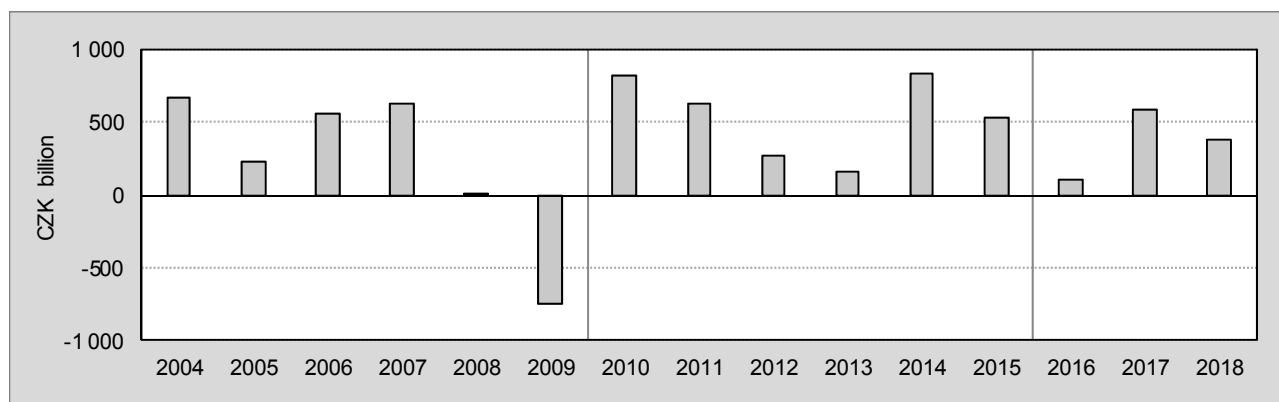


External trade of the Czech Republic in goods¹ in 2018

1. Trends in external trade

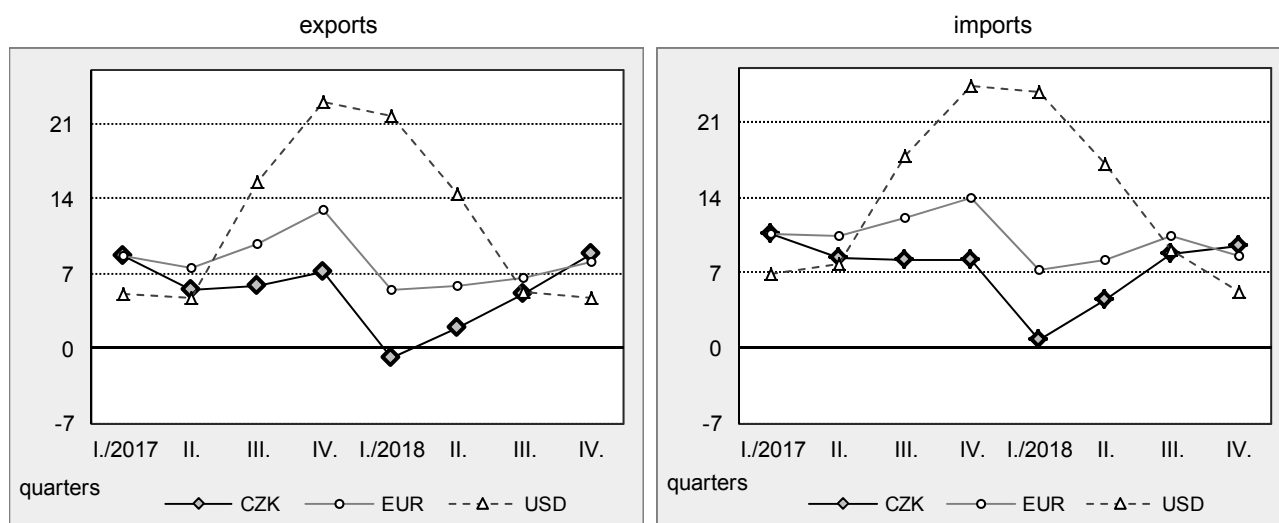
The growth of the Czech Republic's external trade in goods continued in 2018. **External trade turnover** increased by 4.7%, y-o-y, but its absolute increment of CZK 381.0 bn was by CZK 196.3 bn lower compared to the previous year. Sum of exports and imports reached value of CZK 8 427.0 bn, and thus it was the highest since establishment of the Czech Republic.

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



In 2018 value of **goods exported** from the Czech Republic amounted to CZK 4 403.8 bn. Compared to 2017 exports grew by 3.8%, i.e., by CZK 159.3 bn. These increments, both relative and absolute, were lower than those a year ago, when exports went up by 6.8% (CZK 270.5 bn).

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



In 2018 exports and imports² expressed in euros increased by 6.5% and 8.6% respectively. Exports and imports converted to USD grew even faster by 11.3% and 13.3%, respectively, y-o-y.

In 2018 **imports** as well as exports were the highest since formation of the independent Czech Republic. Although total value of imports (CZK 4 023.2 bn) was lower compared to the amount of total exports in 2018, imports grew faster than exports, y-o-y. Imports increase by CZK 221.7 bn in absolute terms and by 5.8% in relative terms, y-o-y.

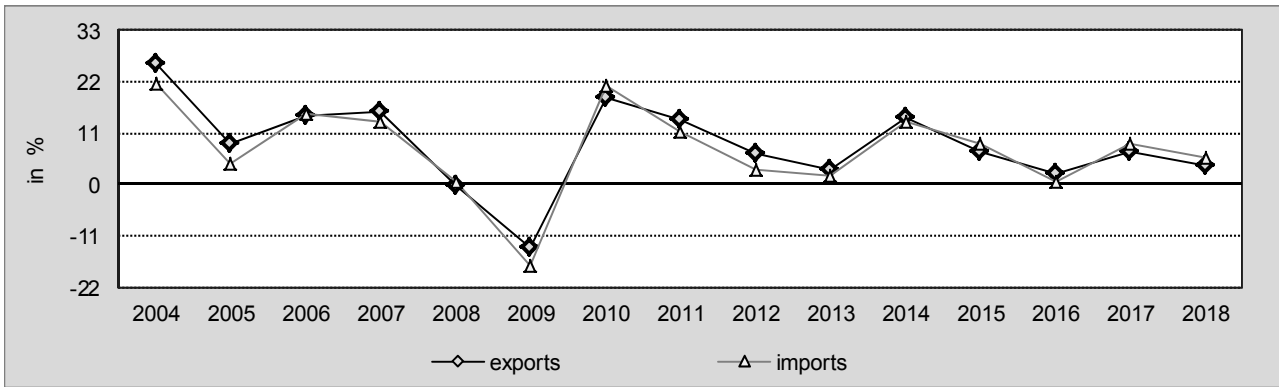
¹ **Cross-border concept of external trade** reflects only physical movements of goods across the border regardless of whether the trade between the Czech and foreign entities occurs. These data are internationally comparable and can be used as indicators of development of value of the trade.

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).

2017 and 2018 data are final.

