CZECH NATIONAL BANK

BALANCE OF PAYMENTS 2001

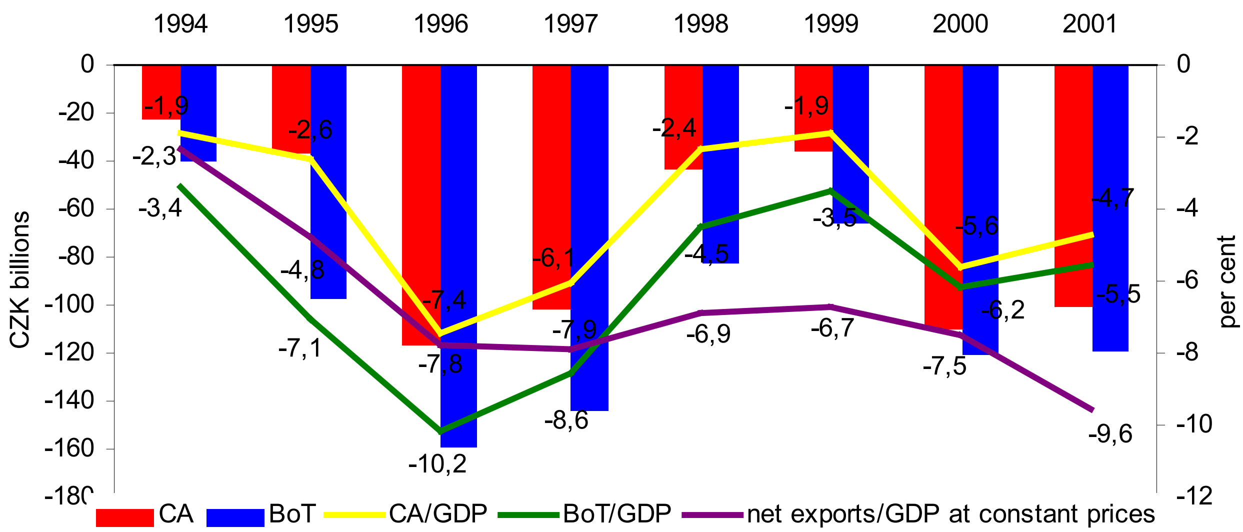
CONTENTS

A. SUMMARY

The main trends

The current account of the Czech Republic's balance of payments showed a deficit of CZK 101.0 billion (EUR 3.0 billion) in 2001. The financial account recorded a net foreign capital inflow of CZK 153.3 billion. A rise in CNB international reserves (valuation changes excluded) of CZK 67.2 billion (EUR 2 billion) was, in addition to income, connected with CNB interventions on the foreign exchange market and a rise in the foreign exchange deposits of the government on accounts at the CNB. As a percentage of GDP the current account deficit decreased to 4.7% at current prices, but the net export deficit increased to 9.6% at constant 1995 prices.

Current account and balance of trade



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

Current account

The external imbalance expressed by the trade and current account deficits decreased in year-on-year terms. This decrease resulted from a decline in the trade deficit due to price effects, and from growth in the surpluses on services and transfers. The growth in the income deficit halted.

The trade deficit narrowed as a result of continued faster export growth than import growth. Exports rose by 13.1% and imports by just 11.7% at current prices. Growth in trade turnover declined markedly during the course of the year (trade turnover fell below the previous year's level in December).

The share of trade stemming from collaborations between domestic producers and foreign partners increased. The trade turnover within goods for processing rose by 12% in year-on-year terms, with a surplus of CZK 105 billion (almost the same level as a year earlier). Processing operations account for more than a quarter of total foreign trade turnover.

In 2001, the trade surplus with EU countries was significantly higher than in 2000. A significant decline in the trade surplus with Germany, where economic growth slowed markedly, was more than offset by an improved trade balance with the United Kingdom, Belgium, the Netherlands and Austria. The share of EU countries in total foreign trade turnover increased to 65.2%. A narrowing trade deficit is visible with European transition economies. The trade surplus with Slovakia increased significantly. The trade deficit with the Russian Federation fell, owing to price effects for imports of energy-producing raw materials. A widening trade imbalance is visible with non-European transition and developing economies. The largest trade deficit was with China, and the trade deficit with the newly industrialised Asian economies — Malaysia and Singapore — also deteriorated. The trade deficit with other advanced economies was flat, mainly because of a deficit with Japan and the USA.

By commodity, the largest trade deficit was recorded, as in previous years, in the groups of fuels and chemicals. In the case of chemicals, the trend of a widening trade deficit continued. Considerably improved was the surplus on trade in machinery and transport equipment, reflecting an expansion of Czech machinery exporters on foreign markets (road vehicles, telecommunications, office machines, pumps). The share of engineering products rose to 47.3% of total exports and 42.2% of total imports. The growth in turnover of trade in machinery output reflected foreign investment, particularly in the automobile industry and in the electronics and electrical engineering industry, accompanied by an increasing import propensity of these industries. There were also rises in surplus in the groups of manufactured goods classified by material and miscellaneous manufactured articles (metal manufactures, iron and steel, and paper, glass and wood manufactures).

As for imports broken down by final use, imports for investment recorded the highest growth rate (index: 113.7), accounting for 29% of total imports. A slight rise in imports for intermediate consumption (index: 111.5; 51.4% of total imports) was largely due to price effects (oil and oil products). Imports for personal consumption recorded the lowest growth (index: 109.5), reflecting demand for selected types of food, pharmaceutical products, cars and other consumer goods. Imports for personal consumption accounted for around 20% of total imports.

The trend in foreign trade prices in 2001 was favourable in year-on-year comparison. A decline in import prices and a modest increase in export prices generated an improvement of 2% in the terms of trade. This favourably affected the trade balance at current prices. The reduction in import prices was associated primarily with a fall in prices of energy-producing and non-energy-producing raw materials. Positive terms of trade were achieved in trade in the volume-significant groups — machinery and transport equipment (index: 100.8), miscellaneous manufactured articles (index: 101) and manufactured goods classified by material (index: 104.1). This suggests continuing price competitiveness on foreign markets. The export and import price indices showed a decline below the previous year's level at the close of the year, with the fall in world market prices being bolstered in the case of domestic entities by appreciation of the koruna.

The balance on services ended 2001 in a surplus of CZK 54 billion (an annual increase of CZK 2.9 billion). The improved services balance was associated with a decline in the demand of domestic businesses for purchases of other services and a slight rise in the surplus on transport services due to a higher growth rate of credits than of debits. Travel saw annual growth in both credits and debits and a slight fall in surplus. In the first three quarters of 2001, there was an increase in the number of visitors travelling to the Czech Republic by air. Following the terrorist attacks on the USA, the number of air travellers to the Czech Republic fell considerably, but the number of foreign tourists using other forms of transport increased. Accommodation facilities were utilised to a larger extent (particularly higher-category hotels), which led to an annual increase in receipts from foreign travel of approximately 2%. Despite a fall in the interest of Czech nationals in travelling abroad (especially to Poland), the demand for longer-haul journeys by air continued to rise (by 26.7% compared with a year earlier). Trips to Germany and, at the close of the year, to Austria also rose, *inter alia* in connection with the spending of national currencies prior to the introduction of the euro and with the koruna's favourable exchange rate. Spending of Czech citizens on foreign travel was 7% higher than a year earlier.

A decline on the debit side of the balance on other services is due to lower demand for imports of construction and assembly work and purchases of financial services, services associated with realisation of goods and technical services by residents. The decline on the credit side was less sizeable than that on the debit side, but the decrease in foreign demand is visible for a wider spectrum of services.

The income balance ran a deficit of CZK 48.4 billion. In annual terms, the deficit stopped growing thanks to an increase in income on foreign securities held by domestic entities and a rise in income on the CNB's international reserves. The debit side reflected higher payments of interest and dividends on domestic securities to non-residents and a rise in wages and salaries paid to foreigners working in the Czech Republic.

Current transfers recorded a surplus of CZK 12.5 billion. The annual increase is due to a faster decline in private transfers abroad (gifts and various kinds of assistance) than in income received. The transfers balance reflected one-off transfers during the year to funds for compensating Czech citizens kept as prisoners or forced labourers during World War II.

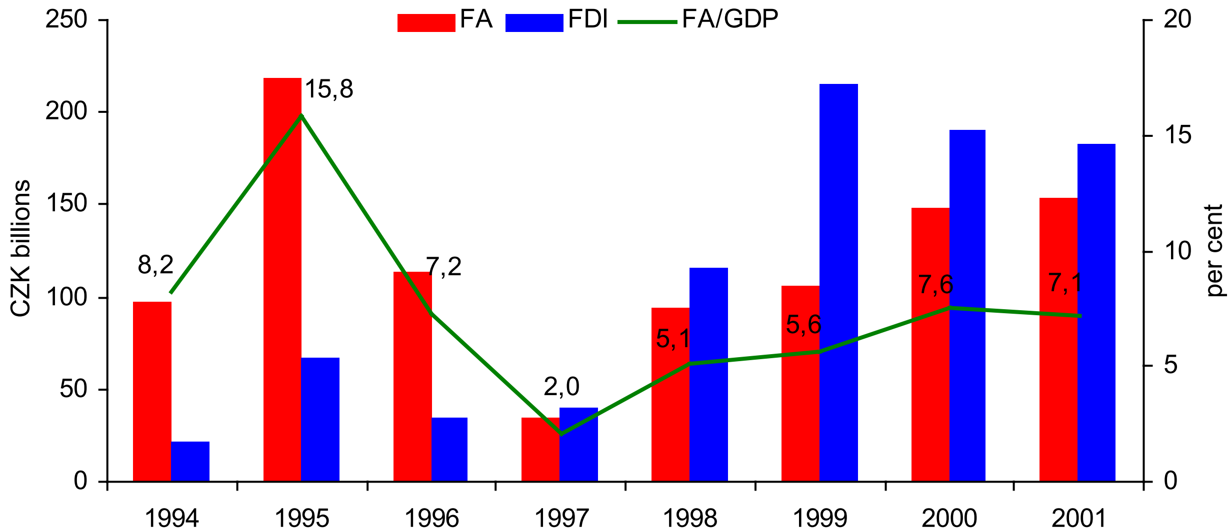
Capital account

The capital account ended 2001 with a slight deficit. Unlike in 2000, the rise in payments was not accompanied by increasing receipts. The contribution of the capital account to the balance of payments is still insignificant. This item covers transactions in non-financial assets (patents, trademarks and copyrights) and migrants' transfers.

Financial account

The financial account recorded a net inflow of foreign capital of CZK 153.3 billion (EUR 4.5 billion). As in previous years, foreign direct investment dominated the capital flows. For the other forms of capital flows the trend towards outflow of capital persisted. The ratio of foreign capital inflow to GDP was flat at approximately 7%.

Financial account



Note: Annual figures

In 2001, net foreign direct investment (FDI) inflow into the Czech economy amounted to CZK 183.3 billion. The total FDI inflow reached CZK 187.0 billion. Investment in equity capital including reinvested earnings was CZK 12 billion higher than a year earlier thanks to higher receipts from the privatisation of state holdings (receipts of the National Property Fund and the Consolidation Agency accounted for around 30% of the total volume of direct investment).

Although the investment activity of Czech direct investors more than doubled in 2001, the volume is insignificant (at CZK 3.7 billion) relative to the inflow. The investment was channelled into neighbouring transition economies (Slovakia and Poland) and into the USA and tax havens (the British

Virgin Islands). In a number of cases it was associated with the activities of foreign-owned businesses in the Czech Republic. The significance of investment in the production sector declined markedly. More than 80% of the investment went into the services sector.

The net inflow of ***portfolio investment*** in 2001 amounted to CZK 34.9 billion. In the previous year, portfolio investment had recorded an outflow due to investment activity by domestic entities.

The inflow of foreign capital resulted primarily from a change in the investment decision-making of banks and a decline in foreign long-term bonds in their portfolios. Favourable prices of foreign shares also led to their sale and to profit-taking by domestic non-bank investors, and to a rise in their investment in foreign long-term bonds (owing to a general decline in bond prices on foreign markets).

The decisive factor on the domestic capital market was stable demand from foreign investors for selected types of stocks in financial intermediation, transport, telecommunications and the power industry. A temporary weakening of interest at the close of Q3 was replaced by a significant rise in their investment activity at the end of the year. As regards domestic bonds, owing to the interest rate and exchange rate developments in Q4, foreign investors reduced their holdings of both long-term and short-term bonds.

Financial derivatives recorded a surplus of CZK 3.2 billion. In annual terms, the turnover of assets and liabilities transactions more than doubled, with the resulting surplus increasing slightly.

Other investment recorded a net outflow of CZK 61.7 billion. This trend was visible throughout the year and strengthened in Q4. Repayment of the short-term liabilities of commercial banks accelerated considerably amid simultaneous growth in their short-term and long-term investment abroad (chiefly in the form of foreign currency and koruna deposits with foreign banks).

The corporate sector saw an inflow of foreign funds in the form of drawings on mostly long-term financial credits from abroad and on trade credits. Drawings on short-term funds from abroad accelerated in Q4.

Repayments and de-blocking of government receivables dating from the period of central planning dominated the balance on the government position. Credit for regional development was drawn to a lesser extent.

CNB international reserves and external debt

The CNB's international reserves (excluding valuation changes) increased by CZK 67.2 billion (EUR 2 billion). This rise reflected income on invested assets, an advance payment made by a private entity to the government account with the CNB (pursuant to an agreement on the transfer of state receivables from the Russian Federation to that entity), the National Property Fund's proceeds from privatisation and foreign exchange interventions.

The downward trend in the Czech Republic's external debt continued. At the close of 2001, the external debt was down to CZK 786.7 billion (EUR 24.6 billion), which is 37% of GDP. The time structure of the debt also developed favourably, with the share of short-term debt falling to 41.4% of the total volume. Debt service on medium-term and long-term credits fell in annual terms to CZK 132.2 billion (of which CZK 98.8 billion was repayment of principal and CZK 33.4 billion interest). The repayment of external debt corresponded to 8.6% of annual exports of goods and services.

The continuing inflow of foreign direct investment passed through into a widening of the deficit on the international investment position (the balance of financial assets and liabilities against non-residents) by CZK 55.9 billion to CZK 247.8 billion. The ratio of the investment position deficit to GDP is 11.5%.

The external stability indicators recorded a year-on-year improvement in 2001, particularly as regards the debt characteristics (a fall in nominal debt below the sensitive level of 40%, greater coverage of debt and debt service by exports, and a favourable trend in short-term debt relative to international reserves). The extent of the external imbalance, especially on the trade balance, can be considered reasonable given the possibilities of financing the imbalance with foreign capital inflow.

B. DETAILED PART

1. THE CURRENT ACCOUNT

1.1. THE TRADE BALANCE

The trade balance ended 2001 in a deficit of CZK 119.0 billion (EUR 3.5 billion), or 5.5% of GDP (compared with 6.2% in 2000). The trade deficit was CZK 1.8 billion lower than in 2000. The deficit was affected during the course of the year mainly by a favourable trend in the terms of trade and a slowdown in external demand. A decline in prices of energy-producing raw materials on the world market, which passed through into import prices, had a significant effect. Despite a contraction in economic activity in EU countries, the trade balance in this area recorded a surplus, albeit territorially different from the previous year. A worsening of the deficit with Germany was offset by a growing surplus with other EU countries. The trade deficit with developing countries worsened significantly, as did that with non-European countries with transition and state economies. As regards the commodity structure, the trends of previous years continued. The biggest improvement in balance occurred in the machinery and transport equipment group, and the largest deterioration was recorded in the chemicals group. Foreign direct investment realised in previous years helped to strengthen the share of machinery output in total exports and imports. Growth in the volume of processing operations passed through into the trade balance with a surplus of CZK 105.3 billion.

Commodity structure according to IMF balance of payments methodology

in CZK billions

			2000	2001	y-o-y change
Exports	total		**1 121,1**	**1 268,5**	147,4
		general merchandise	759,9	870,3	110,4
		goods for processing	360,3	397,0	36,7
		non-monetary gold	0,9	1,2	0,3
Imports	total		**1 241,9**	**1 387,5**	145,6
		general merchandise	987,7	1 095,5	107,8
		goods for processing	253,9	291,7	37,8
		non-monetary gold	0,3	0,3	0,0
Balance	total		**-120,8**	**-119,0**	1,8
		general merchandise	-227,8	-225,2	2,6
		goods for processing	106,4	105,3	-1,1
		non-monetary gold	0,6	0,9	0,3

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.

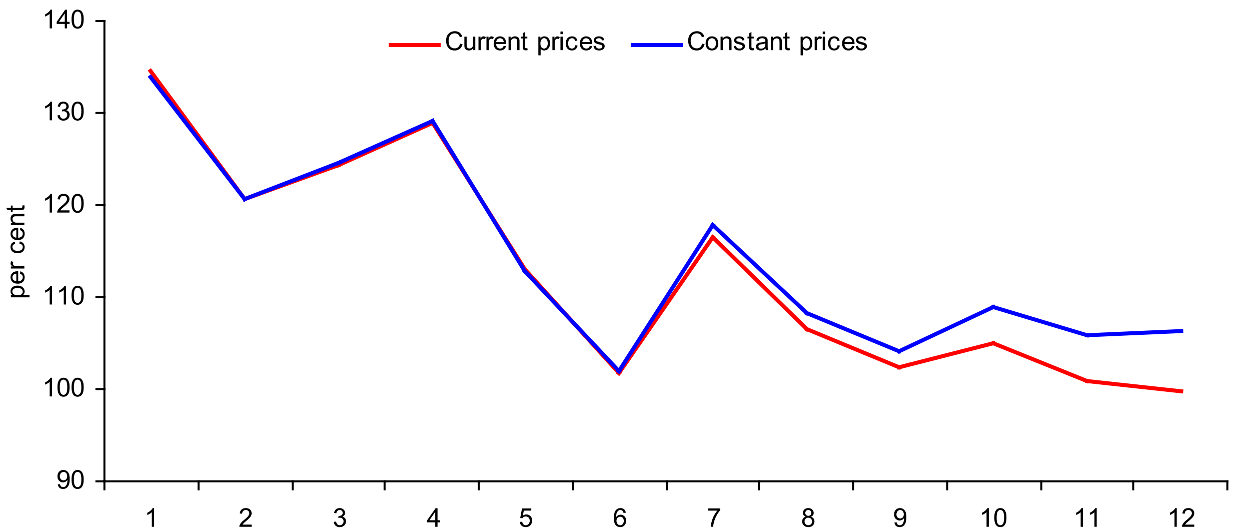
Exports at current prices rose by 13.1%, with exports in physical terms rising by 12.6% and prices by 0.5%. The physical volume of exports grew for all commodities, the biggest increase being recorded for machinery and transport equipment.

Annual export indices in 2001

Note: CNB calculation (monthly export indices at constant prices deflated by the CSO basic price index w ith 2000 base)

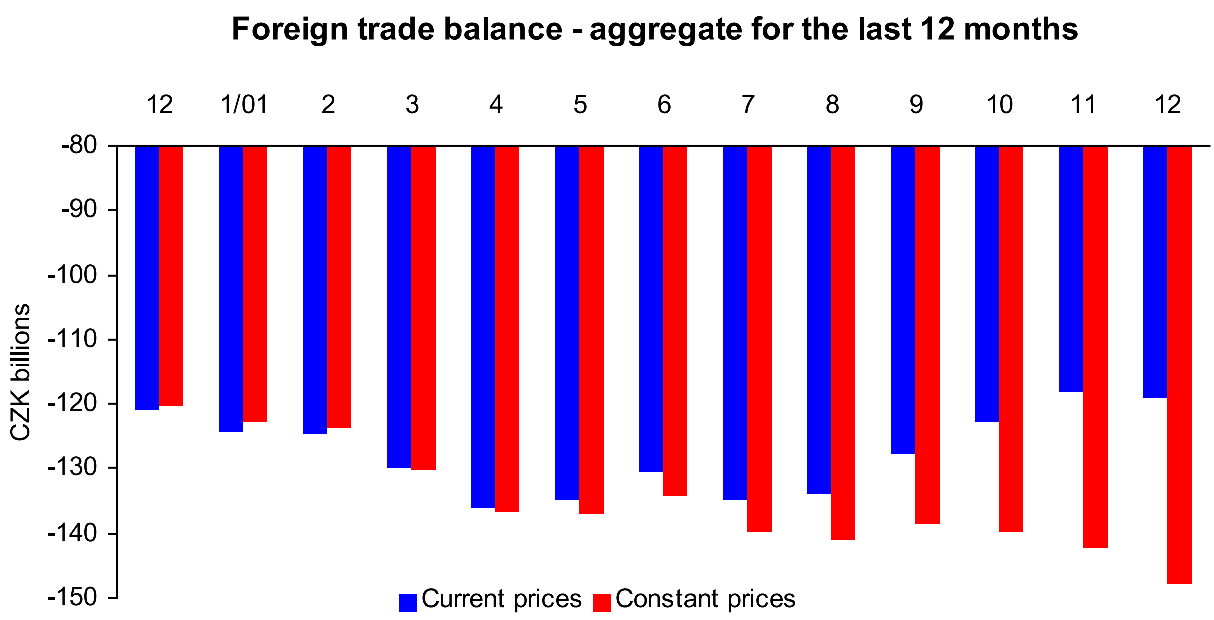
Imports at current prices rose by 11.7%, amid a decline in import prices of 1.5%. The physical volume increased by 13.4%, with particularly strong growth recorded for machinery and transport equipment, chemicals and manufactured goods.

Annual import indices in 2001



Note: CNB calculation (monthly import indices at constant prices deflated by the CSO basic price index w ith 2000 base)

Export and import growth slowed during the course of the year. In Q2, the growth rate of imports at current prices started to decline more markedly than that of the physical volume. In the case of exports the situation was very similar in both respects. The trade balance developed correspondingly, showing a slight improvement in current prices and a worsening in constant prices. The terms of trade were therefore favourable.



Note: CNB calculation

1.1.1. Factors influencing the trade deficit

The increase in exports was fostered by the following factors:

- export-oriented facilities established by foreign-owned businesses, including start-ups in the sector of computers and telecommunications equipment;
- a growing volume of processing operations (exports following inward processing went up by 10.5%).

The activity of exporters was promoted by state support for credit and insurance products. Both state pro-export institutions — Česká exportní banka (ČEB — the Czech Export Bank) and Exportní garanční pojišťovací společnost (EGAP — the Export Guarantee and Insurance Corporation) helped to improve the non-price competitiveness of exporters. In 2001, ČEB concluded agreements to provide credits and issue guarantees totalling CZK 27.7 billion (2.3% of exports, compared with 1.7% in 2000), a rise of more than 44%. This increase was due in part to the conclusion of an agreement to finance supplies for the Shen-Tchou thermal power station in China at the close of last year. According to preliminary results, EGAP in 2001 insured credits worth CZK 85 billion, of which around CZK 34 billion worth were insured with state support and around CZK 51 billion with commercial insurance (in total a year-on-year rise of 19.3%). The share of EGAP insurance in total annual exports rose from 6.3% to 6.7%.

The slowdown in exports was due to weaker external demand, most notably slackening economic growth in Germany (the Czech Republic's largest trading partner). The growth rate of exports to Germany fell from 19% to around 7%. The slowdown in export growth in nominal terms was also attributable to annual appreciation of the koruna's exchange rate against the euro.

The increase in imports was due to:

- an increase of 16.1% in imports for processing;
- growth of 6.8% in industrial output conditional on domestic demand for imports;
- appreciation of the koruna's exchange rate.

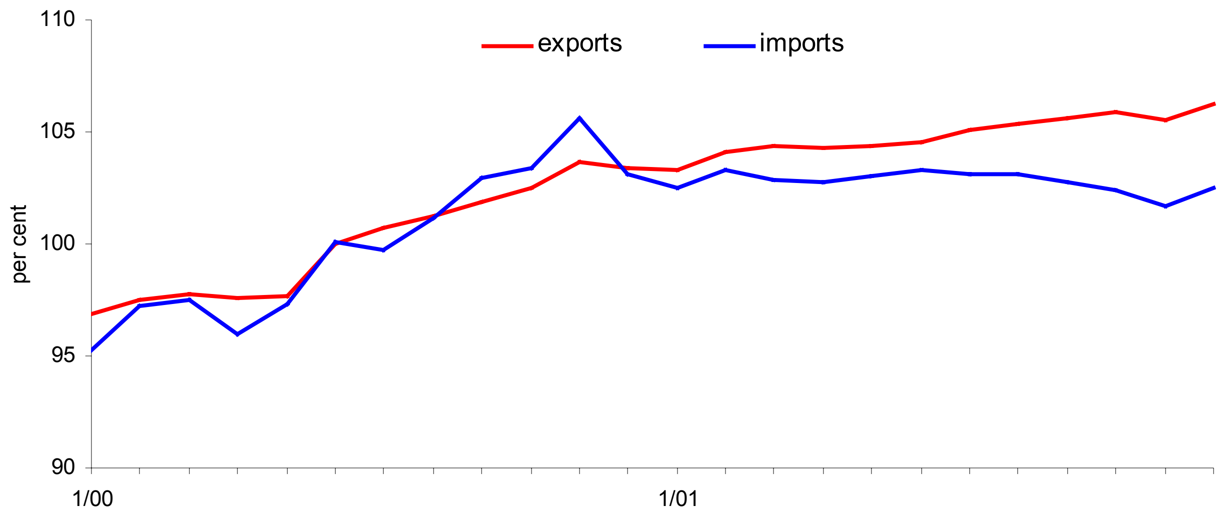
The nominal decline in imports was attributable in H2 to a year-on-year decline in oil prices.

1.1.2. Terms of trade

Prices had a favourable effect on the trade balance at current prices in 2001, since import prices fell by 1.5% on average and export prices rose by 0.5%. The year-on-year terms of trade stood at 102.0 percentage points, reflecting price developments on world markets and the koruna's nominal exchange rate. The terms of trade were most favourable in the groups of fuels, food, manufactured goods classified by material, miscellaneous manufactured articles and machinery and equipment. The decline in import prices started in Q1 and continued for almost all the commodity groups until December. Monthly export prices were higher than in the previous year until September. In Q4 they fell in annual terms.

However, excluding exchange rate effects, export prices abroad rose not only in 2001, but also in the previous year (by approximately 5% annually). This trend indicates the improving competitiveness of Czech exporters.

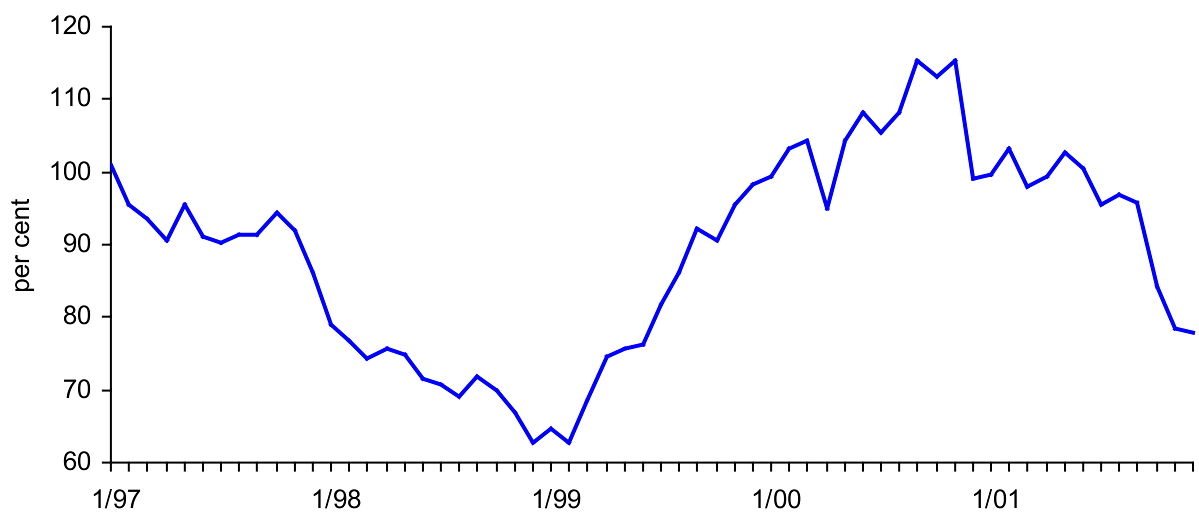
Foreign trade prices - adjusted for exchange rate effects
2000 average = 100 %



Note: CNB calculation

The HWWA index of world commodity prices stood at 94.3% (against the 1990 base), down by 10.9 percentage points on average relative to 2000. Year-on-year declines were recorded in all three groups – food (91.5), industrial raw materials (90.7) and fuels and energy raw materials (88.3).

Monthly HWWA indices
1990 = 100



Source: Wirtschaftsdienst

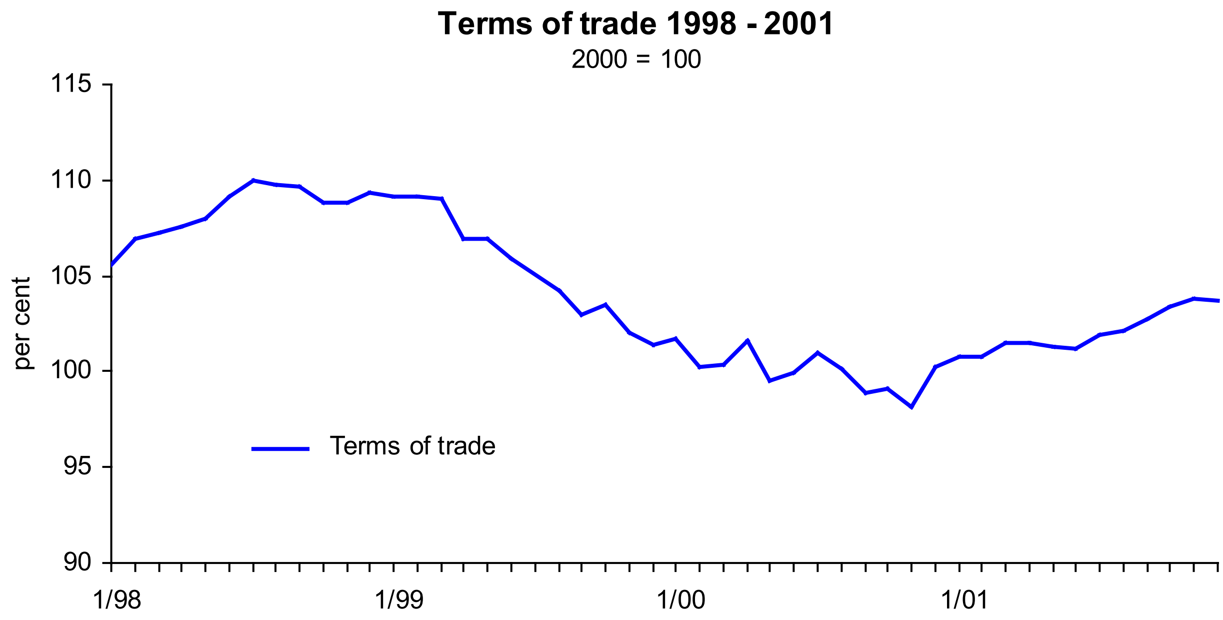
Oil prices reflected the lower demand caused by a persisting lack of market confidence in the ability of producer countries to reach agreement on quotas and on compliance with those quotas. Also significant was a relatively high level of stocks of oil products. A downward trend in energy-producing and non-energy-producing commodities on world markets, passing through into import prices and reinforced by the appreciation of the koruna, was visible during the year. The Ural crude oil price fell by 14.3% to USD 23.05 per barrel in 2001. Gas prices peaked in March then gradually fell back. However, the average gas price in 2001 — USD 118.1 per 1000 m^3 — was 13.4% higher than in 2000.

Terms of trade according to CSO price indices

(year 2000 average = 100)

SITC groups	Export price indices in 2001				Import price indices in 2001				Terms of trade in 2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
0 Food	104,0	105,7	105,0	102,3	101,5	101,3	101,1	99,6	102,4	104,3	103,9	102,7
1 Beverage and tobacco	99,4	99,4	98,6	96,0	99,1	101,7	100,7	99,7	100,3	97,8	97,9	96,3
2 Raw materials	101,0	95,6	93,7	92,1	100,6	99,2	95,6	91,4	100,4	96,3	98,0	100,8
3 Fuels	100,0	108,2	104,8	98,0	100,3	104,7	97,4	82,1	99,7	103,4	107,6	119,4
4 Fats and oils	97,2	99,0	98,1	99,8	99,8	98,6	97,9	102,0	97,4	100,4	100,1	97,8
5 Chemicals	102,2	99,4	95,7	91,5	99,2	98,8	96,9	94,8	103,0	100,6	98,8	96,5
6 Manufactured goods class. by material	102,4	102,3	102,1	100,8	99,8	98,7	97,6	95,4	102,6	103,6	104,7	105,7
7 Machinery and transport equipment	98,8	99,5	99,5	97,6	99,1	98,6	98,4	96,5	99,7	100,9	101,2	101,1
8 Miscellaneous manufactured articles	100,1	100,3	100,3	99,0	99,4	98,8	99,1	98,3	100,7	101,5	101,2	100,7
Total	101,1	101,3	100,8	98,7	100,1	100,0	98,6	95,2	101,0	101,3	102,2	103,7

The worsening terms-of-trade trend visible since 1998 halted at the end of 2000 and an improvement was recorded in 2001. The biggest improvement was recorded in Q4, most notably for fuels, manufactured goods, food and machinery and transport equipment.



Note: CNB calculation

1.1.3. Foreign trade by territory

With regard to territory, the advanced market economies dominated. However, the stagnation in the trade deficit was accompanied by a change in structure. An annual improvement in the balance with advanced market economies and transition economies was almost entirely offset by a rise in the deficit with developing nations.

