Tools of Economic Diplomacy
Czech Republic

Deputy Minister Martin Tlapa

February 9, 2018, Prague
Foreign trade of the Czech Republic – actual data

› Trade balance reached **152.6 billion CZK** (7.49 bil. USD) surplus in 2017.

› Exports grew by **5.6 %** and imports by **6.3 %** in 2017.

› Total export in 2017 reached **4.2 trillion CZK** (206.3 bil. USD).

› In 2017, the Czech export has risen to **1%** share in the World export for the first time in history, event though the Czech Republic participates on the World population only by **0.14 %** and takes a share in **0.26 %** of the World GDP.

› Strong reliance on **manufacturing** (95.1 % of total export ) and on exports to **EU-28** (83.7 % of total exports in 2017).
Growing potential of export to China (16.4 %), Russia (10.7 %), Ukraine (26.4 %), Romania (13.2 %), Austria (10.1 %) and Thailand (16 %).

The largest export items include traditional cars, whose exports amounted to over **995 billion. CZK** (an increase of 7.8 %).

Reliance on automotive: The total share of motor vehicles in Czech export increased to **28.6 % in 2017**.

The Czech Republic for the first time exceeded 1.0 % of global exports with only 0.14 % of global population.

In 2016 our GDP was in **80.34 %** created by exports.
Increasing economic freedom (Heritage Foundation)

CZECH REPUBLIC

2018 INDEX OF ECONOMIC FREEDOM SCORE: 74.2
Foreign trade of the Czech Republic

Exports - percentage of GDP

- Luxembourg
- Slovakia
- Republic
- Estonia
- Belgium
- Netherlands
- Lithuania
- Slovenia
- Switzerland
- Bulgaria
- Latvia
- Denmark
- Austria
- Ukraine
- Poland
- Croatia
- Germany
- Sweden
- Serbia
- Romania
- European Union
- Portugal
- Norway
- Finland
- Spain
- Italy
- France
- United Kingdom
Why economic diplomacy is so important for us?

- Czech Republic is a very opened economy

- Our economy is approximately 10% more opened and far more export oriented than for example a German economy

- Our reliance on exports in GDP creation is the one of the highest in the EU

- That is why Czech state institutions, on the first place the Ministry of Foreign affairs, have to develop efficient economic diplomacy and support our exporters
The main functions of economic diplomacy

› Promoting **trade**

› Encouraging **growth**

› Attracting **investment**

› Supporting Czech **business**.

› Boosting competitiveness of domestic products abroad.

› Offering analytical and information services for public authorities and entrepreneurs, exporters and investors.

› Economic diplomacy supports prosperity and international trade cooperation. At the same time it defends our national interests.
And its tools...

Tools of our economic diplomacy

<table>
<thead>
<tr>
<th>Projects of economic diplomacy</th>
<th>Export Assistance Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming and outgoing missions, fairs, presentations</td>
<td>Unified network abroad</td>
</tr>
<tr>
<td>Unified funding among ministries</td>
<td>Export Assistance Center</td>
</tr>
<tr>
<td>50 mil. CZK in comom fund</td>
<td>Center for exporters</td>
</tr>
<tr>
<td>International development cooperation (ČRA)</td>
<td>50 mil. CZK in comom fund</td>
</tr>
</tbody>
</table>
Unified network of representations abroad

It is composed by:

• Czech Embassies and Offices of the CzechTrade

• Net is composed by our presence in over 90 countries and its grows

• So far we have 153 units incorporated in this unified net
Export Assistance Center

Unified Center run by MFA, Ministry of Industry and Trade and Czech Trade for Czech businesses interested in exporting

Export Assistance Center offers:

– Consulations of export and investment plans
– Services in more than 90 countries abroad thanks to unified net (Embassies + CzechTrade Offices)

Friendly and flexible access for clients:

– Experts available, assessment for exporters through all the process – from an export plan to realization
– MFA´s and CzechTrade´s experts available
– Consultation available even on level of Deputy Ministers in special occasions

Katalog služeb Klientského centra pro export je dostupný na: www.businessinfo.cz/KCE
A) Entities with competence abroad:

Embassies and consulates of the country, their economic departments and diplomatic staff. Representatives of domestic government agencies to promote investment, trade etc., representatives of non-governmental agencies and representatives of multinational companies.

B) Entities operating it home country:

Central government authorities – the Ministry of Foreign Affairs, Ministry of Industry and Trade, the Ministry for Regional Development. Business associations, chambers, associations and business sector entities, involved in international economic relations.
The importance of economic diplomacy for economic development

**Access to markets** - We help to remove economic barriers to enter in foreign markets

**Promoting investment** - We promote the Czech Republic among potential foreign investors.

**Development funds** - We inform about the possibilities of participating in projects financed development (or other) funds

**Doing business abroad** - We provide conditions for the development of business activities abroad

**Assistant services** - We assist in dealing with official institutions and state enterprises.

**Building relationships** - We are contributing to establishing contacts between Czech and foreign partners

**Searching for Opportunities** - We supply information about opportunities in foreign markets

**Public contracts** - We provide information about upcoming public procurement

**Problem solving** - We help to solve the problems of Czech firms on foreign markets
Projects of economic diplomacy

- Ministry offers through Embassies abroad the possibility to create new contacts, demonstrate products and services as well as gaining new contracts for Czech companies. **291 projects concluded in 2017.**
- **Forms of projects**: seminars, presentations, participation in exhibitions and trade fairs, conferences, business missions, Czech Days and other similar industry-focused events.

