

BALANCE OF PAYMENTS

2006

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**MAIN TRENDS**

**THE EXTERNAL ENVIRONMENT AND ITS EFFECT ON THE BALANCE OF PAYMENTS**

The external macroeconomic environment was favourable in 2006. The rate of growth of the world economy picked up pace year on year. Economic growth in the EU Member States increased significantly, almost doubling, and lagged behind the growth in the USA by just 0.3%. Economic growth in the Central European region – and particularly in the Czech Republic’s neighbouring countries – was faster than in the euro area countries. The economic expansion fostered good conditions for sales of Czech products. Czech trade with Germany and Slovakia recorded the fastest-growing surpluses.

Prices of energy and raw materials continued to rise during 2006, driven by the economic growth of advanced and developing economies. The price of oil on world markets peaked in the third quarter then fell back to the level recorded at the start of year. Prices of non-ferrous metals, textile raw materials, rubber and food saw growth on world markets, adversely affecting Czech import prices and the terms of trade. The impact of the rise in foreign prices on domestic importers was attenuated by the movement of the koruna’s exchange rate against the euro and the dollar.

Low interest rates and a negative interest rate differential characterised the monetary conditions on the Czech money market as compared to foreign markets. The second half of the year in particular was dominated by stock growth on European and US markets, encouraged by good corporate results and by mergers and acquisitions. On the domestic market, demand for long-term government bonds dominated. Their rates of return, while comparable with those in the euro area, were rather volatile in the course of the year, but showed moderate growth. Overall, the developments on foreign markets were reflected mainly in a rising volume of foreign shares held by domestic investors and in a tendency for capital to flow out of the Czech Republic in the form of portfolio investment.

**THE CURRENT ACCOUNT**

Goods and services trade showed a surplus of 3.2% of GDP in 2006 (a year-on-year rise of 1.2 percentage points). Growth in returns on direct and portfolio investment transferred abroad and a change in the balance of transfers to a deficit resulted in year-on-year growth in the current account deficit to 3.1% of GDP.

In addition to growth in external demand, this development was due to effects related to the inflow of direct investment into the Czech Republic. Growth in exports and the trade surplus were seen in relation to EU Member States. Imports from the Russian Federation increased as a result of rising raw material prices on world markets. Domestic demand also increased consumer goods imports, especially from China (information technology and electrical machinery and apparatus).

The terms of trade deteriorated by 1.6 percentage points in 2006, owing to increased import prices of energy-producing materials and non-ferrous metals. In the case of machinery production, the terms of trade improved slightly.

Within the balance of services, there was continuing growth in the transport services surplus. Their exports exceeded imports, especially in the cases of road transport and pipeline transport, although the rail transport surplus declined. Growing expenditure by Czech nationals on travel abroad caused a year-on-year fall in net receipts from foreign travel. Growth in demand among Czech companies for imports of other services also outpaced export growth.

**TAB. I.1.**

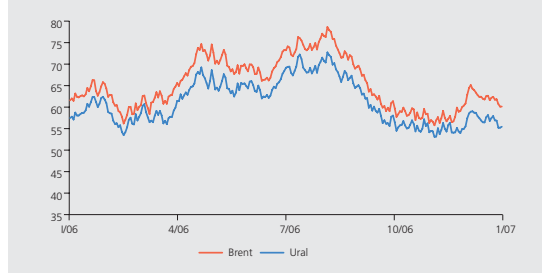
**The external macroeconomic environment was favourable in 2006**  
(annual GDP growth rates in per cent)

	2001	2002	2003	2004	2005	2006
<b>USA</b>	0.8	1.6	2.5	3.9	3.2	3.3
<b>Japan</b>	0.2	0.3	1.4	2.7	1.9	2.2
<b>European Union (EU-27)</b>	2.0	1.2	1.3	2.5	1.7	3.0
<b>Euro area (EUR-13)</b>	1.9	0.9	0.8	2.0	1.4	2.7

Source: Eurostat

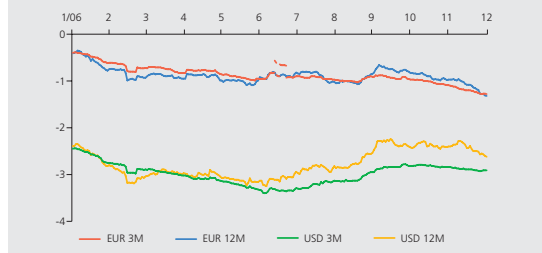
**CHART I.1.**

**Oil prices fell in the second half of 2006**  
(USD/barrel)



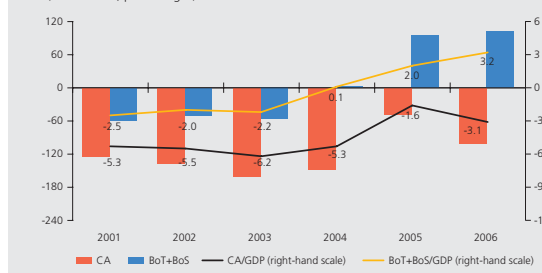
**CHART I.2.**

**The interest rate differentials of the koruna against the euro and the dollar were negative in 2006**  
(percentages)



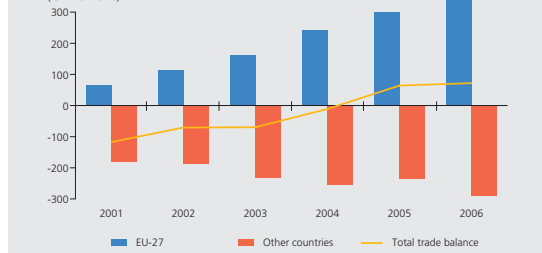
**CHART I.3.**

**The current account deficit widened**  
(CZK billions; percentages)

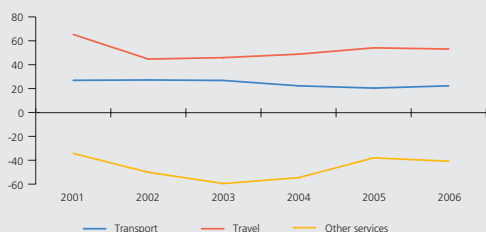


**CHART I.4.**

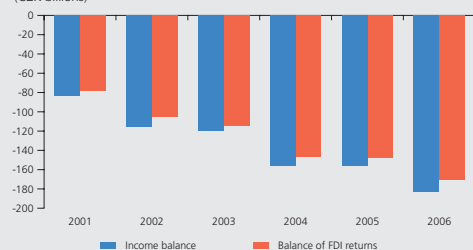
**The trade surplus with the EU-27 increased, but the trade deficit with other countries widened**  
(CZK billions)



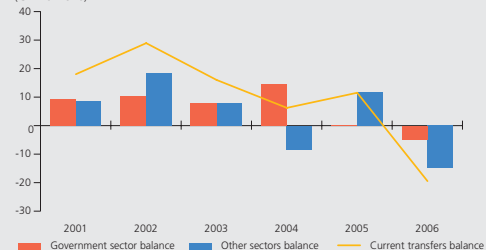
**CHART I.5.**  
The other services deficit decreased slightly  
(CZK billions)



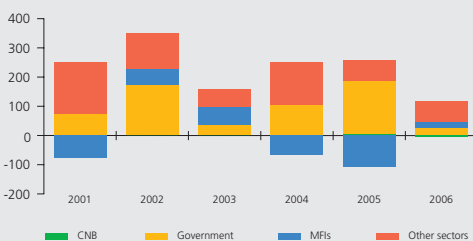
**CHART I.6.**  
The income deficit widened as a result of increased FDI returns  
(CZK billions)



**CHART I.7.**  
A private transfers deficit generated a worsening of the overall balance of transfers  
(CZK billions)



**CHART I.8.**  
The corporate sector was the largest net recipient of foreign capital in 2006  
(CZK billions)



The rising income deficit was affected by increased outgoings related to returns on foreign direct investment in the Czech Republic. According to preliminary information, domestic subsidiaries transferred a greater volume of dividends abroad, and the estimated amount of reinvested earnings also increased. Portfolio investment returns showed a similar trend, with dividend payments more than doubling. Foreign labour costs in the Czech Republic put a significant burden on the balance of income. The balance of interest on other financial assets and liabilities favourably affected the income balance, thanks to higher income on CNB international reserves and foreign assets held by domestic commercial banks.

The current transfers deficit increased in 2006 as a result of a deterioration in the balance of private transfers abroad (financial transfers and fees). Growth in VAT refunds to non-residents gave rise to a government transfers deficit. The receipts and payments vis-à-vis EU funds included under current transfers recorded a slight year-on-year increase in deficit (part of the receipts are recorded on the capital account).

## THE CAPITAL AND FINANCIAL ACCOUNTS

The **capital account** recorded a surplus, due to growth in receipts from EU structural funds and a surplus on trade in intangible non-financial assets (licences, patents, etc.). The debit side, on the other hand, includes the forgiveness of a government receivable from abroad.

The **financial account** surplus diminished significantly year on year. Foreign funds were obtained mainly by the corporate sector in the form of foreign direct investment and financial loans. Foreign borrowing by the banking sector was more limited.

*The corporate sector* was the largest recipient of capital from abroad in 2006, and increased its foreign assets at the same time. Drawings of foreign funds totalled CZK 206 billion. More than half of that amount consisted of FDI inflows in the form of increases in subsidiaries' equity capital and estimated reinvested earnings. Foreign investors' demand for Czech stocks and bonds went up. Czech companies, on the other hand, were successful in privatisations of foreign corporations and increased their direct investments abroad. Companies expanded their investments in foreign securities. At CZK 71 billion, the total net inflow of foreign capital into the corporate sector was almost unchanged year on year.

The *government sector* balance recorded a sizeable drop in net drawings of foreign funds. Unlike in the previous year, there were no privatisations, and investment by international portfolio investors in domestic government bonds decreased year on year. The government sector drew on EIB loans for transport infrastructure development, education development and regional projects.

*Monetary financial institutions* recorded growth in liability-side transactions. Commercial banks obtained foreign funds in the form of foreign deposits and financial loans. Asset-side transactions consisted mainly of investments by banks in foreign securities.

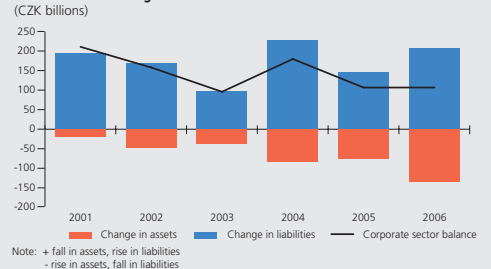
**INTERNATIONAL RESERVES**

CNB international reserves rose by CZK 2.1 billion (adjusted for valuation changes) as a result of investment income on reserves, sales of part of this income on the market, and transactions executed for CNB customers.

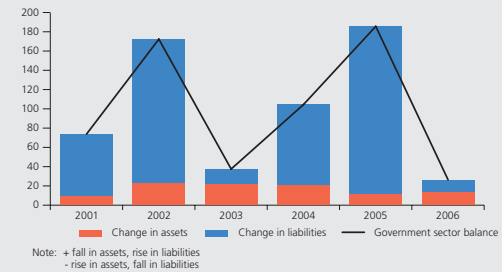
**THE INTERNATIONAL INVESTMENT POSITION AND EXTERNAL DEBT**

The Czech Republic's international investment position deficit widened to CZK 1034 billion in 2006, mainly because of inflows of FDI and other investment. The international investment position deficit amounted to 32% of GDP. The Czech Republic's nominal external debt totalled CZK 1,217 billion, or 38% of GDP, at the year-end.

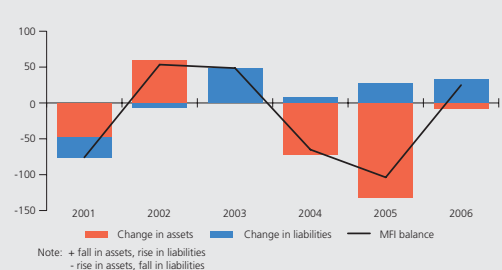
**CHART I.9.**  
Net drawings of foreign funds by the corporate sector were almost unchanged



**CHART I.10.**  
Foreign funding of the government sector diminished in significance



**CHART I.11.**  
Investment activities abroad by MFIs dropped significantly



**CHART I.12.**  
The investment position deficit continued to rise

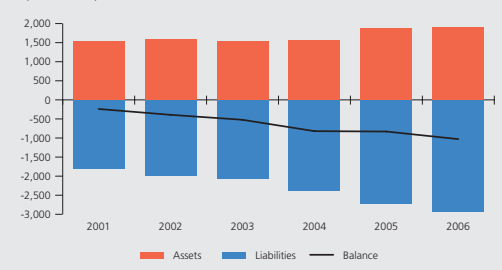
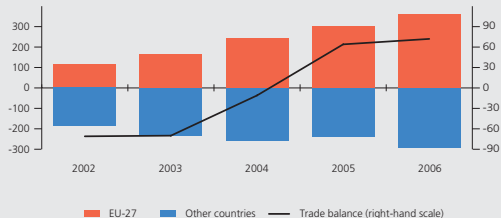


CHART II.1.1.

The trade surplus with EU countries was larger than the deficit with other countries  
(CZK billions)



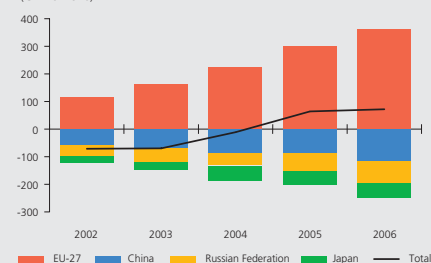
TAB. II.1.1.

The surplus with EU Member States fundamentally affected the overall trade balance  
(CZK billions; percentages)

	Exports			Imports			Balance	
	2005	2006	Index	2005	2006	Index	2005	2006
Europe	1,712	1,976	115	1,474	1,674	114	239	302
EU-27	1,598	1,833	115	1,298	1,471	113	300	362
Russian Federation	34	43	127	102	124	121	-69	-81
America	65	68	104	66	69	104	-1	-1
USA	50	49	99	45	48	106	5	2
Asia	71	79	111	248	313	126	-177	-234
China	7	9	126	91	123	136	-84	-114
Taiwan	1	1	103	18	25	137	-17	-24
Japan	8	9	117	57	62	110	-49	-53
Rest of world	20	22	108	17	16	98	3	5
<b>Total</b>	<b>1,869</b>	<b>2,144</b>	<b>114.7</b>	<b>1,805</b>	<b>2,072</b>	<b>114.8</b>	<b>64</b>	<b>72</b>

CHART II.1.2.

The trade deficits with China and Russia persisted  
(CZK billions)



TAB. II.1.2.

Export and import shares by commodity group  
(percentages)

SITC categories	Share in total			
	Exports 2005	Exports 2006	Imports 2005	Imports 2006
0 Food	3.3	2.9	4.5	4.2
1 Beverages and tobacco	0.6	0.5	0.6	0.6
2 Crude materials	2.5	2.6	2.8	2.7
3 Fuels	3.1	2.9	9.2	9.6
4 Oils and fats	0.1	0.1	0.2	0.2
5 Chemicals	6.4	6.0	11.0	10.5
6 Manufactured goods class. by material	21.7	20.9	20.5	20.3
7 Machinery and transport equipment	50.8	53.1	40.3	41.2
8 Miscellaneous manufactured articles	11.5	11.0	10.8	10.7
9 Commodities not elsewhere classified	0.0	0.0	0.1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## 1. THE CURRENT ACCOUNT

### 1.1. GOODS

The balance of goods trade, under the balance of payments methodology, closed with a surplus of CZK 68.2 billion in 2006. The balance of trade is expressed in FOB terms, while imports additionally include goods purchases not reflected in the foreign trade statistics (fuel purchases at airports abroad totalling CZK 3.6 billion). The trade surplus was higher than in 2005.

Increased exports of Czech goods were fostered by the investment flowing into the country in previous years and by economic growth in the EU Member States. Export growth was particularly strong in industrial segments, and the trade surplus in the machinery category rose year on year. The share of foreign-owned companies in the trade surplus growth has been increasing.

Geographically, trade with EU Member States is the most significant area of goods trade. More than 85% of exports went to EU countries, while almost 71% of imports were of EU origin. The trade surplus with EU Member States is considerably larger than the trade deficit with other countries. The trade surplus with the EU increased by CZK 62 billion year on year.

The trade deficit with Asian countries increased further year on year, in particular with regard to China, Taiwan and Japan. The largest increase was recorded in the trade deficit with China, which rose by CZK 30 billion as a result of growing imports of office machinery, electrical and telecommunication equipment and textiles. The trade deficit with Russia increased by CZK 12 billion year on year, driven by rising prices of oil and natural gas supplies.

Turning to the foreign trade commodity structure, the SITC 7 category (machinery and transport equipment) accounts for the largest share of the total. Its share increased again. Other significant export items include manufactured goods classified by material (SITC 6) and miscellaneous manufactured articles (SITC 8).

On the import side, the largest groups in terms of volume are machinery and transport equipment, manufactured goods classified by material, miscellaneous manufactured articles, chemicals and fuels.

#### 1.1.1. Terms of trade

A fall in export prices of 1.2% and a moderate increase in import prices of 0.3% gave rise to a 1.5 percentage point deterioration of the terms of trade in 2006. Export prices were affected in particular by prices of beverages and tobacco, as well as by prices of machinery and manufactured goods, which were below their previous year's levels (index 98.2 for both). Crude materials (index 112.4) and fuels (index 105.8) saw higher export prices than in 2005.

Prices of imported fuels grew year on year (index 112.6). Prices of manufactured goods recorded a slight increase. Growth in energy-producing commodities prices on world markets was partly reduced by a 5.6% year-on-year appreciation of the average nominal koruna-dollar exchange rate. Prices in other commodity categories were below the levels of the previous year. The largest falls in import prices were recorded by crude materials and miscellaneous manufactured articles.

