



**BALANCE OF PAYMENTS**  
**2000**

## **CONTENTS**

### **A. SUMMARY**

### **B. DETAILED PART**

1. THE CURRENT ACCOUNT
  - 1.1. The trade balance
    - 1.1.1. Factors influencing the trade deficit
    - 1.1.2. Terms of trade
    - 1.1.3. Foreign trade by territory
    - 1.1.4. Foreign trade by commodity
    - 1.1.5. Inward and outward processing
    - 1.1.6. Imports by purpose of use and high-tech trade
  - 1.2. Services
  - 1.3. Income
  - 1.4. Current transfers
2. THE CAPITAL ACCOUNT
3. THE FINANCIAL ACCOUNT
  - 3.1. Direct investment
    - 3.1.1. Czech direct investment abroad
    - 3.1.2. Foreign direct investment in the Czech Republic
  - 3.2. Portfolio investment
  - 3.3. Other long-term investment
  - 3.4. Other short-term investment
4. CNB INTERNATIONAL RESERVES
5. THE INVESTMENT POSITION, EXTERNAL DEBT AND DEBT SERVICE
  - 5.1. The investment position
  - 5.2. External debt
  - 5.3. Debt service

### **ANNEXES**

- Annex 1 The interbank foreign exchange market and the koruna's exchange rate
- Annex 2 The CNB's analytical commentary on the main balance of payments trends in 1993–2000
- Annex 3 External debt ratios
- Annex 4 Balance of payments for January to December 2000
- Annex 5 Balance of payments for January to December 2000
- Annex 6 International investment position
- Annex 7 External debt
- Annex 8 Debt service in convertible currencies
- Annex 9 Direct investment
- Annex 10 Portfolio investment by non-residents in koruna instruments

## A. SUMMARY

### *The main trends*

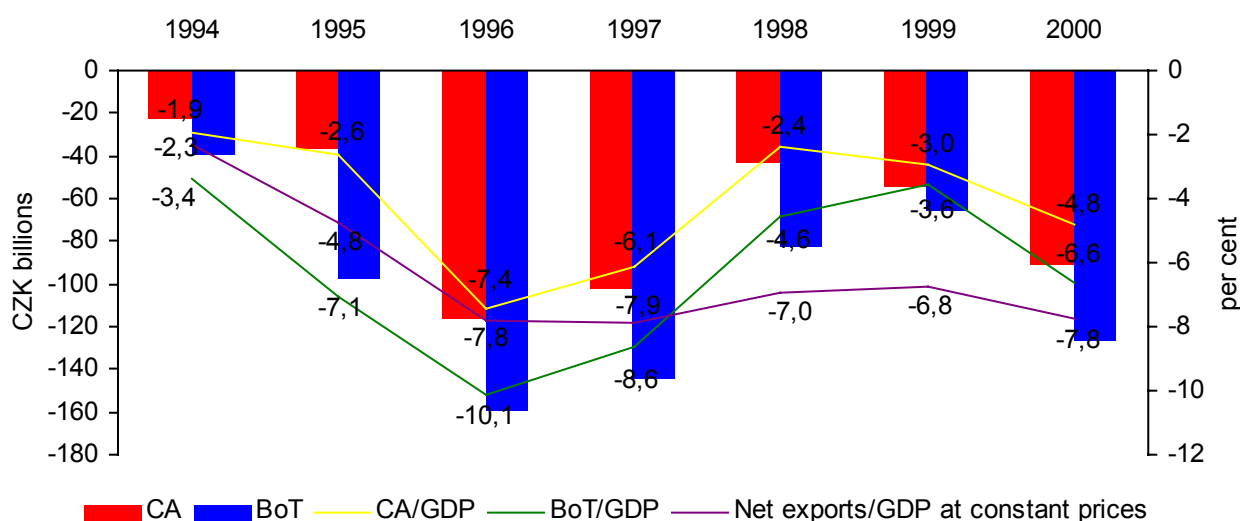
A widening of the trade and current account deficits was recorded on the Czech Republic's balance of payments in 2000. The current account showed a deficit of CZK 91.4 billion (EUR 2.6 billion), which is CZK 37.2 billion more than in 1999. The increase in the trade deficit was chiefly due to foreign prices of imported energy raw materials (notably oil and natural gas) and, in H2, to stronger demand factors.

The financial account surplus increased by more than CZK 23 billion on a year earlier to CZK 129.6 billion (EUR 3.6 billion). The current account deficit was covered by massive foreign capital inflow, chiefly in the form of foreign direct investment (FDI) and of drawing on credits by the corporate sector. At the same time, Czech banks and non-banks showed increasing interest in investing abroad. In 2000, the structure of commercial banks' foreign assets changed: the share of deposits decreased (inflow of other short-term capital) and the share of interest-bearing securities increased (outflow of portfolio investment).

The rise in CNB international reserves was chiefly due to intervention on the foreign exchange market at the start of the year and to National Property Fund (NPF) privatisation revenues. Overall, the national balance of payments recorded a surplus, generating an appreciation tendency for the koruna's exchange rate against the euro in 2000.

### *Current account*

#### Current account and balance of trade



Note: Indicator Net exports/GDP is at constant 1995 prices

The current account deficit was 4.8% of GDP at current prices and 7.8% of GDP at constant prices. Year-on-year growth was more apparent at current prices.

The trade deficit widened to CZK 126.8 billion, or 6.6% of GDP. This increase in deficit took place amid pronounced growth in foreign trade turnover and amid faster import growth than export growth at current prices (export index: 123.3%; import index: 128.2%).

The trade balance is being affected by dynamic growth in economic activity, particularly in foreign-owned businesses. With regard to inward and outward processing the Czech Republic showed a surplus of CZK 105 billion. These transactions accounted for almost 26% of the trade balance

turnover. The high growth rate of exports was made possible by continuing growth in demand both in EU member states and in transition economies.

By commodity, there was a further increase in the share of machinery and transport equipment in total exports (to 44.4%). This trend is apparent for a wide range of export items in modern industries (electronics, electrical engineering and mechanical engineering), with many domestic firms operating as suppliers of parts and accessories for well-known foreign customers.

The fuels category played a key role in the year-on-year deterioration of the trade deficit (accounting for about 75% of the total widening) owing to rising prices of energy raw materials. Whereas the amount of oil and natural gas imported was about the same as a year earlier, imports of these items more than doubled in nominal terms. This trend had a major influence on the terms of trade. Import prices increased by 12% in 2000 (including valuation changes), while export prices rose by only 6.3%. The terms of trade deteriorated by 5.1% on a year earlier, i.e. about CZK 67 billion.

The second half of the year in particular saw strengthening demand for imports. This was due to corporate sector restructuring and was connected with modern technology and equipment being put into operation. Above-average increases were registered in imports for investment purposes (index: 129.9), most notably in mechanical engineering, telecommunications and electrical engineering. The inflation trend, the pick-up in economic activity and the development of production collaborations at international level passed through into higher growth of imports for intermediate consumption (index: 134.3). In contrast, imports for personal consumption registered the slowest pace of growth (index: 112.6), owing to very subdued household demand.

By territory, the share of EU countries in trade balance turnover further strengthened (to 60%).

Other current account items followed the trends of previous years. The year-on-year widening of the surplus on services was the result of rising net receipts from foreign travel and a decreasing deficit on other services. The surplus on transport services was unchanged.

An increase in receipts of more than 5% in the travel category reflected positive changes in the structure of incoming visitors (the number of tourists accommodated in hotels and boarding houses increased). Their duration of stay was also longer. In the longer term, a stabilisation of receipts from foreign visitors is apparent. The decline in spending on foreign travel testifies to a change in consumption preferences.

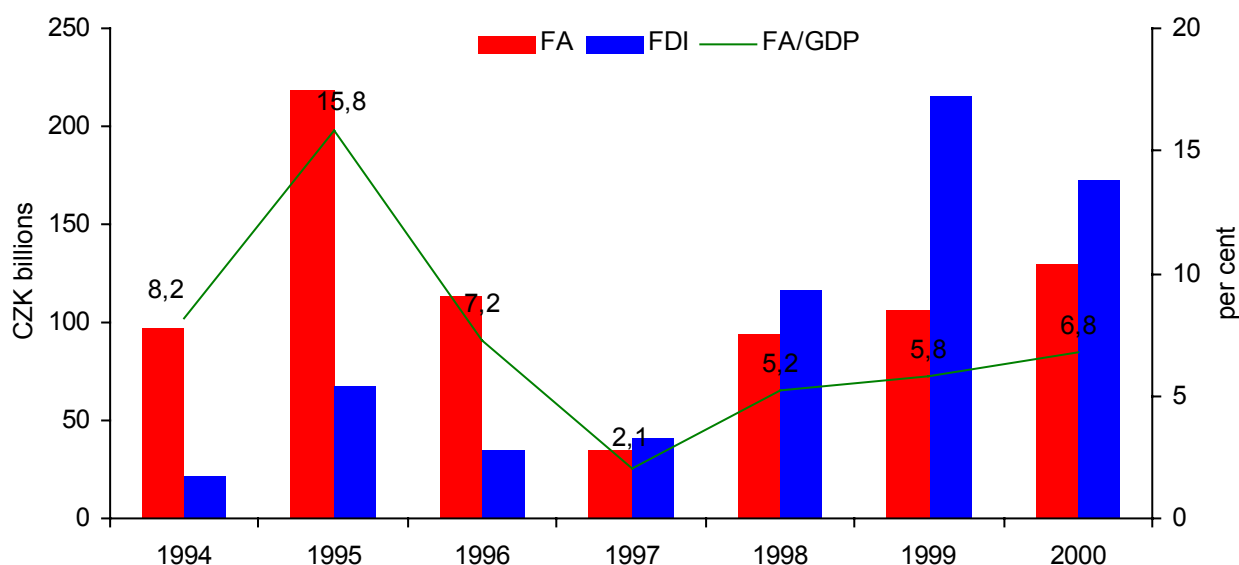
The income deficit narrowed in year-on-year terms thanks to higher income on financial assets holdings (particularly income on the CNB's international reserves and on banking sector assets). On the debit side, most of the income was connected with payments of interest abroad and yields on direct investment (the share of foreign investors in dividends and reinvested earnings).

The surplus on current transfers was lower than in previous years. Most of the transfers are private transfers in the form of gifts and assistance. Also significant are pensions and social benefits received from abroad. The volume of transfers was lower in 2000 than a year earlier.

### ***Capital account***

The capital account showed a modest deficit of CZK 195.3 million. The weight of capital account transactions relative to current and financial account turnovers is insignificant. Acquisitions/disposals of non-produced nonfinancial assets (patents and licences) accounted for most of the transaction volume on both sides of the account; less significant were migrants' transfers.

**Financial account**



Net foreign capital inflow into the Czech Republic was higher in 2000 than a year earlier. The surplus on the financial account was CZK 129.6 billion (EUR 3.6 billion), up by CZK 23 billion. Inflow of foreign direct investment continued in the form of acquisitions and green-field projects. As in previous years, the most significant was investment in the retail and wholesale network and in banking. Foreign direct investment in equity capital and reinvested earnings accounted for 8.5% of GDP in 2000 (compared with 10.5% in 1999). The volume of foreign credits from parent companies showed dynamic growth. In response to foreign and domestic interest rate movements, commercial banks changed the structure of their asset portfolios in favour of foreign securities and away from deposit and credit operations abroad.

Czech foreign direct investment abroad increased only modestly and is still insignificant compared with the capital movements on the asset side. The activities of Czech direct investors abroad were associated with expansion of foreign businesses established in the Czech Republic into other countries of the Eastern European region.

In the area of portfolio investment, the demand of domestic banks and non-banks for foreign securities expanded. Their interest was mostly focused on trading in foreign long-term bonds. The volume of trading in shares and short-term bonds was not so significant. Trading by commercial banks on own account played the main role. The banks changed their foreign asset structure, shifting from deposits to foreign securities. Despite lower turnovers, operations by non-banks (investment funds and insurance companies in particular) contributed significantly to the outflow of portfolio investment.

Foreign investor interest was concentrated on purchasing selected domestic shares. Non-residents reduced their open positions in bond holdings. The inflow of portfolio investment in domestic instruments remained at the previous year's level. The overall portfolio investment outflow was CZK 68.2 billion, which is about CZK 20 billion higher than in 1999.

The volume of financial derivatives transactions by Czech entities is still less significant compared with other capital flows. The banking sector showed a CZK 1.8 billion excess of receivables over payables vis-à-vis other countries.

The contrary movements of long-term and short-term other capital resulted in foreign capital inflow of CZK 26.9 billion, a fundamental change in trend compared with previous years. Drawing on foreign, mostly short-term, credits was used to a larger extent by companies with consolidated management,

which maintained access to foreign financial markets as an alternative to using domestic funds. Some of the funds obtained were counter-deposited on accounts abroad or used to finance export transactions.

The international movements of bank capital reflected the decreasing involvement of domestic banks in foreign credit and deposit operations. Commercial banks reduced their asset operations vis-à-vis foreign clients (especially koruna deposits and earlier granted credits) and the released funds were used to purchase foreign securities (recorded under portfolio investment). At the same time, mostly because of a decrease in foreign exchange domestic credits, commercial banks repaid a substantial portion of their own long-term liabilities abroad.

The credit transactions of the government and the CNB were insignificant with respect to volume. These mostly included repayments of government credits (including de-blocking operations) provided during the period of central planning and payments of membership contributions to international organisations.

International reserves increased by CZK 31.6 billion (EUR 0.9 billion) during the course of the year to reach CZK 496.8 billion. This growth was a result of interventions on the interbank foreign exchange market, privatisation proceeds and interest collection. At the year-end, the reserves covered about three months' worth of imports of goods and services.

There was a modest drop in the debt level in 2000, but the short-term component rose. The Czech Republic's foreign debt decreased by CZK 8.5 billion in 2000 to CZK 814 billion (EUR 23.2 billion), but still exceeded 40% of GDP. The short-term component increased to 41.6% of the total. Debt service payments on medium-term and long-term liabilities amounted to CZK 170.9 billion (of which principal CZK 137.7 billion), representing only 12.2% of exports of goods and services.

The high foreign direct investment inflow is passing through into a widening deficit on the Czech Republic's international investment position. At the year-end the deficit was running at CZK 169 billion (8.8% of GDP).

The indicators of the country's external stability in terms of debt characteristics relative to GDP (external debt, debt service and the investment position trend) do not differ from those in neighbouring transition economies. Because of the massive FDI inflow, the current account imbalance does not pose a direct risk for the time being. The potential combination of unfavourable external factors (the price factor, including exchange rate developments, and a fall in demand in EU countries), the internal public finance imbalance and slowing FDI inflow could increase foreign entities' sensitivity to the trade imbalance.

## B. DETAILED PART

### 1. THE CURRENT ACCOUNT

#### 1.1. The trade balance

The trade balance ended 2000 in a deficit of CZK 126.8 billion (EUR 3.6 billion), or 6.6% of GDP (compared with 3.6% in 1999). Compared with 1999, the trade deficit widened by CZK 61.0 billion. The deficit was chiefly attributable to price effects and, in H2, to growing domestic demand in the form of increasing imports for intermediate consumption and investment. A year-on-year rise in prices of energy raw materials on the world market contributed throughout the year to the increasing deficit, chiefly in the fuels group and partly also in the chemicals group. The trend for these commodities accounted for most of the annual increase in the deficit on general merchandise trade. A surplus of CZK 105.2 billion for processing operations significantly reduced the overall trade deficit. Despite a high growth rate of exports, the Czech economy did not fully accommodate the price shock.

Commodity structure according to IMF balance of payments methodology, in CZK billions

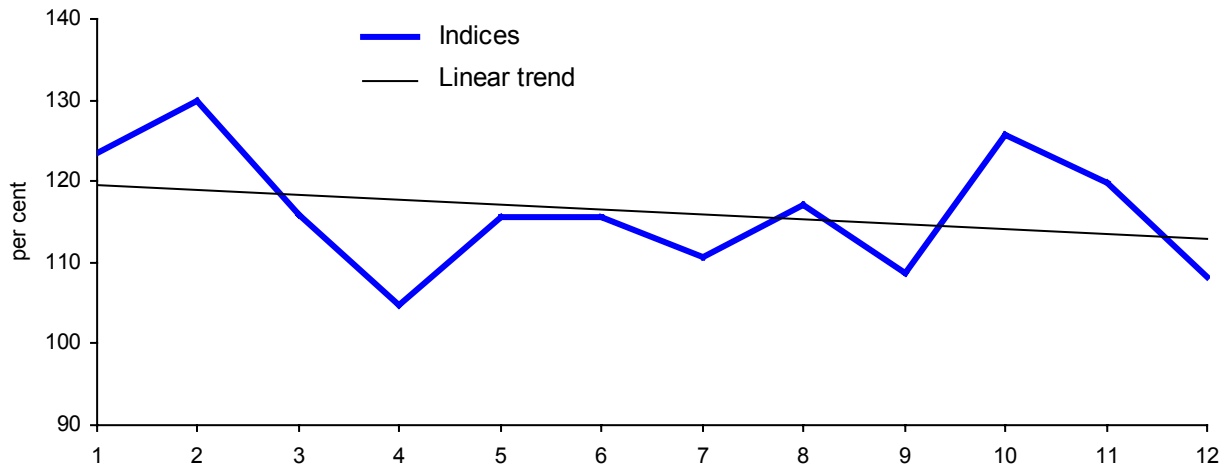
		1999	2000	y-o-y change
Exports	total	<b>908,8</b>	<b>1 120,4</b>	211,6
	general merchandise	623,6	760,1	136,5
	goods for processing	284,4	359,4	75,0
	non-monetary gold	0,8	0,9	0,1
Imports	total	<b>974,6</b>	<b>1 247,2</b>	272,6
	general merchandise	778,1	992,7	214,6
	goods for processing	196,2	254,2	58,0
	non-monetary gold	0,3	0,3	0,0
Balance	total	<b>-65,8</b>	<b>-126,8</b>	-61,0
	general merchandise	-154,5	-232,6	-78,1
	goods for processing	88,2	105,2	17,0
	non-monetary gold	0,5	0,6	0,1

Notes:

- 1) The export and import data are based on the new foreign trade statistics methodology in force since 1 July 2000. The data on processing do not include the actual value of aircraft and boats, only the value added after processing. Also not included are temporary exportation and re-importation of goods (e.g. goods for display at exhibitions), and trade in monetary gold.
- 2) Goods procured in ports are recorded under general merchandise. Repairs on goods are recorded under goods for processing.
- 3) In compliance with the IMF balance of payments methodology, imports in 1999 include the market value of the natural gas supplied from the Russian Federation in return for construction work performed by Czech firms.

Exports at current prices were 23.3% higher than a year earlier. Exports in physical terms rose by 16% and export prices by 6.3%. Higher physical volumes were recorded for machinery, miscellaneous manufactured articles, food and manufactured goods (commodity breakdown in accordance with the Standard International Trade Classification). Significant price movements were recorded for fuels and chemicals in particular, and also for raw materials and food.

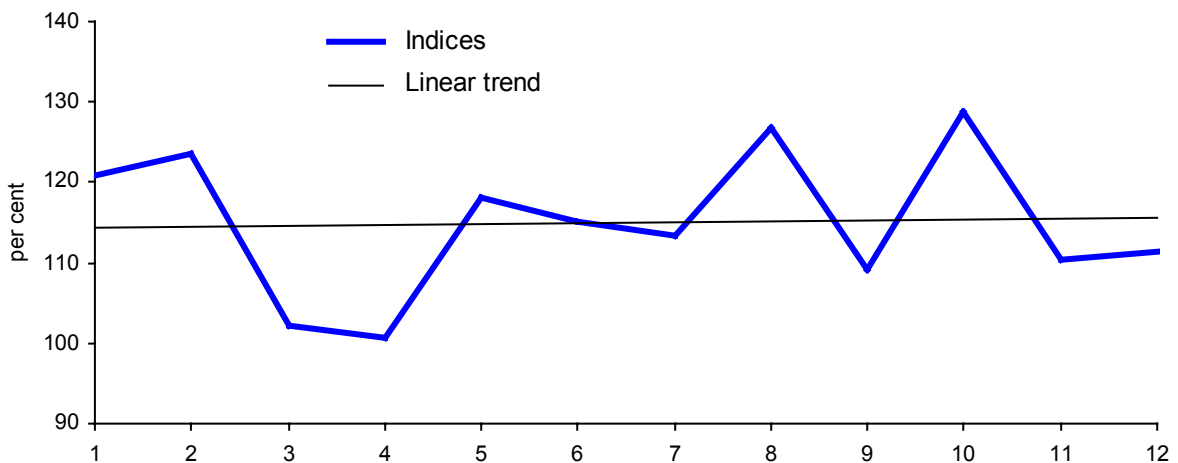
### Annual export indices in 2000 at 1999 prices (physical volume)



Note: CNB calculation (annual export index deflated by the CSO export price index, which is calculated using selected price representatives)

Imports at current prices rose by 28.2%. The physical volume of imports increased by 14.5%, with particularly strong growth recorded in the machinery, miscellaneous manufactured articles and raw materials groups.

### Annual import indices in 2000 at 1999 prices (physical volume)

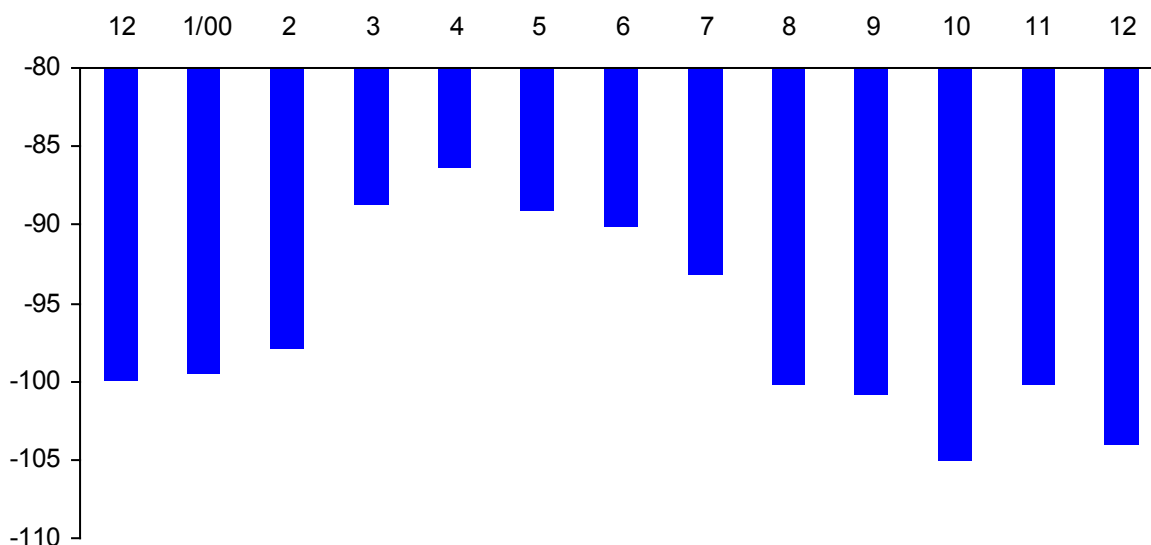


Note: CNB calculation (annual import index deflated by the CSO import price index, which is calculated using selected price representatives)

Excluding price effects, a slight upward trend in the growth rate of the physical volume of imports and a moderate slowdown in the growth rate of exports are visible during the course of the year. These trends also passed through into the overall trade deficit at constant prices (1994=100). The worsening of the deficit can be attributed to the recovery in domestic demand.



### Foreign trade balance - aggregate for the last 12 months at 1994 prices



Note: CNB calculation (monthly export and import figures deflated by the CSO basic price index)

#### 1.1.1. Factors influencing the trade deficit

The increase in exports was fostered by the following factors in particular:

- economic growth in EU countries (of 3.4%) and in transition economies affecting the level of external demand for Czech goods;
- inflow of foreign direct investment into export-oriented industries;
- a growing volume of operations associated with domestic processing of foreign firms' goods (export index within processing: 126.4).

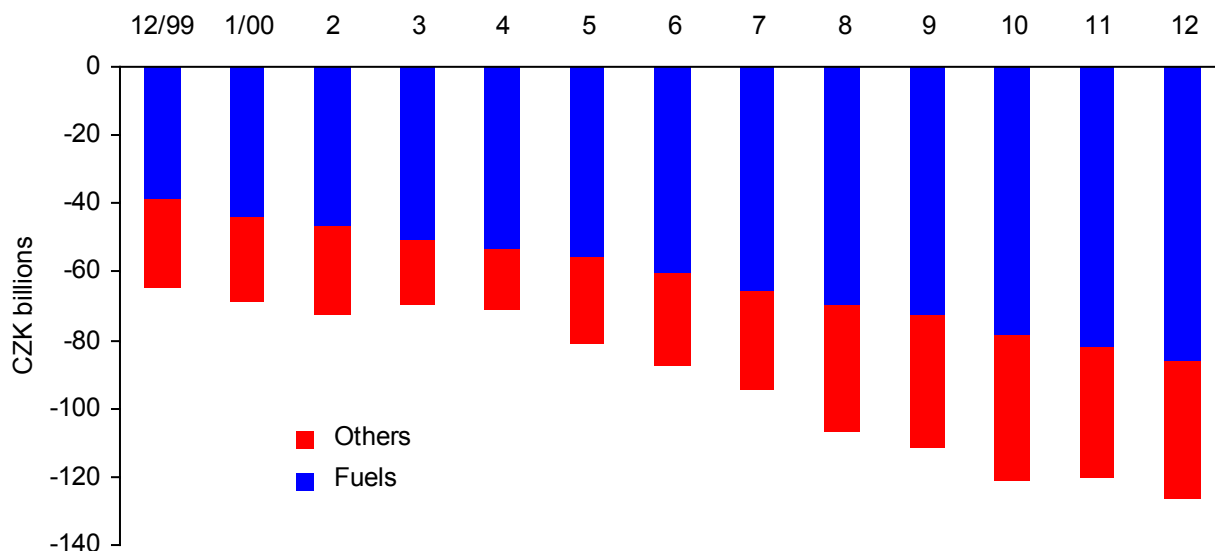
The export activity of exporters was promoted by state support aimed at improving their non-price competitiveness. Both state pro-export institutions – Česká exportní banka (ČEB – the Czech Export Bank) and Exportní a garanční pojišťovací společnost (EGAP – the Export Guarantee and Insurance Corporation) – contributed to this end. In 2000, ČEB concluded agreements to provide credits and issue bank guarantees totalling CZK 19.2 billion (1.7% of total exports). Compared with 1999 this is a rise of 24.7%. EGAP insured exports worth CZK 70.7 billion last year, a rise of 47% on a year earlier. The share of EGAP insurance in total annual exports rose from 5.2% to 6.3% in year-on-year terms.

The increase in imports was due in particular to:

- annual growth in import prices of fuels, following the rise in prices of energy raw materials on world markets;
- depreciation of the koruna's exchange rate against the US dollar, which is the main currency used in raw materials trading;
- an increase in domestic investment demand in industries and the tertiary area;
- innovation processes associated with the introduction of new and costly high-tech equipment and modern technology;
- growth in imports of goods for further processing in the Czech Republic (index: 130.1).

For the second year running, the trade deficit was affected by the deficit on the fuels balance, which during the year showed a steady upward trend. In addition, the other commodity groups also saw a worsening deficit from May onwards, mainly because of stronger domestic demand.

## Foreign trade balance for the last 12 months



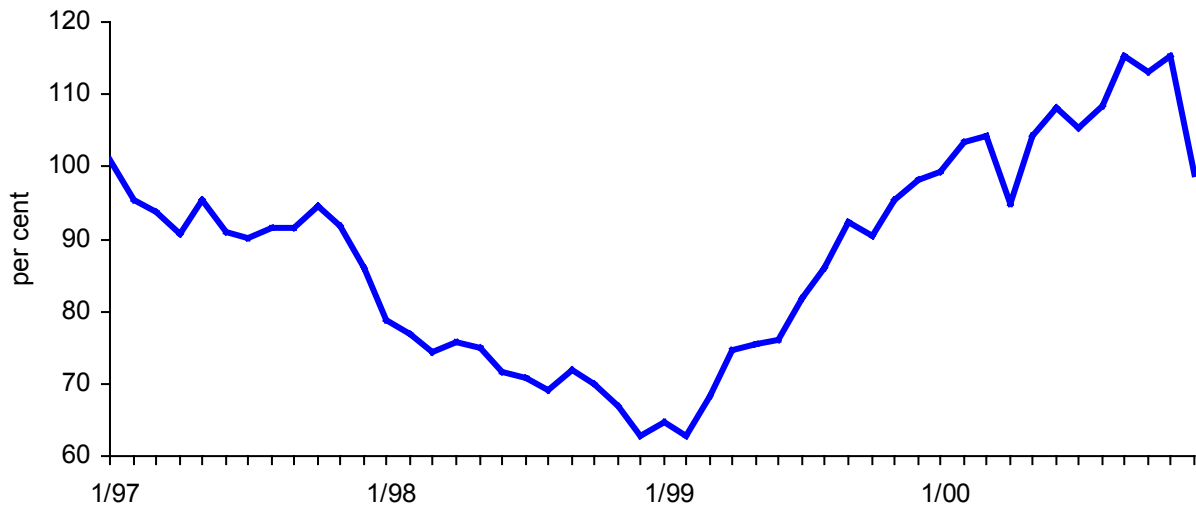
### 1.1.2. Terms of trade

Although export prices gradually increased in year-on-year terms, their index did not match that of import prices. The year-on-year terms of trade (94.9 percentage points) calculated from the CSO export and import price indices indicate a negative price effect on the trade balance. The growth rate of import prices (index: 112) was almost double that of export prices (index: 106.3). The worsening of the terms of trade for fuels to 69.1 percentage points was the deciding factor in the resultant level of the terms of trade. The rise in energy raw materials prices on world markets during the year was the main factor affecting the terms of trade.

In 2000, the HWWA commodity index stood at an average level of 105.9% and was 31.5 percentage points higher than a year earlier. Of the three main groups of the HWWA index, energy raw material prices saw the highest annual growth (150.9), food prices declined (89.5) and industrial raw materials prices rose (107.5). Energy raw material prices, where oil prices were dominant, were affected mainly by OPEC policy and also by the tension in the Middle East at the close of the year. Average prices of crude oil and gas were at their highest level for 15 years. The average price of Brent crude oil was USD 28.7 per barrel (index: 161) and that of Ural crude oil USD 26.9 per barrel (index: 158). Oil prices reached their monthly highs in September (when the average price of Brent crude oil was USD 33.3) and in November (when the average price of Ural crude oil was USD 31.4).

## Monthly HWWA indices

1990 = 100



Source: Wirtschaftsdienst

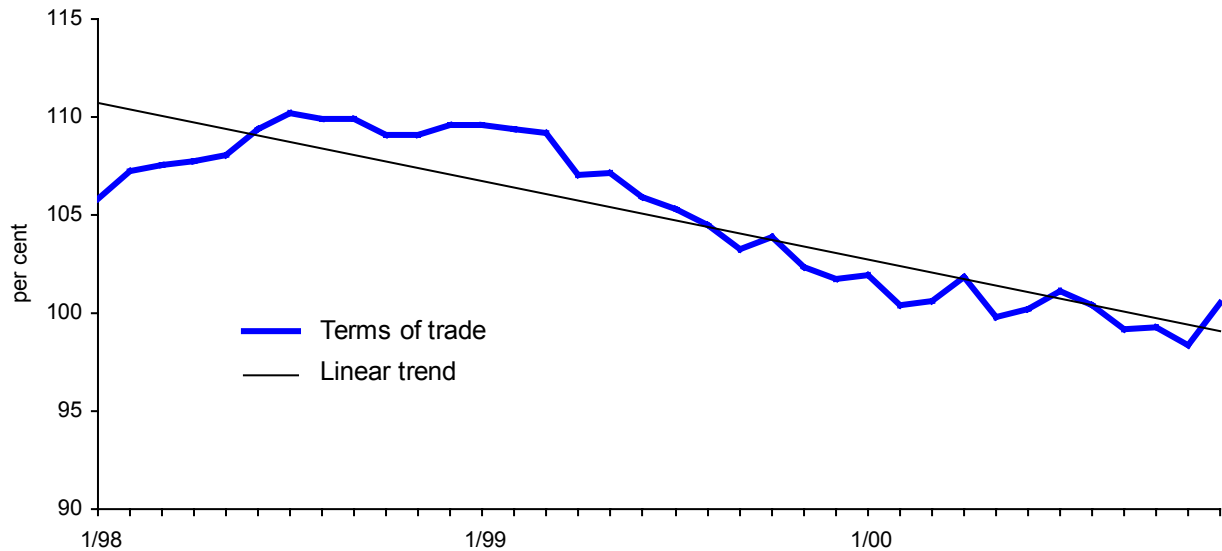
Export and import prices of machinery and manufactured goods were almost equal (index: 99.9 percentage points), while the terms of trade of other commodity groups improved in year-on-year terms.

Terms of trade according to CSO price indices (same period of previous year = 100)												
SITC groups	Export price indices in 2000				Import price indices in 2000				Terms of trade in 2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
0 Food	103,3	107,7	111,0	111,6	103,3	101,3	99,7	103,2	100,0	106,3	111,3	108,1
1 Beverages and tobacco	106,6	110,0	110,0	111,5	105,1	106,9	103,4	105,3	101,4	102,9	106,4	105,9
2 Raw materials	107,1	114,6	117,4	113,9	105,5	107,4	111,3	112,7	101,5	106,7	105,5	101,1
3 Fuels	128,5	126,5	129,5	126,3	229,6	202,2	176,5	157,3	56,0	62,6	73,4	80,3
4 Fats and oils	87,4	93,2	93,8	93,4	80,1	80,9	89,2	97,8	109,1	115,2	105,2	95,5
5 Chemicals	116,6	121,9	120,6	113,2	109,0	111,8	109,2	104,0	107,0	109,0	110,4	108,8
6 Manufactured goods class. by material	102,1	105,8	107,2	106,9	103,4	104,6	105,1	103,9	98,7	101,1	102,0	102,9
7 Machinery and transport equipment	99,7	99,3	100,8	100,5	100,7	99,8	100,5	99,8	99,0	99,5	100,3	100,7
8 Miscellaneous manufactured articles	100,8	100,4	100,6	101,0	101,1	101,0	100,8	100,2	99,7	99,4	99,8	100,8
Total	104,3	106,4	107,4	106,7	112,9	112,9	112,1	110,2	92,4	94,2	95,8	96,8

The terms of trade calculated using basic price indices (1994=100) have shown a downward trend over the last two years. It is evident from this that the growth in import prices, particularly of raw materials, has not been entirely offset by improving terms of trade for most other groups.

## Terms of trade 1998 - 2000

1994 = 100



In addition to prices on world markets, the worsening terms of trade for fuels were attributable to a weakening of the koruna's nominal exchange rate against the dollar (by 11.5%). The koruna's nominal exchange rate against the euro appreciated on a year-on-year basis.

### 1.1.3. Foreign trade by territory

By territory, the share of advanced market economies in exports remained high in 2000 (rising from 74.6% to 74.8%), while their share of imports shrank (from 73.8% to 71.9%). All groups of territories contributed to the annual worsening of the overall deficit. However, the key factor was the deficit of the group of countries with transition and state economies. One of the main factors affecting the territorial structure of trade was accessibility. Most of the trade turnover was oriented towards neighbouring countries, i.e. Germany, Slovakia, Austria and Poland (which had a 52.7% share of the total). The trade balance with these countries was in surplus.

Territorial structure of foreign trade

Country group	Share in exports in per cent		Share in imports in per cent		Trade balance in CZK billions	
	1999	2000	1999	2000	1999	2000
Transition/state economies	22,2	21,4	21,7	23,5	-9,6	-52,7
- CEFTA states	17,8	16,9	13,1	12,8	34,1	30,1
Advanced market economies	74,6	74,8	73,8	71,9	-40,8	-59,3
- EU states	69,2	68,5	64,2	62,0	3,6	-4,9
- EFTA states	1,8	1,8	2,5	2,5	-7,4	-11,5
- other adv. market economies	3,4	4,0	7,1	7,4	-37,3	-42,8
Developing nations	3,2	3,8	4,5	4,6	-14,0	-14,8
Total	100,0	100,0	100,0	100,0	-64,4	-126,8

Exports to EU countries rose by 22.1%. This indicates the increasing competitiveness of Czech producers, which is based to a large extent on the activities of foreign-controlled businesses. Of the EU countries, exports to the United Kingdom (index: 157.6) and Ireland (index: 177.4) recorded the highest growth rates. Exports to Germany, which in terms of volume is the Czech Republic's most significant trading partner (accounting for 40.4% of exports), rose by 18.8%. Exports to other advanced market economies and developing nations recorded rises of more than 30%.