Territorial structure of foreign trade

Country group	Share in exports in per cent		Share in imports in per cent		Trade balance in CZK billions	
	2000	2001	2000	2001	2000	2001
Transition/state economies	**21,4**	**21,5**	**23,5**	**23,2**	**-52,4**	**-47,2**
- CEFTA states	16,9	17,0	12,8	12,6	30,3	41,6
Advanced market economies	**74,8**	**75,1**	**71,8**	**71,5**	**-53,6**	**-38,9**
- EU states	68,6	68,9	62,0	61,8	-1,7	16,3
- EFTA states	1,8	1,8	2,5	2,6	-11,5	-12,9
- other adv. market economies	4,4	4,4	7,3	7,1	-40,4	-42,3
Developing nations	**3,8**	**3,4**	**4,7**	**5,3**	**-14,8**	**-32,9**
Total	100,0	100,0	100,0	100,0	**-120,8**	**-119,0**

Note: Unspecified figures are included in the group transition/state economies

Most of the Czech Republic's foreign trade (51.5%) was with its four neighbouring countries, with which a surplus was achieved.

The following table shows the changes in trade balance with selected countries between 2000 and 2001.

Shares of selected countries in the Czech Republic's foreign trade turnover and balance

	Share in turnover in per cent		Trade balance in CZK billions	
	2000	2001	2000	2001
Germany	36,1	35,4	53,0	26,5
Slovakia	6,8	6,6	11,5	27,4
Austria	5,4	5,1	5,6	9,6
Italy	4,5	4,7	-21,8	-21,4
United Kingdom	4,2	4,7	-3,2	13,9
France	4,5	4,6	-16,6	-12,3
Poland	4,5	4,4	16,6	13,7
Russia	4,0	3,6	-65,3	-57,4
USA	3,6	3,5	-21,0	-17,3
China	1,2	1,6	-24,3	-37,6
Switzerland	1,4	1,5	-4,3	-4,4
Japan	1,2	1,1	-19,3	-21,0
Malaysia	0,3	0,5	-5,0	-10,8
Singapore	0,4	0,3	1,5	-2,3
Azerbaijan	0,0	0,2	0,3	-3,6
Others	21,9	22,2	-28,5	-22,0
Total	100,0	100,0	-120,8	-119,0

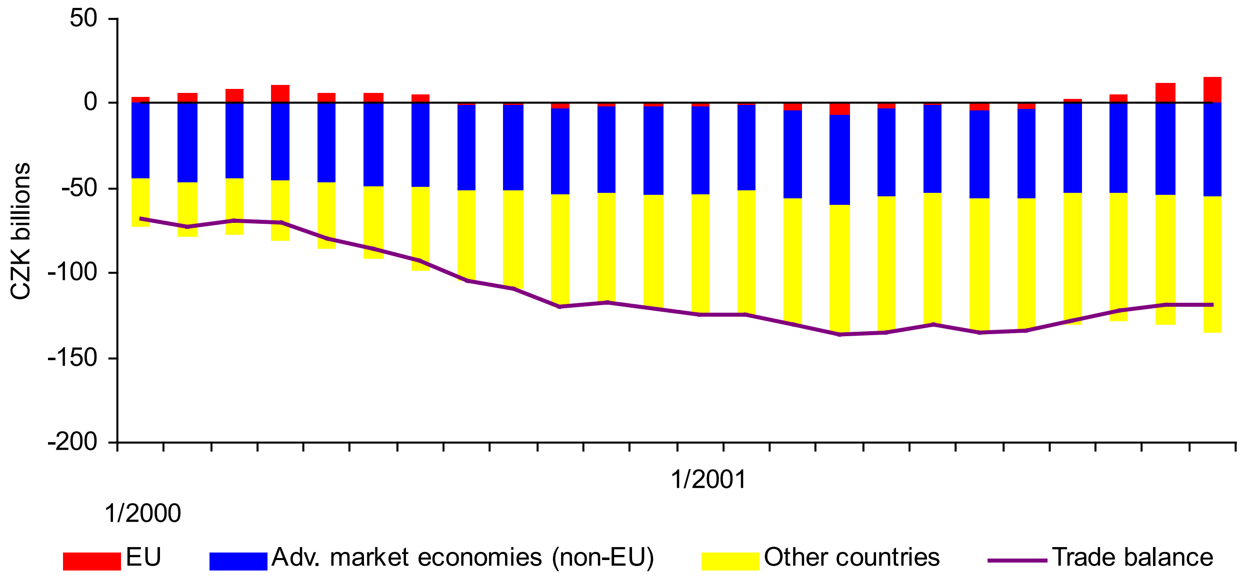
The improved trade balance with advanced market economies was due to the favourable year-on-year evolution of the surplus with EU nations (which improved by around CZK 18 billion), despite a considerable fall in the surplus with Germany (of CZK 26.5 billion) because of lower German demand for imports. This decline was offset by trade surpluses with the United Kingdom, Belgium, the Netherlands and Austria. The highest growth rates were achieved in exports to Belgium (index: 154.5) and the United Kingdom (index: 144.2), whereas the lowest growth rate within the EU nations was recorded against Germany (index: 106.6). Exports to developing nations were flat (index: 99.2). A favourable trend was recorded for sales in both European and non-European countries with transition and state economies.

The trade balance with European transition economies improved by CZK 18.4 billion in year-on-year terms. Of key importance here was a rise in the trade surplus with CEFTA nations (the surplus with Slovakia rising by CZK 15.9 billion thanks to a rise in exports and stagnation in imports) and a narrowing of the deficit with Russia of CZK 7.9 billion. The deficit with Russia was due not only to the decline in import prices of energy-producing raw materials, but also to strong growth in machinery exports (index: 143.2), most notably cars. Year-on-year deficit growth was recorded in trade with non-European transition and state economies, especially China (a deterioration of CZK 13.3 billion) because of faster growth in imports (index: 151.5), particularly of computers, telecommunications equipment and consumer goods (textiles, footwear, toys, etc.).

A relatively high growth rate was recorded for imports from developing nations (index: 130.8). The largest year-on-year increases in deficit were seen with Malaysia (CZK 5.8 billion) and Singapore (CZK 3.8 billion) — because of increased imports of computers and electrical apparatus and appliances — and with Azerbaijan (CZK 3.9 billion), owing to increased oil imports.

The trade balance of the selected territorial groups based on the annual aggregates for the last two years shows a worsening trade balance with non-EU countries and other advanced market economies.

Territorial structure of trade balance



Note: Trade balance on annual basis

1.1.4. Foreign trade by commodity

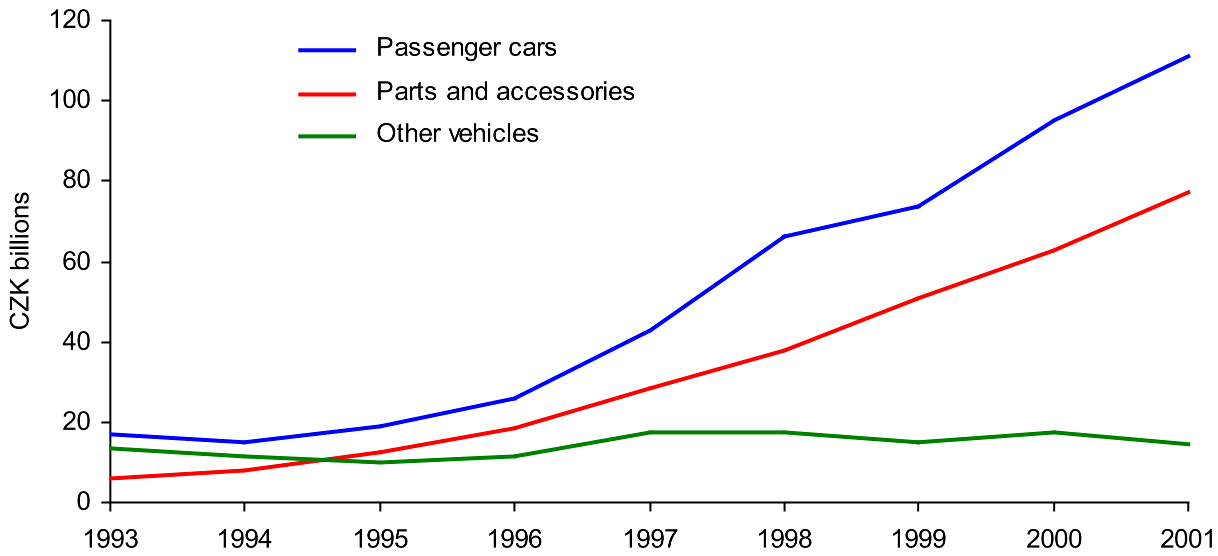
On the export commodity side, the trend of past years of a rising share of machinery and transport equipment was maintained.

Export commodity structure

SITC groups	Exports in CZK billions		Index in per cent	Percentage of total		Difference in CZK billions
	2000	2001	2001/2000	2000	2001	2001/2000
0 Food	33,0	34,4	104,4	2,9	2,7	1,4
1 Beverage and tobacco	8,4	8,8	104,2	0,7	0,7	0,4
2 Raw materials	39,6	38,4	97,0	3,5	3,0	-1,2
3 Fuels	34,2	38,2	111,5	3,1	3,0	4,0
4 Fats and oils	1,3	1,4	114,2	0,1	0,1	0,2
5 Chemicals	79,6	81,7	102,6	7,1	6,4	2,1
6 Manufactured goods class. by material	285,1	309,2	108,5	25,4	24,4	24,1
7 Machinery and transport equipment	498,4	600,1	120,4	44,5	47,3	101,7
8 Miscellaneous manufactured articles	140,5	155,0	110,3	12,5	12,2	14,5
9 Commodities not elsewhere classified	1,0	1,3	124,2	0,1	0,1	0,2
Total	1 121,1	1 268,5	113,1	100,0	100,0	147,4

The share of machinery exports rose by 2.8 points to 47.3% in annual terms. The increases in export items reflected foreign investment in the automobile industry and in the electronic and electrical engineering industry, which was also linked simultaneously with a higher import propensity. A particularly large increase (of CZK 27.0 billion) was recorded for exports of road vehicles and parts and accessories thereof. Motor cars and car parts accounted for 14.8% of exports. Dynamic growth was recorded for exports of telecommunications equipment, in particular colour TV receivers (up by CZK 23.1 billion) and telephones. Year-on-year growth was also recorded for exports of office machines and automatic data processing machines (CZK 19.7 billion) and general industrial machinery and equipment, particularly pumps and liquid elevators (CZK 15.4 billion in total). Exports of aircraft rose by CZK 3 billion.

Exports of road vehicles 1993 - 2001



The remaining commodity groups, accounting for 52.7% of exports, had a slightly lower share of total exports than in 2000, including the two significant groups — manufactured goods classified by material and miscellaneous manufactured articles. Despite the lower annual growth rate of many export items, year-on-year increases were recorded for exports of metal manufactures, iron and steel, paper, textiles and glass. In the food group there was a significant fall in exports of wheat and an increase in exports of meat, meat preparations, sugar and sugar preparations.

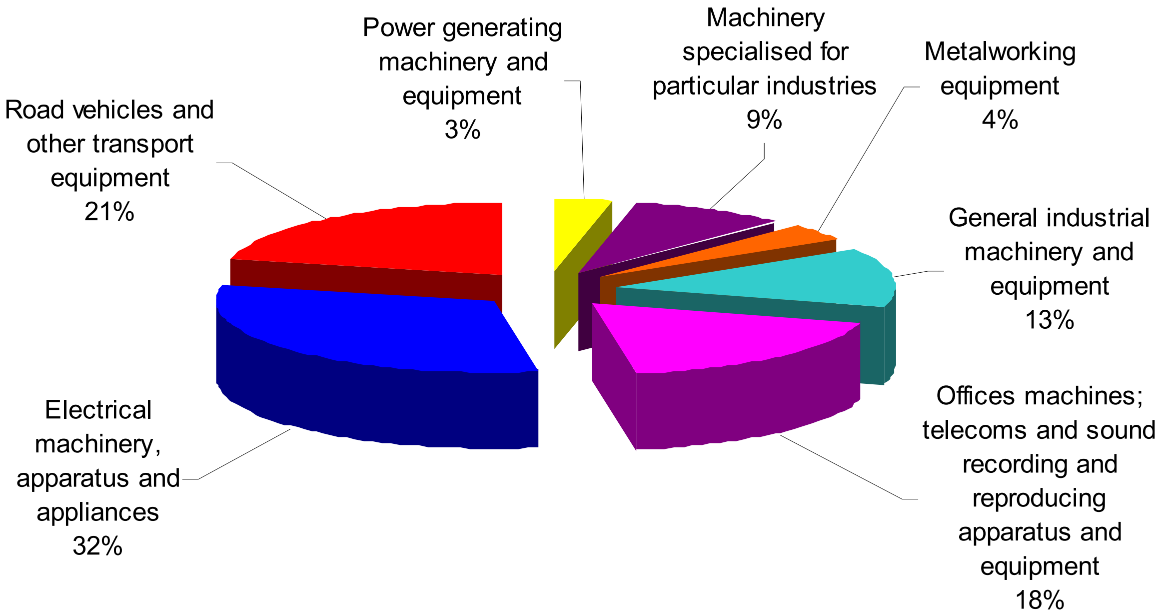
Within the commodity structure of imports, as in the case of exports, the highest growth rate was recorded in the group of machinery and transport equipment, whose share rose by 2.2 percentage points to 42.2%.

Import commodity structure

SITC groups	Imports in CZK billions		Index in per cent	Percentage of total		Difference in CZK billions
	2000	2001	2001/2000	2000	2001	2001/2000
0 Food	50,2	53,7	106,9	4,0	3,9	3,5
1 Beverage and tobacco	7,4	7,3	98,6	0,6	0,5	-0,1
2 Raw materials	39,4	40,0	101,7	3,2	2,9	0,7
3 Fuels	119,9	125,8	104,9	9,7	9,1	5,8
4 Fats and oils	2,6	3,1	119,2	0,2	0,2	0,5
5 Chemicals	139,1	151,2	108,7	11,2	10,9	12,1
6 Manufactured goods class. by material	257,9	280,4	108,7	20,8	20,2	22,5
7 Machinery and transport equipment	496,7	585,6	117,9	40,0	42,2	88,9
8 Miscellaneous manufactured articles	128,3	140,1	109,2	10,3	10,1	11,8
9 Commodities not elsewhere classified	0,4	0,3	86,5	0,0	0,0	-0,1
Total	1 241,9	1 387,5	111,7	100,0	100,0	145,6

In the area of machinery and transport equipment, imports of parts and accessories and investment equipment (whose share in the total imports increased from 12.5% to 13.3%) recorded the biggest increase. The growing dependence of domestic output on imports (both for processing and for other production) is particularly apparent in the subgroups of electrical machinery, apparatus and appliances, road vehicles and office machines. The increases in imports of machinery and transport equipment in each subgroup are illustrated in the following chart.

Percentage shares of subgroups in SITC 7 import growth



Year-on-year increases in imports were recorded by most of the machinery and transport equipment subgroups:

- imports of electrical equipment, apparatus and appliances rose by CZK 27.6 billion; these imports, predominantly intended for intermediate consumption, chiefly comprise parts (valves and tubes, microassemblies, batteries and accumulators, television picture tubes, diodes, transistors, etc.) for assembly of products and for export purposes;

- imports of office machines and automatic data processing machines went up by CZK 20.0 billion; computers, including digital processing and storage units and parts, made up much of the annual increase;

- imports of road vehicles increased by CZK 19.8 billion; parts thereof accounted for 65% of this increase;

- imports of industrial machinery and equipment rose by CZK 23.0 billion; more than 60% of this comprised imports of a utility nature (metalworking machinery, pumps, compressors, fittings, ventilators, etc.). The remainder was specialised for particular industries — mainly food, paper, construction and agriculture.

Imports of telecommunications equipment shrank by CZK 3.9 billion in year-on-year terms, which indicates that the demand in this area has been satisfied.

The further increase in the import propensity of the economy, especially in the machinery area, was fostered by:

- foreign investment supporting the development of industrial zones and technology parks;
- the modernisation and reconstruction of facilities and the need for modern technology;
- growth in assembly and processing activities in exporting industries;
- indications of a preference for parts imported from abroad.

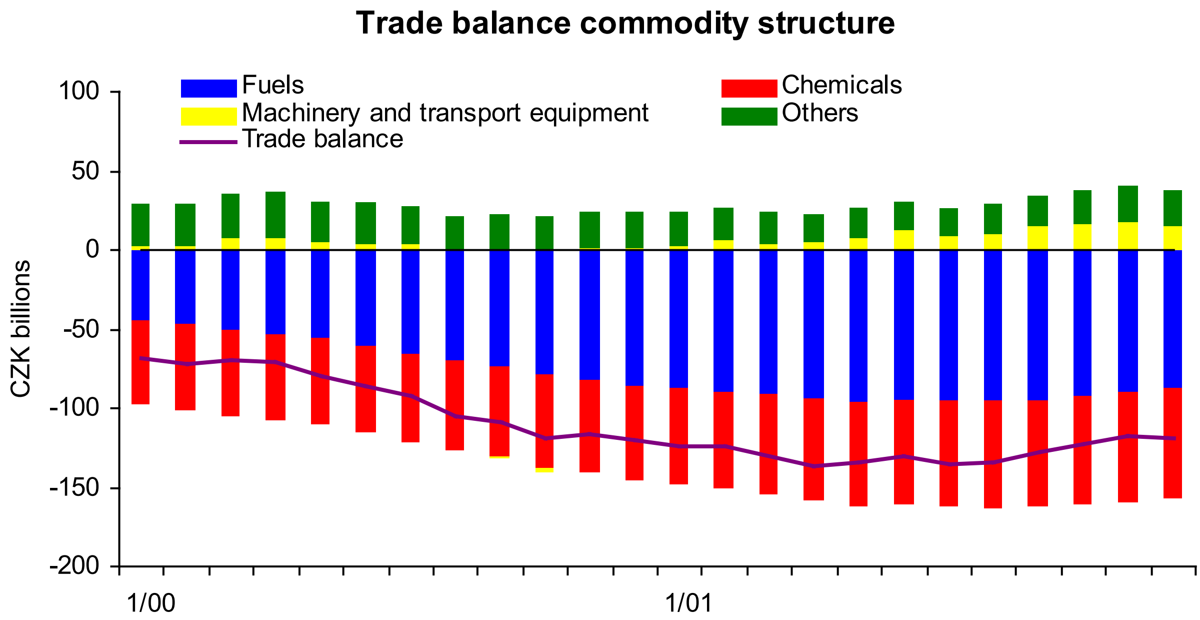
The other import groups, excluding beverages and tobacco, all recorded annual growth. Of the individual commodity group sub-items, particularly significant increases were registered for metal manufactures (of CZK 7.6 billion), natural gas (of CZK 6.4 billion), medicinal and pharmaceutical products (of CZK 4.8 billion) and plastics (of CZK 3.3 billion).

Trade balance commodity structure

in CZK billions

SITC groups	Trade balance		Change
	2000	2001	+ -
0 Food	-17,2	-19,2	-2,0
1 Beverage and tobacco	1,0	1,5	0,5
2 Raw materials	0,2	-1,7	-1,9
3 Fuels	-85,7	-87,6	-1,9
4 Fats and oils	-1,4	-1,7	-0,3
5 Chemicals	-59,5	-69,5	-10,0
6 Manufactured goods class. by material	27,3	28,8	1,6
7 Machinery and transport equipment	1,7	14,6	12,9
8 Miscellaneous manufactured articles	12,2	15,0	2,8
9 Commodities not elsewhere classified	0,6	0,9	0,3
Total	-120,8	-119,0	1,8

The resulting trade balance, which showed a year-on-year improvement of CZK 1.8 billion, was favourably affected by a surplus in the group of machinery and transport equipment (an improvement of CZK 12.9 billion) and by a modest rise in the surplus in manufactured goods, miscellaneous manufactured articles and beverages. The other goods groups, most notably chemicals, as well as food, fuels and raw materials, continued to affect the trade balance negatively. The trade deficit was most affected by the deficit on fuels and the continuously widening deficit on chemical products.

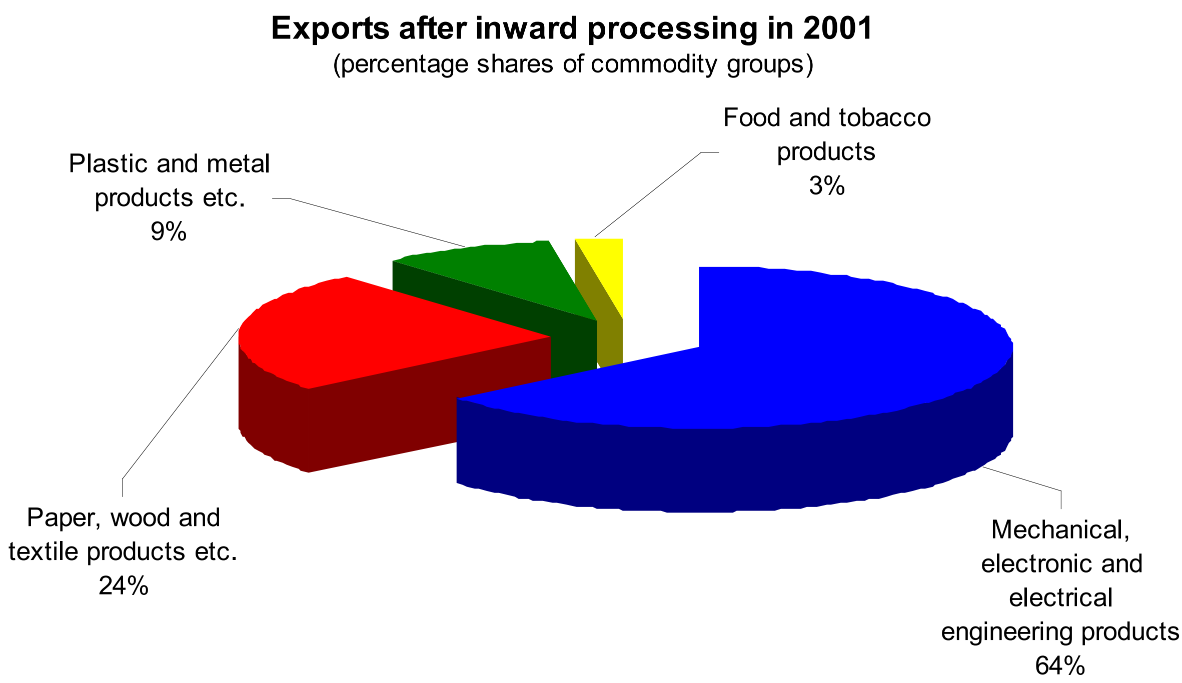


Note: Trade balance on annual basis

1.1.5. Inward and outward processing

The growing economic activity of foreign-controlled corporations and other businesses collaborating with companies from abroad gave rise to continuing growth in processing turnover and a resultant surplus. The processing surplus reached CZK 105.3 billion, a decline of CZK 1.1 billion from 2000. Processing operations accounted for 31.3% of total exports (compared with 32.1% in 2000) and 21.0% of total imports (compared with 20.4% in 2000). Inward processing accounted for 98% of total processing, virtually the same level as a year earlier. Value added constituted around one-third of the value of exports after inward processing.

Machinery and transport equipment accounted for most of the processing. Of the significant items by weight, the highest growth rate was recorded by electronic and electrical machinery apparatus and appliances (in particular office machines, computers and TV receivers).



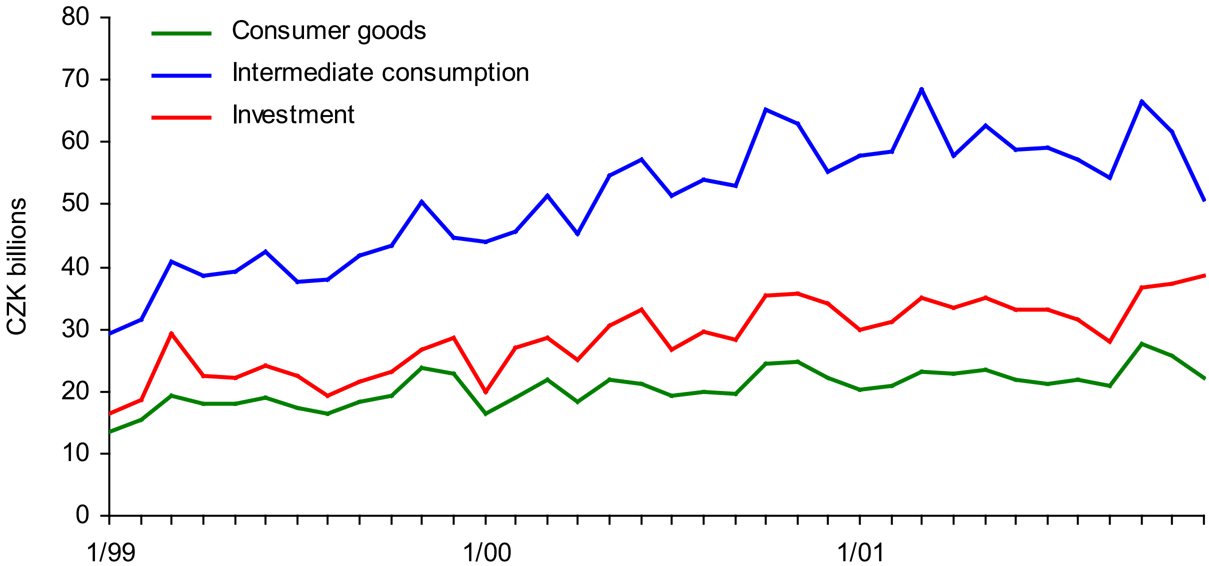
1.1.6. Imports by purpose of use and high-tech trade

A year-on-year slowdown in the growth rate of imports was recorded by all groups. Imports for intermediate consumption rose by only 11.5%. The low prices of oil and oil products slowed the growth rate, whereas the increase in gas prices had the opposite effect. The rising import items also included other raw materials and imports of parts for assembly, including subdeliveries for domestic production.

Imports for investment purposes (index: 113.7) were channelled into various industries and the non-manufacturing sector. Many of them were associated with direct investment in the production of office, radio, TV and computer equipment, and others with the construction and reconstruction of facilities and production lines and related equipment. The development of industrial zones and technology parks (for example near the towns of Kolín, Hranice na Moravě and Liberec, at Praha-Běchovice, Brno's Černovické terasy and others) also indicates a link with imports for investment purposes.

Imports for personal consumption (index: 109.5) suggest a recovery in demand, particularly for selected kinds of food (fresh vegetables and fruit), medicinal and pharmaceutical products, cars, articles of apparel and clothing accessories, footwear, furniture and printed matter.

Imports by use in 2000 and 2001



The share of High Technology Products (HTPs) in total exports rose from 7.8% in 2000 to 9.1% in 2001 (owing to assembly of products). Exports (index: 131.5) increased particularly for the most important groups aircraft and computers (indices higher than 200) and for electronics and scientific apparatus.

The growth rate of HTP imports (index: 118.8) was faster than that of imports as a whole. Their share of total imports increased from 14.1% to 15.0% in year-on-year terms. The highest rises in such imports were recorded for computers, electronics and telecommunications equipment.

The HTP trade balance deteriorated by CZK 5.4 billion in year-on-year terms. This was linked mainly with an annual decline of CZK 8.0 billion in the surplus on electrical machinery due to a fall in exports (index: 59.8). The balance on chemicals and pharmaceuticals also worsened. Favourable developments are visible for aircraft, electronic machinery, telecommunications and non-electrical machinery. The rising share of domestically manufactured HTPs in exports suggests that such products are competitive on international markets. The growing imports of HTPs reflect domestic producers' demand for technologically more advanced products which foster innovation and higher labour productivity.

1.2. SERVICES

In 2001, the surplus on the services balance amounted to CZK 54.0 billion (EUR 1.6 billion), an increase of CZK 2.9 billion on a year earlier. Credits increased by CZK 4.4 billion and debits rose by CZK 1.5 billion.

The increase in the surplus was mostly attributable to other services (CZK 3.1 billion). The surplus on transport was up by CZK 0.7 billion. By contrast, in the case of foreign travel, expenses increased by CZK 0.9 billion more than receipts.

in CZK billions

	2000	2001
Balance on services	51.1	54.0
of which:		
Credit	260.5	264.9
Transport	53.8	57.5
Travel	110.7	113.3
Other services	96.0	94.1
Debit	209.4	210.9
Transport	27.6	30.6
Travel	48.5	52.0
Other services	133.3	128.3

Credits from international freight and passenger transport amounted to CZK 57.5 billion, up by CZK 3.7 billion on a year earlier. Debits rose by CZK 3.0 billion to CZK 30.6 billion.

Total costs for transport of domestic goods to foreign customers, where transportation is provided by the exporter and included in the price of the exported goods (including insurance, storage and other fees), were CZK 24.1 billion. The year-on-year rise in exports accounted for CZK 2.8 billion of these costs.

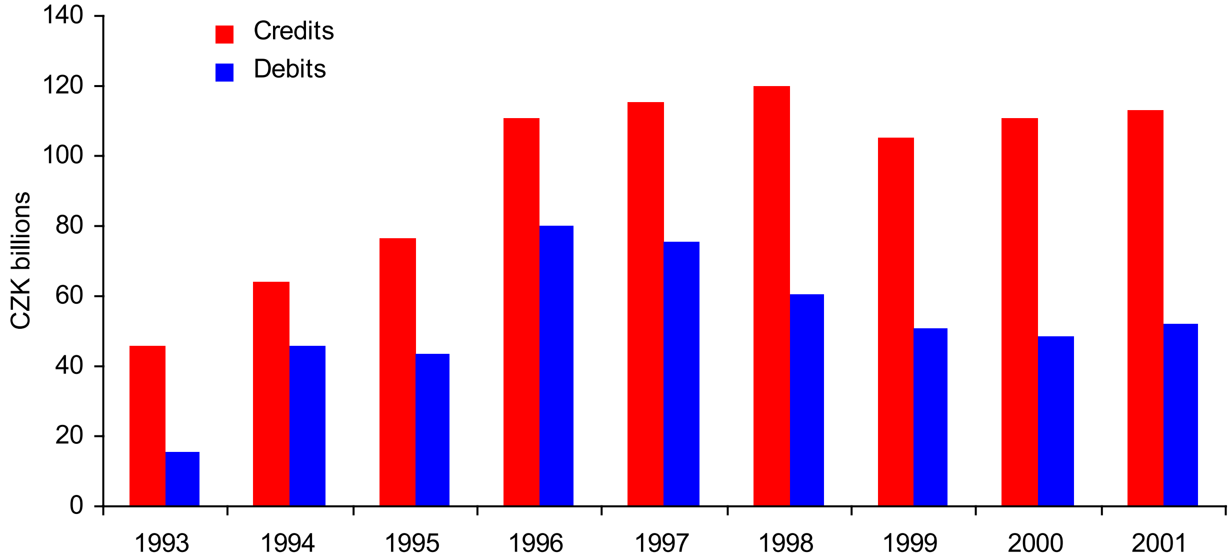
The deficit on road, rail and inland waterway transport and on other freight and passenger transport services widened by CZK 1.6 billion compared with a year earlier. Net receipts from international air transport (represented by ČSA — Czech Airlines) dropped by CZK 0.2 billion.

Revenues from gas pipeline transport to Western European countries fell by CZK 0.3 billion (to CZK 9.1 billion) compared with 2000 owing to a reduction in the transit fee. Of this, gas supplies from Russia as the countervalue of the transit fee were down by CZK 0.2 billion and payments from German customers dropped by CZK 0.1 billion. The sum paid for oil and gas transport through Slovakia and for use of the Ingolstadt pipeline was the same as in 2000 (CZK 3.9 billion).

In 2001, foreign tourism in the Czech Republic was affected by a series of events. The veterinary measures taken in Europe during the spring and summer months influenced border traffic in particular. The terrorist attack against the USA caused world-wide changes in tourist destinations in Q4 and also indirectly affected inbound tourism. The increase in the number of visitors to the Czech Republic using air transport halted in Q3, and Q4 even saw a year-on-year decrease. This fall was offset by a higher number of visitors to accommodation facilities using other forms of transport.

Receipts from foreign travel rose by 2.3% on a year earlier to CZK 113.3 billion. Spending of Czech citizens on foreign travel was 7.2% higher than in 2000, amounting to CZK 52 billion.

Credits and debits from foreign travel



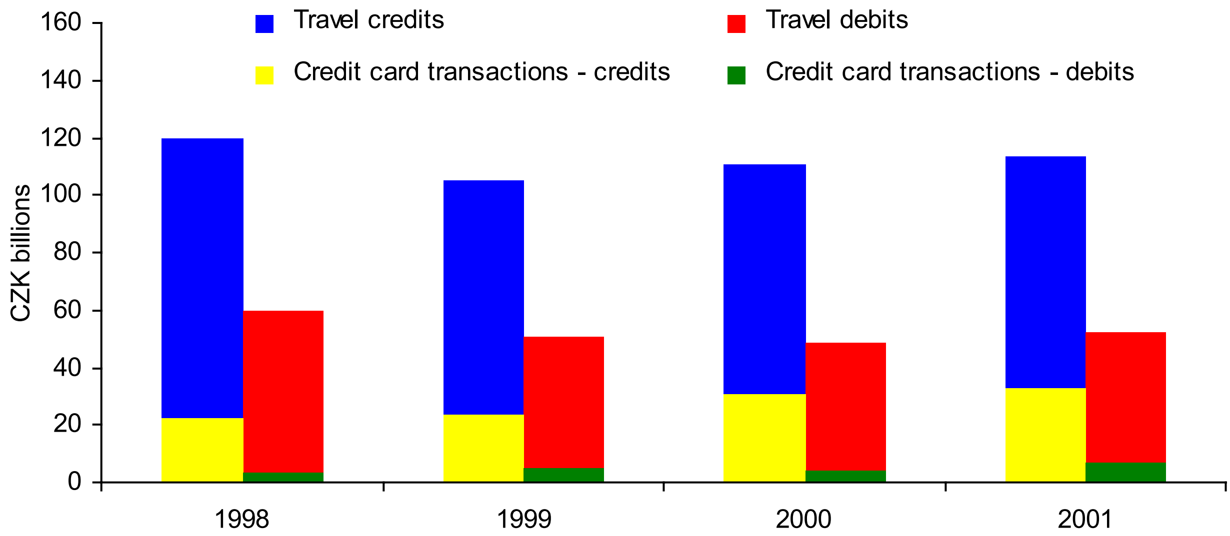
According to CSO figures, more than 103 million foreign tourists visited the Czech Republic in 2001, 1.1% less than in 2000. The number of visitors from neighbouring countries and from countries with no visa requirement decreased. By contrast, the number of visits from countries with a visa requirement increased considerably (by 51.7%). An annual rise of 10.4% was recorded for foreign visitors (overseas and well-off continental clientele) to the Czech Republic using air transport. The number of foreign tourists using accommodation facilities increased by 9.7% in 2001. Increased interest in accommodation was recorded by three-star hotels (up by 58.2%), five-star hotels (up by 5.8%) and other facilities (up by 2.5%). The number of nights of stay was 1.6% higher than a year earlier. Greater interest (in year-on-year comparison) in visiting the Czech Republic was shown by guests of accommodation facilities from both European and non-European countries (e.g. Slovakia, Croatia, Russia, Finland, Italy, Australia and New Zealand), who offset a decline in visitors from, for example, the USA, South America and Israel.