<table>
<thead>
<tr>
<th>Rok</th>
<th>Rozpočet</th>
<th>Počet projektů</th>
<th>Průměrný objem prostředků na projekt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4,5 mil. Kč</td>
<td>51</td>
<td>90 tis. Kč</td>
</tr>
<tr>
<td>2015</td>
<td>9 mil. Kč</td>
<td>87</td>
<td>100 tis. Kč</td>
</tr>
<tr>
<td>2016</td>
<td>17,4 mil. Kč</td>
<td>161</td>
<td>99 tis. Kč</td>
</tr>
<tr>
<td>2017</td>
<td>50,8 mil. Kč</td>
<td>291</td>
<td>175 tis. Kč</td>
</tr>
</tbody>
</table>
It is the result of an analysis that aims to identify promising possibilities of Czech companies in foreign markets, bringing the potential exporters overview of specific export opportunities in specific territories.
Map of global sector opportunities - inputs

Analytical data

Soft signals

Experience

Promising sectors for each country
Map of global sector opportunities - processing

The dynamics of the growth of the market

Choice of industry

Potential of Czech Republic

Export competence
Map of global sector opportunities - Benefits for state and exporters

Exporters

› Quick overview of promising sectors.
› Information about market dynamics and market outlook.
› Deciding where to allocate their resources.

Country

› Efficient allocation of resources and capacities of embassies and headquarters.
› Strategic decisions and planning.
› Industry-specific missions.
› Economic diplomacy projects.
Card of global sectoral opportunities – examples
Thailand- overview

Thajsko

V posledních dekádách se meziroční růst HDP pohyboval v rozmezí 5 až 8%. V současné době se však růst HDP snížil na hodnotu okolo 3%. Výjimku tvořilo zpomalení thajské ekonomiky v roce 2014. V roce 2015 se Thajsko propadlo do krátkodobé deflace, avšak v příštích letech by se měla míra inflace pohybovat okolo 2%. V zemi žije téměř 70 mil. obyvatel, přičemž HDP na obyvatele v roce 2016 činil zhruba 5 700 USD. Nezaměstnanost je v zemi velmi nízká a drží se pod 1%. Běžný účet platební bilance je od roku 2014 přebytkový.

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Růst HDP (%)</td>
<td>0,8</td>
<td>2,8</td>
<td>3,2</td>
<td>3,3</td>
<td>3,1</td>
<td>3</td>
</tr>
<tr>
<td>HDP/obyv. (USD)</td>
<td>5 889</td>
<td>5 742</td>
<td>5 662</td>
<td>5 842</td>
<td>6 933</td>
<td>6 303</td>
</tr>
<tr>
<td>Miru inflace (%)</td>
<td>1,9</td>
<td>-0,9</td>
<td>0,3</td>
<td>1,6</td>
<td>1,9</td>
<td>2,1</td>
</tr>
<tr>
<td>Nezaměstnanost (%)</td>
<td>0,8</td>
<td>0,9</td>
<td>0,8</td>
<td>0,7</td>
<td>0,7</td>
<td>0,7</td>
</tr>
<tr>
<td>Bilance běžného účtu (mld. USD)</td>
<td>15,4</td>
<td>31,0</td>
<td>37,7</td>
<td>31,0</td>
<td>24,5</td>
<td>20,2</td>
</tr>
<tr>
<td>Populace (mln.)</td>
<td>68,7</td>
<td>68,8</td>
<td>69,0</td>
<td>69,1</td>
<td>69,2</td>
<td>69,3</td>
</tr>
<tr>
<td>Konkurenceschopnost</td>
<td>31/144</td>
<td>32/140</td>
<td>34/138</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exportní riziko OECD</td>
<td>3/7</td>
<td>3/7</td>
<td>3/7</td>
<td>3/7</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Zdroje: MMF, OECD, WEF

Short characteristics of economy with main factors influencing the economy
### Card of global sectoral opportunities – examples