The deterioration of the terms of trade was largely due to prices of fuels and manufactured goods. The terms of trade for machinery and equipment, food, and beverages and tobacco were unchanged compared to the previous year.

World prices of industrial raw materials and food increased in 2006 compared

to 2005 as a result of demand from the dynamically growing economies of the USA, China and India. The aggregate index of world prices of raw materials and food was 125.9 on annual average. Of the seven main SITC categories, the rise in world prices was mostly due to metals. Average prices of metals increased by 52.5%, with prices of zinc, copper, silver and aluminium showing particularly robust growth. Natural rubber prices rose by 40.8% year on year. The price of crude oil grew by 20% on average and that of natural gas by 33.5%. The North Sea Brent crude price rose from around USD 55 a barrel to more than USD 66 a barrel, while Ural crude went up from around USD 50 to USD 56 a barrel. Prices of food and oils, textile raw materials and leather rose as well. Wood in the rough, on the other hand, was below its 2005 price level.

**BOX 1  
COMPETITION IN FOREIGN TRADE AND PRICING-TO-MARKET**

In the event of changes in the nominal exchange rate, exporting firms are exposed to changes in prices of exported goods converted into the domestic currency. The theoretical law of one price asserts that goods should have the same price in all countries when denominated in the same one currency, i.e. that export prices expressed in a foreign currency should increase when the domestic currency appreciates and decrease when the domestic currency depreciates. However, this law does not apply fully in reality. This phenomenon was first described in the 1980s by the prominent economist Paul Krugman, who noticed that import prices grew less than proportionately when the dollar weakened. He called the phenomenon “pricing-to-market”. The following analysis looks at pricing-to-market for individual exporting industries in the Czech Republic and compares it with the level of competition in these industries.

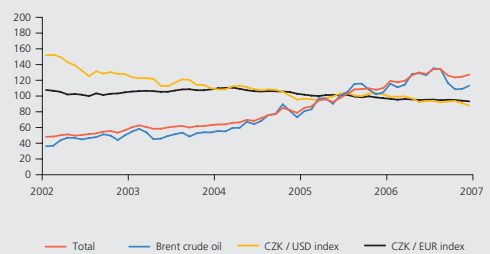
The level of competition is usually measured empirically using one of two approaches. The first is the Lerner index, which is based on measuring firms’ margins. The higher the Lerner index, the less competitive the relevant industry, and vice versa. The second is the Rosse-Panzar elasticity, which measures the elasticity of the price of a product to costs. Under perfect competition, if costs increase the product price must be raised by the same amount, otherwise the firm would be selling the goods below their production price. The Rosse-Panzar elasticity under perfect competition therefore equals one. Under imperfect competition, by contrast, the firm has a cushion in the form of a margin. If costs rise, it is better for the firm to cut its margin rather than to lose market share. Under imperfect competition, the Rosse-Panzar elasticity is less than one. To compare the magnitude of pricing-to-market and competition in individual industries, a Rosse-Panzar derived model may be instrumented to simultaneously measure pricing-to-market and the Rosse-Panzar elasticity. Pricing-to-market is measured as the change in the relative price (the ratio of the export price to the domestic price) of a good given a change in the nominal exchange rate, and the Rosse-Panzar elasticity is measured as the change in this relative price given a change in costs.

The model was estimated on panel data for exporting firms. The data used in this analysis are from the quarterly financial statements of 94 Czech exporters for the period 1993–2003, obtained from the Magnus – ČEKIA database. The results of the analysis suggest that there is a relationship between the competition in an industry and the magnitude of pricing-to-market as applied by exporting firms. This relationship is also evidenced by the following charts – the lower the competition (as measured by the Rosse-Panzar elasticity or the Lerner index), the higher the pricing-to-market. The analysis allows us to identify exporting industries operating under relatively stronger or weaker competition. Firms in the textile, metal manufacturing and chemical industries operate under relatively stronger competition, while firms in the automotive and electrical equipment manufacturing industries operate under relatively weaker competition. For details of the analysis, see CNB WP10/2006.

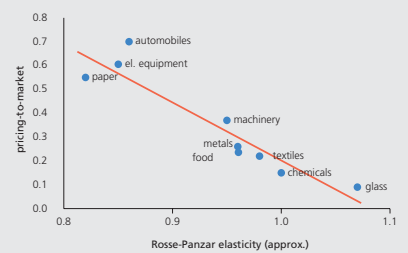
**TAB. II.1.3.**  
The overall terms of trade were negatively affected by the terms of trade for fuels  
(year-on-year indices in per cent; year 2005 = 100)

SITC categories	Price indices		Terms of trade
	Exports	Imports	
0 Food	99.2	99.2	100.0
1 Beverages and tobacco	94.1	94.5	99.6
2 Crude materials	112.4	93.7	120.0
3 Fuels	105.8	112.6	94.0
4 Oils and fats	99.6	94.5	105.4
5 Chemicals	99.6	98.4	101.2
6 Manufactured goods class. by material	98.2	104.2	94.2
7 Machinery and transport equipment	98.2	98.1	100.1
8 Miscellaneous manufactured articles	97.4	93.9	103.7
Total	98.8	100.3	98.5

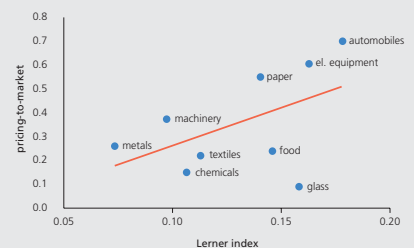
**CHART II.1.3.**  
The rise in commodities prices was attenuated by the koruna exchange rate  
(indices in per cent; year 2005 = 100)



**CHART 1 (Box)**



**CHART 2 (Box)**



TAB. II.1.4.

The travel and transport surplus covers the other services deficit  
(CZK billions)

	2005	2006	Change
Services balance	36.5	34.6	-1.9
of which			
Exports	282.0	300.4	18.4
Transport	76.7	84.3	7.6
Travel	111.8	113.1	1.3
Other services	93.5	103.0	9.5
Imports	245.5	265.8	20.3
Transport	56.3	62.0	5.7
Travel	57.8	60.0	2.2
Other services	131.4	143.8	12.4

CHART II.1.4.

The services surplus decreased slightly in 2006  
(CZK billions)

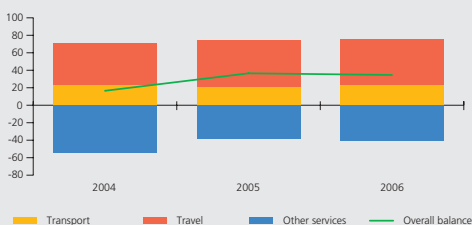
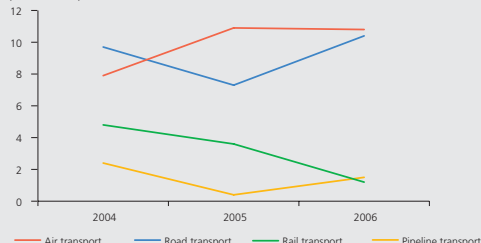


CHART II.1.5.

Net exports of air and road transport were a significant contributor to the balance of payments  
(CZK billions)



TAB. II.1.5.

The number of guests using accommodation facilities rose  
(millions of people; days)

	2003	2004	2005	2006
Number of persons	5.1	6.1	5.7	6.5
Average stay duration	3.3	3.1	2.9	3.1

## 1.2 SERVICES

In 2006, the balance of services ended in a surplus CZK 34.6 billion (EUR 1.2 billion), down by CZK 1.9 billion from a year earlier. Services exports rose by CZK 18.4 billion year on year, while imports increased by CZK 20.3 billion. The year-on-year decline in the services surplus was due to a lower rise in exports of travel services and other business services as compared to domestic import demand. Net exports of travel services were down to CZK 53.1 billion year on year, while net imports of other services increased to CZK 40.8 billion.

As regards international freight and passenger transport, exports exceeded imports and the resulting surplus grew to CZK 22.3 billion. This result was achieved amid transport services exports of CZK 84.3 billion and imports of CZK 62 billion.

Road and air transport were the main contributors to overall transport services exports and imports, accounting for 73% of the total turnover. Road transportation, the most important item in terms of volume, recorded a year-on-year increase in the surplus of exports over imports of CZK 3.1 billion to CZK 10.4 billion. International road transport services receipts are largely associated with freight transport.

In contrast to the rises recorded in previous years, the air transport surplus was flat at CZK 10.8 billion. On the export side, the value of passenger transport services declined, owing to a drop in overall sales, but that was almost offset by lower demand for imports of passenger air transport and other air transport services.

The rail transport services surplus is declining constantly. It decreased by CZK 2.5 billion year on year, to CZK 1.2 billion, as a result of faster growth in freight imports than exports.

In the case of pipeline transport, conversely, growth in transport sales to foreign entities outpaced domestic entities' demand for pipeline transport import services. Crude oil and natural gas pipeline transit accounted for CZK 1.5 billion of the total balance of services.

The balance of services in respect of sea and river transport and other supporting transport services was insignificant in relation to the overall foreign trade figures for transport services. These transport services recorded a deficit of CZK 1.6 billion overall.

Foreign exchange receipts from foreign travel rose by 1.1% year on year to CZK 113.1 billion. The number of foreign guests staying at accommodation facilities during the year increased by 1.6% (6.5 million people), while the average stay duration rose to 3.1 days. Multi-star hotels recorded the largest annual rise in overnight stays. By contrast, there was a decline in interest in staying on campsites (down 3.8%) and in hostels (down 1.5%). Spa facilities recorded considerable growth in the number of international guests (up 34.3%) and in the number of overnight stays (up 25.8%).

The largest number of visitors staying at accommodation facilities were from Germany (25.1% of the total number of foreign guests accommodated). Year-on-year increases in numbers were recorded for guests from Slovakia (up 8.3%), Russia (up 29%), the USA (up 6.1%) and Poland (up 4.6%). Declining numbers were recorded for guests from the UK (down 13.8%), France (down 6.8%) and Austria (down 4.5%).

The expenditure of Czech nationals on foreign travel rose by 3.8% year on year, to CZK 60 billion. The growth in spending on foreign travel is due to increasing



demands and standards as regards service provision at holiday locations, and to the expanding range of attractive destinations on offer.

Payments in cash dominate the structure of foreign travel credits and debits. However, the share of card transactions is continuously growing, particularly on the debit side. Payment cards issued for foreign bank accounts were used to perform financial transactions worth CZK 41.4 billion in the Czech Republic in 2006, accounting for 36.6% of total receipts. Card payments made by Czech nationals abroad accounted for 34.2% (CZK 20.5 billion) of total foreign travel expenditure.

The balance of other services recorded a year-on-year increase in exports of CZK 9.5 billion, the total amount reaching CZK 103 billion. Imports of other services rose faster (by CZK 12.3 billion to CZK 143.8 billion). This was reflected in a year-on-year widening of the deficit of CZK 2.9 billion.

In year-on-year comparison, many large-volume items saw faster growth in imports than exports in 2006. Despite growth in exports, the resulting balances deteriorated for direct investment business-to-business services (by CZK 1.9 billion), rental and operational leasing services (by CZK 1.1 billion), postal services, advisory and consultancy services, and merchanting (by CZK 5.8 billion).

For some items, a drop in the external competitiveness of Czech service providers was accompanied by stagnation or growth in domestic demand for imports of such services. The decline in exports was most evident in worse balances for merchanting (by CZK 5.8 billion), financial services (by CZK 4.2 billion) and royalties and licence fees (by CZK 0.5 billion).

Another major segment is the set of services provided by Czech exporters showing increasing competitiveness on international markets, as reflected in year-on-year growth in net exports. Examples include computer services (an increase in net exports of CZK 4.9 billion), other business services (CZK 3.5 billion), research and development (CZK 1.2 billion), audio-visual services (CZK 0.9 billion) and technical services (CZK 0.5 billion).

Receipt levels for insurance and reinsurance services were basically unchanged, and insurance services exports played no significant role in overall exports. The improved insurance balance was due to a CZK 1 billion decrease in amounts remitted for service purchases to foreign reinsurance companies. A similar situation was seen for services purchased by Czech diplomatic and consular missions in other countries.

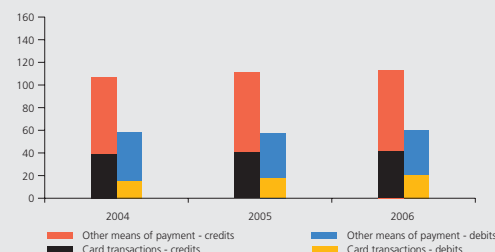
### 1.3. INCOME

The income deficit in 2006 was CZK 183.4 billion (EUR 6.5 billion), an improvement of CZK 27.7 billion compared to the previous year. Credits grew by CZK 15.7 billion, while debits increased by almost three times this figure. On the credit side interest accounted for 69% of the total, while on the debit side 60% of transactions were related to income for foreign owners of domestic shares.

According to CZSO estimates, the number of foreign nationals employed in the Czech Republic increased around by 20% in 2006, reaching 225,000 at the year-end. At the same time, a year-on-year increase in labour costs (wages and salaries, and social contributions) was apparent. These factors were together reflected in domestic employers' costs associated with the employment of foreigners, which rose by 30% to CZK 59.4 billion. The number of Czech nationals working abroad was estimated at less than 27,000 at the end of 2006. The growth in their income was not as significant, amounting to CZK 23.7 billion. A higher outflow of the labour force is being prevented by the labour market regulation applied by certain EU Member States.

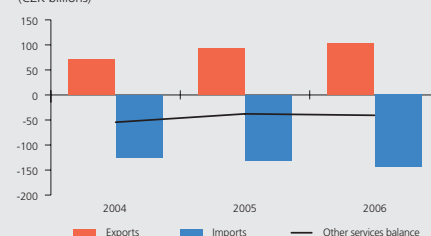
**CHART II.1.6.**

**Cash payments dominate the structure of foreign travel credits and debits**  
(CZK billions)



**CHART II.1.7.**

**The other services deficit grew slightly**  
(CZK billions)



**TAB. II.1.6.**

**Income on foreign investment increased the income deficit**  
(CZK billions)

	2005	2006	Change
<b>Income balance</b>	-155.7	-183.4	-27.7
<b>of which</b>			
<b>Credit</b>	105.7	121.4	15.7
Compensation of employees	22.0	23.7	1.7
Investment income	83.7	97.7	14.0
dividends	18.8	7.2	-11.6
reinvested earnings	-3.7	7.2	10.9
interest	68.6	83.3	14.7
<b>Debit</b>	261.4	304.8	43.4
Compensation of employees	45.5	59.4	13.9
Investment income	215.9	245.4	29.5
dividends	77.2	99.3	22.1
reinvested earnings	78.2	82.1	3.9
interest	60.5	64.0	3.5

Note: 2006 dividends and reinvested earnings are estimated and will be revised

Income on equity investments by Czech investors abroad recorded a year-on-year decline, caused by lower dividend payments from profits earned on Czech foreign direct investments. By contrast, dividends received by Czech portfolio investors increased. Dividends paid to foreign owners of Czech companies grew by CZK 22.1 billion year on year, reaching CZK 99.3 billion. This increase reflected the favourable financial performance of firms and growth in the market value of their stock.

Czech investors reinvested earnings of CZK 7.2 billion in business development. The amount of earnings reinvested in domestic subsidiaries is estimated to have increased to CZK 82.1 billion. The figures for dividends and reinvested earnings are preliminary and will be revised on the basis of a survey of direct investment in 2006.

Interest income on securities for domestic portfolio investors comes largely from holdings of long-term bonds. The amount of interest on short-term money market instruments was insignificant. Czech investors received interest on foreign bonds totalling CZK 17.9 billion, while Czech bonds generated earnings of CZK 9.2 billion for foreign investors.

Interest on other financial assets and liabilities showed a surplus CZK 19.1 billion. This was largely due to higher income on CNB international reserves investments. The net interest income of commercial banks doubled in 2006, reaching CZK 5.2 billion.

The interest balance of the government sector was negative in 2006. It was dominated by payments of interest on loans received from the EIB. It also included calculated interest arising from a leasing contract for Gripen fighter aircraft. Interest payments on government loans granted to other countries in the past were insignificant in 2006.

The interest balance of the corporate sector, given its debtor position, ended 2006 in a deficit. Interest paid on financial loans and supplier credits exceeded interest received on export credits. The amount of such interest did not change significantly compared to the previous year.

#### 1.4. CURRENT TRANSFERS

Current transfers ended in a deficit of CZK 19.7 billion in 2006. The transactions consisted mostly of general government transfers, the largest single item being flows of funds between the Czech Republic and EU budget. The net outflow from the Czech Republic to EU funds in respect of transactions recorded under transfers increased to CZK 6.7 billion year on year.

The growing number of foreign nationals employed in the Czech Republic was reflected in a year-on-year increase in income tax payments and social insurance contributions. Income from other taxes, levies and charges also increased. The debit side was affected by VAT refunds to non-residents. Other general government expenditures were linked primarily with payments of social benefits (pensions) to foreign beneficiaries, payments of contributions to international institutions, and international aid expenditure.

Transfers of other sectors ended in a deficit. On the debit side, the payments included transfers of funds by households, payments of income taxes and social insurance by Czech nationals working abroad, payments of other taxes, and expenditure on gifts and remittances.

#### 2. THE CAPITAL ACCOUNT

The capital account ended 2006 in a surplus of CZK 8.5 billion (EUR 0.3 billion). The capital account was affected primarily by receipts from EU structural funds. Transactions related to trading in intangible assets (patents, licences, trademarks and emissions permits) and transfers of migrants' assets were more or less equal in terms of volume.