The increase in the number of foreign visitors staying at hotels and guesthouses was due to the still-favourable prices of services, as well as to greater interest in spas and the good conditions for winter sports in 2001.

According to CSO figures, the number of Czech citizens travelling abroad exceeded 36 million, down by 5.1% from a year earlier. The biggest decline (of 8.6%) was registered for border crossings with Poland, which apparently became less attractive to Czech citizens with respect to cheap purchases of consumer goods and fuels. A sizeable rise (of 26.7%) in foreign trips by Czech nationals was visible at airports. This increase is in line with their preference for spending money on more luxurious package holidays. The higher spending of Czech citizens abroad may also have been due to the koruna's exchange rate, and probably also to larger purchases at the end of the year in the national currencies of those countries that switched to euro banknotes and coins on 1 January 2002. This was reflected in a year-on-year increase in the number of Czech citizens crossing the Austrian border (particularly in Q4) and German border.

In the Czech Republic, the volume of transactions executed using payment cards increases every year. In 2001, travel receipts realised using payment cards amounted to CZK 32.8 billion, accounting for 28.9% of total receipts. Payment card spending by Czech citizens abroad reached CZK 6.7 billion and accounted for 12.8% of total spending.

Share of credit card transactions in travel credits and debits



According to the banking statistics, other business and non-business services showed a decrease of CZK 1.9 billion to CZK 94.1 billion on the credit side and a decrease of CZK 5.0 billion to CZK 128.3 billion on the debit side.

The largest annual fall in receipts was recorded for financial services, where payments also decreased, although to a lesser extent. The deficit on financial services doubled in year-on-year comparison. Significant decreases were seen for rental of films and audiovisual recordings, royalties and licence fees, and advertising and market research services. The amount recorded for the operating needs of foreign embassies and consulates was 25% lower than a year earlier. By contrast, receipts from telecommunications services, computer and information services and legal, accounting and management consultancy services increased. This increase was accompanied by a rise in payments for services purchased abroad. On the payments side, the largest growth was recorded for services in the area of basic and applied research and development; however, this was largely offset by simultaneous growth in receipts. Commissions paid on goods and services transactions as well as costs associated with re-export operations saw year-on-year increases. With credits similar as in 2000, the greatest reduction in debits in absolute terms was recorded for “other business services” (of almost CZK 7.9 billion), which had a major effect as regards improving the balance on other services.

1.3. INCOME

The income deficit in 2001 was CZK 48.4 billion (EUR 1.4 billion), a decrease of CZK 3.0 billion compared with 2000.

in CZK billions

	2000	2001
Income balance	-51.4	-48.4
of which:		
Credit	68.4	82.1
Income earned abroad	4.3	9.4
Investment income	64.1	72.7
dividends	0.5	0.7

reinvested earnings	-0.7	
interest	64.3	72.0
Debit	119.8	130.5
Costs for foreigners' work in Czech Rep.	14.7	16.2
Investment income	105.1	114.3
dividends	11.2	19.5
reinvested earnings	36.9	32.0
interest	57.0	62.8

Receipts on the CNB's reserve assets increased by CZK 0.3 billion compared with 2000 to CZK 26.6 billion. Interest costs associated with a loan from the European Investment Bank stood at CZK 0.5 billion, i.e. down by CZK 1.2 billion on a year earlier.

Significant amounts of interest on credits provided in the past under intergovernmental agreements are at present being paid only by Algeria (CZK 0.1 billion last year). Interest paid on credits received from the World Bank and from G24 governments has been gradually decreasing (CZK 0.4 billion last year).

Interest rate developments on financial markets abroad and at home fed through into the interest balance of commercial banks. The total sum of interest received on deposits with foreign banks and on provided credits decreased, as did the costs associated with drawing credits and accepting deposits from non-residents. The net interest yield of commercial banks rose by CZK 0.6 billion.

Interest on commercial credits remained essentially balanced in the corporate sector, while continuing drawing on financial credits from foreign banks (or parent firms in the case of foreign-owned businesses) for operating and investment needs led to a widening of the total deficit on the domestic businesses' interest balance to CZK 18.2 billion.

Investment in foreign securities yielded domestic investors much higher profits in 2001 than in previous years (according to calculations based on information from securities traders and other institutions licensed to trade in securities). Dividends were CZK 0.7 billion and income on bond holdings exceeded CZK 7.5 billion.

According to the figures from securities traders, foreign investors' income from investment in domestic government, banking and corporate bonds reached almost CZK 14.2 billion, i.e. CZK 6.4 billion more than in 2000. Dividends for foreign shareholders amounted to CZK 19.5 billion, of which CZK 16.5 billion went to direct investors, according to a survey of foreign-owned businesses. The profit created during 2001 and reinvested by foreign investors in the development of domestic businesses is estimated at CZK 32.0 billion. According to the above survey, reinvested earnings in 2000 (i.e. profit created in 2000 and undistributed profits from previous years minus losses and dividends) were CZK 36.9 billion.

According to information from the Ministry of Labour and Foreign Affairs, 103,700 foreigners were employed in the Czech Republic at the end of 2001, roughly the same figure as a year earlier. Including those illegally employed, their earnings (adjusted for costs of stay) are estimated at CZK 16.2 billion, up by CZK 1.5 billion on a year earlier. Given the increasing number of Czech nationals working abroad, their estimated remuneration is much higher than in previous years (CZK 9.4 billion).

1.4. CURRENT TRANSFERS

The surplus on current transfers in 2001 increased by CZK 1.0 billion to CZK 12.5 billion (EUR 0.4 billion) compared with 2000.

in CZK billions

	2000	2001
Current transfers (unilateral)	11.5	12.5
of which:		
Credit	27.9	26.2
Debit	16.4	13.7

Contributions to international organisations and pension payments (net transfers to other countries reached CZK 2.9 billion) on the debit side, and foreign assistance (net inflow of CZK 1.8 billion adjusted for assistance provided) on the credit side, accounted for much of the deficit on general government transfers (of CZK 1.1 billion).

As in 2000, bilateral technical assistance was limited to that from Germany. The German government donated equipment for sewage plants worth almost CZK 20.0 million.

Within the Phare programme, funds from the European Commission have been concentrated in the National Fund since 2000 (inflow of CZK 3.0 billion during 2000). Most of these funds are earmarked for the support of entrepreneurial infrastructure and for building industrial zones, particularly in regions with high unemployment (North Moravia and Northwest Bohemia). Projects focusing on environmental improvements, cross-border co-operation, infrastructure development, education promotion and job creation are being financed on an ongoing basis.

The surplus on private transfers (mostly household transfers) increased by CZK 2.7 billion to CZK 13.6 billion. Funds transferred as compensation to victims of Nazism and to the Czech-German “Fund for the Future” amounted to CZK 3.5 billion.

2. THE CAPITAL ACCOUNT

The capital account ended 2001 with a slight deficit of CZK 0.3 billion. Unlike in 2000, the rise in payments was not accompanied by increasing receipts. The effect of the capital account on the balance of payments is still insignificant. This item covers purchases and sales of patents, trademarks, copyrights and franchises, and also migrants’ transfers.

in CZK millions

	2000	2001
Capital account	-198	-331

3. THE FINANCIAL ACCOUNT

The financial account recorded a net inflow of foreign capital of CZK 153.3 billion (EUR 4.5 billion), up by CZK 5.2 billion on a year earlier. This relatively high surplus was achieved mainly in Q4 (CZK 66.7 billion), mostly thanks to strong inflows of direct and portfolio investment. Other forms of capital flow showed the opposite tendency. During the year, the inflow of foreign funds as a percentage of GDP remained flat at around 7%.

The financial account 2000–2001

in CZK billions

	2000	2001
Financial account	148.0	153.3
Direct investment	190.8	183.3
- Czech abroad	-1.6	-3.7
- foreign in the Czech Republic	192.4	187.0
Portfolio investment	-68.2	34.9
- Czech abroad	-86.6	4.4
- foreign in the Czech Republic	18.4	30.5
Financial derivatives	-1.4	-3.2
- assets	-4.5	-9.4
- liabilities	3.1	6.2
Other investment	26.8	-61.7
1. Long-term investment	-4.9	3.2
- credits granted abroad	21.3	1.3
- credits received from abroad	-26.2	1.9
2. Short-term investment	31.7	-64.9

3.1. DIRECT INVESTMENT

In 2001, net foreign direct investment (FDI) inflow into the Czech economy amounted to CZK 183.3 billion.

3.1.1. Czech direct investment abroad

Czech direct investment abroad recorded something of a recovery compared with previous years, being more than double the level a year earlier and amounting (according to preliminary data) to CZK 3.7 billion (EUR 107.3 million). Of this amount, CZK 3.5 billion was invested in equity capital, while the balance of loans associated with direct investment was CZK 0.2 billion. Within the year, capital outflow in the form of direct investment abroad was particularly visible in Q1 and Q3.

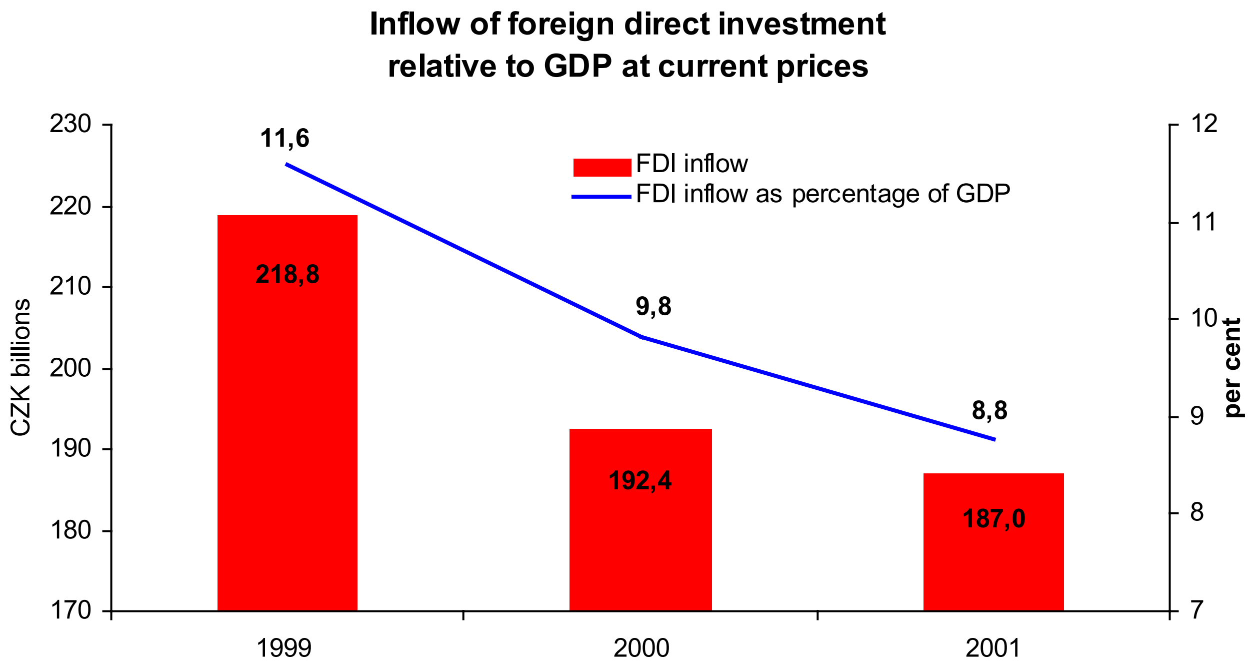
By territory, the biggest volumes of direct investment were channelled into Slovakia (26.3%), the British Virgin Islands (21.6%), the USA (19.9%), and Poland (14.2%). Direct investment in other countries was less significant (4.9% in Germany, 3.6% in Hungary, 2.1% in India, 1.4% in Slovenia, etc.).

By sector, investment in services predominated (as in 2000), accounting for 80.3% of the total volume, whereas investment in the production sector accounted for just 19.7%. The share of direct investment in the production sector decreased significantly while that in services was stronger than in 2000.

As regards economic activity, the structure of the direct investment changed. In 2000 the largest volumes of investment had been channelled into financial intermediation and insurance, manufacture of food and beverages and manufacture of machinery and equipment, whereas in 2001 they went mostly into wholesale and retail trade and repair (39.3%), real estate and business activities (19.6%), other services (10.5%), financial intermediation and insurance (8.5%), manufacture of transport equipment (8.1%), manufacture of refined petroleum products and chemical products (5.1%) and manufacture of motor vehicles (2.1%).

3.1.2. Foreign direct investment in the Czech Republic

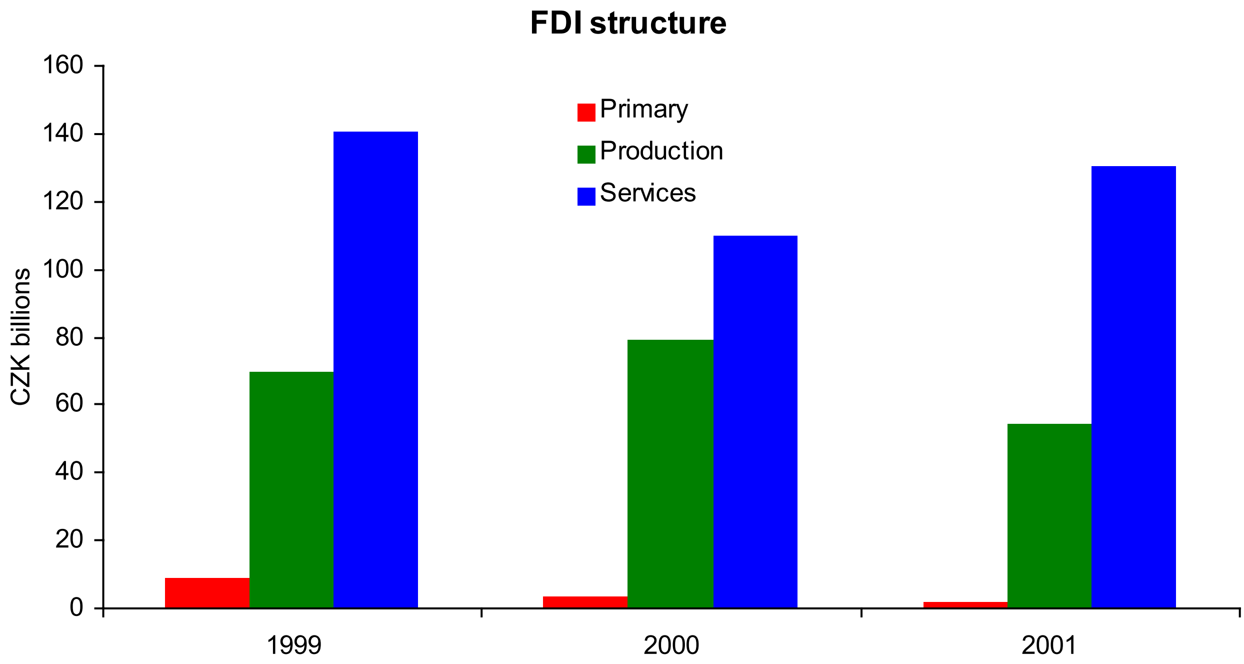
Inflow of foreign direct investment was again the dominant item of the financial account in 2001.



FDI inflow was again very strong in 2001, although slightly less so than in the previous two years. The total foreign direct investment inflow in 2001 reached CZK 187.0 billion (EUR 5.5 billion), of which CZK 151.8 billion was in equity capital. Reinvested earnings were CZK 32 billion according to preliminary data and loans CZK 3.2 billion. The FDI volumes remained high thanks to privatisation of state assets into the hands of foreign investors. Revenues from sales of state interests accounted for about 30% of the total inflow, i.e. CZK 56.5 billion. Proceeds from privatisation to foreign investors were directed either into the National Property Fund or into Konsolidační banka (now Česká konsolidační agentura — Czech Consolidation Agency). Given the overall decline in FDI inflow, investment in existing private entities thus saw a more sizeable decrease (of almost 20%)

The most important investment projects were: the sale of Komerční banka shares, the sale of Radiomobil, the investment by Philips Display Components ČR in Hranice na Moravě in North Moravia, the sale of water utility Vodovody a kanalizace a.s. Praha and the entry of a foreign investor into chemical company Chemické závody Sokolov. The investments took the form of direct sales of businesses, green-field investments and equity increases.

By sector, the largest volumes of investment went into services, which accounted for 69.9% of total investment and recorded an annual increase. By contrast, investment in manufacturing industries accounted for 29.2% of the total and was lower than a year earlier. The share of agriculture, forestry and mining and quarrying remained low (1.0%).



As regards economic activity, financial intermediation and insurance accounted for the largest part of the total inflow (27.5%), followed by transport and communications (17.2%), wholesale and retail trade and repair (11.9%), real estate and business activities (6.4%), electricity, gas and water supply (5.3%), manufacture of office equipment, computers and radio, television and communication equipment (4.5%), manufacture of refined petroleum products and chemical products (3.7%) and manufacture of motor vehicles (3.2%).

By territory, the largest investors in the Czech Republic were again the EU countries: Germany (28%), France (27.9%), the Netherlands (16.6%) and Austria (6.0%). As for other countries, the USA accounted for 4.9%, Denmark for 4.7% and Switzerland for 2.8%. The shares of all other countries were below 1%. The countries listed in the territorial breakdown are those stated in the addresses recorded in the companies register. Some US, Japanese and EU firms also invest in the Czech Republic via subsidiaries incorporated in the Netherlands.

3.2. PORTFOLIO INVESTMENT

Portfolio investment recorded a net inflow of CZK 34.9 billion (EUR 1 billion) in 2001, unlike in 2000, when there was an outflow of CZK 68.2 billion due to investment activity by residents. Foreign investors invested a total of CZK 30.5 billion in Czech securities on balance during 2001. As for domestic investors, redemptions and sales of foreign securities were CZK 4.4 billion higher than purchases.

The net inflow of portfolio investment was recorded throughout the year, but was concentrated mainly into Q4 (CZK 15.8 billion). In contrast, Q3 saw the lowest inflow (of CZK 0.2 billion), owing to the major fall in securities prices on world capital markets following the terrorist attacks in the USA.

The domestic capital market recorded strong foreign investor demand for shares in lucrative domestic businesses (balance: CZK 14.1 billion), particularly in Q4, thanks to favourable inflation and to expected and realised privatisations. By contrast, owing to the interest rate and exchange rate developments in Q4, foreign investors reduced their holdings of both long-term and short-term bonds (CZK 8.2 billion).

For the year as a whole, foreign investors invested CZK 23.2 billion in domestic equity securities and CZK 7.2 billion in debt securities. The total trade turnover of non-residents in domestic securities was CZK 1,154 billion. The stock of foreign investment in domestic koruna securities totalled CZK 153.7

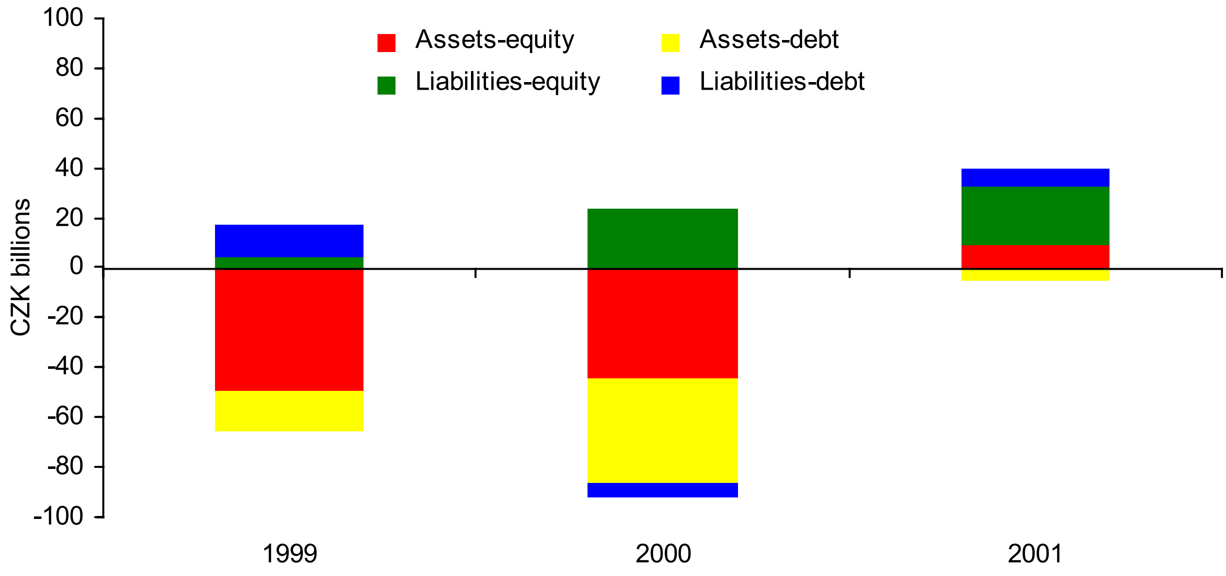
billion as of the end of 2001, up by CZK 17.9 billion on a year earlier. In 2001, non-residents invested predominantly in securities in the areas of financial intermediation (49%), transport and communications (20%), energy supply (9%) and public administration (9%). Most of the investment came from the Netherlands (18%), Austria (18%) and the United Kingdom (16%), followed by the USA (13%), Germany (12%) and Luxembourg (9%).

The inflow of foreign funds on the part of domestic investors in Q4 (CZK 9.9 billion) was largely the result of a change in the investment decision-making of banks, which reduced the holdings of long-term foreign bonds in their portfolios. At the same time, the favourable share prices on foreign capital markets in the last quarter of the year led to sales of equity securities, chiefly by non-banks. The profits from these sales were invested primarily in purchases of foreign long-term bonds in the expectation of higher yields.

The net income of residents from sales of foreign equity securities reached CZK 9.5 billion for the year as a whole, exceeding net payments for foreign securities purchases (CZK 5 billion) by CZK 4.4 billion. The total trade turnover of residents in foreign securities was about CZK 650 billion, just one third of the record turnover of CZK 1,948 billion a year earlier. In year-on-year terms, the biggest fall in investment activity was recorded in certain of the large banks, which last year incurred considerable losses from foreign securities trading.

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 other countries in the form of domestic bond issues on international capital markets. There was only one new issue of long-term bonds during the year, worth CZK 2 billion. At the same time, though, two previous issues — worth CZK 2.5 billion — matured in H2. Foreign investment in Czech bonds issued on international capital markets in foreign currencies stood at CZK 26.6 billion at the end of the year, down by CZK 2.2 billion from a year earlier.

Balance of flows by type of portfolio investment



3.3. FINANCIAL DERIVATIVES

Financial derivatives recorded a net capital outflow of CZK 3.2 billion (EUR 0.1 billion) during the year, a rise of CZK 1.8 billion on a year earlier. This was mainly attributable to growth in asset transactions by commercial banks outpacing growth in liability transactions in Q3 and Q4.

3.4. OTHER INVESTMENT

Other investment showed a net outflow of funds of CZK 61.7 billion (EUR 1.8 billion) whereas in the previous year there had been an inflow of CZK 26.9 billion. The trend toward an outflow of funds was visible throughout the year and strengthened in Q4.

The banking sector accounted for CZK 92.5 billion of the full-year net outflow of funds. In Q4, commercial banks considerably accelerated their repayment of short-term commitments. At the same time they increased both their short-term and long-term investment abroad (chiefly in the form of foreign currency and koruna deposits with foreign banks). Repayments of earlier-accepted financial credits exceeded drawings on new loans, leading to a reduction in commercial banks' foreign liabilities.

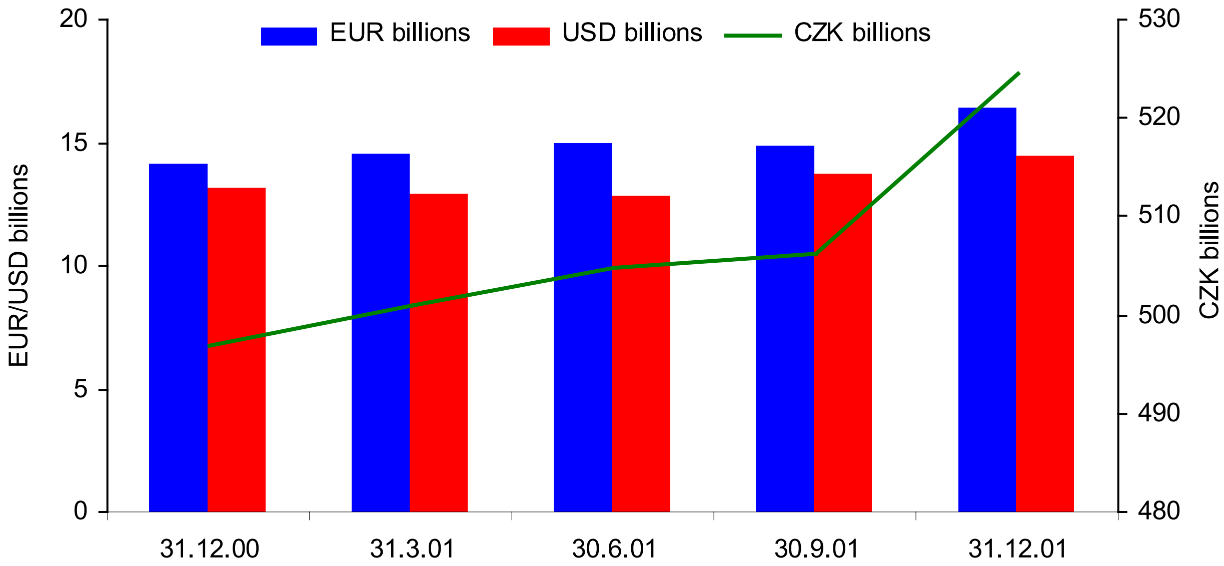
The inflow of funds into the corporate sector continued (CZK 29 billion), in the form of drawings on long-term and short-term financial credits from abroad and an increase in import liabilities.

The government sector also recorded a net capital inflow (of CZK 1.8 billion), thanks to excess collected repayments of government liabilities dating from the period of central planning. Credit for regional development was drawn to a lesser extent.

4. CNB INTERNATIONAL RESERVES

The large financial account surplus in 2001, created primarily in Q4, exceeded the current account deficit by about CZK 52 billion. Excluding valuation changes, CNB international reserves increased by CZK 67.2 billion (EUR 2 billion). This increase was due to a rise in the government's foreign currency deposits with the CNB, foreign exchange interventions and the crediting of income on the reserves. The CNB's foreign exchange market operations and its co-operation with the government were aimed at eliminating the appreciation pressures on the koruna's exchange rate apparent throughout 2001 caused by the continuing inflow of capital from abroad.

CNB international reserves



At the end of 2001, CNB international reserves totalled CZK 524.5 billion (EUR 16.4 billion) and were sufficient to finance 3.9 months' worth of imports of goods and services. Including valuation changes the reserves were CZK 27.7 billion (EUR 2.2 billion) higher than a year earlier.

	2000	2001
CNB international reserves in CZK billions	496.8	524.5
Coverage of good and services imports in months	4.1	3.9

5. THE INVESTMENT POSITION, EXTERNAL DEBT AND DEBT SERVICE

5.1. THE INVESTMENT POSITION

At end-2001, the investment position of the Czech Republic showed a deficit of CZK 247.8 billion (EUR 7.7 billion). Compared with a year earlier, the debt position of the state was up by CZK 55.9 billion owing to higher capital inflow (liabilities were up by CZK 144.2 billion), particularly in the area of foreign direct investment. The rise in assets (CZK 88.3 billion) was attributable to commercial banks, which recorded a rise in their creditor position vis-à-vis non-residents, and to the growth in CNB international reserves.

Investment position

in CZK billions

	31 Dec. 2000	31 Dec. 2001	Change
Assets	1 448.4	1 536.7	88.3
Liabilities	1 640.3	1 784.5	-144.2
Net investment position	-191.9	-247.8	-55.9

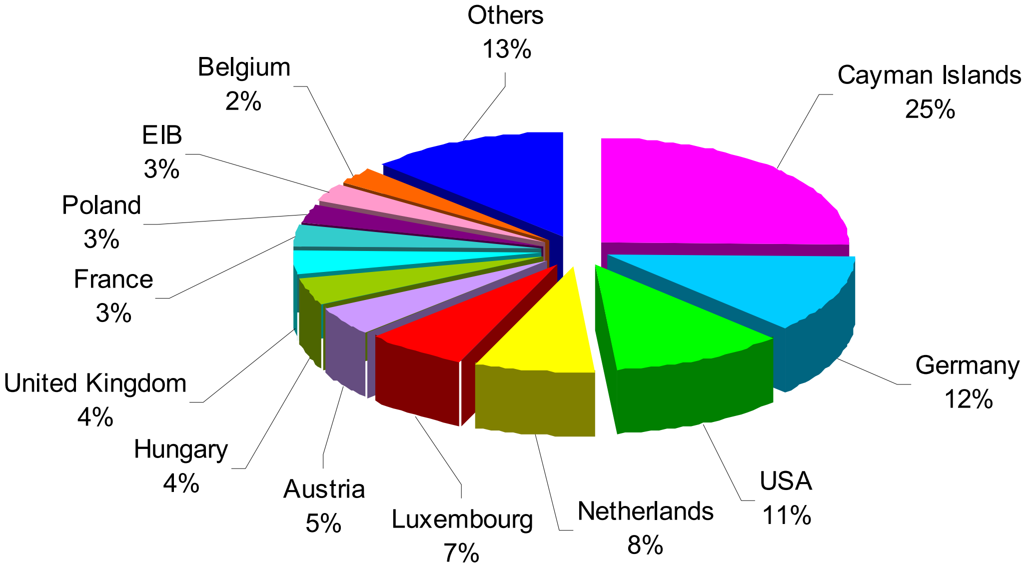
Note: Under liabilities, unlike for gross debt, direct investment includes ownership interests as well as credit transactions, and portfolio investment includes equity securities as well as debt securities.

With regard to structure, the deficit on the overall investment position was largely due to foreign direct investment, which increased by CZK 149.8 billion on a year earlier to CZK 940.3 billion.

By contrast, both portfolio investment and financial derivatives recorded a net outflow of funds as at the end of the year. The net surplus on financial derivatives was CZK 4.3 billion, a rise of CZK 3.3 billion in the creditor position for this item compared with 2000. Portfolio investment also showed a surplus of CZK 4.8 billion, but compared with 2000 there was a decline of CZK 11 billion in the net investment position for this item. This was mostly attributable to the impacts of the September terrorist attacks in the USA on international capital markets and also to the negative experience and high losses of some banks and nonbanks from trading in non-standard foreign securities.

Domestic investors deposited their free funds mainly in long-term securities (59%), as well as equity securities (37%) and short-term bonds (the lowest share of 4%). By territory, investment in securities issued in EU countries accounted for 40% of the total, while 25% of the domestic (chiefly banking) investment was allocated in the Cayman Islands, and 11% of portfolio investment went into US securities. About 7% of the funds were invested in transition economies (Poland, Hungary) and 3% in bonds issued by the EIB.

Foreign securities holdings of residents broken down by territory



As in previous years, the foreign funds were mostly channelled into the corporate sector, whose debtor position amounted to CZK 217.6 billion at end-2001. Businesses drew CZK 22.4 billion more in foreign funds than a year earlier, mainly in the form of financial credits.

The CNB had the largest creditor position abroad (CZK 524.6 billion), recording a rise of CZK 27.7 billion. The creditor position of commercial banks (CZK 175.1 billion) also showed an increase, of CZK 96.2 billion. The resultant net position of commercial banks was due to a fall in their short-term and long-term foreign liabilities (CZK 46.6 billion) on the one hand and to a rise in their assets (CZK 49.6 billion) on the other. The outflow of banking sector funds went chiefly into short-term foreign currency deposits with foreign banks.

The government sector is another important creditor abroad; its creditor position was flat in year-on-year comparison (at CZK 201.3 billion).

