

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

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. 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 was 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 macroprudential 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 is as under.

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)	-0.6	0.8	0.4	-0.5	-0.3	0.0	0.5	0.1	0.0

output)									
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 in 2023 were: (i) transmission apparatus incorporating reception apparatus for radio-telephony, broadcasting, or television [852520]; (ii) Automobiles nes including gas turbine powered [870390]; (iii) Motor cars and other motor vehicles principally designed for the transport of persons, including station wagons and racing cars other vehicles, with compression ignition internal combustion piston engine [870332]; (iv) Parts and accessories of bodies nes for motor vehicles [870829] and (v) Parts and accessories of automatic data process; [847330]. On the other hand, major five imported goods of Czech Republic in 2023 were (i) transmission apparatus incorporating reception apparatus for radio-telephony, broadcasting, or television [852520]; (ii) Electric accumulators, nes [850780]; (iii) Parts and accessories of automatic data process [847330]; (iv) Other medicaments of mixed or unmixed products, [300490] and (v) Petroleum oils and oils obtained from bituminous [270900].

4. Czech Republic's total exports globally in 2020 were of the order of USD 192,307 million. It was USD 259292 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 7.76%.

5. Czech Republic's total imports in 2020 were of the order of USD 171440 million and it was USD 229397 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of imports was 7.55%.

6. Czech Republic faced an overall Balance of Trade surplus from 2020 to 2024. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 7.66%.

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

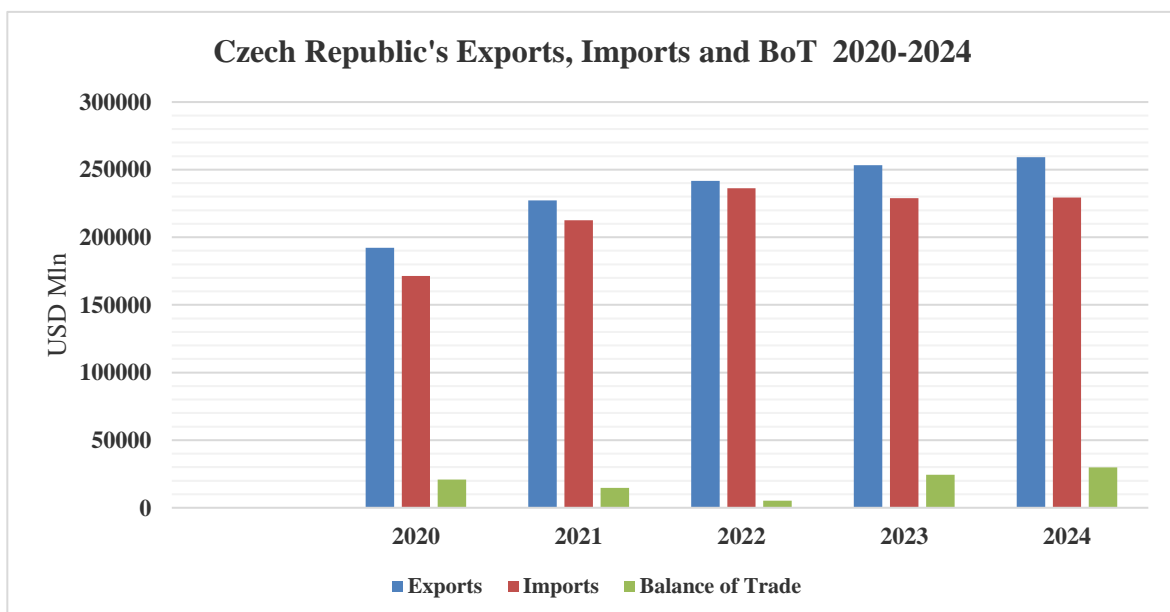
TABLE - 2**CZECH REPUBLIC'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024****(Figures in USD Million)**

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	192307		171440		3,63,747		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
2024	259292	2.35	229397	0.21	4,88,689	1.34	29895

Annual Compound Growth Rate**7.76****7.55****7.66**

NOTE: Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure -1

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. As per Department of Commerce, Ministry of Commerce and Industry, Govt. of India data base, Czech Republic ranked 41st as an export destination of India in FY 2024-25. India's exports to Czech Republic were 0.47% of its total export value in FY 2024-25. In the same financial year, imports from Czech Republic were 0.10% of India's total import value. Czech Republic ranked 64th as an import partner of India in FY 2024-25.