As for imports, supplies from transition and state economies recorded the highest growth rates, followed by developing nations. Of the EU countries (index: 123.7), there was particularly large growth in imports from the United Kingdom and Spain. Big increases in imports from Russia (index: 166.7) and Norway (index: 196.4), caused by the growth in prices of oil and gas, generated a worsening of the trade deficit with these countries, too.

Territorial structure of foreign trade with selected EU member states						
EU states	Share in exports in per cent		Share in imports in per cent		Trade balance in CZK billions	
	1999	2000	1999	2000	1999	2000
Germany	41,9	40,4	34,1	32,3	49,3	50,3
Austria	6,5	6,0	5,7	4,9	3,7	5,5
Italy	3,7	3,8	5,4	5,1	-19,3	-21,8
France	3,9	4,0	4,9	4,9	-12,3	-16,6
United Kingdom	3,4	4,3	3,9	4,1	-7,2	-3,3
Netherlands	2,4	2,3	2,4	2,3	-1,2	-3,3
Belgium	2,1	2,2	2,1	2,2	-2,1	-3,0
Other EU states	5,3	5,6	5,7	6,0	-7,0	-12,7
Total	69,2	68,5	64,2	62,0	3,9	-4,9

The year-on-year shift from trade surplus to trade deficit with EU countries was chiefly attributable to a worsening of trade with France, Italy and the Netherlands.

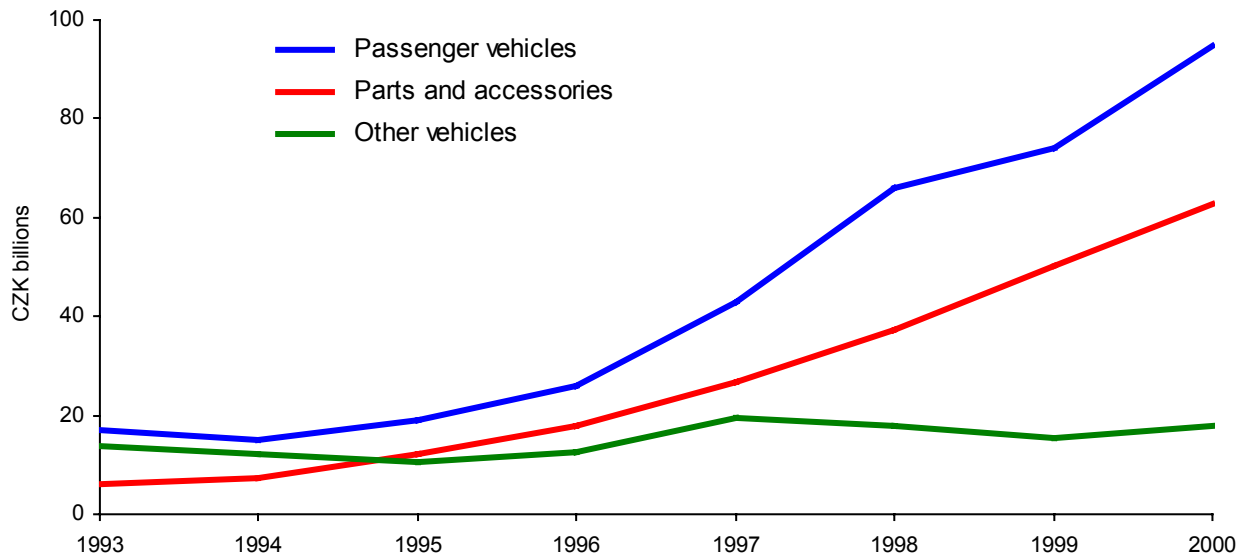
#### 1.1.4. Foreign trade by commodity

On the export commodity side, the rise in the share of machinery and transport equipment continued.

Export commodity structure						
SITC groups	Exports in CZK billions		Index in per cent 2000/1999	Percentage of total		Difference in CZK billions 2000/1999
	1999	2000		1999	2000	
0 Food	26,3	33,0	125,6	2,9	2,9	6,7
1 Beverages and tobacco	7,8	8,4	107,2	0,9	0,7	0,6
2 Raw materials	34,3	39,5	115,1	3,8	3,5	5,2
3 Fuels	26,5	34,2	129,3	2,9	3,1	7,7
4 Fats and oils	1,0	1,3	129,4	0,1	0,1	0,3
5 Chemicals	66,9	79,5	118,8	7,4	7,1	12,6
6 Manufactured goods class. by material	236,7	285,1	120,5	26,0	25,4	48,4
7 Machinery and transport equipment	385,4	497,9	129,2	42,4	44,4	112,5
8 Miscellaneous manufactured articles	123,0	140,5	114,3	13,5	12,5	17,5
9 Commodities not elsewhere classified	0,9	1,0	110,7	0,1	0,1	0,1
Total	908,8	1120,4	123,3	100,0	100,0	211,6

In 1999 the machinery group had accounted for 42.4% of total exports, whereas in 2000 the figure was 44.4%. Within this group, significant increases were achieved for exports of road vehicles including parts and accessories (CZK 35.8 billion – a high growth rate persisted throughout the second half of the 1990s), electronic and electrical machinery, apparatus and appliances (CZK 31.4 billion), telecommunications (CZK 12.6 billion), of which colour TV receivers in particular (CZK 6.3 billion), industrial machinery and office machines. Domestic suppliers of parts and accessories contributed significantly to the high exports of firms in the automobile industry and in the electronics and electrical engineering industry. At the same time, these export branches also showed a growing import propensity.

## Exports of road vehicles 1993 - 2000



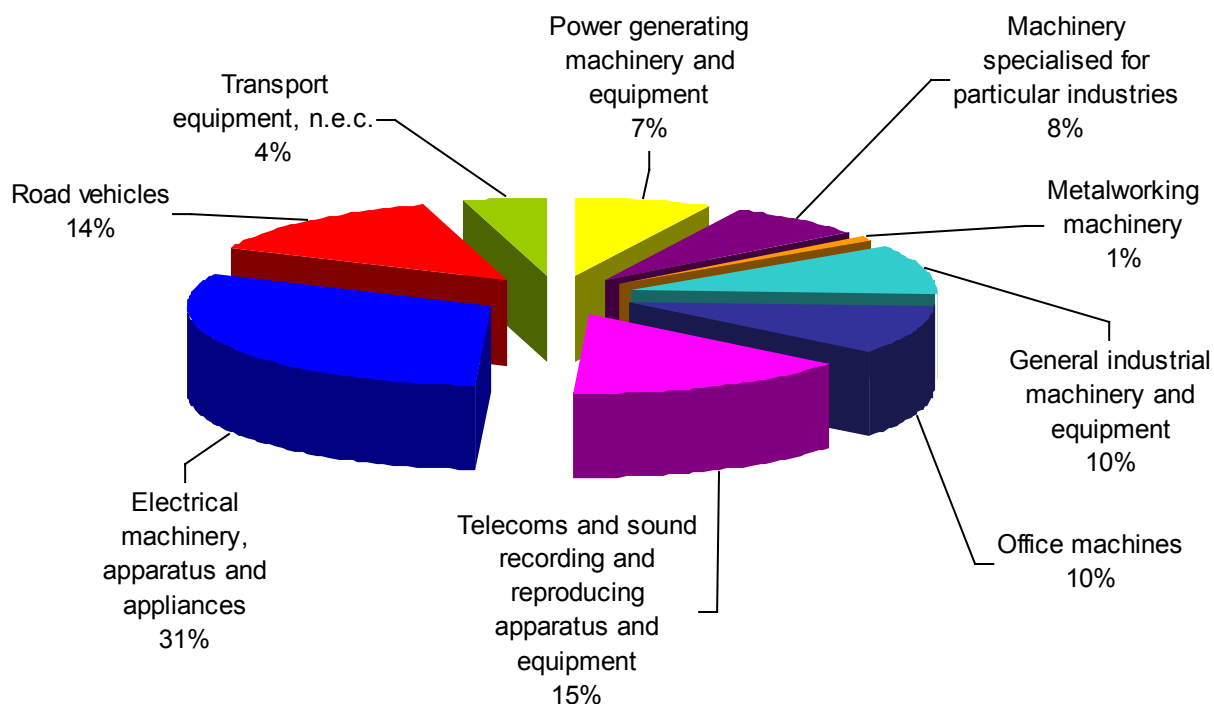
In the other commodity groups, exports rose particularly for fuels, food and miscellaneous manufactured articles. Sizeable increases were recorded for textile, metal, paper and rubber products. However, the growth in exports of chemicals – associated with oil prices – did not offset the increase in imports of chemical products. The food group recorded a rise in exports of cereals and dairy products.

In the commodity structure of imports, too, the growth trend in the share of machinery and transport equipment continued (from 39.4% in 1999 to 40.2% in 2000), with a year-on-year growth rate of 30.8%. The machinery imports satisfied demand in all branches of the manufacturing and non-manufacturing sectors.

Import commodity structure						
SITC groups	Imports in CZK billions		Index in per cent	Percentage of total		Difference in CZK billions
	1999	2000		1999	2000	
0 Food	45,9	50,3	109,4	4,7	4,0	4,4
1 Beverages and tobacco	7,9	7,4	94,2	0,8	0,6	-0,5
2 Raw materials	31	39,4	126,9	3,2	3,2	8,4
3 Fuels	65,3	120,0	183,7	6,7	9,6	54,7
4 Fats and oils	2,5	2,6	105,8	0,3	0,2	0,1
5 Chemicals	119,7	139,2	116,3	12,3	11,2	19,5
6 Manufactured goods class. by material	205,0	258,0	125,9	21,1	20,7	53,0
7 Machinery and transport equipment	383,3	501,5	130,8	39,4	40,2	118,2
8 Miscellaneous manufactured articles	112,2	128,4	114,5	11,5	10,3	16,2
9 Commodities not elsewhere classified	0,4	0,4	135,9	0,0	0,0	0,0
Total	973,2	1247,2	128,2	100,0	100,0	274,0

Higher imports were recorded for machinery specialised for particular industries, power generating equipment, telecommunications equipment, computers, road vehicles, aircraft and a wide range of parts and accessories. The contributions of individual subgroups to the total increase in imports of machinery and transport equipment are illustrated in the following chart.

## Percentage shares of subgroups in SITC 7 import growth



The largest increase (CZK 36.5 billion) was recorded for imports of electrical machinery, apparatus and appliances (index: 136.3), particularly for intermediate consumption. Investment imports of digital units, panels for distribution of electricity, and electronic integrated circuits and microassemblies had a significant share, followed by parts and accessories.

Imports of telecommunications and sound reproducing apparatus and equipment picked up markedly (index: 159.4), rising by CZK 18.3 billion year-on-year. Within this group, imports of mobile telephones increased by CZK 6.6 billion.

Almost half the increase of CZK 21.5 billion in the groups of road vehicles and other transport equipment was attributable to parts for cars. A rise in imports of aircraft accounted for CZK 4.5 billion, and the remainder was covered mainly by an increase in imports of motor vehicles for the transport of persons, public transport, special-purpose transport and goods transport.

More than half (CZK 11.9 billion) of the total increase in imports of machinery and equipment for particular industries (CZK 21.8 billion) comprised equipment of a utility nature. A further part of the machinery was specialised for particular industries – textile machinery, printing and bookbinding machinery, agricultural machinery, tractors, machinery for making pulp of fibrous cellulosic material, and machinery for processing wood, rubber, etc. Imports of metalworking machinery rose by CZK 1 billion.

Office machines recorded an increase of CZK 11.6 billion, approximately half of which was attributable to new computers and the remainder to parts and accessories thereof.

Power-generating machinery and equipment recorded a rise of CZK 8.5 billion, attributable to higher imports of internal combustion piston engines, parts for rotating plant, and fuel elements.

The growing import propensity of the economy in the machinery area is connected with:

- the investment cycle in telecommunications and with the expansion of production capacities in general;
- a rise in imports of high-tech information and communication technology, one of the factors of the modernisation of the economy;

- a growing dependence on imports of components, parts and products for domestic assembly, which on the other hand is passing through favourably into growing exports of general merchandise and into an increase in processing operations (export of value added);
- a growing dependence on imports of spare parts ensuing from previous imports of machinery and transport equipment.

Most (approximately 75%) of the year-on-year worsening of the trade balance was attributable to the fuels group, amid year-on-year growth in prices of oil, oil products and gas. However, physical imports of oil fell short of the previous year's level (index: 97%), as the demand from domestic oil processors was lower than a year earlier. The oil imports index in koruna terms exceeded 204%. The physical volume of imported oil products was approximately 3% lower, while their koruna value rose by almost 60%. The physical volume of gas rose by 3.6%. The dollar price of imported gas was 74.2% higher than a year earlier. Gas imports in koruna terms exceeded 206%.

The trade balance was also negatively affected by the results in the groups of machinery and transport equipment, chemicals and miscellaneous manufactured articles. However, the deficit for machinery and transport equipment is relatively small as a percentage of overall turnover. In the last three years, imports and exports in this group have been almost balanced.

SITC groups	Trade balance		Change
	1999	2000	+ -
0 Food	-19,7	-17,2	2,5
1 Beverages and tobacco	0,0	1,0	1,0
2 Raw materials	3,2	0,0	-3,2
3 Fuels	-38,8	-85,7	-46,9
4 Fats and oils	-1,5	-1,4	0,1
5 Chemicals	-52,8	-59,8	-7,0
6 Manufactured goods class. by material	31,7	27,1	-4,6
7 Machinery and transport equipment	2,1	-3,6	-5,7
8 Miscellaneous manufactured articles	10,8	12,2	1,4
9 Commodities not elsewhere classified	0,6	0,6	0,0
Total	-64,4	-126,8	-62,4

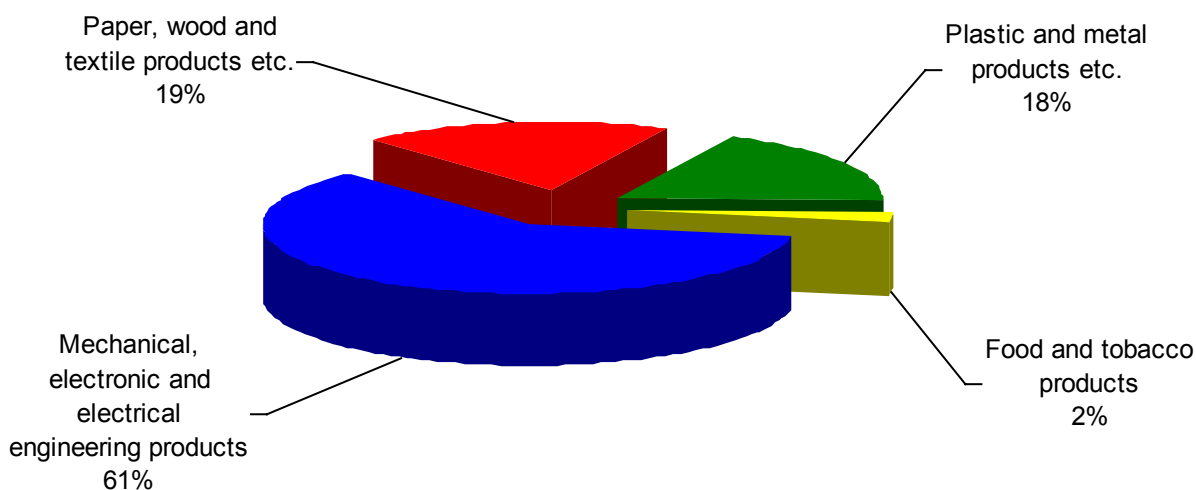
### **1.1.5. Inward and outward processing**

Growth in trade balance turnover is being generated increasingly by inward processing trade. This is connected with the growing economic activities of foreign-controlled businesses in the Czech Republic. The resulting goods for processing balance improved by CZK 17 billion on a year earlier, recording a surplus of CZK 105.2 billion. Processing operations accounted for 32.1% of total exports (against 31.3% in 1999) and 20.4% of total imports (against 20.2% in 1999). Inward processing (goods processed in the Czech Republic) accounted for 97% of overall processing. Value added accounted for approximately one third of exports after inward processing. More than half of all operations were attributable to machinery output, in particular electronic and electrical machinery and appliances and transport equipment, which recorded the highest year-on-year export growth rate.



## Exports after inward processing in 2000

(percentage shares of commodity groups)



The volume of processing operations is showing a continuous upward trend in the Czech Republic's foreign trade. However, by international comparison the share of processing in foreign trade turnover is comparable with other transforming economies.

Goods for processing as a percentage of total exports and imports for selected countries

1999	Czech Rep.	Austria	Netherlands	Belgium - Lux.	Slovakia	Lithuania	Estonia	Latvia	Slovenia	Finland
Exports	31,3	4,8	3,1	1,9	34,4	26,1	32,3	22,1	8,9	1,8
Imports	20,2	3,9	3,1	0,8	17,8	13,0	21,8	9,8	5,3	2,6

Source: IMF, Balance of Payments Statistical Yearbook 2000

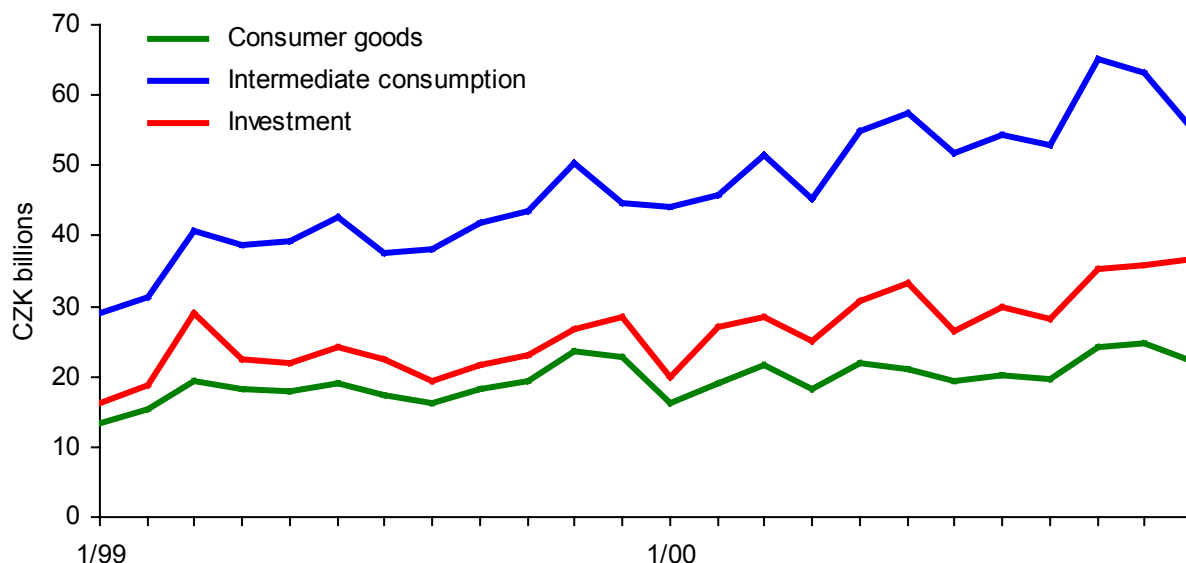
### 1.1.6. Imports by purpose of use and high-tech trade

The structure of imports by group of use reflects investment activity by foreign firms in particular and the gradual recovery in manufacturing and consumer demand. Imports for intermediate consumption (index: 134.3) – the increase in which was due primarily to prices of energy raw materials, as well as to growing industrial output and imports of parts for assembly – showed the biggest growth.

Imports for investment purposes (index: 129.9) concentrated chiefly on machinery specialised for particular industries, electrical machinery, apparatus and appliances, and above all on information and telecommunications technology. Significant import-demanding investment projects included a new engine plant at Škoda Auto, the construction of a minimill with equipment for steel casting at the Nová Huť steelworks, the modernisation of railway corridors, new technology for tyre maker Barum Continental, imports for the construction of a fluid catalytic cracking unit at Česká rafinérská and volume-significant imports for Radiomobil. Domestic firms were interested in top-of-the-range control and utility equipment in industry and in the tertiary area.

Imports for personal consumption (index 112.6) satisfied demand for medicinal and pharmaceutical products, food, furniture, articles of apparel and clothing accessories, footwear, photographic apparatus and equipment, and passenger cars. Besides this, mobile telephone imports rose markedly.

## Imports by use in 1999 and 2000



According to the High Technology Products (HTP) classification, the share of these products in total exports rose from 6.6% to 7.8% (index: 146.5). The share of HTPs in total imports increased from 12.7% to 14.2% (index: 144.1). The export and import sides both recorded increases for computers, electronics, telecommunications and electrical machinery. Imports also saw growth in aircraft technology. The trade deficit in the area of electronics and telecommunications widened from CZK 30.5 billion to CZK 48.8 billion, whereas electrical machinery saw an improvement in its trade surplus from CZK 8.1 billion to CZK 11.9 billion.

The favourable growth in exports of HTP items is a promising indicator of increasing competitiveness at the level of high-tech equipment with internationally recognised parameters. The simultaneously and continuously increasing domestic demand for HTP imports demonstrates a shift towards innovation and improved efficiency of manufacturing processes thanks to new technology.

### 1.2. Services

The surplus on trade in services in 2000 was CZK 53.9 billion (EUR 1.5 billion), an increase of CZK 15.8 billion on 1999. Credits rose by CZK 39.9 billion and debits by CZK 24.1 billion. Trade in services remains a stable source of revenue.

Foreign travel accounted for CZK 8.2 billion of the surplus on services, with increased receipts from foreign visitors accompanied by a further reduction in trips abroad by Czech nationals. The deficit on other services was CZK 8.1 billion smaller than year earlier and the surplus on transport services declined by CZK 0.5 billion.

in CZK billions

	1999	2000
<b>Balance on services</b>	<b>38,1</b>	<b>53,9</b>
of which:		
<b>Credit</b>	<b>239,7</b>	<b>279,6</b>
Transport	53,5	53,7
Travel	105,0	110,7
Other services	81,2	115,2
<b>Debit</b>	<b>201,6</b>	<b>225,7</b>
Transport	27,1	27,8
Travel	51,0	48,5
Other services	123,5	149,4

Credits and debits from international freight and passenger transport in 2000 remained at almost the same level as in the previous year.

The deficit on rail, road, and inland waterway transport and on other freight and passenger transport services widened by CZK 4.6 billion. Net receipts from air transport rose by CZK 0.6 billion.

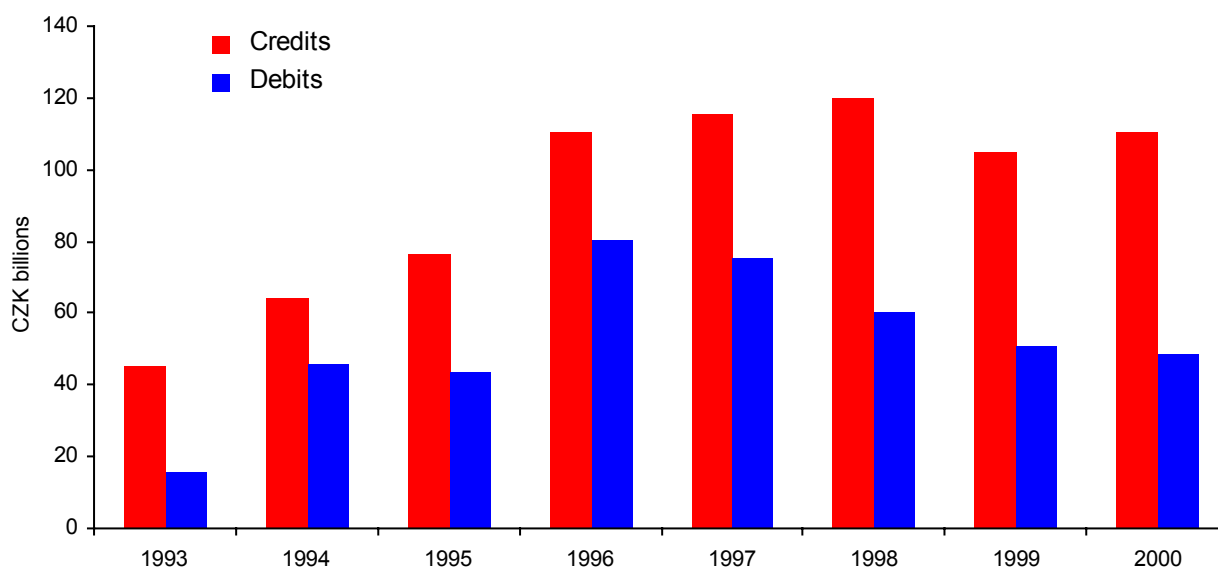
Revenues from gas pipeline transport to Western European countries accounted for CZK 9.4 billion of the surplus on transport services. Of this, the Czech side received approximately the same sum as in the previous year (CZK 3.4 billion) from its partners in Germany. The transit fee covered by gas supplies from Russia increased by CZK 0.6 billion to CZK 6.0 billion. A total of CZK 3.9 billion was paid for oil and gas transport through Slovakia and for use of the Ingolstadt pipeline (CZK 0.2 billion higher than a year earlier).

The annual costs for freight transport (including insurance, storage, handling fees, etc.) included in the export price were CZK 21.3 billion. The year-on-year increase in exports accounted for CZK 4.0 billion of these costs.

In 2000, there was a renewed upturn in foreign tourism in the Czech Republic. This was due to the stabler economic and political environment not only in the Czech Republic, but also throughout Europe, thanks in particular to the calming of the situation in the Balkans. Many tourists were attracted by Prague as one of the European cities of culture 2000 and not least by the September IMF/World Bank Group annual meetings. According to the Czech Statistical Office (CSO), 104.2 billion foreigners visited the Czech Republic (index: 103.4). Their total spending amounted to CZK 110.7 billion, an increase of more than 5% on 1999.

According to the preliminary results of CSO surveys, the number of foreign tourists using accommodation facilities fell slightly (by approximately 1%). Hostels recorded a sizeable decline, whereas the number of foreigners accommodated in hotels and guest houses rose, as did the number of nights of stay (by 0.2 of a day). Also, selected travel agencies are confirming a recovery in inbound tourism. The orientation of a considerable part of the foreign clientele towards hotels and restaurants (including transport), comparable with the levels in advanced countries, suggests a certain change in the social structure of the foreign visitors.

### Credits and debits from foreign travel

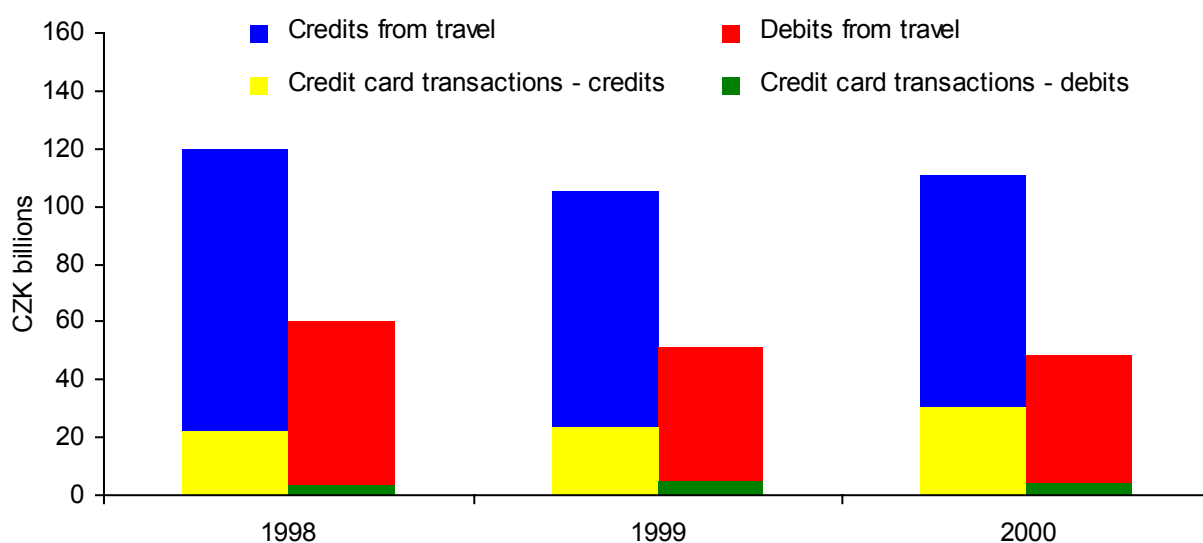


A total of 38.2 million Czech citizens travelled abroad (index: 95.5). Their spending – CZK 48.5 billion – represents an annual decline of almost 5% (CZK 2.5 billion). Spending on foreign travel has been declining since 1996, when outbound tourism peaked. The lower interest of Czech citizens in travelling

abroad was offset by greater use of domestic recreational facilities. The attractiveness of border trade with Poland is declining, as evidenced by a smaller number of Czech tourists crossing the border into Poland than a year earlier.

Travel credits from the use of payment cards are increasing on a year-on-year basis. According to preliminary figures, travel receipts realised using payment cards reached CZK 30.4 billion and accounted for 27.5% of total credits. Travel spending intermediated by payment cards meanwhile amounted to CZK 4.4 billion and accounted for 9% of overall payments.

### Share of credit card transactions in travel credits and debits



The deficit on other business and non-business services narrowed by CZK 8.1 billion compared with 1999, with turnover rising by 40% on the credit side (credits totalled CZK 115.2 billion) and debit turnover increasing by 20% (to CZK 149.4 billion).

The largest annual increase in credits was recorded for financial services, where debits also rose, although by only half as much as credits. Significant rises in credits were also seen for telecommunication services, computer and information services, legal, accounting and consultancy services, and for insurance services, where payments abroad more than doubled. The volume of spending on research and development was many times higher than in previous years thanks to growing importation and commissioning of modern equipment and technology.

The largest absolute increase in turnover was recorded on other business services, where miscellaneous business services not included in specific payment items are recorded. However, despite increasing turnovers, the overall balance on this item is not changing markedly.

### 1.3 Income

The income deficit in 2000 was CZK 29.5 billion (EUR 0.8 billion), a decrease of around CZK 14.7 billion compared with a year earlier.

in CZK billions

	1999	2000
<b>Income balance</b>	<b>-44,2</b>	<b>-29,5</b>
of which:		
<b>Credit</b>	56,9	70,6
<b>Debit</b>	101,1	100,1

As regards earned income, which is recorded in the balance of payments in net form (i.e. adjusted for costs of stay in the host country), there was an annual rise in wages and salaries paid to foreigners working in the Czech Republic of CZK 2.7 billion to CZK 14.7 billion, while remuneration of Czech citizens for work done abroad increased by CZK 1.0 billion. The incomes of Czech citizens with short-term residency status working (legally) abroad amounted to CZK 4.3 billion last year. According to information from the Ministry of Labour and Social Affairs, 103,600 foreigners were employed in the Czech Republic at the close of 2000, 10,200 more than a year earlier. Foreigners working in the Czech Republic, including those working without a work permit, account for approximately 3.5% of the average total number of employees.

The deficit on equity investment income narrowed by CZK 6.1 billion compared with 1999. This was due to lower dividends paid to foreign shareholders on the one hand, and to lower envisaged reinvestment of earnings in domestic businesses on the other hand.

The income associated with management of the CNB's international reserve holdings rose by CZK 8.1 billion to CZK 26.7 billion compared with 1999, while interest costs increased by only CZK 0.3 billion to CZK 2.1 billion.

Further drawings on financial credits from foreign banks and from parent firms by foreign-owned businesses passed through into a CZK 2.8 billion widening of the deficit on the corporate sector's interest balance (to CZK 18.3 billion). The interest account for supplier credits was balanced. These credits totalled almost CZK 340.0 billion at the end of 2000.

Commercial banks recorded an increase in total received interest (on deposits at foreign banks and on credits provided) and a fall in costs associated with drawings on financial and special-purpose credits and with deposits received from non-residents. The net interest yield of commercial banks thus rose by CZK 0.9 billion.

A gradual reduction in government liabilities through repayment of loans received from the World Bank and the G24 and of the financial credits transferred from ČSOB, and the related lowering of interest costs, coupled with a higher volume of interest received on credits provided by intergovernmental agreement, led to a year-on-year improvement of CZK 0.6 billion on the government interest balance.

During 2000, foreign securities holdings yielded domestic investors a total of CZK 1.2 billion. The interest yield on investment in domestic bonds brought foreign investors income of CZK 7.8 billion, down by CZK 4.0 billion from a year earlier.

#### 1.4 Current transfers

The surplus on current transfers in 2000 declined by CZK 6.7 billion to CZK 11.0 billion (EUR 0.3 billion) compared with the previous year. Government transfers saw a decline in surplus of CZK 1.9 billion. The surplus on private transfers, where household transfers predominate, decreased by CZK 4.8 billion.

	in CZK billions	
	1999	2000
<b>Current transfers</b>	<b>17,7</b>	<b>11,0</b>
<b>(unilateral)</b>		
of which:		
<b>Credit</b>	37,2	27,6
<b>Debit</b>	19,5	16,6

Within government transfers, there was a rise of CZK 0.7 billion in payments abroad in the form of contributions to international organisations. Pensions paid were at approximately the same level as in 1999.

Bilateral technical assistance provided to the Czech Republic increased somewhat and was limited to assistance from Germany only. The German government contributed with further funding for the establishment of a sewage plant. In 2000 it provided a total of CZK 0.1 billion.

Phare funding more than doubled in 2000 H2 compared with H1. The funds – earmarked for projects in the areas of education, the environment, infrastructure and cross-border co-operation – totalled CZK 1.0 billion.

## 2. THE CAPITAL ACCOUNT

The capital account ended 2000 with a slight deficit of CZK 195 million. This outcome was affected in particular by a deficit on purchases and sales of patents, licences and copyrights and by migrants' transfers.

in CZK millions		
	1999	2000
Capital account	-73	-195

## 3. THE FINANCIAL ACCOUNT

A trend towards increasing inflow of capital – comparable in terms of volume with the situation in 1994–1996 – is visible on the financial account. At end-2000, the financial account recorded a relatively large surplus of CZK 129.6 billion (EUR 3.6 billion), a rise of CZK 23 billion (EUR 0.8 billion) compared with 1999. The financial account was affected in particular by strong inflow of foreign direct investment, the level of which in the last two years has been roughly double that in previous years. Other investment also recorded inflow of capital. This was attributable chiefly to the corporate sector. The inflow of funds into the corporate sector took the form of increased short-term import liabilities and relatively extensive drawing on foreign financial credits. Although in the banking sector other investment saw a marked decline in long-term and short-term deposits abroad, this inflow of funds was almost fully used to repay earlier received credits or deposits from abroad and to increase foreign debt securities holdings. The preference for debt securities holdings by banks and non-banks showed up in a net outflow of portfolio investment abroad. Financial derivatives transactions also saw a modest deficit. In the banking sector, the outflow in the form of securities investment was thus offset to a certain extent by inflow in the other investment area.

The financial account 1999–2000

in CZK billions		
	1999	2000
Financial account	106,6	129,6
Direct investment	215,7	172,8
- Czech abroad	-3,1	-4,6
- foreign in the Czech Republic	218,8	177,3
Portfolio investment	-48,3	-68,2
- Czech abroad	-65,6	-86,6
- foreign in the Czech Republic	17,3	18,4
Financial derivatives		-1,8
- assets		-4,9
- liabilities		3,1
Other investment	-60,9	26,9
1. Long-term investment	-25,2	-4,9
- deposits and credits granted abroad	-23,9	21,3
- deposits and credits received from abroad	-1,3	-26,2
2. Short-term investment	-35,7	31,8

Note: In 1998–2000 direct investment also includes credit transactions between direct investors and their holdings.

### 3.1. Direct investment

For 2000 (and retrospectively for 1998 and 1999), foreign direct investment in the Czech Republic and domestic investment abroad were processed in compliance with the *Vade mecum* balance of payments manual published by Eurostat. Preliminary data on direct investment are given in detail not only for equity capital (including reinvested earnings), but also for other capital (credit relations between direct investors and their foreign investments).