**TAB. II.1.7.**  
Current transfers ended in a deficit  
(CZK billions)

	2005	2006	Change
Current transfers balance	11.3	-19.7	-31.0
of which			
Credit	78.5	65.9	-12.6
government	43.5	49.0	5.5
revenues from EU budget	25.8	24.4	-1.4
other	17.7	24.6	6.9
private	35.0	16.9	-18.1
Debit	67.2	85.6	18.4
government	43.7	53.9	10.2
payments to EU budget	30.8	31.1	0.3
other	12.9	22.8	9.9
private	23.5	31.7	8.2

**TAB. II.2.1.**  
EU structural funds significantly affected the capital account  
(CZK billions)

	2005	2006	Change
Capital account	4.8	8.5	3.7
within which: EU funds	5.2	12.0	6.8

### 3. THE FINANCIAL ACCOUNT

The net inflow of foreign capital onto the financial account reached CZK 111.6 billion (CZK 3.9 billion), down by CZK 43.2 billion compared to 2005. The inflow of capital in the form of foreign direct investment declined year on year, while the inflow of other investment increased. Portfolio investment and financial derivatives flows ended in a deficit in 2006.

#### 3.1. FOREIGN DIRECT INVESTMENT

The balance of foreign direct investment (FDI) decreased by CZK 175 billion year on year in 2006, to CZK 104.3 billion. The main factor on the inflow side was an absence of privatisation receipts. In respect of investment abroad, the outflow of funds increased year on year, owing to acquisitions by ČEZ in Central and South-eastern European countries.

##### 3.1.1. Czech direct investment abroad

The volume of domestic investment abroad showed year-on-year growth in 2006, reaching CZK 30.4 billion (EUR 1.1 billion). Investment in equity capital amounted to CZK 22.1 billion, while estimated reinvested earnings grew to CZK 7.2 billion and direct investment loans totalled CZK 1.1 billion. The largest volume of investment in the electricity, gas and water supply industry (60%) resulted from acquisitions by ČEZ in Poland, Bulgaria and Romania. The outflow into the real estate and business services segments amounted to CZK 5.1 billion (16.7%) and that into trade and repairs totalled CZK 3.4 billion (11.3%). The share of manufacturing declined year on year to CZK 2.1 billion. Of that, CZK 1.1 billion was invested in the food, beverages and tobacco industry and CZK 1 billion in the chemical products industry. Investment in other industries was less significant. Geographically, most investment was channelled into the Netherlands (38.2%), as a result of a transaction by ČEZ during its acquisition of Polish power plants, executed through a subsidiary. Other investments went into Bulgaria (22.2%) and Slovakia (7.6%).

##### 3.1.2. FDI in the Czech Republic

The volume of FDI in the Czech Republic fell from CZK 279.2 billion (EUR 9.4 billion) in 2005 to CZK 134.7 billion (EUR 4.8 billion) in 2006. This fall was due to a sizeable decrease in privatisation receipts. Investment in equity capital amounted to CZK 35.5 billion (EUR 1.3 billion), thanks to increases in equity shares in existing foreign-owned companies and the establishment of new business, either through acquisitions of existing companies or through greenfield investments.

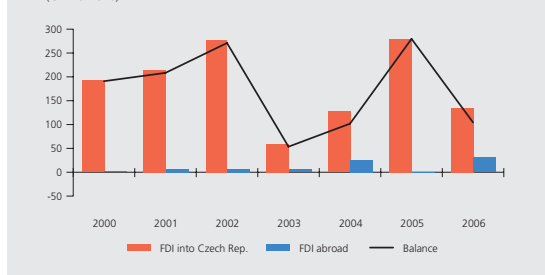
According to the CNB's estimates, reinvested earnings increased slightly year on year, reaching CZK 82.1 billion (EUR 2.9 billion). Direct investment loans amounted to CZK 17.1 billion (EUR 601.5 million). The ratio of FDI to GDP decreased to 4.2% in 2006, from 9.4% in 2005.

As for the distribution of foreign investment inflow across sectors of the economy, the largest recipient is the services sector, which absorbed 60.3% of the foreign capital invested. Here, investments in the segments of real estate and business services and trade and repairs dominated. Of the total amount invested, 36.7% went into manufacturing. Investors' interest was focused mainly on technical industries, most notably manufacture of motor vehicles and manufacture of metal products. The primary sectors of agriculture and mining had only marginal shares in total investment (3%). Of the total investment volume, 88.2% came from EU Member States. The largest investor countries were Luxembourg (21.6%), Germany (19.4%), Austria (14.0%) and the Netherlands (11.1%).

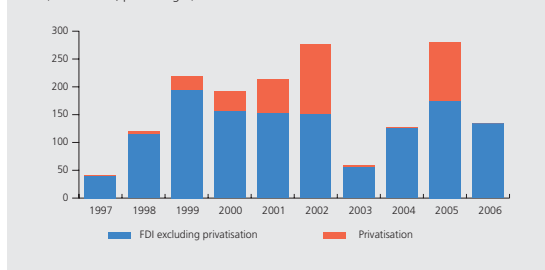
**TAB. II.3.1.**  
The inflow of direct investment declined year on year, while the inflow of other investment increased (CZK billions)

	2005	2006	Change
<b>Financial account</b>	154.8	111.6	-43.2
<b>Direct investment</b>	279.6	104.3	-175.3
Czech abroad	0.4	-30.4	-30.8
foreign in Czech Rep.	279.2	134.7	-144.5
<b>Portfolio investment</b>	-81.2	-26.9	54.3
Czech abroad	-82.1	-68.4	13.7
foreign in Czech Rep.	0.9	41.5	40.6
<b>Financial derivatives</b>	-2.8	-6.3	-3.5
assets	-2.9	-10.9	-8.0
liabilities	0.1	4.6	4.5
<b>Other investment</b>	-40.8	40.5	81.3
1. Long-term investment	32.7	45.1	12.4
provided abroad	-16.3	-6.0	10.3
received from abroad	49.0	51.1	2.1
2. Short-term investment	-73.5	-4.6	68.9
provided abroad	-98.1	-29.5	68.6
received from abroad	24.6	24.9	0.3

**CHART II.3.1.**  
The direct investment surplus decreased year on year (CZK billions)



**CHART II.3.2.**  
Privatisation income from foreign investors was negligible in 2006 (CZK billions; percentages)



TAB. II.3.2.

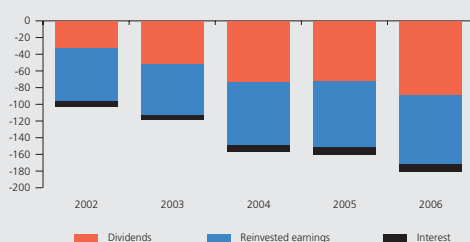
The rate of return on FDI in the Czech Republic is stable  
(CZK billions)

	2002	2003	2004	2005	2006 <sup>a)</sup>
Income	103.3	118.3	156.6	159.9	180.3
Stock of FDI	1,165.5	1,161.8	1,280.6	1,491.6	1,617.1
Rate of return (%)	8.9	10.2	12.2	10.7	11.1

a) preliminary figures

CHART II.3.3.

Dividends exceeded reinvested earnings in 2006  
(CZK billions)



### 3.1.3. Returns on FDI in the Czech Republic

The return on direct investment, which results from dividends paid, reinvested earnings and interest on other capital, has been gradually increasing over recent years and, according to preliminary data, reached CZK 180.3 billion in 2006. Unlike in previous years, when reinvested earnings had been the main form of profit distribution, payments of generated and accumulated earnings abroad in the form of dividends outweighed the retention of such earnings in the Czech Republic in 2006.

The ratio of the return to the stock of FDI gives the rate of return on investment, which, according to preliminary data, was around 11% in 2006. It has long been stable in the vicinity of 10%.

The volume of dividends from direct investments has been growing year after year. According to preliminary data, it reached CZK 89.4 billion in 2006, the highest figure ever recorded. The financial intermediation sector accounted for more than a third of the total volume of dividends paid. Other significant sectors included transport and telecommunications and manufacturing. The high dividend payments in 2006 were related to good corporate financial results for the current year as well as profits accumulated in previous years. The dividends were paid by a comparatively small number of entities – just six major foreign-owned companies accounted for about 50% of the dividends paid in 2006. The volume of reinvested earnings rose slightly year on year, amounting to CZK 82.1 billion in 2006. Around 50% of the total reinvested earnings were generated in manufacturing, primarily in motor vehicle manufacturing. Interest income on loans accounted for around 5% of the total return and, as in 2005, amounted to around CZK 8.8 billion.

#### BOX 2

#### FDI returns – an international comparison

Foreign direct investment (FDI) is viewed as one of main sources of the economic growth and export performance of the transition countries of Central and Eastern Europe. Foreign investors' primary motive for investing in a host country, however, consists in expectations of a future flow of returns on their investment. Over time, therefore, we naturally observe growth in the income deficits of countries with a high stock of FDI. In transition countries, the weight of the income balance in the overall current account balance is gradually growing. Since the overall current account balance is one of the most closely watched indicators of a country's macroeconomic stability, factors affecting FDI returns become an important part of the external economic balance.

We divide total FDI returns into income on equity capital in a foreign-owned corporation and interest income on intercompany loans. Income on equity capital is subdivided into dividends and other distributed profits on the one hand, and reinvested and retained earnings on the other. The overall rate of return on FDI differs from country to country and additionally depends on the age of the initial investment. Empirical evidence suggests that an investment is less profitable in the early stages and shows a rising rate of return as time goes on. When the investment reaches its mature stage, i.e. when the foreign investor has, as a rule, made back his initial investment plus a certain return, his willingness to reinvest profits in the host economy depends largely on his profit expectations. The factors of importance for the foreign investor's decision between reinvesting earnings and paying dividends back to his home country include, for example, GDP growth in the

host economy, labour costs, the degree of competition on the market, price effects on the market, and the level of deregulation of the economy.

**The ratio of FDI returns excluding reinvested earnings to the FDI stock in the previous period**  
(percentages)

	2000	2001	2002	2003	2004	2005	Average for period
<b>Czech Republic</b>	2.7	2.9	4.1	4.9	7.1	6.4 <sup>a)</sup>	4.7
<b>Finland</b>	8.6	9.5	9.3	6.9	7.5	6.9	8.1
<b>France</b>	1.3	1.7	1.3	1.7	1.4	1.3	1.4
<b>Ireland</b>	5.4	5.9	4.9	4.0	5.5	6.5	5.4
<b>Lithuania</b>	1.9	2.6	1.8	4.2	4.9	7.0	3.7
<b>Hungary</b>	:	4.7	4.6	3.9	6.6	6.1	5.2
<b>Poland</b>	4.6	5.3	4.5	4.2	5.6	7.6	5.3
<b>Portugal</b>	4.9	4.6	4.4	3.7	3.9	3.9	4.2
<b>Slovenia</b>	:	:	3.7	2.7	3.2	3.3	3.2
<b>United Kingdom</b>	6.3	7.2	3.0	3.7	5.1	4.7	5.0

a) revised figure, CNB  
Source: Eurostat

In terms of the current external economic balance, the size of FDI returns excluding reinvested earnings is the most important factor, as these financial flows put immediate pressure on the external imbalance of the country, thus increasing the country's current account deficit financing demands. Whereas in most advanced economies the ratio of dividends and interest on intercompany loans to the FDI stock has been flat or slightly falling in recent years, in transition economies we are seeing gradual growth in the ratio of repatriated FDI returns to the total FDI stock. This is due mainly to the lower age of FDI in transition countries than in advanced economies. Consequently, in transition economies we can also expect the total returns to gradually stabilise in relation to the age of the initial investment. The continued presence of a foreign investor then depends primarily on longer-term profit expectations. These expectations are revealed in the foreign investor's willingness to reinvest some of its earnings back in the host economy. The ratio of reinvested earnings to total FDI returns is currently higher on average in transition economies than in advanced economies. This suggests untapped opportunities for investment returns going forward.

### 3.2. PORTFOLIO INVESTMENT

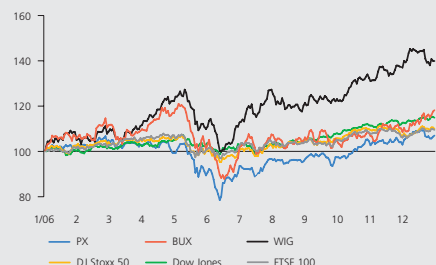
#### 3.2.1. Money and capital markets

Interest rates in the euro area and the USA rose in 2006. The ECB gradually raised its key interest rate from 2.25% to 3.50% during the year. The Fed gradually raised official interest rates by one percentage point to 5.25%. The koruna's interest rate differentials against the euro and the dollar were negative.

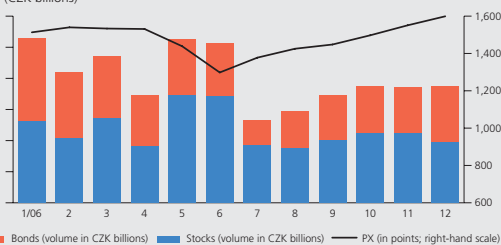
World stock markets and leading stock exchange indexes in Europe, the USA and Asia hit new long-term highs in 2006 (only the DJIA index registered a new all-time high in 2006; the other leading indexes in Europe and the USA remained below their historical highs of 2000). The markets were encouraged in particular by reports of new mergers and acquisitions, which rose to record levels in 2006. Worldwide, stocks were bolstered by growth in corporate earnings and favourable economic developments. During the final months of the year, falling oil prices also boosted the market.

**CHART II.3.4.**

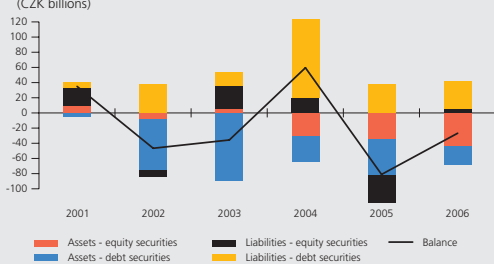
The Prague Stock Exchange index hit a new high in 2006  
(2 January 2006 = 100; in points)

**CHART II.3.5.**

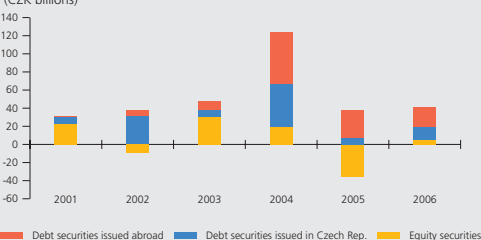
Foreign demand for stocks and bonds favourably affected trading volumes on the Prague Stock Exchange in 2006  
(CZK billions)

**CHART II.3.6.**

In recent years, the net portfolio investment outflow has been affected mainly by growing domestic investment in foreign securities  
(CZK billions)

**CHART II.3.7.**

On the liabilities side, non-residents' investments went mainly into Czech bonds issued on foreign markets  
(CZK billions)



The Prague Stock Exchange, which had started rising in 2005, continued upwards until the end of the first half of 2006, when prices dropped. Stocks rebounded in the second half of the year and the Czech stock markets closed the year with renewed growth. During the year, stocks underwent a major correction and, amid a slower rate of growth, ultimately recorded their smallest gains in the last five years. That notwithstanding, total trading volumes recorded their second-highest figure ever. The main PX index strengthened by 7.9% year on year.

The total trading volume of CZK 1,447.8 billion in 2006 represented a year-on-year decline of 8.04%. Shares worth CZK 848.9 billion were traded in the stock market, a drop of 18.5%. The most traded stocks were ČEZ, ZENTIVA, KOMERČNÍ BANKA and TELEFÓNICA O2 C.R. Trading in shares accounted for 58.6% of the total trading volume, with bond trading making up the remainder.

Trading in bonds on the Prague Stock Exchange grew by 12.3% year on year, to CZK 598.9 billion. As in previous years, government bonds were the most traded, accounting for nearly 90% of the total trading volume. The least traded, by contrast, were municipal bonds. The bond market accounted for 41.4% of the total volume of trades. Yields on Czech long-term government bonds in 2006 were similar to those recorded by bonds in euro area states.

### 3.2.2. Portfolio investment

Portfolio investment recorded a net outflow of CZK 26.9 billion (EUR 0.9 billion) in 2006, representing a year-on-year decline of CZK 54.3 billion. On the asset side, Czech investors remained interested in both equity and debt instruments. On the liabilities side, the foreign investment was channelled into debt securities issued in korunas.

Assets recorded a net outflow of CZK 68.4 billion. Net investment in foreign equity securities was CZK 43.6 billion, while residents invested CZK 24.8 billion in bonds.

On the liabilities side, the net inflow of foreign portfolio investment recorded a year-on-year increase to CZK 41.5 billion. New investment in domestic securities totalled CZK 35.7 billion in 2006. This was linked chiefly with issues of Czech bonds totalling CZK 22.0 billion on foreign markets. Non-residents invested CZK 5.7 billion in Czech stocks and fund units in 2006.

## 3.3. FINANCIAL DERIVATIVES

Financial derivatives recorded a net outflow of CZK 6.3 billion (EUR 0.2 billion). The outflow increased year on year, owing to a growing volume of hedging transactions.

## 3.4. OTHER INVESTMENT

Unlike in the previous year, other investment showed a surplus (inflow of funds) of CZK 40.5 billion (EUR 1.4 billion). The largest inflow of funds (CZK 29.2 billion) was reported by the banking sector (items excluding portfolio investment). Commercial banks decreased their short-term foreign assets – in particular deposits with foreign banks – during the year.

In net terms, the government sector obtained funds from abroad totalling CZK 14.5 billion. On the assets side, the receipts were related to deblocking

operations and repayments of previously granted government loans (CZK 5.0 billion). The liabilities side (CZK 9.5 billion) mainly included drawdowns of EIB loans at both central and regional level for infrastructure and education development.

The corporate sector obtained foreign credit totalling just CZK 1.0 billion in net terms. On the assets side, the outflow of funds totalling CZK 54.6 billion was made up almost exclusively of short-term deposits with foreign banks. The inflow of foreign funds of CZK 55.5 billion on the liabilities side was evenly distributed between long-term loans (CZK 28.8 billion) and short-term loans (CZK 26.7 billion).

On the CNB liabilities side, short-term deposits of the European Commission decreased to CZK 4.2 billion.

