

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S
INDIA-CZECH REPUBLIC BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Czech Republic lies in central Europe. It comprises the Czech Lands of Bohemia and Moravia and part of country of Silesia. Its neighbours are Poland to the north, Germany to the northwest and west, Austria to the south and Slovakia to the east. The Czech Republic is a member of the UN, WTO, NATO, OECD, Council of Europe and the Antarctic Treaty, and is an associate member of the EU.

2. The Czech Republic has a developed, high-income export-oriented social market economy based in services, manufacturing and innovation, that maintains a welfare state and the European social model. The Czech Republic participates in the European Single Market as a member of the European Union and is therefore a part of the economy of the European Union, but uses its own currency, the Czech koruna, instead of the euro. As per available report of IMF Executive Board Concludes 2023 Article IV Consultation with Czech Republic January 29, 2024, Economic activity slowed down notably in 2023 but a rebound is expected in 2024, driven by a recovery in domestic demand. Growth is projected to increase to about 1.2 percent in 2024, mainly driven by consumption and fixed investment, as inflation declines, and real wages recover. Inflation is projected to meet the Czech National Bank’s target by early 2025. Directors welcomed the resilience of the financial sector, noting that banks are well capitalized, liquid, and profitable while asset quality remains strong. They concurred that macro prudential policy settings are broadly adequate but called for vigilance as pockets of vulnerabilities warrant close monitoring, including in the housing market, foreign currency corporate loans, and cyber security.

A snapshot of Czech Republic’s select economic indicators mentioned below at Table 1

Czech Republic: Selected Economic Indicators, 2020–28									
	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Staff projections								
NATIONAL ACCOUNTS									
Real GDP (expenditure)	-5.5	3.5	2.4	-0.4	1.2	2.5	2.7	2.6	2.5
Domestic demand	-5.6	8.2	2.6	-3.7	0.6	2.3	2.6	2.6	2.7
Consumption	-4.1	3.3	-0.3	-1.5	2.2	2.4	2.7	2.6	2.5
Public	4.2	1.4	0.6	2.5	1.1	1.1	1.2	1.4	1.4
Private	-7.2	4.1	-0.8	-3.2	2.6	3.0	3.3	3.2	3.0
Investment	-9.3	20.4	8.8	-8.2	-2.7	2.1	2.5	2.7	3.0
Exports	-8.0	6.8	7.2	2.7	2.5	5.0	5.1	5.2	5.4
Imports	-8.2	13.2	6.3	-0.3	1.9	4.9	5.1	5.3	5.3
Contribution to GDP									
Domestic demand	-5.1	7.8	1.5	-3.0	0.6	2.2	2.5	2.5	2.5
Net exports	-0.4	-4.3	0.9	2.6	0.6	0.4	0.2	0.1	0.0
Investment (percent of GDP)	26.5	26.0	26.8	25.9	26.2	25.6	25.5	25.6	25.7
Gross domestic investments (percent of GDP)	26.2	30.2	32.2	28.9	27.2	26.7	26.5	26.5	26.6
Gross national savings (percent of GDP)	28.1	27.5	26.0	28.1	27.0	27.0	27.4	28.0	28.6
Output gap (percent of potential output)	-0.6	0.8	0.4	-0.5	-0.3	0.0	0.5	0.1	0.0
Potential growth	-2.2	2.1	2.8	0.5	1.0	2.2	2.2	2.9	2.6