#### Thailand – main exports/imports

<table>
<thead>
<tr>
<th>Kód zboží</th>
<th>Název zboží</th>
<th>Stat. hodnota 2016 CZK (tis.)</th>
<th>Podíl z celku (%)</th>
<th>Stat. hodnota 2015 CZK (tis.)</th>
<th>Meziroční nárůst (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8471</td>
<td>Stroje pro automat. zprac. dat, jednotky, snímače ap.</td>
<td>10 997 344</td>
<td>36,6</td>
<td>12 038 646</td>
<td>-8,6</td>
</tr>
<tr>
<td>8415</td>
<td>Stroje, přístroje klimatizační</td>
<td>1 549 924</td>
<td>5,2</td>
<td>1 110 270</td>
<td>39,6</td>
</tr>
<tr>
<td>9001</td>
<td>Vlákna optická ap., čočky, hranoly aj. nezasazené</td>
<td>1 186 232</td>
<td>3,9</td>
<td>894 930</td>
<td>32,6</td>
</tr>
<tr>
<td>8525</td>
<td>Přístroje vysílací pro rozhlas, televizi apod., kamery</td>
<td>957 286</td>
<td>3,2</td>
<td>1 002 832</td>
<td>-4,5</td>
</tr>
<tr>
<td>8708</td>
<td>Části, součásti a příslušenství motorových vozidel čísel 8701 až 8705</td>
<td>806 386</td>
<td>2,7</td>
<td>842 311</td>
<td>-4,3</td>
</tr>
<tr>
<td>5402</td>
<td>Příze z hedvábí syntického monofil., do 67 dtex</td>
<td>698 398</td>
<td>2,3</td>
<td>517 376</td>
<td>35,0</td>
</tr>
<tr>
<td>8501</td>
<td>Elektrické motory a generátory</td>
<td>675 234</td>
<td>2,2</td>
<td>696 981</td>
<td>-3,1</td>
</tr>
<tr>
<td>7113</td>
<td>Šperky a klenoty a části, z drahých kovů nebo z kovů plátovaných drahými kovy</td>
<td>637 503</td>
<td>2,1</td>
<td>358 828</td>
<td>77,7</td>
</tr>
<tr>
<td>8542</td>
<td>Obvody integrované elektronické</td>
<td>628 479</td>
<td>2,1</td>
<td>651 519</td>
<td>-3,5</td>
</tr>
<tr>
<td>8414</td>
<td>Čerpadla vývěvy vzduchové kompresory ap.</td>
<td>567 200</td>
<td>1,9</td>
<td>351 096</td>
<td>61,6</td>
</tr>
</tbody>
</table>

**Celkem TOP10**

<table>
<thead>
<tr>
<th>Stat. hodnota 2016 CZK (tis.)</th>
<th>Podíl z celku (%)</th>
<th>Stat. hodnota 2015 CZK (tis.)</th>
<th>Meziroční nárůst (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 703 986</td>
<td>62,2</td>
<td>18 464 789</td>
<td>1,3</td>
</tr>
</tbody>
</table>

**Celkem dovoz**

<table>
<thead>
<tr>
<th>Stat. hodnota 2016 CZK (tis.)</th>
<th>Podíl z celku (%)</th>
<th>Stat. hodnota 2015 CZK (tis.)</th>
<th>Meziroční nárůst (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 072 664</td>
<td>2,8</td>
<td>29 252 794</td>
<td></td>
</tr>
</tbody>
</table>

*Source: ČSÚ*
<table>
<thead>
<tr>
<th>Perspective field</th>
<th>Specific opportunity</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food industry</td>
<td>0402 Milk, cream sweetened condensed</td>
<td>Thailand is among the traditional customers of powdered milk. Perspective there is room for supplies of beverages (especially mineral water, as well as wine), hops or sweets.</td>
</tr>
<tr>
<td></td>
<td>0404 Whey products sweetened condensed milk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2201 Waters, mineral water, sodas-unsweetened</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2204 Wine of fresh grapes, cider wine</td>
<td></td>
</tr>
<tr>
<td>Aviation industry</td>
<td>Small and medium-sized aircraft to 9, 12, 18 passengers, ultralights</td>
<td>Thailand like other Asian countries booming development of air transport. Except for supplies for air traffic control and radar technology, there are opportunities for training and supply of smaller airliners. There continue to be opportunities for the supply of spare parts for L-39, which pass through modernization.</td>
</tr>
<tr>
<td></td>
<td>8526 Radiolocational devices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Navigational devices and other electronic devices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8805 Catapults and other devices for aerospace training</td>
<td></td>
</tr>
</tbody>
</table>
Map of global sectoral opportunities - results

- The main output will be a card of sectoral opportunities for every resident country and a list of prospective territories for each of the disciplines.

- Each card includes:
  - Statistics of commodity structure of bilateral trade.
  - Overview of the main sectoral priorities and specific opportunities including rationale and additional information.
  - Export risk by OECD.
  - Information regarding the status of negotiations on the FTA within trade policy.
Data can be viewed on the basis of the territorial or branch arrangement with filtration according to the HS code.
And we go on developing new tools!

News from our Embassies published on MFA’s web
A brand new magazine Modern Economic Diplomacy published by us
We are increasingly active in social media (Facebook, LinkedIn, Twitter)
Thank you for your attention

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