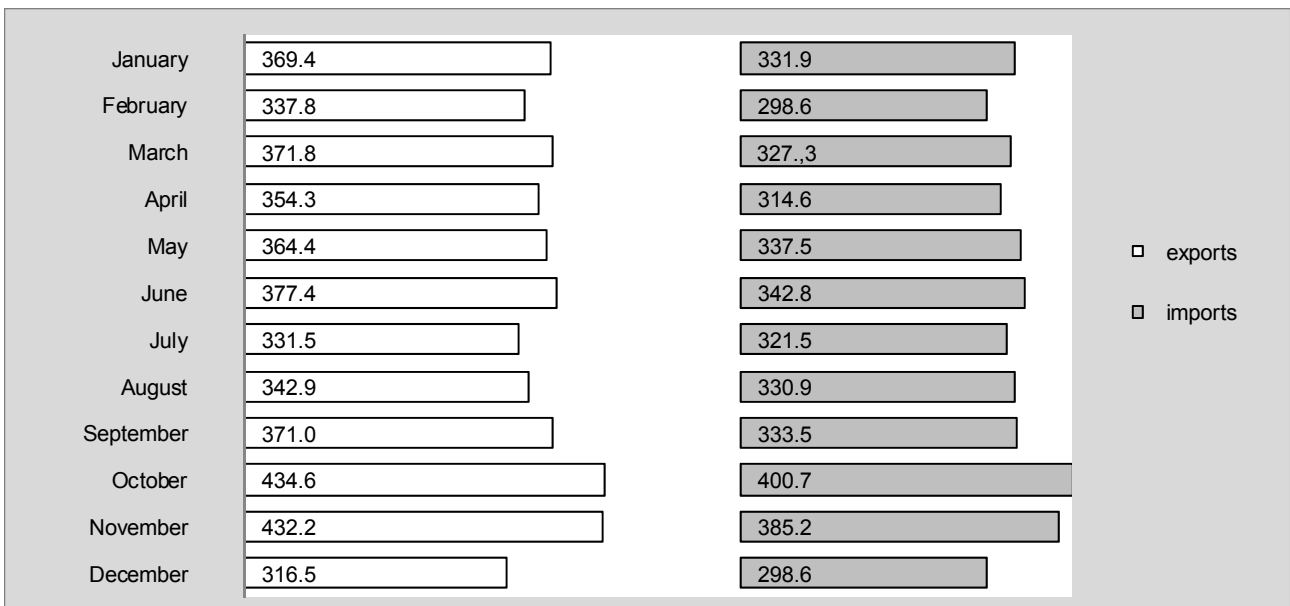
² In January to December 2018 compared to January to December 2017 the Czech crown strengthened against EUR by 2.7% and against USD by 7.6%. A significant strengthening of CZK against USD became evident especially in the second half of 2018.

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



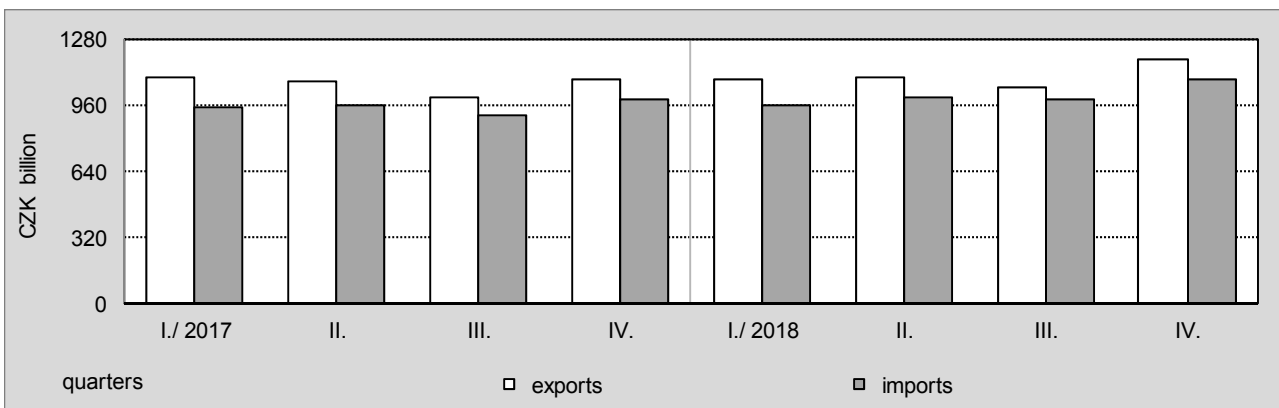
A short-term point of view of external trade development **in individual months** of 2018 shows October as the month with the highest value of exports and imports (CZK 434.6 bn and CZK 400.7 bn respectively). The lowest exports were recorded in December (CZK 316.5 bn). The lowest values in imports were observed in February (CZK 298,603 bn) and almost the same in December (CZK 298.648 bn).

Graph 4 - Exports and imports in respective months of 2018 (in CZK billion)



Year-round development of exports and imports was affected by different trends **in individual quarters of the year 2018**. Increases for exports and imports were recorded in all quarters except for Q1 when exports fell by 0.9%, y-o-y. The highest increments of exports and imports were reached in the end of the year, i.e. in Q4.

Graph 5 – Exports and imports of the Czech Republic in respective quarters

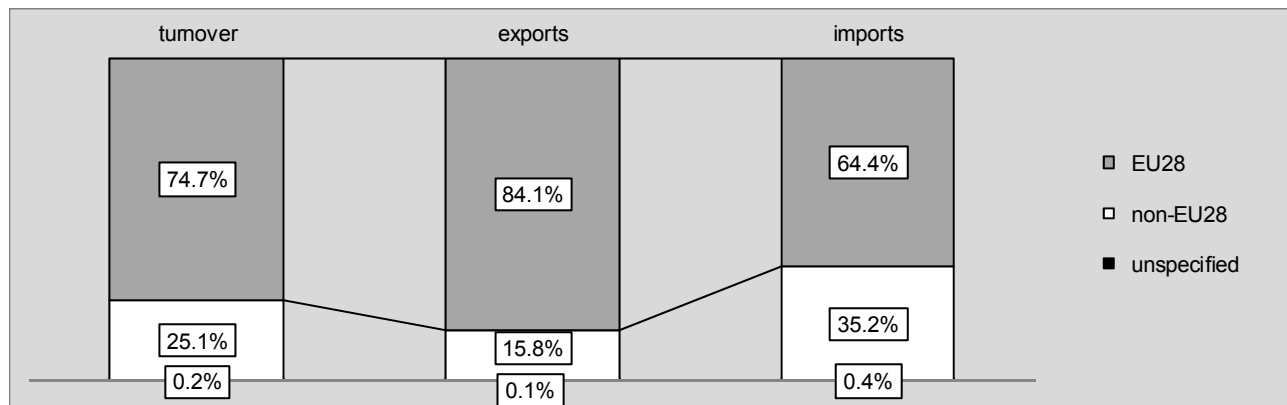


2. Territorial structure

2.1. External trade of the Czech Republic with EU Member States³ and non-EU countries

In 2018, a share of external trade with the EU Member States in total amount of the Czech Republic external trade **turnover** reached 74.7% (CZK 6 295.2 bn) against 75.4% (CZK 6 063.0 bn) in 2017, while the contribution of non-EU countries was 25.1%⁴ (CZK 2 111.3 bn) compared to 24.3% (CZK 1 958.2 bn) in 2017.