Net investment position

in CZK billions

	31 Dec. 2000	31 Dec. 2001	Change
Direct investment	-790.5	-940.3	-149.8
Portfolio investment	15.8	4.8	-11
Financial derivatives	1.0	4.3	3.3
CNB	497.0	524.6	27.6
Commercial banks	78.9	175.1	96.2
Government	201.1	201.3	0.2
Businesses	-195.2	-217.6	-22.4
Net investment position	-191.9	-247.8	-55.9

5.2. EXTERNAL DEBT

The total external debt of the Czech Republic in koruna terms declined from CZK 817.1 billion (EUR 25.6 billion) at end-2000 to CZK 786.7 billion (EUR 24.6 billion) at end-2001, i.e. by CZK 30.4 billion (EUR 0.9 billion). This was largely due to a drop of CZK 18.3 billion in short-term debt, but long-term debt also decreased by CZK 12.1 billion, particularly in inconvertible currencies (around CZK 9 billion in debt to the former German Democratic Republic was repaid). Owing to the faster decline in short-term debt, the share of short-term debt in the total indebtedness declined from 42% to 41%.

in CZK billions

	31 Dec. 2000	31 Dec. 2001	Change
External debt, total	817.1	786.7	-30.4
- short-term	343.8	325.5	-18.3
- long-term	473.3	461.2	-12.1
Share of short-term debt	42%	41%	-1%

The biggest fall in long-term debt in convertible currencies was recorded in the banking sector (CZK 7.3 billion) thanks to repayments exceeding drawings on new credits from abroad. The banking sector accounted for 19% of long-term debt at the end of the year. By contrast, long-term liabilities (most notably financial credits) continued to grow in the corporate sector (up by 3.2 billion). In year-on-year comparison, this sector's share in long-term indebtedness increased from 72% to 74%. The government sector, particularly municipalities, also showed a rise in long-term foreign liabilities (of CZK 1.1 billion). At the year-end, the government's share of total long-term debt was around 7%.

In the area of short-term liabilities (CZK 325.5 billion), the largest year-on-year fall was recorded by commercial banks (CZK 33.8 billion). Despite this decline in liabilities, commercial banks accounted for 59% of total short-term debt at the end of 2001, 6% less than a year earlier. A decline in short-term liabilities of CZK 1.6 billion also occurred in the government sector. This took the short-term debtor position of the government below CZK 0.5 billion. Compared with 2000, a rise in short-term liabilities was recorded only in the corporate sector (CZK 17.1 billion). Short-term liabilities of businesses account for 40% of total short-term debt.

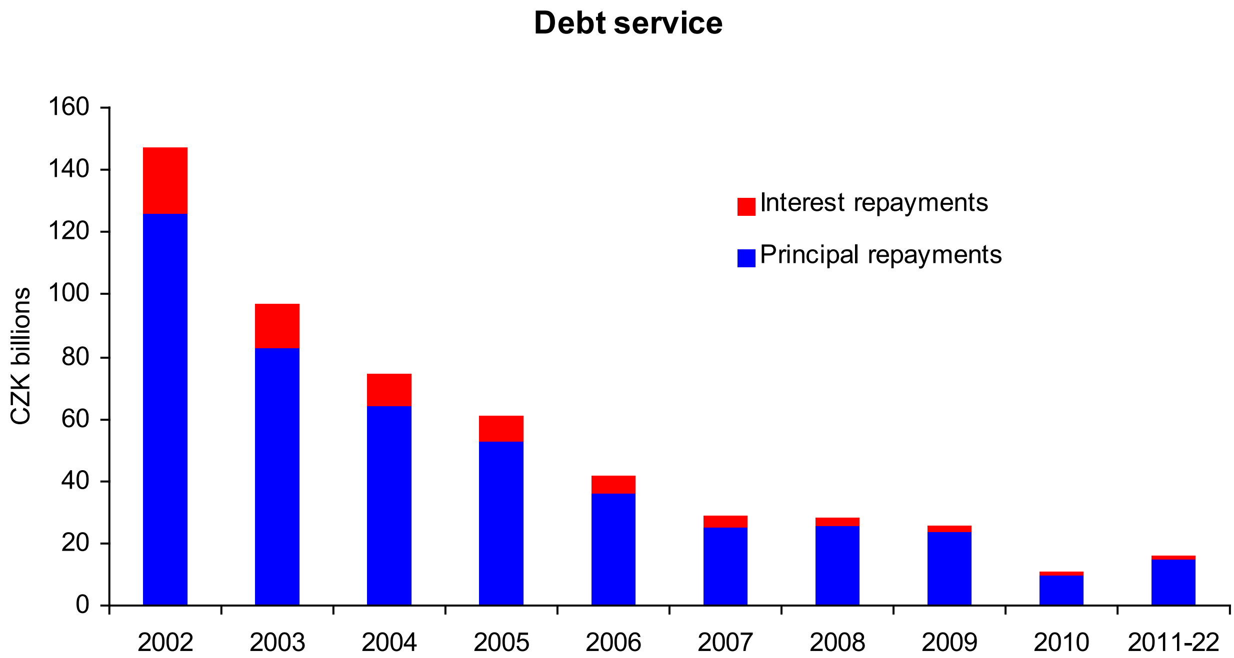
The ratio of foreign debt to GDP decreased from 41.7% at end-2000 to 36.7% at end-2001, bringing the Czech Republic below the 40% level which is acknowledged internationally as sensitive.

5.3. DEBT SERVICE

Debt service on long-term debt in convertible currencies amounted to CZK 132.2 billion (EUR 3.9 billion) in 2001. A total of CZK 98.8 billion (EUR 2.9 billion) was repaid in principal and CZK 33.4 billion (EUR 1 billion) in interest. The debt service costs were CZK 5.5 billion lower than in 2000.

The largest amount of principal (CZK 67.2 billion) was repaid by the corporate sector, which was paying off financial credits accepted directly from foreign entities as well as import liabilities. This amount also includes a corporate bond issue of CZK 6.6 billion which matured in 2001. The banking sector repaid a total of CZK 25 billion in principal on its long-term liabilities arising from financial and special-purpose credits accepted from foreign banks. Repayments by the government sector, including municipalities, amounted to CZK 6.2 billion.

Debt service financing represented 8.6% of exports of goods and services in 2001, a decline of 3.6 percentage points from a year earlier. This decline was due both to a lower volume of repayments of bank loans and to a higher growth rate of exports.



Debt service
CZK billions
160
140
120
100
80
60
40
20
0
Interest repayments
Principal repayments
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011-22

C. ANNEXES

Annex 1

FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

The inflow of foreign direct investment into the Czech Republic played a significant role in the economic restructuring process in the 1990s. Economic policy was oriented towards promoting foreign direct investment, albeit with varying emphases within individual phases of the privatisation process. The inflow of foreign capital in the form of foreign direct investment is fully liberalised in the Czech Republic.

1. THE INSTITUTIONAL AND LEGAL ENVIRONMENT

1.1. THE LEGAL FRAMEWORK FOR FOREIGN DIRECT INVESTMENT

Foreign direct investment is not governed by any special legislative act. The business activities of foreign persons in the Czech Republic are regulated by the Commercial Code, under which foreign persons may carry on in business activities on the territory of the Czech Republic under the same conditions and to the same extent as Czech persons (the principle of equal treatment). A foreign person's authorisation to carry on business activity on the territory of the Czech Republic takes effect on the day as of which that person is recorded in the Commercial Register. However, in compliance with EU norms the obligation of being recorded in the Commercial Register does not apply to natural persons (individuals) who have a permanent home (residential) address in a member state of the European Union or in some other state of the European Economic Area (amendment valid since 1 February 2001). Although the purchase of property by foreign persons is not fully liberalised, free acquisition of property is allowed where foreign persons found a Czech legal entity or where they have a capital share in the business of a Czech legal entity, and further where foreign legal entities carry on business activities on the territory of the Czech Republic in harmony with the requirements of the Commercial Code, i.e. in the form of a branch or by location of the business.

The term "foreign direct investment" is defined by the Foreign Exchange Act No. 219/1995 Coll. Pursuant to Article 1(j) of the Act:

"for fulfilment of the reporting duty, 'direct investment' shall mean the use of funds or other ownership rights appreciable in money and other assets to establish, acquire or enlarge lasting economic relations of an investing resident or residents as person acting in concert in a business abroad or of an investing non-resident or non-residents as persons acting in concert in a business in the Czech Republic, particularly in one of the following forms:

1. the establishment or acquisition of an exclusive share in a business, including any enlargement thereof,

2. a participation in a new or existing business where the investor owns or acquires a holding of 10% or more of the registered capital of a trading company or co-operative or 10% or more of the equity capital of a company or 10% or more of the voting rights or any other share in excess of 10% in the business of a company,

3. any other provision or acceptance of funds or other assets or ownership rights appreciable in money as part of economic relations established by direct investment,

4. a financial credit associated with a profit distribution agreement or with the exercise of a significant influence over the management of the business,

5. the use of profits from an existing direct investment in the same investment (reinvestment of earnings)."

The definition of direct investment in the Foreign Exchange Act is in harmony with the definition of foreign direct investment by the OECD, IMF and EUROSTAT, which stipulates the following:

“Foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy (‘direct investor’) in an entity resident in an economy other than that of the investor (‘direct investment enterprise’). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.” A direct investment enterprise is defined as “an incorporated or unincorporated enterprise in which a foreign investor owns 10 per cent or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise”.

Direct investment includes both directly and indirectly owned affiliates, which are broken down (according to the percentage of the investor’s share of the equity capital or voting rights) into **subsidiary companies** (a share of more than 50%), **associate companies** (a 10%–50% share) and **branches** (a wholly-owned permanent establishment or office of a direct investor; land and structures directly owned by a non-resident; mobile equipment that operates within the economy for at least one year).

In addition to equity capital, foreign direct investment includes reinvested earnings and other capital, including borrowing and lending of funds with a direct investor.

1.2. CONDITIONS FOR CARRYING ON BUSINESS IN SELECTED SECTORS

The conditions for conducting business are stipulated for both domestic and foreign entities in selected economic sectors. The principle of equal treatment is applied to foreign firms if they are interested in entering a particular sector.

Banking

Foreign banks, including branches and subsidiaries thereof, must acquire a banking licence from the Czech National Bank, which first seeks the opinion of the Ministry of Finance. For foreign bank establishments, which are often representative offices, only registration is required.

The acquisition of shares in domestic banks by non-residents is subject to the same rules as in the case of residents. Pursuant to the Act on Banks, “prior to acquiring a qualifying holding in a bank or prior to increasing a qualifying holding so that it would reach or exceed 10%, 20%, 33% or 50% of the capital or of the voting rights, a legal or natural person or persons acting in concert must have the consent of the Czech National Bank”. Any person reducing his share in a bank below these limits is obliged to notify the CNB of this fact.

Note: The Securities Act contains an analogous wording. The acquisition of a qualifying holding in a securities dealer is subject to the prior consent of the Securities Commission.

The Stock Exchange

Foreign investors may purchase shares in the Prague Stock Exchange (i.e. in the company itself) without any special restrictions. The Prague Stock Exchange’s shares are in registered form and are transferable to other persons only with the consent of the Exchange Chamber. However, members of the Exchange need not be shareholders in it.

Only those who have obtained a licence from the Securities Commission may trade in securities through the Exchange. Such persons are either shareholders of the Exchange or persons with an Exchange Chamber licence. Apart from this, investors may purchase securities without any licence in the off-exchange RM-Systém or through direct trading.

Insurance

Entities wishing to carry on insurance activities have to apply for authorisation to the Office of State Inspection in the Insurance and Pension Scheme Industry at the Ministry of Finance.

The development of the insurance area was put in motion by the adoption of Act No. 168/1999 Coll., which ended the monopoly of Česká pojišťovna (Czech Insurance Company) on third-party car insurance. At present, this kind of insurance is provided by 12 companies. The monopoly on mandatory air cargo insurance was abolished in 1997 by the Civil Aviation Act.

There are 43 insurance companies operating in the Czech Republic. Seven of them are branches of foreign institutions and twenty are under foreign control. Four specialise in life insurance, twenty-three deal in property insurance and the other sixteen offer comprehensive services. Two insurance companies provide reinsurance services, which require special authorisation under Act No. 363/1999 Coll., on Insurance.

Most of the insurance companies operating in the Czech Republic take the form of joint-stock companies. Since October 2001, when the state sold its majority share in Česká pojišťovna, all the insurance companies have been operating without direct state ownership. The Export Guarantee and Insurance Corporation (EGAP), which insures export credits, has special status.

Pension Funds

The Office of State Inspection in the Insurance and Pension Scheme Industry at the Ministry of Finance is the decision-making body for the granting of requests for permits in this area.

Twenty pension funds are currently operating in the Czech Republic. All of them take the form of private joint-stock companies free of state ownership. Four pension funds have been founded by foreign investors. The same licensing and operating requirements apply to them as to domestic owners.

As regards investing abroad, under the applicable legislation Czech pension funds may only invest their assets in securities issued by the governments or central banks of OECD member states.

Investment companies and investment funds

The establishment of investment funds and investment companies is governed by Act No. 248/1992 Coll., on Investment Companies and Investment Funds. A foreign investor may be the sole or joint founder of an investment fund or may buy into an already existing Czech company. Investors may also acquire interests in investment funds through a securities market. Foreign investors are not restricted by any limit when acquiring interests in investment companies and funds.

Under an amendment to Act No. 248/1992 Coll., implemented by Act No. 124/1998 Coll., which came into force on 8 June 1998, investment funds are required to convert themselves into open-end funds. This process should be completed by the end of 2002.

Oversight of the capital markets was performed by the Ministry of Finance until 1998. In 1998, the independent Securities Commission took over the role of supervisor and protector of the capital markets.

Auditing services

One of the commitments ensuing from the Czech Republic's associate membership of the EU was the lifting of restrictions on foreign ownership of auditing companies (under the Czech legislation, foreign ownership of auditing companies was not allowed to exceed 40% of the capital and foreign persons were not allowed to become auditors). These restrictions were lifted by Act No. 245/2000 Coll., on Auditors, in effect since 1 January 2001. The Czech Chamber of Auditors is authorised to register new entities meeting the statutory requirements in the list of auditors.

Air transport

Foreign operators who intend to carry on commercial air transport through a company registered in the Czech Republic must, under the Commercial Code, submit a registration application. Pursuant to Act No. 49/1997, on Civil Aviation, “a domestic air carrier for commercial air transport carried on under licence shall be a legal entity having its registered address in the Czech Republic in which at least 51% of the capital and at least 51% of the voting rights belong to domestic entities or the Czech Republic and in which domestic entities or the Czech Republic exercise a controlling influence over the management and full control of its activities; or a state enterprise established by the state for this purpose”.

The requirement that domestic entities exercise a controlling influence also applies to the operation of domestic lines. However, to carry on air taxi services it is only necessary to be a resident of the Czech Republic.

The air transport sector in the Czech Republic is dominated by České Aerolinie (Czech Airlines — CSA). Since Air France offloaded its stake in CSA at the start of the 1990s, the airline has been majority owned by the state through the NPF. In 2000, the Government approved CSA’s entry into the Sky Team alliance (comprising Air France, Delta, Czech Airlines, Alitalia, AeroMexico and Korean Air). The state-owned stake is to be privatized in compliance with this agreement.

1.3. MONOPOLIES AND CONCESSIONS

Power industry

The Czech power company ČEZ concentrates 70% of power generation in the Czech Republic. The National Property Fund owns a 67% stake in ČEZ. The remaining 33% of the shares are owned by private investors; these shares are traded on the secondary market. Foreign and domestic investors have equal access to the market. The National Property Fund also owns 46%–58% of the shares in eight regional distribution businesses. Under the voucher privatisation process, 15% of the shares were sold, 34% were transferred to towns and cities and a small proportion were privatised in the form of restitution.

Gas industry

In January 2002, an agreement on the sale of the state-owned gas company Transgas and eight regional distributors was concluded. The German company RWE is set to pay CZK 133 billion for the full package, making this the largest-volume single investment project in the history of direct investment inflow into the Czech Republic.

Postal services

The state monopoly on postal services is regulated in full compliance with EU directives. A postal licence gives its holder, in the public interest, authorisation to provide postal services, i.e. deliveries of packages weighing less than 350 g and containing written correspondence, at a price lower than that decreed by the government. At the same time, the licence holder is required to provide basic postal services and to ensure universal accessibility of those basic services throughout the Czech Republic.

Telecommunications services

Except for long-distance and international calls, telecommunications services in the Czech Republic are provided under licence in a fully competitive environment on the principle of equal treatment. The exclusive right to establish and operate the public telephone network and provide long-distance and international telephone services was awarded in 1995 to SPT Telecom (now Český Telecom). At present, the state holds 51% of the shares in Český Telecom via the National Property Fund, and 27% of the shares have been sold to a strategic partner, the TelSource consortium.

There are seven holders of licences to provide local calls in the Czech Republic. However, in total they serve only around 1% of the users of the telephone network. These licence holders must be Czech legal entities, and the direct or indirect interests of foreign investors in them may not exceed 34%. Three licences have been granted to operators of mobile networks.

Český Telecom's monopoly on operating landlines is to end in the second half of 2002.

Transport services

Except for air transport, there are no restrictions on foreign investment in transport services. Operating in the railway transport area is the state enterprise České dráhy (Czech Rail), which is undergoing a long-term restructuring. In February 2002, the Act on the Transformation of České dráhy was adopted. Under this Act, the existing state organisation will be transformed into two new entities as of 1 January 2003: a joint-stock company, České dráhy, and a state organisation, Správa železniční dopravní cesty (The Railway Transport Route Administration). Private investors may also acquire a licence to operate railway transport. The administrator is the Ministry of Transport.

Agriculture

The state monopolies on agriculture and food manufacture have gradually been abolished: in 1993 the monopoly on tobacco production, in 1997 the monopoly on spirit manufacture, and in 1999 the monopoly on salt manufacture, where, however, the state still holds a "golden share". Czech agricultural production and sale face competition from cheaper goods from the EU, where producers are subsidised. Czech agriculture currently has one of the lowest levels of subsidy in Europe relative to the volume of sales in the sector. The share of subsidies in the total income of the agricultural sector is 9% in the Czech Republic, 7% in Hungary, 22% in Poland and 38% in the EU.

Coal mining

Coal mining is concentrated in five companies. The state has a majority stake through the National Property Fund in two of them: Severočeské doly and Sokolovská uhelná. The state is also a shareholder in OKD. Both domestic and foreign investors have access to the mining industry.

Refineries

As part of the process of privatisation of state refineries, the Government in 1995 signed a contract with a consortium of three foreign companies (Shell, Conoco and AGIP). In 1996, this consortium purchased a 49% stake in Česká rafinérská.

1.4. INVESTMENT PROMOTION AND INVESTMENT INCENTIVES

Investment incentives play a significant role in the efforts of countries to acquire the maximum share of the international supply of investment capital. In the Czech Republic, a programme of investment incentives was launched in April 1998, when the first government decree governing the legislation of this area was adopted. During the course of 1998 and 1999, several more specific decrees followed, accompanying the preparation of a legislative act.

The basic incentives were introduced in 1998 (tax relief, duty-free zones, duty-free imports of high technology, training and retraining grants, job-creation grants and infrastructure grants). In 1999, the job-creation grants were increased and the minimum investment level to qualify for incentives was reduced from USD 25 million to USD 10 million. In regions with high unemployment this threshold was further reduced to USD 5 million. The results of the investment incentive programme between April 1998 and the end of 2000 show that almost 50 companies obtained support for investment programmes totalling USD 2.1 billion and creating almost 116,000 jobs. The best-known include Škoda Volkswagen, Schoeller, Continental, Glaverbel, Matsushita and Phillips.

On 1 May 2000, the Investment Incentives Act (No. 72/2000 Coll., as amended by Act No. 453/2001 Coll.) took effect, thereby completing the establishment of the legislative basis for providing preferential treatment to investors. Under this Act, foreign and domestic investors are allowed to use investment incentives under the same terms and conditions.

The investment incentives are as follows:

- Corporate tax relief for ten years (newly-established companies) or a partial corporate tax discount for five years (already existing companies).
- Subsidies granted to municipalities for infrastructure development, and the transfer of land owned by the Czech state to municipalities.
- Job-creation grants.
- Training and retraining grants.

The incentives are offered subject to the following eligibility criteria:

- The investment must be made into the acquisition or construction of a new plant or into the expansion or modernisation of an existing production facility to launch a new production activity or to expand or modernise existing production. The acquisition may take the form of either a purchase or a lease.
- The direct investment must be made either into a specified manufacturing sector (aviation, astronautics, transport equipment, computers, information technology, electronics, radiocommunications, telecommunications, pharmaceutical products) or into other sectors where at least 50% of the cost of the production line consists of machinery listed on a government-approved list of high-tech machinery.
- Investment in machinery must account for no less than 40% of the total value of the tangible and intangible assets acquired.
- The proposed production must meet all Czech environmental standards.
- The investor must invest a minimum of CZK 350 million, of which at least CZK 145 million must be covered by the equity of the investor. If the investment is made in an area with an unemployment rate exceeding the nationwide average by 50%, the threshold is reduced to CZK 100 million, half of which must be covered by the investor's own equity.
- The funds must be invested and paid within three years of the date when the pledge to grant the incentives is made.

Development of industrial zones

The inflow of foreign direct investment has triggered growth in demand for industrial land ready for investment. In 1999, the Czechinvest agency in co-operation with the Ministry of Industry and Trade designed a programme to promote the development of industrial zones. This programme is targeted not only at the preparation of land for specific investors, but also at advance site preparation. It includes subsidies for infrastructure and for the purchase of land or the transfer of state-owned land to municipalities. In 1999, a total of CZK 158.5 million was allocated to 19 industrial zone projects covering a total area of 381 hectares. In 2000, subsidies totalling CZK 400.5 million were approved for 34 projects covering a total area of 819 hectares. In the budget for 2001, a sum of CZK 500 million was allocated for industrial zones.

Incentives for the strategic services sector

The system of investment incentives regulated by Act No. 72/2000 Coll. is currently only for the manufacturing sector. However, a new programme to support "strategic services" was launched in 2000. This covers selected types of business services facilitating the development of information technology and human capital.

Government Resolution No. 1259/2000 approved the submission of pilot cases in this area for approval by the Czech Government. The support relates in particular to customer contact centres, shared services centres, software development centres, expert solution centres and high-tech repair centres.

The investment incentives include:

- tax incentives,
- retraining incentives,
- job-creation incentives,
- university co-operation support.

In 2001, the pilot cases were assessed individually. The experience gained will be used to establish a comprehensive system of investment incentives.

2. FOREIGN DIRECT INVESTMENT AND ITS EFFECT ON THE CZECH ECONOMY

2.1. OVERALL STRUCTURE

At the beginning of 1993, the stock of direct investment in the Czech economy stood at CZK 83.5 billion, and the annual increases in the subsequent years have been relatively low. Broken down by sector, the inflow into manufacturing has been slightly greater than that into the services sector. The primary sector (agriculture and mining) contributed only marginally to the total inflow of investment, accounting for no more than 1% of the total volume of FDI in the subsequent period.

The volume of foreign direct investment recorded an extraordinary increase (of CZK 68 million) in 1995 after a foreign investor bought into the telecommunications sector. In the succeeding two years, the inflow reached only 60% or so of this volume. However, 1995 represented a turning point in the direction of investment by economic sector. Since then, the inflow of investment into the services sector has constantly exceeded that into manufacturing.

Between 1998 and 2001, the annual inflow of foreign investment rose considerably thanks chiefly to the ongoing privatisation of the state-owned stakes in businesses and financial institutions. However, at the same time, companies with long-term foreign ownership increased their capital significantly or established new operating units. Green-field investment rose too, mainly thanks to the implementation of the system of investment incentives. The volumes of funds invested from abroad in this period are evidenced by the fact that only investment in manufacturing, accounting for around 30%–40% of the total annual inflows in this period, exceeded the total annual increases in investment recorded up until 1997 (except for 1995). Within the production sector, investor interest focused on technical industries, particularly electrical engineering and vehicle manufacture. Investment in the services area in 1998–2000 was channelled chiefly into wholesale and retail trade, financial intermediation and insurance, and real estate activities. The biggest annual increase in FDI was in 1999, when the total inflow amounted to CZK 218.8 billion. The inflow of foreign capital in subsequent years (CZK 192.4 billion in 2000 and CZK 187.0 billion in 2001) suggests a stable rate of FDI inflow into domestic economy. According to preliminary calculations, as of 31 December 2001 the stock of foreign direct investment had reached CZK 970 billion.

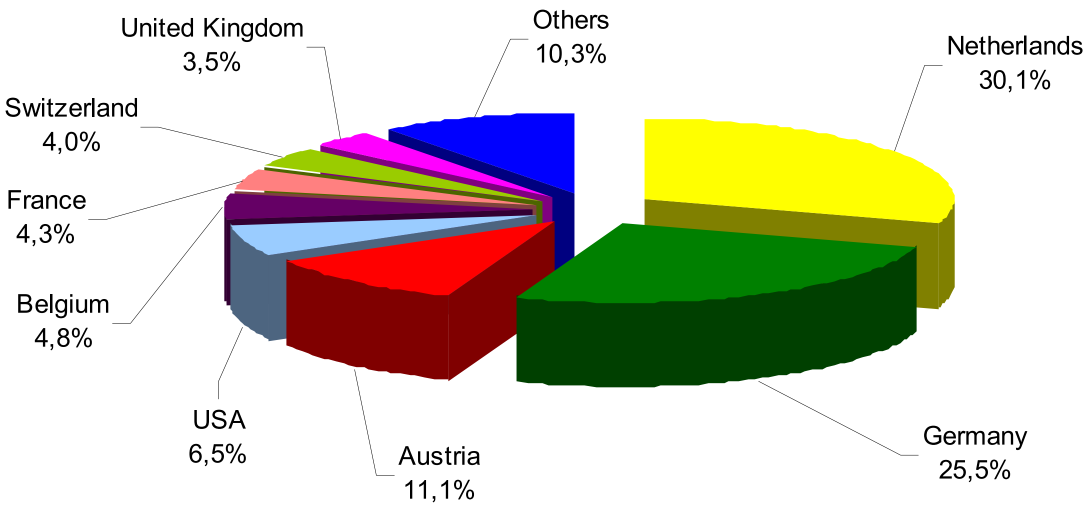
Stock of foreign direct investment in the Czech Republic

	1/1/93	1993	1994	1995	1996	1997	1998	1999	2000	2001[1)]
CZK mil.	83,488.7	102,539.1	127,533.5	195,526.3	234,301.1	319,820.3	429,167.8	631,505.3	818,411.6	970,450.9
USD mil.	2,889.0	3,423.1	4,546.8	7,350.0	8,572.4	9,233.8	14,375.0	17,552.1	21,643.7	26,764.4
EUR mil.	2,391.4	3,053.7	3,732.3	5,741.0	6,909.9	8,367.4	12,254.6	17,478.7	23,323.2	30,345.5

1) preliminary data

According to the results of the CNB's annual survey of foreign-owned businesses, the total stock of FDI in the Czech economy as of 31 December 2000 was CZK 818.4 billion (USD 21.6 billion; EUR 23.3 billion). More than 84% of this was from EU countries. OECD member states account for more than 96% of the investment inflow. The largest investors are the Netherlands, Germany, Austria, the USA, Belgium, France, Switzerland and the United Kingdom. This order changes in individual years owing to the implementation of new investment projects and to the relocation of investors within the EU. This practice is very frequent, particularly with supranational companies, which optimise their costs by transferring capital between countries flexibly. The Netherlands and Germany always have the largest shares of the direct investment in the Czech Republic, accounting for 20%–30% of the total (as of 31 December 2000, the Netherlands 30.1% and Germany 25.5%). Businesses from the USA and Japan, and sometimes also from EU countries, expand into the Czech Republic through subsidiaries founded in the Netherlands.

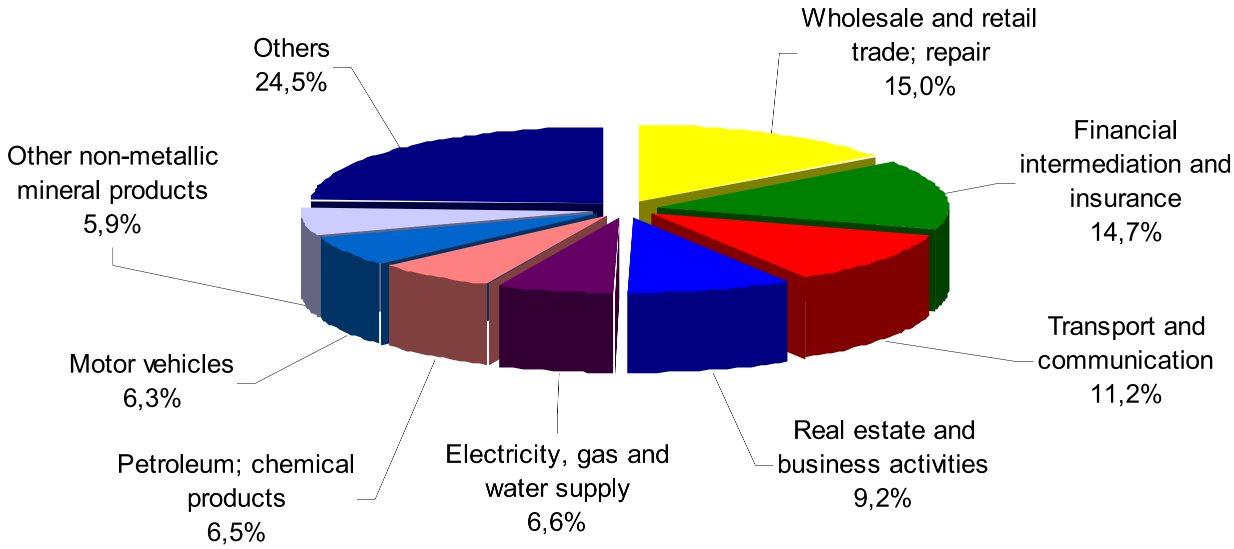
Foreign direct investment in the Czech Republic as of 31 December 2000 - by country



By sector, the largest recipient of foreign investment is the services sector, which absorbed almost 60% of the invested foreign capital. Investment in wholesale and retail trade, financial intermediation and telecommunications predominates within the tertiary sector. The volumes of funds invested in these branches reflect the privatisation of the banking sector, the development of retail chains and the rapid development of the telecommunications sector. Approximately 38% of the foreign investment is concentrated into the manufacturing sector, chiefly manufacture of oil and other raw materials products and manufacture of motor vehicles. The remaining 2% of the total volume was invested in the primary sector, mostly mining.

With regard to economic activity, the largest share of the FDI is channelled into wholesale and retail trade and repair (15%). The second largest share falls to financial intermediation and insurance (14.7%), followed by transport and telecommunications (11.2%). Substantial volumes of foreign investment also go into real estate and businesses activities, electricity, gas and water supply, petroleum and chemical products and manufacture of motor vehicles.

Foreign direct investment in the Czech Republic as of 31 December 2000 - by economic activity



Almost half of the total stock of foreign investment comes from the 120 or so largest investors. However, the foreign ownership has a much wider base, comprising approximately 3,400 units. This group includes all foreign investors in the Czech Republic except for statistically insignificant small entrepreneurs with a trading licence. Almost one third of the foreign investors come from Germany, and half as many again from Austria. However, the average investment volume from these territories does not exceed CZK 200 million per investor. The Netherlands, Belgium, the United Kingdom and the USA are among the states with the highest average volume of investment per unit.

Of the total number of foreign-owned businesses, 64% are wholly owned by a foreign investor, 25% have more than 50% foreign capital and the remaining 11% have between 10% and 50%.

The effect of foreign investment on the Czech economy can be assessed using indicators such as sales, value added, exports, imports and the number of employees of foreign affiliates. Comparisons of such indicators reported by foreign-owned Czech businesses between 1999 and 2000 show that the total sales of these businesses rose by 7.2%, goods and services exports increased annually by 36.8% and imports were up by 42.5%. The deficit on the goods and services balance of foreign-owned businesses thus widened from CZK 8 billion in 1999 to CZK 34 billion in 2000. The deficit was mostly generated in the service sector, particularly trade and telecommunications. In contrast, the production sector showed a surplus in the area of external relations. The workforce was 22% higher than a year earlier.

Selected indicators of foreign-owned businesses in 2000

in CZK billions

	Sales	Exports of goods and services	Imports of goods and services	Gross value added	Number of employees
Foreign-owned businesses	1 730	535	570	397	574 000
Share of the total	•	38%	39%	23%	18%
Foreign-controlled businesses	1 262	460	479	265	437 000
Share of the total	•	33%	33%	15%	14%

Note: In foreign-controlled businesses, non-residents own more than 50% of the equity capital.

The comparison of the indicators for foreign-owned businesses with the overall indicators for the domestic economy shows that businesses with foreign capital employ about 18% of the total workforce in the civilian sector, but account for a larger share of gross value added (almost 23%) and of exports and imports of goods and services (38% and 39% respectively).

Almost 66% of the total volume of direct investment is concentrated in large businesses with more than 250 employees, about 13% in medium-sized businesses with 51–250 employees and the remaining 21% in small businesses with less than 50 employees. An analysis of foreign capital allocation in production and services indicates that in the production sector, 78% of the capital is channelled into large businesses with more than 250 employees. In services, the distribution of foreign capital is more even, but here too large businesses prevail, absorbing around 57% of the foreign investment.

2.2. THE EFFECT OF FOREIGN DIRECT INVESTMENT ON THE BALANCE OF TRADE AND VALUE ADDED

In the long run, FDI should boost economic performance, leading to growth in value added and, via better competitiveness of domestic businesses, helping to decrease the trade deficit. Important for the export performance of the Czech economy is the FDI structure, since not all investments promise a future rise in exports. Also relevant to the trade balance is the strengthening of the competitiveness of domestic producers competing with foreign producers on the domestic market.

Most FDI has gone into wholesale and retail trade and repair; restaurants and hotels; financial intermediation and insurance; transport and telecommunications; and electricity, gas and water supply. These are not export industries, but they do have an effect on improving the services provided within the economy. In the short run, such investment usually implies a worsening of the trade balance, since foreign investors acquire the investment-related equipment in their home country.

