impacted by the record exports in 2017 (year-on-year slump amounted to 10.3 CZK bn) especially hindered the year-on-year increase. The year-on-year appreciation of koruna could have influenced the value of exports in current prices as well. The value of exported goods went up by 16.5 CZK bn (1.8%) in Q2 2018. |
| Exports to Germany fell after a long time. |  | Given the view of the territorial classification of exports, certain stagnation is observed partially caused by the high basis from the last year. Value of exports into the EU countries thus increased by 11.2 CZK bn in H1 2018, which is much less compared to 98.5 bn in the same period of the last year. Year-on-year fall of exports into Germany arose for the first time since H1 2013 (–3.0 CZK bn, –0.5%). The value of exports to Slovakia fell further (–3.5 CZK bn, –2.2%) as well as to the Great Britain (–5.2 CZK bn, –5.8%). In contrast the trend of large increases of exports to Netherlands continued, this time it was +6.9 CZK bn (12.0%). Exports of goods to Poland climbed up only slightly (2.0 CZK bn, 1.8%), Austria (1.0 bn, 1.3%) and France (2.7 bn, 2.9%). The value of exports into countries outside the EU decreased year-on-year by 5.0 CZK bn (1.7%) in H1. |
| Value of exports of motor vehicles fell. Other producers managed to maintain growth. |  | Motor vehicles represented the product, which played a key role in the drop of the value of export in H1. Value of their export decreased year-on-year by 22.7 CZK bn (4.3%) in this period and it was falling both in Q1 and Q2. Other manufacturers recorded rather easing of the growth than slumps, only the decrease for food products by 2.9 CZK bn (5.3%) and rubber and plastic products by 2.3 bn (2.3%) depicted more notable exceptions. The export of machinery and equipment slightly increased (4.2 CZK bn, 2.1%), also the electrical appliances (6.3 CZK bn, 4.2%) or metal products (2.1 bn, 1.9%). Computers, electronic and optical products recorded a significant increase of export by 21.9 CZK bn (13.2%) in H1. |
| Value of export increased, partially also due to raised prices of some materials. |  | Value of imported goods arrived at 1 715.2 CZK bn in H1. The year-on-year increase was 25.7 CZK bn (1.5%). Complete majority of the stated addition fell in Q2 (23.5 CZK bn, 2.8%). Prices of imported materials affected the result similarly to the previous periods. It is the case of coke and refined oil products, where the value of imports rose by 8.7 CZK bn (36.2%) year-on-year. The value of imported machinery and equipment increased (5.5 CZK bn, 3.4%), but also the value of other transportation equipment (7.4 CZK bn, 35.7%), which from the view of total volume constituted a small part formerly. On the contrary, the import of motor vehicles dropped by 7.8 CZK bn (2.7%). The value of imported oil and natural gas reduced by 7.2 CZK bn, which is in opposition to the growing prices of these commodities. Among other things the pre-stocking also had an effect in H1, thanks to which it was not necessary to import the same volume of gas as in the preceding year. From the territorial point of view, especially the EU countries stood behind the increase of the total import (+19.9 CZK bn), other destinations recorded a milder increase of 6.4 bn. |
| Surplus of the balance of trade with goods decreased…, |  | Total surplus of the balance of foreign trade with goods achieved 105.7 CZK bn in H1. This is by 19.4 bn less compared to the same period of the last year. Majority of this decrease arose already in Q1, in Q2 the surplus was year-on-year lower by 6.9 CZK bn. The surplus narrowed for the EU states (–8.7 CZK bn) and it happened for trade with the majority of the significant partners (Germany –6.6 bn, Slovakia –3.8 bn, Great Britain –3.5 bn, etc.). Netherlands where the CR exports more lately, which also supported the increase of the surplus by 6.7 CZK bn, presented the exception. |
|  |  | **Chart 9 Balance of foreign trade\* in foreign trade statistics** (accumulation H1, in CZK bn, selected divisions of the CZ-CPA classification) |
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| Source: CZSO  \*In the national conception |
| … from the large part due to the motor vehicles. |  | Reduction of the balance surplus was from the large part caused by the motor vehicles, where the positive balance shrank year-on-year for the first time since year 2013 (–14.9 CZK bn). Deepening of the deficit occurred for coke and refined oil products (–9.9 bn). On the contrary, the deficit of the balance moderated by 7.8 CZK bn for oil and natural gas. Computers, electronic and optical products worked against the total deficit, when moving from the usual deficit into the surplus of 5.0 CZK bn (deficit reduced by 11.4 CZK bn). Electrical appliances recorded increase of the surplus (+5.1 CZK bn). |
| Current account of the balance of payments showed atypical development in Q2. |  | The current account of the balance of payments accomplished a surplus in H1 according to the CNB data, nevertheless the surplus shrank by 25.1 CZK bn year-on-year. Especially the result from Q2, when the current account finished in surplus this time, was surprising. Surprising because the large outflow of the primary income abroad did not eventuate (specifically the income from investments) as is typical for this quarter. Traditionally thus the positive balance of trade with goods and services worked in the direction of the surplus. Capital account, which usually ends in surplus, descended into deficit in Q2 (for the first time since year 2006). |
| Financial account ended in surplus in H1. |  | Financial account surplus decreased by 95.3 CZK bn year-on-year in H1. The net inflow of direct investment fell markedly (by 33.1 CZK bn) in comparison to the same period of the last year, which can be however explained by the extraordinary period around the termination of forex interventions. Net outflow occurred for portfolio investment in H1 – since the volume of debt securities held by foreign owners decreased by 162.7 CZK bn in Q2. |

1. Statistical data of the foreign trade in the national conception in the nominal terms including only the trade with goods. The value of exports is captured in the FOB prices, i.e. including the costs connected with the transport to the CR boundaries. Import depicted lower in this chapter is in CIF prices, i.e. including costs associated with the transportation abroad, up all the way to the CR boundaries. Data valid as of 6. 9. 2018. [↑](#footnote-ref-1)