LABOR MARKET									
Employment	-1.4	0.3	-1.6	-0.1	0.9	-0.6	-0.4	-0.1	0.3
Total labor compensation	1.5	6.1	7.9	6.8	4.9	3.9	4.3	4.4	4.8
Unemployment rate (average, in percent)	2.4	2.7	2.1	2.7	2.6	2.5	2.4	2.4	2.4
PRICES									
Consumer prices (average)	3.2	3.8	15.1	10.6	2.8	2.0	2.0	2.0	2.0
Consumer prices (end-of-period)	2.3	6.6	15.8	7.4	2.9	2.0	2.0	2.0	2.0
Producer price index (average)	0.1	7.1	...	...	...	...	...	...	...
GDP deflator (average)	4.3	3.3	8.6	9.0	3.7	2.2	1.6	1.7	2.0
MACRO-FINANCIAL									
Money and credit (end of year, percent change)									
Broad money (M3)	10.0	6.8	6.1	8.5	4.9	4.8	4.3	4.3	4.6
Private sector credit	3.6	8.9	5.0	4.5	4.0	3.5	3.5	3.5	3.5
Interest rates (in percent, year average)									
Three-month interbank rate	0.9	1.1	...	...	...	...	...	...	...
Ten-year government bond	1.1	1.9	4.2	1.2	1.7	1.7	1.7	1.7	1.7
Exchange rate									
Nominal effective exchange rate (index, 2005=100)	99.7	103.6	...	...	...	...	...	...	...
Real effective exchange rate (index, CPI-based; 2005=100)	100.0	104.6	...	...	...	...	...	...	...
PUBLIC FINANCE (percent of GDP)									
General government revenue	41.5	41.4	41.4	42.6	41.9	41.6	41.5	41.5	41.4
General government expenditure	47.2	46.5	44.6	46.2	44.1	43.3	43.0	42.6	42.2
Net lending / Overall balance	-5.8	-5.1	-3.2	-3.6	-2.2	-1.7	-1.5	-1.2	-0.8
Primary balance	-5.2	-4.5	-2.7	-2.8	-1.2	-0.7	-0.5	-0.2	0.2
Structural balance (percent of potential GDP)	-5.5	-5.4	-3.4	-3.4	-2.1	-1.8	-1.8	-1.3	-0.8
General government debt	37.7	42.0	44.2	44.2	44.3	44.2	44.0	43.6	42.5
BALANCE OF PAYMENTS (percent of GDP)									
Trade balance (goods and services)	6.7	2.8	-0.1	3.5	3.9	4.9	5.0	5.0	5.0
Current account balance	2.0	-2.8	-6.1	-0.9	-0.2	0.3	1.0	1.5	2.0
Gross international reserves (billions of euros)	135.4	153.3	131.3	140.3	149.3	158.3	166.3	172.3	176.9
(in months of imports of goods and services)	11.9	11.0	7.6	8.4	8.8	8.9	8.8	8.5	8.2
(in percent of short term debt, remaining maturity)	142.8	136.7	116.2	117.5	119.3	122.4	126.5	131.2	137.0
MEMORANDUM ITEMS									
Nominal GDP (USD billions)	246.0	281.8	290.5	335.5	350.4	368.4	385.1	400.1	416.8
Population (millions)	10.7	10.5	10.8	11.0	11.1	11.1	11.0	11.0	11.0
Real GDP per capita	-5.6	5.4	-0.6	-2.0	0.4	2.8	3.0	2.9	2.8
GDP per capita (USD thousands)	22.98	26.79	26.83	30.50	31.61	33.33	34.94	36.42	38.06
Sources: Czech National Bank; Czech Statistical Office; Ministry of Finance; Haver Analytics, and IMF									

staff estimates and projections.

Structural balances are net of temporary fluctuations in some revenues and one-offs. COVID and energy price-related one-offs are however included.

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Czech Republic January 29, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Czech Republic are Germany, Slovak Republic, Poland, France and Austria. On the other hand five major import partners of Czech Republic are Germany, China, Poland, Slovak Republic and Italy. Major five exported goods of Czech Republic are : (i) Transmission apparatus, for radioteleph incorpo, (ii) Automobiles nes including gas turbine powered, (iii) Parts and accessories of automatic data process (iv) Electrical energy and (v) Storage units. On the other hand major five imported goods of Czech Republic are (i) Transmission apparatus, for radioteleph incorpo, (ii) Natural gas in gaseous state, (iii) Parts and accessories of automatic data process, (iv) Storage units, and (v) Petroleum oils and oils obtained from bituminous.

4. Czech Republic's total exports to the world in 2019 were of the order of US\$ 199,470 million. It has scaled upto US\$ 253,328 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 6.16%.

5. Czech Republic's total imports in 2019 were of the order of US\$ 179,273 million which has touched US\$ 228,913 million mark in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 6.30%.

6. Czech Republic runs an overall Balance of Trade surplus from 2019 to 2023. However, balance of trade surplus has reduced and was recorded at USD 24,415 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 6.23.

A snapshot of Czech Republic's overall Trade Statistics is presented in Table 2 and Figure 1.

A snapshot of India's merchandise trade statistics w.r.t. Czech Republic is presented in Table 3 Figure 2

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India's relations with former Czechoslovakia and with present Czech Republic, have always been warm, friendly and have a long history. In the medieval ages, Kingdom of Bohemia (now a part of Czech Republic) traded with India in precious goods and Indian spices. During the Czech National Revival- a cultural movement which took place during the 18th and 19th centuries with the purpose of reviving the Czech language, culture and national identity, prominent Czech scholars got inspired by ancient Indian culture. They found similarity between Czech and mother of all languages, Sanskrit. Czech Republic ranked 48th as an export destination of India in FY 2023-24. India's exports to Czech Republic 0.32 % of it's total export value in FY2023-24. In the same financial year imports from Czech Republic was 0.11% of India's total import value. Czech Republic ranked 69th as an import partner of India in FY 2023-24.