#### 3.1.1. Czech direct investment abroad

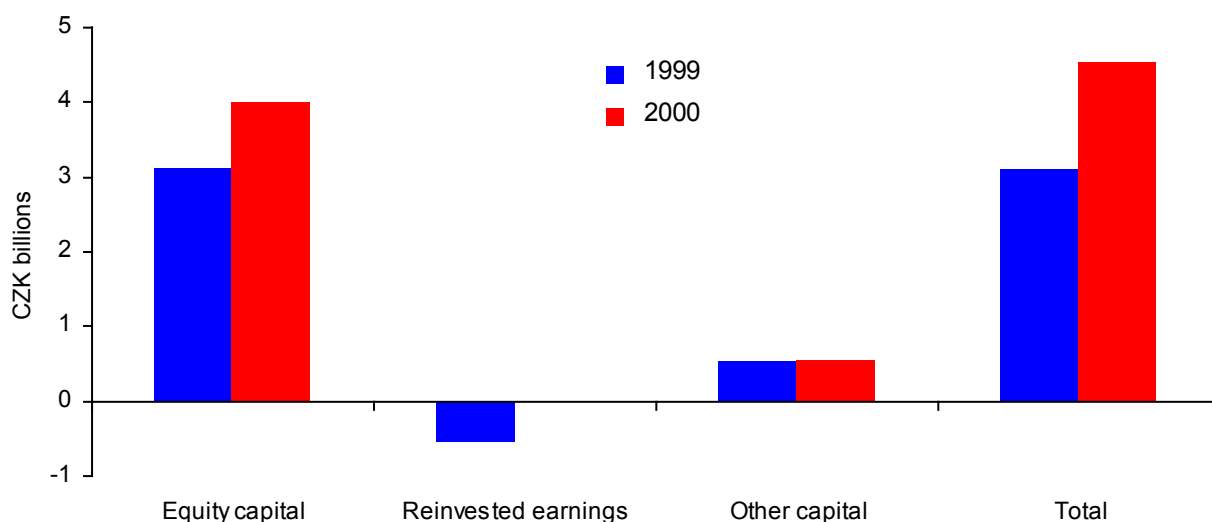
In 2000, the volume of foreign direct investment from the Czech Republic abroad was 46.7% higher than a year earlier and according to preliminary data amounted to CZK 4.6 billion (EUR 0.1 billion), of which CZK 4 billion was in equity capital.

The biggest volumes of direct investment were channelled into financial intermediation and insurance (43%) and manufacture of machinery and equipment (20.6%). Further Czech investment went into real estate activities and services for businesses (9%), manufacture of other non-metallic mineral products (8.8%), wholesale/retail trade and repairs (8.2%) and manufacture of metals and metal products (4.8%). Investment in other branches was negligible.

By sector, the trend in 2000 was much the same as in 1999. Direct investment in services (63.4%) exceeded investment in manufacture (36.6%). No investment in agriculture and forestry was realised.

By territory, 93.6% of the direct investment was in Europe. Most domestic investment was channelled to Slovakia (37.7%), Poland (25.6%) and Russia (15.9%). Of non-European countries, most investment went to the British Virgin Islands (3.9%) and the USA (2.7%).

#### Direct investment abroad



Note: The data for 2000 are preliminary

#### 3.1.2. Foreign direct investment in the Czech Republic

The high rate of inflow of foreign direct investment continued into 2000. The stable macroeconomic climate, the privatisation process and the Government's efforts to create a favourable investment environment (the new Act on Investment Incentives, which entered into force in May 2000 and made the terms and conditions for investors still more preferential, as mentioned earlier in the Government Decrees Nos. 298/1998, 844/1998 and 544/1999) attracted more foreign investors. However, the

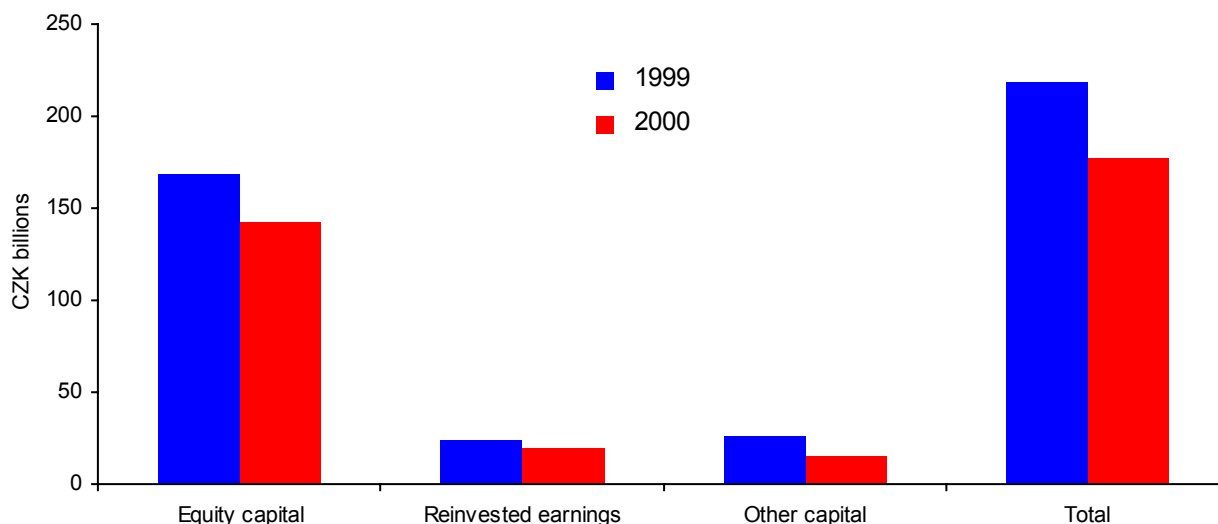
structure of foreign investment is gradually changing. In addition to the entry and expansion of already existing capacities thanks to privatisation, investors are reorienting themselves towards the construction of green-field factories. This is being fostered by state support for the development of industrial zones. In addition to the largest recipients of foreign direct investment to date (construction of retail chains, bank privatisation and investment in real estate), technical manufacturing branches – chiefly the automobile and electrical engineering industries – are gaining in importance.

According to preliminary data, the total volume of foreign direct investment inflow reached CZK 177.3 billion (EUR 5 billion) in 2000, of which CZK 162.4 billion (EUR 4 billion) was in capital equity. The largest volume of this investment (CZK 53.1 billion) was realised in Q4. In annual comparison, foreign direct investment fell by approximately 19%, mainly because of the time lag in implementing unfinished investment projects in industry and a smaller annual increase in the services area (particularly financial intermediation and insurance).

Nevertheless, as in 1999, the largest inflow of foreign investment was channelled into wholesale/retail trade and repairs, which accounted for 20.9% of the overall volume. Financial intermediation and insurance accounted for 19.5%, real estate and services for businesses 12.4% and vehicle manufacture 10.3%. By sector, the largest volume of investment, as in the previous year, was recorded by services (64.8%), followed by manufacturing (34.4%). Nevertheless, investment in manufacturing reached a historical high. Since this sector forms the basis for the export performance of the Czech economy, further positive structural changes on the supply side can be expected. The agriculture and forestry sector accounted for a very low percentage of the overall volume.

By territory, the largest investors in the Czech Republic in 2000 were Germany (22%), the Netherlands (21.9%) and Austria (20.4%). Next came the USA (4.5%), Switzerland (4.1%), France (3.8%), Sweden and the United Kingdom (both 2.8%) and Cyprus (2.7%).

### Foreign direct investment in the Czech Republic



Note: The data for 2000 are preliminary

### 3.2. Portfolio investment

Portfolio investment recorded a net outflow of CZK 68.2 billion (EUR 1.9 billion), down by CZK 19.9 billion from a year earlier. The interest of domestic investors in purchasing securities, particularly bonds, peaked during Q4, when Czech portfolio investment abroad exceeded foreign investment in the Czech Republic by CZK 23.9 billion. The fast growing interest of domestic investors in foreign securities was connected with the koruna's interest rate differential vis-à-vis the dollar and the euro and with the situation on the domestic capital market. The banking sector saw a sizeable change in



the structure of its assets abroad, with increasing debt securities holdings and decreasing deposits abroad. Non-banks recorded portfolio diversification in favour of foreign securities.

Residents' investment in foreign securities reached CZK 86.6 billion. Net outflow of investment in foreign equity securities totalled CZK 44.2 billion and in debt securities CZK 42.4 billion. The overall trade turnover in foreign securities reached a record level (CZK 1,948 billion) and was 2.5 times higher than the level of domestic securities turnover.

At end-2000, domestic investors held foreign securities worth CZK 180.4 billion (EUR 5.1 billion), up by 73% on a year earlier. The largest investors were commercial banks, which in their year-end positions recorded foreign securities worth CZK 106 billion. Banks invested their free funds chiefly in debt securities, including koruna Eurobonds, totalling CZK 61 billion (compared with just CZK 18.6 billion in 1999). Investment by banks in foreign equity securities was CZK 10.8 billion higher than a year earlier and stood at CZK 45 billion at end-2000. Other investors, mainly investment companies and funds and insurance companies, but also businesses and households, invested a total of CZK 74.4 billion in foreign securities, 44% more than a year earlier.

Foreign investors invested CZK 18.4 billion in domestic securities in 2000 (compared with CZK 17.3 billion in 1999). CZK 23.8 billion was invested in equity securities, whereas foreign investment in debt securities fell by CZK 5.4 billion.

Non-residents' investment in domestic koruna securities reached CZK 135.8 billion (EUR 3.8 billion) at end-2000. The biggest investors were the United Kingdom (30.8%), the USA (25.1%), Austria (23.1%) and Luxembourg (11.4%). Non-residents invested chiefly in equity securities (CZK 115.7 billion) in financial intermediation (53.6%), transport and communications (35.2%), services (17.6%) and the power industry (10.3%). However, investment in debt securities stagnated at last year's level of CZK 20.1 billion.

Owing to the trend in the interest rate differential between the Czech koruna and major world currencies, domestic businesses lost interest in acquiring funds from abroad in the form of domestic bond issues on international capital markets. No new issues took place during the year. Conversely, in August 2000, CNB bonds totalling CZK 12.5 billion were redeemed. Foreign investment in Czech bonds issued in past years on international capital markets in foreign currencies stood at CZK 28.8 billion (EUR 0.8 billion) at the year-end.

On the primary koruna Eurobond markets in Luxembourg, London and Frankfurt, 40 bonds totalling CZK 41.4 billion were issued during the course of 2000. Part of these funds were probably used by issuers to finance consumer and financial credits provided to domestic entities. During this period, earlier issues totalling CZK 19 billion were redeemed. At the close of the year, outstanding issues stood at CZK 75.5 billion.

### **3.3. Other long-term investment**

Other long-term investment showed a net outflow of funds of CZK 4.9 billion (EUR 0.1 billion) at the year-end. In comparison with 1999 and 1998, the deficit in this area declined radically. This was due to a fall in overall long-term assets of CZK 21.3 billion (inflow of funds) and also to a drop in foreign liabilities of CZK 26.2 billion (outflow of funds).

A net outflow of funds (of CZK 17.1 billion) was recorded within the banking sector (commercial banks including the CNB). This outflow was caused in particular by a fall in bank liabilities of CZK 31.5 billion, mainly in the form of a decline in received foreign currency deposits and higher repayments of earlier-accepted foreign currency credits from non-residents. The inflow of funds into the banking sector (of CZK 14.4 billion) mainly took the form of repayments of koruna and foreign currency credits previously provided abroad.

The inflow of other long-term investment was channelled predominantly into the corporate sector, which last year drew funds of CZK 11.2 billion from abroad, chiefly in the form of financial credits (the balance on drawing and repayment of these credits represents an investment inflow of CZK 15.7 billion) and also through a decline of CZK 4 billion in export liabilities. On the other hand, there was a net outflow of funds in the area of import liabilities of businesses, which fell by CZK 8.5 billion.

Credit operations by the Government were generally negligible, showing a surplus of CZK 1.1 billion. Repayments of loans accepted earlier from the G24 and the World Bank and of credits drawn in the period of central planning amounted to CZK 1.8 billion. A total of CZK 112 million was remitted to increase the Czech Republic's capital shares in the European Bank for Reconstruction and Development (EBRD) and in the Multilateral Investment Guarantee Agency (MIGA) and for contributions to the Council of Europe's Social Development Fund. Collected repayments and unblocked receivables from earlier-granted government credits represented an inflow of CZK 3 billion.

### **3.4. Other short-term investment**

Other short-term investment recorded a net capital inflow of CZK 31.8 billion (EUR 0.9 billion) in 2000. Compared with the deficit of CZK 35.7 billion recorded in this area at end-1999, this is a change in investment behaviour in both the corporate and banking sectors. In the case of banks, this was probably due to the shift in the portfolio structure towards securities, the interest rate differential and the prudent credit policy of domestic banks vis-à-vis the corporate sector.

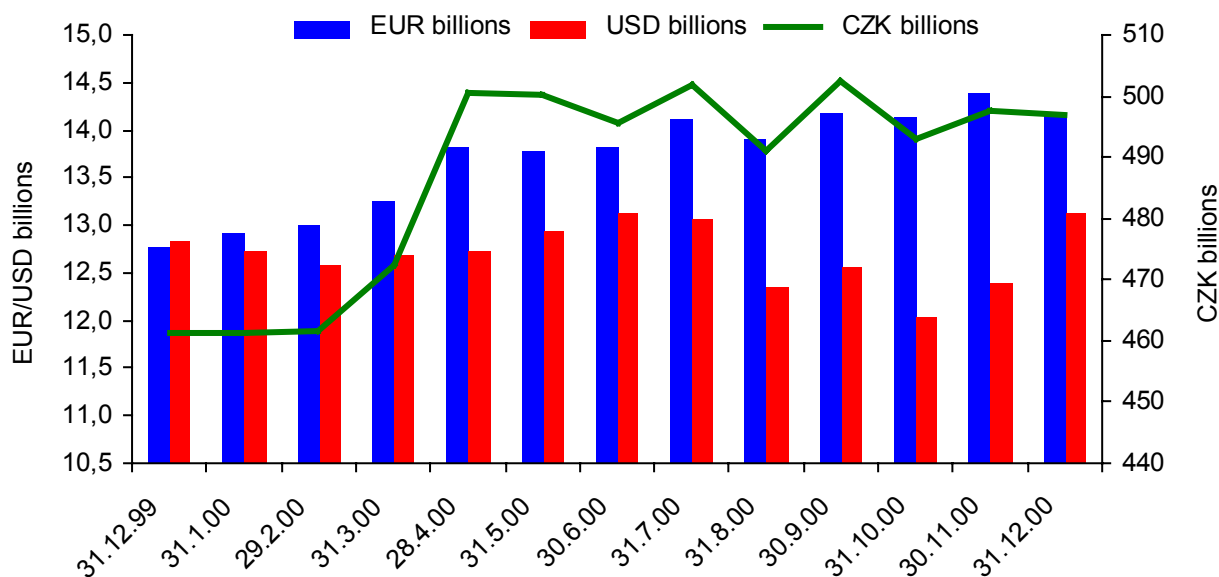
Banks accounted for CZK 18.2 billion of the overall inflow of short-term funds and the corporate sector for CZK 13.6 billion. Banks recorded a gradual fall in assets abroad, primarily koruna deposits and credits granted abroad (an inflow of CZK 22 billion), whereas the balance of short-term bank liabilities shrank by only CZK 3.8 billion (outflow of funds).

An inflow of funds in the corporate sector was recorded on the short-term liabilities side, which increased by CZK 21.1 billion. This chiefly involved an increase in the balance of short-term import liabilities and financial credits drawn by the corporate sector directly from abroad. However, businesses deposited part of these funds (CZK 7.5 billion) on accounts abroad or used them to finance the surplus of export receivables (outflow of funds).

## **4. CNB INTERNATIONAL RESERVES**

The large financial account surplus in 2000 exceeded the current account deficit and led to a rise in international reserves. The CNB's intervention purchases of foreign exchange, the state's privatisation proceeds and income on international reserves generated an increase in CNB international reserves of CZK 31.6 billion, or EUR 0.9 billion (excluding valuation changes).

## CNB international reserves



The international reserves amounted to CZK 496.8 billion (EUR 14.2 billion) at the close of the year and were sufficient to finance 4 months' worth of imports of goods and services. Including valuation changes the reserves increased by CZK 35.4 billion (EUR 1.4 billion) during the year.

	1999	2000
CNB international reserves in CZK billions	461,4	496,8
Coverage of goods and services imports in months	4,6	4,0

## 5. THE INVESTMENT POSITION, EXTERNAL DEBT AND DEBT SERVICE

### 5.1. The investment position

At end-2000, the investment position of the Czech Republic showed a deficit of CZK 168.9 billion (EUR 4.8 billion), which compared with the previous year represented a net inflow of funds into the economy and an increase in the state debt position of CZK 58.0 billion (EUR 1.7 billion).

The inflow of capital from abroad (an increase in liabilities of CZK 160.6 billion), heading primarily into the area of foreign direct investment and into the corporate sector, thus exceeded the increase in assets (of CZK 102.6 billion), caused chiefly by the rise in portfolio investment abroad by residents and the increase in CNB international reserves.

#### Investment position

in CZK billions

	1999	2000	Change
Assets	1 348,0	1450,6	102,6
Liabilities	1 458,9	1619,5	160,6
Net investment position	-110,9	-168,9	-58,0

Note: Under liabilities, unlike for gross debt, direct investment includes ownership interests as well as credit transactions and portfolio investment includes equity securities as well as debt securities

With regard to structure, the deficit on the overall investment position was largely due to foreign direct investment, which at the end-year showed a deficit of CZK 768 billion. Foreign direct investment in the Czech Republic was CZK 166.2 billion higher than a year earlier.

The largest debtor abroad is traditionally the corporate sector, which drew foreign funds of CZK 195.7 billion, chiefly in the form of credits accepted from foreign investors and an increase in short-term import liabilities. The debtor position of businesses was CZK 24.1 billion higher than a year earlier.

Conversely, the largest creditor abroad is the banking sector (with a balance of CZK 575.8 billion). The CNB's surplus amounted to CZK 497 billion, an annual increase of CZK 35.6 billion due mainly to the rise in international reserves. The investment position of commercial banks showed only a negligible increase of CZK 1.3 billion compared with 1999. The weakening of the koruna's exchange rate against the dollar accounted for CZK 12.2 billion of the rise in the government surplus (of CZK 201.6 billion). However, these assets largely comprise bad debts.

The portfolio investment area experienced a fundamental turnaround relative to previous years. For the first time ever, portfolio investment showed a surplus of CZK 15.8 billion, a rise of CZK 77.1 billion on a year earlier. This was chiefly attributable to the banking sector, which changed its portfolio structure during the course of the year and invested its free funds in foreign securities, especially debt securities.

**The net investment position of the Czech Republic** in CZK billions

	1999	2000	Change
Direct investment	-606,4	-768	-161,6
Portfolio investment	-61,3	15,8	77,1
Financial derivatives		1,5	1,5
CNB	461,4	497,0	35,6
Commercial banks	77,6	78,9	1,3
Government	189,4	201,6	12,2
Businesses	-171,6	-195,7	-24,1
<b>Net investment position</b>	<b>-110,9</b>	<b>-168,9</b>	<b>-58,0</b>

**5.2. External debt**

Total external debt in korunas declined from CZK 822.5 billion (EUR 22.8 billion) to CZK 814 billion (EUR 23.2 billion) at end-2000, i.e. by CZK 8.5 billion. Long-term debt fell by CZK 31.6 billion, whereas short-term debt rose by CZK 23.1 billion.

**External debt 1999–2000** in CZK billions

	1999	2000
External debt, total	822,5	814,0
- short-term	315,7	338,8
- long-term	506,8	475,2
Share of short-term debt	38%	42%

The share of short-term debt in total debt has been gradually increasing since 1997. During 2000 it rose by 4 percentage points, or CZK 23.1 billion, compared with a year earlier. The corporate sector, which saw a rise in import liabilities and financial credits drawn from abroad, accounted for CZK 19.4 billion of the increase in short-term debt. Short-term government liabilities were up by CZK 2.1 billion and commercial banks' liabilities increased by CZK 1.5 billion. Nevertheless, banks and businesses continue to show the most short-term liabilities, with shares of 68.4% and 31% respectively.

Conversely, long-term liabilities were down by CZK 31.6 billion from a year earlier. The largest declines in long-term liabilities were recorded by banks (CZK 33 billion) and by the CNB (CZK 12.3

billion) owing to redemption of bonds issued by the CNB in 1993 to strengthen its international reserves. A modest drop (of CZK 3 billion) was also recorded for the government sector. In the corporate sector the upward trend in long-term liabilities abroad is continuing. The long-term liabilities of the corporate sector increased by CZK 16.7 billion in the period under review. Drawings on funds by foreign-owned businesses are showing particularly rapid growth. The corporate sector currently accounts for 72% of total long-term debt. The second largest debtor is the banking sector, whose long-term liabilities account for 20% of the total.

The ratio of foreign debt to GDP decreased from 44.8% to 42.6% compared with the end of 1999.

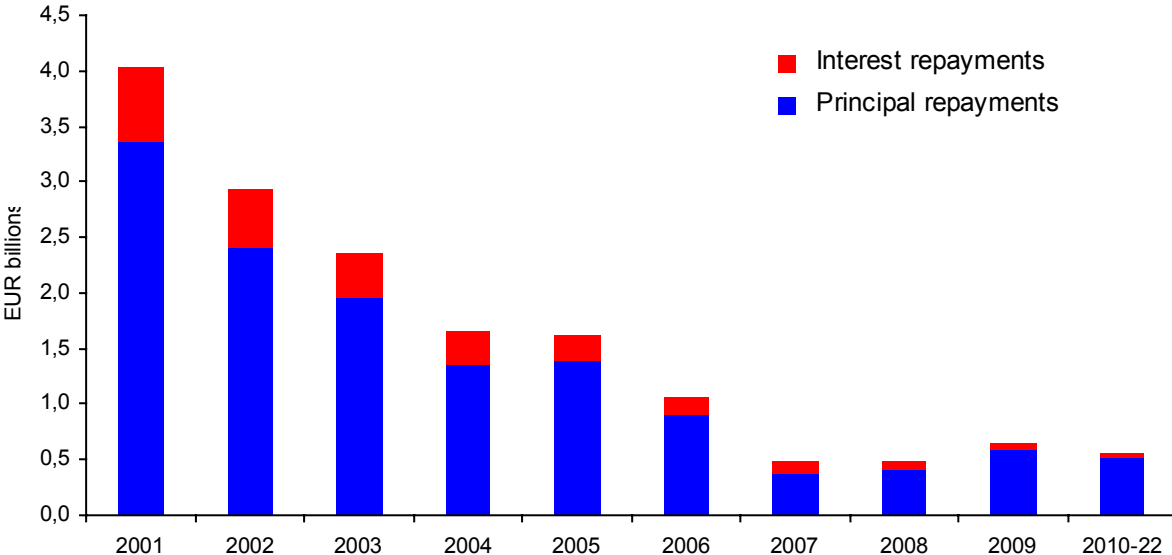
**5.3. Debt service**

Debt service on long-term debt in convertible currencies amounted to CZK 170.9 billion (EUR 4.8 billion). A total of CZK 137.7 billion was repaid in principal and CZK 33.2 billion in interest.

The largest volume of principal (CZK 74.7 billion) was repaid by the banking sector, which repaid liabilities ensuing both from received financial and special-purpose credits and from accepted foreign deposits. The corporate sector repaid CZK 48.7 billion in principal on liabilities ensuing from accepted financial credits drawn directly from foreign entities, and also from import liabilities. The remainder of the repayment of principal (CZK 14.3 billion) involves redemption of CNB bonds (CZK 12.5 billion) and repayment of government financial credits (CZK 1.8 billion).

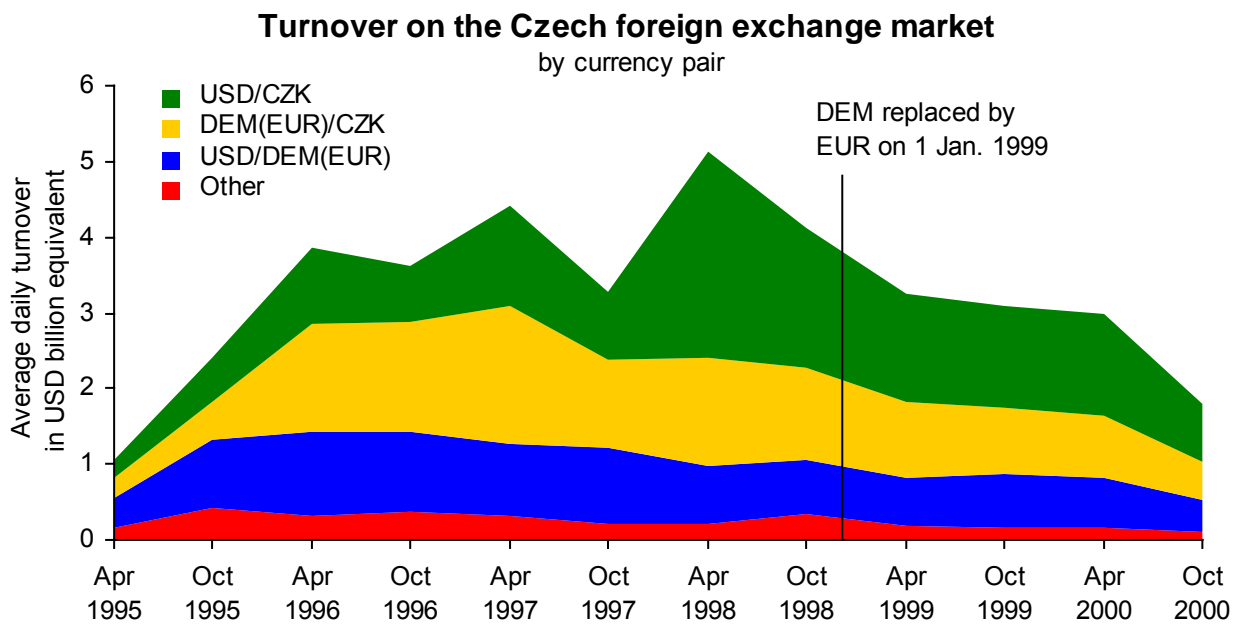
Debt servicing represented 12.2% of income from exports of goods and services, a fall of 0.2 percentage points compared with 1999. This is linked with the higher growth rate of exports of goods and services.

**Debt service**

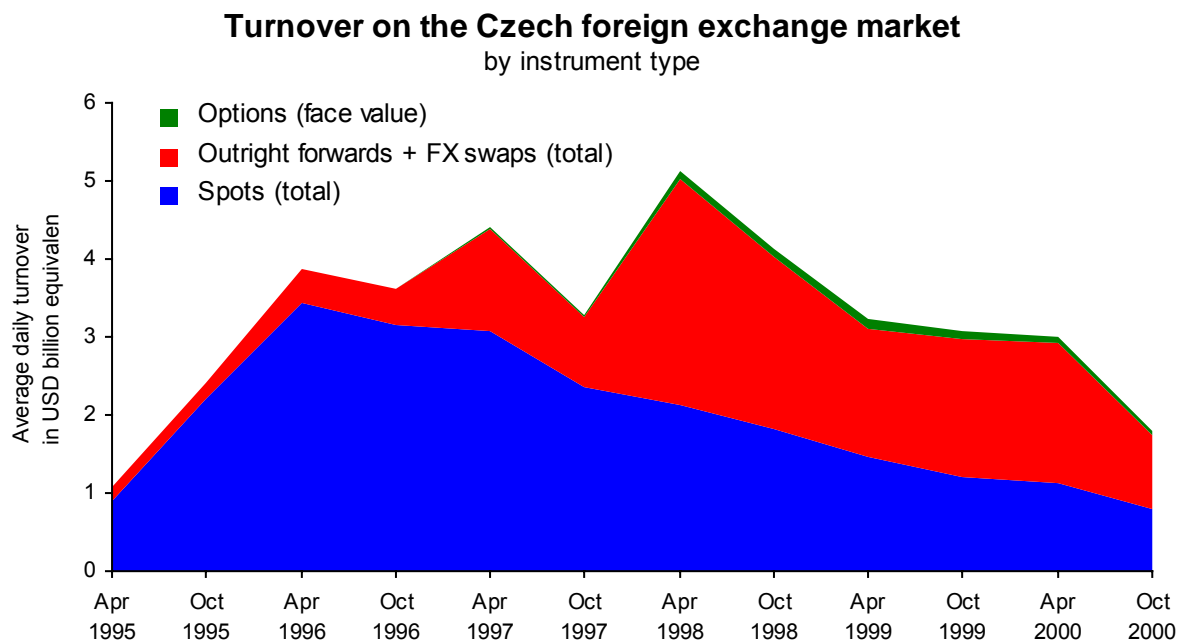


**The interbank foreign exchange market**

According to the October 2000 survey, the average daily volume of trading on the interbank foreign exchange market dropped again, this time by almost USD 1.2 billion to around 60% of the level recorded in the previous survey.

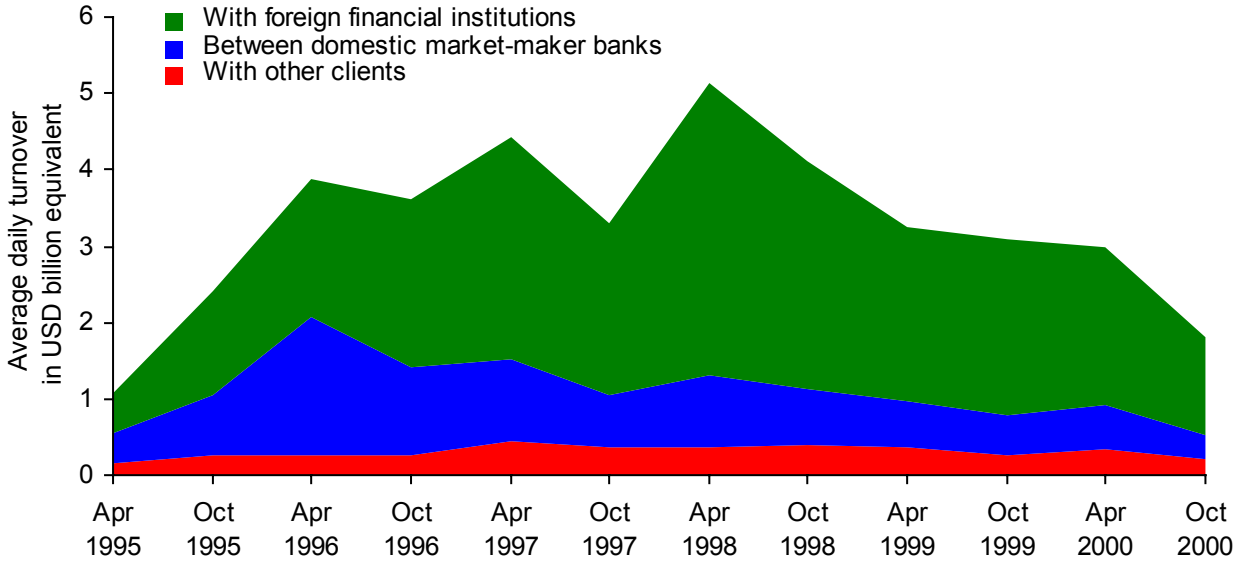


As regards the structure of the transactions by currency pair, there was an increase in the share of USD/EUR trading (of 0.8 percentage points to 23.1% of the total volume) and of EUR/CZK trading (of 1.3 percentage points to 28.3%), at the expense of USD/CZK trading, which fell by 2.8 percentage points to 42.6% of the total volume.



By instrument type, the overall decline in the average daily transaction volume showed up particularly in a fall in forwards and swaps of 5.9 percentage points. Nevertheless, these maintained their majority share in terms of trading volume, with 53.9% of the total. The volume of spot transactions rose by 5.5 percentage points to 43.6%.

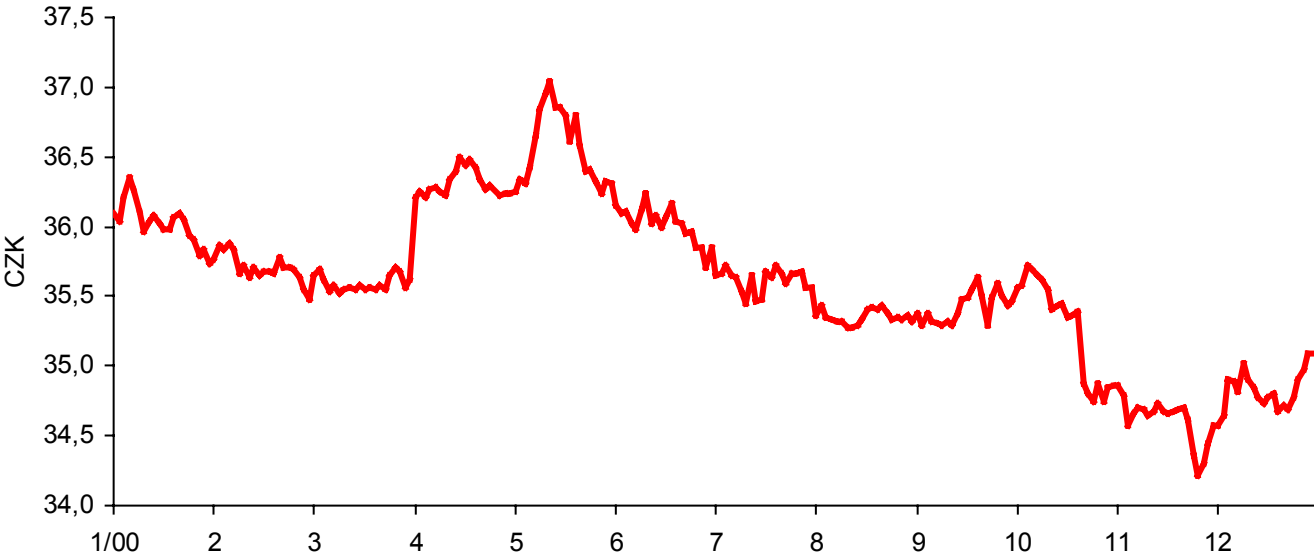
**Turnover on the Czech foreign exchange market**  
by counterparty type



The structure of transactions by counterparty type saw a fall in trading between domestic market-maker banks to 17.7% compared with the previous survey. The weight of trading with foreign financial institutions increased by 1.3 percentage points to 70.6% of the total transaction volume. The share of trading with other clients also saw a modest rise. Total trading volumes shrank owing to a reduction in transactions with foreign institutions, in particular forward transactions.

**The koruna's nominal exchange rate**

**CZK/EUR exchange rate**  
2000



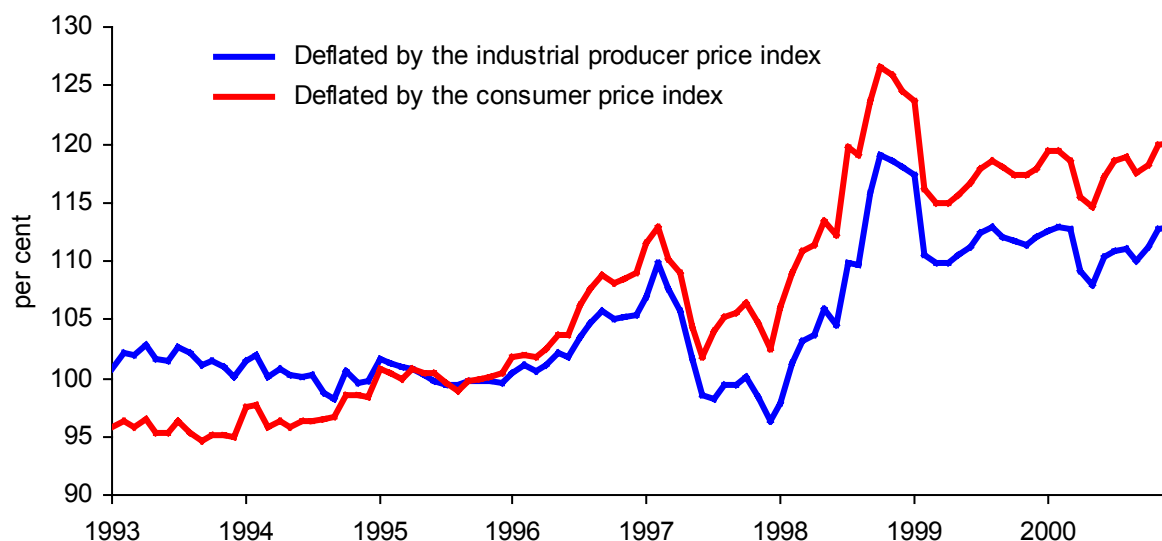






## Real effective exchange rate of the koruna

1995 = 100



It follows from the nature of the REER calculation that the real exchange rate depends primarily on the koruna's nominal exchange rate against the basket of 22 currencies and is corrected by the price differential. In its month-on-month changes the REER trend corresponded to the nominal exchange rate, except for February, when the REER deflated by consumer prices fell. This fall was due to the price differential, even though the nominal exchange rate appreciated.