#### 4. CNB INTERNATIONAL RESERVES

CNB international reserves adjusted for valuation changes increased by CZK 2.1 billion. The international reserves amounted to CZK 656.6 billion (EUR 23.9 billion) at the end of 2006. The CZK 70.1 billion year-on-year decline in the reserves reflected valuation changes relating to the appreciation of the koruna against both the dollar and the euro. The reserves cover more than three months' worth of imports of goods and services.

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

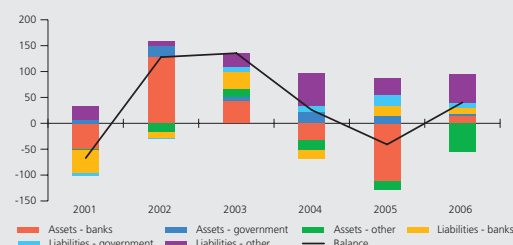
#### 5.1. THE INVESTMENT POSITION

The international investment position of the Czech Republic showed a deficit of CZK 1,034.0 billion (EUR 37.6 billion) at the end of 2006, which represents 32% of GDP. The net debtor position of the state increased by CZK 198.8 billion year on year. Underlying this figure was a year-on-year increase in liabilities of CZK 218.1 billion to CZK 2,928.8 billion. The largest increases in balances were recorded by foreign direct investment (CZK 125.5 billion), portfolio investment (CZK 50.2 billion) and other investment (CZK 37.9 billion). Assets grew by CZK 19.3 billion compared to the previous year. As for the asset structure, the most significant increases in assets were recorded for portfolio investment (CZK 64.2 billion), foreign direct investment (CZK 16.8 billion) and financial derivatives (CZK 10.9 billion). CNB international reserves, by contrast, fell by CZK 70.1 billion year on year. The stock of other investment also dropped by CZK 2.5 billion.

The debtor position under direct investment (CZK 1,511.5 billion) increased by CZK 108.7 billion year on year. The increase in the FDI stock reflected growth in investment in corporate equity capital, the estimated share of foreign owners in reinvested earnings and borrowing on intercompany loans.

Under portfolio investment (excluding the CNB), the net creditor position increased by CZK 14 billion year on year to CZK 44 billion. The stock of non-residents' portfolio investments totalled CZK 488 billion at the year-end (a year-on-year increase of CZK 50.2 billion). The foreign investor portfolio is almost equally distributed between equity and debt instruments. Portfolio investment by Czech entities stood at CZK 532 billion, representing a year-on-year increase of CZK 55.2 billion. Investments in debt instruments dominated in 2006, but residents' interest in foreign equity securities rose faster than in the previous year. A detailed geographical breakdown of portfolio investment assets and liabilities is given in Annex 7.

**CHART II.3.8.**  
Other investment moved back into surplus  
(CZK billions)



**TAB. II.4.1.**  
The CNB's international reserves cover more than three months' worth of goods and services imports  
(CZK billions, months)

	2005	2006	Change
CNB international reserves	726.7	656.6	-70.1
Coverage of goods and services imports	4.2	3.3	-0.9

**TAB. II.5.1.**  
The Czech Republic's debtor position increased  
(CZK billions)

	2005	2006	Change
Assets	1,875.4	1,894.7	19.3
Liabilities	2,710.6	2,928.7	218.1
Net investment position	-835.2	-1,034.0	-198.8

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.

**TAB. II.5.2.**  
The investment position was most affected by direct investment  
(CZK billions)

	2005	2006	Change
Direct investment	-1,402.8	-1,511.5	-108.7
Portfolio investment	30.0	44.0	14.0
Financial derivatives	10.7	17.1	6.4
CNB	724.0	657.8	-66.2
Commercial banks	104.2	65.5	-38.7
Government	-13.9	-31.3	-17.4
Corporations	-287.4	-275.6	11.8
Net investment position	-835.2	-1,034.0	-198.8

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.

Financial derivatives ended in a surplus of CZK 17.1 billion and the creditor position for this item increased by CZK 6.4 billion year on year.

CNB international reserves, amounting to CZK 657.8 billion adjusted for the CNB's liabilities to non-residents, are the main asset item of the international investment position. The decline in the stock of reserves was largely due to exchange rate effects on their koruna value.

The investment position surplus of commercial banks (excluding portfolio investment) was down by CZK 38.7 billion from the same period a year earlier, at CZK 65.5 billion in net terms. The year-on-year decrease in the creditor position of commercial banks was linked mainly with a decrease in the stock of short-term foreign exchange assets abroad (CZK 40.0 billion). On the liabilities side, long-term financial and special-purpose loans from abroad grew by around CZK 10.6 billion year on year, while short-term liabilities fell by around CZK 7.4 billion.

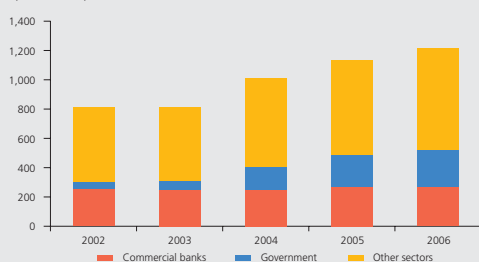
General government contributed a deficit of CZK 31.3 billion to the overall investment position balance. The government's debtor position widened by CZK 17.4 billion year on year. Government assets fell by CZK 8.5 billion as a result of deblocking operations and repayments of government loans. On the liabilities side, long-term loans obtained from international institutions for transport infrastructure development and education development increased by CZK 8.9 billion. The item does not include funds obtained by the government from bonds issued on the international market and from koruna-denominated government bonds purchased by non-residents.

The debtor position of the corporate sector (CZK 275.6 billion) decreased by CZK 11.8 billion year on year, mostly due to a year-on-year rise in short-term assets.

**TAB. II.5.3.**  
The share of short-term debt decreased slightly  
(CZK billions)

	2005	2006	Change
External debt, total	1,142.2	1,217.0	74.8
short-term	358.7	372.2	13.5
long-term	783.5	844.8	61.3
Share of short-term debt	31.4%	30.6%	-0.8%

**CHART II.5.1.**  
The corporate sector accounts for most of the external debt  
(CZK billions)



**TAB. II.5.4.**  
Loans and bonds dominate the debt breakdown by instrument  
(CZK billions)

	2005	2006	Change
Money market instruments	3.3	3.0	-0.3
Bonds and notes	214.0	243.3	29.3
Loans	433.9	473.9	40.0
Deposits	188.6	173.0	-15.6
Trade credits	107.0	120.4	13.4
Other liabilities	19.9	20.1	0.2
Intercompany FDI loans	175.5	183.3	7.8
Total debt	1,142.2	1,217.0	74.8

## 5.2. EXTERNAL DEBT

The total external debt of the Czech Republic stood at CZK 1,217.0 billion (EUR 44.3 billion) at the end of 2006, which is around 38% of GDP. According to preliminary estimates, koruna-denominated debt (CZK 458.3 billion) accounted for around 37.7% of this figure. Compared to 2005, the total debt was up by CZK 74.8 billion, mainly due to growth in long-term liabilities (of CZK 61.3 billion). Long-term debt accounted for 69.4% of the total, amounting to CZK 844.8 billion. Short-term debt rose by CZK 13.5 billion, accounting for 30.6% of the total.

As regards sectors, the corporate sector accounted for 57.1% of the total debt. The share of commercial banks in the total debt was 22.4%, with short-term liabilities dominating on the liabilities side. The general government sector (central government and municipalities) accounted for 20.3% of the Czech Republic's total debt. In addition to issuing long-term bonds, the government sector also continued to draw on long-term loans from the European Investment Bank and foreign banks. At the end of 2006, the long-term debt of the government sector was CZK 246.6 billion. The government and central bank short-term debtor position is marginal compared to the total volume of short-term liabilities.

As regards the instruments used, loans had the biggest share in the structure of the total foreign debt (38.9%). Debt in the form of bonds stood at 20% at the end of 2006. The shares of direct investment loans (15.1%) and trade credits (9.9%) rose negligibly year on year. Deposits by non-residents with domestic banks accounted for 14.2% of the total debt. Other instrument types are insignificant in the total debt structure.



### 5.3. DEBT SERVICE

Debt service on long-term foreign liabilities amounted to CZK 207.3 billion in 2006. Repayments of principal were CZK 171.7 billion, while CZK 35.6 billion was paid in interest. Debt service costs increased by around CZK 17.6 billion year on year.

The largest portion of the debt, at around 91% (CZK 188.8 billion), was repaid by the corporate sector. Corporations primarily repaid loans from direct investors and foreign banks. Commercial banks repaid a total of around CZK 10.1 billion of their long-term foreign liabilities. Repayments by the government sector, including municipalities and cities, amounted to around CZK 8.4 billion. The central bank made an annual repayment of CZK 20.8 million on a loan from the EIB.

Debt-service financing represented 8.5% of exports of goods and services for 2006.

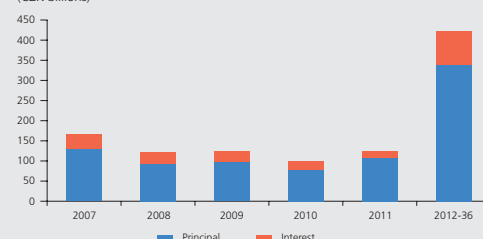
### 6. ABBREVIATIONS

BoS	balance of services
BoT	balance of trade
BUX	Budapest Stock Exchange index
CA	current account
CIF	Cost, Insurance and Freight
CNB	Czech National Bank
CPI	consumer price index
CZK	Czech koruna
CZSO	Czech Statistical Office
ČEKIA	Czech capital information agency
ČEZ	České energetické závody (a Czech power company)
DJ STOXX 50	Dow Jones Euro Stoxx 50 (a Europe-wide index of 50 selected securities)
DJIA	Dow Jones Industrial Average (New York Stock Exchange index)
ECB	European Central Bank
EEA	European Economic Area
EFTA	European Free Trade Association
EIB	European Investment Bank
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate (benchmark interest rate in the EU interbank market)
EUROSTAT	Statistical Office of the European Communities
FDI	foreign direct investment
FDTC	foreign direct trade costs
Fed	Federal Reserve System (central bank of the USA)
FOB	Free On Board
FTSE 100	Financial Times Stock Exchange (London Stock Exchange index)
GDP	gross domestic product
GNP	gross national product
IMF	International Monetary Fund
ISPA	Instrument for Structural Policies for Pre-Accession (an EU assistance programme)
LIBOR	London Inter Bank Offered Rate
MFI	monetary financial institution
NAFTA	North American Free Trade Agreement
NEER	nominal effective exchange rate

CHART II.5.2.

Debt service will rise after 2012, owing mainly to repayments of government liabilities

(CZK billions)



OECD	Organisation for Economic Co-operation and Development
PHARE	Pologne-Hongrie Actions pour la Reconversion Economique (an EU assistance programme)
PPI	producer price index
PRIBOR	Prague Interbank Offered Rate
PSE	Prague Stock Exchange
PX	Prague Stock Exchange index
REER	real effective exchange rate
S&P	Standard & Poor's (a rating agency)
SAPARD	Special Accession Programme for Agriculture & Rural Development (an European Union assistance programme)
SEPA	Single Euro Payment Area (a euro denominated bank payments standard applicable within the EU)
SITC	Standard International Trade Classification
ULCT	unit labour costs total
USD	US dollar
VAT	value added tax
WIG	Warsaw Stock Exchange index
WP	Working Paper

## REVISION OF THE CZECH REPUBLIC'S BALANCE OF PAYMENTS DATA FOR 2004 – 2006

Under an agreement between the CZSO and CNB on the coordination of balance of payments statistical activities, a revision of the data for the years 2004 (as from the Czech Republic's accession to the EU), 2005 and 2006 was published on 7 June 2007. The main reason for the revision was a changeover to a new source of data on exports and imports of transport and other services. During the revision, in addition to CIF values, reporting of goods imports at FOB<sup>1</sup> value was introduced and integrated into the balance of payments as from the date of accession of the Czech Republic to the EU. Administrative data were also used.

### Revision of the services area

#### *Methodological reasons*

The main reason for the revision was a changeover to new sources of data on exports and imports of transport and other services. The previous information obtained from bank documents based on payment codes has been replaced by the results of a direct CZSO survey among respondents on exports and imports of services in 2005 and 2006. Data on goods imports, in addition to detailed disclosure at CIF value, will be now be published in aggregate form under FOB methodology. Following the Czech Republic's accession to the EU a limit for statistical coding of transactions by bank clients of EUR 12,500 came into effect in accordance with Community regulations<sup>2</sup>. This amount is likely to be increased to EUR 50,000 as from January 2008. The informative value of the data based on payment coding, especially in the services area, had been declining, as many transactions remained statistically uncoded because they were below the limit. As a result of the liberalisation of the economy, moreover, the number of payments executed outside the domestic banking sector on the accounts of firms abroad had been rising. Furthermore, in accordance with international standards, items required for the national accounts which cannot be monitored through payments made and received are gradually being implemented into the current account of the balance of payments.

#### *Cooperation between the CZSO and the CNB in the primary collection of data on services exports and imports*

In 2004, it was agreed to gradually change the primary source of data on exports and imports of services (other services and some types of transport) and transfers from bank documents based on payment coding to the method of direct determination of services exports and imports among CZSO respondents and the use of administrative sources. It was also agreed that the data on travel would continue to be monitored by the CNB until the adoption of the euro on Czech territory, using documentation obtained from exchange office activities and card settlement.

The changes in data sources in the area of services (and transfers) constitute the final stage of the conversion of the balance of payments data collection system in line with the general trend in the EU Member States. The aim is to reduce the dependence on data on the coding of client operations from banks and to obtain information directly from companies and administrative sources.

The new services exports and imports methodology was created jointly by the two institutions. The search for a replacement for payment codes also led to the use of administrative sources, and new requirements were also included in the survey (trading in emissions permits, introduction of road tolls in the Czech Republic, etc.). A pilot project of quarterly surveys was implemented in 2005 and 2006. A database of 4,700 respondents was set up and the individual services codes were fine-tuned. Based on an analysis of delivery terms and conditions, the CZSO calculated DFTC<sup>3</sup> values for exports and imports. These are the (primarily transport) costs covered in the price of the contract on delivery of the goods. Import DFTCs were transferred from the balance of trade under transport costs, and the value of export DFTCs is included under transport receipts.

### Balance of trade

Balance of trade information was reported at FOB values only until the Czech Republic's accession to the EU. On accession, the CZSO changed over to the Intrastat and Extrastat methodology and started to report data

<sup>1</sup> CIF – value of goods inclusive of foreign trade costs at the frontier of the importing country.

FOB – value of goods at the frontier of the exporting country.

<sup>2</sup> Regulation (EC) 2560/2001 on cross-border payments in euro

<sup>3</sup> Direct foreign trade costs (the difference between the CIF value and the FOB value)

on exports only at FOB values and data on imports at CIF values. For balance of trade purposes, FOB values must be used in the national accounts and the balance of payments. To ensure methodological uniformity, and given the unavailability of other data, as from the Czech Republic's accession to the EU import data were adopted into the balance of payments under CIF methodology and transport costs incurred by Czech carrier companies (above the framework of costs included at CIF values) were included under transport services. This methodological inconsistency has now been eliminated.

Items previously recorded under imports of services (i.e. goods purchased by Czech entities abroad – specifically purchases of aircraft fuel) were transferred under imports of goods. The value of these goods is not included in the foreign trade statistics.

### **Summary**

The changeover to direct statistical determination in the balance of payments area is an objective necessity arising from European Commission regulations on balance of payments statistics and the migration of the euro area countries' payment systems to SEPA<sup>4</sup> (starting in January 2008, with completion planned for 2010). Another reason is the fact that Eurostat's national accounts requirements are being incorporated into the current account and these cannot be determined by means of payment codes, hence other sources of information need to be used.