8. Indo- Czech Republic total volume of bilateral trade in FY 2019-20 was of the order of US\$ 795.79 million. It has scaled upto US\$ 2,126.60 million in FY 2023-24 with major positive incremental change of export to the tune of 86.12% recorded in 2022-23 over 2021-22. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 27.86%.

9. Imports from Czech Republic to India has been a positive trend from 2019-20 till 2022-23 and India maintains a balance of trade surplus with Czech Republic. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 25.25%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Telecom Instruments, Electric Machinery and Equipments and Aircraft Spacecraft And Parts** have occupied the top three slots in India's exports to Czech Republic in the year 2023-24. The share of Telecom Products was a whopping the 57.83% share of export value India to Czee Republic.

b. **Auto Components/Parts; Electric machinery And Equipments and IC Engine and Parts** are the three major commodities in India's imports list from Czech Republic in the year 2023-24, India imported **Auto Components/Parts** from Czech Republic with a share of 20.82% of total imports from Czech Republic recorded in 2023-24.

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TABLE - 2
CZECH REPUBLIC'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 - 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	199470		179273		3,78,743		20197
2020	192307	-3.59	171440	-4.37	3,63,747	-3.96	20867
2021	227168	18.13	212481	23.94	4,39,649	20.87	14687
2022	241689	6.39	236320	11.22	4,78,009	8.73	5369
2023	253328	4.82	228913	-3.13	4,82,241	0.89	24415

Annual Growth Rate	Compound	6.16	6.30	6.23
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NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure - 1



TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. CZECH REPUBLIC
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Czech Republic	Percentage Growth in Exports	Imports from Czech Republic to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	496.37		299.42		795.79		196.95
2020-21	485.48	-2.19	393.12	31.29	878.60	10.41	92.36
2021-22	628.25	29.41	592.10	50.62	1220.35	38.90	36.15
2022-23	1169.32	86.12	778.09	31.41	1947.41	59.58	391.23
2023-24	1389.79	18.85	736.81	-5.31	2126.60	9.20	652.98