The development of consumer prices and industrial producer prices in non-EU countries generated REER depreciation during the year, i.e. inflation in these countries grew faster than in the Czech Republic. In H1, prices in EU countries had a similar effect, although in H2 they did not affect the real exchange rate markedly. The effect of domestic prices was mixed. Consumer price developments in April and September (and producer prices in April and December) acted towards a weakening of the REER, whereas in all other months they counteracted the REER depreciation.

REER in per cent 1995 = 100	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
based on PPI	112,59	112,85	112,78	109,21	107,99	110,35	110,86	110,96	110,07	111,18	112,74	112,98
based on CPI	119,48	119,33	118,48	115,51	114,65	117,18	118,53	118,91	117,55	118,23	119,90	120,17

\* preliminary data

Source: CSO - consumer prices and industrial producer prices

Monthly publication of the IMF - International financial statistics, CNB calculations

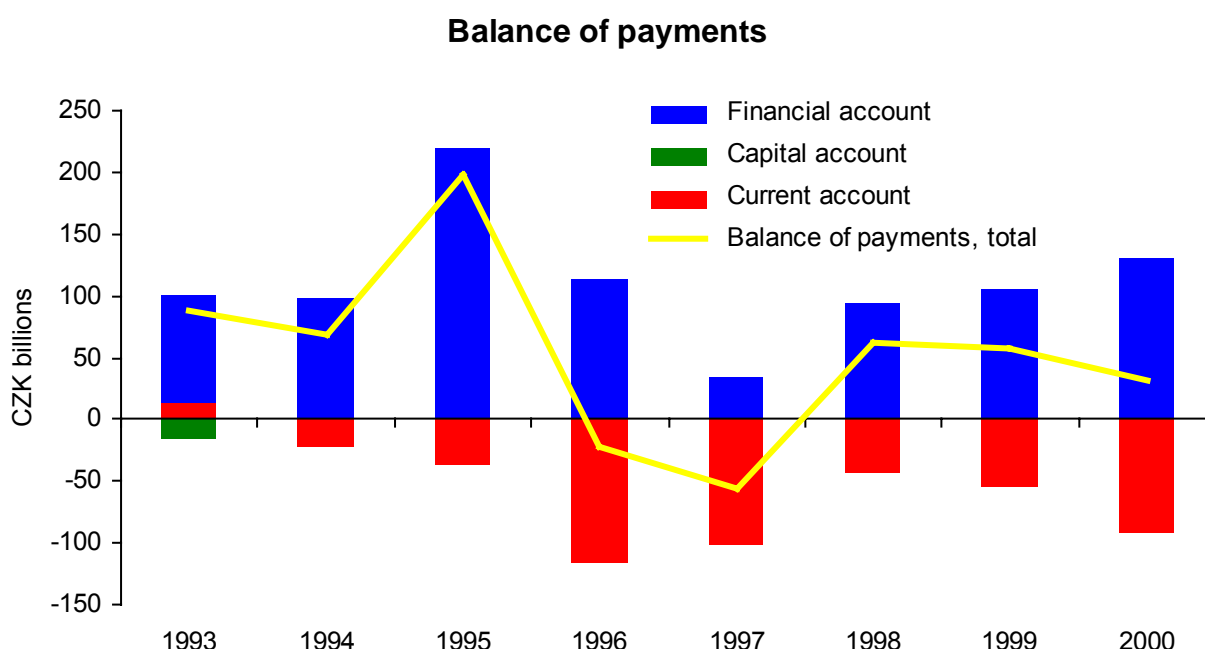
***The Czech National Bank's analytical commentary on the main balance of payments trends of the Czech Republic in 1993–2000***

**Introduction**

The balance of payments of each country is affected by the situation both in its domestic economy and in the external environment, including external shocks (e.g. price shocks or changes in capital flows). External economic relations are one of the key areas in transition economies, reflecting the dynamic changes in economic structure linked with privatisation, liberalisation of prices, foreign trade and capital flows, and the building of the institutional environment.

The analytical commentary below describes the external economic relations of the Czech Republic since its foundation up until 2000, focusing on the main trends. The commentary is structured according to the individual balance of payments areas.

**The overall balance of payments**



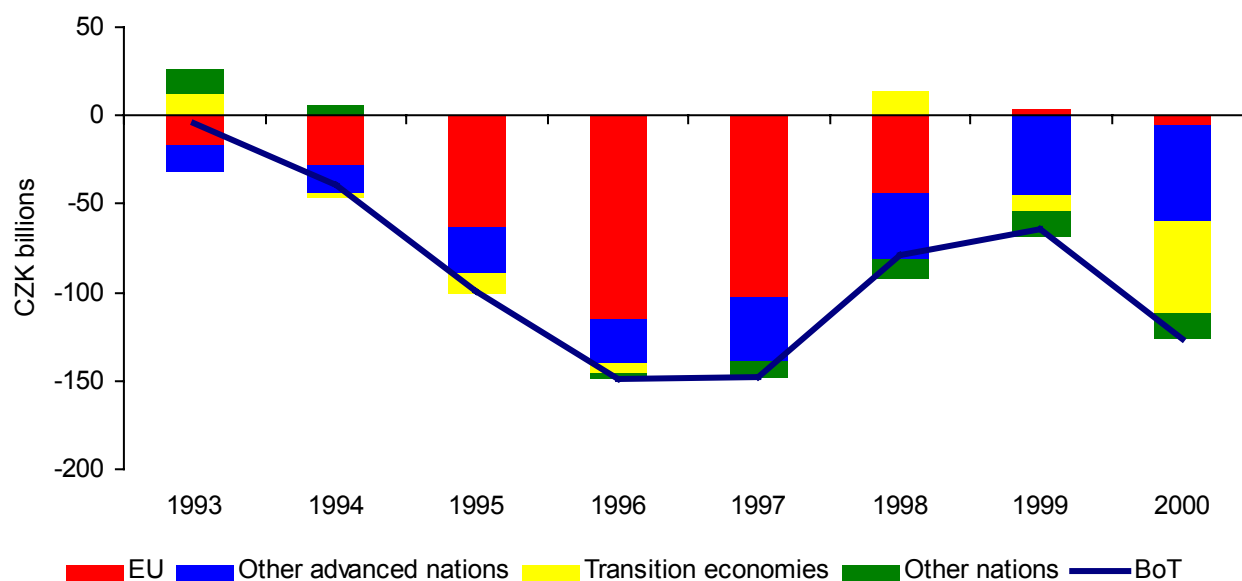
Throughout the period under review, external economic relations were characterised in general by current account deficits and financial account surpluses. The overall balance of payments recorded its largest surplus at the end of the fixed exchange rate regime period (1995), when the Czech National Bank was continuously present on the foreign exchange market buying foreign currency. Capital flows had been liberalised de facto (although not formally) and the economic fundamentals had yet to show any unbalanced trends. The following two years (1996 and 1997) were exceptional in that the balance of payments ran not a surplus, but a deficit. Excess domestic demand dragged the current account into record deficits. The widest balance of payments deficit was recorded in 1997, when the unbalanced economic fundamentals were accompanied by strong capital outflow in the middle of the year. Capital inflow, which is typical for the Czech Republic, was that year at its lowest for the whole period under review. In the last three years under review, the major imbalances in the economy were removed, although at the cost of a temporary downturn in economic performance. This process was assisted by a pick-up in economic activity in European Union countries. The current account deficits returned to an acceptable level, although they were increased by an external raw materials price shock. These deficits were covered by continuous inflow of capital, at the end of the 1990s primarily in its most stable form (foreign direct investment).

## The current account

### The trade balance

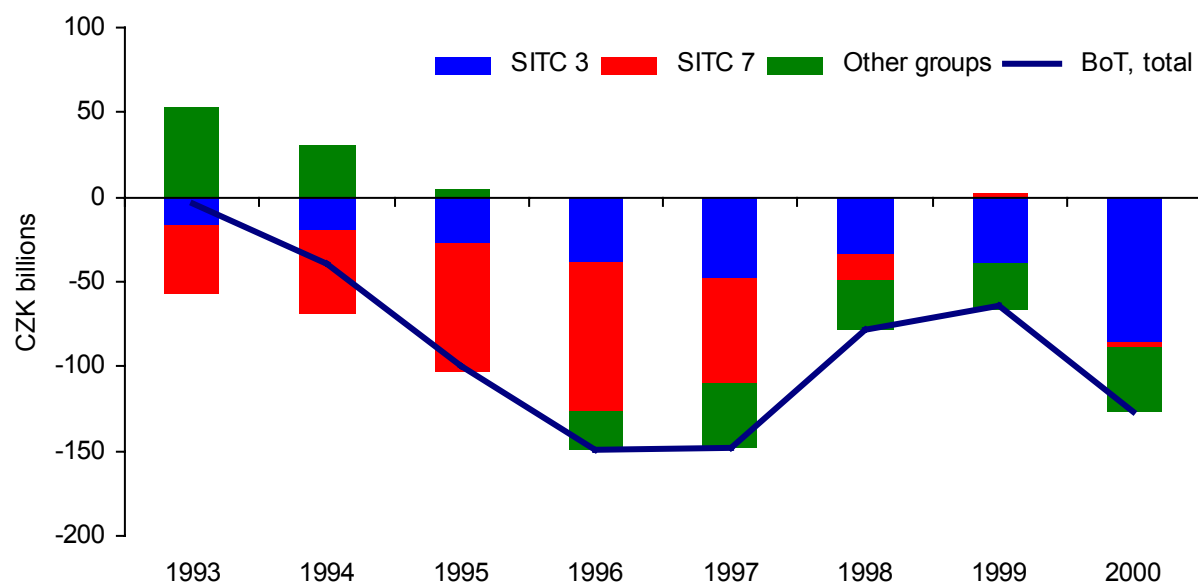
In the transformation period, the territorial and commodity structure of foreign trade experienced a fundamental change. Market economies had accounted for 61% of the Czech Republic's turnover in 1993; by 2000 this had reached 75%.

### Balance of trade - territorial structure



In addition to territorial orientation measured by total turnover, changes were visible in the trade balance with individual groups of countries. The deficit with EU countries saw radical growth in 1996 and 1997. This was followed by a very strong decrease, and in the last two years under review the Czech Republic's trade with the EU was essentially balanced. This trend can be attributed to the territorial origin of the foreign direct investment, with foreign owners directing their export production largely to the markets with which they are linked. The ability to sell domestic production on advanced markets is evidence of the progress made with economic restructuring. The switch from surplus to deficit with transition economies and the deficit's sharp increase in 2000 was due to high oil prices, as oil is imported into the Czech Republic mostly from this region.

### Balance of trade - commodity structure



The commodity structure of foreign trade also largely reflects the progress made with transforming the economy, particularly on the supply side. The commodity structure of both exports and imports showed a large increase in the proportion of machinery. SITC 7 was the only group to register an increase in share at constant prices. At current prices this group's share grew even faster, as it witnessed the biggest improvement in terms of trade. The share of this group in exports rose from 29% in 1993 to 44.4% in 2000. Imports of machinery parts and advanced technology meanwhile increased from 38% in 1993 to 40.2% in 2000. Given its more than 40% share of foreign trade turnover and the most radical changes experienced during the transformation, this group had a considerable effect on the trade balance.

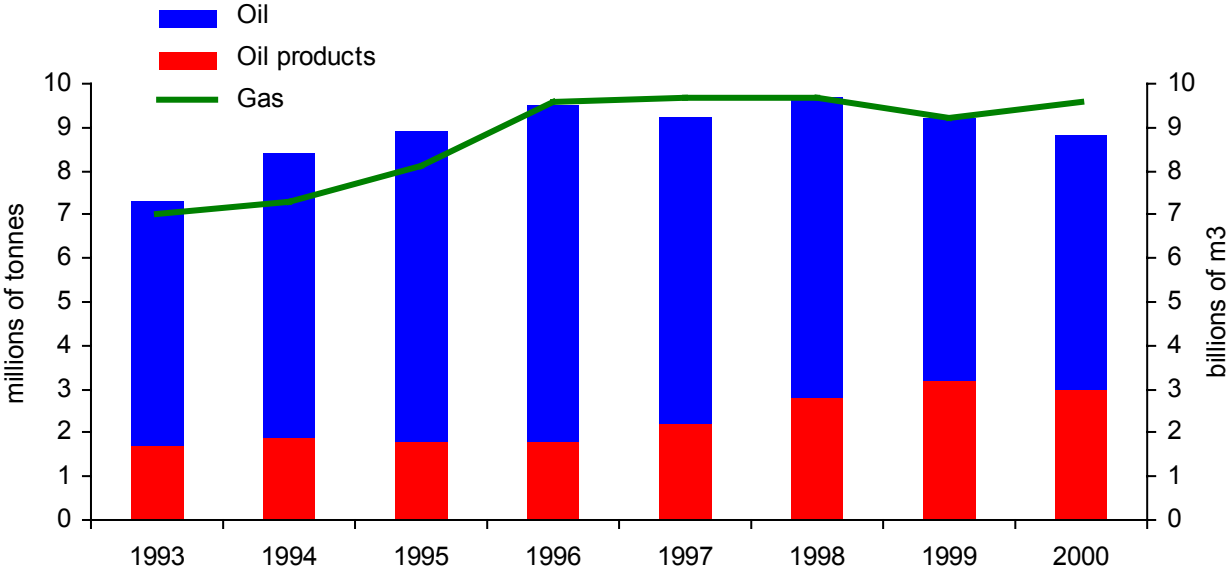
The rising proportion of machinery, especially in exports, is also associated with an increase in processing operations. In Czech foreign trade, inward processing is dominant, contributing strongly positively to the total balance. The surplus on goods for processing is widening and reached about CZK 105 billion in 2000.

The structural changes in the economy, generated chiefly by FDI inflow and by investors' investment strategies, were an important factor behind the trade balance trends. The commodity structure of the balance of payments shows the clearly positive effect of investment activities in the area of mechanical and electrical engineering. The expansion of capacities producing competitive products was positively reflected in rising export performance in these industries. The qualitative shift in Czech production is evidenced by the terms of trade, which have improved by about 15% in the machinery and equipment group since 1993, contributing to a more even balance in this group.

In contrast, other industries recorded decreasing surpluses or widening deficits. Investment in the chemical industry was mostly of an environmental nature and had no substantial innovatory benefit. Consequently, it has not yet resulted in any export expansion. Imports of pharmaceutical products to the Czech Republic also increased, contributing to a higher deficit for the chemical products group.

In the import structure, the proportion of finished oil products is gradually increasing and the share of oil is decreasing. Owing to diversification in the use of energy sources in the 1990s, a change is visible for gas imports. The dynamic oil price growth on world markets in the last two years under review passed through into a modest reduction in demand in the Czech Republic, especially for petrols and diesel, leading to a decline in the overall volume of imports of oil and oil products.

### Imports of energy raw materials and products

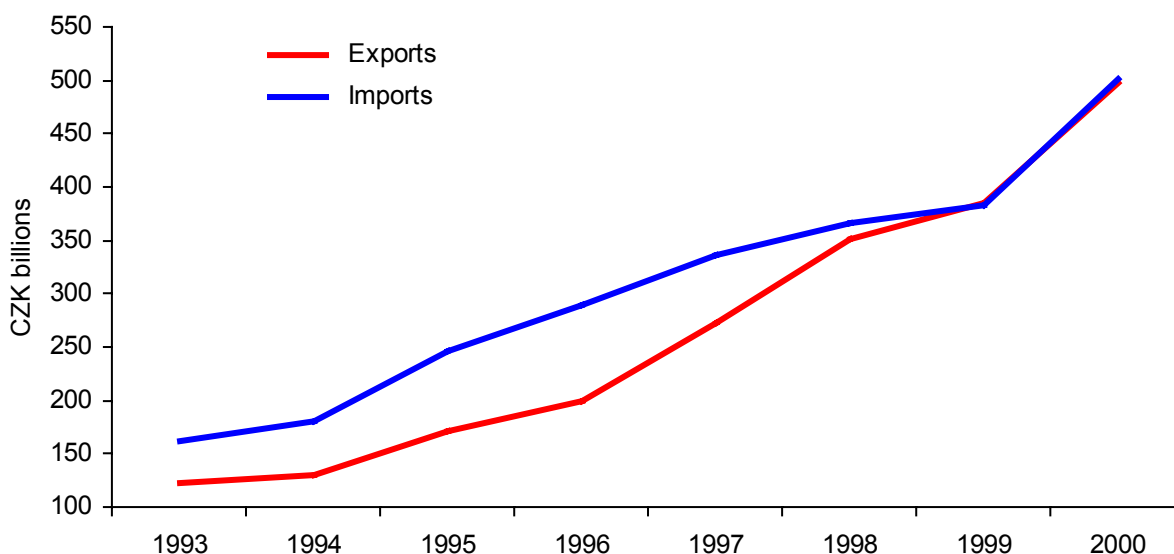


The incomplete restructuring of steel production (including the unsuccessful privatisation of Poldi Kladno), together with falling foreign demand and the EU's anti-dumping proceedings against the

Czech Republic regarding certain steel products, led to a gradual decline in the surplus for these commodities. Trade in food and beverages showed a continuous deficit due to the saturation of part of domestic demand by imports, the limited volume of subsidies for Czech entities exporting agricultural and food products, and some restrictions, e.g. within the former COMECON markets. A trend toward a widening deficit is also visible for the leather industry. These factors contributed to a switch from trade surplus to trade deficit for the other commodity groups (excluding the machinery and fuels groups) in the mid-1990s.

The Czech Republic's trade balance is negative and covers the difference between domestic demand and supply. The deficit reached a maximum in 1996 and 1997. As is visible from the long-term trends, the deficit in the machinery category peaked in these years, accounting for most of the worsening of the external imbalance.

### Machinery and equipment at current prices



The deficit in SITC group 7, amounting to almost CZK 90 billion in 1996, shrank practically to zero in the last two years under review. This improvement was chiefly attributable to exports based on the expansion of domestic capacities following the successful privatisation of certain large companies into foreign hands. Export volumes nearly doubled during the last three years under review (from CZK 200 billion to CZK 385 billion) and were mostly directed towards advanced EU markets. The deficit on all other groups, excluding fuels, stabilised during this period at CZK 30–40 billion. Owing to falling oil prices, the overall trade deficit in 1999 reached a very acceptable level (about 3% of GDP). During the period of recession in the Czech Republic the low oil prices had a stabilising effect on the external balance and moreover contributed to a fall in the price level.

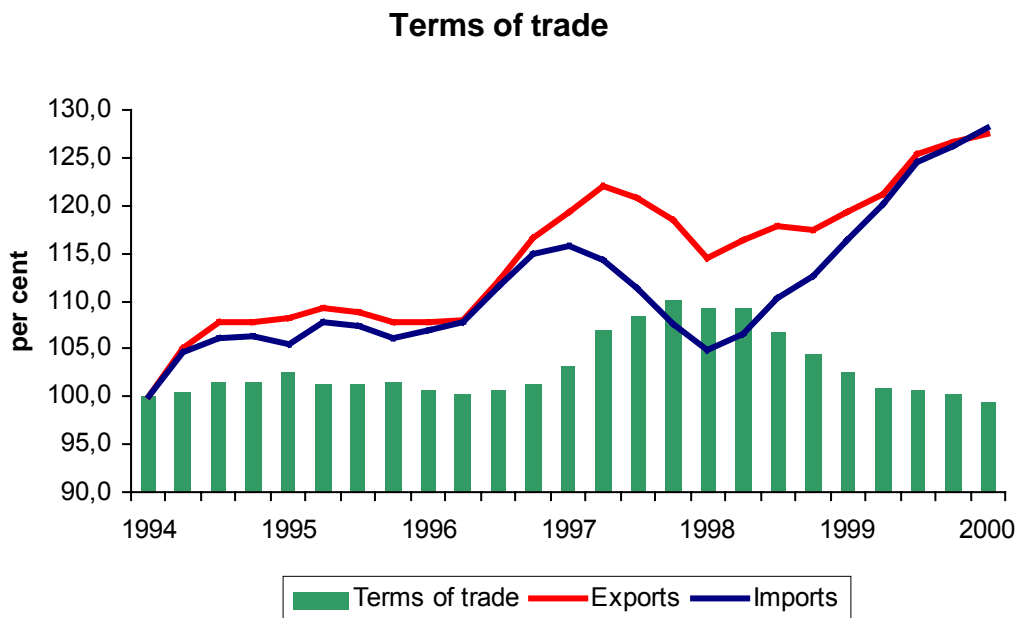
In 2000, prices of oil, gas and oil products became the dominant factor underlying the trade balance developments at current prices. The economy was unable to react to such a strong price shock in the short-term horizon. At present, the trade deficit is around 6% of GDP.

The rise in machinery imports reflected demand for new machinery, information and telecommunications technology and for product components. Most of the machinery import growth (about two thirds) was thus concentrated in imports for assembly and high-tech investment imports with a one-off hit on the trade balance due to the phase of the investment cycle. The increase in imports of consumer electronics was only marginal, except in the case of mobile telephones. Imports of machinery and equipment specialised for particular industries accounted for about one third of the total import growth.

The present situation in foreign trade is thus very different from that in 1996 and 1997. The biggest differences include lower domestic demand and changes on the supply side, which is the most important factor in the long term. Domestic production (in some industries) seems able to react to

demand growth abroad, but is not able to absorb the entire oil price shock. The sustainability of the external relations trend will depend on the relationship between the imports of machinery and equipment – currently being registered in connection with the record level of foreign direct investment – and the subsequent increase in export performance.

### Terms of trade

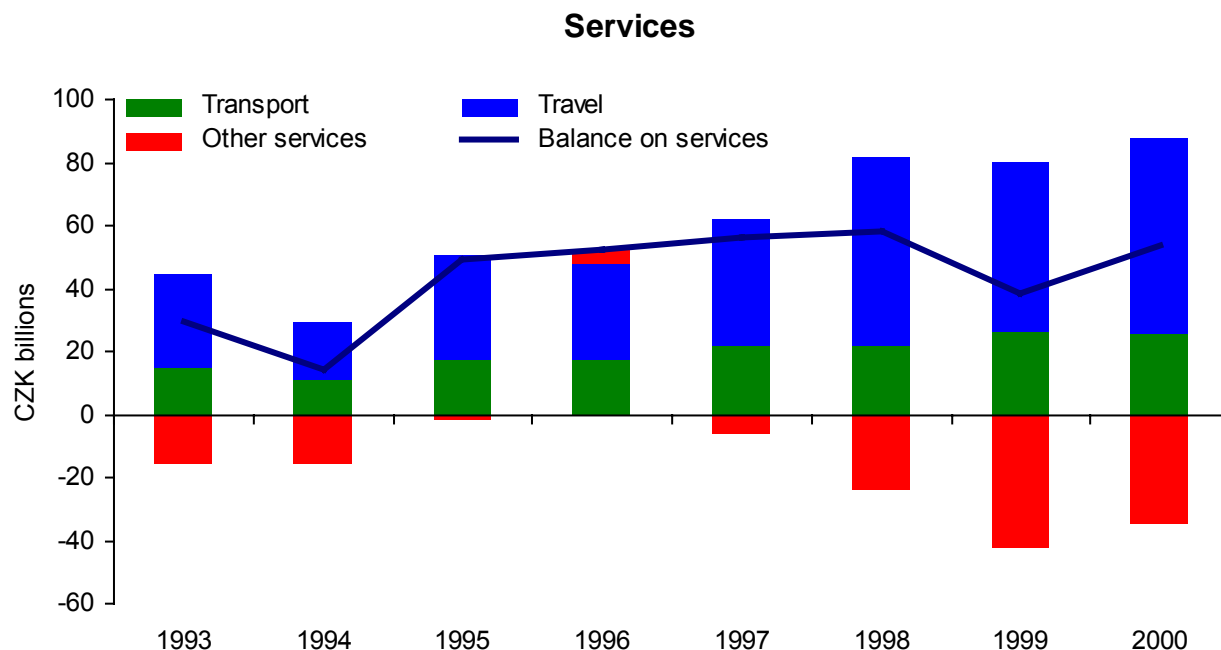


The terms of trade had a major effect on the trade balance at current prices. The basic index of export prices indicates relatively constant export price growth throughout the 1993–2000 period. In addition to world price developments, this reflects the increasing quality of Czech products. Import prices grew more slowly than export prices (the terms of trade were positive) except for the last two years under review, when there was dynamic growth in oil and gas prices on world markets. The trend for the import price indices over the last two years under review resulted in a deterioration of the terms of trade (i.e. the terms of trade were negative).

### Services

The balance on services differed in individual years. A widening deficit on other services counteracted a steadily increasing surplus on transport services and, except for the last period under review, on travel.

The surplus on the services balance is mostly attributable to travel, which is one of the most stable



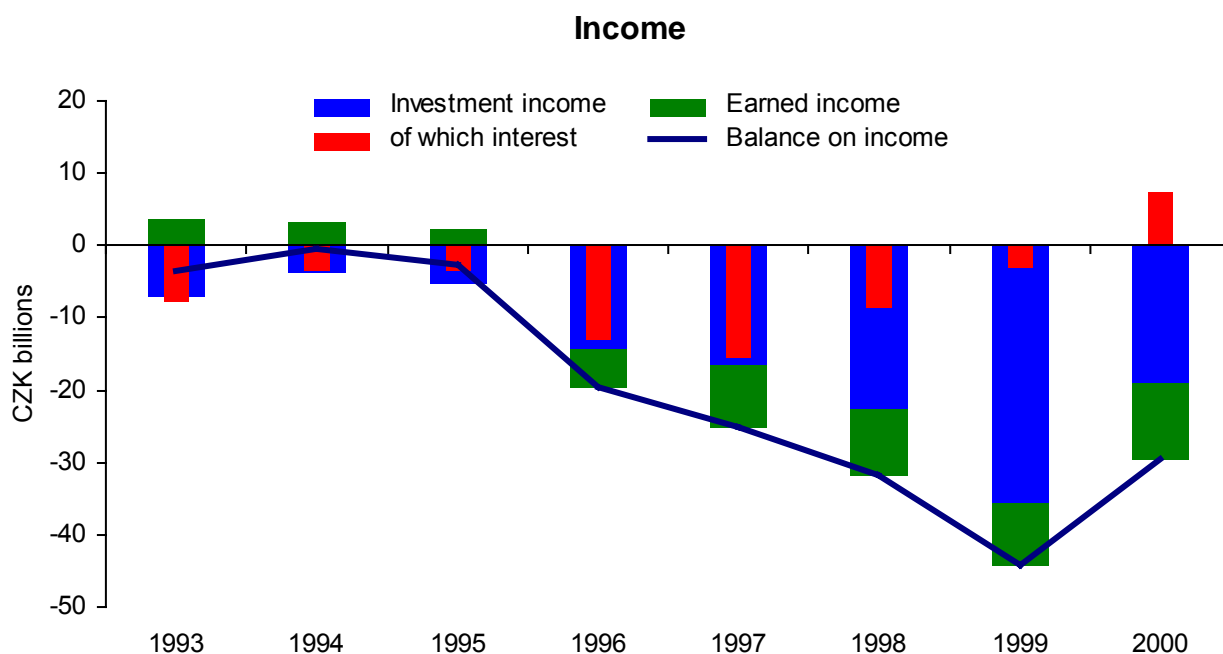
balance of payments revenues. The travel surplus has the biggest effect on the overall services balance. Receipts from foreign visitors were gradually increasing up until 1998, whereas the growth of outbound travel peaked in 1996. Starting from 1997, the changing structure of personal consumption started passing through into the travel area, and the expenditure of Czech citizens on travelling abroad decreased. Over the last three years, revenues and expenses have both been flat, with the surplus amounting to CZK 60 billion.

The surplus on the transport balance is mostly attributable to the increasing volume of exported goods, which are transported by domestic exporters. In addition to foreign trade turnover, transport revenues and expenditures are both strongly affected by the level of foreign and domestic transportation tariffs and by prices of fuels and of services associated with freight and passenger transport. Nonetheless, the transport surplus, too, represents a stable revenue of about CZK 20 billion.

Except for 1996, the balance of other business and non-business services always ran a deficit. While expenditure on services purchased abroad is constantly increasing, the rise in revenues from services provided is slow and fluctuating. The second half of the 1990s saw a rise in the deficit on other services. A permanent negative factor is the activities of foreign-owned businesses in the services area. These businesses tend to import services from their countries of origin.

### Income

The income balance, including its structure, is closely linked with the investment position. Thanks to the ongoing privatisation and the generally positive results of foreign-owned companies, the amount of income being transferred to other countries is increasing, as is the volume of reinvested earnings. The interest balance is being affected chiefly by a rise in CNB and commercial bank assets and a reduction in interest costs connected with the gradual repayment of government and CNB loans. Counteracting this is an ever-increasing interest burden on the corporate sector and costs associated with securities held by foreign investors. The income balance is being strongly affected by the number of foreigners on the Czech labour market and of Czech citizens working abroad.



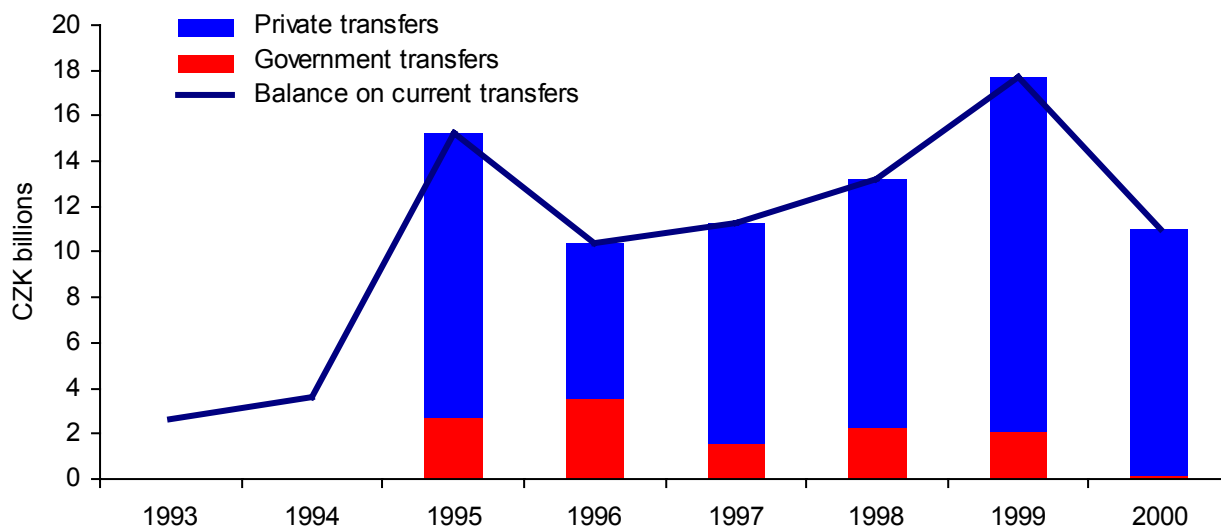
### Current transfers

Given the relatively stable balance of government transfers, the current transfers balance is being affected mostly by the ratio between the inflow of private funds, predominantly for individuals, and on



the other hand their transfers to other countries. In recent years this ratio has stabilised – the amounts transferred abroad are around half those received.

### Current transfers



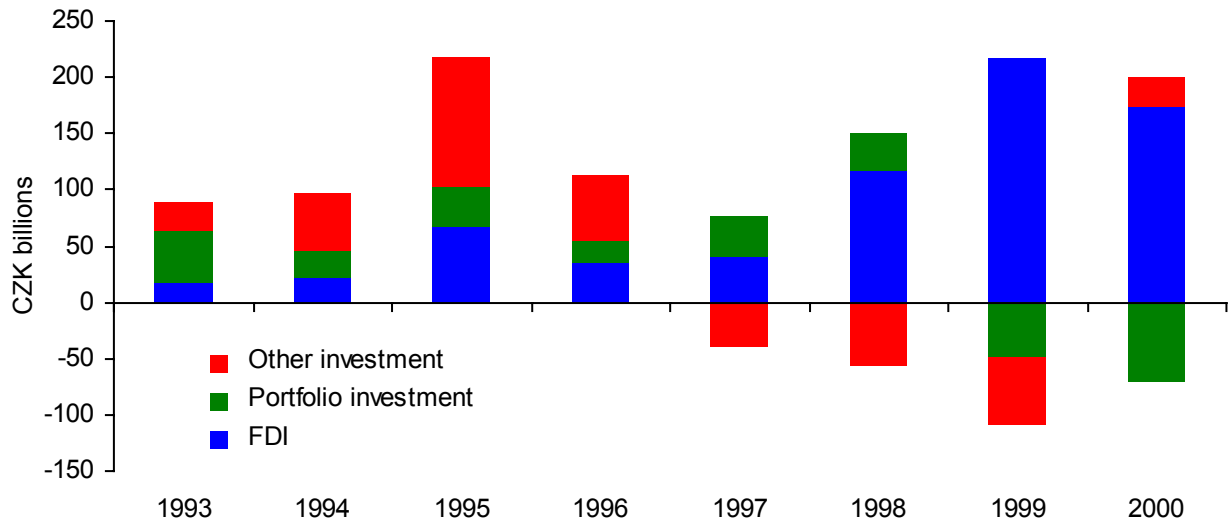
Note: The breakdown into private and government transfers is not available for 1993 and 1994.

### The financial account

The financial account structure reflected the individual phases of the transformation of the Czech economy; the mix of monetary, economic (privatisation policy, investment incentives, etc.) and budget policies; and, last but not least, the improving trustworthiness of the Czech Republic in the eyes of foreign investors, supported by the process of the Czech Republic's integration into international structures and the increasing transparency of its economy.

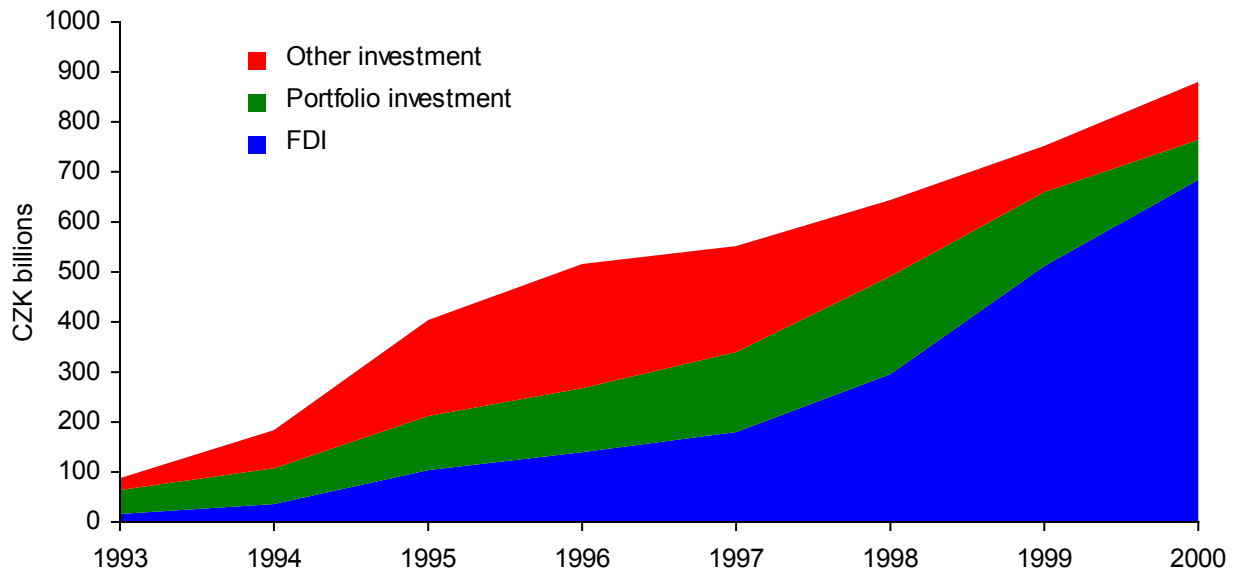
After the split of the Czechoslovak federation, the capital inflow was primarily from official sources and was intended to boost the CNB's low international reserves. The gradual upgrading of the Czech Republic's rating and the adoption of the Foreign Exchange Act (which liberalised the current account and most financial account operations), together with growth in intergovernmental investment protection agreements, led to a gradual increase in private capital inflows. At first, the private capital took the form of loans and portfolio investment. There was a gradual rise in the volume of foreign direct investment, facilitated by investment incentives adopted by the government at the end of the 1990s. The capital inflow covered the current account deficit and allowed a gradual increase in CNB reserves. During the koruna's fixed exchange rate period, the CNB regulated foreign currency supply and demand on the interbank foreign exchange market on a daily basis. Since the introduction of the floating exchange rate regime the CNB has intervened on the interbank foreign exchange market where necessary to correct any divergence of the exchange rate from the trends followed by macroeconomic indicators.