Graph 6 - Exports and imports by group of countries in 2018 (shares in %)

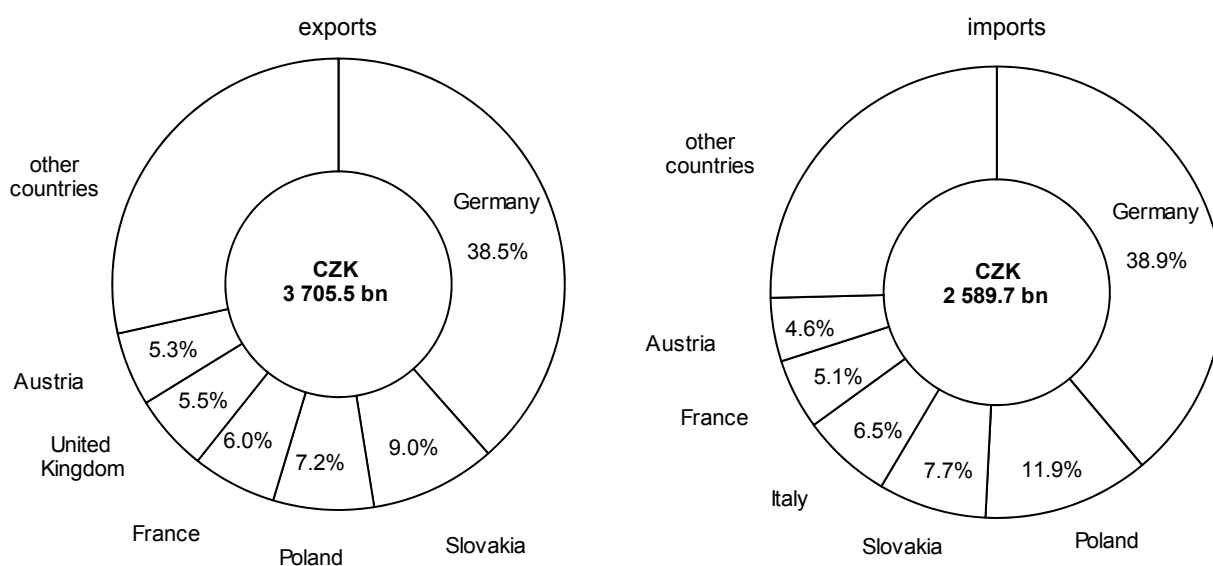


Exports to the EU Member States grew by 4.1 bn to CZK 3.705.5 bn in 2018. Y-o-y total increment of exports (CZK +146.3 bn) was influenced mainly by higher exports to Germany (by CZK 42.5 bn), Spain (by CZK 16.2 bn), the Netherlands (by CZK 15.1 bn), Ireland (by CZK 12.7 bn), Poland (by CZK 12.4 bn) and Sweden (by CZK 9.8 bn). An increase in value of exported goods to Slovakia (by CZK 9.2 bn) after their persisting declines in the previous two years represented a significant change in the Czech external trade.

A decrease of exports to the United Kingdom by CZK 7.0 bn (a growth by CZK 2.6 bn in 2017) affected the total exports of the Czech Republic in a negative manner.

A y-o-y growth of exports to non-EU countries by 5.3% in 2017 slowed by 3.4 p.p. in 2018. The biggest y-o-y absolute increments of exports to non-EU countries were recorded to the Russian Federation (CZK +7.4 bn), Ukraine (CZK +5.1 bn) and the United States (CZK +3.2 bn). On the other hand, exports fell to Turkey (CZK -5.5 bn), the United Arab Emirates (CZK -3.5 bn) and Saudi Arabia (CZK -3.1 bn).

Graph 7 - External trade with EU states in 2018 (shares in %)



³ **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.

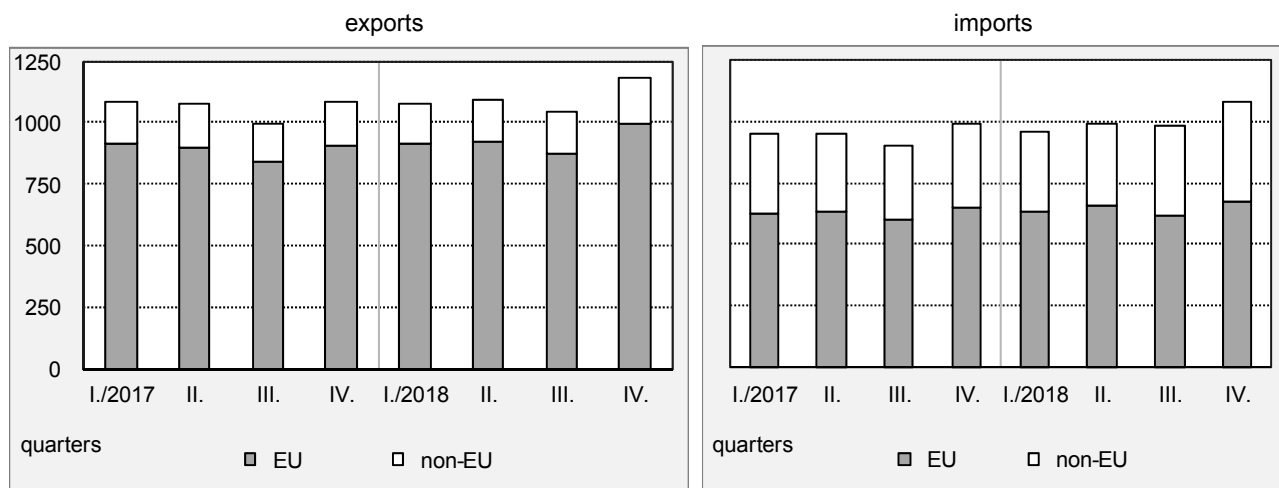
⁴ In 2018, share of **unspecified countries** in total amount of external trade turnover was 0.2%.

Y-o-y imports from the **EU Member States** went up by 3.4% (CZK +85.9 bn) to amount to CZK 2 589.7 bn in 2018.

In 2018 the Czech Republic imports from all EU Member States rose except Ireland (an increase by CZK 10.3 bn in 2017 changed to a decrease by CZK 9.1 bn in 2018), Latvia (y-o-y decrease by CZK 0.4 bn), Austria (a growth by CZK 18.3 bn in 2017 went to a fall by CZK 1.6 bn in 2018) and the United Kingdom (an increase by CZK 5.7 bn in 2017 changed to a decrease by CZK 15.8 bn in 2018).

The growth of the total annual value of imports from EU Member States was influenced mainly by an increase of imports from Germany⁵ (CZK +25.6 bn), Slovakia (CZK +16.5 bn), Poland (CZK +14.6 bn) and France (CZK +11.6 bn).