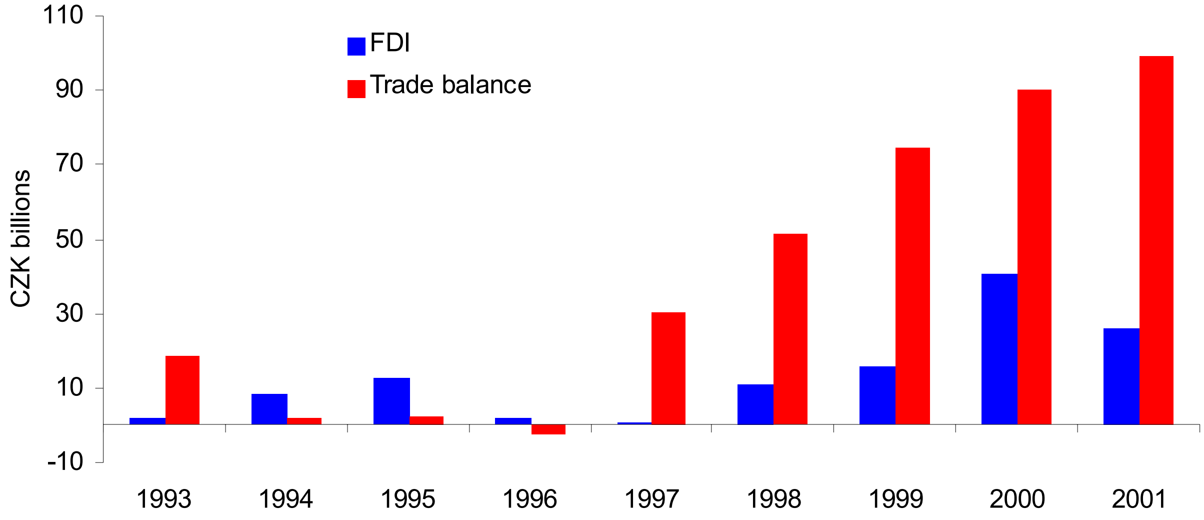
Much more important as regards increasing export performance is FDI in manufacturing. Manufacturing accounts for 34% of the total volume received since 1993, but has recorded increased FDI inflow in recent years. In 2000, manufacturing accounted for about 30% of gross value added. In first place as regards FDI inflow in manufacturing is machinery, apparatus and equipment, with around CZK 80 billion, followed by manufacture of food, beverages and tobacco.

2.2.1. FDI inflow and the trade balance

In general, FDI inflow is associated with expectations of higher export performance and therefore an improvement in the balance of trade.

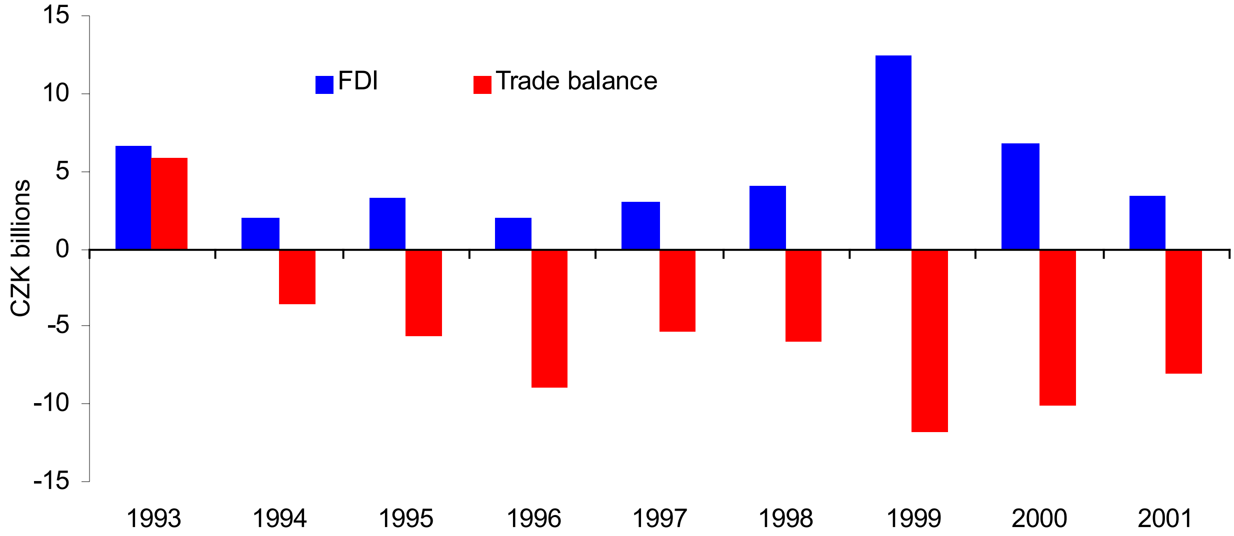
The trade balance trend in some commodity groups — broken down according to the Classification of Products by Activity (CPA) for exports and imports — compared with the FDI inflow in individual industries fulfils these expectations in only some industries. One limitation is, of course, the shortness of the time series, which is further complicated by the expected lag between capital inflows and recorded results.

FDI in machinery and equipment and trade balance in motor vehicles, other transport equipment and electrical machinery and apparatus



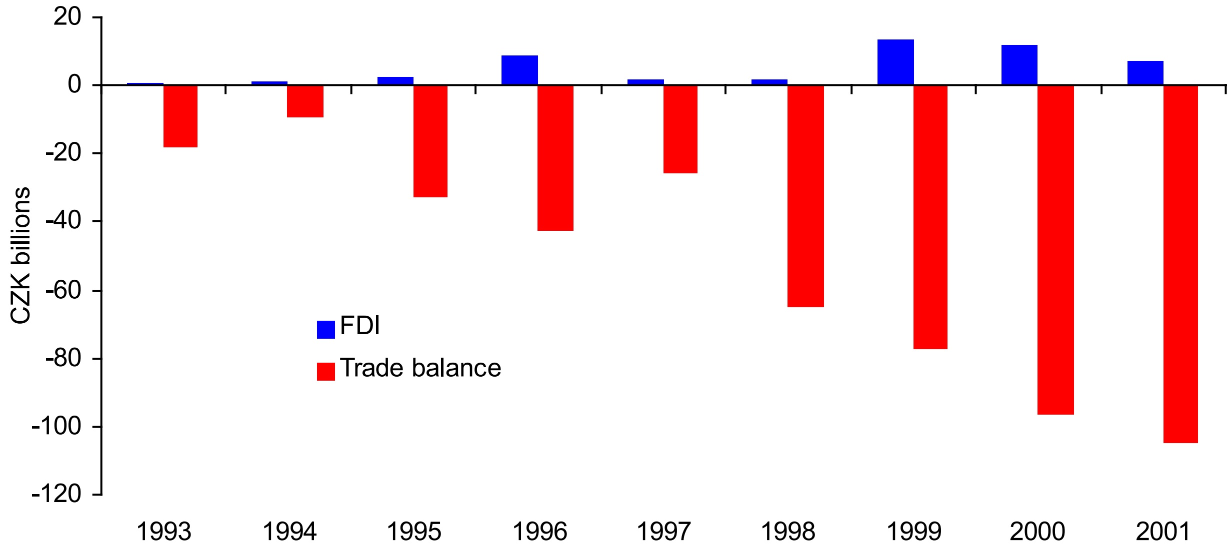
In 2001, the commodity group of motor vehicles, other transport equipment and electrical machinery and apparatus accounted for around 27% of total exports and for 17% of total imports. The surplus in this group has been rising constantly since 1997. The trade balance trend here shows quite a significant linkage to FDI inflow in the machinery and equipment group, which is confirmed by dependence analysis at a high significance level. FDI may constitute an important growth factor in the export performance in this industry. An improvement in the terms of trade has also been recorded in this commodity group, chiefly in the machinery and electrical apparatus group. Whereas imports have shown stable increases in value, export values have been recording steep growth since 1997.

FDI and trade balance in food, beverages and tobacco products



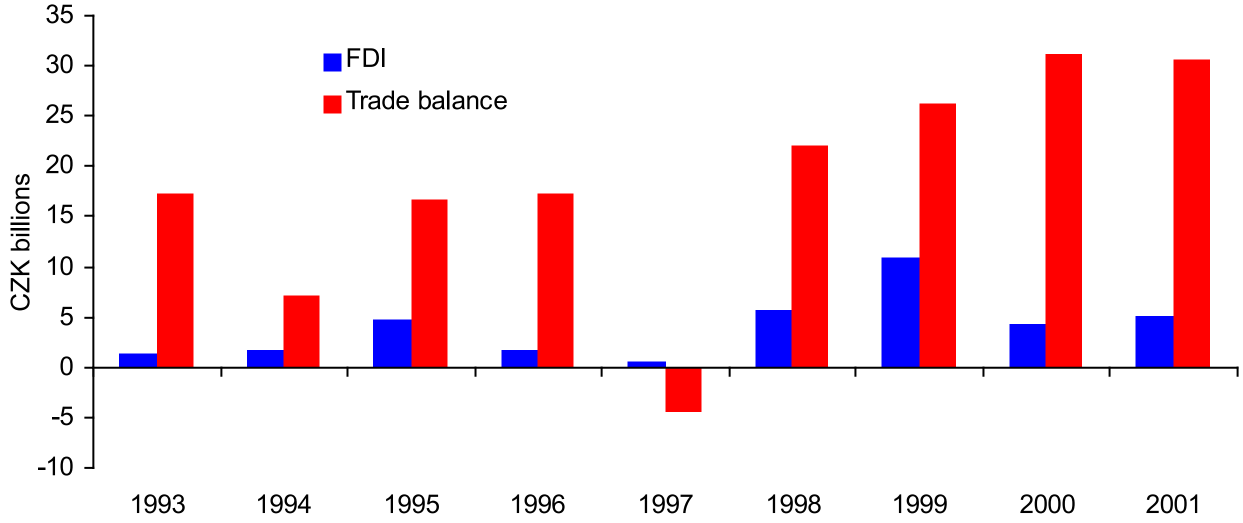
Trade in the food, beverages and tobacco group has been in deficit since 1994. This deficit reached a high in 1999 and has steadily declined since then. FDI inflow in this industry also peaked in 1999. No significant positive dependence is visible between these two variables in this industry, which accounts for 3% of both total exports and total imports. The fluctuations in the balance in this group are due to exports, since import growth has been relatively stable.

FDI in refined petroleum products and chemical, rubber and plastic products and trade balance in chemical products



The trade balance in the chemical products group deteriorated throughout the 1990s. Sizeable FDI inflow into this industry was recorded in 1999 and to some extent also in the following years, but there have been no structural changes affecting the efficiency of this industry. Chemical products account for 12% of total exports and for 18% of total imports. Exports have grown only moderately throughout the period and import growth has accelerated particularly in the last two years. The trade deficit of the chemical industry is widening despite improving terms of trade.

FDI and trade balance in other non-metallic mineral products



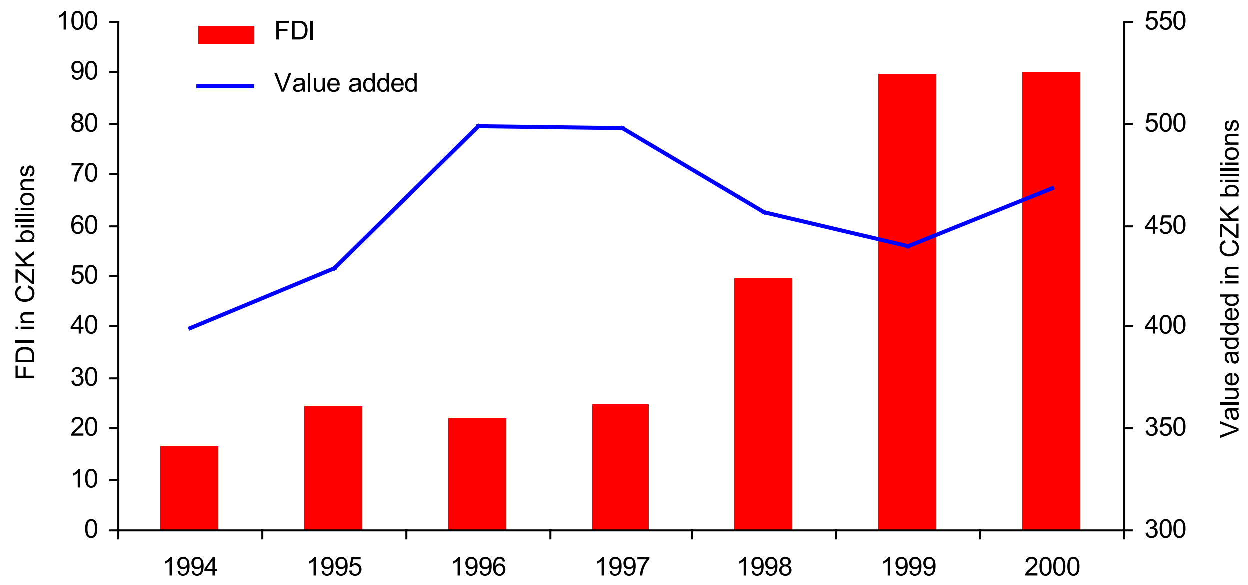
A positive trend is being recorded for the trade balance in the group of other non-metallic mineral products, where a dependence of the trade balance on the FDI volume is apparent. This commodity group ended in a deficit only in 1997. After a sizeable FDI inflow in 1999, it has shown an increasing surplus. This group accounts for 2% of total imports and 5% of total exports. Whereas the growth rate of imports is relatively stable, export growth has accelerated since 1998.

The trade balance trends do not explicitly indicate any FDI-related improvement in foreign competitiveness in the monitored sectors. A positive relationship between FDI inflow and the trade balance is visible primarily in engineering. Engineering accounted for 33% of the funds channelled into manufacturing. Machinery and transport equipment are the most important items of Czech exports with respect to volume. In particular, the surplus on trade in motor and other vehicles has recorded a substantial increase in the last five years, which can be attributed to FDI inflow. A positive FDI influence has also been felt in the manufacture of other non-metallic mineral products. Other industries have not shown such a positive FDI effect. Despite some growth in FDI, the chemical industry has not undergone a restructuring and the deficit in the chemical products group is continuing to widen. Sizeable FDI inflow has also been recorded in the manufacture of food, beverages and tobacco. However, this industry is not a major exporter and its trade balance shows a deficit.

2.2.2. FDI inflow and value added

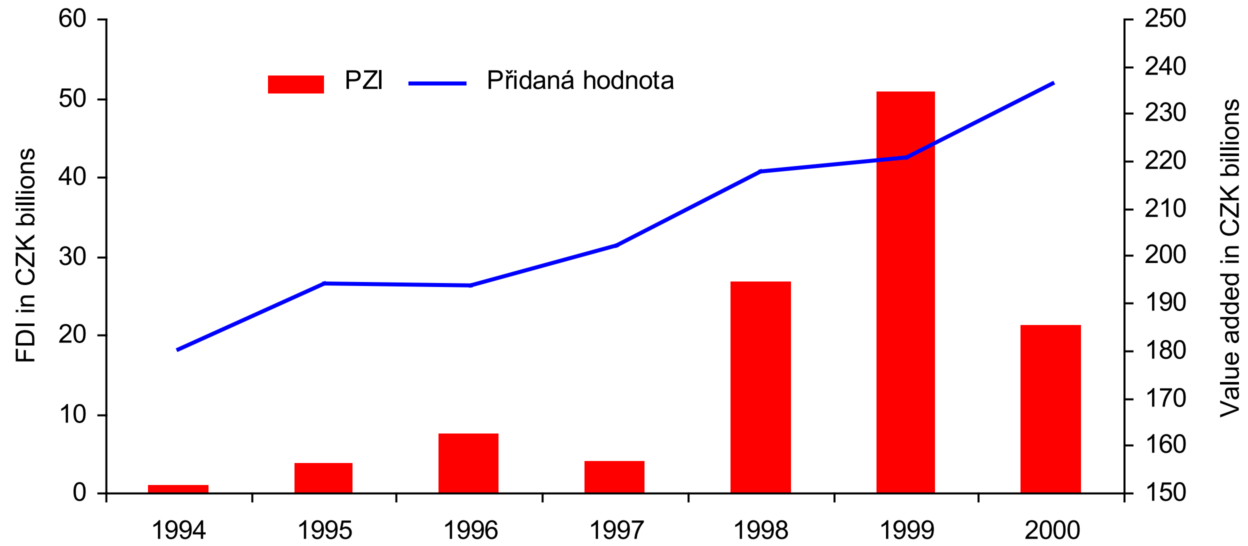
Value added is another indicator of FDI-related growth in economic performance. In this case too, however, the results in individual sectors are mixed.

Value added and FDI in industry



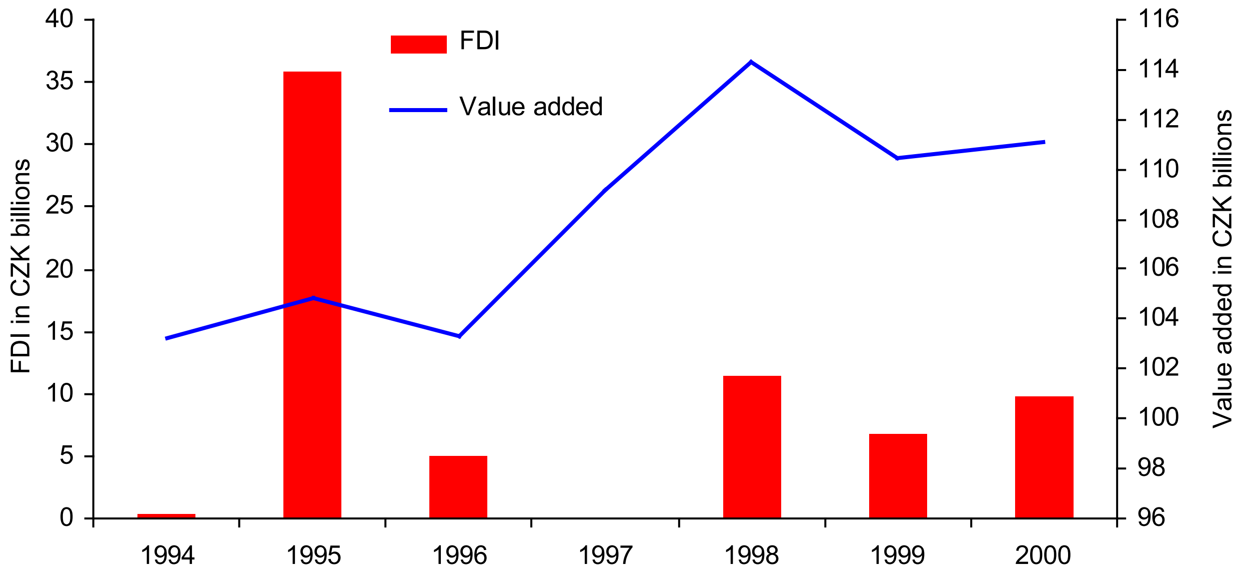
Industry accounts for about 33% of total GDP, and value added in industry is probably more strongly linked with the business cycle than with investment flows. Consequently, following the economic decline at the end of the 1990s, value added in industry has started growing again. However, we have not found any significant analytical dependence.

Value added and FDI in wholesale and retail trade, repair, hotels and restaurants



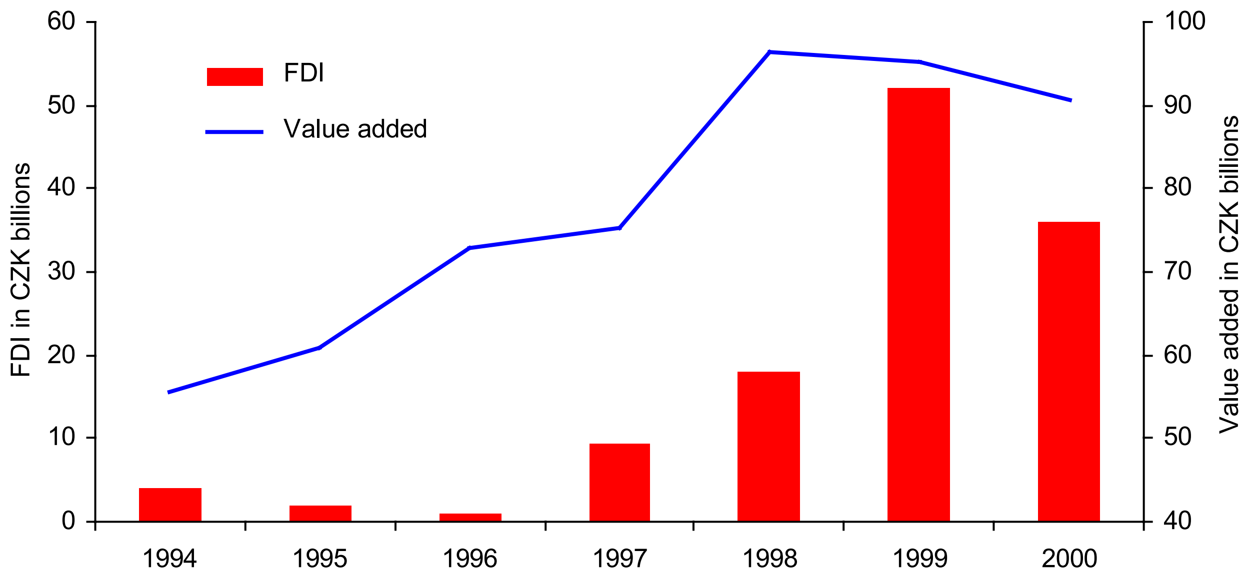
The wholesale and retail trade, repair and hotels and restaurants group accounts for about 15% of GDP. Throughout the 1990s this industry showed dynamic growth. This corresponds very well with the FDI inflow. However, one should take into account that the service sector was previously undersized, which meant that value added was already increasing at the start of the period under review, i.e. prior to the acceleration in capital inflow.

Value added and FDI in transport and communications



Transport and telecommunications represent around 8% of total GDP. In 1995 this industry saw a sizeable one-off FDI inflow, later accompanied by value added growth.

Value added and FDI in financial intermediation and insurance



The value added growth in financial intermediation and insurance had started before the FDI inflow, again as a result of the undersized nature of the sector. Massive foreign investment led to a pick-up in value added growth in 1997–1999. The dependence on FDI inflow has been confirmed at a high significance level. Financial intermediation and insurance accounts for around 5% of GDP.

The positive relationship between FDI inflow and value added is slightly stronger than in the case of the trade balance. This is natural, since performance growth should pass through into all the sectors into which foreign capital is channelled, whereas the positive effect of FDI on the balance of trade is visible chiefly in export-oriented sectors. The favourable effects of FDI inflows are most pronounced in the wholesale and retail trade, repair, hotels and restaurants group and in financial intermediation and insurance. In the other sectors reviewed, the relationship is not so clear.

3. FOREIGN DIRECT INVESTMENT IN TRANSITION COUNTRIES

In transition countries, foreign direct investment plays a key role in economic restructuring. FDI is, to a certain extent, a specific part of international capital movement, representing not only transfer of funds but also transfer of the system of management from the parent company to the new enterprise. FDI thus helps to improve the entrepreneurial climate in transition countries.

Per capita FDI in Central and Eastern European transition countries

USD

	1993	1994	1995	1996	1997	1998	1999	2000	total
Czech Republic	63	84	248	138	126	361	615	447	2,082
Hungary	228	112	436	224	214	202	196	170	1,782
Poland	45	49	95	116	127	165	188	233	1,018
Slovakia	31	47	38	61	41	127	68	384	797
Slovenia	57	64	89	97	189	125	91	91	803
Bulgaria	5	12	11	13	61	65	100	123	390
Romania	4	15	18	12	54	90	46	44	283
Estonia	107	143	136	102	183	400	212	291	1,574
Lithuania	17	83	71	153	211	146	144	171	996
Latvia	8	8	20	41	96	250	131	103	657
Croatia	26	25	24	114	119	209	327	203	1,047
Macedonia		10	5	6	8	59	16	83	187
Bosnia and Herzegovina						27	24	32	83
Yugoslavia					70	11	13	0	94
Russia	8	5	14	17	33	19	23	19	138
Ukraine	4	3	5	10	12	15	10	12	71

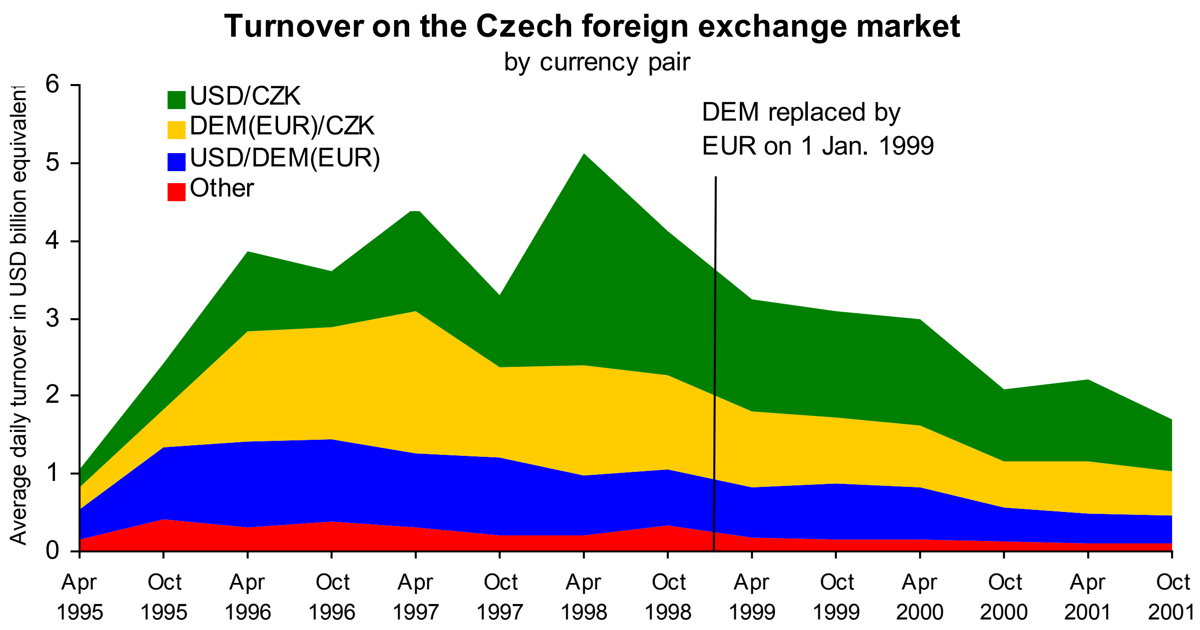
Source: WIIW

The FDI inflow into the individual transition economies has had varying intensity and timing. In general, it has been associated with the economic and political climate in each territory, e.g. with specific phases of the privatisation process in different countries, with varying degrees of involvement of foreign businesses, with the system of investment incentives, with the political situation in the region and so on.

The lowest per capita volumes of foreign direct investment have been in Russia, Ukraine and the states of the former Yugoslavia, excluding Croatia and Slovenia. The only FDI recipient with more than USD 2,000 per inhabitant is the Czech Republic, which, together with Estonia and Croatia, has recorded the largest FDI inflows, particularly in recent years. These states, together with Hungary and Poland, have recorded a per capita FDI volume exceeding USD 1,000. The foreign capital inflow into these countries has been much higher than that into the rest of the region.

THE INTERBANK FOREIGN EXCHANGE MARKET

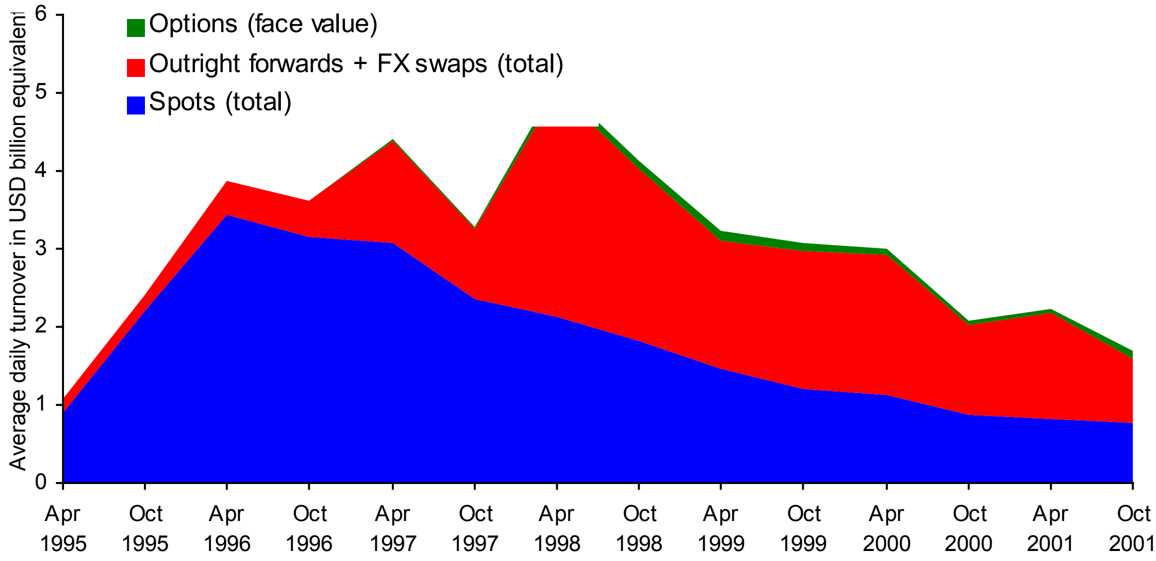
According to the October 2001 survey, the average daily volume of trading on the interbank foreign exchange market was down by USD 0.5 billion from the previous survey in April 2001.



As regards the structure of the transactions by currency pair, the average daily turnover of the three monitored currency pairs decreased. Trading in other non-specified currencies showed only a slight increase (of USD 0.02 billion). The biggest fall (of USD 0.4 billion) was recorded for USD/CZK trading, but this still constituted the largest share of the total (39.2%). EUR/CZK trading dropped by USD 0.1 billion, but its share increased to 33.4% of the total volume. USD/EUR turnover dropped by USD 0.05 billion and its share increased to 20.7%.

Turnover on the Czech foreign exchange market

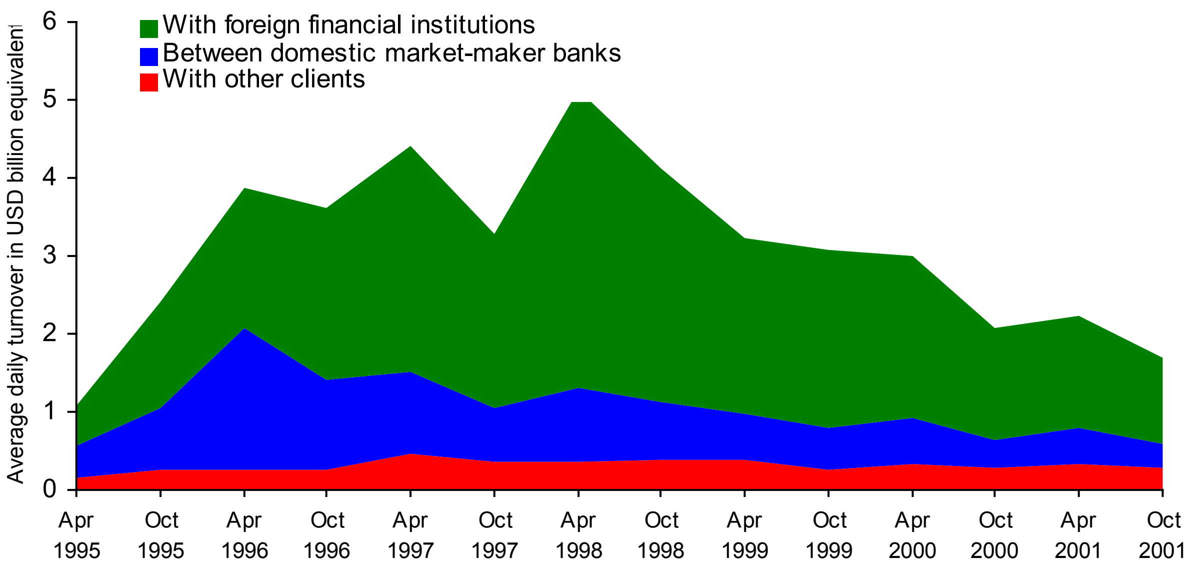
by instrument type



By instrument type, the volume of forwards and swaps decreased significantly (by USD 0.5 billion). Nevertheless, they maintained the biggest share of the total (49.8%). The share of spot transactions increased to 43.6% despite a decline in volume of USD 0.1 billion.

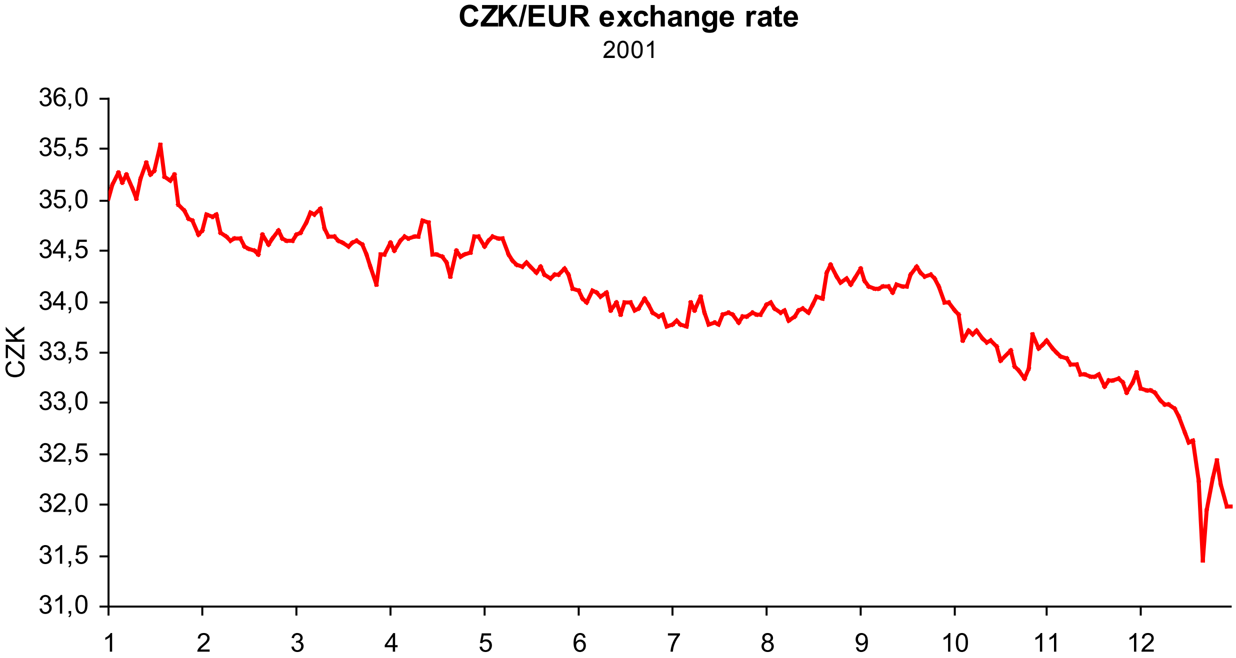
Turnover on the Czech foreign exchange market

by counterparty type



With respect to the structure of transactions by counterparty, the largest fall compared with the previous survey was recorded for trading with foreign financial institutions. Despite a USD 0.3 billion decline in the average daily turnover, the share of the total increased by 0.5 percentage points to 65.3%. Trading between domestic market-maker banks fell by USD 0.15 billion compared with the previous survey and its share decreased from 20.7% to 18.1%.