### Movement of capital



Note: + capital inflow  
- capital outflow

### Movement of capital cumulatively



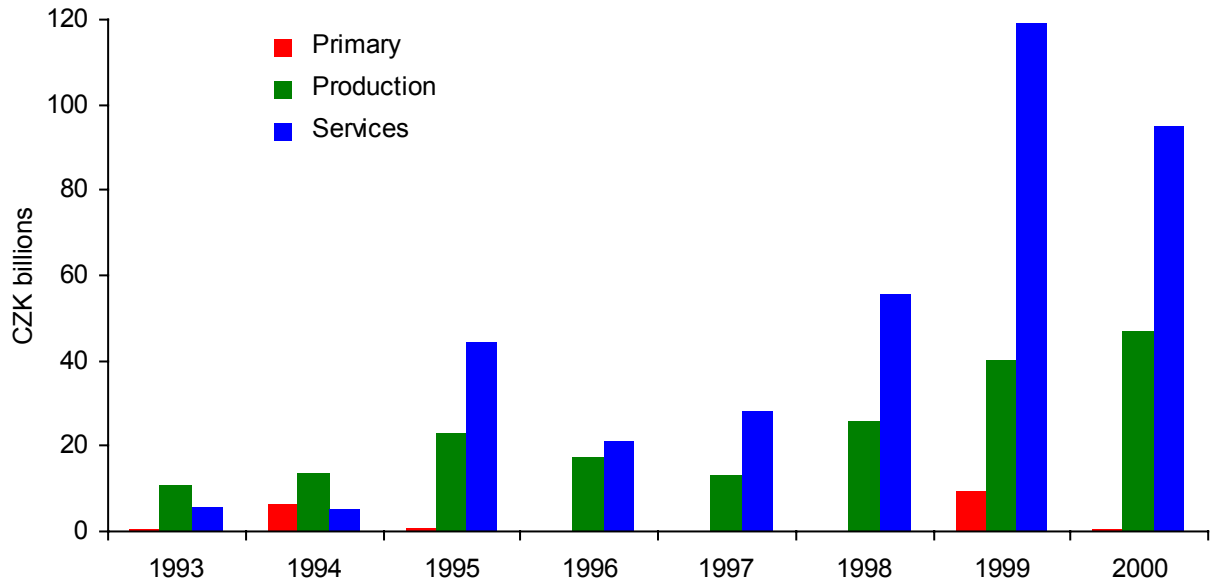
### Foreign direct investment

The inflow of foreign direct investment (FDI) into the Czech Republic was associated with individual phases of the privatisation process, liberalisation of foreign exchange laws and the provision of investment incentives on an individual basis. The enacting of a comprehensive system of investment promotion at the end of the 1990s led to a rise in industrial investment and in the number of investment projects under negotiation.

In the first phase of privatisation there were no substantial differences in investment allocation between sectors; the production sector was only slightly ahead. The services sector, where export orientation is not expected, started to dominate in 1995 (foreign investment in telecommunications). In 1998–2000, the investments in the services area were concentrated chiefly in wholesale and retail

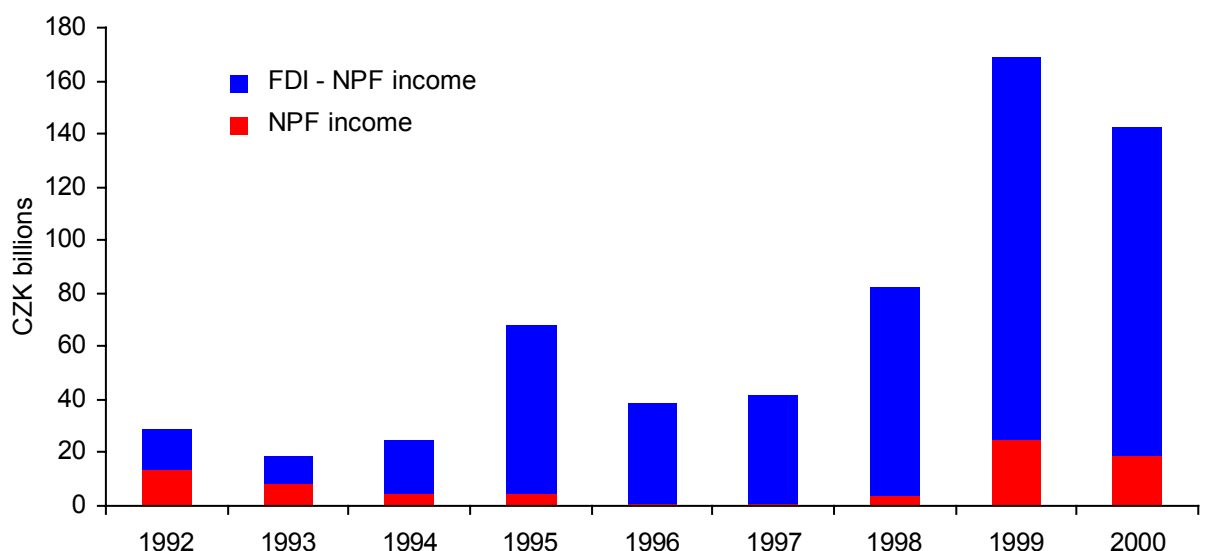
trade, financial intermediation and real estate activities. Nonetheless, FDI in the production sector was increasing and its volume in the last two years under review (CZK 40 billion a year) was higher than the annual increases in FDI as a whole up until 1997 (except for 1995). This area is decisive for the export performance of the Czech economy.

### FDI structure



The income from direct investment inflow is distributed among the state (the NPF and, to a lesser extent, municipalities), banks, investment funds and the corporate sector depending on from whom the foreign entity is taking over the firm (acquisition) or whether it is investing in a green-field project. The largest volumes of funds go directly to the business sector.

### FDI in the Czech Republic (equity capital) and NPF income



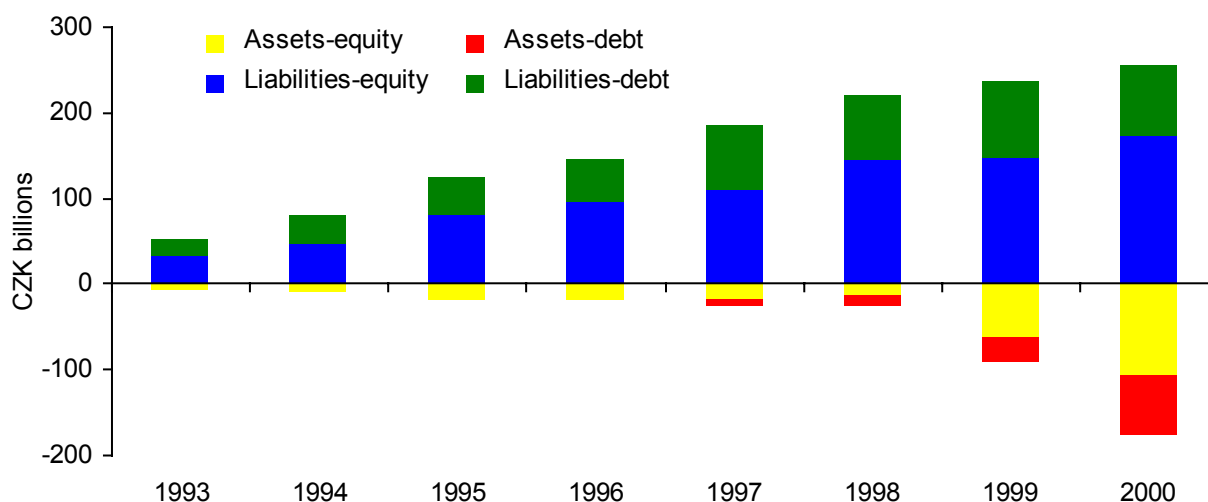
In the short term, direct investment initially generates a trade deficit which is covered by financial flows from abroad. Once the investment is completed and production or operation (e.g. of communication

services) launched, the pressure on the trade deficit generally eases. According to a CNB survey conducted in 1999 at the corporate level, foreign-owned businesses in the production area generated a surplus of CZK 92.3 billion on the goods and services balance, whereas business in the services area generated a deficit of CZK 98.5 billion. In the long term, the benefits from privatisation into foreign hands are indisputable, consisting in cultivation of the business environment, restructuring of production, development of services, and changes in the employment structure. Foreign-owned businesses employ almost half a million people in the Czech Republic.

### Portfolio investment

Foreign investors' interest in portfolio investment is increasing constantly, as is the interest of domestic entities in investing in foreign securities. However, the intensity of this trend is changing over time. Domestic institutions are using the liberalisation of capital flows to diversify their portfolios by incorporating foreign securities. Foreign investors are using domestic securities in a similar way. This long-term factor is a dominant feature of the trend, since overall securities holdings are constantly increasing.

### Portfolio investment cumulatively

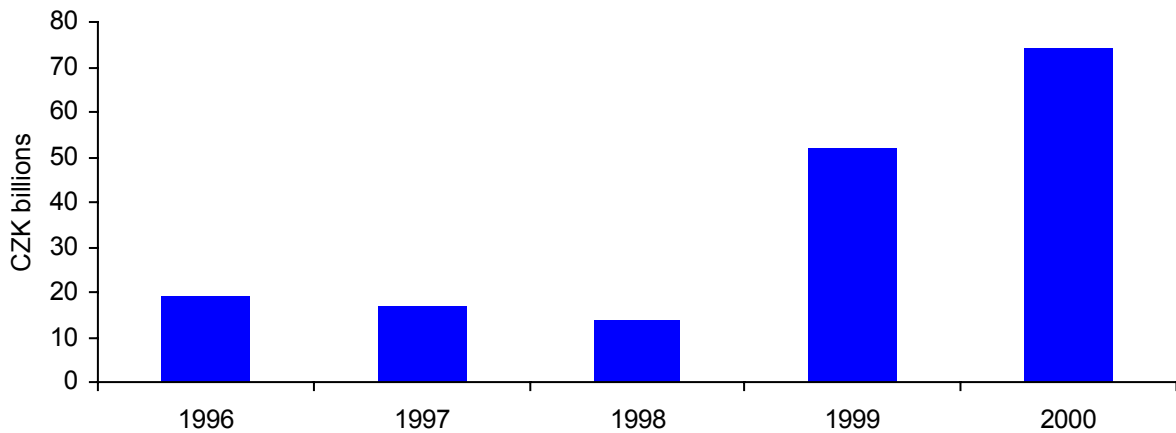


Note: + capital inflow  
- capital outflow

The intensity of investment is linked with the liberalisation process. Foreign investment in the Czech Republic has been showing steady growth, although the character of the inflow has been changing. When the Czech Republic was established, the dominant role was played by official loans in the form of CNB bond issues abroad. Bond issues were also important for the public sector (the City of Prague, Ostrava, the completion of the Prague Congress Centre) and to a lesser extent also for the corporate sector (Aero Vodochody). After the commencement of trading in shares from the first and second waves of voucher privatisation, foreign investors started buying selected issues. Trading in shares is concentrated on a limited group of shares, mostly of firms which are in a particular phase of privatisation. Foreign entities are purchasing additional shares to reinforce their holding position. Market sentiment is basically led by foreign investor demand for specific issues.

Inflow of portfolio investment outweighed outflow up until mid-1999. On the asset side, the integration into international capital flows was much slower and up until recently was executed almost exclusively through banks. Trading in foreign securities formed part of banking licences in the foreign exchange area and was governed by prudential rules in banking supervision regulations. On the other hand, non-banks show a correlation with the individual stages of liberalisation, since prior to 1998 Czech non-banks' assets were associated predominantly with holdings of Slovak shares from the first wave of voucher privatisation.

## Liberalisation of securities purchasing abroad and non-banks' holdings of foreign securities

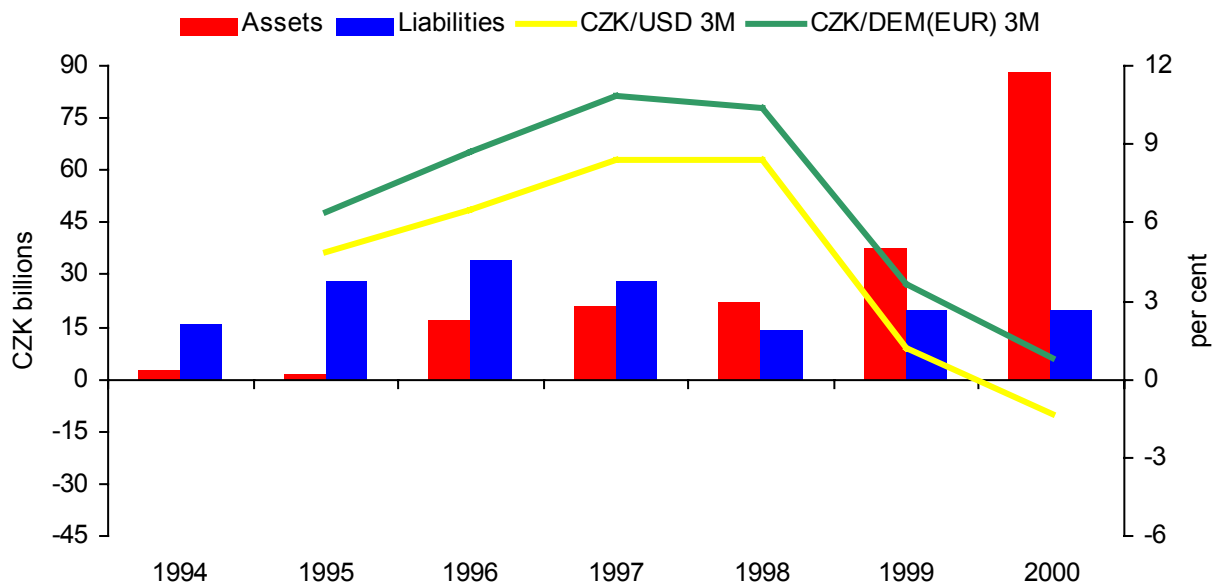


Note: 1) On 8 June 1998, investment companies and funds were given permission to invest in foreign securities issued in OECD nations

2) On 1 January 1999, such purchases were liberalised for all entities

Along with these long-term systemic factors, a number of short-term factors are at work. These consist chiefly in the current yields on individual securities at home and abroad.

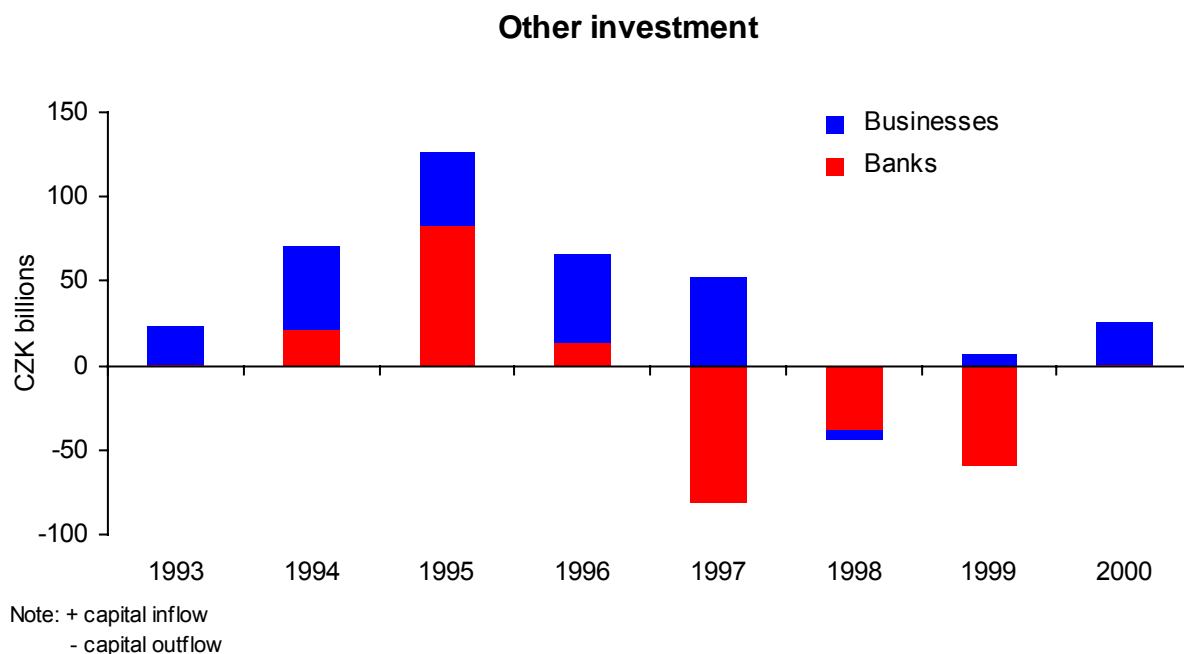
## Debt securities holdings and the interest rate differential



In the last two years under review a net outflow was recorded for the first time. In addition to the long-term problems on the domestic capital market, 1999 saw liberalisation of purchases of foreign securities for non-banks. Owing to cuts in domestic interest rates and increases in foreign rates, the interest rate differential narrowed considerably. In this liberal environment, the sensitivity of response to the movements of interest rate and stock exchange indices both at home and abroad is increasing.

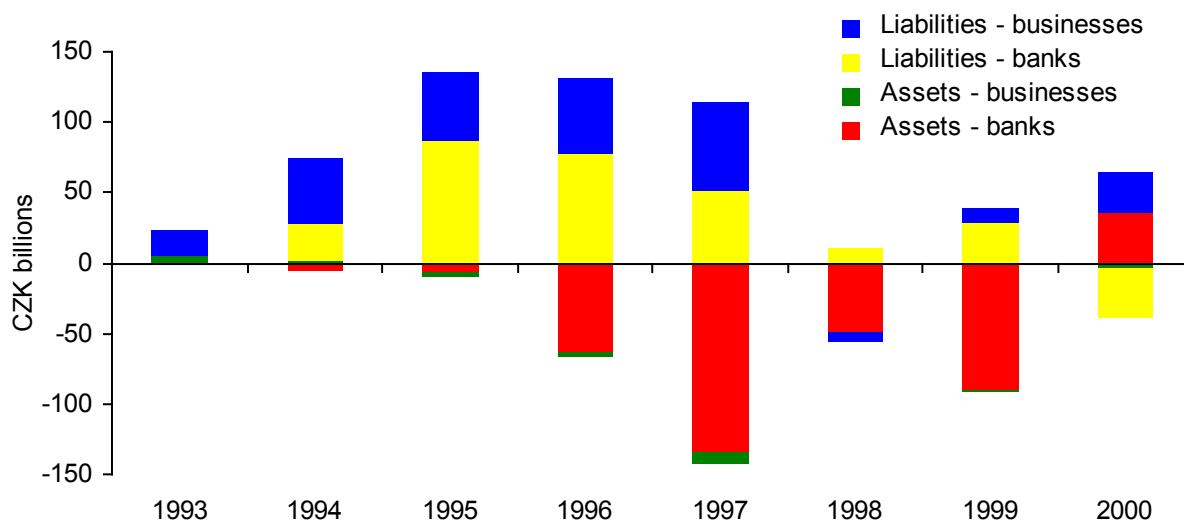
## Other investment

The capital flow liberalisation and the domestic and foreign interest rate movements affected the balance on other investment. Except in 1998, the corporate sector (excluding credits drawn within FDI via parent companies, which have not been recorded in other investment since 1998) was a permanent recipient of capital, whereas banks experienced a period of inflow (until 1996) and a period of outflow (1997–2000).



The international position of banks was characterised by capital inflows and supply of cheap domestic foreign exchange credits to the economy in a period when advanced market economies had substantially lower interest rates than the Czech Republic. Drawings on foreign credits by the banking sector peaked in 1995 because of increased demand for sources of credit in the economy. Commercial banks used part of these credits to cover the widening trade deficit and simultaneously to fund their domestic market activities. During the episode of capital outflow in May 1997 it was obvious that the reverse capital movements had occurred mainly in bank positions (CNB interventions covered more than half of the conversion of korunas into foreign currency by domestic entities). Via the banking sector, funds flowed out in the form of increasing koruna and foreign currency deposits abroad. The limited demand for domestic credits, the sufficient own liquidity of banks, the large volume of classified credits in the banking sector and the ensuing prudential approach to providing new credits are the main reasons behind the drop in drawing on foreign resources by commercial banks. The privatisation phase in part of the banking sector led to a reduction in lending activities, including limited drawing on foreign credits and concurrent commencement of repayments of earlier granted loans. The banking sector increased its exposure abroad particularly in 1996–1999, when the growth in debt slowed. This is how the surplus position of Czech banks was created. In 2000, the overall bank exposure decreased both on the assets and liabilities sides. On the assets side banks significantly reduced their short-term assets (most notably in the form of deposits and koruna credits to non-residents) and increased their investment in foreign bonds and shares (recorded under portfolio investment). The decrease in the volume of foreign exchange credits granted to domestic entities created room for repayment of earlier accepted medium-term credits.

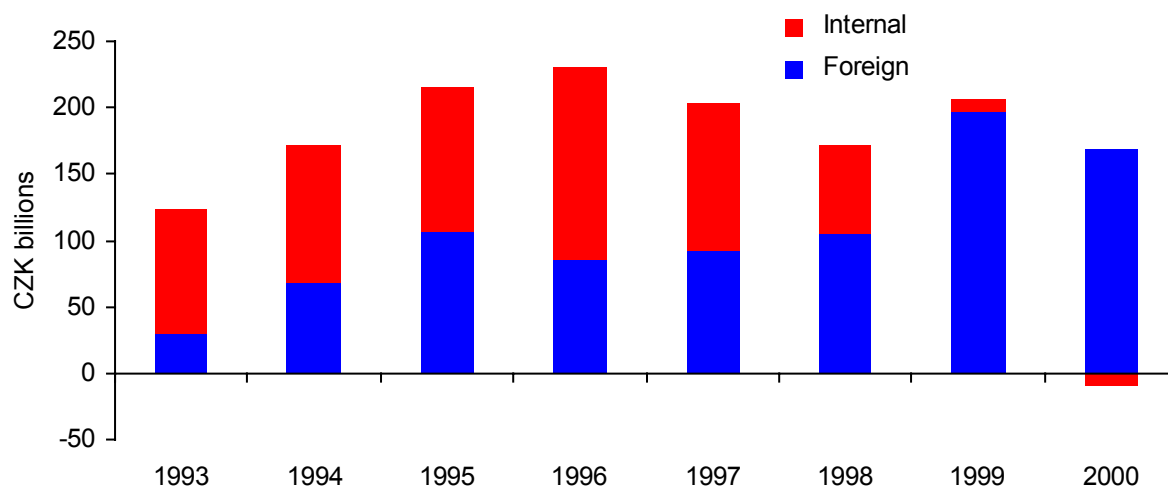
## Other investment



Note: + capital inflow  
- capital outflow

Throughout the period, the corporate sector was in the position of being the most significant recipient of foreign capital. The extensive use of foreign loans was particularly apparent in the initial years of transformation owing to the lack of long-term resources on the domestic market and to the possibility of efficient export-oriented businesses entering foreign markets. At present, the use of such credits is connected with the rising number of direct investments in the Czech Republic and the increasing financial links between affiliated businesses. In some cases, earlier drawn loans became the basis for the foreign partner to enter a Czech company (credit capitalisation). Domestic banks thus had less room for financing the corporate sector, especially in the dynamically expanding sector of foreign-owned businesses. On the other hand, through higher assets abroad (including koruna deposits in banks), Czech banks probably indirectly helped to finance the inflow of FDI into the Czech Republic. The funds for the corporate sector can be roughly divided into domestic lending and funds drawn by businesses from abroad. The proportion of foreign funds increased over time. By the end of the 1990s they had a dominant position.

## Corporate financing



Note: Foreign funds = corporate loans + FDI adjusted for NPF income and Konsolidační banka income  
Internal funds = domestic lending

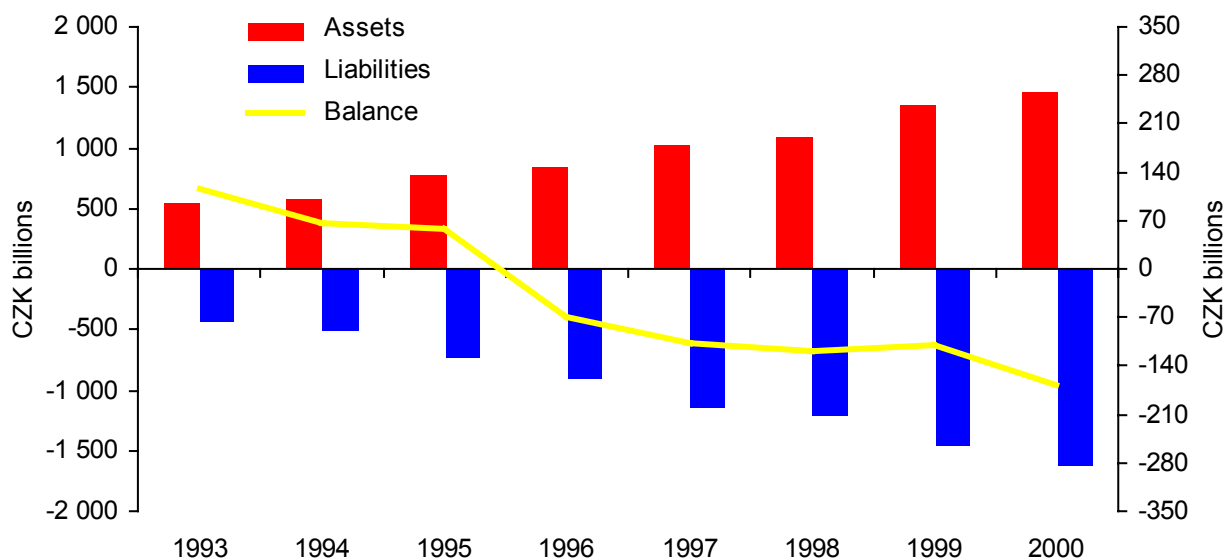
Except for 1994, when the government sector accepted foreign loans to support the balance of payments, loans (including those from the pre-transformation period) were repaid regularly. The government sector's exposure abroad is less significant than that of other sectors.

### International investment position and external debt

The investment position, gross debt and balance of payments indicators are closely interconnected (in the specialised literature they are referred to as "balance of payments statistics"). The balance of payments records transactions in the area of movement of real resources (the current account) and the financing of these using financial assets and liabilities (the financial account and change in foreign exchange reserves) vis-à-vis non-residents in a specific period (i.e. flow variables). The investment position and external debt indicators meanwhile show current stocks of appropriate financial assets and liabilities as of a set date (stock variables based on the accounting of reporting entities). The external debt indicator is a subset included under investment position liabilities (only debt, not equity, liabilities are recorded).

The interconnection between the stocks and flows statements is modified by the exchange rate, price and other differences arising from using different exchange rates for the conversion of transactions and stocks from foreign currency into Czech korunas and vice versa, and from different valuations and other deviations. These differences are reflected in the actual amounts of stocks reported in the investment position and external debt, generating deviations compared with the stocks calculated from turnovers of balance of payments transactions. In the case of the Czech Republic's investment position to date, the cumulated exchange rate, price and other factors have had positive effects.

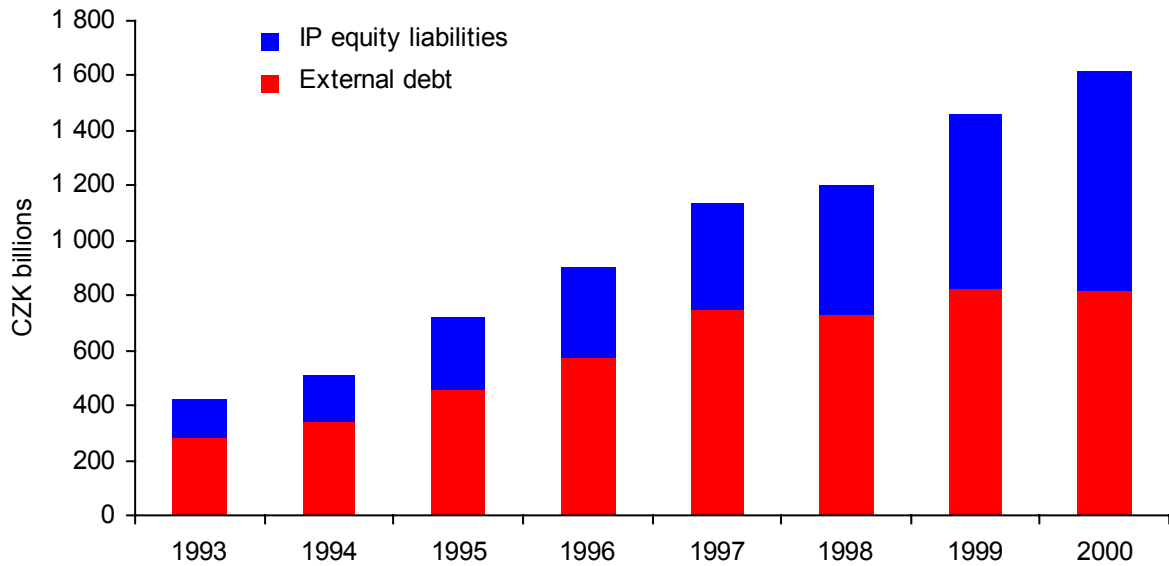
### International investment position



The growth in openness of the Czech economy on both the current and financial accounts during the transformation period resulted in a continuous rise in investment position stocks. Except in 1993, the faster growth in liabilities than in assets was primarily the result of the constant deficit on the current account.

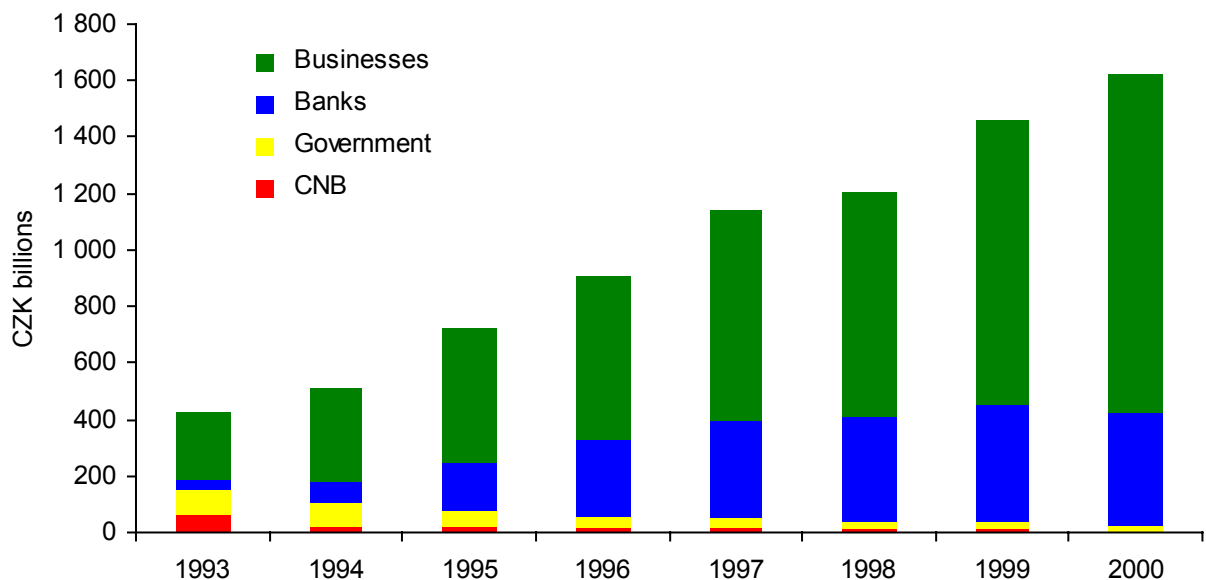


## Investment position liabilities



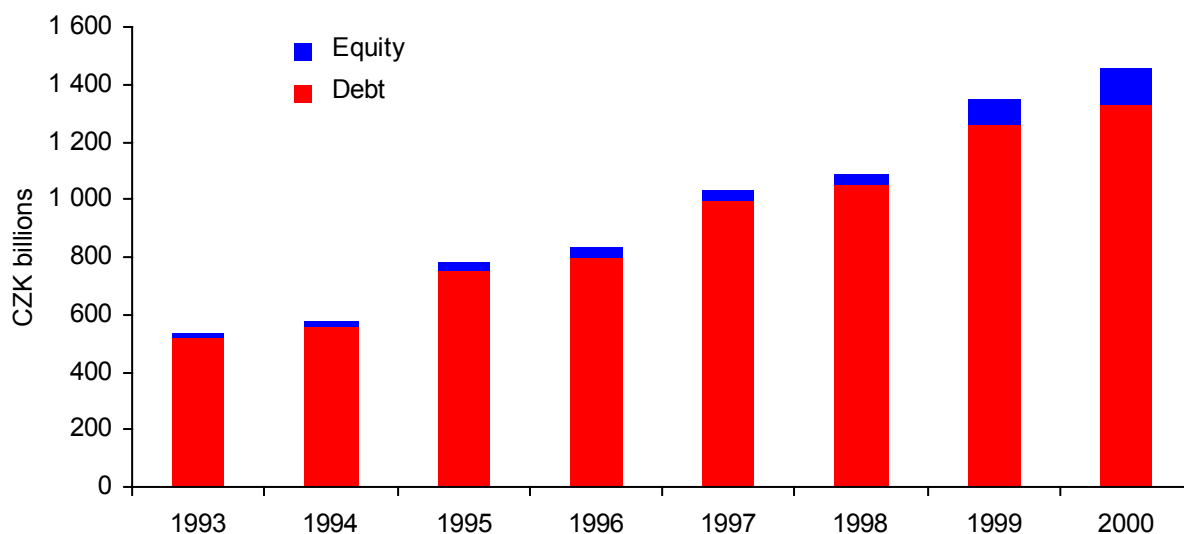
In the initial period of transformation, the decisive factor underlying the trend in investment position liabilities was rising external debt (the fixed-maturity financial commitments of the government and the CNB and later of banks and the corporate sector). The rise in external debt generated by the widening external imbalance peaked in 1997. The following years saw a slower pace of growth. Nonetheless, the Czech Republic's external debt is moving at a level exceeding 40% of GDP. After 1997, the inflow of foreign equity investment (primarily in the form of FDI) accelerated, leading to an increase in its share of total investment position liabilities (from 32% in 1993 to 49.7% in 2000).

## Investment position liabilities by sector



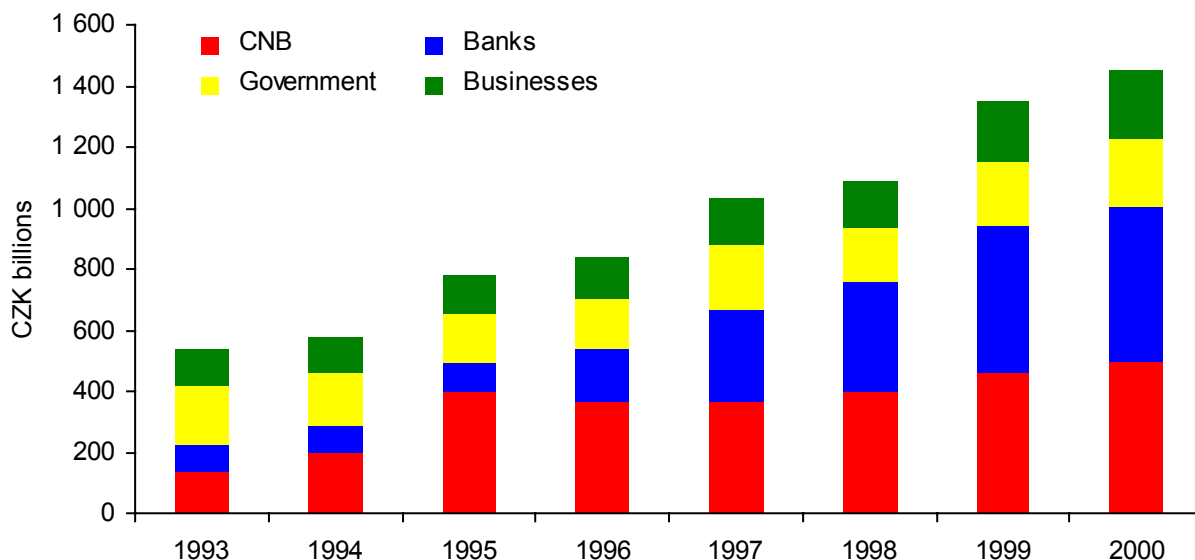
In the period under review, the corporate sector had a dominant role as a recipient of foreign funds (in the form of credits and foreign and portfolio investment). The importance of foreign loans for the banking sector fell in the last few years under review, owing to more prudent lending policy. The participation of the government and the CNB in the inflow of foreign funds is insignificant.