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

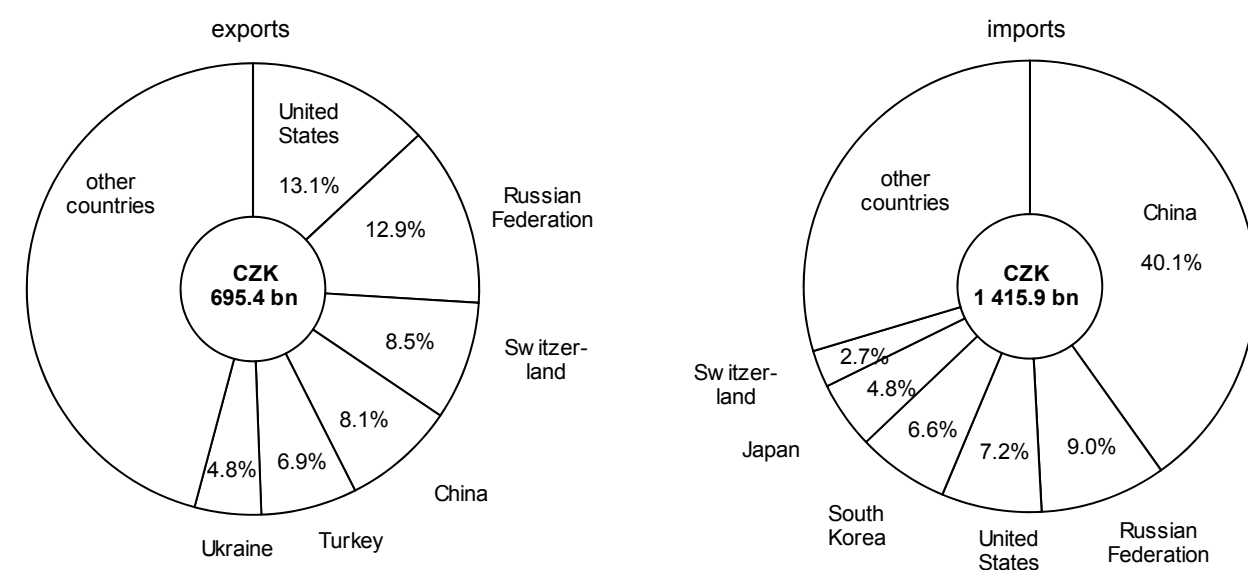


Imports from non-EU countries grew faster than imports from EU Member States in 2018, that means by 11% (CZK +140.3 bn) to CZK 1 415.9 bn.

From all non-EU countries a change in imports from the South Korea (imports down by CZK 5.7 bn in 2018 against a growth by CZK 13.1 bn in 2017) and a significant decline of import growth from Azerbaijan (CZK 3.0 bn in 2018 against CZK 12.1 bn in 2017) are worth recording.

In 2018 from non-EU countries the biggest increases of imports of goods to the Czech Republic was observed from China (CZK +92.9 in 2018 against CZK +43.7 bn in 2017), the Russian Federation (CZK +11.5 bn), the United States (CZK +8.2 bn) and Malaysia (CZK +5.2 bn).

Graph 9 - External trade with non-EU states in 2018 (shares in %)



⁵ Imports of goods from **Germany** reached CZK 1 007.1 bn in 2018 (CZK 981.5 bn in 2017, CZK 924.1 bn in 2016).

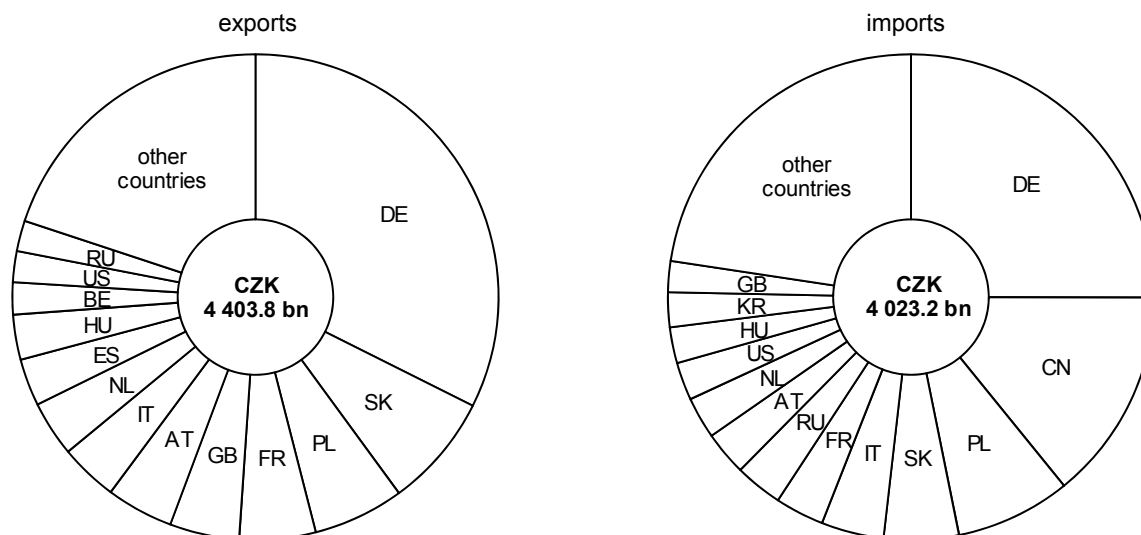
2.2. External trade of the Czech Republic by countries

In 2018, a **dominant part of exports** (more than 80%) **went to thirteen states**, of which eleven were from the European Union and two were from non-EU countries (the United States and the Russian Federation).

As in previous years the largest portion of goods (CZK 1 426.4 bn) was exported to Germany. Shares of remaining fourteen states in total export of the Czech Republic were not as high as that of Germany (32.4%) and oscillated from 2.0% for Russian Federation on the thirteenth position to 7.6% for Slovakia on the second position.

The most significant relative y-o-y growth was recorded in exports to Spain (13.3%), the Netherlands (10.2%) and the Russian Federation (9.0%). Y-o-y, Czech exports grew to all other mentioned countries except for exports to the United Kingdom, Italy and Belgium.

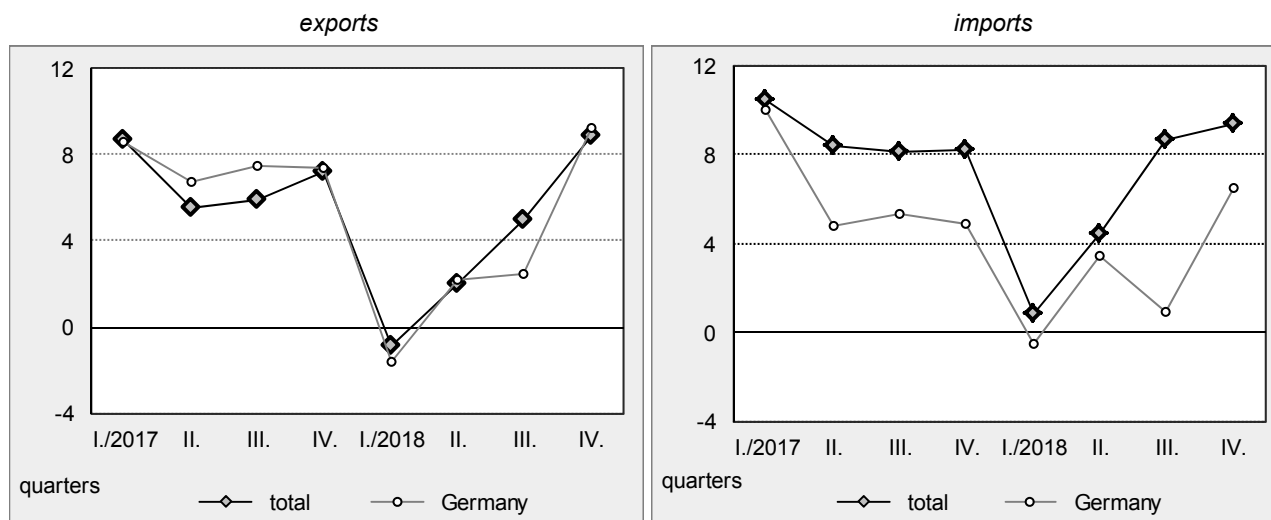
Graph 10 - The most important trade partners⁶, 2018



More than three quarters of **imports** of the Czech Republic came also from thirteen countries in 2018. The strongest position (one-quarter share) in total imports belonged to Germany. The positions of other twelve states in total imports oscillated from 2.1% for United Kingdom to 14.1% for China.