Annual Growth Rate	Compound		
	29.36	25.25	27.86

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

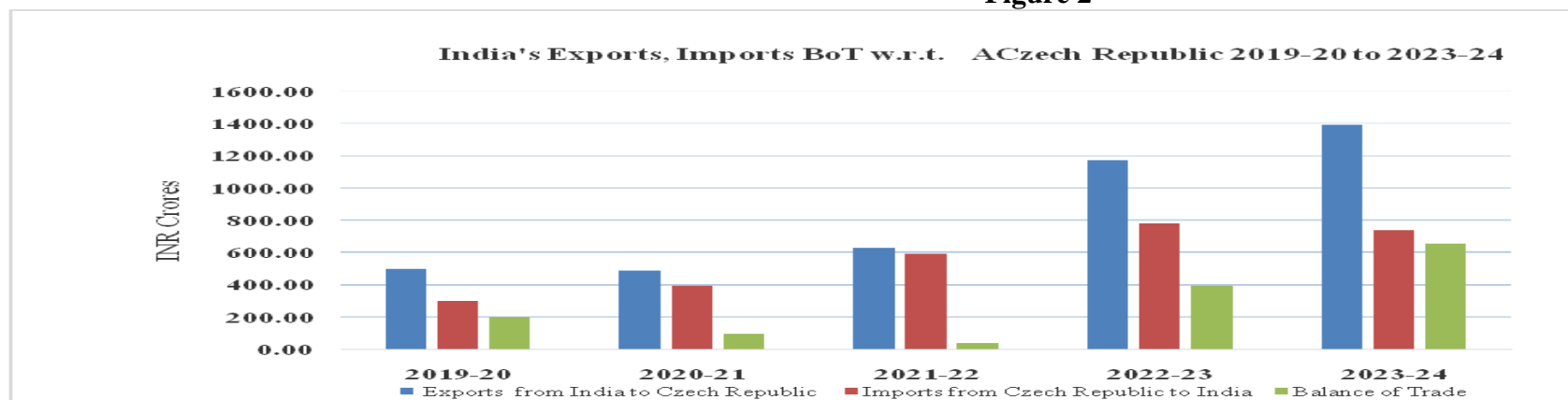


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO CZECH REPUBLIC
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Telecom Instruments	51.42	52.45	106.49	664.19	803.72	2.00	103.03	523.71	21.01
	Share in total export	10.36	10.80	16.95	56.80	57.83				
2	Electric Machinery And Equipment	28.81	23.83	44.97	60.59	89.03	-17.29	88.71	34.73	46.94
	Share in total export	5.80	4.91	7.16	5.18	6.41				
3	Aircraft Spacecraft And Parts	0.41	2.30	0.53	2.10	63.68	460.98	-76.96	296.23	2932.38
	Share in total export	0.08	0.47	0.08	0.18	4.58				
4	Auto Components/Parts	34.03	44.17	56.56	47.21	53.65	29.80	28.05	-16.53	13.64
	Share in total export	6.86	9.10	9.00	4.04	3.86				
5	Drugs Formulations Biologicals	59.18	54.55	47.33	38.92	48.67	-7.82	-13.24	-17.77	25.05
	Share in total export	11.92	11.24	7.53	3.33	3.50				
6	Products Of Iron And Steel	57.00	46.04	6.74	60.54	40.68	-19.23	-85.36	798.22	-32.80
	Share in total export	11.48	9.48	1.07	5.18	2.93				
7	RMG Cotton Incl. Accessories	43.06	35.78	36.48	42.19	31.93	-16.91	1.96	15.65	-24.32
	Share in total export	8.67	7.37	5.81	3.61	2.30				
8	Residual Chemical And Allied Products	27.50	19.91	16.42	22.73	24.59	-27.60	-17.53	38.43	8.18
	Share in total export	5.54	4.10	2.61	1.94	1.77				
9	Other Misc, Engineering Items	7.65	10.57	12.74	11.64	22.32	38.17	20.53	-8.63	91.75
	Share in total export	1.54	2.18	2.03	1.00	1.61				
10	Indl. Machinery For Dairy Etc.	21.46	19.05	27.01	25.27	20.53	-11.23	41.78	-6.44	-18.76
	Share in total export	4.32	3.92	4.30	2.16	1.48				
	Total exports to CZECH REPUBLIC	496.37	485.48	628.25	1169.32	1389.79	-2.19	29.41	86.12	18.85

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM CZECH REPUBLIC
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Auto Components/Parts	31.99	59.99	191.15	191.10	153.41	87.53	218.64	-0.03	-19.72
	Share in total import	10.68	15.26	32.28	24.56	20.82				
2	Electric machinery And Equipments	22.81	18.04	31.97	57.11	85.62	-20.91	77.22	78.64	49.92
	Share in total import	7.62	4.59	5.40	7.34	11.62				
3	IC Engine And Parts	15.20	39.97	31.06	97.86	77.34	162.96	-22.29	215.07	-20.97
	Share in total import	5.08	10.17	5.25	12.58	10.50				
4	Pumps of All types	15.31	47.17	27.89	40.80	42.98	208.10	-40.87	46.29	5.34
	Share in total import	5.11	12.00	4.71	5.24	5.83				
5	Indl. Machiner For dairy Etc.	25.33	26.16	41.86	61.44	39.08	3.28	60.02	46.77	-36.39
	Share in total import	8.46	6.65	7.07	7.90	5.30				
6	Electronic Components	8.12	7.59	14.55	34.77	33.72	-6.53	91.70	138.97	-3.02
	Share in total import	2.71	1.93	2.46	4.47	4.58				
7	Railway Transport Equipment, Parts	12.07	15.24	19.83	20.18	30.88	26.26	30.12	1.77	53.02
	Share in total import	4.03	3.88	3.35	2.59	4.19				
8	Other Misc. Engineering Items	9.46	13.26	20.92	29.85	30.45	40.17	57.77	42.69	2.01
	Share in total import	3.16	3.37	3.53	3.84	4.13				
9	Electronics Components	11.09	11.40	14.58	27.36	28.37	2.80	27.89	87.65	3.69
	Share in total import	3.70	2.90	2.46	3.52	3.85				
10	Medical and Scientific Instruments	15.12	8.71	10.88	15.96	26.97	-42.39	24.91	46.69	68.98
	Share in total import	5.05	2.22	1.84	2.05	3.66				
	Total import from CZECH REPUBLIC	299.42	393.12	592.10	778.09	736.81	31.29	50.62	31.41	-5.31

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I