### Investment position assets



The dominant share of debt instruments in the asset area of the investment position is clear (with only a moderate decrease of 7 percentage points to 91% over the period under review). This is attributable to the institutional structure of the assets, with most being held by the banking sector in the form of quickly mobilisable items (CNB international reserves and short-term deposits of commercial banks). Investment by Czech entities in foreign securities started to increase only after the 1999 liberalisation.

### Investment position assets by sector



On the asset side, CNB reserves and commercial bank assets (mostly with maturities up to one year) accounted for the largest proportions. The share of these assets was constantly increasing thanks to the higher investment activity of commercial banks vis-à-vis non-residents (the level of international reserves has been stable for several years). The government sector's assets in nominal terms are also flat. Owing to the nature of these assets (long-term government credits granted to countries of the

former USSR and some developing countries in the period of centrally planning, repayment of which is under threat), their real value is much lower.

## **Summary**

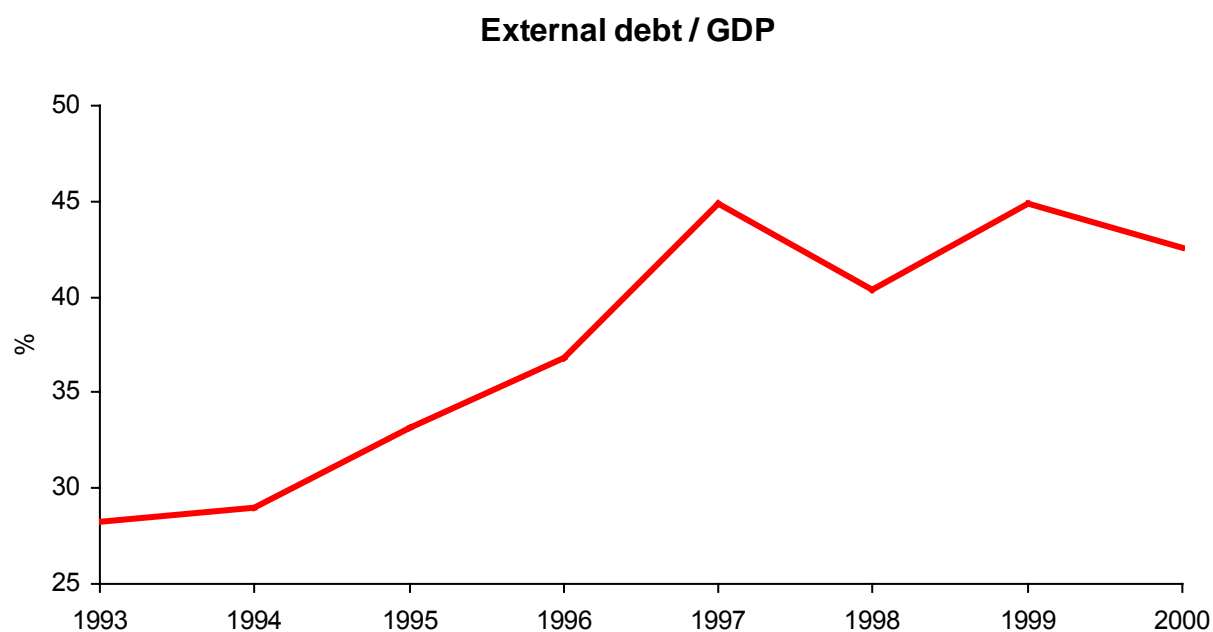
The evolution of the Czech Republic's balance of payments can be explained by the factors acting in standard economies and by the effects of the individual phases of transformation.

The degree of excess domestic demand was reflected in the level of the current account deficit. The biggest deficits were achieved in 1996 and 1997. The pick-up in economic activity abroad acted in the opposite direction, passing through into an export acceleration in the last three years under review. Foreign trade was also greatly affected by price factors, the strongest of which was oil price developments on world markets. Whereas the low oil prices did not worsen the situation in the period of greatest imbalance, they were the main factor behind the widening of the deficit in the most recent period – most notably in 2000.

In the area of capital flows it is possible to track in the behaviour of financial investors a correlation with interest yields, or their differentials, and with yields on equity securities markets. The positive interest rate differential attracted foreign investors to invest in koruna instruments, particularly in the period of minimal exchange rate risk and when the interest rate differential was significant. By contrast, when the differential was minimal or negative vis-à-vis several major currencies, capital outflow was recorded. The rising share prices on foreign stock exchanges, generated chiefly by the economic boom in the USA in the second half of the 1990s, had the same effect.

The balance of payments was also affected by factors connected with the transformation of the Czech economy. Up until 1997, the trade deficit was mostly generated in the machinery and equipment group, owing to the need to invest not only in production equipment, but also in infrastructure and the environment. Starting from 1998, the deficit in this group decreased radically to zero. The changes occurred primarily on the export side, which can be attributed to the expanding capacities of manufacturing enterprises (especially those with foreign investors), which are mostly export-oriented. At present, the demand for investment imports is again on the increase. This is a natural consequence of the huge FDI inflow recorded in 1999 and 2000.

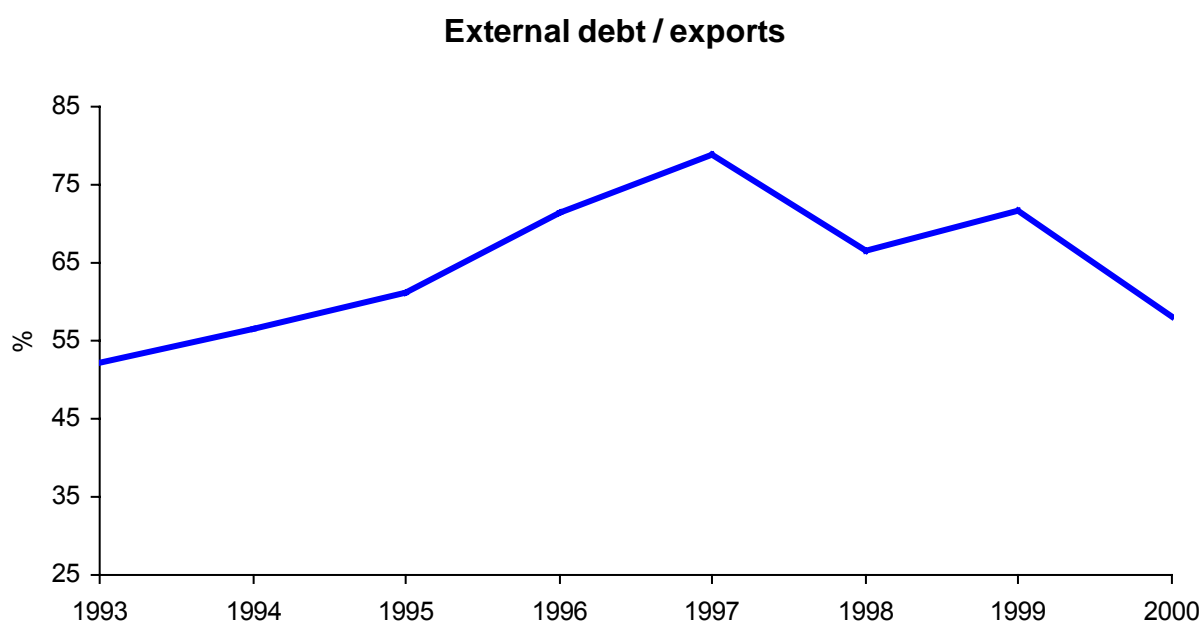
The economic transformation, particularly the liberalisation of capital flows, showed up on the financial account. Owing to the asymmetry in favour of capital inflows, it is possible to identify the individual phases of capital movement on the outflow side. The constant rise in the proportion of foreign owners of domestic businesses, combined with the transformation problems of domestic banks with the quality of their loan portfolios and their ensuing prudent approach to lending, are leading to demand for foreign resources by businesses. The significance of the interest rate differential in the denomination of credits was also visible at a certain stage. This can also be attributed to inflation developments in the transition economy.

**External debt ratios****1) External debt/GDP**

The external debt/GDP ratio shows the strong dependence of the Czech economy on foreign resources. The stabilisation of the debt can be viewed as positive, although it remains at a relatively high level, exceeding 40% of GDP.

**2) External debt/exports**

The trend of an improving ability of the economy to repay external debt using exports is continuing (in 2000, the debt was less-than-60% covered by annual exports). From the point of view of both trend and level, this indicator is developing favourably.



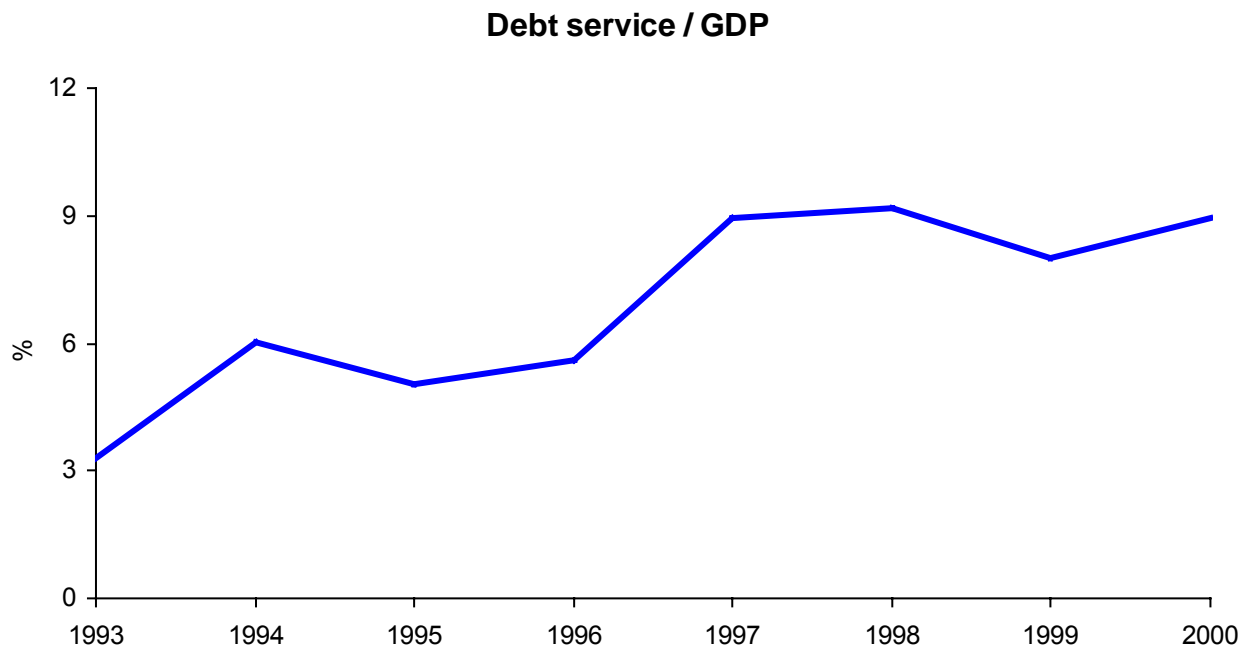
### 3) Short-term debt/CNB international reserves



Note: Short-term debt including debt service on medium- and long-term debt in given year

The short-term debt (short-term liabilities including payable debt service on medium and long-term debt in the given year) is slightly higher than the level of reserves. Despite the high value of this indicator, the trend has stabilised in recent years.

### 4) Debt service/GDP

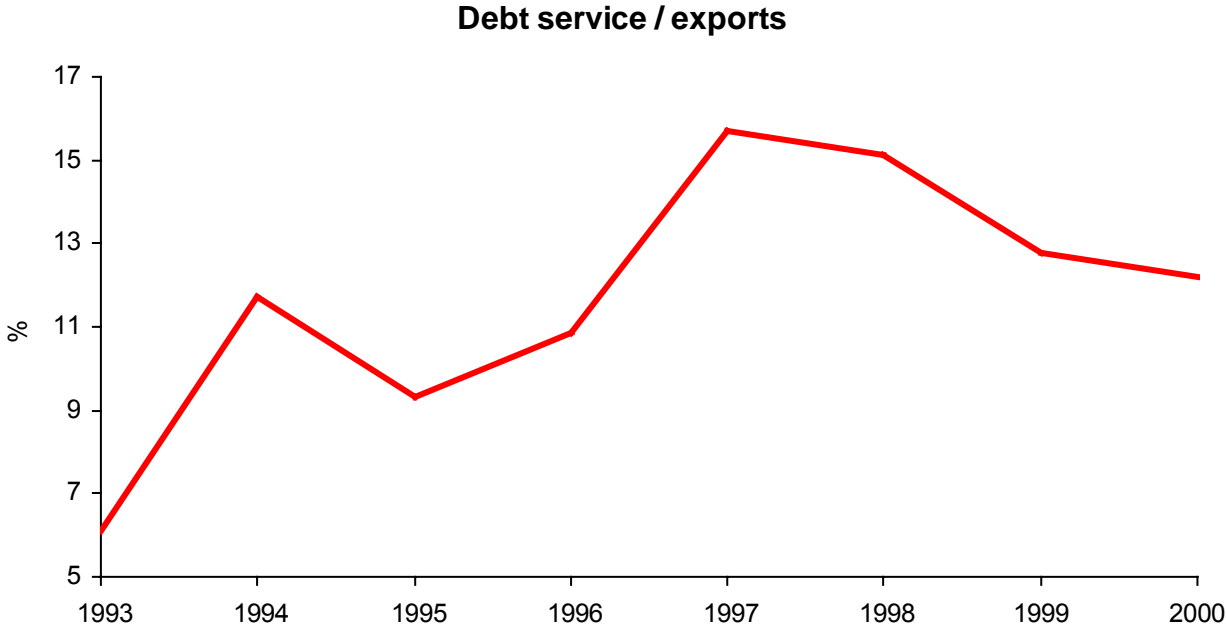


Debt service on medium and long-term liabilities stood at 8.9% of GDP in 2000. This percentage was due to intensive repayment of the earlier drawn long-term commitments of commercial banks and to a

one-off repayment of earlier issued CNB bonds. The increased debt servicing led to a nominal decline in the long-term component of the external debt and to an overall stabilisation.

**5) Debt service/exports**

In 2000, debt service repayments of medium and long-term liabilities accounted for 12.2% of annual exports of goods and services. In the light of international standards and the favourable trend this level is acceptable.



**Conclusion:**

The trends for most debt ratio indicators are stable. The higher debt service had favourable effects on long-term external debt. At the same time, its level was affected by a one-off event (repayment of earlier issued CNB bonds). The corporate sector has recently been recording increased drawings on credits from abroad (primarily foreign-owned businesses), which is passing through into a higher stock of short-term debt. The necessity to renew this or to cover it in the event of currency turbulence would place higher demands on the foreign exchange reserves.

**BALANCE OF PAYMENTS for January to December 2000**

(preliminary data - 20 March 2001)

	in CZK millions	in EUR millions	in USD millions
<b>A. CURRENT ACCOUNT</b>	<b>-91 428,1</b>	<b>-2 567,5</b>	<b>-2 369,2</b>
Balance of trade	-126 783,0	-3 560,3	-3 285,4
Exports	1 120 427,0	31 463,8	29 034,1
Imports	1 247 210,0	35 024,1	32 319,5
Services	53 861,9	1 512,5	1 395,7
Credit	279 574,2	7 851,0	7 244,7
Transport	53 732,7	1 508,9	1 392,4
Travel	110 700,0	3 108,7	2 868,6
Other services	115 141,5	3 233,4	2 983,7
Debit	225 712,3	6 338,5	5 849,0
Transport	27 787,1	780,3	720,1
Travel	48 500,0	1 362,0	1 256,8
Other services	149 425,2	4 196,2	3 872,1
Income	-29 495,1	-828,3	-764,3
Credit	70 639,4	1 983,7	1 830,5
Debit	100 134,5	2 812,0	2 594,8
Current transfers	10 988,1	308,6	284,8
Credit	27 604,6	775,2	715,4
Debit	16 616,5	466,6	430,6
<b>B. CAPITAL ACCOUNT</b>	<b>-195,3</b>	<b>-5,5</b>	<b>-5,1</b>
Credit	224,9	6,3	5,8
Debit	420,2	11,8	10,9
<i>Total A + B</i>	<i>-91 623,4</i>	<i>-2 573,0</i>	<i>-2 374,3</i>
<b>C. FINANCIAL ACCOUNT</b>	<b>129 632,2</b>	<b>3 640,3</b>	<b>3 359,2</b>
Direct investment	172 768,1	4 851,6	4 477,0
Abroad	-4 557,6	-128,0	-118,1
Equity capital and reinvested earnings	-4 005,0	-112,5	-103,8
Other capital	-552,6	-15,5	-14,3
In the Czech Republic	177 325,7	4 979,6	4 595,1
Equity capital and reinvested earnings	162 378,8	4 559,9	4 207,8
Other capital	14 946,9	419,7	387,3
Portfolio investment	-68 172,9	-1 914,4	-1 766,6
Assets	-86 631,8	-2 432,8	-2 244,9
Equity securities	-44 181,0	-1 240,7	-1 144,9
Debt securities	-42 450,8	-1 192,1	-1 100,0
Liabilities	18 458,9	518,4	478,3
Equity securities	23 810,9	668,7	617,0
Debt securities	-5 352,0	-150,3	-138,7
Financial derivatives	-1 817,9	-51,1	-47,1
Assets	-4 916,7	-138,1	-127,4
Liabilities	3 098,8	87,0	80,3
Other investment	26 854,9	754,2	695,9
Assets	35 832,1	1 006,3	928,5
Long-term	21 322,2	598,8	552,5
CNB			
Commercial banks	14 362,2	403,3	372,2
Government	2 937,0	82,5	76,1
Other sectors	4 023,0	113,0	104,2
Short-term	14 509,9	407,5	376,0
Commercial banks	22 001,9	617,9	570,1
Government			
Other sectors	-7 492,0	-210,4	-194,1
Liabilities	-8 977,2	-252,1	-232,6
Long-term	-26 212,5	-736,1	-679,2
CNB	-22,8	-0,6	-0,6
Commercial banks	-31 523,7	-885,3	-816,9
Government	-1 837,6	-51,6	-47,6
Other sectors	7 171,6	201,4	185,9
Short-term	17 235,3	484,0	446,6
CNB	-17,0	-0,5	-0,4
Commercial banks	-3 812,5	-107,1	-98,8
Government			
Other sectors	21 064,8	591,6	545,8
<i>Total A + B + C</i>	<i>38 008,8</i>	<i>1 067,3</i>	<i>984,9</i>
<b>D. NET ERRORS AND OMISSIONS, VALUATION CHANGES</b>	<b>-6 416,0</b>	<b>-180,1</b>	<b>-166,2</b>
<i>Total A + B + C + D</i>	<i>31 592,8</i>	<i>887,2</i>	<i>818,7</i>
<b>E. CHANGE IN RESERVES (- increase)</b>	<b>-31 592,8</b>	<b>-887,2</b>	<b>-818,7</b>

CZK/EUR 35,610

CZK/USD 38,590

Notes: Definitive data will be published following the release of definitive CSO figures on the trade balance.  
Trade balance figures in compliance with revised methodology for customs statistics in force since 1 July 2000.

## BALANCE OF PAYMENTS for January to December 2000

(preliminary data - 20 March 2001)

	in CZK millions	in EUR millions	in USD millions
<b>A. CURRENT ACCOUNT</b>	<b>-91 428,1</b>	<b>-2 567,5</b>	<b>-2 369,2</b>
<b>Trade balance</b>	<b>-126 783,0</b>	<b>-3 560,3</b>	<b>-3 285,4</b>
Exports	1 120 427,0	31 463,8	29 034,1
Imports	1 247 210,0	35 024,1	32 319,5
<b>Services</b>	<b>53 861,9</b>	<b>1 512,5</b>	<b>1 395,7</b>
<b>Credit</b>	<b>279 574,2</b>	<b>7 851,0</b>	<b>7 244,7</b>
<b>Transport</b>	<b>53 732,7</b>	<b>1 508,9</b>	<b>1 392,4</b>
Pipeline transport	9 449,2	265,3	244,9
Other	44 283,5	1 243,6	1 147,5
<b>Travel</b>	<b>110 700,0</b>	<b>3 108,7</b>	<b>2 868,6</b>
<b>Other business and non-business services</b>	<b>115 141,5</b>	<b>3 233,4</b>	<b>2 983,7</b>
Postal services	740,6	20,8	19,2
Telecommunication and radiocommunication services	7 547,4	212,0	195,6
Construction and assembly work	6 614,0	185,7	171,4
Merchandising	1 279,8	35,9	33,2
Repairs	852,9	24,0	22,1
Non-life insurance	4 381,6	123,0	113,5
Life insurance and pension funding	124,3	3,5	3,2
Financial services	14 660,8	411,7	379,9
Advertising services	2 939,9	82,6	76,2
Legal, accounting and consultancy services	8 048,2	226,0	208,6
Rents	2 945,2	82,7	76,3
Rental and leasing of intangible assets	1 639,6	46,0	42,5
Rental and leasing of machinery and equipment	462,6	13,0	12,0
Research and development	808,3	22,7	20,9
Royalties, licence fees, etc.	1 725,9	48,5	44,7
Computer and information services	3 684,2	103,5	95,5
Intermediation services	5 359,5	150,5	138,9
Technical services	3 322,2	93,3	86,1
Other business services	38 079,2	1 069,3	986,8
Mining and processing activities	367,4	10,3	9,5
Czech company representations abroad	215,5	6,1	5,6
Foreign company representations in the Czech Republic	307,7	8,6	8,0
Audio-visual services	971,2	27,3	25,2
Cultural, recreational, sports and education services	4 083,2	114,7	105,8
Health services	592,4	16,6	15,3
Government revenues	406,2	11,4	10,5
Czech embassies and consulates abroad	89,8	2,5	2,3
Foreign embassies and consulates in the Czech Republic	2 891,9	81,2	74,9
<b>Debit</b>	<b>225 712,3</b>	<b>6 338,5</b>	<b>5 849,0</b>
<b>Transport</b>	<b>27 787,1</b>	<b>780,3</b>	<b>720,1</b>
Pipeline transport	3 935,5	110,5	102,0
Other	23 851,6	669,8	618,1
<b>Travel</b>	<b>48 500,0</b>	<b>1 362,0</b>	<b>1 256,8</b>
<b>Other business and non-business services</b>	<b>149 425,2</b>	<b>4 196,2</b>	<b>3 872,1</b>
Postal services	682,9	19,2	17,7
Telecommunication and radiocommunication services	1 093,5	30,7	28,3
Construction and assembly work	5 461,2	153,4	141,5
Merchandising	2 847,0	79,9	73,8
Repairs	555,3	15,6	14,4
Non-life insurance	9 111,7	255,9	236,1
Life insurance and pension funding	4 210,9	118,3	109,1
Financial services	15 563,5	437,0	403,3
Advertising services	2 837,9	79,7	73,5
Legal, accounting and consultancy services	10 037,1	281,9	260,1
Rents	3 721,0	104,5	96,4
Rental and leasing of intangible assets	1 146,4	32,2	29,7
Rental and leasing of machinery and equipment	1 068,1	30,0	27,7
Research and development	5 028,0	141,2	130,3
Royalties, licence fees, etc.	3 175,9	89,2	82,3
Computer and information services	3 189,2	89,6	82,7
Intermediation services	5 257,6	147,6	136,3
Technical services	5 079,5	142,6	131,6
Other business services	61 359,8	1 723,1	1 590,1
Mining and processing activities	390,2	11,0	10,1
Czech company representations abroad	749,8	21,1	19,4
Foreign company representations in the Czech Republic	302,2	8,5	7,8
Audio-visual services	284,0	8,0	7,4



	in CZK millions	in EUR millions	in USD millions
Cultural, recreational, sports and education services	3 003,6	84,3	77,8
Health services	471,2	13,2	12,2
Government revenues	85,0	2,4	2,2
Czech embassies and consulates abroad	1 941,9	54,5	50,3
Foreign embassies and consulates in the Czech Republic	770,8	21,6	20,0
<b>Income</b>	<b>-29 495,1</b>	<b>-828,3</b>	<b>-764,3</b>
<b>Credit</b>	<b>70 639,4</b>	<b>1 983,7</b>	<b>1 830,5</b>
Interest received and income from CNB reserve holdings	64 816,0	1 820,2	1 679,6
Income earned abroad	4 300,0	120,7	111,4
Other (dividends etc.)	1 523,4	42,8	39,5
<b>Debit</b>	<b>100 134,5</b>	<b>2 812,0</b>	<b>2 594,8</b>
Interest paid	57 541,9	1 615,9	1 491,1
Costs for foreigners' work in the Czech Republic	14 700,0	412,8	380,9
Other (reinvested earnings, dividends and other income from domestic securities)	27 892,6	783,3	722,8
<b>Current transfers</b>	<b>10 988,1</b>	<b>308,6</b>	<b>284,8</b>
Credit	27 604,6	775,2	715,4
Debit	16 616,5	466,6	430,6
<b>B. CAPITAL ACCOUNT</b>	<b>-195,3</b>	<b>-5,5</b>	<b>-5,1</b>
Credit	224,9	6,3	5,8
Debit	420,2	11,8	10,9
<b>C. FINANCIAL ACCOUNT</b>	<b>129 632,2</b>	<b>3 640,3</b>	<b>3 359,2</b>
<b>Direct investment</b>	<b>172 768,1</b>	<b>4 851,6</b>	<b>4 477,0</b>
<b>Czech abroad</b>	<b>-4 557,6</b>	<b>-128,0</b>	<b>-118,1</b>
Equity capital and reinvested earnings	-4 005,0	-112,5	-103,8
Other capital	-552,6	-15,5	-14,3
<b>Foreign in the Czech Republic</b>	<b>177 325,7</b>	<b>4 979,6</b>	<b>4 595,1</b>
Equity capital and reinvested earnings	162 378,8	4 559,9	4 207,8
Other capital	14 946,9	419,7	387,3
<b>Portfolio investment</b>	<b>-68 172,9</b>	<b>-1 914,4</b>	<b>-1 766,6</b>
<b>Assets</b>	<b>-86 631,8</b>	<b>-2 432,8</b>	<b>-2 244,9</b>
Equity securities	-44 181,0	-1 240,7	-1 144,9
Debt securities	-42 450,8	-1 192,1	-1 100,0
<b>Liabilities</b>	<b>18 458,9</b>	<b>518,4</b>	<b>478,3</b>
Equity securities	23 810,9	668,7	617,0
Debt securities	-5 352,0	-150,3	-138,7
<b>Financial derivatives</b>	<b>-1 817,9</b>	<b>-51,1</b>	<b>-47,1</b>
<b>Assets</b>	<b>-4 916,7</b>	<b>-138,1</b>	<b>-127,4</b>
<b>Liabilities</b>	<b>3 098,8</b>	<b>87,0</b>	<b>80,3</b>
<b>Other investment</b>	<b>26 854,9</b>	<b>754,2</b>	<b>695,9</b>
<b>Assets</b>	<b>35 832,1</b>	<b>1 006,3</b>	<b>928,5</b>
Long-term	21 322,2	598,8	552,5
CNB			
Commercial banks	14 362,2	403,3	372,2
Government	2 937,0	82,5	76,1
Other sectors	4 023,0	113,0	104,2
Short-term	14 509,9	407,5	376,0
Commercial banks	22 001,9	617,9	570,1
Government			
Other sectors	-7 492,0	-210,4	-194,1
<b>Liabilities</b>	<b>-8 977,2</b>	<b>-252,1</b>	<b>-232,6</b>
Long-term	-26 212,5	-736,1	-679,2
CNB	-22,8	-0,6	-0,6
Commercial banks	-31 523,7	-885,3	-816,9
Government	-1 837,6	-51,6	-47,6
Other sectors	7 171,6	201,4	185,9
Short-term	17 235,3	484,0	446,6
CNB	-17,0	-0,5	-0,4
Commercial banks	-3 812,5	-107,1	-98,8
Government			
Other sectors	21 064,8	591,6	545,8
<b>D. NET ERRORS AND OMISSIONS, VALUATION CHANGES</b>	<b>-6 416,0</b>	<b>-180,1</b>	<b>-166,2</b>
<b>E. CHANGE IN RESERVES (- increase)</b>	<b>-31 592,8</b>	<b>-887,2</b>	<b>-818,7</b>

CZK/EUR 35,610

CZK/USD 38,590

## INTERNATIONAL INVESTMENT POSITION

in CZK millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>ASSETS</b>	<b>407 149,6</b>	<b>537 699,2</b>	<b>574 184,6</b>	<b>782 003,5</b>	<b>837 143,2</b>	<b>1 031 410,7</b>	<b>1 087 507,3</b>	<b>1 347 954,9</b>	<b>1 450 573,1</b>
<b>Direct investment abroad</b>	<b>2 634,0</b>	<b>5 432,9</b>	<b>8 426,9</b>	<b>9 190,1</b>	<b>13 609,2</b>	<b>18 989,4</b>	<b>24 003,5</b>	<b>25 114,9</b>	<b>29 656,6</b>
Equity capital 2)	2 634,0	5 432,9	8 426,9	9 190,1	13 609,2	18 385,1	21 901,2	22 415,9	26 400,6
Other capital 3)						604,3	2 102,3	2 699,0	3 256,0
<b>Portfolio investment</b>	<b>226,0</b>	<b>8 258,0</b>	<b>12 138,0</b>	<b>20 076,9</b>	<b>37 511,2</b>	<b>35 738,9</b>	<b>35 872,4</b>	<b>104 345,3</b>	<b>180 431,3</b>
Equity securities	226,0	7 911,1	9 370,5	18 422,0	20 450,3	14 442,0	13 415,5	66 318,2	92 222,9
Debt securities		346,9	2 767,5	1 654,9	17 060,9	21 296,9	22 456,9	38 027,1	88 208,4
<b>Financial derivatives 4)</b>									<b>6 762,3</b>
<b>Other investment</b>	<b>379 942,2</b>	<b>408 028,1</b>	<b>378 497,8</b>	<b>379 698,8</b>	<b>446 138,8</b>	<b>638 157,7</b>	<b>650 948,4</b>	<b>757 065,5</b>	<b>736 903,7</b>
Long-term	233 870,3	250 509,3	230 336,9	215 740,8	236 003,0	294 256,5	287 328,8	323 131,1	315 625,5
CNB 5)	23 102,5	24 572,5	24 573,3	26 172,3	26 122,8	26 122,4	26 122,4		329,1
Commercial banks 6)	365,9	1 852,3	1 763,0	5 116,6	25 181,3	37 088,8	64 041,6	89 900,1	75 537,9
Government 7) 8)	168 475,9	188 278,5	176 094,6	159 260,9	162 103,1	205 142,0	176 213,4	210 221,3	220 777,8
Other sectors	41 926,0	35 806,0	27 906,0	25 191,0	22 595,8	25 903,3	20 951,4	23 009,7	18 980,7
Short-term	146 071,9	157 518,8	148 160,9	163 958,0	210 135,8	343 901,2	363 619,6	433 934,4	421 278,2
CNB 9)	4,7	4,7	4,7	4,7	4,7	0,1	0,1		52,9
Commercial banks 6)	82 456,2	83 133,2	80 820,2	87 176,3	128 481,1	250 670,9	272 219,5	336 117,2	314 115,3
of which: gold and foreign exchange 10) 11)	79 040,1	70 727,5	71 232,8	76 126,9	95 432,8	172 301,6	175 753,2	218 995,8	228 961,7
Government		5 501,9							
Other sectors	63 611,0	68 879,0	67 336,0	76 777,0	81 650,0	93 230,2	91 400,0	97 817,2	107 110,0
<b>CNB reserves 12)</b>	<b>24 347,4</b>	<b>115 980,2</b>	<b>175 121,9</b>	<b>373 037,7</b>	<b>339 884,0</b>	<b>338 524,7</b>	<b>376 683,0</b>	<b>461 429,2</b>	<b>496 819,2</b>
Gold 10)	2 488,2	2 466,4	2 309,3	2 234,6	2 290,3	1 521,9	369,1	677,0	4 640,4
SDR	852,5	247,3		4,7					7,7
Reserve position in the IMF									116,0
Foreign exchange	21 006,7	113 266,5	172 812,6	370 798,4	337 593,7	337 002,8	376 313,9	460 752,2	491 001,2
Other reserve assets									1 053,9
<b>LIABILITIES</b>	<b>307 887,2</b>	<b>423 237,7</b>	<b>507 337,9</b>	<b>723 101,9</b>	<b>906 073,2</b>	<b>1 138 248,1</b>	<b>1 204 984,0</b>	<b>1 458 893,3</b>	<b>1 619 540,0</b>
<b>Direct investment in the Czech Republic</b>	<b>83 488,7</b>	<b>102 539,1</b>	<b>127 533,5</b>	<b>195 526,3</b>	<b>234 301,1</b>	<b>319 820,3</b>	<b>429 167,8</b>	<b>631 505,3</b>	<b>797 681,6</b>
Equity capital 2) 13)	83 488,7	102 539,1	127 533,5	195 526,3	234 301,1	284 674,7	364 816,5	538 379,3	689 887,3
Other capital 3)						35 145,6	64 351,3	93 126,0	107 794,3
<b>Portfolio investment</b>	<b>4 812,9</b>	<b>58 583,9</b>	<b>81 617,5</b>	<b>124 933,6</b>	<b>144 807,4</b>	<b>169 032,7</b>	<b>166 128,1</b>	<b>165 579,2</b>	<b>164 592,0</b>
Equity securities	75,0	32 985,2	37 335,6	70 280,4	92 867,8	104 862,3	113 247,2	98 011,8	115 670,6
Debt securities	4 737,9	25 598,7	44 281,9	54 653,2	51 939,6	64 170,4	52 880,9	67 567,4	48 921,4
<b>Financial derivatives 4)</b>									<b>5 307,9</b>
<b>Other investment</b>	<b>219 585,6</b>	<b>262 114,7</b>	<b>298 186,9</b>	<b>402 642,0</b>	<b>526 964,7</b>	<b>649 395,1</b>	<b>609 688,1</b>	<b>661 808,8</b>	<b>651 958,5</b>
Long-term	158 430,0	192 426,3	207 289,7	279 388,9	374 814,7	426 270,1	358 510,5	379 172,2	352 323,4
CNB	31 109,9	33 697,4	1 695,7	2 491,5	2 272,7	2 188,3	1 883,3	197,1	180,4
Commercial banks 6)	14 491,1	16 175,5	26 040,1	90 299,3	143 454,2	143 120,2	124 286,3	118 368,9	84 607,4
Government 7)	70 771,0	82 295,1	76 533,9	53 200,2	44 003,7	38 001,1	23 789,1	20 813,0	19 215,8
Other sectors	42 058,0	60 258,3	103 020,0	133 397,9	185 084,1	242 960,5	208 551,8	239 793,2	248 319,8
Short-term	61 155,6	69 688,4	90 897,2	123 253,1	152 150,0	223 125,0	251 177,6	282 636,6	299 635,1
CNB	8,2	4 581,0	37,9	115,0	55,3	45,5	39,5	25,8	8,8
Commercial banks 6)	19 527,4	22 249,3	41 339,9	69 502,9	101 543,5	168 927,1	193 373,0	229 988,7	226 176,2
Government			5 013,4	1 104,1	314,8	287,5	103,2		
Other sectors	41 620,0	42 858,1	44 506,0	52 531,1	50 236,4	53 864,9	57 661,9	52 622,1	73 450,1
<b>NET INVESTMENT POSITION</b>	<b>99 262,4</b>	<b>114 461,5</b>	<b>66 846,7</b>	<b>58 901,6</b>	<b>-68 930,0</b>	<b>-106 837,4</b>	<b>-117 476,7</b>	<b>-110 938,4</b>	<b>-168 966,9</b>