Thirteen main trade partners were nine EU Member States and of four non-EU countries, of which China and the Russian Federation occupied the second and seventh rankings by the extent of imports, respectively. Imports of goods from the most of mentioned countries recorded a y-o-y growth except for Austria and South Korea with a y-o-y drops by CZK 1.6 bn and CZK 5.7 bn, respectively.

Graph 11 - Year-on-year changes in external trade with Germany as percentage



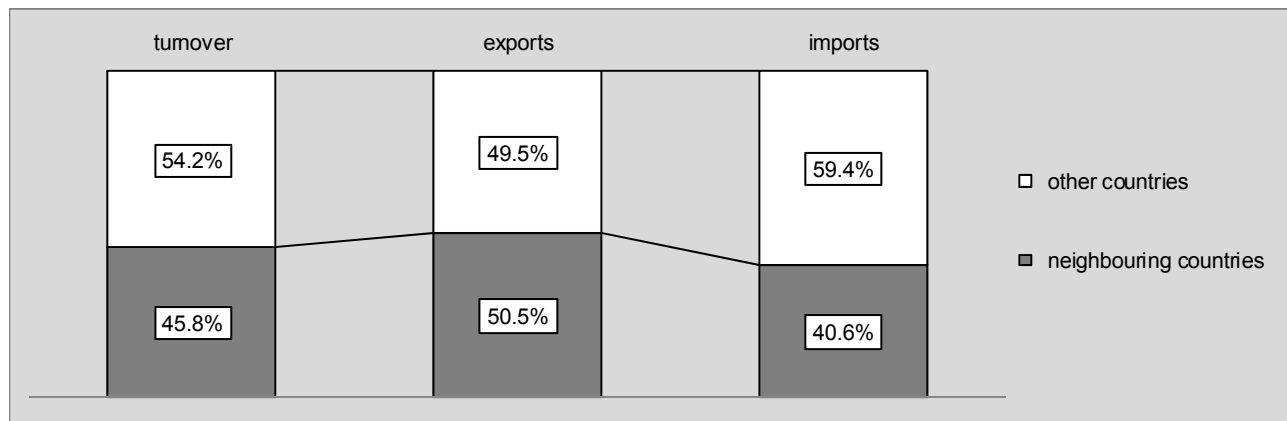
⁶ Austria (AT), Belgium (BE), China (CN), France (FR), Germany (DE), Hungary (HU), Italy (IT), the Netherlands (NL), Poland (PL), Russian Federation (RU), Slovakia (SK), South Korea (KR), Spain (ES), the United Kingdom (GB), the United States (US).

2.3. External trade with neighbouring countries

Prevailing part of the Czech Republic external trade is connected with **neighbouring states** (Germany, Poland, Austria and Slovakia). Those countries had a significant influence on rates of growth of total exports and total imports.

In 2018, a share of external trade with neighbouring countries in total **external trade turnover** of the Czech Republic was 45.8% (of which shares in total exports and total imports were 50.5% and 40.6% respectively).

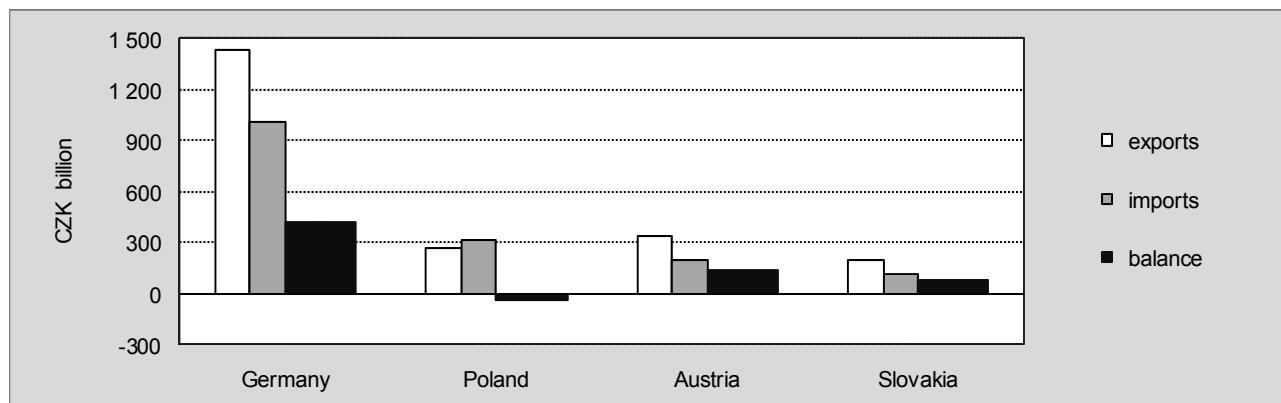
Graph 12 - External trade with neighbouring countries in 2018 (shares in %)



Germany is both 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 2018, Germany contributed to total external trade turnover of the Czech Republic by 28.9% and to total external trade turnover with neighbouring countries by 63.1%.

The Czech Republic sent to Germany 32.4% from its total exports in 2018. A quarter of total Czech imports went in the opposite direction. Germany's share in exports to neighbouring countries was 64.2% and its share in imports from those states was 61.6%.

Graph 13 - External trade of the Czech Republic with neighbouring countries in 2018



Poland is the second greatest external trade **partner** of the Czech Republic among the neighbouring countries and also a country with the third greatest share (6.8%) in total external trade in 2018. Value of the external trade turnover of the Czech Republic with Poland was if compared to that to Germany markedly lower (roughly one quarter). Poland is the only one neighbouring country where the Czech Republic exports less than imports from. Almost ten percent of Polish imports to the Czech Republic make up food.

In 2018 **Slovakia** was the fourth⁷ greatest trade partner of the Czech Republic (after Germany, China and Poland), the second biggest export market and the fourth largest imports market. In 2018 external trade turnover with Slovakia reached CZK 533.1 bn and thus it rose by 5.1%, y-o-y, of which imports grew by 9.0% and more significant (in terms of value) exports increased by 2.8%.

Austria with the lowest share in external trade of the Czech Republic with neighbouring countries participated in total external trade turnover of the Czech Republic by 3.7% and thus took the seventh place.

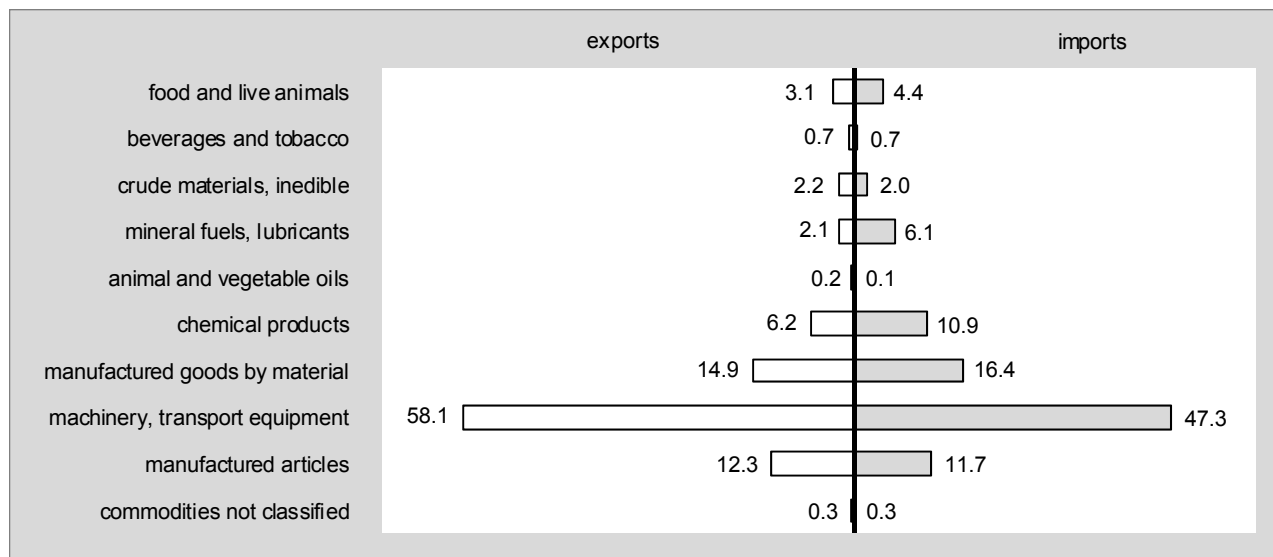
⁷ The first ten countries according to the size of **external trade turnover** of the Czech Republic in 2018: Germany, China, Poland, Slovakia, France, Italy, Austria, United Kingdom, Netherlands and Hungary.