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<sup>4</sup> Single European Payments Area

## FINANCIAL FLOWS BETWEEN THE CZECH REPUBLIC AND THE EUROPEAN UNION IN 2006

	2004		2005		2006	
	EUR millions	CZK millions	EUR millions	CZK millions	EUR millions	CZK millions
<b>Pre-accession aid</b>	<b>156.9</b>	<b>4,877.9</b>	<b>67.9</b>	<b>2,004.9</b>	<b>31.1</b>	<b>875.9</b>
PHARE	82.5	2,576.7	58.6	1,725.2	31.1	875.9
ISPA	35.8	1,086.8				
SAPARD	38.6	1,214.4	9.3	279.7		
<b>Agriculture</b>	<b>90.8</b>	<b>2,813.7</b>	<b>428.5</b>	<b>12,739.3</b>	<b>503.5</b>	<b>14,251.0</b>
Market measures	4.7	147.3	69.4	2,048.8	64.4	1,824.5
Direct payments	0.0	0.0	212.4	6,329.4	255.3	7,239.2
Rural development	86.0	2,666.4	146.0	4,339.1	176.3	4,982.1
Veterinary measures			0.8	21.8	7.3	205.2
<b>Structural actions</b>	<b>193.4</b>	<b>6,082.9</b>	<b>212.1</b>	<b>6,268.6</b>	<b>508.2</b>	<b>14,337.7</b>
Structural Fund	161.6	5,118.5	137.9	4,080.0	249.1	7,005.4
Cohesion Fund	31.8	964.3	74.3	2,188.6	259.1	7,332.3
<b>Internal policies</b>	<b>12.2</b>	<b>387.4</b>	<b>29.8</b>	<b>884.2</b>	<b>24.0</b>	<b>675.8</b>
Institution building	0.0	0.0	10.9	320.1	3.5	100.3
Existing policies	12.2	387.4	18.9	564.0	20.4	575.5
<b>Compensation</b>	<b>331.3</b>	<b>10,466.5</b>	<b>300.0</b>	<b>8,943.0</b>	<b>201.9</b>	<b>5,710.2</b>
<b>Total income from EU budget</b>	<b>784.6</b>	<b>24,628.4</b>	<b>1,038.3</b>	<b>30,839.8</b>	<b>1,268.6</b>	<b>35,850.5</b>
<b>EEA Financial Instrument</b>					<b>3.3</b>	<b>91.6</b>
<b>Bilateral aid from Norway</b>						
<b>Total income</b>	<b>784.6</b>	<b>24,628.4</b>	<b>1,038.3</b>	<b>30,839.8</b>	<b>1,271.9</b>	<b>35,942.2</b>
Traditional own resources	61.2	1,910.1	146.9	4,373.7	149.7	4,233.1
VAT resource	80.5	2,548.8	151.0	4,507.8	172.8	4,896.8
GNI-based resource	374.7	11,865.3	651.5	19,463.4	669.2	18,958.4
UK rebate	51.8	1,639.0	79.0	2,359.0	81.5	2,314.2
<b>Total own resources</b>	<b>568.1</b>	<b>17,963.2</b>	<b>1,028.3</b>	<b>30,703.9</b>	<b>1,073.3</b>	<b>30,402.4</b>
<b>Net position in respect of EU budget</b>	<b>216.5</b>	<b>6,665.2</b>	<b>10.0</b>	<b>135.9</b>	<b>195.3</b>	<b>5,448.1</b>
<b>Payments to EIB</b>	<b>27.7</b>	<b>879.8</b>	<b>27.7</b>	<b>823.3</b>	<b>27.7</b>	<b>794.3</b>
Contribution to capital	7.9	249.4	7.9	233.4	7.9	225.2
Contribution to reserves	19.9	630.3	19.9	589.9	19.9	569.1
<b>Payments to ECB</b>	<b>5.7</b>	<b>184.9</b>				
Contribution to capital	5.7	184.9				
<b>Research Fund for Coal and Steel</b>					<b>6.0</b>	<b>173.8</b>
<b>Total payments</b>	<b>601.6</b>	<b>19,027.9</b>	<b>1,056.0</b>	<b>31,527.2</b>	<b>1,107.0</b>	<b>31,370.4</b>
<b>Net position in respect of EU institutions</b>	<b>183.1</b>	<b>5,600.5</b>	<b>-17.7</b>	<b>-687.4</b>	<b>164.9</b>	<b>4,571.7</b>

Source: Ministry of Finance, CNB calculation

The balance of payments statistics monitor transactions on accounts associated with transfers of funds between EU institutions, the Commission budget and institutions in the Czech Republic. Money from EU funds is credited to the National Fund of the Ministry of Finance, which is the payment agency for the implementation of structural operations. Payments for agricultural policy are revenues of a Ministry of Agriculture account established specifically for this purpose. The revenues are implemented in euros and for the purposes of the balance of payments are converted at the exchange rate used for the given transaction. The amounts given in the survey in individual years refer to payments into the Czech Republic onto the accounts of central institutions, not the actual volumes of drawings by economic entities on the territory of the Czech Republic. Transfers of own resources are implemented in korunas from the Ministry of Finance account and are converted into euros using the exchange rate midpoint effective on the transaction date.

### 1. Revenues from the EU budget

In 2006, the Czech Republic was a recipient of funds from the **pre-accession aid instruments**. A total of CZK 1.3 billion was received for Phare projects in 2006. Simultaneously, rebates to the Commission budget totalling CZK 0.4 billion were made in respect of terminated and accounted for programmes. This resulted in net revenues of CZK 0.9 billion for Phare projects. Use of aid from the Phare programme was terminated for the Czech Republic in 2006. The last funds were paid from this programme to applicants on 30 November 2006. The ISPA instrument was terminated for new applicants back on 30 April 2004

and replaced by drawings from the Cohesion Fund under the Structural Operations<sup>5</sup> chapter. The SAPARD programme was also terminated at the end of 2005.

EU subsidies for farmers totalled CZK 14.2 billion in 2006. The Czech Republic received CZK 1.8 billion under **Agriculture** for market measures. Revenues for direct payments to farmers amounted to CZK 7.2 billion in 2006. For projects from the *Horizontal Rural Development Plan*, the Czech Republic received advance payments totalling CZK 5 billion from the EU in 2006. A total of CZK 0.2 billion was received for veterinary measures. The veterinary measures item includes a fine of CZK 145 million for exceeding milk quotas. The fine was paid by milk producers and transferred to the revenue account of the Ministry of Agriculture. The amount of the fine will be deducted from the Czech Republic's claim from the European Agricultural Guidance and Guarantee Fund next year. Subsidies for agriculture represent revenue to the account of the Ministry of Agriculture chapter and will subsequently be credited to the State Agricultural Intervention Fund, which is the payment agency for the administration of subsidies and payments to farmers. During the 2004–2006 budget period, a total of CZK 29.8 billion was received under the Common Agricultural Policy programme.

Under **Structural Operations**, the Czech Republic received advance and ongoing payments from EU structural funds totalling CZK 7 billion in 2006. The funds received represent revenue to the National Fund of the Ministry of Finance and are subsequently transferred, in parts, to the accounts of payment units and from there paid out to the final recipients. The process of drawing on the individual operating programmes is currently under way, and the funds are gradually being paid out only retroactively for completed parts of the projects. Over the first three years of the 2004–2006 budget period, the Czech Republic received a total of CZK 16.2 billion from EU structural funds. Payment of subsidies to the final recipients during that period has now reached about CZK 10.5 billion. The amount paid to economic agents between accession to the EU and the end of 2006 is so far lower than the amount received from EU funds, but money will continue to be drawn even after the end of the programming period. This year, the Czech Republic has received CZK 7.3 million from the Cohesion Fund. Requests for payments from the Cohesion Fund are settled on the basis of specific infrastructure or environmental projects. During the first three years after accession, the Czech Republic received a total of CZK 11.6 billion for projects funded from the Cohesion Fund (including projects under the ISPA programme), approximately CZK 10 billion of which has already been released for specific projects such as modernisation of railway corridors, construction of motorways, reconstruction of water supply and sewage systems and construction of water treatment plants.

Under **Internal Policies**, the Czech Republic received CZK 0.7 billion in 2006. The Czech Republic, as an EU Member State, is a recipient of aid from the EC's *Transitional Instrument*. Funds received under this instrument in 2006 totalled CZK 0.1 billion. Internal policies are also implemented with the use of *Community programmes*, which are focused on supporting "smaller" projects in education, science and research, business and research capacities, culture, the information society, consumer protection and many others. No precise allocations for individual Member States are set for the Community programmes and drawings of funds are entirely dependent on the activity of the aid recipients themselves. It is difficult to track drawings of these funds, as they are transferred directly to the programme participants. The 2006 survey of financial flows includes payments for Community programmes totalling CZK 0.6 billion. Of this, CZK 0.4 billion are net payments adjusted for rebates from completed and accounted for projects implemented through national agencies. Payments for programmes organised by national agencies (Sokrates, National Training Fund, Mládež (*Youth*)) were included in the survey on the basis of direct statistical determination.

Under **Compensation** to prevent a worsening of the country's net position following accession to the EU (an outcome of the Copenhagen summit), the Czech Republic obtained a total of CZK 5.7 billion in 2006. In the first three years after accession, the Czech Republic received total compensation of CZK 25.4 billion. The compensation was paid monthly and was a direct source of the state budget. The Czech Republic will receive no more budgetary compensation in the 2007–2013 budget period.

Revenues also include the off-budgetary assistance funds **the EEA Financial Instrument and bilateral aid from Norway**. Under these two financial mechanisms, the EEA countries/Norway have undertaken to contribute to

<sup>5</sup> All payments from the Cohesion Fund received for earlier approved ISPA projects are shown in the survey under the item Structural Actions – Cohesion Fund.

economically weaker states in the European Economic Area by providing grants for investment and development projects in priority areas, such as conservation and renewal of cultural heritage, environmental protection, support for the judicial system, and health and childcare. No funds were drawn under these programmes in 2004 and 2005. In 2006, the Czech Republic received CZK 0.1 billion in aid from the EEA countries.

#### *2. Payments to the EU budget*

**The Czech Republic's payments to the EU budget** are made in Czech korunas in regular monthly instalments and totalled CZK 30.4 billion in 2006. These are advance payments, and final settlement will always be performed retrospectively after the end of the period according to the relevant definitive statistical data and taking into consideration the euro-koruna exchange rate in the given period. The largest-volume item is the GNI-based resource, followed by the VAT resource and the UK rebate. Traditional EU resources, such as customs duties and sugar levies, account for the smallest share. Own resource payments totalled CZK 79.1 billion in the 2004–2006 programming period.

#### *3. Payments of capital to the EIB and contribution to the Research Fund for Coal and Steel*

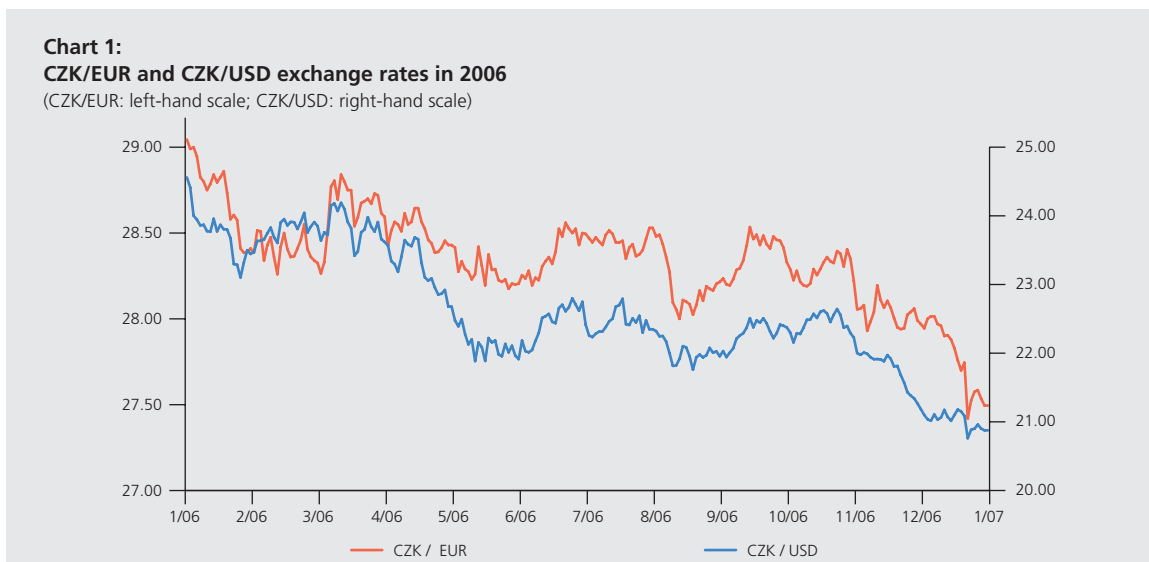
**The third payment of capital and reserves of the European Investment Bank**, totalling CZK 0.8 billion, was made in September 2006. In January 2006, the first **contribution was paid to the Research Fund for Coal and Steel**, in the amount of CZK 0.2 billion.

#### *4. Summary*

**The net position of the Czech Republic in respect of the EU budget**, calculated as the difference between total revenues from and payments to the EU budget, **ended 2006 in a surplus of CZK 5.4 billion. Including payments outside the Commission budget, the surplus with the EU fell to CZK 4.6 billion.** In 2004–2006, the Czech Republic received a total of CZK 9.5 billion from EU institutions. In the balance of payments, mutual transfers are recorded on the current account under government transfers. The deficit on current transfers from the EU was CZK 6.6 billion in 2006. Only transfers from the EU Cohesion Fund and the transfer of part of the advance and ongoing payments under structural operations are recorded on the capital account. The capital transfers surplus associated with EU structural operations amounted to CZK 12 billion. The payment of capital and reserves of the EIB is included in the financial account and showed a deficit of CZK 0.8 billion.

## EXCHANGE RATE OF THE KORUNA

### 1. NOMINAL EXCHANGE RATE OF THE KORUNA



In the course of the year, the koruna appreciated gradually against both main world currencies, the US dollar and the euro. Over the year as a whole, the koruna appreciated by 5.4% against the euro and 15.1% against the dollar. At the beginning of the year it strengthened on the back of positive sentiment in the Central European region and expectations concerning an investment by Hyundai in the Czech Republic. At the start of March, the koruna reversed its gains after the ECB raised its rates by 0.25 percentage point and yields on US government bonds rose to a two-year high. Subsequently, the koruna started to appreciate gradually, supported mainly by a weakening of the dollar and an upgrading of the outlook for the Czech Republic's liabilities rating by Moody's.

At the beginning of June, the Central European currencies came under pressure again as a result of negative domestic news and the koruna depreciated slightly, with investors also influenced by the stalemate following the Czech parliamentary elections. The koruna moved within a narrow range around of CZK 28.5 to the euro until the turn of August, when it appreciated to just below CZK 28.0 to the euro for the first time in its history. This was due primarily to a weakening of the dollar and an ECB interest rate increase, which, in the view of some investors, was a sign for other central banks in the region to raise their rates again. In September, the koruna depreciated sharply after S&P warned of a possible downgrading of the Czech Republic's rating outlook and the CNB and some members of the Government stated that it was unrealistic to expect the Czech Republic to adopt the euro in 2010.

Starting in October, and then particularly in December, the koruna began to strengthen again. This was due to a renewed weakening of the dollar and to koruna purchases by foreign investors, who moved out of investment in the dollar amid ebbing expectations of a possible increase in rates in the USA and opposite expectations of rising rates in the Central European region. The koruna subsequently reached an all-time high against the euro of CZK 27.4.

### 2. EFFECTIVE EXCHANGE RATES OF THE KORUNA

#### *Nominal effective exchange rate of the koruna*

The nominal effective exchange rate (NEER), expressed as a basic index, shows the appreciation (index > 100) or depreciation (index < 100) of the national currency against a basket of selected currencies for a certain time period relative to a base period (2005). The NEER index is calculated in two alternatives as the weighted geometrical average of the nominal exchange rates taking into account the weighted shares of 23 countries covering approximately 90% of Czech foreign trade. The NEER is computed in a time series as the monthly average and yearly average on the 2005 base for 12 currency areas. In the calculation, the euro area countries' exports and imports are taken into consideration as a single weight using the koruna-euro exchange rate.



**Table 1:**  
**Nominal effective exchange rate of the koruna in %**  
(monthly figures; year 2005 = 100)

	2006											
	1	2	3	4	5	6	7	8	9	10	11	12
Weights: foreign trade turnover	103.0	103.9	103.4	104.2	105.3	105.2	105.1	105.7	105.0	104.9	105.6	106.6
Weights: foreign trade turnover SITC 5-8	103.1	104.1	103.5	104.4	105.4	105.3	105.2	105.9	105.2	105.1	105.9	106.8

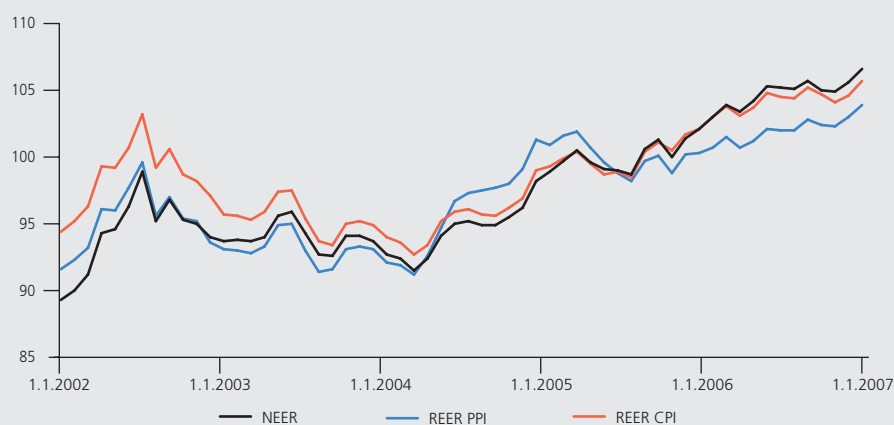
appreciation > 100; depreciation < 100

The koruna's NEER index strengthened by 4.7% year on year in 2006. The same trend was seen for the koruna NEER index that uses the foreign trade turnovers for SITC 5–8 as the weights. The appreciation trend of the koruna's NEER index, which had emerged back in the second quarter of 2004, thus continued into 2006. Most of the appreciation in 2006 occurred at the turn of the third quarter and in the final month of the year. This reflected above all the influence of the koruna's appreciation against the euro and the dollar. The magnitude of the appreciation was moderated by movements in the exchange rates of the Slovak koruna, the zloty and the rouble. Overall, the koruna's average annual exchange rate appreciated against all the currencies of the weight basket in 2006.

#### *Real effective exchange rate of the koruna*

In 2006, as compared to the previous year, the koruna's real effective exchange rate (REER) index rose by 4.3% when deflated by consumer prices, but increased by only 2.1% when deflated by industrial producer prices. The REER index was reduced by comparison with the nominal exchange rate by faster growth in foreign prices than domestic prices. The slower growth rate of the index deflated by industrial producer prices was due to the fact that foreign industrial producer prices (especially in the euro area) rose faster than the domestic prices. The consumer price trends in the Czech Republic and abroad were not so divergent.