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) Since 31 December 1997, equity capital has included reinvested earnings

3) Starting with the position on 31 December 1997, part of the credits stemming from credit relations between direct investors and companies have been transferred from other investment (other sectors) to direct investment (other capital)

4) Financial derivatives have been recorded since 31 March 2000 (from banks' position)

5) At the end of 1999 the receivable from the National Bank of Slovakia was transferred from the non-resident position to the resident position

6) In connection with the introduction of CZK convertibility (1 October 1995), koruna assets and liabilities vis-a-vis non-residents are included in the bank position. (Non-resident CZK deposits are included in commercial bank short-term liabilities as of 31 December 1994)

7) During January 1993, part of the receivables and payables in convertible and non-convertible currencies were transferred from the CSOB position to the Ministry of Finance; in column 1 January 1993 these amounts are included in the government position; the receivable vis-a-vis CIS in the data as of 1 January 1993 is expressed as the balance of accounts in XTR and USD, while in later periods the accounts are held in terms of turnover

8) Including foreign currency shares in international non-monetary organisations (The World Bank, EBRD, IBEC, IIB)

9) Since 31 March 2000, this item has included gold not recorded in CNB reserves

10) Gold valued at USD 42.22 per Troy ounce (until 31 December 1999) and at market price (since 31 March 2000)

11) Foreign exchange - convertible currencies

12) In compliance with IMF requirements, CNB reserves have been recorded with a more detailed breakdown (since 31 March 2000)

13) Since 1998, direct investment has included data on equity capital from the balance sheets of foreign-owned companies

## INTERNATIONAL INVESTMENT POSITION

in ECU/EUR millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>ASSETS</b>	<b>11 662,1</b>	<b>16 012,9</b>	<b>16 803,8</b>	<b>22 960,9</b>	<b>24 688,6</b>	<b>26 984,7</b>	<b>31 053,0</b>	<b>37 308,5</b>	<b>41 338,7</b>
<b>Direct investment abroad</b>	<b>75,4</b>	<b>161,8</b>	<b>246,6</b>	<b>269,8</b>	<b>401,3</b>	<b>496,8</b>	<b>685,4</b>	<b>695,1</b>	<b>845,2</b>
Equity capital 2)	75,4	161,8	246,6	269,8	401,3	481,0	625,4	620,4	752,4
Other capital 3)						15,8	60,0	74,7	92,8
<b>Portfolio investment</b>	<b>6,5</b>	<b>245,9</b>	<b>355,2</b>	<b>589,5</b>	<b>1 106,3</b>	<b>935,0</b>	<b>1 024,3</b>	<b>2 888,1</b>	<b>5 142,0</b>
Equity securities	6,5	235,6	274,2	540,9	603,1	377,8	383,1	1 835,6	2 628,2
Debt securities		10,3	81,0	48,6	503,2	557,2	641,2	1 052,5	2 513,8
<b>Financial derivatives 4)</b>									<b>192,7</b>
<b>Other investment</b>	<b>10 882,8</b>	<b>12 151,3</b>	<b>11 077,0</b>	<b>11 148,6</b>	<b>13 157,3</b>	<b>16 696,1</b>	<b>18 587,4</b>	<b>20 954,0</b>	<b>21 000,4</b>
Long-term	6 698,8	7 460,3	6 741,0	6 334,6	6 960,1	7 698,6	8 204,5	8 943,6	8 994,8
CNB 5)	661,7	731,8	719,2	768,5	770,4	683,4	745,9		9,4
Commercial banks 6)	10,5	55,2	51,6	150,2	742,6	970,4	1 828,7	2 488,3	2 152,7
Government 7) 8)	4 825,7	5 607,0	5 153,5	4 676,2	4 780,7	5 367,1	5 031,6	5 818,5	6 291,8
Other sectors	1 200,9	1 066,3	816,7	739,7	666,4	677,7	598,3	636,8	540,9
Short-term	4 184,0	4 691,0	4 336,0	4 814,0	6 197,2	8 997,5	10 382,9	12 010,4	12 005,6
CNB 9)	0,1	0,1	0,1	0,1	0,1				1,5
Commercial banks 6)	2 361,8	2 475,8	2 365,3	2 559,6	3 779,0	6 558,3	7 773,0	9 303,0	8 951,7
of which: gold and foreign exchange 10) 11)	2 264,0	2 106,3	2 084,7	2 235,2	2 814,5	4 507,9	5 018,5	6 061,3	6 525,0
Government		163,8							
Other sectors	1 822,1	2 051,3	1 970,6	2 254,3	2 408,0	2 439,2	2 609,9	2 707,4	3 052,4
<b>CNB reserves 12)</b>	<b>697,4</b>	<b>3 453,9</b>	<b>5 125,0</b>	<b>10 953,0</b>	<b>10 023,7</b>	<b>8 856,8</b>	<b>10 755,9</b>	<b>12 771,3</b>	<b>14 158,4</b>
Gold 10)	71,3	73,4	67,6	65,6	67,5	39,8	10,5	18,7	132,3
SDR	24,4	7,4		0,1					0,2
Reserve position in the IMF									3,3
Foreign exchange	601,7	3 373,1	5 057,4	10 887,3	9 956,2	8 817,0	10 745,4	12 752,6	13 992,6
Other reserve assets									30,0
<b>LIABILITIES</b>	<b>8 819,0</b>	<b>12 604,2</b>	<b>14 847,4</b>	<b>21 231,5</b>	<b>26 721,5</b>	<b>29 779,9</b>	<b>34 407,5</b>	<b>40 379,0</b>	<b>46 153,9</b>
<b>Direct investment in the Czech Republic</b>	<b>2 391,4</b>	<b>3 053,7</b>	<b>3 732,3</b>	<b>5 741,0</b>	<b>6 909,9</b>	<b>8 367,4</b>	<b>12 254,6</b>	<b>17 478,7</b>	<b>22 732,4</b>
Equity capital 2) 13)	2 391,4	3 053,7	3 732,3	5 741,0	6 909,9	7 447,9	10 417,1	14 901,2	19 660,5
Other capital 3)						919,5	1 837,5	2 577,5	3 071,9
<b>Portfolio investment</b>	<b>137,9</b>	<b>1 744,6</b>	<b>2 388,5</b>	<b>3 668,2</b>	<b>4 270,6</b>	<b>4 422,4</b>	<b>4 743,7</b>	<b>4 582,8</b>	<b>4 690,6</b>
Equity securities	2,2	982,3	1 092,6	2 063,5	2 738,8	2 743,5	3 233,7	2 712,7	3 296,4
Debt securities	135,7	762,3	1 295,9	1 604,7	1 531,8	1 678,9	1 510,0	1 870,1	1 394,2
<b>Financial derivatives 4)</b>									<b>151,3</b>
<b>Other investment</b>	<b>6 289,7</b>	<b>7 805,9</b>	<b>8 726,6</b>	<b>11 822,3</b>	<b>15 541,0</b>	<b>16 990,1</b>	<b>17 409,2</b>	<b>18 317,5</b>	<b>18 579,6</b>
Long-term	4 538,0	5 730,6	6 066,4	8 203,3	11 053,9	11 152,4	10 237,0	10 494,7	10 040,5
CNB	891,1	1 003,6	49,6	73,2	67,0	57,3	53,8	5,5	5,1
Commercial banks 6)	415,1	481,7	762,1	2 651,4	4 230,7	3 744,4	3 548,9	3 276,2	2 411,1
Government 7)	2 027,1	2 450,8	2 239,8	1 562,0	1 297,8	994,2	679,3	576,0	547,6
Other sectors	1 204,7	1 794,5	3 014,9	3 916,7	5 458,4	6 356,5	5 955,0	6 637,0	7 076,7
Short-term	1 751,7	2 075,3	2 660,2	3 619,0	4 487,1	5 837,7	7 172,2	7 822,8	8 539,1
CNB	0,2	136,4	1,1	3,4	1,6	1,2	1,1	0,7	0,3
Commercial banks 6)	559,4	662,6	1 209,9	2 040,7	2 994,7	4 419,7	5 521,7	6 365,6	6 445,6
Government			146,7	32,4	9,3	7,5	2,9		
Other sectors	1 192,1	1 276,3	1 302,5	1 542,5	1 481,5	1 409,3	1 646,5	1 456,5	2 093,2
<b>NET INVESTMENT POSITION</b>	<b>2 843,1</b>	<b>3 408,7</b>	<b>1 956,4</b>	<b>1 729,4</b>	<b>-2 032,9</b>	<b>-2 795,2</b>	<b>-3 354,5</b>	<b>-3 070,5</b>	<b>-4 815,2</b>

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) Since 31 December 1997, equity capital has included reinvested earnings

3) Starting with the position on 31 December 1997, part of the credits stemming from credit relations between direct investors and companies have been transferred from other investment (other sectors) to direct investment (other capital)

4) Financial derivatives have been recorded since 31 March 2000 (from banks' position)

5) At the end of 1999 the receivable from the National Bank of Slovakia was transferred from the non-resident position to the resident position

6) In connection with the introduction of CZK convertibility (1 October 1995), koruna assets and liabilities vis-a-vis non-residents are included in the bank position. (Non-resident CZK deposits are included in commercial bank short-term liabilities as of 31 December 1994)

7) During January 1993, part of the receivables and payables in convertible and non-convertible currencies were transferred from the CSOB position to the Ministry of Finance; in column 1 January 1993 these amounts are included in the government position; the receivable vis-à-vis CIS in the data as of 1 January 1993 is expressed as the balance of accounts in XTR and USD, while in later periods the accounts are held in terms of turnover

8) Including foreign currency shares in international non-monetary organisations (The World Bank, EBRD, IBEC, IIB)

9) Since 31 March 2000, this item has included gold not recorded in CNB reserves

10) Gold valued at USD 42.22 per Troy ounce (until 31 December 1999) and at market price (since 31 March 2000)

11) Foreign exchange - convertible currencies

12) In compliance with IMF requirements, CNB reserves have been recorded with a more detailed breakdown (since 31 March 2000)

13) Since 1998, direct investment has included data on equity capital from the balance sheets of foreign-owned companies

## INTERNATIONAL INVESTMENT POSITION

in USD millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>ASSETS</b>	<b>14 088,7</b>	<b>17 950,3</b>	<b>20 470,7</b>	<b>29 396,4</b>	<b>30 628,7</b>	<b>29 778,6</b>	<b>36 426,3</b>	<b>37 465,0</b>	<b>38 361,8</b>
<b>Direct investment abroad</b>	<b>91,2</b>	<b>181,4</b>	<b>300,4</b>	<b>345,5</b>	<b>497,9</b>	<b>548,2</b>	<b>804,0</b>	<b>698,0</b>	<b>784,3</b>
Equity capital 2)	91,2	181,4	300,4	345,5	497,9	548,2	804,0	698,0	784,3
Other capital 3)						17,4	70,4	75,0	86,1
<b>Portfolio investment</b>	<b>7,8</b>	<b>275,7</b>	<b>432,8</b>	<b>754,7</b>	<b>1 372,4</b>	<b>1 031,9</b>	<b>1 201,6</b>	<b>2 900,2</b>	<b>4 771,7</b>
Equity securities	7,8	264,1	334,1	682,5	748,2	417,0	449,4	1 843,3	2 438,9
Debt securities		11,6	98,7	62,2	624,2	614,9	752,2	1 056,9	2 332,8
<b>Financial derivatives 4)</b>									<b>178,8</b>
<b>Other investment</b>	<b>13 147,2</b>	<b>13 621,4</b>	<b>13 494,1</b>	<b>14 273,3</b>	<b>16 323,0</b>	<b>18 424,7</b>	<b>21 803,6</b>	<b>21 041,9</b>	<b>19 488,1</b>
Long-term	8 092,7	8 362,9	8 211,9	8 109,9	8 634,7	8 495,7	9 624,1	8 981,1	8 347,0
CNB 5)	799,4	820,3	876,1	983,8	955,8	754,2	875,0		8,7
Commercial banks 6)	12,7	61,8	62,8	192,3	921,9	1 070,8	2 145,1	2 498,7	1 997,7
Government 7) 8)	5 829,8	6 285,4	6 278,1	5 986,8	5 930,9	5 922,8	5 902,3	5 842,9	5 838,7
Other sectors	1 450,8	1 195,4	994,9	947,0	826,7	747,9	701,7	639,5	501,9
Short-term	5 054,5	5 258,5	5 282,2	6 163,4	7 688,3	9 929,0	12 179,5	12 060,8	11 141,1
CNB 9)	0,2	0,2	0,2	0,2	0,2				1,4
Commercial banks 6)	2 853,2	2 775,2	2 881,4	3 277,1	4 700,8	7 237,3	9 118,0	9 342,1	8 307,1
of which: gold and foreign exchange 10) 11)	2 735,0	2 361,1	2 539,6	2 861,7	3 491,6	4 974,6	5 886,9	6 086,8	6 055,1
Government		183,7							
Other sectors	2 201,1	2 299,4	2 400,6	2 886,1	2 987,3	2 691,7	3 061,5	2 718,7	2 832,6
<b>CNB reserves 12)</b>	<b>842,5</b>	<b>3 871,8</b>	<b>6 243,4</b>	<b>14 022,9</b>	<b>12 435,4</b>	<b>9 773,8</b>	<b>12 617,1</b>	<b>12 824,9</b>	<b>13 138,9</b>
Gold 10)	86,1	82,3	82,3	84,0	83,8	43,9	12,4	18,8	122,7
SDR	29,5	8,3		0,2					0,2
Reserve position in the IMF									3,1
Foreign exchange	726,9	3 781,2	6 161,1	13 938,7	12 351,6	9 729,9	12 604,7	12 806,1	12 985,0
Other reserve assets									27,9
<b>LIABILITIES</b>	<b>10 653,9</b>	<b>14 129,1</b>	<b>18 087,6</b>	<b>27 182,2</b>	<b>33 150,7</b>	<b>32 863,2</b>	<b>40 361,2</b>	<b>40 548,4</b>	<b>42 830,2</b>
<b>Direct investment in the Czech Republic</b>	<b>2 889,0</b>	<b>3 423,1</b>	<b>4 546,8</b>	<b>7 350,0</b>	<b>8 572,4</b>	<b>9 233,8</b>	<b>14 375,0</b>	<b>17 552,0</b>	<b>21 095,4</b>
Equity capital 2) 13)	2 889,0	3 423,1	4 546,8	7 350,0	8 572,4	8 219,1	12 219,6	14 963,7	18 244,7
Other capital 3)						1 014,7	2 155,4	2 588,3	2 850,7
<b>Portfolio investment</b>	<b>166,5</b>	<b>1 955,7</b>	<b>2 909,8</b>	<b>4 696,4</b>	<b>5 298,1</b>	<b>4 880,3</b>	<b>5 564,5</b>	<b>4 602,1</b>	<b>4 352,7</b>
Equity securities	2,6	1 101,1	1 331,1	2 641,9	3 397,8	3 027,6	3 793,2	2 724,1	3 059,0
Debt securities	163,9	854,6	1 578,7	2 054,5	1 900,3	1 852,7	1 771,3	1 878,0	1 293,7
<b>Financial derivatives 4)</b>									<b>140,4</b>
<b>Other investment</b>	<b>7 598,4</b>	<b>8 750,3</b>	<b>10 631,0</b>	<b>15 135,8</b>	<b>19 280,2</b>	<b>18 749,1</b>	<b>20 421,7</b>	<b>18 394,3</b>	<b>17 241,7</b>
Long-term	5 482,2	6 423,8	7 390,3	10 502,6	13 713,5	12 307,1	12 008,4	10 538,7	9 317,6
CNB	1 076,5	1 124,9	60,5	93,7	83,2	63,2		5,5	4,8
Commercial banks 6)	501,4	540,0	928,4	3 394,5	5 248,6	4 132,1	4 163,0	3 289,9	2 237,5
Government 7)	2 448,9	2 747,3	2 728,6	1 999,8	1 610,0	1 097,1	796,8	578,5	508,2
Other sectors	1 455,4	2 011,6	3 672,8	5 014,6	6 771,7	7 014,7	6 985,5	6 664,8	6 567,1
Short-term	2 116,2	2 326,5	3 240,7	4 633,2	5 566,7	6 442,0	8 413,3	7 855,6	7 924,1
CNB	0,3	152,9	1,4	4,3	2,0	1,3	1,3	0,7	0,2
Commercial banks 6)	675,7	742,8	1 473,9	2 612,7	3 715,2	4 877,2	6 477,1	6 392,3	5 981,4
Government			178,7	41,5	11,5	8,3	3,5		
Other sectors	1 440,2	1 430,8	1 586,7	1 974,7	1 838,0	1 555,2	1 931,4	1 462,6	1 942,5
<b>NET INVESTMENT POSITION</b>	<b>3 434,8</b>	<b>3 821,2</b>	<b>2 383,1</b>	<b>2 214,2</b>	<b>-2 522,0</b>	<b>-3 084,6</b>	<b>-3 934,9</b>	<b>-3 083,4</b>	<b>-4 468,4</b>

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) Since 31 December 1997, equity capital has included reinvested earnings

3) Starting with the position on 31 December 1997, part of the credits stemming from credit relations between direct investors and companies have been transferred from other investment (other sectors) to direct investment (other capital)

4) Financial derivatives have been recorded since 31 March 2000 (from banks' position)

5) At the end of 1999 the receivable from the National Bank of Slovakia was transferred from the non-resident position to the resident position

6) In connection with the introduction of CZK convertibility (1 October 1995), koruna assets and liabilities vis-a-vis non-residents are included in the bank position. (Non-resident CZK deposits are included in commercial bank short-term liabilities as of 31 December 1994)

7) During January 1993, part of the receivables and payables in convertible and non-convertible currencies were transferred from the CSOB position to the Ministry of Finance; in column 1 January 1993 these amounts are included in the government position; the receivable vis-à-vis CIS in the data as of 1 January 1993 is expressed as the balance of accounts in XTR and USD, while in later periods the accounts are held in terms of turnover

8) Including foreign currency shares in international non-monetary organisations (The World Bank, EBRD, IBEC, IIB)

9) Since 31 March 2000, this item has included gold not recorded in CNB reserves

10) Gold valued at USD 42.22 per Troy ounce (until 31 December 1999) and at market price (since 31 March 2000)

11) Foreign exchange - convertible currencies

12) In compliance with IMF requirements, CNB reserves have been recorded with a more detailed breakdown (since 31 March 2000)

13) Since 1998, direct investment has included data on equity capital from the balance sheets of foreign-owned companies

## EXTERNAL DEBT

in CZK millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>Debt in convertible currencies</b>	<b>204 674,7</b>	<b>254 488,1</b>	<b>299 960,7</b>	<b>440 229,3</b>	<b>569 723,6</b>	<b>739 563,0</b>	<b>717 923,6</b>	<b>813 576,5</b>	<b>805 031,2</b>
of which:									
<b>Long-term</b>	<b>152 695,1</b>	<b>194 525,0</b>	<b>218 944,5</b>	<b>306 034,4</b>	<b>405 143,6</b>	<b>495 058,5</b>	<b>446 484,3</b>	<b>497 872,1</b>	<b>466 278,3</b>
<i>by debtor</i>									
CNB	35 399,8	58 836,1	22 845,3	22 268,0	11 178,4	11 548,4	10 952,2	12 527,6	180,4
Commercial banks 2)	14 491,1	16 175,5	27 620,1	95 433,3	150 780,1	158 603,7	133 376,5	128 703,3	95 737,1
Government	61 147,2	59 477,1	61 763,4	52 101,7	46 738,6	42 877,1	32 927,8	32 263,6	29 270,1
Other sectors	41 657,0	60 036,3	106 715,7	136 231,4	196 446,5	282 129,3	269 227,8	324 377,6	341 090,7
<i>by creditor</i>									
Foreign banks	62 121,2	82 449,5	123 078,4	215 916,7	297 305,5	355 794,1	286 227,5	302 825,8	284 670,5
Government institutions	6 685,9	7 346,8	7 482,1	7 039,1	6 631,8	7 269,4	4 409,6	4 239,2	3 405,7
Multilateral institutions	50 127,1	53 292,0	21 036,1	21 381,4	21 250,4	18 825,6	11 520,8	12 786,4	11 560,3
Suppliers and direct investors	29 023,0	25 838,0	32 601,0	24 567,0	27 116,0	46 465,5	72 624,6	93 831,4	101 514,7
Other investors	4 737,9	25 598,7	34 746,9	37 130,2	52 839,9	66 703,9	71 701,8	84 189,3	65 127,1
<b>Short-term</b>	<b>51 979,6</b>	<b>59 963,1</b>	<b>81 016,2</b>	<b>134 194,9</b>	<b>164 580,0</b>	<b>244 504,5</b>	<b>271 439,3</b>	<b>315 704,4</b>	<b>338 752,9</b>
<i>by debtor</i>									
CNB	7,9	4 581,0	37,9	115,0	55,3	45,5	39,5	25,8	8,8
Commercial banks 2)	17 819,7	21 117,0	32 610,3	71 911,8	106 852,6	170 147,0	193 373,0	230 000,5	231 554,0
Government			9 535,0	15 114,0	2 786,0	8 164,0	22,0	7,0	2 115,0
Other sectors	34 152,0	34 265,1	38 833,0	47 054,1	54 886,1	66 148,0	78 004,8	85 671,1	105 075,1
<i>by creditor</i>									
Foreign banks	11 402,7	22 256,0	28 467,5	58 874,2	85 424,0	142 463,2	175 604,1	201 808,8	208 641,7
Suppliers and direct investors	33 069,0	29 664,0	34 132,0	41 986,4	45 914,0	57 831,1	67 446,7	81 794,6	96 634,6
Other investors	7 507,9	8 043,1	18 416,7	33 334,3	33 242,0	44 210,2	28 388,5	32 101,0	33 476,6
<b>DEBT IN NON-CONVERTIBLE CURRENCIES 3)</b>	<b>19 648,8</b>	<b>33 225,3</b>	<b>42 508,1</b>	<b>17 065,9</b>	<b>9 180,7</b>	<b>9 148,1</b>	<b>8 996,7</b>	<b>8 925,7</b>	<b>8 950,9</b>
of which:									
Long-term	10 472,8	23 500,0	23 092,1	10 484,7	8 865,9	8 860,6	8 893,5	8 925,7	8 950,9
Short-term 2)	9 176,0	9 725,3	19 416,0	6 581,2	314,8	287,5	103,2		
<b>TOTAL EXTERNAL DEBT</b>	<b>224 323,5</b>	<b>287 713,4</b>	<b>342 468,8</b>	<b>457 295,2</b>	<b>578 904,3</b>	<b>748 711,1</b>	<b>726 920,3</b>	<b>822 502,2</b>	<b>813 982,1</b>
of which:									
Long-term	163 167,9	218 025,0	242 036,6	316 519,1	414 009,5	503 919,1	455 377,8	506 797,8	475 229,2
Short-term	61 155,6	69 688,4	100 432,2	140 776,1	164 894,8	244 792,0	271 542,5	315 704,4	338 752,9

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) From 31 December 1995 short-term, and from 31 December 1996 also long-term, koruna liabilities vis-à-vis non-residents are included in commercial bank liabilities in convertible currencies, while in data as of 31 December 1994 funds in non-resident koruna accounts are included in short-term liabilities in non-convertible currencies and vis-à-vis the Slovak Republic (methodological change connected with introduction of CZK convertibility from 1 October 1995)

3) Debt vis-à-vis the Slovak Republic: in 1995 in non-convertible currencies; from 1996 the unsettled balance of mutual accounts after termination of clearing is given in non-convertible currencies; other liabilities vis-à-vis the Slovak Republic are included in convertible currencies in compliance with Ministry of Finance Provision No. 282/70 490/95 of 22 December 1995

## EXTERNAL DEBT

in ECU/EUR millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>Debt in convertible currencies</b>	<b>5 862,6</b>	<b>7 578,8</b>	<b>8 778,5</b>	<b>12 925,9</b>	<b>16 802,0</b>	<b>19 349,2</b>	<b>20 499,8</b>	<b>22 518,1</b>	<b>22 941,9</b>
of which:									
<b>Long-term</b>	<b>4 373,7</b>	<b>5 793,1</b>	<b>6 407,5</b>	<b>8 985,7</b>	<b>11 948,3</b>	<b>12 952,2</b>	<b>12 749,0</b>	<b>13 780,1</b>	<b>13 288,0</b>
<i>by debtor</i>									
CNB	1 014,0	1 752,2	668,6	653,8	329,7	302,2	312,7	346,8	5,1
Commercial banks 2)	415,1	481,7	808,3	2 802,1	4 446,7	4 146,9	3 808,5	3 562,2	2 728,3
Government	1 751,4	1 771,3	1 807,5	1 529,8	1 378,4	1 121,8	940,2	893,0	834,1
Other sectors	1 193,2	1 787,9	3 123,1	4 000,0	5 793,5	7 381,3	7 687,6	8 978,1	9 720,5
<i>by creditor</i>									
Foreign banks	1 779,4	2 455,4	3 602,0	6 339,7	8 768,0	9 908,6	8 173,1	8 381,6	8 112,6
Government institutions	191,5	218,8	218,9	206,7	195,6	190,2	125,9	117,3	97,0
Multilateral institutions	1 435,8	1 587,1	615,6	627,8	626,7	492,5	328,9	353,9	329,4
Suppliers and direct investors	831,3	769,5	954,1	721,3	799,7	1 215,7	2 073,7	2 597,1	2 893,0
Other investors	135,7	762,3	1 016,9	1 090,2	1 558,3	1 745,2	2 047,4	2 330,2	1 856,0
<b>Short-term</b>	<b>1 488,9</b>	<b>1 785,7</b>	<b>2 371,0</b>	<b>3 940,2</b>	<b>4 853,7</b>	<b>6 397,0</b>	<b>7 750,8</b>	<b>8 738,0</b>	<b>9 653,9</b>
<i>by debtor</i>									
CNB	0,2	136,4	1,1	3,4	1,6	1,2	1,1	0,7	0,3
Commercial banks 2)	510,5	628,9	954,4	2 111,4	3 151,2	4 451,6	5 521,7	6 365,9	6 598,9
Government			279,0	443,8	82,2	213,6	0,6	0,2	60,3
Other sectors	978,2	1 020,4	1 136,5	1 381,6	1 618,7	1 730,6	2 227,4	2 371,2	2 994,4
<i>by creditor</i>									
Foreign banks	326,6	662,8	833,1	1 728,6	2 519,3	3 727,3	5 014,3	5 585,6	5 945,9
Suppliers and direct investors	947,2	883,4	998,9	1 232,8	1 354,1	1 513,0	1 925,9	2 263,9	2 753,9
Other investors	215,1	239,5	539,0	978,8	980,3	1 156,7	810,6	888,5	954,1
<b>DEBT IN NON-CONVERTIBLE CURRENCIES 3)</b>	<b>562,8</b>	<b>989,4</b>	<b>1 244,0</b>	<b>501,1</b>	<b>270,8</b>	<b>239,3</b>	<b>256,9</b>	<b>247,0</b>	<b>255,1</b>
of which:									
Long-term	300,0	699,8	675,8	307,8	261,5	231,8	254,0	247,0	255,1
Short-term 2)	262,8	289,6	568,2	193,3	9,3	7,5	2,9		
<b>TOTAL EXTERNAL DEBT</b>	<b>6 425,4</b>	<b>8 568,2</b>	<b>10 022,5</b>	<b>13 427,0</b>	<b>17 072,8</b>	<b>19 588,5</b>	<b>20 756,7</b>	<b>22 765,1</b>	<b>23 197,0</b>
of which:									
Long-term	4 673,7	6 492,9	7 083,3	9 293,5	12 209,8	13 184,0	13 003,0	14 027,1	13 543,1
Short-term	1 751,7	2 075,3	2 939,2	4 133,5	4 863,0	6 404,5	7 753,7	8 738,0	9 653,9

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) From 31 December 1995 short-term, and from 31 December 1996 also long-term, koruna liabilities vis-à-vis non-residents are included in commercial bank liabilities in convertible currencies, while in data as of 31 December 1994 funds in non-resident koruna accounts are included in short-term liabilities in non-convertible currencies and vis-à-vis the Slovak Republic (methodological change connected with introduction of CZK convertibility from 1 October 1995)

3) Debt vis-à-vis the Slovak Republic: in 1995 in non-convertible currencies; from 1996 the unsettled balance of mutual accounts after termination of clearing is given in non-convertible currencies; other liabilities vis-à-vis the Slovak Republic are included in convertible currencies in compliance with Ministry of Finance Provision No. 282/70 490/95 of 22 December 1995

## EXTERNAL DEBT

in USD millions	1 Jan. 1993	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999 1)	31 Dec. 2000 1)
<b>Debt in convertible currencies</b>	<b>7 082,4</b>	<b>8 495,7</b>	<b>10 694,2</b>	<b>16 548,8</b>	<b>20 844,6</b>	<b>21 352,4</b>	<b>24 047,0</b>	<b>22 612,5</b>	<b>21 289,8</b>
of which:									
<b>Long-term</b>	<b>5 283,7</b>	<b>6 493,9</b>	<b>7 805,8</b>	<b>11 504,2</b>	<b>14 823,1</b>	<b>14 293,2</b>	<b>14 955,1</b>	<b>13 837,9</b>	<b>12 331,2</b>
<i>by debtor</i>									
CNB	1 224,9	1 964,1	814,5	837,1	409,0	333,4	366,9	348,2	4,8
Commercial banks 2)	501,4	540,0	984,7	3 587,5	5 516,6	4 576,2	4 467,5	3 577,2	2 531,8
Government	2 115,9	1 985,6	2 202,0	1 958,5	1 710,1	1 237,9	1 102,9	896,7	774,1
Other sectors	1 441,5	2 004,2	3 804,6	5 121,1	7 187,4	8 145,7	9 017,8	9 015,8	9 020,5
<i>by creditor</i>									
Foreign banks	2 149,6	2 752,4	4 388,0	8 116,6	10 877,6	10 272,3	9 587,2	8 416,7	7 528,4
Government institutions	231,4	245,3	266,7	264,6	242,6	209,9	147,7	117,8	90,1
Multilateral institutions	1 734,5	1 779,1	750,0	803,8	777,5	543,5	385,9	355,4	305,7
Suppliers and direct investors	1 004,3	862,5	1 162,3	923,5	992,1	1 341,6	2 432,6	2 608,0	2 684,7
Other investors	163,9	854,6	1 238,8	1 395,7	1 933,3	1 925,9	2 401,7	2 340,0	1 722,3
<b>Short-term</b>	<b>1 798,7</b>	<b>2 001,8</b>	<b>2 888,4</b>	<b>5 044,6</b>	<b>6 021,5</b>	<b>7 059,2</b>	<b>9 091,9</b>	<b>8 774,6</b>	<b>8 958,6</b>
<i>by debtor</i>									
CNB	0,3	152,9	1,4	4,3	2,0	1,3	1,3	0,7	0,2
Commercial banks 2)	616,6	705,0	1 162,6	2 703,3	3 909,5	4 912,4	6 477,1	6 392,6	6 123,7
Government			339,9	568,2	101,9	235,7	0,7	0,2	55,9
Other sectors	1 181,8	1 143,9	1 384,5	1 768,8	2 008,1	1 909,8	2 612,8	2 381,1	2 778,8
<i>by creditor</i>									
Foreign banks	394,6	743,0	1 014,9	2 213,2	3 125,4	4 113,1	5 881,9	5 609,1	5 517,7
Suppliers and direct investors	1 144,3	990,3	1 216,9	1 578,3	1 679,9	1 669,7	2 259,1	2 273,3	2 555,6
Other investors	259,8	268,5	656,6	1 253,1	1 216,2	1 276,4	950,9	892,2	885,3
<b>DEBT IN NON-CONVERTIBLE CURRENCIES 3)</b>	<b>679,9</b>	<b>1 109,2</b>	<b>1 515,5</b>	<b>641,5</b>	<b>335,9</b>	<b>264,1</b>	<b>301,4</b>	<b>248,1</b>	<b>236,7</b>
of which:									
Long-term	362,4	784,5	823,3	394,1	324,4	255,8	297,9	248,1	236,7
Short-term 2)	317,5	324,7	692,2	247,4	11,5	8,3	3,5		
<b>TOTAL EXTERNAL DEBT</b>	<b>7 762,3</b>	<b>9 604,9</b>	<b>12 209,7</b>	<b>17 190,3</b>	<b>21 180,5</b>	<b>21 616,5</b>	<b>24 348,4</b>	<b>22 860,6</b>	<b>21 526,5</b>
of which:									
Long-term	5 646,1	7 278,4	8 629,1	11 898,3	15 147,5	14 549,0	15 253,0	14 086,0	12 567,9
Short-term	2 116,2	2 326,5	3 580,6	5 292,0	6 033,0	7 067,5	9 095,4	8 774,6	8 958,6

1) 31 December 1999 - revised data; 31 December 2000 - preliminary data

2) From 31 December 1995 short-term, and from 31 December 1996 also long-term, koruna liabilities vis-à-vis non-residents are included in commercial bank liabilities in convertible currencies, while in data as of 31 December 1994 funds in non-resident koruna accounts are included in short-term liabilities in non-convertible currencies and vis-à-vis the Slovak Republic (methodological change connected with introduction of CZK convertibility from 1 October 1995)

3) Debt vis-à-vis the Slovak Republic: in 1995 in non-convertible currencies; from 1996 the unsettled balance of mutual accounts after termination of clearing is given in non-convertible currencies; other liabilities vis-à-vis the Slovak Republic are included in convertible currencies in compliance with Ministry of Finance Provision No. 282/70 490/95 of 22 December 1995