3. External trade structure by commodity

3.1 External trade by Sections of SITC

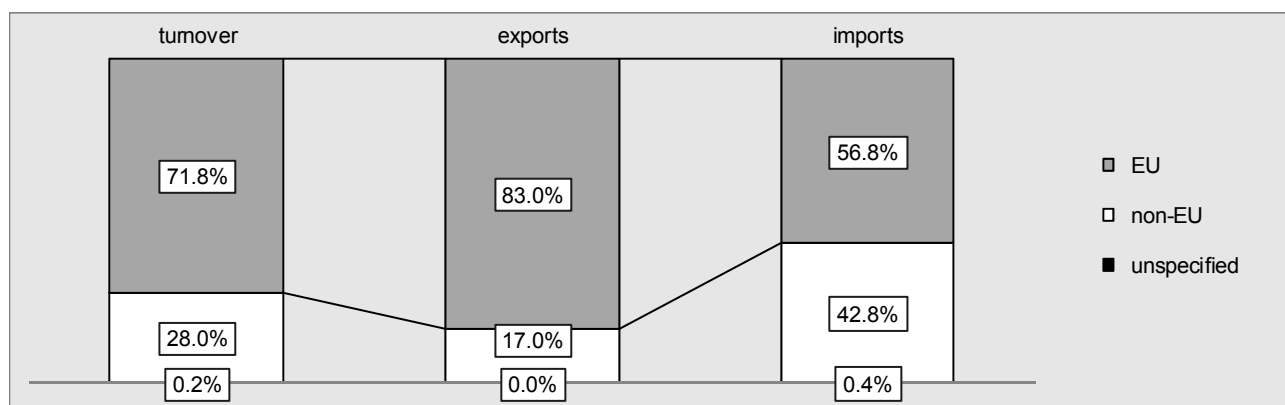
The external trade **structure by commodity** was accompanied with a y-o-y growth in exports and imports of overwhelming majority of the Standard International Trade Classification⁸ aggregated sections.

Graph 14 - Commodity structure of external trade in 2018 (shares in %)



The highest y-o-y absolute increase was recorded in **exports of machinery and transport equipment** (by CZK 141.0 bn). A big part of this increment (CZK 128.2 bn) fell on exports to the EU Member States, mainly to Germany, Spain, Ireland, Poland and to the Netherlands. In 2018 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 15 - Territorial structure of machinery and transport equipment in 2018 (shares in %)



The second highest increment (by CZK 21.4 bn) was recorded in **manufactured goods classified chiefly by materials** (by CZK 21.4 bn) of which 85.8% went to the EU Member States, the most of that to Germany, Slovakia, Poland, Italy and Austria. Exports consisted mainly of articles of iron or steel, structures and their parts of iron and steel, pneumatic tyres for motor cars and locksmiths' wares.

Although exports of **miscellaneous manufactured articles** in past eight years continuously grew, in 2018 compared to the previous year fell (by CZK 22.0 bn). Exports decreased mainly to Germany, the United Kingdom, Belgium and France, y-o-y.

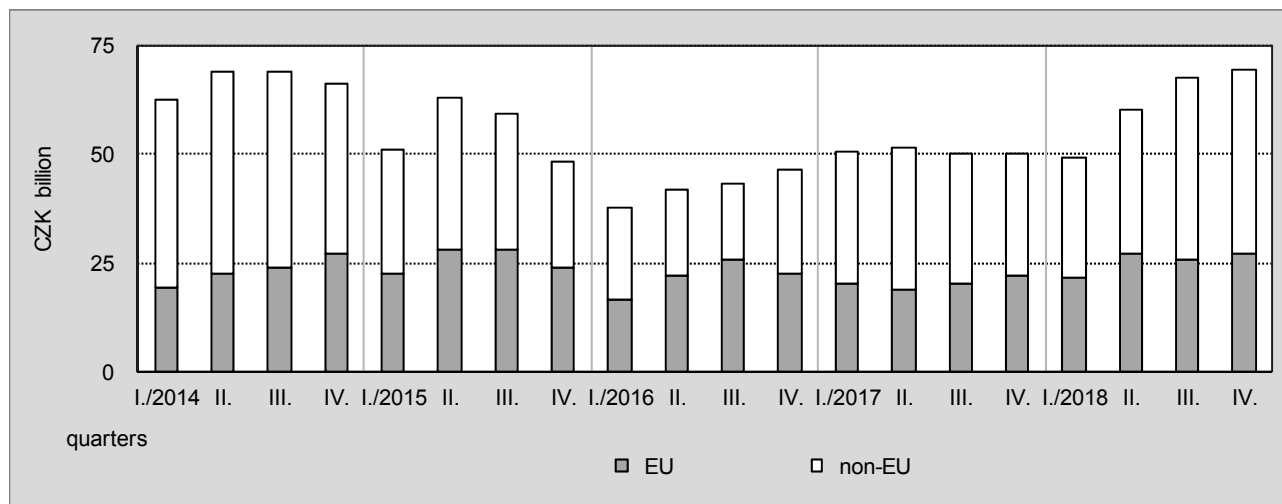
⁸ **Standard International Trade Classification (SITC)** is an international classification of goods developed by the United Nation Statistical Division. Its aim is grouping goods within the international trade. The current SITC, Revision 4, was published in 2006. It is composed of 10 sections, 67 divisions, 262 groups, 1 023 subgroups and 2 970 basic headings.

All 10 sections of SITC are listed in Graph 14.

The highest y-o-y increase in **imports** was recorded in **machinery and transport equipment** (by CZK 146.3 bn), which was influenced mainly by bigger imports from non EU countries by CZK 105.3 bn, among others from China, the United States and Malaysia.

In 2018 imports of aforementioned goods to Czechia amounted to CZK 1 901.8 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, already mentioned China, Poland, Slovakia and South Korea.