**Chart 2:**  
**The koruna's real effective exchange rate deflated by price indices and the nominal effective exchange rate both appreciated**  
(monthly figures in %; year 2005 = 100)



**Table 2:**  
**Real effective exchange rate of the koruna in % deflated by price indices**  
Weights: foreign trade turnover  
(monthly figures; year 2005 = 100)

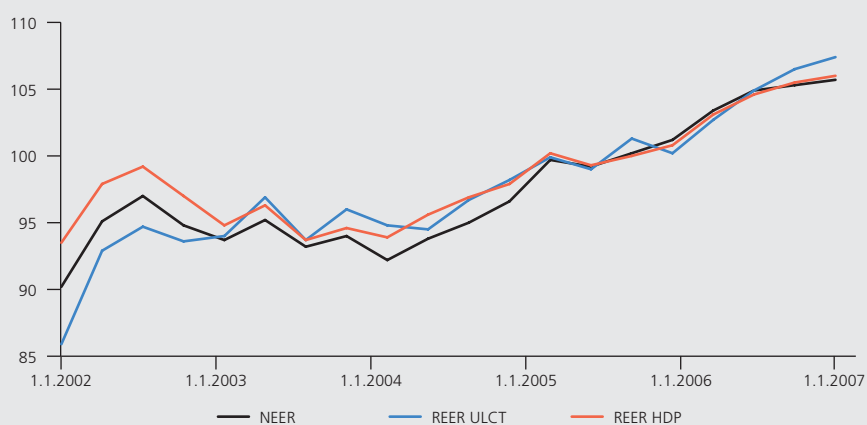
	2006											
	1	2	3	4	5	6	7	8	9	10	11	12
Industrial producer prices	100.7	101.5	100.7	101.2	102.1	102.0	102.0	102.8	102.4	102.3	103.0	103.9
Consumer prices	103.0	103.8	103.1	103.7	104.8	104.5	104.4	105.2	104.7	104.1	104.6	105.7

Source: CNB calculations using ECB price indices

The koruna's REER index deflated by unit labour costs increased by 5.7% year on year, owing to faster growth in domestic unit labour costs than foreign unit labour costs. Using the GDP deflator, the REER index of the koruna increased by 4.8% year on year.

**Chart 3:**  
**NEER and REER deflated by unit labour costs and GDP deflator**

(quarterly figures in %; year 2005 = 100)



Source: CNB calculations using ECB statistics

**Table 3:**  
**NEER and REER in % deflated by unit labour costs and GDP deflator**

Weights: foreign trade turnover  
(quarterly figures; year 2005 = 100)

	2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q3	Q3	Q4
ULCT	99.9	99.0	101.3	100.2	102.7	104.9	106.5	107.4
GDP	100.2	99.3	100.0	100.8	103.1	104.6	105.5	106.0
NEER	99.7	99.2	100.2	101.2	103.4	104.9	105.3	105.7

Source: CNB calculations using ECB statistics

**BALANCE OF PAYMENTS for January to December 2006**  
(preliminary data - 7 June 2007)

	in CZK millions	in EUR millions	in USD millions
<b>A. CURRENT ACCOUNT</b>	<b>-100,324.9</b>	<b>-3,561.4</b>	<b>-4,585.0</b>
Trade balance	68,213.0	2,401.2	2,979.3
Exports	2,144,005.5	75,684.3	95,114.9
Imports	2,075,792.5	73,283.1	92,135.6
Services	34,572.8	1,219.1	1,530.7
Credit	300,370.9	10,602.7	13,331.2
Transport	84,292.7	2,974.4	3,734.9
Travel	113,125.0	3,993.5	5,026.4
Other services	102,953.2	3,634.8	4,569.9
Debit	265,798.1	9,383.6	11,800.5
Transport	62,008.2	2,188.4	2,748.3
Travel	60,015.4	2,119.0	2,670.0
Other services	143,774.5	5,076.2	6,382.2
Income	-183,431.3	-6,484.3	-8,204.1
Credit	121,355.9	4,282.8	5,381.0
Debit	304,787.2	10,767.1	13,585.1
Current transfers	-19,679.4	-697.4	-890.9
Credit	65,872.5	2,323.9	2,910.6
Debit	85,551.9	3,021.3	3,801.5
<b>B. CAPITAL ACCOUNT</b>	<b>8,467.0</b>	<b>300.1</b>	<b>380.0</b>
Credit	14,269.5	504.5	636.2
Debit	5,802.5	204.4	256.2
<i>Total A + B</i>	<i>-91,857.9</i>	<i>-3,261.3</i>	<i>-4,205.0</i>
<b>C. FINANCIAL ACCOUNT</b>	<b>111,611.3</b>	<b>3,957.2</b>	<b>5,072.1</b>
Direct investment	104,307.1	3,686.7	4,666.5
Abroad	-30,370.0	-1,072.9	-1,354.9
Equity capital and reinvested earnings	-29,228.4	-1,033.2	-1,306.6
Other capital	-1,141.6	-39.7	-48.3
In the Czech Republic	134,677.1	4,759.6	6,021.4
Equity capital and reinvested earnings	117,628.4	4,160.3	5,266.0
Other capital	17,048.7	599.3	755.4
Portfolio investment	-26,882.5	-933.1	-1,131.5
Assets	-68,383.5	-2,407.2	-3,005.9
Equity securities	-43,559.2	-1,537.5	-1,938.4
Debt securities	-24,824.3	-869.7	-1,067.5
Liabilities	41,501.0	1,474.1	1,874.4
Equity securities	5,758.0	206.3	267.6
Debt securities	35,743.0	1,267.8	1,606.8
Financial derivatives	-6,323.5	-224.6	-286.0
Assets	-10,899.8	-390.6	-504.9
Liabilities	4,576.3	166.0	218.9

**BALANCE OF PAYMENTS for January to December 2006 - continued**  
(preliminary data - 7 June 2007)

	in CZK millions	in EUR millions	in USD millions
Other investment	40,510.2	1,428.2	1,823.1
Assets	-35,522.5	-1,274.7	-1,683.3
Long-term	-6,060.0	-212.7	-261.1
CNB			
Commercial banks	-10,715.5	-376.2	-463.6
Government	4,983.6	175.1	217.0
Other sectors	-328.1	-11.6	-14.5
Short-term	-29,462.5	-1,062.0	-1,422.2
Commercial banks	24,770.1	857.1	986.5
Government			
Other sectors	-54,232.6	-1,919.1	-2,408.7
Liabilities	76,032.7	2,702.9	3,506.4
Long-term	51,095.2	1,807.6	2,287.7
CNB	-18.1	-0.6	-0.8
Commercial banks	12,733.4	452.4	581.2
Government	9,550.3	337.8	428.7
Other sectors	28,829.6	1,018.0	1,278.6
Short-term	24,937.5	895.3	1,218.7
CNB	-4,147.6	-144.8	-170.7
Commercial banks	2,369.2	97.2	217.8
Government			
Other sectors	26,715.9	942.9	1,171.6
<b>Total A + B + C</b>	<b>19,753.4</b>	<b>695.9</b>	<b>867.1</b>
<b>D. NET ERRORS AND OMMISIONS, VALUATION CHANGES</b>	<b>-17,679.0</b>	<b>-622.8</b>	<b>-775.1</b>
<b>Total A + B + C + D</b>	<b>2,074.4</b>	<b>73.1</b>	<b>92.0</b>
<b>E. CHANGE IN RESERVES (- increase)</b>	<b>-2,074.4</b>	<b>-73.1</b>	<b>-92.0</b>

Notes: Data for the year have been obtained by summing the data for individual quarters.  
Definitive data will be published following the release of definitive CZSO figures on the trade balance.

**BALANCE OF PAYMENTS for January to December 2006 (detailed data)**  
(preliminary data - 7 June 2007)

	in CZK millions	in EUR millions	in USD millions
<b>A. CURRENT ACCOUNT</b>	<b>-100,324.9</b>	<b>-3,561.4</b>	<b>-4,585.0</b>
<b>Trade balance</b>	<b>68,213.0</b>	<b>2,401.2</b>	<b>2,979.3</b>
<b>Exports</b>	2,144,005.5	75,684.3	95,114.9
<b>Imports</b>	2,075,792.5	73,283.1	92,135.6
<b>Services</b>	<b>34,572.8</b>	<b>1,219.1</b>	<b>1,530.7</b>
<b>Credit</b>	<b>300,370.9</b>	<b>10,602.7</b>	<b>13,331.2</b>
<b>Transport</b>	<b>84,292.7</b>	<b>2,974.4</b>	<b>3,734.9</b>
Pipeline transport	7,563.4	266.7	334.1
Other	76,729.3	2,707.7	3,400.8
<b>Travel</b>	<b>113,125.0</b>	<b>3,993.5</b>	<b>5,026.4</b>
<b>Other business and non-business services</b>	<b>102,953.2</b>	<b>3,634.8</b>	<b>4,569.9</b>
Communication services	9,861.1	348.2	438.5
Postal and messenger services	1,334.6	47.2	59.8
Telecommunication services	8,526.5	301.0	378.7
Construction and assembly work	4,811.9	170.1	214.7
Insurance services	229.2	8.1	10.2
Life insurance and pension funding	14.0	0.5	0.6
Freight insurance	2.4	0.1	0.1
Other direct insurance	193.6	6.8	8.6
Reinsurance	19.2	0.7	0.9
Auxiliary insurance services			
Financial services	8,797.3	310.7	390.8
Computer and information services	19,993.7	705.4	884.7
Computer services	19,902.0	702.2	880.6
Information services	91.7	3.2	4.1
Royalties, licences, fees, etc.	690.9	24.4	30.9
Other business services	54,819.1	1,935.6	2,434.4
Merchandising and other trade-related services	798.7	28.0	34.9
Merchandising	-1,601.0	-56.7	-71.8
Other trade related services	2,399.7	84.7	106.7
Rental and leasing of machinery and equipment	1,423.1	50.3	63.7
Miscellaneous business, professional and technical services	52,597.3	1,857.3	2,335.8
Legal, accounting and consulting services	8,599.1	304.0	383.4
Legal services	727.8	25.7	32.3
Accounting and auditing services	3,442.6	121.7	153.6
Business and management consultancy, public relations	4,428.7	156.6	197.5
Advertising services	10,972.0	387.6	488.4
Research and development	2,380.0	84.1	106.0
Technical services	5,997.2	211.6	265.8
Agricultural and mining services	1,112.5	39.3	49.4
Waste treatment and depollution services	211.1	7.4	9.3
Other business services	17,510.4	618.2	776.7
Direct investment business-to-business services	5,815.0	205.1	256.8
Cultural, recreational, sporting, health and educational services	2,735.6	96.5	121.1
Audio-visual services	2,325.4	82.0	103.0
Health and veterinary services	47.0	1.7	2.1
Educational services	124.5	4.4	5.6
Others	238.7	8.4	10.4
Government services	788.9	27.8	34.6
Czech diplomatic and consular missions abroad	788.7	27.8	34.6
Government revenues (NATO, UN peacekeeping forces, etc.)			
Other government revenues	0.2		
Services not classified elsewhere	225.5	8.0	10.0
<b>Debit</b>	<b>265,798.1</b>	<b>9,383.6</b>	<b>11,800.5</b>
<b>Transport</b>	<b>62,008.2</b>	<b>2,188.4</b>	<b>2,748.3</b>
Pipeline transport	6,070.9	214.1	268.4
Other	55,937.3	1,974.3	2,479.9
<b>Travel</b>	<b>60,015.4</b>	<b>2,119.0</b>	<b>2,670.0</b>
<b>Other business and non-business services</b>	<b>143,774.5</b>	<b>5,076.2</b>	<b>6,382.2</b>
Communications services	10,236.4	361.5	454.9
Postal and messenger services	2,315.9	82.0	104.1
Telecommunication services	7,920.5	279.5	350.8
Construction and assembly work	3,916.2	138.4	175.1
Insurance services	5,443.4	191.8	240.0

	in CZK millions	in EUR millions	in USD millions
Life insurance and pension funding			
Freight insurance			
Other direct insurance			
Reinsurance	5,443.4	191.8	240.0
Auxiliary insurance services			
Financial services	24,537.5	866.4	1,089.7
Computer and information services	12,166.6	429.6	540.1
Computer services	11,779.4	415.9	522.7
Information services	387.2	13.7	17.4
Royalties, licences, fees, etc.	11,849.2	418.3	526.0
Other business services	70,879.5	2,502.9	3,147.7
Merchanting and other trade-related services	8,895.1	314.0	394.3
Merchanting			
Other trade related services	8,895.1	314.0	394.3
Rental and leasing of machinery and equipment	4,981.0	175.8	220.9
Miscellaneous business, professional and technical services	57,003.4	2,013.1	2,532.5
Legal, accounting and consulting services	15,974.2	563.6	707.2
Legal services	519.7	18.3	23.1
Accounting and auditing services	2,809.8	99.2	125.0
Business and management consultancy, public relations	12,644.7	446.1	559.1
Advertising services	5,517.7	195.1	246.2
Research and development	6,344.4	224.4	283.8
Technical services	5,966.2	210.8	265.7
Agricultural and mining services	856.7	30.2	37.9
Waste treatment and depollution services	55.1	1.9	2.4
Other business services	13,484.6	476.5	600.2
Direct investment business-to-business services	8,804.5	310.6	389.1
Cultural, recreational, sporting, health and educational services	3,001.7	105.9	132.8
Audio-visual services	1,480.0	52.2	65.2
Health and veterinary services	31.9	1.1	1.4
Educational services	383.1	13.5	17.0
Others	1,106.7	39.1	49.2
Government services	1,713.2	60.3	74.5
Czech diplomatic and consular missions abroad	1,195.1	42.1	52.1
Government revenues (NATO, UN peacekeeping forces, etc.)	109.0	3.8	4.8
Other government revenues	409.1	14.4	17.6
Services not classified elsewhere	30.8	1.1	1.4
<b>Income</b>	<b>-183,431.3</b>	<b>-6,484.3</b>	<b>-8,204.1</b>
<b>Credit</b>	<b>121,355.9</b>	<b>4,282.8</b>	<b>5,381.0</b>
Compensation of employees	23,700.0	836.2	1,050.2
Investment income	97,655.9	3,446.6	4,330.8
Direct investment	9,227.3	325.6	410.0
Dividends	1,822.1	64.4	81.9
Earnings reinvested abroad	7,165.2	252.8	317.5
Interest	240.0	8.4	10.6
Portfolio investment	23,288.5	822.0	1,032.4
Dividends	5,424.3	191.6	241.8
Interest	17,864.2	630.4	790.6
Other investment - interest, income on CNB reserve assets	65,140.1	2,299.0	2,888.4
<b>Debit</b>	<b>304,787.2</b>	<b>10,767.1</b>	<b>13,585.1</b>
Compensation of employees	59,434.0	2,098.6	2,641.4
Investment income	245,353.2	8,668.5	10,943.7
Direct investment	180,291.6	6,372.0	8,055.7
Dividends	89,412.9	3,165.1	4,029.2
Earnings reinvested in the Czech Republic	82,118.7	2,897.8	3,638.3
Interest	8,760.0	309.1	388.2
Portfolio investment	19,015.8	671.6	847.8
Dividends	9,822.0	347.6	442.2
Interest	9,193.8	324.0	405.6
Other investment - interest	46,045.8	1,624.9	2,040.2
<b>Current transfers</b>	<b>-19,679.4</b>	<b>-697.4</b>	<b>-890.9</b>
<b>Credit</b>	<b>65,872.5</b>	<b>2,323.9</b>	<b>2,910.6</b>
General government	48,971.8	1,727.2	2,159.5
Private	16,900.7	596.7	751.1
<b>Debit</b>	<b>85,551.9</b>	<b>3,021.3</b>	<b>3,801.5</b>
General government	53,857.7	1,902.3	2,395.0
Private	31,694.2	1,119.0	1,406.5
<b>B. CAPITAL ACCOUNT</b>	<b>8,467.0</b>	<b>300.1</b>	<b>380.0</b>
<b>Credit</b>	<b>14,269.5</b>	<b>504.5</b>	<b>636.2</b>
<b>Debit</b>	<b>5,802.5</b>	<b>204.4</b>	<b>256.2</b>

	in CZK millions	in EUR millions	in USD millions
<i>Total A + B</i>	-91,857.9	-3,261.3	-4,205.0
<b>C. FINANCIAL ACCOUNT</b>	<b>111,611.3</b>	<b>3,957.2</b>	<b>5,072.1</b>
<b>Direct investment</b>	<b>104,307.1</b>	<b>3,686.7</b>	<b>4,666.5</b>
<b>Czech abroad</b>	<b>-30,370.0</b>	<b>-1,072.9</b>	<b>-1,354.9</b>
Equity capital	-22,063.2	-780.4	-989.2
Reinvested earnings	-7,165.2	-252.8	-317.4
Other capital	-1,141.6	-39.7	-48.3
<b>Foreign in the Czech Republic</b>	<b>134,677.1</b>	<b>4,759.6</b>	<b>6,021.4</b>
Equity capital	35,509.7	1,262.6	1,627.7
Reinvested earnings	82,118.7	2,897.7	3,638.3
Other capital	17,048.7	599.3	755.4
<b>Portfolio investment</b>	<b>-26,882.5</b>	<b>-933.1</b>	<b>-1,131.5</b>
<b>Assets</b>	<b>-68,383.5</b>	<b>-2,407.2</b>	<b>-3,005.9</b>
Equity securities	-43,559.2	-1,537.5	-1,938.4
CNB			
Commercial banks	-3,930.4	-138.5	-174.5
Government	12.8	0.5	0.6
Other sectors	-39,641.6	-1,399.5	-1,764.5
Debt securities	-24,824.3	-869.7	-1,067.5
CNB			
Commercial banks	-17,710.3	-619.9	-757.2
Government	3,638.1	127.9	157.9
Other sectors	-10,752.1	-377.7	-468.2
<b>Liabilities</b>	<b>41,501.0</b>	<b>1,474.1</b>	<b>1,874.4</b>
Equity securities	5,758.0	206.3	267.6
Commercial banks	-2,146.2	-77.2	-102.3
Other sectors	7,904.2	283.5	369.9
Debt securities	35,743.0	1,267.8	1,606.8
CNB			
Commercial banks	6,976.9	244.7	300.1
Government	8,166.8	291.7	375.2
Other sectors	20,599.3	731.4	931.5
<b>Financial derivatives</b>	<b>-6,323.5</b>	<b>-224.6</b>	<b>-286.0</b>
<b>Assets</b>	<b>-10,899.8</b>	<b>-390.6</b>	<b>-504.9</b>
<b>Liabilities</b>	<b>4,576.3</b>	<b>166.0</b>	<b>218.9</b>
<b>Other investments</b>	<b>40,510.2</b>	<b>1,428.2</b>	<b>1,823.1</b>
<b>Assets</b>	<b>-35,522.5</b>	<b>-1,274.7</b>	<b>-1,683.3</b>
Long-term	-6,060.0	-212.7	-261.1
CNB			
Commercial banks	-10,715.5	-376.2	-463.6
Government	4,983.6	175.1	217.0
Other sectors	-328.1	-11.6	-14.5
Short-term	-29,462.5	-1,062.0	-1,422.2
Commercial banks	24,770.1	857.1	986.5
Government			
Other sectors	-54,232.6	-1,919.1	-2,408.7
<b>Liabilities</b>	<b>76,032.7</b>	<b>2,702.9</b>	<b>3,506.4</b>
Long-term	51,095.2	1,807.6	2,287.7
CNB	-18.1	-0.6	-0.8
Commercial banks	12,733.4	452.4	581.2
Government	9,550.3	337.8	428.7
Other sectors	28,829.6	1,018.0	1,278.6
Short-term	24,937.5	895.3	1,218.7
CNB	-4,147.6	-144.8	-170.7
Commercial banks	2,369.2	97.2	217.8
Government			
Other sectors	26,715.9	942.9	1,171.6
<i>Total A + B + C</i>	<i>19,753.4</i>	<i>695.9</i>	<i>867.1</i>
<b>D. NET ERRORS AND OMISSIONS, VALUATION CHANGES</b>	<b>-17,679.0</b>	<b>-622.8</b>	<b>-775.1</b>
<i>Total A + B + C + D</i>	<i>2,074.4</i>	<i>73.1</i>	<i>92.0</i>
<b>E. CHANGE IN RESERVES (- increase)</b>	<b>-2,074.4</b>	<b>-73.1</b>	<b>-92.0</b>