THE NOMINAL EXCHANGE RATE OF THE KORUNA

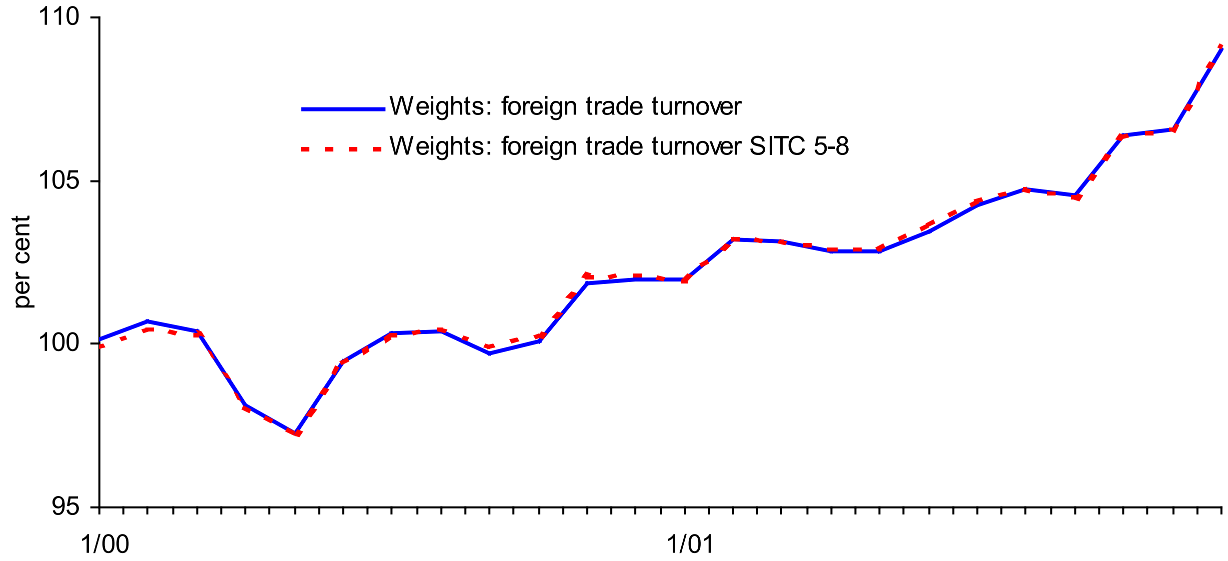


In 2001, the koruna's exchange rate against the euro, and also against other currencies in general, was determined chiefly by capital inflow, which eliminated the effects of other factors. The koruna strengthened constantly (except for corrections in April and August) from EUR/CZK 35.250 to 32.000 in December, constituting a sizeable year-on-year appreciation of 10.8%. In addition to FDI inflow, particularly in the second half of the year, this appreciation was due to the situation around the conversion of privatisation proceeds, which even succeeded in eliminating the massive impact on economies (especially the emerging markets) of the September terrorist attacks in the USA. Thanks to this, the EUR/CZK exchange rate reached a historical high of 31.400. However, a subsequent stabilisation was fostered by an agreement made between the Government and the CNB regarding the conversion of privatisation proceeds. Macroeconomic indicators had a minimal effect on the exchange rate, and neither monetary measures nor foreign exchange interventions succeeded in affecting the upward trend of the koruna.

THE NOMINAL EFFECTIVE EXCHANGE RATE OF THE KORUNA

The nominal effective exchange rate (NEER) index shows the appreciation (index higher than 100) or depreciation (index lower than 100) of the national currency against a basket of selected currencies for a certain time period relative to a base period (2000). The NEER index was calculated in two alternatives by weighting the exchange rates with the shares in trading turnover of 23 countries covering approximately 90% of Czech foreign trade. Alternative I uses the weights of the total exports and imports of these countries, Alternative II uses the weights of the exports and imports of these countries in SITC (Standard International Trade Classification) commodity groups 5–8. The NEER is calculated in a time series as the monthly average and yearly average on the 2000 base for 12 currency areas. The exports and imports of eurozone countries are recorded as a single weight using the CZK/EUR rate.

Nominal effective exchange rate of the koruna - monthly figures
(2000 = 100)



Compared with a year earlier, the NEER index strengthened by 4.32% (Alternative I) and 4.36% (Alternative II). Most of the appreciation took place in Q4, with the annual index strengthening by 6.9 points in December. The NEER appreciation is attributable to the koruna's appreciation against all the currencies in the index except for the Polish zloty.

CZK NOMINAL EFFECTIVE EXCHANGE RATE IN PER CENT	2001											
2000 = 100	1	2	3	4	5	6	7	8	9	10	11	12
Weights: foreign trade turnover	101,99	103,19	103,15	102,84	102,81	103,44	104,23	104,72	104,55	106,36	106,57	109,00
Weights: foreign trade turnover SITC 5-8	101,95	103,18	103,17	102,91	102,93	103,64	104,38	104,71	104,48	106,30	106,55	108,98*

appreciation > 100; depreciation < 100;

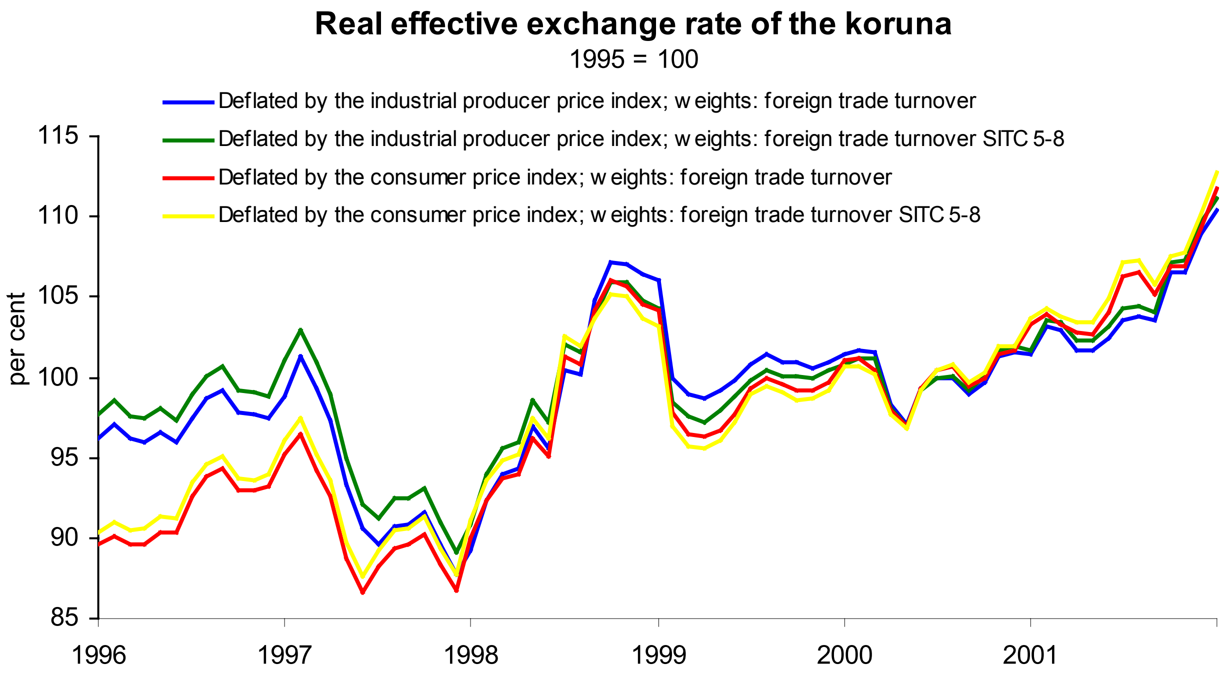
**Preliminary data*

THE REAL EFFECTIVE EXCHANGE RATE OF THE KORUNA

The real effective exchange rate of the koruna (REER) is one of the indicators of the international competitiveness of a nation and in general represents differences between foreign and domestic prices and costs expressed in a particular currency. In this respect, an REER index above 100 signals a downward trend in the nation's competitiveness against the base period, whereas values below 100 represent an upward trend.

The REER is calculated as the geometric weighted average of the koruna's nominal effective exchange rate indices adjusted for the price differential (the ratio of foreign price indices to domestic price indices). The weights applied are the shares of our main trading partners in overall trade turnover. It follows from the nature of the REER calculation that the REER trend depends on the nominal exchange rate of the koruna against the selected currencies and is corrected by the price differential.

To construct the REER, the consumer and industrial producer prices of 23 countries were used. For calculation purposes the eurozone countries are given as one area. The structure of the countries and their weights are identical to those used for calculating the NEER. In Alternative I, the weights relate to the entire trading turnover, whereas in Alternative II they only relate to SITC commodity groups 5–8.

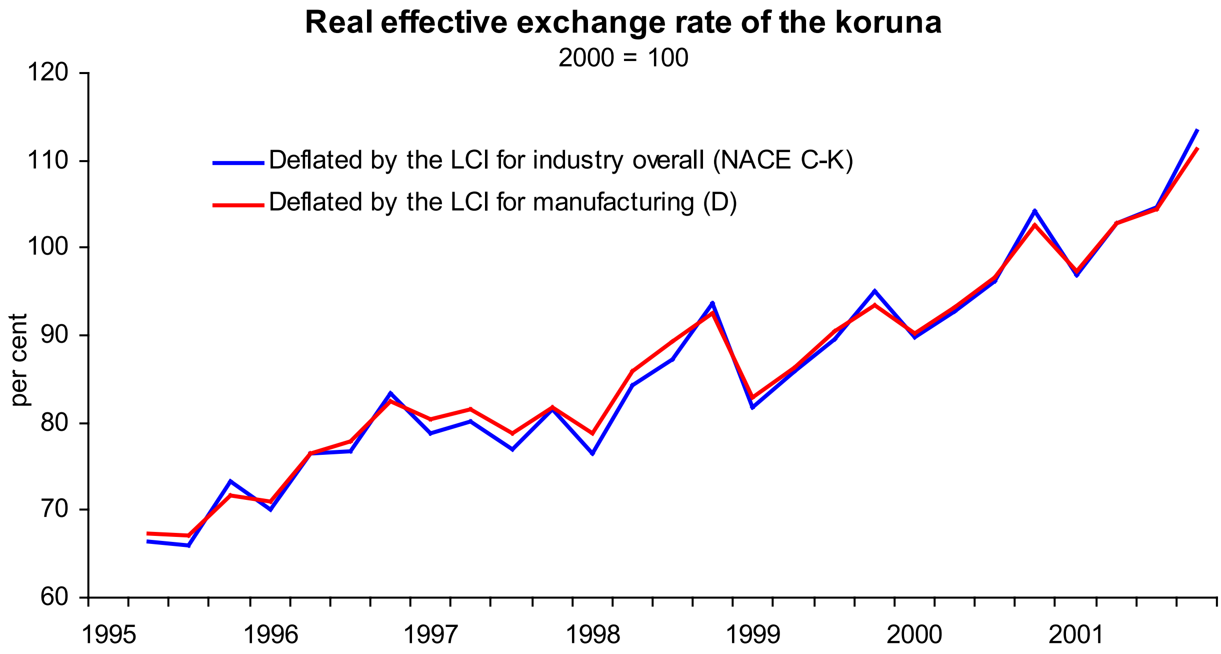


In 2001, the REER followed the nominal exchange rate trend. The effect of the price differential was less significant. According to year-on-year data, in industrial producer prices the REER appreciated (i.e. an overall annual decrease in competitiveness) by 3.75% in Alternative I and by 4.33% in Alternative II. For consumer prices, the REER appreciation was more pronounced: 5.06% in Alternative I and 5.74% in Alternative II. An analysis of the annual figures shows that the koruna's appreciation had a major effect on the REER. Consumer prices fostered an appreciation of the REER, whereas industrial producer prices acted towards a depreciation. The koruna's rate against the euro had a greater effect on the REER than did its rate against the other selected currencies.

CZK REAL EFFECTIVE EXCHANGE RATE IN PER CENT	2001											
2000 = 100	1	2	3	4	5	6	7	8	9	10	11	12
Weights: foreign trade turnover												
in industrial producer prices	101,41	103,16	102,96	101,72	101,67	102,44	103,55	103,77	103,49	106,50	106,55	108,93
in consumer prices	103,28	103,87	103,31	102,76	102,66	104,08	106,27	106,57	105,19	106,88	106,94	109,29
Weights: foreign trade turnover SITC 5-8												
in industrial producer prices	101,69	103,55	103,42	102,25	102,26	103,18	104,30	104,37	104,02	107,10	107,25	109,67
in consumer prices	103,61	104,33	103,85	103,38	103,37	104,94	107,12	107,25	105,81	107,56	107,74	110,17

The REER developments in the individual months of 2001 showed identical trends in both calculation alternatives for consumer and industrial producer prices alike (see the chart). The comparison with the koruna's nominal exchange rate also shows a similar trend. Only in those months when the koruna's appreciation was weak or when the monthly average exchange rate weakened was the REER more strongly influenced by the price differential. Furthermore, it follows from the analysis of the monthly figures that the effect of the differential on the REER appreciation was stronger in the case of consumer prices than in the case of industrial producer prices.

THE REAL EXCHANGE RATE OF THE KORUNA DEFLATED BY THE LABOUR COST INDEX (LCI)



CZK REAL EFFECTIVE EXCHANGE RATE IN PER CENT	2000				2001			
2000 = 100	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Measured by the Labour Cost Index (LCI) against the EU-15 countries								
LCI for industry overall (NACE C-K)	89,8	92,7	96,1	104,2	96,8	102,9	104,6	113,3
LCI for manufacturing (D)	90,2	93,1	96,7	102,7	97,2	102,9	104,5	111,2

The LCI is based on the following formula:

labour costs per hour = total labour costs/total number of hours worked.

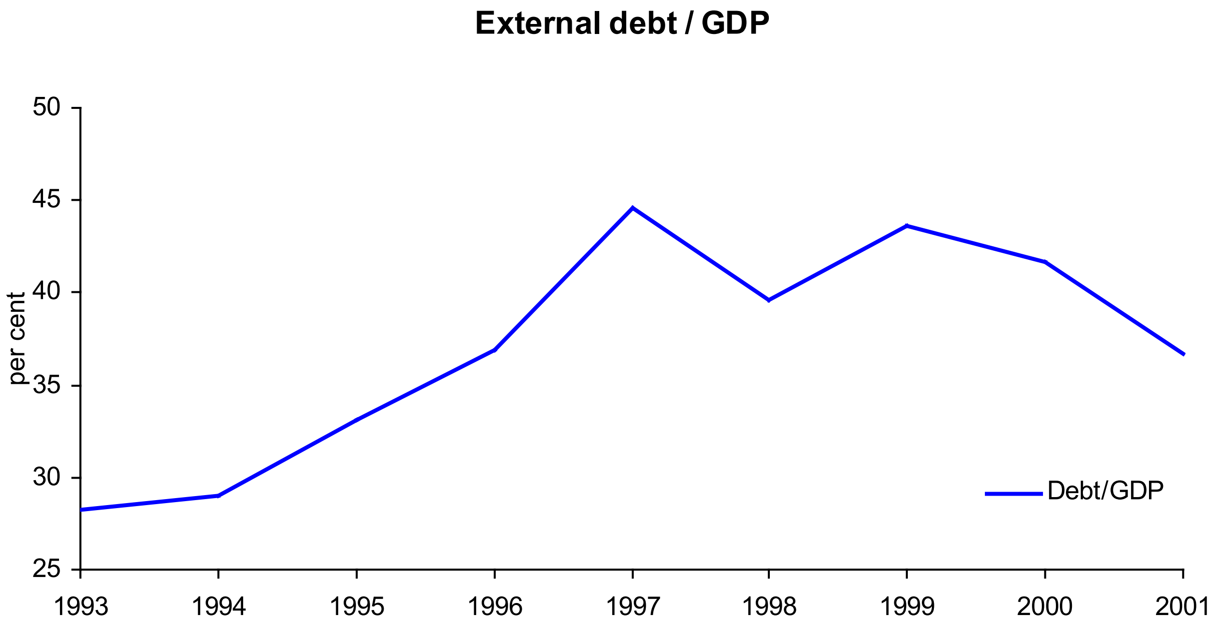
The LCI covers the area of industry and market services as defined by sections C to K of the NACE classification and is further broken down into seven classes of economic activity. Labour costs comprise wages and salaries, including compensation for time not worked, mandatory social contributions and other costs independent of wages and salaries.

The real exchange rate of the koruna deflated by labour costs is calculated as the basic index for the EUR/CZK rate, where 2000 = 100, divided by the ratios of the LCIs in the EU-15 countries and in the Czech Republic. Chosen as the deflator was the ratio of the LCIs in the area of industry as a whole and market services (NACE C–K) and the sector index for manufacturing. For the LCIs the base year is also 2000. Growth in the index represents appreciation of the koruna's real exchange rate against the euro.

The appreciation of the real exchange rate was due to growth in the labour cost index. In the area of industry as a whole (NACE C–K) this index showed a rise of 7.9% in 2001 compared with 2000 in the Czech Republic, but only 3.1% in the EU countries. The same trend is visible for 2001 Q4 relative to 2000 Q4, with the index up by 6.7% in the Czech Republic and only 3.1% in the EU. The real exchange rate profile of the koruna deflated by the LCI reflects year-end wage growth (resulting from payments of the movable components of wages, and from a larger proportion of severance payments owing to a higher number of employment contracts being terminated) and a drop in the amount of wages paid because of higher unemployment at the start of the year.

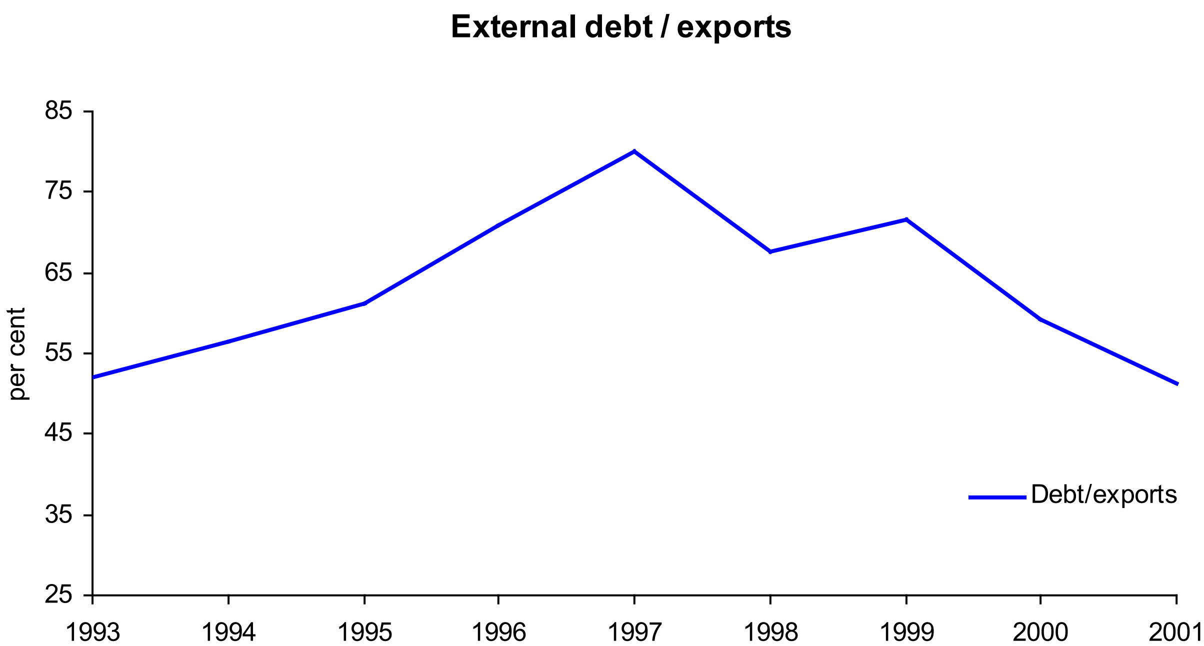
EXTERNAL DEBT RATIOS

1) External debt/GDP



The dependence of GDP on external sources of financing further decreased in 2001. In previous years, external debt had exceeded 40% of GDP. In 2001 it fell to 37%.

2) External debt/exports

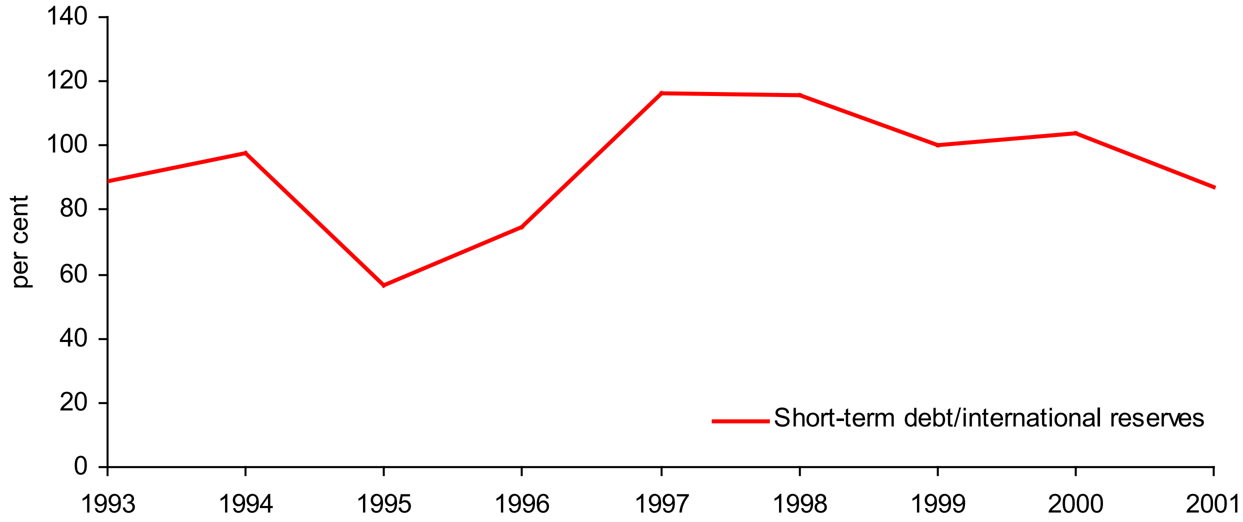


The upward trend in the coverage of external debt with exports of goods and services continued into 2001. Repayment of the external debt would consume half of the Czech Republic's annual exports.

3) Short-term debt/CNB international reserves

This indicator is displaying growth in the rate of coverage of short-term debt by CNB international reserves. At the year-end, CNB reserves were higher than external short-term liabilities.

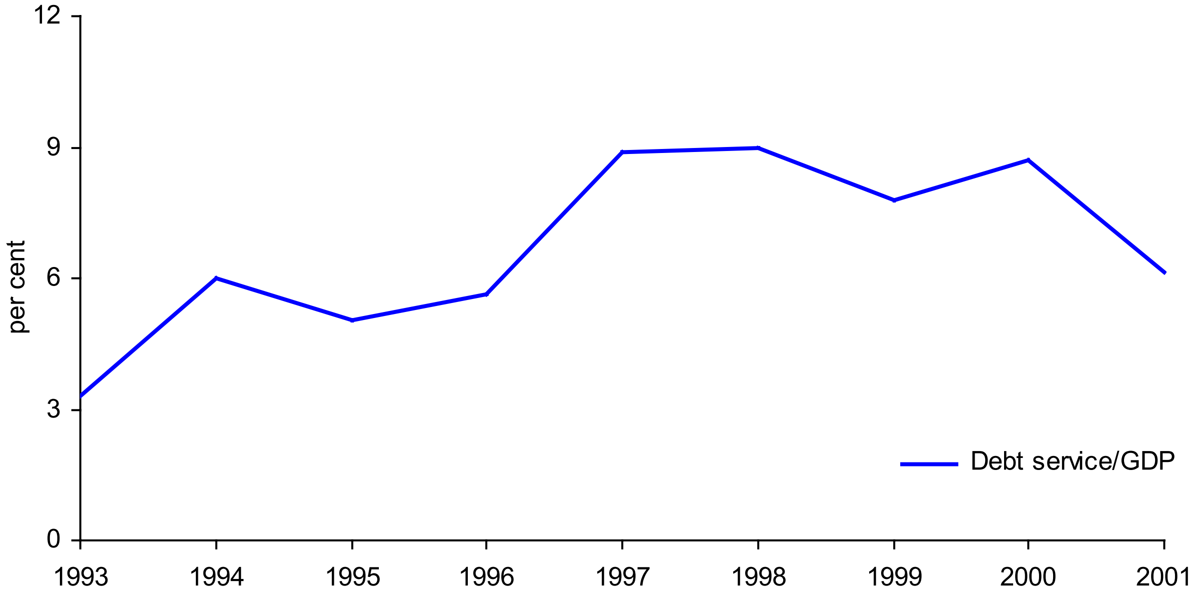
Short-term debt / CNB reserves



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

4) Debt service/GDP

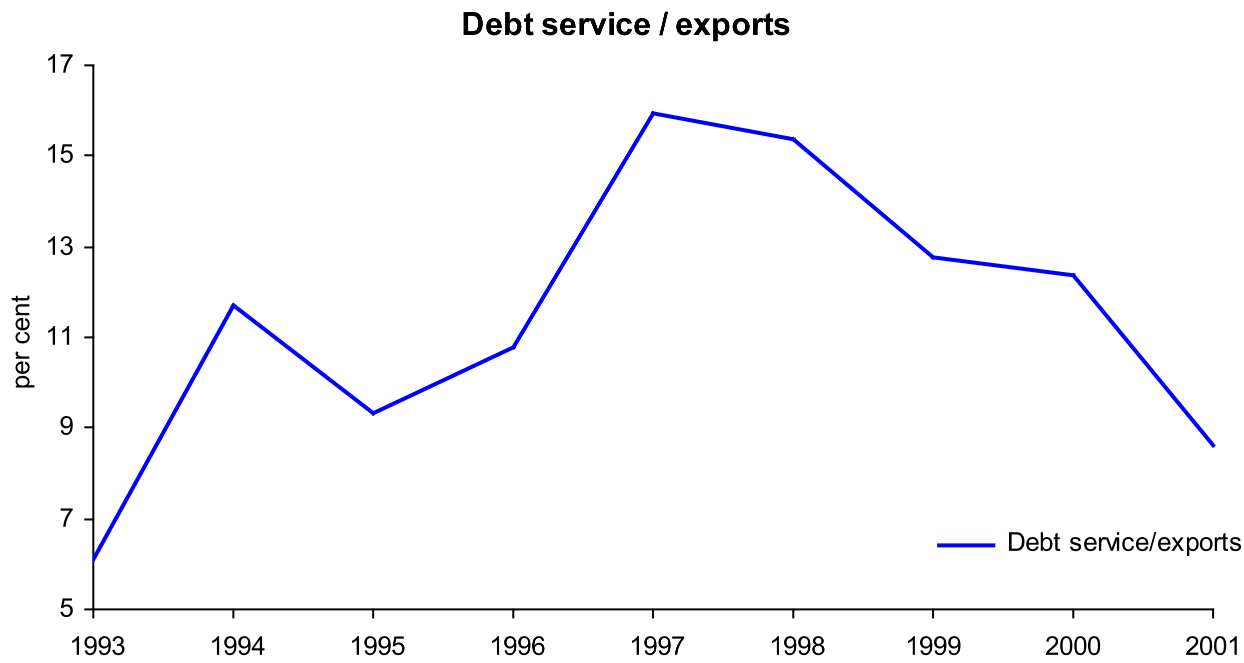
Debt service / GDP



Debt service on medium-term and long-term liabilities decreased to about 6% of GDP in 2001. The favourable trend for this indicator is due to nominal GDP growth and a year-on-year decrease in repayments.

5) Debt service/exports

The fall in this indicator indicates the ever-increasing ability of the economy to service its debt with income on exports of goods and services. In 2001, the debt service could be covered with just 8.6% of annual exports. This level is favourable by international standards.



Conclusion:

An important annual change in trend for the above indicators is the fall in external debt below 40% of GDP thanks to the continuing GDP growth and the repayment of part of the Czech Republic's short-term liabilities at the end of the year. Other debt and liquidity characteristics are also showing a favourable trend. The indicators in 2001 suggest a stabilised situation in the areas of external debt and the country's payment liquidity.

BALANCE OF PAYMENTS for January to December 2001

(preliminary data - 20 March 2002)

	in CZK millions	in EUR millions	in USD millions
A. CURRENT ACCOUNT	**-100 950,7**	**-2 961,9**	**-2 654,0**
Balance of trade	-118 985,0	-3 491,0	-3 128,1
Exports	1 268 522,0	37 218,6	33 348,8
Imports	1 387 507,0	40 709,6	36 476,9
Services	53 953,9	1 583,0	1 418,4
Credit	264 856,6	7 770,9	6 962,9
Transport	57 492,3	1 686,8	1 511,4
Travel	113 300,0	3 324,2	2 978,6
Other services	94 064,3	2 759,9	2 472,9
Debit	210 902,7	6 187,9	5 544,5
Transport	30 570,5	896,9	803,7
Travel	52 000,0	1 525,7	1 367,0
Other services	128 332,2	3 765,3	3 373,8
Income	-48 422,3	-1 420,7	-1 273,0
Credit	82 135,6	2 409,9	2 159,3
Debit	130 557,9	3 830,6	3 432,3
Current transfers	12 502,7	366,8	328,7
Credit	26 160,9	767,5	687,8
Debit	13 658,2	400,7	359,1
B. CAPITAL ACCOUNT	**-330,7**	**-9,7**	**-8,7**
Credit	90,4	2,7	2,4
Debit	421,1	12,4	11,1
Total A + B	*-101 281,4*	*-2 971,6*	*-2 662,7*
C. FINANCIAL ACCOUNT	**153 310,4**	**4 498,2**	**4 030,5**
Direct Investment	183 343,8	5 379,4	4 820,0
Abroad	-3 657,5	-107,3	-96,2
Equity capital and reinvested earnings	-3 508,6	-102,9	-92,3
Other capital	-148,9	-4,4	-3,9
In the Czech Republic	187 001,3	5 486,7	4 916,2
Equity capital and reinvested earnings	183 839,8	5 393,9	4 833,1
Other capital	3 161,5	92,8	83,1
Portfolio investment	34 857,3	1 022,7	916,4
Assets	4 405,6	129,3	115,8
Equity securities	9 447,8	277,2	248,4
Debt securities	-5 042,2	-147,9	-132,6
Liabilities	30 451,7	893,4	800,6
Equity securities	23 203,6	680,8	610,0
Debt securities	7 248,1	212,6	190,6
Financial derivatives	-3 220,3	-94,5	-84,6
Assets	-9 407,6	-276,0	-247,3
Liabilities	6 187,3	181,5	162,7
Other investment	-61 670,4	-1 809,4	-1 621,3
Assets	-48 850,5	-1 433,3	-1 284,3
Long-term	1 349,8	39,6	35,5
CNB			
Commercial banks	-4 125,8	-121,1	-108,5
Government	6 928,9	203,3	182,2
Other sectors	-1 453,3	-42,6	-38,2
Short-term	-50 200,3	-1 472,9	-1 319,8
Commercial banks	-45 523,2	-1 335,7	-1 196,8
Government	-87,1	-2,5	-2,3
Other sectors	-4 590,0	-134,7	-120,7
Liabilities	-12 819,9	-376,1	-337,0
Long-term	1 921,7	56,4	50,5
CNB	-22,0	-0,6	-0,6
Commercial banks	-7 222,2	-211,9	-189,9
Government	-5 000,8	-146,7	-131,5
Other sectors	14 166,7	415,6	372,5
Short-term	-14 741,6	-432,5	-387,5
CNB	59,7	1,8	1,6
Commercial banks	-35 688,6	-1 047,1	-938,2
Government			
Other sectors	20 887,3	612,8	549,1
Total A + B + C	*52 029,0*	*1 526,6*	*1 367,8*
D. NET ERRORS AND OMISSIONS VALUATION CHANGES	**15 124,0**	**443,7**	**397,6**
Total A + B + C + D	*67 153,0*	*1 970,3*	*1 765,4*
E. CHANGE IN RESERVES (- increase)	**-67 153,0**	**-1 970,3**	**-1 765,4**

CZK/EUR 34,083 CZK/USD 38,038

Note: Definitive data will be published following the release of the definitive CSO figures on the trade balance.