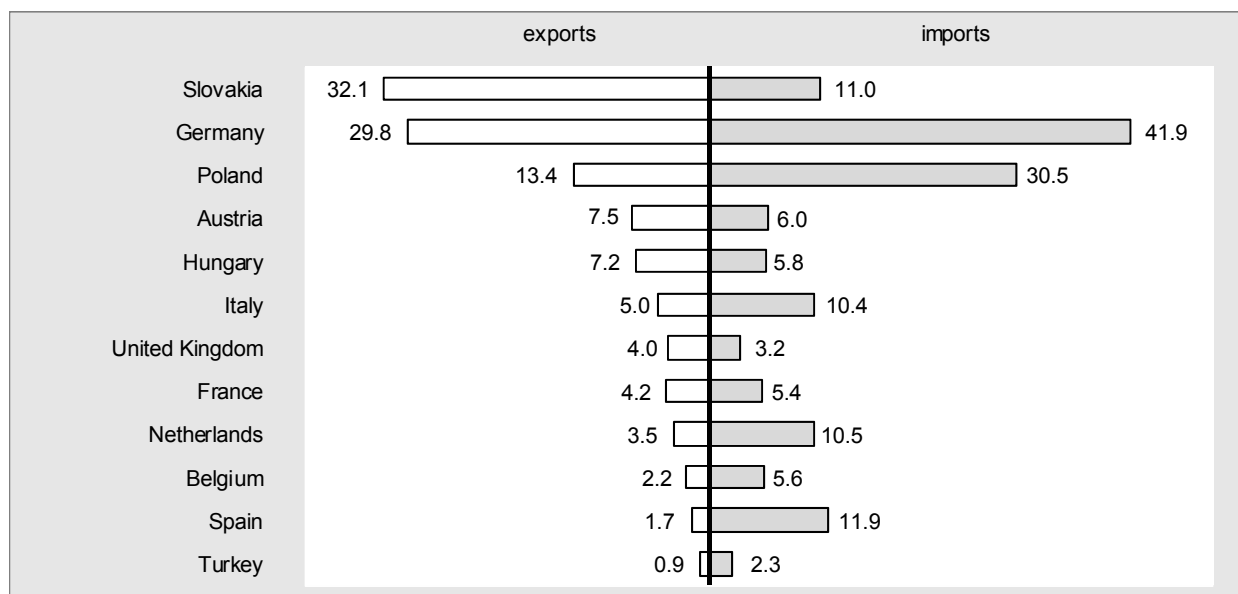
Graph 16 - Imports of mineral fuels from EU and non-EU



The second highest increase was noticed in imports of **mineral fuels lubricants and related materials**⁹. Their imports reached value of CZK 247.0 bn which means they grew by 19.0% in relative terms and by CZK +39.5 bn in absolute terms. Compared to 2017 higher imports were recorded mainly in petroleum, petroleum products and related materials (by CZK 27.7 bn). Imports of electric current grew by CZK 7.6 bn in 2018.

In 2018 compared to 2017, the Czech Republic imported by CZK 23.4 bn more of **chemicals and related products**, of which more than 80% came from the EU Member States. Y-o-y increases were observed also in manufactured goods classified chiefly by materials (by CZK +19.5 bn) and beverages and tobacco (by CZK +1.6 bn). Imports of miscellaneous manufactured articles (CZK -6.4 bn), animal and vegetable oils, fats and waxes (CZK -2.1 bn) and food and live animals fell.

Graph 17 - External trade in food and live animals with selected countries in 2018 (in CZK billion)

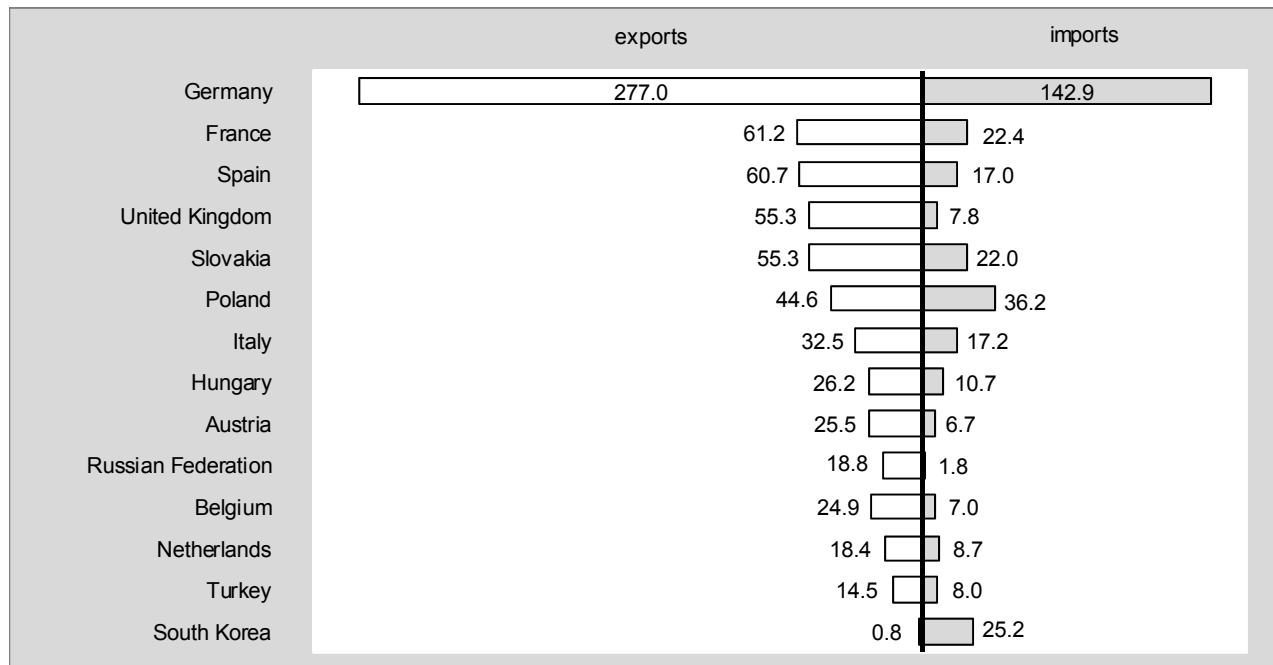


⁹ **Section 3 of SITC** (mineral fuels lubricants and related materials) consists of four divisions (32 - coal, coke and briquettes, 33 - petroleum, petroleum products and related materials, 34 - gas, natural a manufactured and 35 electric current).

3.2 External trade in road vehicles

Road vehicles (SITC 78)¹⁰, 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 2018**. Exports of road vehicles (CZK 886.0 bn) remained the highest of all SITC sections but they fell (by CZK 5.6 bn), y-o-y, for the first time since 2010. The prevailing part of exports (CZK 761.1 bn), higher by CZK 4.3 bn, y-o-y, went to the EU Member States.