**FOREIGN DIRECT INVESTMENT OUTWARD FLOWS\***  
broken down by territory

Outward flows in 2006				
Eurostat/ OECD	Geographical and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
<b>A1</b>	<b>TOTAL WORLDWIDE</b>	<b>30,370.0</b>	<b>1,343,268.8</b>	<b>1,071,515.5</b>
<b>E1</b>	<b>EUROPE</b>	<b>29,929.1</b>	<b>1,323,771.2</b>	<b>1,055,962.3</b>
	of which			
<i>BE</i>	<i>Belgium</i>	12.5	551.3	439.8
<i>DK</i>	<i>Denmark</i>	1.1	48.3	38.5
<i>FR</i>	<i>France</i>	-7.7	-342.0	-272.8
<i>IE</i>	<i>Ireland</i>	-1.9	-84.7	-67.5
<i>IT</i>	<i>Italy</i>	77.0	3,405.0	2,716.1
<i>LU</i>	<i>Luxembourg</i>	-1.7	-76.1	-60.7
<i>DE</i>	<i>Germany</i>	2,242.9	99,205.9	79,135.8
<i>NL</i>	<i>Netherlands</i>	11,606.9	513,373.8	409,514.4
<i>PT</i>	<i>Portugal</i>	1,824.7	80,706.5	64,379.0
<i>AT</i>	<i>Austria</i>	14.6	645.0	514.5
<i>ES</i>	<i>Spain</i>	-7.6	-334.4	-266.7
<i>GB</i>	<i>United Kingdom</i>	1,603.1	70,907.2	56,562.1
<i>CY</i>	<i>Cyprus</i>	454.8	20,115.3	16,045.9
<i>EE</i>	<i>Estonia</i>	0.7	31.2	24.9
<i>LT</i>	<i>Lithuania</i>	-10.0	-444.1	-354.2
<i>LV</i>	<i>Latvia</i>	1.4	60.6	48.4
<i>HU</i>	<i>Hungary</i>	810.2	35,835.8	28,586.0
<i>PL</i>	<i>Poland</i>	795.4	35,181.2	28,063.8
<i>SI</i>	<i>Slovenia</i>	-153.7	-6,798.1	-5,422.8
<i>SK</i>	<i>Slovakia</i>	2,303.1	101,865.1	81,257.1
<i>IS</i>	<i>Iceland</i>	0.2	6.7	5.3
<i>LI</i>	<i>Liechtenstein</i>	179.7	7,950.2	6,341.8
<i>CH</i>	<i>Switzerland</i>	413.1	18,272.8	14,576.1
<b>E2</b>	<b>OTHER EUROPEAN COUNTRIES</b>	<b>7,770.5</b>	<b>343,688.6</b>	<b>274,157.8</b>
	of which			
<i>BY</i>	<i>Belarus</i>	10.5	463.5	369.7
<i>BA</i>	<i>Bosnia and Herzegovina</i>	7.8	345.1	275.3
<i>BG</i>	<i>Bulgaria</i>	6,739.6	298,094.4	237,787.7
<i>GG</i>	<i>Guernsey</i>	0.2	6.9	5.5
<i>HR</i>	<i>Croatia</i>	1.7	73.4	58.5
<i>RO</i>	<i>Romania</i>	511.4	22,620.4	18,044.1
<i>RU</i>	<i>Russia</i>	402.7	17,812.9	14,209.2
<i>TR</i>	<i>Turkey</i>	58.3	2,580.7	2,058.6
<i>UA</i>	<i>Ukraine</i>	37.4	1,655.9	1,320.9
<i>CS</i>	<i>Serbia and Montenegro</i>	0.8	35.4	28.3
<b>E7</b>	<b>AMERICA</b>	<b>-92.7</b>	<b>-4,099.5</b>	<b>-3,270.1</b>
<b>E8</b>	<b>NORTH AMERICA</b>	<b>-107.3</b>	<b>-4,744.2</b>	<b>-3,784.4</b>
	of which			
<i>CA</i>	<i>Canada</i>	-15.6	-690.1	-550.5
<i>US</i>	<i>USA</i>	-91.7	-4,054.1	-3,233.9
<b>E9</b>	<b>CENTRAL AMERICA</b>	<b>-30.1</b>	<b>-1,331.5</b>	<b>-1,062.1</b>
	of which			
<i>VG</i>	<i>British Virgin Islands</i>	-13.8	-609.5	-486.2
<i>KY</i>	<i>Cayman Islands</i>	-134.5	-5,947.6	-4,744.4
<i>CR</i>	<i>Costa Rica</i>	5.0	219.5	175.1
<i>MX</i>	<i>Mexico</i>	113.2	5,006.2	3,993.4
<b>F1</b>	<b>SOUTH AMERICA</b>	<b>44.7</b>	<b>1,976.2</b>	<b>1,576.4</b>
	of which			
<i>AR</i>	<i>Argentina</i>	40.5	1,791.6	1,429.2
<i>BR</i>	<i>Brazil</i>	5.9	262.5	209.4
<i>PE</i>	<i>Peru</i>	-1.8	-78.0	-62.2



**FOREIGN DIRECT INVESTMENT OUTWARD FLOWS\* - continued**  
broken down by territory

Outward flows in 2006				
Eurostat/ OECD	Geographical and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
<b>F2</b>	<b>ASIA</b>	<b>533.5</b>	<b>23,597.2</b>	<b>18,823.3</b>
<b>F3</b>	<b>NEAR AND MIDDLE EAST</b>	<b>418.3</b>	<b>18,499.3</b>	<b>14,756.8</b>
	of which			
<i>IR</i>	<i>Iran</i>	-1.9	-85.4	-68.1
<i>AE</i>	<i>United Arab Emirates</i>	328.3	14,522.0	11,584.1
<i>GE</i>	<i>Georgia</i>	91.9	4,062.7	3,240.8
<b>F6</b>	<b>OTHER ASIAN COUNTRIES</b>	<b>115.3</b>	<b>5,097.9</b>	<b>4,066.5</b>
	of which			
<i>CN</i>	<i>China</i>	5.9	261.7	208.8
<i>HK</i>	<i>Hong Kong</i>	-2.7	-118.3	-94.4
<i>IN</i>	<i>India</i>	10.0	443.7	354.0
<i>JP</i>	<i>Japan</i>	119.5	5,287.3	4,217.6
<i>MN</i>	<i>Mongolia</i>	-0.1	-4.9	-3.9
<i>MM</i>	<i>Myanmar</i>	-0.3	-11.1	-8.9
<i>SG</i>	<i>Singapore</i>	3.2	141.2	112.7
<i>UZ</i>	<i>Uzbekistan</i>	-20.4	-901.6	-719.2
<b>U2</b>	<b>Euro area</b>	<b>15,759.6</b>	<b>697,050.2</b>	<b>556,031.8</b>
<b>U4</b>	<b>Outside euro area</b>	<b>14,610.4</b>	<b>646,218.6</b>	<b>515,483.7</b>
<b>D3</b>	<b>EU-25</b>	<b>21,565.7</b>	<b>953,852.9</b>	<b>760,881.3</b>
<b>D5</b>	<b>Outside EU-25</b>	<b>8,804.3</b>	<b>389,416.0</b>	<b>310,634.2</b>
D2	EU-15	17,363.8	768,005.7	612,632.4
D4	Outside EU-15	13,006.1	575,263.1	458,883.1
D8	New EU Member States 2004	4,201.8	185,847.1	148,248.9
V1	EU-27	28,816.7	1,274,567.7	1,016,713.1
V2	Outside EU-27	1,553.3	68,701.1	54,802.4
<b>A8</b>	<b>OECD</b>	<b>21,869.6</b>	<b>967,297.3</b>	<b>771,605.8</b>
<b>A5</b>	<b>EFTA</b>	<b>593.0</b>	<b>26,229.7</b>	<b>20,923.2</b>
<b>B1</b>	<b>NAFTA</b>	<b>5.9</b>	<b>262.0</b>	<b>209.0</b>
<b>C4</b>	<b>Offshore financial centres</b>	<b>32.2</b>	<b>1,422.9</b>	<b>1,135.0</b>

\* - preliminary data

### FOREIGN DIRECT INVESTMENT OUTWARD FLOWS\*

broken down by economic activity

Outward flows in 2006					
Code	NACE	Sectors and industries	Total in CZK millions	Total in USD thousands	Total in EUR thousands
0595	01-05	AGRICULTURE, FORESTRY AND FISHING	-1.9	-82.4	-65.8
1495	10-14	MINING AND QUARRYING	636.3	28,142.7	22,449.2
3995	15-37	MANUFACTURING	2,080.9	92,037.8	73,417.9
		of which			
1605	15-16	Manufacture of food products, beverages and tobacco	1,112.1	49,190.4	39,238.8
1805	17-18	Manufacture of textiles and wearing apparel	-1,271.0	-56,216.8	-44,843.8
1900	19	Tanning and dressing of leather, manufacture of luggage, handbags and footwear	15.6	690.0	550.4
2205	20-22	Manufacture of wood and wood products, paper and paper products, publishing and printing	236.5	10,462.3	8,345.7
2300	23	Manufacture of coke, refined petroleum products and nuclear fuel	8.6	380.4	303.4
2400	24	Manufacture of chemicals and chemical products	1,025.8	45,371.5	36,192.5
2500	25	Manufacture of rubber and plastic products	82.4	3,644.1	2,906.8
2600	26	Manufacture of other non-metallic mineral products	532.7	23,563.5	18,796.4
2805	27-28	Manufacture of basic metals and fabricated metal products	9.4	417.7	333.2
2900	29	Manufacture of machinery and equipment n.e.c.	68.4	3,026.9	2,414.5
3000	30	Manufacture of office machinery and computers	0.0	0.0	0.0
3100	31	Manufacture of electrical machinery and apparatus n.e.c.	-29.6	-1,311.2	-1,045.9
3200	32	Manufacture of radio, television and communication equipment and apparatus	12.2	540.9	431.4
3300	33	Manufacture of medical, precision and optical instruments, watches and clocks	18.4	812.0	647.7
3400	34	Manufacture of motor vehicles, trailers and semi-trailers	257.9	11,406.8	9,099.1
3500	35	Manufacture of other transport equipment	-12.9	-571.7	-456.0
3600	36	Manufacture of furniture; manufacturing n.e.c.	13.3	589.8	470.5
3700	37	Recycling	0.9	41.4	33.0
4195	40-41	ELECTRICITY, GAS AND WATER SUPPLY	18,206.7	805,285.6	642,370.3
4500	45	CONSTRUCTION	147.5	6,526.1	5,205.8
5295	50-52	WHOLESALE AND RETAIL TRADE; REPAIRS	3,424.1	151,450.7	120,811.1
5500	55	HOTELS AND RESTAURANTS	8.1	359.9	287.1
6495	60-64	TRANSPORT AND COMMUNICATION	-109.6	-4,848.9	-3,867.9
6895	65-67	FINANCIAL INTERMEDIATION	800.0	35,386.1	28,227.2
7395	70-74	REAL ESTATE AND BUSINESS ACTIVITIES	5,084.5	224,886.1	179,390.0
9995	75-99	OTHER SERVICES	93.3	4,125.2	3,290.6
9999	01-99	TOTAL	30,370.0	1,343,268.8	1,071,515.5

\* - preliminary data

**FOREIGN DIRECT INVESTMENT INWARD FLOWS\***  
broken down by territory

Inward flows in 2006				
Eurostat/ OECD	Geographical and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
<b>A1</b>	<b>TOTAL WORLDWIDE</b>	<b>134,677.1</b>	<b>5,956,793.6</b>	<b>4,751,689.7</b>
<b>E1</b>	<b>EUROPE</b>	<b>122,493.4</b>	<b>5,417,905.1</b>	<b>4,321,822.4</b>
	of which			
BE	Belgium	-1,560.4	-69,014.7	-55,052.5
DK	Denmark	-1,313.4	-58,093.9	-46,341.1
FI	Finland	45.1	1,995.6	1,591.8
FR	France	6,132.5	271,241.1	216,367.0
IE	Ireland	284.2	12,569.2	10,026.3
IT	Italy	-3,991.1	-176,526.0	-140,813.4
LU	Luxembourg	29,139.1	1,288,826.7	1,028,087.4
DE	Germany	26,176.1	1,157,775.4	923,548.8
NL	Netherlands	14,951.0	661,283.5	527,500.9
PT	Portugal	-575.5	-25,453.1	-20,303.8
AT	Austria	18,913.8	836,562.5	667,319.6
GR	Greece	14.1	623.1	497.0
ES	Spain	-2,233.4	-98,785.3	-78,800.3
SE	Sweden	-1,420.5	-62,828.2	-50,117.6
GB	United Kingdom	11,877.3	525,336.4	419,056.9
CY	Cyprus	12,509.8	553,310.6	441,371.8
EE	Estonia	124.1	5,487.8	4,377.6
LV	Latvia	1.6	68.6	54.7
HU	Hungary	206.5	9,132.9	7,285.2
MT	Malta	222.8	9,853.3	7,859.9
PL	Poland	3,064.1	135,527.1	108,109.0
SI	Slovenia	-130.4	-5,767.5	-4,600.7
SK	Slovakia	6,289.3	278,175.9	221,898.8
IS	Iceland	13.6	601.2	479.6
LI	Liechtenstein	905.9	40,066.4	31,960.7
NO	Norway	153.4	6,783.5	5,411.1
CH	Switzerland	1,899.6	84,019.7	67,021.9
<b>E2</b>	<b>OTHER EUROPEAN COUNTRIES</b>	<b>794.3</b>	<b>35,133.4</b>	<b>28,025.7</b>
	of which			
AD	Andorra	-4.8	-211.3	-168.5
BY	Belarus	4.8	212.2	169.3
BA	Bosnia and Herzegovina	54.7	2,418.9	1,929.5
BG	Bulgaria	-0.9	-38.0	-30.3
GI	Gibraltar	407.5	18,022.9	14,376.7
GG	Guernsey	-1.0	-43.0	-34.3
HR	Croatia	24.8	1,098.6	876.4
JE	Jersey	-14.5	-641.7	-511.9
MK	Macedonia	-9.0	-398.1	-317.5
MD	Moldavia	11.0	484.7	386.6
IM	Isle of Man	-125.3	-5,543.6	-4,422.1
RU	Russia	270.6	11,967.5	9,546.4
SM	San Marino	45.3	2,003.9	1,598.5
TR	Turkey	7.2	318.6	254.2
UA	Ukraine	50.8	2,245.1	1,790.9
CS	Serbia and Montenegro	2.4	105.3	84.0
<b>E4</b>	<b>AFRICA</b>	<b>-379.1</b>	<b>-16,769.4</b>	<b>-13,376.8</b>
EG	Egypt	-0.2	-6.9	-5.5
SC	Seychelles	-379.0	-16,761.5	-13,370.5
<b>E7</b>	<b>AMERICA</b>	<b>6,854.3</b>	<b>303,166.9</b>	<b>241,834.0</b>
<b>E8</b>	<b>NORTH AMERICA</b>	<b>5,765.3</b>	<b>255,001.1</b>	<b>203,412.5</b>
	of which			
CA	Canada	267.0	11,811.3	9,421.8
US	USA	5,498.3	243,189.8	193,990.6
<b>E9</b>	<b>CENTRAL AMERICA</b>	<b>1,088.4</b>	<b>48,139.1</b>	<b>38,400.2</b>
	of which			
BS	Bahamas	286.0	12,651.8	10,092.2
BZ	Belize	494.2	21,858.8	17,436.6