BALANCE OF PAYMENTS for January to December 2001

(preliminary data - 20 March 2002)

	in CZK millions	in EUR millions	in USD millions
A. CURRENT ACCOUNT	**-100 950,7**	**-2 961,9**	**-2 654,0**
Trade balance	**-118 985,0**	**-3 491,0**	**-3 128,1**
Exports	1 268 522,0	37 218,6	33 348,8
Imports	1 387 507,0	40 709,6	36 476,9
Services	**53 953,9**	**1 583,0**	**1 418,4**
Credit	**264 856,6**	**7 770,9**	**6 962,9**
Transport	**57 492,3**	**1 686,8**	**1 511,4**
Pipeline transport	9 139,6	268,1	240,3
Other	48 352,7	1 418,7	1 271,1
Travel	**113 300,0**	**3 324,2**	**2 978,6**
Other business and non-business services	**94 064,3**	**2 759,9**	**2 472,9**
Postal services	529,4	15,5	13,9
Telecommunication and radiocommunication services	7 486,8	219,7	196,8
Construction and assembly work	5 989,0	175,7	157,4
Life insurance and pension funding	4,6	0,1	0,1
Freight insurance	3,3	0,1	0,1
Other direct insurance	31,3	0,9	0,8
Reinsurance	228,1	6,7	6,0
Auxiliary insurance services	9,6	0,3	0,3
Financial services	7 438,8	218,3	195,6
Computer services	4 471,3	131,2	117,5
Information services	201,4	5,9	5,3
Royalties, licence fees, etc.	1 391,5	40,8	36,6
Merchanting	1 393,2	40,9	36,6
Intermediation services	5 228,0	153,4	137,4
Rental and leasing of machinery and equipment	1 550,0	45,5	40,7
Legal services	8 552,6	250,9	224,8
Accounting and auditing services	113,3	3,3	3,0
Business and management consultancy and public relations	771,6	22,6	20,3
Advertising, market research services, etc.	2 516,5	73,8	66,2
Research and development	1 729,5	50,8	45,5
Technical services	3 426,5	100,5	90,1
Agriculture services	89,5	2,6	2,4
Mining services	709,8	20,8	18,7
Waste treatment and depollution services	70,4	2,1	1,8
Repairs	993,6	29,2	26,1
Rents	2 732,7	80,2	71,8
Other business services	27 487,7	806,5	722,6
Czech company representations abroad	209,1	6,1	5,5
Foreign company representations in the Czech Republic	352,7	10,4	9,3
Audio-visual and related services	862,6	25,3	22,7
Rental and leasing of intangible assets	676,3	19,9	17,8
Personal, cultural and recreational services	3 712,0	108,9	97,6
Health services	894,6	26,3	23,5
Czech embassies and consulates abroad	26,6	0,8	0,7
Foreign embassies and consulates in the Czech Republic	2 144,8	62,9	56,4
Government income (UN and NATO peacekeeping forces etc.)	14,0	0,4	0,4
Other government income	21,6	0,6	0,6
Debit	**210 902,7**	**6 187,9**	**5 544,5**
Transport	**30 570,5**	**896,9**	**803,7**
Pipeline transport	3 913,5	114,8	102,9
Other	26 657,0	782,1	700,8
Travel	**52 000,0**	**1 525,7**	**1 367,0**
Other business and non-business services	**128 332,2**	**3 765,3**	**3 373,8**
Postal services	623,8	18,3	16,4
Telecommunication and radiocommunication services	2 038,8	59,8	53,6
Construction and assembly work	6 407,0	188,0	168,4
Life insurance and pension funding			
Freight insurance			
Other direct insurance			
Reinsurance	2 945,8	86,4	77,4
Auxiliary insurance services	13,9	0,4	0,4
Financial services	9 981,2	292,8	262,4
Computer services	3 869,3	113,5	101,7
Information services	177,3	5,2	4,7
Royalties, licence fees, etc.	3 534,5	103,7	92,9
Merchanting	4 033,9	118,4	106,1
Intermediation services	6 809,9	199,8	179,0
Rental and leasing of machinery and equipment	1 372,5	40,3	36,1
Legal services	8 869,3	260,2	233,2
Accounting and auditing services	251,8	7,4	6,6
Business and management consultancy and public relations	1 882,4	55,2	49,5
Advertising, market research services, etc.	2 686,4	78,8	70,6
Research and development	7 065,5	207,3	185,8
Technical services	4 563,1	133,9	120,0
Agriculture services	49,8	1,5	1,3
Mining services	746,8	21,9	19,6

	in CZK millions	in EUR millions	in USD millions
Waste treatment and depollution services	170,5	5,0	4,5
Repairs	665,0	19,5	17,5
Rents	2 597,2	76,2	68,3
Other business services	47 526,5	1 394,4	1 249,4
Czech company representations abroad	957,4	28,1	25,2
Foreign company representations in the Czech Republic	278,0	8,2	7,3
Audio-visual and related services	685,6	20,1	18,0
Rental and leasing of intangible assets	868,3	25,5	22,8
Personal, cultural and recreational services	3 168,1	93,0	83,3
Health services	431,9	12,7	11,4
Czech embassies and consulates abroad	1 814,8	53,2	47,7
Foreign embassies and consulates in the Czech Republic	943,4	27,7	24,8
Government income (UN and NATO peacekeeping forces etc.)	278,7	8,2	7,3
Other government income	23,8	0,7	0,6
Income	**-48 422,3**	**-1 420,7**	**-1 273,0**
Credit	**82 135,6**	**2 409,9**	**2 159,3**
Interest received and receipts on CNB reserve assets	72 020,6	2 113,1	1 893,4
Income earned abroad	9 400,0	275,8	247,1
Other (dividends etc.)	715,0	21,0	18,8
Debit	**130 557,9**	**3 830,6**	**3 432,3**
Interest paid	62 869,0	1 844,6	1 652,8
Costs for foreigners' work in the Czech Republic	16 200,0	475,3	425,9
Other (reinvested earnings, dividends and other yields on domestic securities)	51 488,9	1 510,7	1 353,6
Current transfers	**12 502,7**	**366,8**	**328,7**
Credit	26 160,9	767,5	687,8
Debit	13 658,2	400,7	359,1
B. CAPITAL ACCOUNT	**-330,7**	**-9,7**	**-8,7**
Credit	90,4	2,7	2,4
Debit	421,1	12,4	11,1
C. FINANCIAL ACCOUNT	**153 310,4**	**4 498,2**	**4 030,5**
Direct investment	**183 343,8**	**5 379,4**	**4 820,0**
Czech abroad	**-3 657,5**	**-107,3**	**-96,2**
Equity capital and reinvested earnings	-3 508,6	-102,9	-92,3
Other capital	-148,9	-4,4	-3,9
Foreign in the Czech Republic	**187 001,3**	**5 486,7**	**4 916,2**
Equity capital and reinvested earnings	183 839,8	5 393,9	4 833,1
Other capital	3 161,5	92,8	83,1
Portfolio investment	**34 857,3**	**1 022,7**	**916,4**
Assets	**4 405,6**	**129,3**	**115,8**
Equity securities	9 447,8	277,2	248,4
Debt securities	-5 042,2	-147,9	-132,6
Liabilities	**30 451,7**	**893,4**	**800,6**
Equity securities	23 203,6	680,8	610,0
Debt securities	7 248,1	212,6	190,6
Financial derivatives	**-3 220,3**	**-94,5**	**-84,6**
Assets	-9 407,6	-276,0	-247,3
Liabilities	6 187,3	181,5	162,7
Ostatní investice	**-61 670,4**	**-1 809,4**	**-1 621,3**
Assets	**-48 850,5**	**-1 433,3**	**-1 284,3**
Long-term	1 349,8	39,6	35,5
CNB			
Commercial banks	-4 125,8	-121,1	-108,5
Government	6 928,9	203,3	182,2
Other sectors	-1 453,3	-42,6	-38,2
Short-term	-50 200,3	-1 472,9	-1 319,8
Commercial banks	-45 523,2	-1 335,7	-1 196,8
Government	-87,1	-2,5	-2,3
Other sectors	-4 590,0	-134,7	-120,7
Liabilities	**-12 819,9**	**-376,1**	**-337,0**
Long-term	1 921,7	56,4	50,5
CNB	-22,0	-0,6	-0,6
Commercial banks	-7 222,2	-211,9	-189,9
Government	-5 000,8	-146,7	-131,5
Other sectors	14 166,7	415,6	372,5
Short-term	-14 741,6	-432,5	-387,5
CNB	59,7	1,8	1,6
Commercial banks	-35 688,6	-1 047,1	-938,2
Government			
Other sectors	20 887,3	612,8	549,1
D. NET ERRORS AND OMISSIONS, VALUATION CHANGES	**15 124,0**	**443,7**	**397,6**
E. CHANGE IN RESERVES (- increase)	**-67 153,0**	**-1 970,3**	**-1 765,4**
		CZK/EUR 34,083	CZK/USD 38,038

INTERNATIONAL INVESTMENT POSITION

in CZK millions	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
ASSETS	**537 699,2**	**574 184,6**	**782 003,5**	**837 143,2**	**1 031 410,7**	**1 087 507,3**	**1 347 954,9**	**1 448 400,7**	**1 536 670,9**
Direct investment abroad	**5 432,9**	**8 426,9**	**9 190,1**	**13 609,2**	**18 989,4**	**24 003,5**	**25 114,9**	**27 899,3**	**30 174,0**
Equity capital 2)	5 432,9	8 426,9	9 190,1	13 609,2	18 385,1	21 901,2	22 415,9	24 797,5	27 075,0
Other capital 3)					604,3	2 102,3	2 699,0	3 101,8	3 099,0
Portfolio investment	**8 258,0**	**12 138,0**	**20 076,9**	**37 511,2**	**35 738,9**	**35 872,4**	**104 345,3**	**180 431,3**	**185 138,6**
Equity securities	7 911,1	9 370,5	18 422,0	20 450,3	14 442,0	13 415,5	66 318,2	92 222,9	68 675,5
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	116 463,1
Financial derivatives 4)								**6 347,2**	**15 754,8**
Other investment	**408 028,1**	**378 497,8**	**379 698,8**	**446 138,8**	**638 157,7**	**650 948,4**	**757 065,5**	**736 903,7**	**781 145,7**
Long-term	250 509,3	230 336,9	215 740,8	236 003,0	294 256,5	287 328,8	323 131,1	315 625,5	310 133,9
CNB 5)	24 572,5	24 573,3	26 172,3	26 122,8	26 122,4	26 122,4		329,1	307,3
Commercial banks 6)	1 852,3	1 763,0	5 116,6	25 181,3	37 088,8	64 041,6	89 900,1	75 537,9	79 663,7
Government 7) 8)	188 278,5	176 094,6	159 260,9	162 103,1	205 142,0	176 213,4	210 221,3	220 777,8	210 694,9
Other sectors	35 806,0	27 906,0	25 191,0	22 595,8	25 903,3	20 951,4	23 009,7	18 980,7	19 468,0
Short-term	157 518,8	148 160,9	163 958,0	210 135,8	343 901,2	363 619,6	433 934,4	421 278,2	471 011,8
CNB 9)	4,7	4,7	4,7	4,7	0,1	0,1		52,9	51,2
Commercial banks 6)	83 133,2	80 820,2	87 176,3	128 481,1	250 670,9	272 219,5	336 117,2	314 115,3	359 638,5
of which gold and foreign exchange 10) 11)	70 727,5	71 232,8	76 126,9	95 432,8	172 301,6	175 753,2	218 995,8	228 961,7	257 138,6
Government	5 501,9								87,1
Other sectors	68 879,0	67 336,0	76 777,0	81 650,0	93 230,2	91 400,0	97 817,2	107 110,0	111 235,0
CNB reserve assets 12)	**115 980,2**	**175 121,9**	**373 037,7**	**339 884,0**	**338 524,7**	**376 683,0**	**461 429,2**	**496 819,2**	**524 457,8**
Gold 10)	2 466,4	2 309,3	2 234,6	2 290,3	1 521,9	369,1	677,0	4 640,4	4 469,9
SDR	247,3		4,7					7,7	31,0
Reserve position in the IMF								116,0	5 478,3
Foreign exchange	113 266,5	172 812,6	370 798,4	337 593,7	337 002,8	376 313,9	460 752,2	491 001,2	514 188,0
Other reserve assets								1 053,9	290,6
LIABILITIES	**423 237,7**	**507 337,9**	**723 101,9**	**906 073,2**	**1 138 248,1**	**1 204 984,0**	**1 458 893,3**	**1 640 270,0**	**1 784 507,6**
Direct investment in the Czech Republic	**102 539,1**	**127 533,5**	**195 526,3**	**234 301,1**	**319 820,3**	**429 167,8**	**631 505,3**	**818 411,6**	**970 450,9**
Equity capital 2) 13)	102 539,1	127 533,5	195 526,3	234 301,1	284 674,7	364 816,5	538 379,3	702 217,8	857 595,9
Other capital 3)					35 145,6	64 351,3	93 126,0	116 193,8	112 855,0
Portfolio investment	**58 583,9**	**81 617,5**	**124 933,6**	**144 807,4**	**169 032,7**	**166 128,1**	**165 579,2**	**164 592,0**	**180 346,2**
Equity securities	32 985,2	37 335,6	70 280,4	92 867,8	104 862,3	113 247,2	98 011,8	115 670,6	128 740,1
Debt securities	25 598,7	44 281,9	54 653,2	51 939,6	64 170,4	52 880,9	67 567,4	48 921,4	51 606,1
Financial derivatives 4)								**5 307,9**	**11 495,2**
Other investment	**262 114,7**	**298 186,9**	**402 642,0**	**526 964,7**	**649 395,1**	**609 688,1**	**661 808,8**	**651 958,5**	**622 215,3**
Long-term	192 426,3	207 289,7	279 388,9	374 814,7	426 270,1	358 510,5	379 172,2	352 323,4	339 013,2
CNB	33 697,4	1 695,7	2 491,5	2 272,7	2 188,3	1 883,3	197,1	180,4	133,4
Commercial banks 6)	16 175,5	26 040,1	90 299,3	143 454,2	143 120,2	124 286,3	118 368,9	84 607,4	73 688,6
Government 7)	82 304,9	76 602,9	52 934,9	43 934,7	37 754,7	23 814,8	20 852,9	19 699,2	9 476,2
Other sectors	60 248,5	102 951,0	133 663,2	185 153,1	243 206,9	208 526,1	239 753,3	247 836,4	255 715,0
Short-term	69 688,4	90 897,2	123 253,1	152 150,0	223 125,0	251 177,6	282 636,6	299 635,1	283 202,1
CNB	4 581,0	37,9	115,0	55,3	45,5	39,5	25,8	8,8	68,5
Commercial banks 6)	22 249,3	41 339,9	69 502,9	101 543,5	168 927,1	193 373,0	229 988,7	226 176,2	190 487,6
Government		5 013,4	1 104,1	314,8	287,5	103,2			
Other sectors	42 858,1	44 506,0	52 531,1	50 236,4	53 864,9	57 661,9	52 622,1	73 450,1	92 646,0
NET INVESTMENT POSITION	**114 461,5**	**66 846,7**	**58 901,6**	**-68 930,0**	**-106 837,4**	**-117 476,7**	**-110 938,4**	**-191 869,3**	**-247 836,7**

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10) Gold valued at USD 42.22 per Troy ounce (until 31 December 1999) and at market price (since 31 March 2000)
11) Foreign currency - 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 EUR millions	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
ASSETS	**16 012,9**	**16 803,8**	**22 960,9**	**24 688,6**	**26 984,7**	**31 053,0**	**37 308,5**	**41 276,8**	**48 051,0**
Direct investment abroad	**161,8**	**246,6**	**269,8**	**401,3**	**496,8**	**685,4**	**695,1**	**795,1**	**943,5**
Equity capital 2)	161,8	246,6	269,8	401,3	481,0	625,4	620,4	706,7	846,6
Other capital 3)					15,8	60,0	74,7	88,4	96,9
Portfolio investment	**245,9**	**355,2**	**589,5**	**1 106,3**	**935,0**	**1 024,3**	**2 888,1**	**5 142,0**	**5 789,2**
Equity securities	235,6	274,2	540,9	603,1	377,8	383,1	1 835,6	2 628,2	2 147,5
Debt securities	10,3	81,0	48,6	503,2	557,2	641,2	1 052,5	2 513,8	3 641,7
Financial derivatives 4)								**180,9**	**492,6**
Other investment	**12 151,3**	**11 077,0**	**11 148,6**	**13 157,3**	**16 696,1**	**18 587,4**	**20 954,0**	**21 000,4**	**24 426,1**
Long-term	7 460,3	6 741,0	6 334,6	6 960,1	7 698,6	8 204,5	8 943,6	8 994,8	9 697,8
CNB 5)	731,8	719,2	768,5	770,4	683,4	745,9		9,4	9,6
Commercial banks 6)	55,2	51,6	150,2	742,6	970,4	1 828,7	2 488,3	2 152,7	2 491,1
Government 7) 8)	5 607,0	5 153,5	4 676,2	4 780,7	5 367,1	5 031,6	5 818,5	6 291,8	6 588,3
Other sectors	1 066,3	816,7	739,7	666,4	677,7	598,3	636,8	540,9	608,8
Short-term	4 691,0	4 336,0	4 814,0	6 197,2	8 997,5	10 382,9	12 010,4	12 005,6	14 728,3
CNB 9)	0,1	0,1	0,1	0,1				1,5	1,6
Commercial banks 6)	2 475,8	2 365,3	2 559,6	3 789,1	6 558,3	7 773,0	9 303,0	8 951,7	11 245,7
of which gold and foreign exchange 10) 11)	2 106,3	2 084,7	2 235,2	2 814,5	4 507,9	5 018,5	6 061,3	6 525,0	8 040,6
Government	163,8								2,7
Other sectors	2 051,3	1 970,6	2 254,3	2 408,0	2 439,2	2 609,9	2 707,4	3 052,4	3 478,3
CNB reserve assets 12)	**3 453,9**	**5 125,0**	**10 953,0**	**10 023,7**	**8 856,8**	**10 755,9**	**12 771,3**	**14 158,4**	**16 399,6**
Gold 10)	73,4	67,6	65,6	67,5	39,8	10,5	18,7	132,3	139,8
SDR	7,4		0,1					0,2	1,0
Reserve position in the IMF								3,3	171,3
Foreign exchange	3 373,1	5 057,4	10 887,3	9 956,2	8 817,0	10 745,4	12 752,6	13 992,6	16 078,4
Other reserve assets								30,0	9,1
LIABILITIES	**12 604,2**	**14 847,4**	**21 231,5**	**26 721,5**	**29 779,9**	**34 407,5**	**40 379,0**	**46 744,7**	**55 800,7**
Direct investment in the Czech Republic	**3 053,7**	**3 732,3**	**5 741,0**	**6 909,9**	**8 367,4**	**12 254,6**	**17 478,7**	**23 323,2**	**30 345,5**
Equity capital 2) 13)	3 053,7	3 732,3	5 741,0	6 909,9	7 447,9	10 417,1	14 901,2	20 011,9	26 816,6
Other capital 3)					919,5	1 837,5	2 577,5	3 311,3	3 528,9
Portfolio investment	**1 744,6**	**2 388,5**	**3 668,2**	**4 270,6**	**4 422,4**	**4 743,7**	**4 582,8**	**4 690,6**	**5 639,3**
Equity securities	982,3	1 092,6	2 063,5	2 738,8	2 743,5	3 233,7	2 712,7	3 296,4	4 025,6
Debt securities	762,3	1 295,9	1 604,7	1 531,8	1 678,9	1 510,0	1 870,1	1 394,2	1 613,7
Financial derivatives 4)								**151,3**	**359,5**
Other investment	**7 805,9**	**8 726,6**	**11 822,3**	**15 541,0**	**16 990,1**	**17 409,2**	**18 317,5**	**18 579,6**	**19 456,4**
Long-term	5 730,6	6 066,4	8 203,3	11 053,9	11 152,4	10 237,0	10 494,7	10 040,5	10 600,8
CNB	1 003,6	49,6	73,2	67,0	57,3	53,8	5,5	5,1	4,2
Commercial banks 6)	481,7	762,1	2 651,3	4 230,7	3 744,4	3 548,9	3 276,2	2 411,1	2 304,2
Government 7)	2 451,1	2 241,8	1 554,2	1 295,7	987,7	680,0	577,2	561,4	296,3
Other sectors	1 794,2	3 012,9	3 924,6	5 460,5	6 363,0	5 954,3	6 635,8	7 062,9	7 996,1
Short-term	2 075,3	2 660,2	3 619,0	4 487,1	5 837,7	7 172,2	7 822,8	8 539,1	8 855,6
CNB	136,4	1,1	3,4	1,6	1,2	1,1	0,7	0,3	2,1
Commercial banks 6)	662,6	1 209,9	2 040,7	2 994,7	4 419,7	5 521,7	6 365,6	6 445,6	5 956,5
Government		146,7	32,4	9,3	7,5	2,9			
Other sectors	1 276,3	1 302,5	1 542,5	1 481,5	1 409,3	1 646,5	1 456,5	2 093,2	2 897,0
NET INVESTMENT POSITION	**3 408,7**	**1 956,4**	**1 729,4**	**-2 032,9**	**-2 795,2**	**-3 354,5**	**-3 070,5**	**-5 467,9**	**-7 749,7**

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11) Foreign currency - 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	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
ASSETS	**17 950,3**	**20 470,7**	**29 396,4**	**30 628,7**	**29 778,6**	**36 426,3**	**37 465,0**	**38 304,3**	**42 380,4**
Direct investment abroad	**181,4**	**300,4**	**345,5**	**497,9**	**548,2**	**804,0**	**698,0**	**737,8**	**832,2**
Equity capital 2)	181,4	300,4	345,5	497,9	530,8	733,6	623,0	655,8	746,7
Other capital 3)					17,4	70,4	75,0	82,0	85,5
Portfolio investment	**275,7**	**432,8**	**754,7**	**1 372,4**	**1 031,9**	**1 201,6**	**2 900,2**	**4 771,7**	**5 106,0**
Equity securities	264,1	334,1	692,5	748,2	417,0	449,4	1 843,3	2 438,9	1 894,0
Debt securities	11,6	98,7	62,2	624,2	614,9	752,2	1 056,9	2 332,8	3 212,0
Financial derivatives 4)								**167,8**	**434,5**
Other investment	**13 621,4**	**13 494,1**	**14 273,3**	**16 323,0**	**18 424,7**	**21 803,6**	**21 041,9**	**19 488,1**	**21 543,5**
Long-term	8 362,9	8 211,9	8 109,9	8 634,7	8 495,7	9 624,1	8 981,1	8 347,0	8 553,3
CNB 5)	820,3	876,1	983,8	955,8	754,2	875,0		8,7	8,5
Commercial banks 6)	61,8	62,8	192,3	921,3	1 070,8	2 145,1	2 498,7	1 997,7	2 197,1
Government 7) 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	5 810,8
Other sectors	1 195,4	994,9	947,0	826,7	747,9	701,7	639,5	501,9	536,9
Short-term	5 258,5	5 282,2	6 163,4	7 688,3	9 929,0	12 179,5	12 060,8	11 141,1	12 990,2
CNB 9)	0,2	0,2	0,2	0,2				1,4	1,4
Commercial banks 6)	2 775,2	2 881,4	3 277,1	4 700,8	7 237,3	9 118,0	9 342,1	8 307,1	9 918,6
of which gold and foreign exchange 10) 11)	2 361,1	2 539,6	2 861,7	3 491,6	4 974,6	5 886,9	6 086,8	6 055,1	7 091,7
Government	183,7								2,4
Other sectors	2 299,4	2 400,6	2 886,1	2 987,3	2 691,7	3 061,5	2 718,7	2 832,6	3 067,8
CNB reserve assets 12)	**3 871,8**	**6 243,4**	**14 022,9**	**12 435,4**	**9 773,8**	**12 617,1**	**12 824,9**	**13 138,9**	**14 464,2**
Gold 10)	82,3	82,3	84,0	83,8	43,9	12,4	18,8	122,7	123,3
SDR	8,3		0,2					0,2	0,8
Reserve position in the IMF								3,1	151,1
Foreign exchange	3 781,2	6 161,1	13 938,7	12 351,6	9 729,9	12 604,7	12 806,1	12 985,0	14 181,0
Other reserve assets								27,9	8,0
LIABILITIES	**14 129,1**	**18 087,6**	**27 182,2**	**33 150,7**	**32 863,2**	**40 361,2**	**40 548,4**	**43 378,5**	**49 215,6**
Direct investment in the Czech Republic	**3 423,1**	**4 546,8**	**7 350,0**	**8 572,4**	**9 233,8**	**14 375,0**	**17 552,0**	**21 643,7**	**26 764,4**
Equity capital 2) 13)	3 423,1	4 546,8	7 350,0	8 572,4	8 219,1	12 219,6	14 963,7	18 570,8	23 651,9
Other capital 3)					1 014,7	2 155,4	2 588,3	3 072,9	3 112,5
Portfolio investment	**1 955,7**	**2 909,8**	**4 696,4**	**5 298,1**	**4 880,3**	**5 564,5**	**4 602,1**	**4 352,8**	**4 973,8**
Equity securities	1 101,1	1 331,1	2 641,9	3 397,8	3 027,6	3 793,2	2 724,1	3 059,0	3 550,6
Debt securities	854,6	1 578,7	2 054,5	1 900,3	1 852,7	1 771,3	1 878,0	1 293,8	1 423,2
Financial derivatives 4)								**140,4**	**317,1**
Other investment	**8 750,3**	**10 631,0**	**15 135,8**	**19 280,2**	**18 749,1**	**20 421,7**	**18 394,3**	**17 241,6**	**17 160,3**
Long-term	6 423,8	7 390,3	10 502,6	13 713,5	12 307,1	12 008,4	10 538,7	9 317,5	9 349,8
CNB	1 124,9	60,5	93,7	83,2	63,2	63,1	5,5	4,8	3,7
Commercial banks 6)	540,0	928,4	3 394,5	5 248,6	4 132,1	4 163,0	3 289,9	2 237,5	2 032,3
Government 7)	2 747,6	2 731,0	1 989,9	1 607,5	1 090,0	797,7	579,6	521,0	261,3
Other sectors	2 011,3	3 670,4	5 024,5	6 774,2	7 021,8	6 984,6	6 663,7	6 554,2	7 052,5
Short-term	2 326,5	3 240,7	4 633,2	5 566,7	6 442,0	8 413,3	7 855,6	7 924,1	7 810,5
CNB	152,9	1,4	4,3	2,0	1,3	1,3	0,7	0,2	1,9
Commercial banks 6)	742,8	1 473,9	2 612,7	3 715,2	4 877,2	6 477,1	6 392,3	5 981,4	5 253,5
Government		178,7	41,5	11,5	8,3	3,5			
Other sectors	1 430,8	1 586,7	1 974,7	1 838,0	1 555,2	1 931,4	1 462,6	1 942,5	2 555,1
NET INVESTMENT POSITION	**3 821,2**	**2 383,1**	**2 214,2**	**-2 522,0**	**-3 084,6**	**-3 934,9**	**-3 083,4**	**-5 074,2**	**-6 835,2**

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

in CZK millions	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
DEBT IN CONVERTIBLE CURRENCIES	**254 488,1**	**299 960,7**	**440 229,3**	**569 723,6**	**739 563,0**	**717 923,6**	**813 576,5**	**808 122,8**	**786 676,4**
of which:									
Long-term	**194 525,0**	**218 944,5**	**306 034,4**	**405 143,6**	**495 058,5**	**446 484,3**	**497 872,1**	**464 323,8**	**461 217,5**
By debtor									
CNB	58 836,1	22 845,3	22 268,0	11 178,4	11 548,4	10 952,2	12 527,6	180,4	133,4
commercial banks 2)	16 175,5	27 620,1	95 433,3	150 780,1	158 503,7	133 376,5	128 703,3	95 737,1	88 401,4
government	59 486,9	61 832,4	51 836,4	46 669,6	42 630,7	32 953,5	32 303,5	29 753,5	30 839,2
other sectors	60 026,5	106 646,7	136 496,7	196 515,5	282 375,7	269 202,1	324 337,7	338 652,8	341 843,5
By creditor									
foreign banks	82 425,2	119 023,6	207 604,7	285 698,8	335 055,5	248 712,0	257 410,0	228 709,6	235 115,5
government institutions	7 346,8	7 482,1	7 039,1	6 631,8	7 269,4	4 409,6	4 239,2	3 405,7	2 373,6
multilateral institutions	53 316,3	25 090,9	29 693,4	32 857,1	39 564,2	49 036,3	58 202,2	67 521,2	70 879,0
suppliers and direct investors	25 838,0	32 601,0	24 567,0	27 116,0	46 465,5	72 624,6	93 831,4	99 560,2	95 664,0
other investors	25 598,7	34 746,9	37 130,2	52 839,9	66 703,9	71 701,8	84 189,3	65 127,1	57 185,4
Short-term	**59 963,1**	**81 016,2**	**134 194,9**	**164 580,0**	**244 504,5**	**271 439,3**	**315 704,4**	**343 799,0**	**325 458,9**
By debtor									
CNB	4 581,0	37,9	115,0	55,3	45,5	39,5	25,8	8,8	68,5
commercial banks 2)	21 117,0	32 610,3	71 911,8	106 852,6	170 147,0	193 373,0	230 000,5	226 246,1	192 438,4
government		9 535,0	15 114,0	2 786,0	8 164,0	22,0	7,0	2 115,0	465,0
other sectors	34 265,1	38 833,0	47 054,1	54 886,1	66 148,0	78 004,8	85 671,1	115 429,1	132 487,0
By creditor									
foreign banks	22 256,0	28 467,5	58 874,2	85 424,0	142 463,2	175 604,1	201 808,8	203 333,8	195 166,4
suppliers and direct investors	29 664,0	34 132,0	41 986,4	45 914,0	57 831,1	67 446,7	81 794,6	106 988,6	93 127,0
other investors	8 043,1	18 416,7	33 334,3	33 242,0	44 210,2	28 388,5	32 101,0	33 476,6	37 165,5
DEBT IN NON-CONVERTIBLE CURRENCIES 3)	**33 225,3**	**42 508,1**	**17 065,9**	**9 180,7**	**9 148,1**	**8 996,7**	**8 925,7**	**8 950,9**	**0,0**
of which:									
Long-term	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)	9 725,3	19 416,0	6 581,2	314,8	287,5	103,2			
TOTAL EXTERNAL DEBT	**287 713,4**	**342 468,8**	**457 295,2**	**578 904,3**	**748 711,1**	**726 920,3**	**822 502,2**	**817 073,7**	**786 676,4**
of which:									
Long-term	218 025,0	242 036,6	316 519,1	414 009,5	503 919,1	455 377,8	506 797,8	473 274,7	461 217,5
Short-term	69 688,4	100 432,2	140 776,1	164 894,8	244 792,0	271 542,5	315 704,4	343 799,0	325 458,9
Total long-term debt	218 025,0	242 036,6	316 519,1	414 009,5	503 919,1	455 377,8	506 797,8	473 274,7	461 217,5
of which:									
- IMF loans	32 296,6								
- liabilities of government sector and guaranteed by government, and of entities majority-owned by state	135 573,3	146 969,8	153 224,7	173 488,0	231 624,2	241 734,0	254 398,0	245 389,0	213 542,6
- liabilities of entities with majority private ownership	50 155,1	95 066,8	163 294,4	240 521,5	272 294,9	213 643,8	252 399,8	227 885,7	247 674,9

1) 31 December 2000 - revised data; 31 December 2001 - 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 the 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 koruna convertibility on 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 EUR millions	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
DEBT IN CONVERTIBLE CURRENCIES	**7 578,8**	**8 778,5**	**12 925,9**	**16 802,0**	**19 349,2**	**20 499,8**	**22 518,1**	**23 030,0**	**24 599,0**
of which:									
Long-term	**5 793,1**	**6 407,5**	**8 985,7**	**11 948,3**	**12 952,2**	**12 749,0**	**13 780,1**	**13 232,3**	**14 422,1**
By debtor									
CNB	1 752,2	668,6	653,8	329,7	302,2	312,7	346,8	5,1	4,2
commercial banks 2)	481,7	808,3	2 802,1	4 446,7	4 146,9	3 808,5	3 562,2	2 728,3	2 764,3
government	1 771,6	1 809,5	1 522,0	1 376,4	1 115,3	940,9	894,1	847,9	964,3
other sectors	1 787,6	3 121,1	4 007,8	5 795,5	7 387,8	7 686,9	8 977,0	9 651,0	10 689,3
By creditor									
foreign banks	2 454,7	3 483,3	6 095,6	8 425,7	8 766,0	7 101,8	7 124,6	6 517,8	7 351,9
government institutions	218,8	218,9	206,7	195,6	190,2	125,9	117,3	97,0	74,2
multilateral institutions	1 587,8	734,3	871,9	969,0	1 035,1	1 400,2	1 610,9	1 924,2	2 216,4
suppliers and direct investors	769,5	954,1	721,3	799,7	1 215,7	2 073,7	2 597,1	2 837,3	2 991,4
other investors	762,3	1 016,9	1 090,2	1 558,3	1 745,2	2 047,4	2 330,2	1 856,0	1 788,2
Short-term	**1 785,7**	**2 371,0**	**3 940,2**	**4 853,7**	**6 397,0**	**7 750,8**	**8 738,0**	**9 797,7**	**10 176,9**
By debtor									
CNB	136,4	1,1	3,4	1,6	1,2	1,1	0,7	0,3	2,1
commercial banks 2)	628,9	954,4	2 111,4	3 151,2	4 451,6	5 521,7	6 365,9	6 447,6	6 017,5
government		279,0	443,8	82,2	213,6	0,6	0,2	60,3	14,5
other sectors	1 020,4	1 136,5	1 381,6	1 618,7	1 730,6	2 227,4	2 371,2	3 289,5	4 142,8
By creditor									
foreign banks	662,8	833,1	1 728,6	2 519,3	3 727,3	5 014,3	5 585,6	5 794,7	6 102,8
suppliers and direct investors	883,4	998,9	1 232,8	1 354,1	1 513,0	1 925,9	2 263,9	3 049,0	2 912,0
other investors	239,5	539,0	978,8	980,3	1 156,7	810,6	888,5	954,0	1 162,1
DEBT IN NON-CONVERTIBLE CURRENCIES 3)	**989,4**	**1 244,0**	**501,1**	**270,8**	**239,3**	**256,9**	**247,0**	**255,1**	**0,0**
of which:									
Long-term	699,8	675,8	307,8	261,5	231,8	254,0	247,0	255,1	
Short-term 2)	289,6	568,2	193,3	9,3	7,5	2,9			
TOTAL EXTERNAL DEBT	**8 568,2**	**10 022,5**	**13 427,0**	**17 072,8**	**19 588,5**	**20 756,7**	**22 765,1**	**23 285,1**	**24 599,0**
of which:									
Long-term	6 492,9	7 083,3	9 293,5	12 209,8	13 184,0	13 003,0	14 027,1	13 487,4	14 422,1
Short-term	2 075,3	2 939,2	4 133,5	4 863,0	6 404,5	7 753,7	8 738,0	9 797,7	10 176,9
Total long-term debt	6 492,9	7 083,3	9 293,5	12 209,8	13 184,0	13 003,0	14 027,1	13 487,4	14 422,1
of which:									
- IMF loans	961,8								
- liabilities of government sector and guaranteed by government, and of entities majority-owned by state	4 037,4	4 301,1	4 498,9	5 116,4	6 060,0	6 902,5	7 041,2	6 993,1	6 677,4
- liabilities of entities with majority private ownership	1 493,7	2 782,2	4 794,6	7 093,4	7 124,0	6 100,5	6 985,9	6 494,3	7 744,7