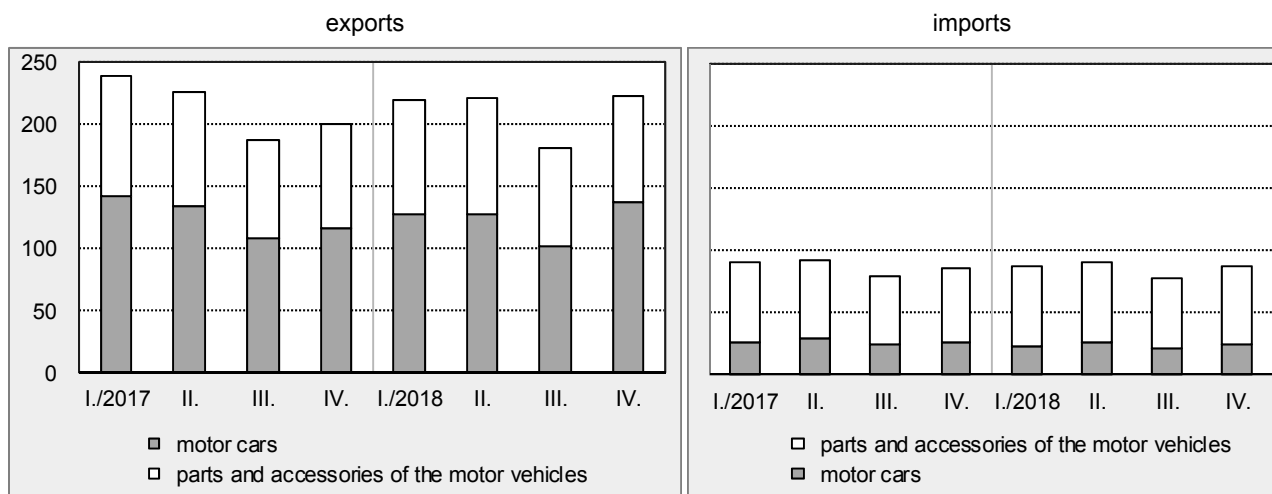
Graph 18 - External trade in road vehicles with selected countries in 2018 (in CZK billion)



Road vehicles contributed to the total exports by 20.1% of which shares of motor cars and parts and accessories of the motor vehicles were 11.2% (11.8% in 2017) and 7.9% (8.2% in 2017), respectively. Y-o-y, exports of motor cars fell by 1.0% and exports of motor cars and parts and accessories of the motor vehicles decreased by 0.4%.

Road vehicles had significantly weaker impact on trend in total **imports** and imports of machinery and transport vehicles section than in total exports in 2018. Imports of road vehicles decreased by CZK 0.3 bn to CZK 400.1 bn, y-o-y. Imports of road vehicles participated in total imports by 9.9% and in machinery and transport equipment section by 21.0%.

Graph 19 - External trade of motor cars and parts and accessories of the motor vehicles (in CZK billion)



¹⁰ **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).

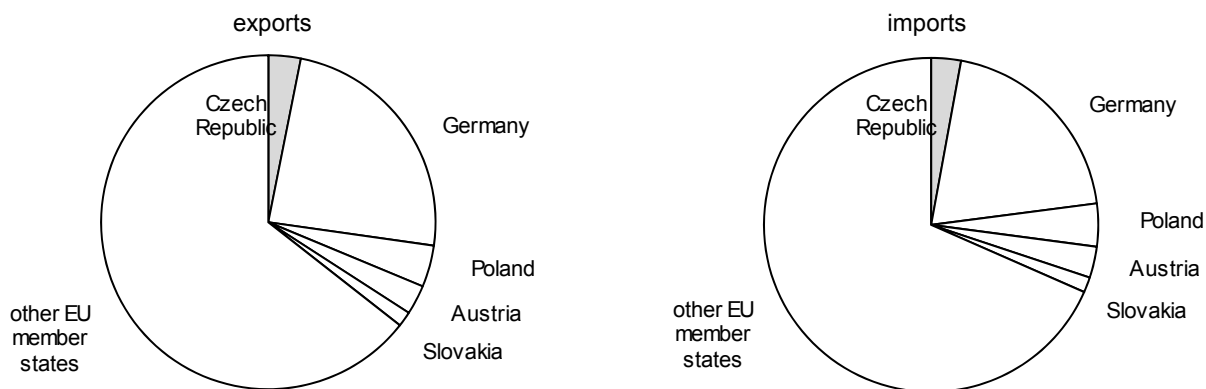
4. Eurostat data¹¹

In 2018 compared to 2017, the rate of growth of exports of the EU Member States slowed down to 4.7% from 7.6%. Total value of exports increased by EUR 245.0 bn y-o-y and reached EUR 5 476.7 bn. Total EU Member States imports grew by 5.6% (EUR 288.0 bn) to EUR 5 428.2 bn. Exports and imports of nineteen Eurozone countries went up by 4.5% and 6.0% respectively y-o-y.

The Czech Republic contributed to the total EU Member States exports and imports by 3.1% and 2.9%, respectively, which meant the same share in exports and by a 0.1 p.p. higher contribution to imports compared to 2017.

According to Eurostat data, the **Czech exports and imports** rose by 6.2% and 8.3% respectively in 2018 compared to 9.7% and 11.8% respectively in 2017.

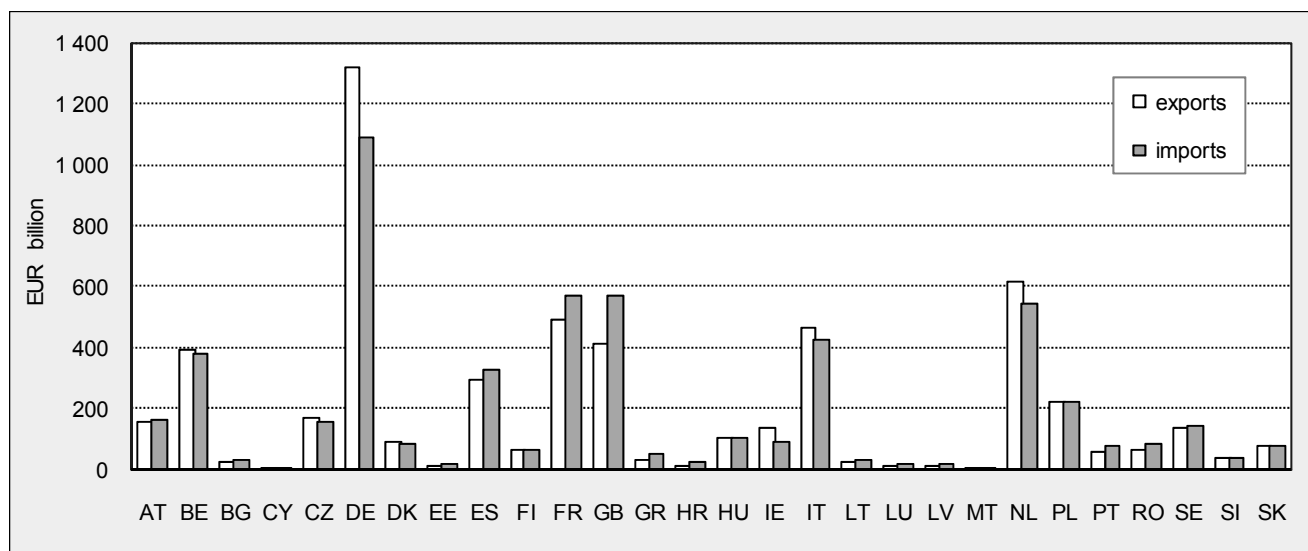
Graph 20 - Share of the Czech Republic and neighbouring states in external trade of the EU in 2018



Balance of the EU Member States ended in a surplus of EUR 48.3 bn which was by EUR 43.0 bn lower compared to 2017. Germany (EUR 232.3 bn), the Netherlands (EUR 67.1 bn), Ireland (EUR 48.3 bn), Italy (EUR 38.9 bn) and the Czech Republic (EUR 14.8 bn) recorded the highest surpluses of the all EU Member States.

Deficit was observed in the trade balance of the United Kingdom (EUR 158.5 bn), France (EUR 76.6 bn), Spain (EUR 36.4 bn) and Greece (EUR 20.6 bn).

Graph 21 - EU28¹² external trade by country in 2018



¹¹ Eurostat, the statistical office of the European Union, 10 August 2018.

¹² **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).