8. Indo- Czech Republic total volume of bilateral trade in FY 2020-21 was of the order of USD 878.60 million. It was USD 2797.14 million in FY 2024-25. The annual compound growth rate of total volume comprising both exports and imports during the period from 2020-21 to 2024-25 had been of the order of 33.58%.

9. Imports from Czech Republic to India exhibited a positive trend from 2020-21 till 2022-23. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of imports was 16.91%. India's export to Czech Republic continuously increased during the period 2020-21 to 2024-25 from USD 485.48 million to USD 2062.67 million with CAGR of 43.57%. India maintained a balance of trade surplus with Czech Republic for the entire period considered under this report.

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

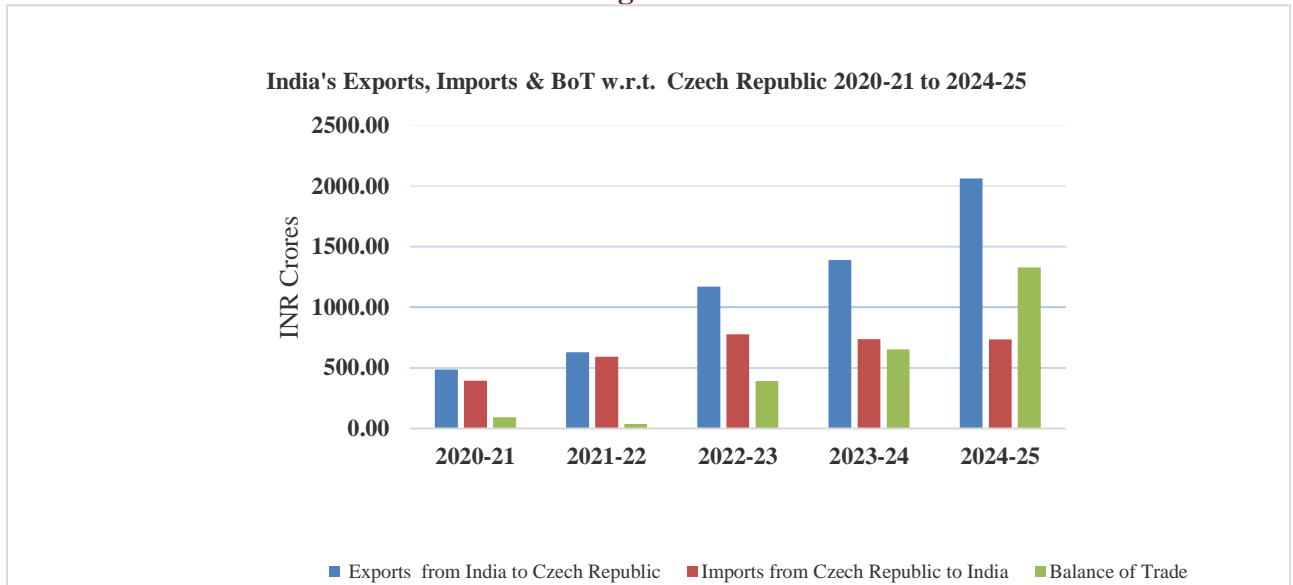
TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. CZECH REPUBLIC
FY 2020-2021 to 2024-2025

(Figures 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
2020-21	485.48		393.12		878.60		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
2024-25	2062.67	48.42	734.47	-0.32	2797.14	31.53	1328.20
Annual Compound Growth Rate		43.57		16.91		33.58	

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

Figure-2



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

- a. **Telecom Instruments, Aircraft, Spacecraft and Parts** and **Electric Machinery and Equipment** occupied the top three positions in India’s exports to Czech Republic in FY 2024-25. **Telecom Instruments** occupied 57.38% share of India’s total exports to Czech Republic in FY 2024-25.
- b. **Auto Components/Parts, IC Engine and Parts** and **Electric Machinery and Equipment** were the three major commodities in India’s imports list from Czech Republic in the year 2024-25. India imported a significant amount of **Auto Components/Parts** from Czech Republic with a share of 16.88% of total imports from Czech Republic recorded in 2024-25.

TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO CZECH REPUBLIC
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Figures in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	TELECOM INSTRUMENTS	52.45	106.49	664.19	803.72	1183.56	103.03	523.71	21.01	47.26
	Share in total export	10.80	16.95	56.80	57.83	57.38				
2	AIRCRAFT, SPACECRAFT AND PARTS	2.3	0.52	2.10	63.68	353.73	-77.39	303.85	2932.38	455.47
	Share in total export	0.47	0.08	0.18	4.58	17.15				
3	ELECTRIC MACHINERY AND EQUIPME	23.83	44.97	60.59	89.03	81.43	88.71	34.73	46.94	-8.53
	Share in total export	4.91	7.16	5.18	6.41	3.95				
4	AUTO COMPONENTS/PARTS	44.17	56.56	47.21	53.65	50.54	28.05	-16.53	13.64	-5.80
	Share in total export	9.10	9.00	4.04	3.86	2.45				
5	DRUG FORMULATIONS, BIOLOGICALS	54.55	47.33	38.92	48.67	38.61	-13.24	-17.77	25.05	-20.68
	Share in total export	11.24	7.53	3.33	3.50	1.87				
6	RMG COTTON INCL ACCESSORIES	35.78	36.48	42.19	31.93	31.45	1.96	15.65	-24.32	-1.50
	Share in total export	7.37	5.81	3.61	2.30	1.52				
7	RESIDUL CHEMICAL AND ALLED PROD	19.91	16.42	22.73	24.59	29.06	-17.53	38.43	8.18	18.17
	Share in total export	4.10	2.61	1.94	1.77	1.41				
8	PRODUCTS OF IRON AND STEEL	46.04	56.74	60.54	40.68	28.15	23.24	6.70	-32.80	-30.80
	Share in total export	9.48	9.03	5.18	2.93	1.36				
9	INDL. MACHNRY FOR DAIRY ETC	19.05	27.01	25.27	20.53	26.10	41.78	-6.44	-18.76	27.11
	Share in total export	3.92	4.30	2.16	1.48	1.27				
10	OTHER MISC. ENGINEERING ITEMS	10.57	12.21	11.64	22.32	25.10	15.52	-4.67	91.75	12.44
	Share in total export	2.18	1.94	1.00	1.61	1.22				
	Total exports to CZECH REPUBLIC	485.48	628.25	1169.32	1389.79	2062.67	29.41	86.12	18.85	48.42

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

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

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM CZECH REPUBLIC
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Figures in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	AUTO COMPONENTS/PARTS	59.99	191.15	191.10	153.41	123.97	218.64	-0.03	-19.72	-19.19
	Share in total import	15.26	32.28	24.56	20.82	16.88				
2	IC ENGINES AND PARTS	39.97	31.06	97.86	77.34	94.21	-22.29	215.07	-20.97	21.81
	Share in total import	10.17	5.25	12.58	10.50	12.83				
3	ELECTRIC MACHINERY AND EQUIPME	18.04	31.97	57.11	85.62	82.69	77.22	78.64	49.92	-3.42
	Share in total import	4.59	5.40	7.34	11.62	11.26				
4	PUMPS OF ALL TYPES	47.17	27.89	40.80	42.98	43.40	-40.87	46.29	5.34	0.98
	Share in total import	12.00	4.71	5.24	5.83	5.91				
5	ELECTRONICS INSTRUMENTS	11.40	14.58	27.36	28.37	40.57	27.89	87.65	3.69	42.99
	Share in total import	2.90	2.46	3.52	3.85	5.52				
6	ELECTRONICS COMPONENTS	7.59	14.55	34.77	33.72	31.10	91.70	138.97	-3.02	-7.76
	Share in total import	1.93	2.46	4.47	4.58	4.23				
7	INDL. MACHNRY FOR DAIRY ETC	26.16	41.86	61.44	39.08	26.92	60.02	46.77	-36.39	-31.13
	Share in total import	6.65	7.07	7.90	5.30	3.66				
8	OTHER MISC. ENGINEERING ITEMS	13.26	20.92	29.85	30.45	25.40	57.77	42.69	2.01	-16.57
	Share in total import	3.37	3.53	3.84	4.13	3.46				
9	PRODUCTS OF IRON AND STEEL	6.88	12.91	20.54	18.51	19.64	87.65	59.10	-9.88	6.08
	Share in total import	1.75	2.18	2.64	2.51	2.67				
10	MEDICAL AND SCIENTIFIC INSTRUM	8.71	10.88	15.96	26.97	16.82	24.91	46.69	68.98	-37.65
	Share in total import	2.22	1.84	2.05	3.66	2.29				
	Total import from CZECH REPUBLIC	393.12	592.10	778.09	736.81	734.47	50.62	31.41	-5.31	-0.32

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

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

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