1) 31 December 2000 - revised data; 31 December 2001 - 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 the 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 koruna convertibility on 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	31 Dec. 1993	31 Dec. 1994	31 Dec. 1995	31 Dec. 1996	31 Dec. 1997	31 Dec. 1998	31 Dec. 1999	31 Dec. 2000 1)	31 Dec. 2001 1)
DEBT IN CONVERTIBLE CURRENCIES	**8 495,7**	**10 694,2**	**16 548,8**	**20 844,6**	**21 352,4**	**24 047,0**	**22 612,5**	**21 371,6**	**21 696,0**
of which:									
Long-term	**6 493,9**	**7 805,8**	**11 504,2**	**14 823,1**	**14 293,2**	**14 955,1**	**13 837,9**	**12 279,5**	**12 720,1**
By debtor									
CNB	1 964,1	814,5	837,1	409,0	333,4	366,9	348,2	4,8	3,7
commercial banks 2)	540,0	984,7	3 587,5	5 516,6	4 576,2	4 467,5	3 577,2	2 531,8	2 438,1
government	1 985,9	2 204,4	1 948,6	1 707,5	1 230,9	1 103,7	897,9	786,9	850,5
other sectors	2 003,9	3 802,2	5 131,0	7 190,0	8 152,7	9 017,0	9 014,6	8 956,0	9 427,8
By creditor									
foreign banks	2 751,6	4 243,4	7 804,1	10 452,9	9 673,6	8 330,6	7 154,4	6 048,4	6 484,4
government institutions	245,3	266,7	264,6	242,6	209,9	147,7	117,8	90,1	65,5
multilateral institutions	1 779,9	894,6	1 116,3	1 202,2	1 142,2	1 642,5	1 617,7	1 785,7	1 954,8
suppliers and direct investors	862,5	1 162,3	923,5	992,1	1 341,6	2 432,6	2 608,0	2 633,0	2 638,3
other investors	854,6	1 238,8	1 395,7	1 933,3	1 925,9	2 401,7	2 340,0	1 722,3	1 577,1
Short-term	**2 001,8**	**2 888,4**	**5 044,6**	**6 021,5**	**7 059,2**	**9 091,9**	**8 774,6**	**9 092,1**	**8 975,9**
By debtor									
CNB	152,9	1,4	4,3	2,0	1,3	1,3	0,7	0,2	1,9
commercial banks 2)	705,0	1 162,6	2 703,3	3 909,5	4 912,4	6 477,1	6 392,6	5 983,3	5 307,3
government		339,9	568,2	101,9	235,7	0,7	0,2	55,9	12,8
other sectors	1 143,9	1 384,5	1 768,8	2 008,1	1 909,8	2 612,8	2 381,1	3 052,7	3 653,9
By creditor									
foreign banks	743,0	1 014,9	2 213,2	3 125,4	4 113,1	5 881,9	5 609,1	5 377,4	5 382,5
suppliers and direct investors	990,3	1 216,9	1 578,3	1 679,9	1 669,7	2 259,1	2 273,3	2 829,4	2 568,4
other investors	268,5	656,6	1 253,1	1 216,2	1 276,4	950,9	892,2	885,3	1 025,0
DEBT IN NON-CONVERTIBLE CURRENCIES 3)	**1 109,2**	**1 515,5**	**641,5**	**335,9**	**264,1**	**301,4**	**248,1**	**236,7**	**0,0**
of which:									
Long-term	784,5	823,3	394,1	324,4	255,8	297,9	248,1	236,7	
Short-term 2)	324,7	692,2	247,4	11,5	8,3	3,5			
TOTAL EXTERNAL DEBT	**9 604,9**	**12 209,7**	**17 190,3**	**21 180,5**	**21 616,5**	**24 348,4**	**22 860,6**	**21 608,3**	**21 696,0**
of which:									
Long-term	7 278,4	8 629,1	11 898,3	15 147,5	14 549,0	15 253,0	14 086,0	12 516,2	12 720,1
Short-term	2 326,5	3 580,6	5 292,0	6 033,0	7 067,5	9 095,4	8 774,6	9 092,1	8 975,9
Total long-term debt	7 278,4	8 629,1	11 898,3	15 147,5	14 549,0	15 253,0	14 086,0	12 516,2	12 720,1
of which:									
- IMF loans	1 078,2								
- liabilities of government sector and guaranteed by government, and of entities majority-owned by state	4 525,9	5 239,8	5 759,9	6 347,5	6 687,4	8 096,9	7 070,8	6 489,5	5 889,4
- liabilities of entities with majority private ownership	1 674,3	3 389,3	6 138,4	8 800,0	7 861,6	7 156,1	7 015,2	6 026,7	6 830,7

1) 31 December 2000 - revised data; 31 December 2001 - 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 the 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 koruna convertibility on 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 DECEMBER 2001

in CZK millions

		Debt as of 31 Dec. 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011-22
CREDITORS	principal	**461 218**	**126 084**	**83 000**	**64 476**	**52 739**	**36 063**	**24 895**	**25 395**	**23 773**	**9 795**	**14 998**
	interest		**21 236**	**14 137**	**10 284**	**8 103**	**5 578**	**4 161**	**2 877**	**1 726**	**885**	**938**
Foreign banks	principal	**232 777**	63 129	51 939	38 359	21 159	17 811	12 357	7 769	10 897	5 162	4 195
	interest		9 426	6 302	4 025	2 607	1 782	1 219	820	460	196	97
Government institutions	principal	**2 374**	475	475	475	475	474					
	interest		126	100	73	47	20					
Multilateral institutions	principal	**73 218**	22 106	6 705	8 723	8 594	6 011	4 888	3 479	4 459	2 206	6047
	interest		2 890	2 532	2 192	1 857	1 381	978	737	592	418	262
Suppliers and direct investors	principal	**95 664**	21 720	19 265	15 752	14 089	11 550	6 813	3 509	1 432	1 534	
	interest*		3 388	2 735	1 825	1 499	925	504	241	115	39	
Other investors	principal	**57 185**	18 654	4 616	1 167	8 422	217	837	10 638	6 985	893	4 756
	interest		5 406	2 468	2 169	2 093	1 470	1 460	1 079	559	232	579
DEBTORS	principal	**461 218**	**126 084**	**83 000**	**64 476**	**52 739**	**36 063**	**24 895**	**25 395**	**23 773**	**9 795**	**14 998**
	interest		**21 236**	**14 137**	**10 284**	**8 103**	**5 578**	**4 161**	**2 877**	**1 726**	**885**	**938**
CNB	principal	**133**	21	21	21	21	21	21	7			
	interest		9	8	6	5	3	2	1			
Commercial banks	principal	**88 402**	47 474	10 124	7 068	4 406	269	1 237	10 926	5 197	1 081	620
	interest		3 921	1 895	1 548	1 399	1 276	1 257	839	227	50	102
Government	principal	**30 840**	7 856	4 682	2 410	2 245	1 907	835	83	6 479	785	3 558
	interest		2 224	1 323	942	781	623	518	468	461	169	218
Other sectors	principal	**341 843**	70 733	68 173	54 977	46 067	33 866	22 802	14 379	12 097	7 929	10 820
	interest		15 082	10 911	7 788	5 918	3 676	2 384	1 569	1 038	666	618
TOTAL	principal	**461 218**	**126 084**	**83 000**	**64 476**	**52 739**	**36 063**	**24 895**	**25 395**	**23 773**	**9 795**	**14 998**
	interest		**21 236**	**14 137**	**10 284**	**8 103**	**5 578**	**4 161**	**2 877**	**1 726**	**885**	**938**
OVERALL DEBT SERVICE			**147 320**	**97 137**	**74 760**	**60 842**	**41 641**	**29 056**	**28 272**	**25 499**	**10 680**	**15 936**

*Interest on import credits is included in repayments of principal

THE CZECH REPUBLIC'S DEBT SERVICE ON LONG-TERM DEBT IN CONVERTIBLE CURRENCIES BY CREDITOR AND DEBTOR AS OF 31 DECEMBER 2001

in EUR millions

		Debt as of 31 Dec. 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011-22
CREDITORS	principal	**14 422**	**3 943**	**2 596**	**2 015**	**1 650**	**1 127**	**779**	**795**	**743**	**307**	**467**
	interest		**665**	**441**	**321**	**253**	**174**	**131**	**90**	**53**	**28**	**29**
Foreign banks	principal	7 280	1 974	1 625	1 199	662	557	387	243	342	162	129
	interest		296	197	126	82	55	38	25	14	6	3
Government institutions	principal	74	15	15	15	15	14					
	interest		4	3	2	1	1					
Multilateral institutions	principal	2 289	691	210	272	269	188	153	109	139	69	189
	interest		90	79	68	58	43	31	23	19	13	8
Suppliers and direct investors	principal	2 991	679	602	493	441	361	213	110	44	48	
	interest*		106	86	57	47	29	16	8	3	2	
Other investors	principal	1 788	584	144	36	263	7	26	333	218	28	149
	interest		169	76	68	65	46	46	34	17	7	18
DEBTORS	principal	**14 422**	**3 943**	**2 596**	**2 015**	**1 650**	**1 127**	**779**	**795**	**743**	**307**	**467**
	interest		**665**	**441**	**321**	**253**	**174**	**131**	**90**	**53**	**28**	**29**
CNB	principal	4	1	1		1		1				
	interest							1				
Commercial banks	principal	2 764	1 484	317	221	138	8	39	342	163	34	18
	interest		123	59	48	44	40	39	26	7	2	3
Government	principal	964	246	146	75	70	60	26	3	203	25	110
	interest		70	41	29	24	19	16	15	14	5	7
Other sectors	principal	10 690	2 212	2 132	1 719	1 441	1 059	713	450	377	248	339
	interest		472	341	244	185	115	75	49	32	21	19
TOTAL	principal	**14 422**	**3 943**	**2 596**	**2 015**	**1 650**	**1 127**	**779**	**795**	**743**	**307**	**467**
	interest		**665**	**441**	**321**	**253**	**174**	**131**	**90**	**53**	**28**	**29**
OVERALL DEBT SERVICE			**4 608**	**3 037**	**2 336**	**1 903**	**1 301**	**910**	**885**	**796**	**335**	**496**

*Interest on import credits is included in repayments of principal

THE CZECH REPUBLIC'S DEBT SERVICE ON LONG-TERM DEBT IN CONVERTIBLE CURRENCIES BY CREDITOR AND DEBTOR AS OF 31 DECEMBER 2001

in USD millions

		Debt as of 31 Dec. 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011-22
CREDITORS	principal	**12 720**	**3 478**	**2 289**	**1 778**	**1 456**	**995**	**688**	**700**	**655**	**269**	**412**
	interest		**584**	**387**	**284**	**224**	**156**	**118**	**77**	**48**	**24**	**26**
Foreign banks	principal	6 421	1 741	1 433	1 057	583	490	342	214	300	143	118
	interest		260	173	111	72	50	35	22	13	5	3
Government institutions	principal	65	13	13	13	13	13					
	interest		3	3	2	1	1					
Multilateral institutions	principal	2 019	611	185	241	238	167	135	96	123	60	163
	interest		80	70	60	51	38	28	19	16	12	7
Suppliers and direct investors	principal	2 638	599	531	434	390	319	188	97	39	41	
	interest*		93	74	50	41	26	15	7	4	1	
Other investors	principal	1 577	514	127	33	232	6	23	293	193	25	131
	interest		148	67	61	59	41	40	29	15	6	16
DEBTORS	principal	**12 720**	**3 478**	**2 289**	**1 778**	**1 456**	**995**	**688**	**700**	**655**	**269**	**412**
	interest		**584**	**387**	**284**	**224**	**156**	**118**	**77**	**48**	**24**	**26**
CNB	principal	4	1	1		1		1				
	interest							1				
Commercial banks	principal	2 438	1 310	279	194	122	8	35	301	143	30	16
	interest		108	50	43	40	36	35	20	6	1	3
Government	principal	850	217	130	67	62	52	23	2	178	20	99
	interest		61	37	26	21	18	14	13	13	5	7
Other sectors	principal	9 428	1 950	1 879	1 517	1 271	935	629	397	334	219	297
	interest		415	300	215	163	102	68	44	29	18	16
TOTAL	principal	**12 720**	**3 478**	**2 289**	**1 778**	**1 456**	**995**	**688**	**700**	**655**	**269**	**412**
	interest		**584**	**387**	**284**	**224**	**156**	**118**	**77**	**48**	**24**	**26**
OVERALL DEBT SERVICE			**4 062**	**2 676**	**2 062**	**1 680**	**1 151**	**806**	**777**	**703**	**293**	**438**

*Interest on import credits is included in repayments of principal

CZECH DIRECT INVESTMENT ABROAD

by territory

Outward flows in 2001				
Eurostat/OECD Code	Geographic and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
E1	**EUROPE**	**2 013,3**	**52 929,1**	**59 071,0**
D2	**EU-15**	**240,2**	**6 313,6**	**7 046,3**
	of which:			
LU	Luxembourg	5,6	148,0	165,2
DE	Germany	180,0	4 730,9	5 279,8
GR	Greece	1,0	26,6	29,7
ES	Spain	2,1	54,5	60,8
IT	Italy	8,0	210,7	235,2
NL	Netherlands	2,0	52,9	59,1
AT	Austria	39,3	1 032,4	1 152,2
GB	United Kingdom	2,2	57,6	64,3
A5	**EFTA**	**0,5**	**11,9**	**13,2**
	of which:			
CH	Switzerland	0,5	11,9	13,2
E2	**OTHER EUROPEAN COUNTRIES**	**1 772,7**	**46 603,6**	**52 011,5**
	of which:			
BG	Bulgaria	-1,7	-44,8	-50,0
BY	Belarus	43,7	1 148,5	1 281,7
HR	Croatia	6,5	172,1	192,0
HU	Hungary	131,9	3 467,0	3 869,3
LV	Latvia	0,1	3,1	3,5
PL	Poland	520,8	13 690,8	15 279,5
RO	Romania	1,6	43,0	48,0
RU	Russia	30,6	804,0	897,3
SI	Slovenia	50,6	1 330,8	1 485,2
SK	Slovakia	961,0	25 264,4	28 196,1
UA	Ukraine	27,6	724,8	808,9
E7	**AMERICA**	**1 564,9**	**41 141,7**	**45 915,8**
E8	**NORTH AMERICA**	**732,1**	**19 245,7**	**21 478,9**
	of which:			
CA	Canada	4,4	116,3	129,8
US	USA	727,6	19 129,3	21 349,1
E9	**CENTRAL AMERICA**	**790,0**	**20 769,2**	**23 179,3**
	of which:			
VG	British Virgin Islands	790,0	20 769,2	23 179,3
F1	**SOUTH AMERICA**	**42,9**	**1 126,8**	**1 257,6**
	of which:			
BR	Brazil	42,5	1 117,7	1 247,4
SR	Surinam	0,3	9,1	10,2
F2	**ASIA**	**79,3**	**2 084,5**	**2 326,4**
F6	**OTHER ASIAN COUNTRIES**	**79,3**	**2 084,5**	**2 326,4**
	of which:			
CN	China	8,0	209,3	233,6
IN	India	77,7	2 042,2	2 279,1
KZ	Kazakhstan	-6,4	-167,0	-186,4
A1	**Total**	**3 657,6**	**96 155,3**	**107 313,2**
U2	**EUROZONE**	238,0	6 256,0	6 982,0
A8	**OECD**	2 581,9	67 877,0	75 753,4
B1	**NAFTA**	732,1	19 245,7	21 478,9

* - preliminary data

CZECH DIRECT INVESTMENT ABROAD

by economic activity

Outward flows in 2001					
Eurostat/OECD Code	Sectors	Total in CZK millions	Total in USD thousands	Total in EUR thousands	NACE
	AGRICULTURE, HUNTING, MINING AND QUARRYING	**1,5**	**39,6**	**44,2**	
	of which:				
595	Agriculture, hunting and fishing	0,8	20,7	23,1	1 - 5
1495	Mining and quarrying	0,7	18,9	21,1	10 - 14
	MANUFACTURING	**720,2**	**18 934,2**	**21 131,3**	
	of which:				
1605	Food products, beverages and tobacco products	20,5	537,7	600,1	15 - 16
1805	Textiles and wearing apparel	59,1	1 553,8	1 734,1	17 - 18
2205	Wood, paper, publishing and printing	57,5	1 510,8	1 686,1	20 - 22
2595	Refined petroleum products and chemical, rubber and plastic products	187,2	4 921,3	5 492,4	23 - 25
2600	Other non-metallic mineral products	0,9	22,4	25,0	26
2805	Basic metals and fabricated metal products	-72,4	-1 903,1	-2 123,9	27 - 28
2900	Machinery and equipment	68,7	1 805,8	2 015,4	29
3100	Electrical machinery and apparatus n.e.c.	0,4	11,1	12,3	31
3300	Medical and optical instruments and equipment	1,1	27,8	31,0	33
3400	Motor vehicles	78,1	2 052,8	2 291,0	34
3500	Other transport equipment	296,0	7 782,2	8 685,3	35
3600	Furniture and manufacturing n.e.c.	22,7	597,8	667,1	36
3700	Recycling	0,5	13,8	15,4	37
	SERVICES	**2 935,8**	**77 181,6**	**86 137,7**	
	of which:				
4500	Construction	31,4	826,1	921,9	45
5295	Wholesale and retail trade; repair	1 438,3	37 813,5	42 201,3	50 - 52
5500	Hotels and restaurants	38,8	1 021,1	1 139,6	55
6495	Transport and communication	13,6	357,2	398,6	60 - 64
6895	Financial intermediation and insurance	312,0	8 203,1	9 155,0	65 - 67
7395	Real estate and other business activities	716,2	18 829,2	21 014,2	70 - 74
9995	Other services	385,4	10 131,4	11 307,1	75 - 99
9999	**TOTAL**	**3 657,6**	**96 155,3**	**107 313,2**	

* - preliminary data

FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

by territory

Inward flows in 2001				
Eurostat/OECD Code	Geographic and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
E1	**EUROPE**	**172 977,9**	**4 547 503,5**	**5 075 196,9**
D2	**EU-15**	**164 014,2**	**4 311 852,2**	**4 812 200,6**
	of which:			
BE	Belgium	1 816,2	47 746,7	53 287,2
LU	Luxembourg	2 699,9	70 977,7	79 214,0
DK	Denmark	8 826,5	232 045,3	258 971,9
DE	Germany	52 304,3	1 375 053,4	1 534 614,9
GR	Greece	1,4	37,5	41,8
ES	Spain	390,7	10 271,4	11 463,3
PT	Portugal	3,9	102,9	114,8
FR	Francie	52 094,7	1 369 543,8	1 528 466,0
IE	Ireland	93,9	2 469,7	2 756,3
IT	Italy	3,7	97,4	108,7
NL	Netherlands	31 083,3	817 164,5	911 988,5
AT	Austria	11 230,2	295 237,0	329 496,3
FI	Finland	241,3	6 342,6	7 078,6
SE	Sweden	788,0	20 715,1	23 118,9
GB	United Kingdom	2 436,2	64 047,4	71 479,4
A5	**EFTA**	**6 786,8**	**178 422,6**	**199 126,8**
	of which:			
CH	Switzerland	5 255,8	138 171,7	154 205,1
LI	Liechtenstein	194,2	5 104,2	5 696,5
NO	Norway	1 336,9	35 146,7	39 225,1
E2	**OTHER EUROPEAN COUNTRIES**	**2 176,9**	**57 228,7**	**63 869,5**
	of which:			
BA	Bosnia-Herzegovina	1,3	33,5	37,4
BY	Belarus	3,5	91,5	102,2
CY	Cyprus	469,7	12 349,3	13 782,3
GG	Guernsey	16,8	442,4	493,7
HR	Croatia	0,2	5,3	5,9
HU	Hungary	143,3	3 767,9	4 205,1
IM	Isle of Man	615,3	16 176,6	18 053,7
MD	Moldova	0,6	15,8	17,6
MT	Malta	482,0	12 670,6	14 140,8
PL	Poland	58,8	1 546,8	1 726,2
RU	Russia	8,3	217,6	242,9
SI	Slovenia	5,5	143,6	160,2
SK	Slovakia	255,9	6 728,3	7 509,1
TR	Turkey	30,7	805,9	899,4
UA	Ukraine	37,8	994,8	1 110,2
YU	Yugoslavia	47,1	1 239,0	1 382,8
E4	**AFRICA**	**23,7**	**623,8**	**696,2**
	of which:			
CV	Cape Verde Islands	2,5	67,0	74,8
EG	Egypt	0,2	5,3	5,9
SC	Seychelles	21,0	551,6	615,6
E7	**AMERICA**	**11 556,4**	**303 812,8**	**339 067,3**
E8	**NORTH AMERICA**	**9 942,6**	**261 384,8**	**291 715,9**
	of which:			
CA	Canada	798,0	20 977,8	23 412,1
US	USA	9 144,6	240 406,9	268 303,8
E9	**CENTRAL AMERICA**	**1 613,7**	**42 422,8**	**47 345,5**
	of which:			
KY	Cayman Islands	623,9	16 402,6	18 306,0
MX	Mexico	0,2	5,4	6,1
PA	Panama	62,1	1 633,7	1 823,3
VG	British Virgin Islands	927,4	24 381,0	27 210,2
F1	**SOUTH AMERICA**	**0,2**	**5,3**	**5,9**
	of which:			
BR	Brazil	0,2	5,3	5,9
F2	**ASIA**	**2 412,5**	**63 423,3**	**70 783,0**
F3	**NEAR AND MIDDLE EAST**	**47,9**	**1 258,0**	**1 404,0**
	of which:			
IL	Israel	7,9	206,5	230,4
JO	Jordan	40,0	1 051,6	1 173,6
F6	**OTHER ASIAN COUNTRIES**	**2 364,6**	**62 165,3**	**69 378,9**
	of which:			
CN	China	1 270,4	33 397,4	37 272,8
IN	India	2,4	63,7	71,1
JP	Japan	724,4	19 044,2	21 254,1
MN	Mongolia	0,5	13,1	14,7
MO	Macao	241,0	6 335,8	7 071,0
SG	Singapore	115,1	3 026,4	3 377,6
VN	Vietnam	10,8	284,6	317,6
F7	**OCEANIA AND POLAR REGIONS**	**30,7**	**807,8**	**901,5**
	of which:			
NU	Niue	26,6	700,5	781,8
AU	Australia	4,1	107,3	119,7
A1	**Total**	**187 001,3**	**4 916 171,2**	**5 486 644,9**
U2	**EUROZONE**	151 953,5	3 994 781,6	4 458 337,0
A8	**OECD**	181 761,2	4 778 410,4	5 332 898,4
B1	**NAFTA**	9 942,8	261 390,2	291 722,0

* - preliminary data

FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

by economic activity

Inward flows in 2001					
Eurostat/OECD Code	*Sectors*	*Total in CZK millions*	*Total in USD thousands*	*Total in EUR thousands*	*NACE*
	AGRICULTURE, HUNTING, MINING AND QUARRYING	**1 810,9**	**47 608,1**	**53 132,6**	
	of which:				
595	*Agriculture, hunting and fishing*	825,4	21 699,5	24 217,5	1 - 5
1495	*Mining and quarrying*	985,5	25 908,6	28 915,0	10 - 14
	MANUFACTURING	**54 521,0**	**1 433 329,2**	**1 599 653,1**	
	of which:				
1605	*Food products, beverages and tobacco products*	3 421,9	89 960,1	100 399,0	15 - 16
1805	*Textiles and wearing apparel*	3 333,4	87 632,2	97 801,0	17 - 18
1900	*Tanning and dressing of leather; luggage, handbags and footwear*	74,2	1 950,2	2 176,5	19
2205	*Wood, paper, publishing and printing*	5 346,4	140 553,7	156 863,6	20 - 22
2595	*Refined petroleum products and chemical, rubber and plastic products*	6 927,5	182 119,5	203 252,7	23 - 25
2600	*Other non-metallic mineral products*	5 136,8	135 043,0	150 713,4	26
2805	*Basic metals and fabricated metal products*	3 073,8	80 808,4	90 185,4	27 - 28
2900	*Machinery and equipment*	2 168,2	57 001,4	63 615,9	29
3100	*Electrical machinery and apparatus n.e.c.*	3 397,2	89 310,3	99 673,9	31
3295	*Office machinery, computers and radio, television and communication equipment*	8 402,3	220 891,9	246 524,2	30, 32
3300	*Medical and optical instruments and equipment*	1 291,0	33 939,0	37 877,2	33
3400	*Motor vehicles*	5 995,3	157 613,4	175 902,9	34
3500	*Other transport equipment*	5 034,0	132 342,7	147 699,7	35
3600	*Furniture and manufacturing n.e.c.*	881,1	23 163,5	25 851,4	36
3700	*Recycling*	38,0	1 000,0	1 116,1	37
	SERVICES	**130 669,4**	**3 435 233,8**	**3 833 859,3**	
	of which:				
4195	*Electricity, gas and water supply*	9 885,3	259 879,7	290 036,2	40 - 41
4500	*Construction*	934,6	24 569,2	27 420,2	45
5295	*Wholesale and retail trade; repair*	22 186,9	583 283,1	650 967,4	50 - 52
5500	*Hotels and restaurants*	1 496,4	39 340,1	43 905,2	55
6495	*Transport and communication*	32 086,2	843 530,7	941 414,2	60 - 64
6895	*Financial intermediation and insurance*	51 445,8	1 352 485,0	1 509 427,7	65 - 67
7395	*Real estate and other business activities*	11 978,4	314 907,3	351 449,2	70 - 74
9995	*Other services*	655,7	17 238,8	19 239,2	75 - 99
9999	***TOTAL***	**187 001,3**	**4 916 171,2**	**5 486 644,9**	

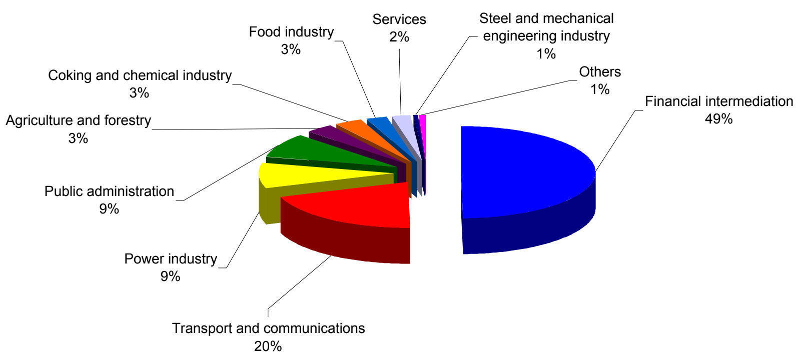
* - preliminary data

NON-RESIDENTS' PORTFOLIO INVESTMENT IN KORUNA INSTRUMENTS
by economic activity, territory and type of security as of 31 December 2001

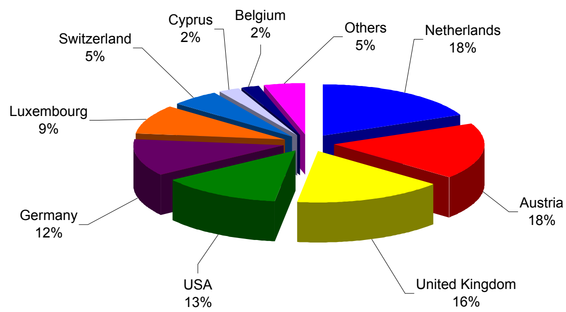
in CZK billions

ECONOMIC ACTIVITY	Market value	TERRITORY	Market value	SECURITY TYPE	Market value
Financial intermediation	76,3	Netherlands	28,3	Shares	128,7
Transport and communications	30,8	Austria	27,3	Bonds	11,5
Power industry	13,6	United Kingdom	24,7	Government bonds	13,5
Public administration	13,3	USA	20,1		
Agriculture and forestry	5,2	Germany	18,0		
Coking and chemical industry	5,1	Luxembourg	14,1		
Food industry	3,9	Switzerland	8,2		
Services	3,2	Cyprus	3,1		
Steel and mechanical engineering industry	0,9	Belgium	3,0		
Others	1,4	Others	6,9		
TOTAL	**153,7**	**TOTAL**	**153,7**	**TOTAL**	**153,7**

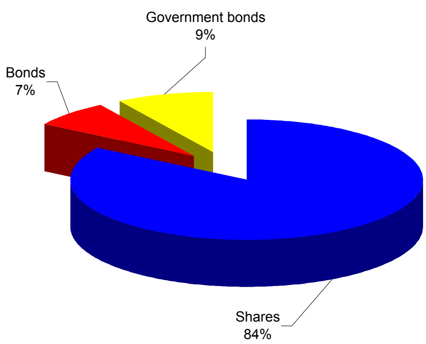
By economic activity



By country



By type of security



RESIDENT'S PORTFOLIO INVESTMENT ABROAD AS OF 31 DECEMBER 2001

by territory and type of security

Eurostat/OECD Code	Geographic and economic zones	in CZK millions			
		Equity securites	Long-term bonds	Short-term bonds	Total
E1	***EUROPE***	**20 796**	**84 301**	**6 811**	**111 908**
D2	***EU-15***	**17 832**	**68 035**	**5 967**	**91 834**
	of which:				
AT	*Austria*	1 383	3 925	3 308	8 616
BE	*Belgium*	32	4 169	0	4 201
DE	*Germany*	2 647	19 068	85	21 800
DK	*Denmark*	22	166	65	253
ES	*Spain*	167	2 652	0	2 819
FI	*Finland*	322	926	0	1 248
FR	*France*	1 252	4 944	4	6 200
GB	*United Kingdom*	1 319	4 957	241	6 517
GR	*Greece*	3	350	0	353
IE	*Ireland*	334	621	311	1 266
IT	*Italy*	888	1 093	0	1 981
LU	*Luxembourg*	6 094	5 954	39	12 087
NL	*Netherlands*	3 255	9 787	1 582	14 624
PT	*Portugal*	22	0	0	22
SE	*Sweden*	83	549	0	632
4A	*European Union institutions and authorities*	9	8 874	332	9 215
A5	***EFTA***	**389**	**1 062**	**0**	**1 451**
	of which:				
IS	*Iceland*	0	1 062	0	1 062
CH	*Switzerland*	389	0	0	389
E2	***OTHER EUROPEAN COUNTRIES***	**2 575**	**15 204**	**844**	**18 623**
	of which:				
GI	*Gibraltar*	0	638	0	638
HR	*Croatia*	0	600	389	989
HU	*Hungary*	450	6 775	319	7 544
PL	*Poland*	198	5 450	126	5 774
RO	*Romania*	0	3	0	3
RU	*Russia*	288	197	0	485
SI	*Slovenia*	10	0	0	10
SK	*Slovakia*	1 620	1 539	10	3 169
UA	*Ukraine*	9	2	0	11
E7	***AMERIcA***	**47 836**	**20 380**	**1 172**	**69 388**
E8	***NORTH AMERICA***	**4 930**	**15 785**	**1 172**	**21 887**
	of which:				
CA	*Canada*	30	872	0	902
US	*USA*	4 900	14 913	1 172	20 985
E9	***CENTRAL AMERICA***	**42 906**	**4 592**	**0**	**47 498**
	of which:				
AN	*Netherlands Antilles*	0	373	0	373
BM	*Bermuda*	2	0	0	2
KY	*Cayman Islands*	42 880	4 130	0	47 010
MX	*Mexico*	24	89	0	113
F1	***SOUTH AMERICA***	**0**	**3**	**0**	**3**
	of which:				
BR	*Brazil*	0	3	0	3
F2	***ASIA***	**6**	**42**	**21**	**69**
F6	***OTHER ASIAN COUNTRIES***	**6**	**42**	**21**	**69**
	of which:				
IL	*Israel*	1	0	0	1
JP	*Japan*	5	42	21	68
F7	***AUSTRALIA AND OCEANIA***	**38**	**3 710**	**26**	**3 774**
	of which:				
AU	*Australia*	0	3 699	26	3 725
FM	*Federated States of Micronesia*	38	11	0	49
A1	***Total***	**68 676**	**108 433**	**8 030**	**185 139**

* - preliminary data