THE CZECH REPUBLIC'S DEBT SERVICE ON LONG-TERM DEBT IN CONVERTIBLE CURRENCIES BY CREDITOR AND DEBTOR AS OF 31 DEC. 2000

in CZK millions

		Debt as of										
		31 Dec. 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010-22
<b>CREDITORS - total</b>	principal	466 278	116 672	84 593	68 921	48 187	49 255	31 512	13 338	14 474	21 094	18 232
	interest	23 502	23 502	18 403	14 150	10 457	7 967	5 584	3 846	2 821	1 933	1 105
Foreign banks	principal	284 670	78 022	48 303	41 088	31 860	24 780	16 099	12 083	6 882	11 597	13 956
	interest		13 857	10 783	8 215	6 087	4 434	3 155	2 339	1 727	1 186	836
Government institutions	principal	3 406	568	568	568	568	568	566				
	interest		183	151	119	88	56	23				
Multilateral institutions	principal	11 560	1 862	1 863	1 862	1 863	1 862	1 862	378			
	interest		849	705	561	419	274	131	12	0		
Suppliers and direct investors	principal	101 515	26 109	20 303	15 227	12 686	14 219	12 971				
	interest*		4 097	3 159	2 358	1 739	1 122	778				
Other investors	principal	65 127	10 111	13 556	10 176	1 210	7 826	14	877	7 584	9 497	4276
	interest		4 516	3 605	2 897	2 124	2 081	1 497	1 495	1 094	747	269
<b>DEBTORS - total</b>	principal	466 278	116 672	84 593	68 921	48 187	49 255	31 512	13 338	14 474	21 094	18 232
	interest	23 502	23 502	18 403	14 150	10 457	7 967	5 584	3 846	2 821	1 933	1 105
CNB	principal	180	23	23	23	23	23	23	23	19		
	interest		12	10	8	7	5	4	2	0		
Commercial banks	principal	95 737	35 387	18 012	16 220	6 060	5 113	803	1 157	7 878	3 396	1 711
	interest		4 306	3 661	2 634	1 628	1 349	1 120	1 090	649	221	90
Government	principal	29 270	5 044	5 124	2 148	2 303	1 831	1 714	608	9	7 027	3 462
	interest		1 775	1 321	1 193	1 007	844	711	615	584	584	253
Other sectors	principal	341 091	76 218	61 434	50 530	39 801	42 288	28 972	11 550	6 568	10 671	13 059
	interest		17 409	13 411	10 315	7 815	5 769	3 749	2 139	1 588	1 128	762
<b>TOTAL</b>	principal	466 278	116 672	84 593	68 921	48 187	49 255	31 512	13 338	14 474	21 094	18 232
	interest	23 502	23 502	18 403	14 150	10 457	7 967	5 584	3 846	2 821	1 933	1 105
<b>OVERALL DEBT SERVICE</b>		466 278	140 174	102 996	83 071	58 644	57 222	37 096	17 184	17 295	23 027	19 337

in USD millions

		Debt as of										
		31 Dec. 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010-22
<b>CREDITORS - total</b>	principal	12 331	3 085	2 237	1 823	1 275	1 302	833	353	383	558	482
	interest	622	622	487	375	276	210	148	102	75	51	29
Foreign banks	principal	7 528	2 063	1 277	1 087	843	655	426	319	182	307	369
	interest		367	285	217	161	117	83	62	46	31	22
Government institutions	principal	90	15	15	15	15	15	15				
	interest		5	4	3	2	1	1				
Multilateral institutions	principal	306	50	49	49	49	49	49	11			
	interest		22	19	16	11	7	3				
Suppliers and direct investors	principal	2 685	690	537	403	336	376	343				
	interest*		108	84	62	46	30	21				
Other investors	principal	1 722	267	359	269	32	207	0	23	201	251	113
	interest		120	95	77	56	55	40	40	29	20	7
<b>DEBTORS - total</b>	principal	12 331	3 085	2 237	1 823	1 275	1 302	833	353	383	558	482
	interest	622	622	487	375	276	210	148	102	75	51	29
CNB	principal	5	1	1	1	1	1					
	interest		1									
Commercial banks	principal	2 532	935	475	429	160	135	22	32	209	90	45
	interest		114	97	70	43	35	30	29	18	6	2
Government	principal	774	133	136	57	61	48	45	16		186	92
	interest		47	35	32	27	22	19	16	15	15	7
Other sectors	principal	9 020	2 016	1 625	1 336	1 053	1 118	766	305	174	282	345
	interest		460	355	273	206	153	99	57	42	30	20
<b>TOTAL</b>	principal	12 331	3 085	2 237	1 823	1 275	1 302	833	353	383	558	482
	interest	622	622	487	375	276	210	148	102	75	51	29
<b>OVERALL DEBT SERVICE</b>		12 331	3 707	2 724	2 198	1 551	1 512	981	455	458	609	511

in EUR millions

		Debt as of										
		31 Dec. 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010-22
<b>CREDITORS - total</b>	principal	13 288	3 325	2 411	1 964	1 374	1 404	898	379	412	601	520
	interest	670	670	524	403	298	227	159	110	80	55	31
Foreign banks	principal	8 113	2 224	1 377	1 171	908	707	459	344	196	330	398
	interest		395	307	234	172	126	90	67	49	34	24
Government institutions	principal	97	17	16	16	16	16	16				
	interest		5	4	3	3	2	1				
Multilateral institutions	principal	329	53	53	53	53	53	53	10			
	interest		24	20	16	12	8	4				
Suppliers and direct investors	principal	2 893	743	579	434	362	405	370				
	interest*		117	90	67	50	32	22				
Other investors	principal	1 856	288	386	290	35	223	0	25	216	271	122
	interest		129	103	83	61	59	42	43	31	21	7
<b>DEBTORS - total</b>	principal	13 288	3 325	2 411	1 964	1 374	1 404	898	379	412	601	520
	interest	670	670	524	403	298	227	159	110	80	55	31
CNB	principal	5	1	1	1	1	1					
	interest		1									
Commercial banks	principal	2 728	1 008	513	462	173	146	23	33	225	97	49
	interest		123	104	75	46	39	32	31	18	6	3
Government	principal	834	144	146	61	66	52	49	17	0	200	99
	interest		50	38	34	29	24	20	18	17	17	6
Other sectors	principal	9 721	2 172	1 751	1 440	1 134	1 205	826	329	187	304	372
	interest		496	382	294	223	164	107	61	45	32	22
<b>TOTAL</b>	principal	13 288	3 325	2 411	1 964	1 374	1 404	898	379	412	601	520
	interest	670	670	524	403	298	227	159	110	80	55	31
<b>OVERALL DEBT SERVICE</b>		13 288	3 995	2 935	2 367	1 672	1 631	1 057	489	492	656	551



# CZECH DIRECT INVESTMENT ABROAD

by territory

		Outward flows in 2000										
Eurostat/OECD Code	Geographic and economic zones	Equity capital and reinvested earnings			Other capital			Total			Percentage share	
		in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands		
<b>E1</b>	<b>EUROPE</b>	<b>3 777,8</b>	<b>106 087,9</b>	<b>97 895,6</b>	<b>489,8</b>	<b>13 754,6</b>	<b>12 692,4</b>	<b>4 267,7</b>	<b>119 842,5</b>	<b>110 588,0</b>	<b>93,6</b>	
D2	EU-15	185,1	5 197,6	4 796,2	218,4	6 133,1	5 659,5	403,5	11 330,7	10 455,7	8,9	
	of which:											
LU	Luxembourg	4,1	115,5	106,6	50,1	1 406,9	1 298,3	54,2	1 522,4	1 404,9	1,2	
DE	Germany	84,3	2 368,6	2 185,7	17,3	485,8	448,3	101,6	2 854,4	2 634,0	2,3	
ES	Spain	15,5	434,2	400,7	-1,8	-50,5	-46,6	13,7	383,7	354,0	0,3	
FR	France	1,4	39,8	36,8	-57,8	-1 623,1	-1 497,8	-56,4	-1 583,3	-1 461,0	-1,2	
IT	Italy	1,9	53,2	49,1	0,0	0,0	0,0	1,9	53,2	49,1	0,0	
NL	Netherlands	5,1	142,3	131,4	76,9	2 159,5	1 992,7	82,0	2 301,8	2 124,1	1,8	
AT	Austria	50,2	1 409,0	1 300,2	-0,4	-11,2	-10,4	49,8	1 397,8	1 289,9	1,1	
SE	Sweden	5,9	164,7	151,9	0,0	0,0	0,0	5,9	164,7	151,9	0,1	
GB	United Kingdom	16,7	470,2	433,9	134,1	3 765,8	3 475,0	150,8	4 236,0	3 908,9	3,3	
A5	EFTA	7,0	196,5	181,3	-24,5	-688,0	-634,9	-17,5	-491,5	-453,6	-0,4	
	of which:											
CH	Switzerland	6,3	177,1	163,4	-24,5	-688,0	-634,9	-18,2	-511,0	-471,5	-0,4	
LI	Liechtenstein	0,7	19,4	17,9	0,0	0,0	0,0	0,7	19,4	17,9	0,0	
E2	OTHER EUROPEAN COUNTRIES	3 585,8	100 693,8	92 918,1	295,9	8 309,5	7 667,8	3 881,7	109 003,3	100 588,8	85,2	
	of which:											
BA	Bosnia and Herzegovina	0,1	2,6	2,4	0,0	0,0	0,0	0,1	2,6	2,4	0,0	
BG	Bulgaria	1,0	28,7	26,5	1,0	28,1	25,9	2,0	56,8	52,4	0,0	
BY	Belarus	0,3	7,4	6,8	-0,8	-22,5	-20,7	-0,5	-15,1	-13,9	0,0	
CY	Cyprus	8,2	229,0	211,4	0,0	0,0	0,0	8,2	229,0	211,4	0,2	
LT	Lithuania	3,8	107,2	99,0	0,0	0,0	0,0	3,8	107,2	99,0	0,1	
GI	Gibraltar	0,6	16,7	15,4	0,0	0,0	0,0	0,6	16,7	15,4	0,0	
HR	Croatia	30,4	853,2	787,4	-2,0	-56,2	-51,8	28,4	797,1	735,5	0,6	
HU	Hungary	29,3	821,6	758,2	27,2	763,8	704,8	56,5	1 585,4	1 463,0	1,2	
PL	Poland	1 154,6	32 424,2	29 920,4	14,3	401,6	370,6	1 168,9	32 825,8	30 290,9	25,6	
RO	Romania	0,3	7,4	6,8	0,5	14,0	13,0	0,8	21,5	19,8	0,0	
RU	Russia	728,8	20 465,1	18 884,8	-5,8	-162,9	-150,3	723,0	20 302,2	18 734,5	15,9	
SK	Slovakia	1 462,6	41 072,6	37 900,9	254,1	7 135,6	6 584,6	1 716,7	48 208,3	44 485,5	37,7	
UA	Ukraine	62,9	1 767,1	1 630,7	7,4	207,8	191,8	70,3	1 974,9	1 822,4	1,5	
YU	Yugoslavia	102,9	2 890,8	2 667,6	0,0	0,0	0,0	102,9	2 890,8	2 667,6	2,4	
E7	AMERICA	205,0	5 759,1	5 314,3	96,5	2 709,9	2 500,6	301,5	8 469,0	7 815,0	6,6	
E8	NORTH AMERICA	27,2	764,5	705,5	96,5	2 709,9	2 500,6	123,7	3 474,4	3 206,1	2,7	
	of which:											
US	USA	27,2	764,5	705,5	96,5	2 709,9	2 500,6	123,7	3 474,4	3 206,1	2,7	
E9	CENTRAL AMERICA	177,8	4 994,6	4 608,9	0,0	0,0	0,0	177,8	4 994,6	4 608,9	3,9	
	of which:											
KY	Cayman Islands	0,9	26,2	24,1	0,0	0,0	0,0	0,9	26,2	24,1	0,0	
VG	British Virgin Islands	176,9	4 968,4	4 584,7	0,0	0,0	0,0	176,9	4 968,4	4 584,7	3,9	
F2	ASIA	15,7	442,5	408,3	-33,7	-946,4	-873,3	-18,0	-503,9	-465,0	-0,4	
	of which:											
AE	United Arab Emirates	0,0	0,5	0,4	0,8	22,5	20,7	0,8	22,9	21,2	0,0	
F5	OTHER NEAR AND MIDDLE EAST	5,7	159,2	146,9	0,0	0,0	0,0	5,7	159,2	146,9	0,1	
	of which:											
AZ	Azerbaijan	5,7	159,2	146,9	0,0	0,0	0,0	5,7	159,2	146,9	0,1	
F6	OTHER ASIAN COUNTRIES	10,0	282,8	261,0	-34,5	-968,8	-894,0	-24,5	-686,0	-633,0	-0,5	
	of which:											
CN	China	4,8	134,4	124,0	0,0	0,0	0,0	4,8	134,4	124,0	0,1	
HK	Hong Kong	0,4	12,3	11,3	0,0	0,0	0,0	0,4	12,3	11,3	0,0	
KZ	Kazakhstan	4,8	136,1	125,6	-34,5	-968,8	-894,0	-29,7	-832,7	-768,4	-0,6	
F7	OCEANIA AND POLAR REGIONS	6,4	179,0	165,2	0,0	0,0	0,0	6,4	179,0	165,2	0,1	
	of which:											
AU	Australia	6,4	179,0	165,2	0,0	0,0	0,0	6,4	179,0	165,2	0,1	
A1	<b>Total</b>	<b>4 005,0</b>	<b>112 468,4</b>	<b>103 783,4</b>	<b>552,6</b>	<b>15 518,1</b>	<b>14 319,8</b>	<b>4 557,6</b>	<b>127 986,6</b>	<b>118 103,2</b>	<b>100,0</b>	
U2	EUR - 11	162,5	4 562,7	4 210,4	84,3	2 367,3	2 184,5	246,8	6 930,1	6 394,9	5,4	
A8	OECD	1 408,9	39 564,0	36 508,8	331,9	9 320,4	8 600,7	1 740,8	48 884,4	45 109,4	38,2	
B1	NAFTA	27,2	764,5	705,5	96,5	2 709,9	2 500,6	123,7	3 474,4	3 206,1	2,7	

\* - preliminary data

# CZECH DIRECT INVESTMENT ABROAD

by economic activity

Eurostat/OECD Code	Sectors	Outward flows in 2000									Percentage share
		Equity capital and reinvested earnings			Other capital			Total			
		in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	
	<b>AGRICULTURE, HUNTING, MINING AND QUARRYING</b>	<b>1.5</b>	<b>42.2</b>	<b>39.0</b>	<b>-2.1</b>	<b>-58.9</b>	<b>-54.4</b>	<b>-0.6</b>	<b>-16.7</b>	<b>-15.4</b>	<b>0.0</b>
	of which:										
595	Agriculture, hunting and fishing	0.0	0.0	0.0	-2.1	-58.9	-54.4	-2.1	-58.9	-54.4	0.0
1495	Mining and quarrying	1.5	42.2	39.0	0.0	0.0	0.0	1.5	42.2	39.0	0.0
	<b>MANUFACTURING</b>	<b>1 480.9</b>	<b>41 588.3</b>	<b>38 376.8</b>	<b>189.4</b>	<b>5 317.5</b>	<b>4 906.9</b>	<b>1 670.3</b>	<b>46 905.9</b>	<b>43 283.7</b>	<b>36.6</b>
	of which:										
1605	Food products and beverages	28.5	800.0	738.2	-3.8	-106.7	-98.5	24.7	693.3	639.8	0.5
1805	Textiles and wearing apparel	0.0	1.0	0.9	0.0	0.0	0.0	0.0	1.0	0.9	0.0
2205	Wood, publishing and printing	106.2	2 982.9	2 752.6	-4.0	-113.6	-104.8	102.2	2 869.4	2 647.8	2.2
2595	Refined petroleum products and manufacture of chemical and rubber products	37.1	1 040.6	960.3	0.0	0.0	0.0	37.1	1 040.6	960.3	0.8
2600	Other non-metallic mineral products	257.8	7 240.7	6 681.6	145.1	4 074.7	3 760.0	402.9	11 315.4	10 441.6	8.8
2805	Metal products	112.4	3 157.5	2 913.6	106.7	2 997.2	2 765.7	219.1	6 154.7	5 679.4	4.8
2900	Mechanical products	933.8	26 221.6	24 196.7	3.7	102.3	94.4	937.5	26 323.9	24 291.1	20.6
3100	Electrical machinery and apparatus n.e.c.	2.8	77.5	71.5	0.8	20.9	19.3	3.6	98.4	90.8	0.1
3295	Radio, television, communications equipments, office machinery and computers	0.8	22.8	21.0	-0.1	-2.8	-2.6	0.7	20.0	18.5	0.0
3300	Medical and optical instruments and equipment	0.1	2.8	2.6	0.2	6.9	6.3	0.3	9.7	8.9	0.0
3400	Motor vehicles	0.2	6.9	6.4	0.0	0.0	0.0	0.2	6.9	6.4	0.0
3500	Other transport equipment	0.0	0.0	0.0	-59.2	-1 661.3	-1 533.0	-59.2	-1 661.3	-1 533.0	-1.3
3600	Furniture and manufacturing n.e.c.	0.9	25.8	23.8	0.0	0.0	0.0	0.9	25.8	23.8	0.0
3700	Recycling	0.3	8.2	7.6	0.0	0.0	0.0	0.3	8.2	7.6	0.0
	<b>SERVICES</b>	<b>2 522.6</b>	<b>70 837.8</b>	<b>65 367.6</b>	<b>365.3</b>	<b>10 259.5</b>	<b>9 467.2</b>	<b>2 887.9</b>	<b>81 097.3</b>	<b>74 834.8</b>	<b>63.4</b>
	of which:										
4195	Electricity, gas and water	0.0	0.0	0.0	-2.1	-59.0	-54.4	-2.1	-59.0	-54.4	0.0
4500	Construction	4.9	137.0	126.4	3.5	98.3	90.7	8.4	235.2	217.1	0.2
5295	Trade and repairs	332.9	9 349.4	8 627.4	42.1	1 182.3	1 091.0	375.0	10 531.7	9 718.4	8.2
5500	Hotels and restaurants	0.2	4.5	4.1	0.7	19.7	18.1	0.9	24.1	22.3	0.0
6495	Transport and communication	0.3	8.7	8.0	1.4	40.4	37.3	1.7	49.1	45.3	0.0
6895	Financial intermediation and insurance	1 943.9	54 588.7	50 373.3	16.1	452.1	417.2	1 960.0	55 040.8	50 790.5	43.0
7395	Real estate and other business activities	152.9	4 293.4	3 961.8	258.5	7 259.2	6 686.6	411.4	11 552.6	10 660.4	9.0
9995	Other services	87.5	2 456.3	2 266.6	45.1	1 286.5	1 168.7	132.6	3 722.8	3 435.3	2.9
9999	<b>TOTAL</b>	<b>4 005.0</b>	<b>112 468.4</b>	<b>103 783.4</b>	<b>552.6</b>	<b>15 518.1</b>	<b>14 319.8</b>	<b>4 557.6</b>	<b>127 986.6</b>	<b>118 103.2</b>	<b>100.0</b>

\* - preliminary data

# FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

by territory

Eurostat/OECD Code	Geographic and economic zones	Inward flows in 2000									Percentage share
		Equity capital and reinvested earnings			Other capital			Total			
		in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	
<b>E1</b>	<b>EUROPE</b>	<b>148 632,5</b>	<b>4 173 898,1</b>	<b>3 851 581,0</b>	<b>15 134,1</b>	<b>424 998,3</b>	<b>392 179,1</b>	<b>163 766,6</b>	<b>4 598 896,4</b>	<b>4 243 760,0</b>	<b>92,4</b>
D2	EU-15 of which:	131 148,2	3 682 902,4	3 398 501,0	13 918,9	390 871,7	360 687,7	145 067,1	4 073 774,0	3 759 188,7	81,8
BE	Belgium	455,3	12 785,2	11 797,9	3 906,6	109 705,1	101 233,5	4 361,9	122 490,3	113 031,4	2,5
LU	Luxembourg	2 658,1	74 644,7	68 880,4	-847,1	-23 788,3	-21 951,3	1 811,0	50 856,4	46 929,2	1,0
DK	Denmark	1 430,9	40 182,3	37 079,3	545,9	15 330,0	14 146,2	1 976,8	55 512,3	51 225,5	1,1
FI	Finland	87,2	2 447,6	2 258,6	953,8	26 784,6	24 716,2	1 041,0	29 232,2	26 974,8	0,6
DE	Germany	38 385,3	1 077 936,1	994 695,6	614,2	17 248,0	15 916,0	38 999,5	1 095 184,1	1 010 611,7	22,0
GR	Greece	121,1	3 399,9	3 137,3	0,0	0,0	0,0	121,1	3 399,9	3 137,3	0,1
ES	Spain	1 279,7	35 938,4	33 163,1	48,6	1 364,8	1 259,4	1 328,3	37 303,1	34 422,5	0,7
FR	France	5 966,8	167 559,6	154 620,3	685,2	19 242,9	17 756,9	6 652,0	186 802,5	172 377,2	3,8
IE	Ireland	674,4	18 939,6	17 477,0	0,0	0,0	0,0	674,4	18 939,6	17 477,0	0,4
IT	Italy	1 424,2	39 994,7	36 906,3	1 646,6	46 239,8	42 669,1	3 070,8	86 234,5	79 575,3	1,7
NL	Netherlands	32 964,6	925 711,0	854 225,7	5 849,4	164 262,8	151 578,1	38 814,0	1 089 973,9	1 005 803,8	21,9
AT	Austria	33 492,0	940 520,7	867 891,7	2 697,3	75 745,6	69 896,3	36 189,3	1 016 266,3	937 788,1	20,4
PT	Portugal	3,3	92,9	85,7	21,2	595,3	549,4	24,5	688,2	635,1	0,0
SE	Sweden	5 592,7	157 054,7	144 926,6	-616,8	-17 321,0	-15 983,4	4 975,9	139 733,7	128 943,2	2,8
GB	United Kingdom	6 612,6	185 695,1	171 355,4	-1 586,0	-44 538,1	-41 098,7	5 026,6	141 157,1	130 256,6	2,8
<b>A5</b>	<b>EFTA</b>	<b>6 593,3</b>	<b>185 152,3</b>	<b>170 854,5</b>	<b>1 248,0</b>	<b>35 046,3</b>	<b>32 340,0</b>	<b>7 841,3</b>	<b>220 198,7</b>	<b>203 194,5</b>	<b>4,4</b>
CH	Switzerland	6 040,9	169 639,4	156 539,5	1 179,6	33 125,5	30 567,5	7 220,5	202 765,0	187 107,0	4,1
LI	Liechtenstein	285,1	8 007,0	7 388,6	38,4	1 078,3	995,1	323,5	9 085,3	8 383,7	0,2
NO	Norway	267,3	7 505,9	6 926,3	30,0	842,5	777,4	297,3	8 348,4	7 703,7	0,2
<b>E2</b>	<b>OTHER EUROPEAN COUNTRIES</b>	<b>10 891,0</b>	<b>305 843,3</b>	<b>282 225,5</b>	<b>-32,8</b>	<b>-919,7</b>	<b>-848,7</b>	<b>10 858,2</b>	<b>304 923,7</b>	<b>281 376,8</b>	<b>6,1</b>
BY	Belarus	9,3	261,0	240,9	-0,2	-5,6	-5,2	9,1	255,4	235,7	0,0
CY	Cyprus	4 846,1	136 089,1	125 580,0	-112,8	-3 167,6	-2 923,0	4 733,3	132 921,4	122 657,0	2,7
IS	Iceland	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
GI	Gibraltar	423,2	11 885,1	10 967,3	0,0	0,0	0,0	423,2	11 885,1	10 967,3	0,2
HR	Croatia	51,4	1 444,4	1 332,9	0,0	0,0	0,0	51,4	1 444,4	1 332,9	0,0
HU	Hungary	1 741,7	48 909,9	45 133,0	0,6	16,8	15,5	1 742,3	48 926,8	45 148,6	1,0
MT	Malta	888,4	24 948,8	23 022,2	167,3	4 696,7	4 334,0	1 055,7	29 645,5	27 356,2	0,6
PL	Poland	66,7	1 871,8	1 727,2	86,9	2 441,4	2 252,9	153,6	4 313,2	3 980,1	0,1
RU	Russia	6,3	175,8	162,2	6,9	194,9	179,8	13,2	370,7	342,1	0,0
SI	Slovenia	235,9	6 624,1	6 112,6	10,6	298,2	275,2	246,5	6 922,4	6 387,8	0,1
SK	Slovakia	2 620,0	73 575,0	67 893,4	-192,1	-5 394,6	-4 978,0	2 427,9	68 180,4	62 915,4	1,4
TR	Turkey	1,1	32,7	30,1	0,0	0,0	0,0	1,1	32,7	30,1	0,0
UA	Ukraine	0,9	25,6	23,6	0,0	0,0	0,0	0,9	25,6	23,6	0,0
<b>E7</b>	<b>AMERICA</b>	<b>11 310,6</b>	<b>317 624,9</b>	<b>293 097,3</b>	<b>-522,7</b>	<b>-14 678,5</b>	<b>-13 545,0</b>	<b>10 787,9</b>	<b>302 946,5</b>	<b>279 552,3</b>	<b>6,0</b>
<b>E8</b>	<b>NORTH AMERICA</b>	<b>10 946,2</b>	<b>307 390,3</b>	<b>283 653,0</b>	<b>-601,2</b>	<b>-16 882,9</b>	<b>-15 579,2</b>	<b>10 345,0</b>	<b>290 507,4</b>	<b>268 073,8</b>	<b>5,8</b>
CA	Canada	3 990,8	112 070,5	103 416,2	618,9	17 379,9	16 037,8	4 609,7	129 450,4	119 454,0	2,6
US	USA	6 955,4	195 319,8	180 236,8	-1 220,1	-34 262,8	-31 617,0	5 735,3	161 057,0	148 619,8	3,2
<b>E9</b>	<b>CENTRAL AMERICA</b>	<b>364,4</b>	<b>10 234,7</b>	<b>9 444,3</b>	<b>78,5</b>	<b>2 204,4</b>	<b>2 034,2</b>	<b>442,9</b>	<b>12 439,1</b>	<b>11 478,5</b>	<b>0,2</b>
AN	Netherlands Antilles	17,1	480,4	443,3	0,0	0,0	0,0	17,1	480,4	443,3	0,0
BS	Bahamas	8,1	226,6	209,1	0,0	0,0	0,0	8,1	226,6	209,1	0,0
KN	St Kitts and Nevis	14,8	416,3	384,2	0,0	0,0	0,0	14,8	416,3	384,2	0,0
KY	Cayman Islands	216,3	6 073,0	5 604,0	0,0	0,0	0,0	216,3	6 073,0	5 604,0	0,1
MX	Mexico	13,8	387,5	357,6	0,0	0,0	0,0	13,8	387,5	357,6	0,0
PA	Panama	6,6	186,9	172,5	2,1	59,0	54,4	8,7	245,9	226,9	0,0
VC	St Vincent and the Grenadines	0,1	3,5	3,3	0,0	0,0	0,0	0,1	3,5	3,3	0,0
VG	British Virgin Islands	87,6	2 460,4	2 270,4	78,4	2 145,5	1 979,8	164,0	4 605,8	4 250,2	0,1
<b>F2</b>	<b>ASIA</b>	<b>2 426,9</b>	<b>68 153,0</b>	<b>62 890,1</b>	<b>333,3</b>	<b>9 359,7</b>	<b>8 637,0</b>	<b>2 760,2</b>	<b>77 512,8</b>	<b>71 527,1</b>	<b>1,6</b>
<b>F3</b>	<b>NEAR AND MIDDLE EAST</b>	<b>0,1</b>	<b>3,2</b>	<b>3,0</b>	<b>99,6</b>	<b>2 797,0</b>	<b>2 581,0</b>	<b>99,7</b>	<b>2 800,2</b>	<b>2 583,9</b>	<b>0,1</b>
IL	Israel	0,1	3,2	3,0	99,6	2 797,0	2 581,0	99,7	2 800,2	2 583,9	0,1
<b>F6</b>	<b>OTHER ASIAN COUNTRIES</b>	<b>2 426,8</b>	<b>68 149,8</b>	<b>62 887,1</b>	<b>233,7</b>	<b>6 562,8</b>	<b>6 056,0</b>	<b>2 660,5</b>	<b>74 712,6</b>	<b>68 943,1</b>	<b>1,5</b>
CN	China	70,1	1 969,0	1 816,9	0,0	0,0	0,0	70,1	1 969,0	1 816,9	0,0
HK	Hong Kong	31,9	895,8	826,6	0,0	0,0	0,0	31,9	895,8	826,6	0,0
JP	Japan	2 324,8	65 285,0	60 243,6	233,7	6 562,8	6 056,0	2 558,5	71 847,8	66 299,6	1,5
<b>F7</b>	<b>OCEANIA AND POLAR REGIONS</b>	<b>8,8</b>	<b>245,9</b>	<b>227,0</b>	<b>2,2</b>	<b>61,8</b>	<b>57,0</b>	<b>11,0</b>	<b>307,7</b>	<b>284,0</b>	<b>0,0</b>
AU	Australia	8,8	245,9	227,0	2,2	61,8	57,0	11,0	307,7	284,0	0,0
<b>A1</b>	<b>Total</b>	<b>162 378,8</b>	<b>4 559 921,9</b>	<b>4 207 795,2</b>	<b>14 946,9</b>	<b>419 738,8</b>	<b>387 325,7</b>	<b>177 325,7</b>	<b>4 979 660,7</b>	<b>4 595 120,9</b>	<b>100,0</b>
U2	EUR - 11	117 390,9	3 296 570,4	3 042 002,4	15 575,8	437 400,7	403 623,7	132 966,7	3 733 971,1	3 445 626,1	75,0
A8	OECD	152 559,5	4 284 171,2	3 953 338,6	14 850,7	417 039,6	384 834,9	167 410,2	4 701 210,8	4 338 173,5	94,4
B1	NAFTA	10 960,0	307 777,8	284 010,6	-601,2	-16 882,9	-15 579,2	10 358,8	290 894,9	268 431,4	5,8

\* - preliminary data

# FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

by economic activity

Eurostat/OECD Code	Sectors	Inward flows in 2000									Percentage share
		Equity capital and reinvested earnings			Other capital			Total			
		in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	in CZK millions	in EUR thousands	in USD thousands	
	<b>AGRICULTURE, HUNTING, MINING AND QUARRYING</b>	<b>408,8</b>	<b>11 479,5</b>	<b>10 593,1</b>	<b>964,7</b>	<b>27 091,8</b>	<b>24 999,7</b>	<b>1 373,5</b>	<b>38 571,4</b>	<b>35 592,8</b>	<b>0,8</b>
	of which:										
595	Agriculture, hunting and fishing	415,1	11 656,0	10 755,9	71,9	2 019,9	1 864,0	487,0	13 675,9	12 619,8	0,3
1495	Mining and quarrying	-6,3	-176,4	-162,8	892,8	25 071,9	23 135,8	886,5	24 895,4	22 973,0	0,5
	<b>MANUFACTURING</b>	<b>53 500,7</b>	<b>1 502 405,8</b>	<b>1 386 386,9</b>	<b>1 169,6</b>	<b>32 844,1</b>	<b>30 307,8</b>	<b>54 670,2</b>	<b>1 535 249,9</b>	<b>1 416 694,7</b>	<b>30,8</b>
	of which:										
1605	Food products and beverages	5 155,0	144 761,8	133 583,0	165,7	4 654,3	4 294,9	5 320,7	149 416,2	137 877,9	3,0
1805	Textiles and wearing apparel	1 138,1	31 959,9	29 491,9	997,3	28 007,4	25 844,6	2 135,4	59 967,3	55 336,5	1,2
2205	Wood, publishing and printing	4 402,8	123 639,9	114 092,1	-866,5	-24 331,9	-22 453,0	3 536,4	99 307,9	91 638,2	2,0
2595	Refined petroleum products and manufacture of chemical and rubber products	1 938,2	54 428,8	50 225,7	-1 806,6	-50 732,1	-46 814,5	131,6	3 696,7	3 411,2	0,1
2600	Other non-metallic mineral products	6 978,9	195 981,0	180 847,0	-730,8	-20 520,9	-18 936,3	6 248,1	175 460,1	161 910,7	3,5
2805	Metal products	8 248,1	231 621,9	213 735,6	-27,7	-776,7	-716,8	8 220,4	230 845,2	213 018,8	4,6
2900	Mechanical products	3 470,5	97 458,3	89 932,3	1 529,9	42 963,9	39 646,1	5 000,4	140 422,1	129 578,4	2,8
3100	Electrical machinery and apparatus n.e.c.	2 203,2	61 869,1	57 091,4	874,0	24 544,9	22 649,5	3 077,2	86 413,9	79 740,9	1,7
3295	Radio, television, communications equipments, office machinery and computers	1 710,9	48 044,8	44 334,7	-265,3	-7 449,0	-6 873,8	1 445,6	40 595,8	37 460,9	0,8
3300	Medical and optical instruments and equipment	1 214,8	34 115,1	31 480,6	665,2	18 681,4	17 238,8	1 880,1	52 796,5	48 719,4	1,1
3400	Motor vehicles	16 355,2	459 286,4	423 819,4	337,7	9 484,6	8 752,1	16 692,9	468 771,0	432 571,5	9,4
3500	Other transport equipment	391,1	10 981,9	10 133,8	367,5	10 321,3	9 524,2	758,6	21 303,1	19 658,1	0,4
3600	Furniture and manufacturing n.e.c.	289,1	8 119,2	7 492,2	-55,1	-1 546,5	-1 427,1	234,1	6 572,7	6 065,1	0,1
3700	Recycling	4,9	137,7	127,1	-16,3	-456,3	-421,1	-11,3	-318,6	-294,0	0,0
	<b>SERVICES</b>	<b>108 469,4</b>	<b>3 046 036,6</b>	<b>2 810 815,3</b>	<b>12 812,6</b>	<b>359 803,4</b>	<b>332 018,8</b>	<b>121 282,0</b>	<b>3 405 840,0</b>	<b>3 142 833,9</b>	<b>68,4</b>
	of which:										
4195	Electricity, gas and water	6 565,8	184 379,6	170 141,4	322,2	9 048,2	8 349,5	6 888,0	193 427,8	178 490,9	3,9
4500	Construction	3 944,8	110 779,2	102 224,6	437,6	12 289,3	11 340,3	4 382,5	123 068,5	113 564,9	2,5
5295	Trade and repairs	32 318,7	907 574,8	837 490,0	9 719,6	272 946,9	251 869,4	42 038,4	1 180 521,7	1 089 359,4	23,7
5500	Hotels and restaurants	452,6	12 709,2	11 727,8	-609,5	-17 116,5	-15 794,8	-156,9	-4 407,3	-4 067,0	-0,1
6495	Transport and communication	6 640,9	186 490,7	172 089,5	-708,3	-19 891,6	-18 355,5	5 932,6	166 599,1	153 734,0	3,3
6895	Financial intermediation and insurance	34 158,9	959 249,6	885 174,4	1 313,3	36 880,9	34 032,9	35 472,2	996 130,6	919 207,3	20,0
7395	Real estate and other business activities	22 922,6	643 713,4	594 004,5	1 964,6	55 169,9	50 909,6	24 887,2	698 883,3	644 914,1	14,0
9995	Other services	1 465,0	41 140,0	37 963,1	373,1	10 476,3	9 667,3	1 838,1	51 616,3	47 630,4	1,0
9999	<b>TOTAL</b>	<b>162 378,8</b>	<b>4 559 921,9</b>	<b>4 207 795,2</b>	<b>14 946,9</b>	<b>419 738,8</b>	<b>387 325,7</b>	<b>177 325,7</b>	<b>4 979 660,7</b>	<b>4 595 120,9</b>	<b>100,0</b>

\* - preliminary data

**NON-RESIDENTS' PORTFOLIO INVESTMENT IN KORUNA INSTRUMENTS 1993-2000**  
by type of security (year-end stocks)

in CZK billions	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000
<b>Total</b>	<b>53,0</b>	<b>98,5</b>	<b>126,5</b>	<b>132,6</b>	<b>127,6</b>	<b>118,0</b>	<b>135,8</b>
Shares	37,3	70,3	92,9	104,9	113,2	98,0	115,7
Bonds	5,4	11,7	20,2	14,0	4,1	6,9	7,3
Government bonds	10,3	16,5	6,2	11,8	9,3	11,8	12,8
Bills of exchange	0,0	0,0	7,2	2,0	1,0	1,3	0,0

in USD millions	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000
<b>Total</b>	<b>1 888,5</b>	<b>3 701,2</b>	<b>4 629,0</b>	<b>3 829,1</b>	<b>4 274,0</b>	<b>3 278,7</b>	<b>3 590,2</b>
Shares	1 331,1	2 641,9	3 397,8	3 027,6	3 793,2	2 724,1	3 059,0
Bonds	190,9	438,0	740,2	403,4	137,4	192,8	193,9
Government bonds	366,5	621,4	228,2	340,5	309,9	327,0	337,4
Bills of exchange	0,0	0,0	262,8	57,7	33,5	34,7	0,0

in ECU/EUR millions	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000
<b>Total</b>	<b>1 550,2</b>	<b>2 891,0</b>	<b>3 731,2</b>	<b>3 469,9</b>	<b>3 643,5</b>	<b>3 265,0</b>	<b>3 868,8</b>
Shares	1 092,6	2 063,6	2 738,8	2 743,5	3 233,7	2 712,8	3 296,4
Bonds	156,7	342,1	596,7	365,5	117,1	192,0	208,9
Government bonds	300,9	485,3	183,9	308,5	264,2	325,6	363,5
Bills of exchange	0,0	0,0	211,8	52,3	28,6	34,6	0,0

**NON-RESIDENTS' PORTFOLIO INVESTMENT IN KORUNA INSTRUMENTS,**  
by economic activity, territory and type of security as of 31 December 2000

*in CZK billions*

<b>ECONOMIC ACTIVITY</b>	<b>Market value of security</b>	<b>TERRITORY</b>	<b>Market value of security</b>	<b>SECURITY TYPE</b>	<b>Market value of security</b>
Financial intermediation	53,6	United Kingdom	30,8	Shares	115,7
Transport and communication	35,2	USA	25,1	Bonds	7,3
Services	17,6	Austria	23,1	Government bonds	12,8
Power industry	10,3	Luxembourg	11,4		
Public administration	10,1	Denmark	8,8		
Coking and chemical industry	3,0	Germany	8,5		
Food industry	2,1	Netherlands	7,6		
Steel and mechanical engineering industry	0,9	Cyprus	6,9		
Light industry	1,4	Switzerland	4,5		
Construction industry	0,9	Ireland	2,4		
Agriculture, hunting, fishing, forestry, mining and quarrying	0,3	Belgium	1,9		
Wholesale and retail trade, hotels and restaurants	0,2	Slovakia	1,5		
Electrical and electronic engineering	0,2	France	1,0		
		Portugal	0,8		
		Sweden	0,6		
		Brazil	0,5		
		Bahamas	0,2		
		Cayman Islands	0,1		
<b>TOTAL</b>	<b>135,8</b>	<b>TOTAL</b>	<b>135,8</b>	<b>TOTAL</b>	<b>135,8</b>