**FOREIGN DIRECT INVESTMENT INWARD FLOWS\* - continued**  
broken down by territory

Inward flows in 2006				
Eurostat/ OECD	Geographical and economic zones	Total in CZK millions	Total in USD thousands	Total in EUR thousands
<i>BM</i>	<i>Bermuda</i>	-215.3	-9,524.8	-7,597.8
<i>VG</i>	<i>British Virgin Islands</i>	-1,062.7	-47,004.6	-37,495.3
<i>KY</i>	<i>Cayman Islands</i>	1,449.3	64,101.9	51,133.6
<i>MX</i>	<i>Mexico</i>	-299.9	-13,264.1	-10,580.7
<i>AN</i>	<i>Netherlands Antilles</i>	169.6	7,502.2	5,984.4
<i>PA</i>	<i>Panama</i>	130.1	5,754.2	4,590.1
<i>VC</i>	<i>St Vincent and the Grenadines</i>	137.1	6,063.8	4,837.1
<b>F1</b>	<b>SOUTH AMERICA</b>	<b>0.6</b>	<b>26.7</b>	<b>21.3</b>
	of which			
<i>BR</i>	<i>Brazil</i>	0.6	26.7	21.3
<b>F2</b>	<b>ASIA</b>	<b>6,174.8</b>	<b>273,110.3</b>	<b>217,858.1</b>
<b>F3</b>	<b>NEAR AND MIDDLE EAST</b>	<b>11.5</b>	<b>509.0</b>	<b>406.0</b>
	of which			
<i>IL</i>	<i>Israel</i>	-4.5	-199.7	-159.3
<i>SA</i>	<i>Saudi Arabia</i>	0.5	21.9	17.5
<i>GE</i>	<i>Georgia</i>	13.5	597.1	476.3
<i>SY</i>	<i>Syria</i>	2.3	100.8	80.4
<b>F6</b>	<b>OTHER ASIAN COUNTRIES</b>	<b>6,163.2</b>	<b>272,601.3</b>	<b>217,452.0</b>
	of which			
<i>CN</i>	<i>China</i>	328.6	14,533.8	11,593.5
<i>HK</i>	<i>Hong Kong</i>	3.3	147.1	117.4
<i>IN</i>	<i>India</i>	451.6	19,973.0	15,932.3
<i>ID</i>	<i>Indonesia</i>	-4.6	-203.4	-162.2
<i>JP</i>	<i>Japan</i>	2,677.2	118,411.5	94,455.9
<i>KZ</i>	<i>Kazakhstan</i>	10.6	469.5	374.5
<i>KR</i>	<i>Republic of Korea</i>	2,668.5	118,029.1	94,151.0
<i>MY</i>	<i>Malaysia</i>	4.4	193.3	154.2
<i>SG</i>	<i>Singapore</i>	60.3	2,666.2	2,126.8
<i>TW</i>	<i>Taiwan</i>	-35.8	-1,581.4	-1,261.4
<i>TM</i>	<i>Turkmenistan</i>	-0.8	-37.3	-29.8
<b>F7</b>	<b>OCEANIA AND POLAR REGIONS</b>	<b>-466.2</b>	<b>-20,619.3</b>	<b>-16,447.8</b>
	of which			
<i>AU</i>	<i>Australia</i>	-2.3	-100.4	-80.1
<i>MH</i>	<i>Marshall Islands</i>	-432.0	-19,106.2	-15,240.8
<i>NR</i>	<i>Nauru</i>	3.6	158.7	126.6
<i>NZ</i>	<i>New Zealand</i>	0.1	3.0	2.4
<i>G2</i>	<i>Polar regions</i>	-10.3	-454.9	-362.9
<i>WS</i>	<i>Samoa</i>	0.2	8.4	6.7
<b>U2</b>	<b>Euro area</b>	<b>87,295.6</b>	<b>3,861,097.9</b>	<b>3,079,968.9</b>
<b>U4</b>	<b>Outside euro area</b>	<b>47,381.6</b>	<b>2,095,695.8</b>	<b>1,671,720.8</b>
<b>D3</b>	<b>EU-25</b>	<b>118,726.7</b>	<b>5,251,300.8</b>	<b>4,188,923.4</b>
<b>D5</b>	<b>Outside EU-25</b>	<b>15,950.5</b>	<b>705,492.8</b>	<b>562,766.3</b>
D2	EU-15	96,439.0	4,265,512.2	3,402,567.1
D4	Outside EU-15	38,238.2	1,691,281.5	1,349,122.6
D8	New EU Member States 2004	22,287.7	985,788.7	786,356.3
V1	EU-27	118,796.6	5,254,394.2	4,191,390.9
V2	Outside EU-27	15,880.5	702,399.5	560,298.8
<b>A8</b>	<b>OECD</b>	<b>118,881.5</b>	<b>5,258,151.2</b>	<b>4,194,387.9</b>
<b>A5</b>	<b>EFTA</b>	<b>2,972.4</b>	<b>131,470.8</b>	<b>104,873.3</b>
<b>B1</b>	<b>NAFTA</b>	<b>5,465.4</b>	<b>241,737.0</b>	<b>192,831.8</b>
<b>C4</b>	<b>Offshore financial centres</b>	<b>2,165.9</b>	<b>95,799.3</b>	<b>76,418.4</b>

\* - preliminary data

**FOREIGN DIRECT INVESTMENT INWARD FLOWS\***  
broken down by economic activity

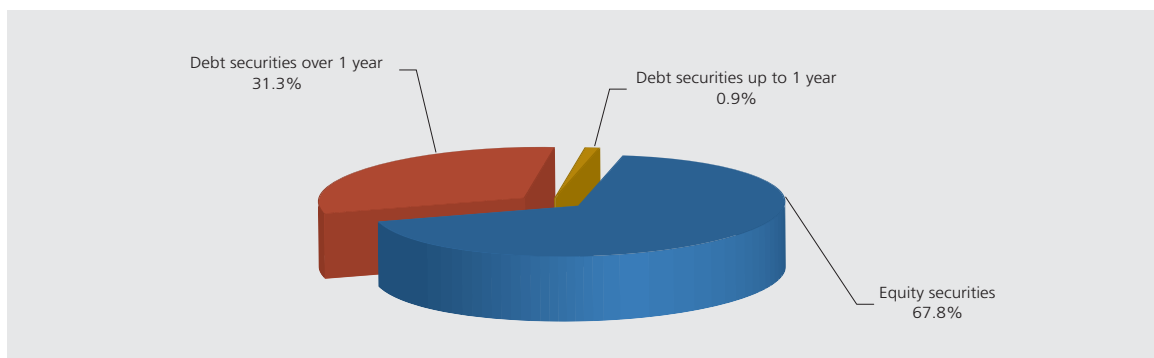
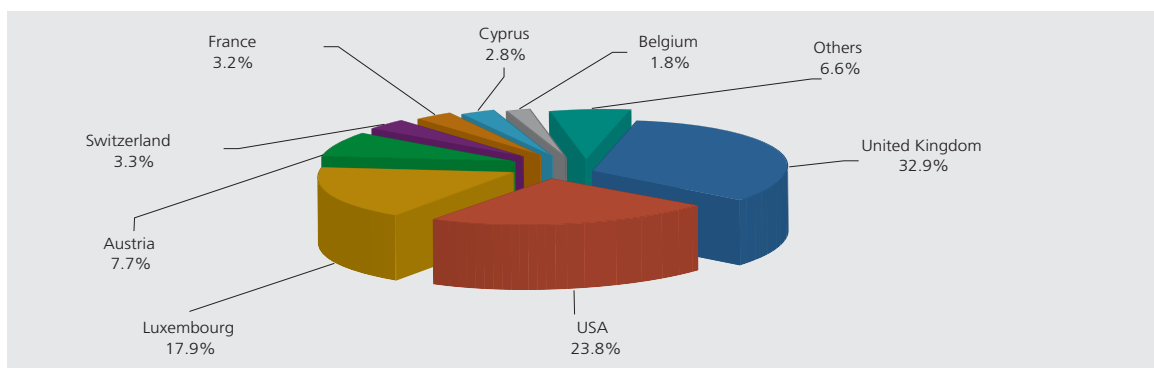
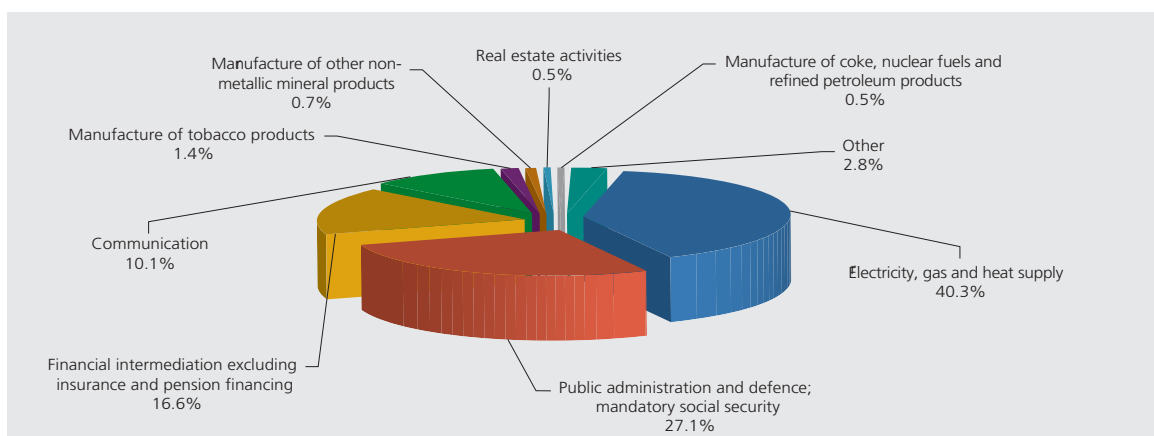
Inward flows in 2006					
Code	NACE	Sectors and industries	Total in CZK millions	Total in USD thousands	Total in EUR thousands
0595	01-05	<b>AGRICULTURE, FORESTRY AND FISHING</b>	-1,229.0	-54,359.6	-43,362.3
1495	10-14	<b>MINING AND QUARRYING</b>	5,208.7	230,382.2	183,774.1
3995	15-37	<b>MANUFACTURING</b>	49,489.6	2,188,934.6	1,746,096.7
		of which			
1605	15-16	Manufacture of food products, beverages and tobacco	2,478.6	109,630.2	87,451.2
1805	17-18	Manufacture of textiles and wearing apparel	518.5	22,935.4	18,295.4
1900	19	Tanning and dressing of leather, manufacture of luggage, handbags and footwear	7.2	320.4	255.6
2205	20-22	Manufacture of wood and wood products, paper and paper products, publishing and printing	3,490.1	154,367.5	123,137.8
2300	23	Manufacture of coke, refined petroleum products and nuclear fuel	275.8	12,196.6	9,729.1
2400	24	Manufacture of chemicals and chemical products	4,415.3	195,288.2	155,779.9
2500	25	Manufacture of rubber and plastic products	7,830.7	346,352.7	276,283.0
2600	26	Manufacture of other non-metallic mineral products	96.7	4,275.9	3,410.9
2805	27-28	Manufacture of basic metals and fabricated metal products	8,784.1	388,523.5	309,922.3
2900	29	Manufacture of machinery and equipment n.e.c.	4,841.0	214,119.8	170,801.8
3000	30	Manufacture of office machinery and computers	1,140.8	50,456.2	40,248.5
3100	31	Manufacture of electrical machinery and apparatus n.e.c.	2,002.8	88,585.9	70,664.3
3200	32	Manufacture of radio, television and communication equipment and apparatus	-4,391.6	-194,241.3	-154,944.8
3300	33	Manufacture of medical, precision and optical instruments, watches and clocks	-527.4	-23,328.4	-18,608.9
3400	34	Manufacture of motor vehicles, trailers and semi-trailers	17,906.6	792,010.7	631,781.0
3500	35	Manufacture of other transport equipment	528.5	23,375.4	18,646.4
3600	36	Manufacture of furniture; manufacturing n.e.c.	26.5	1,174.3	936.7
3700	37	Recycling	65.4	2,891.6	2,306.6
4195	40-41	<b>ELECTRICITY, GAS AND WATER SUPPLY</b>	-5,584.8	-247,017.8	-197,044.2
4500	45	<b>CONSTRUCTION</b>	-786.7	-34,795.1	-27,755.8
5295	50-52	<b>WHOLESALE AND RETAIL TRADE; REPAIRS</b>	25,506.9	1,128,172.8	899,935.0
5500	55	<b>HOTELS AND RESTAURANTS</b>	1,020.4	45,131.5	36,001.1
6495	60-64	<b>TRANSPORT AND COMMUNICATION</b>	-2,535.3	-112,136.7	-89,450.6
6895	65-67	<b>FINANCIAL INTERMEDIATION</b>	19,287.6	853,093.1	680,506.0
7395	70-74	<b>REAL ESTATE AND BUSINESS ACTIVITIES</b>	44,211.1	1,955,464.6	1,559,859.5
9995	75-99	<b>OTHER SERVICES</b>	88.7	3,924.1	3,130.2
9999	01-99	<b>TOTAL</b>	134,677.1	5,956,793.6	4,751,689.7

\* - preliminary data

### PORTFOLIO INVESTMENT IN KORUNA INSTRUMENTS

broken down by economic activity, territory and type of instrument as at 31 December 2006

in CZK billions					
ECONOMIC ACTIVITY	Market value	TERRITORIAL STRUCTURE	Market value	INSTRUMENT TYPE	Market value
Electricity, gas and heat supply	143.4	United Kingdom	117.2	Equity securities	241.6
Public administration and defence; mandatory social security	96.4	USA	84.8	Debt securities over 1 year	111.4
Financial intermediation excluding insurance and pension financing	59.2	Luxembourg	63.8	Debt securities up to 1 year	3.1
Communication	36.1	Austria	27.5		
Manufacture of tobacco products	5.1	Switzerland	11.8		
Manufacture of other non-metallic mineral products	2.7	France	11.3		
Real estate activities	1.8	Cyprus	9.9		
Manufacture of coke, nuclear fuels and refined petroleum products	1.6	Belgium	6.4		
Others	9.8	Others	23.4		
<b>TOTAL</b>	<b>356.1</b>	<b>TOTAL</b>	<b>356.1</b>	<b>TOTAL</b>	<b>356.1</b>



**RESIDENTS' PORTFOLIO INVESTMENT ABROAD AS AT 31 DECEMBER 2006\***  
broken down by territory and type of security

Eurostat/OECD Code	Geographical and economic zones	in CZK millions			
		Equity securities	Long-term bonds	Short-term bonds	Total
<b>E1</b>	<b>EUROPE</b>	<b>181,553</b>	<b>292,028</b>	<b>4,133</b>	<b>477,714</b>
<b>D2</b>	<b>EU-15</b>	156,291	246,405	4,101	406,797
	of which:				
AT	Austria	33,118	6,822	35	39,975
BE	Belgium	52,436	1,538	1	53,975
DE	Germany	11,113	41,528	199	52,840
DK	Denmark	10	840	10	860
ES	Spain	413	5,380	1	5,794
FI	Finland	173	354	0	527
FR	France	8,337	23,008	26	31,371
GB	United Kingdom	3,894	23,823	687	28,404
GR	Greece	38	21,209	0	21,247
IE	Ireland	4,296	13,802	2,711	20,809
IT	Italy	384	17,902	10	18,296
LU	Luxembourg	30,408	21,220	15	51,643
NL	Netherlands	11,396	37,514	386	49,296
PT	Portugal	1	4,136	0	4,137
SE	Sweden	174	2,564	0	2,738
4A	International organisations	100	24,765	20	24,885
<b>D8</b>	<b>NEW EU MEMBER STATES</b>	15,528	25,839	16	41,383
	of which:				
CY	Cyprus	3,378	578	0	3,956
EE	Estonia	44	209	0	253
HU	Hungary	4,239	6,124	1	10,364
PL	Poland	3,398	10,042	0	13,440
SI	Slovenia	824	882	0	1,706
SK	Slovakia	3,645	8,004	15	11,664
<b>A5</b>	<b>EFTA</b>	1,334	9,091	5	10,430
	of which:				
IS	Iceland	0	6,618	1	6,619
CH	Switzerland	1,236	13	0	1,249
LI	Liechtenstein	1	0	0	1
NO	Norway	97	2,460	4	2,561
<b>E2</b>	<b>OTHER EUROPEAN COUNTRIES</b>	8,400	10,693	12	19,105
	of which:				
CS	Serbia and Montenegro	0	1	0	1
GG	Guernsey	106	651	0	757
GI	Gibraltar	1	1,175	0	1,176
HR	Croatia	0	717	0	717
JE	Jersey	409	6,009	0	6,418
RO	Romania	3	227	0	230
RU	Russia	6,273	1,517	11	7,801
TR	Turkey	1,608	265	1	1,874
UA	Ukraine	0	131	0	131
<b>E7</b>	<b>AMERICA</b>	<b>18,303</b>	<b>30,209</b>	<b>36</b>	<b>48,548</b>
<b>E8</b>	<b>NORTH AMERICA</b>	12,943	23,766	35	36,744
	of which:				
CA	Canada	125	1,915	1	2,041
US	USA	12,818	21,851	34	34,703
<b>E9</b>	<b>CENTRAL AMERICA</b>	5,265	6,208	1	11,474
	of which:				
AN	Netherlands Antilles	528	835	0	1,363
BB	Barbados	2	0	0	2
BM	Bermuda	991	11	0	1,002
BS	Bahamas	4	0	0	4
BZ	Belize	0	150	0	150
KY	Cayman Islands	2,952	5,212	1	8,165
VG	British Virgin Islands	784	0	0	784
MX	Mexico	4	0	0	4
<b>F1</b>	<b>SOUTH AMERICA</b>	95	235	0	330
	of which:				
AR	Argentina	0	2	0	2
BR	Brazil	93	1	0	94

**RESIDENTS' PORTFOLIO INVESTMENT ABROAD AS AT 31 DECEMBER 2006\* - continued**  
broken down by territory and type of security

Eurostat/OECD Code	Geographical and economic zones	in CZK millions			Total
		Equity securities	Long-term bonds	Short-term bonds	
EC	Ecuador		232	0	232
PE	Peru	1	0	0	1
UY	Uruguay	1	0	0	1
<b>F2</b>	<b>ASIA</b>	<b>2,034</b>	<b>1,575</b>	<b>0</b>	<b>3,609</b>
	of which:				
CN	China	842	0	0	842
HK	Hong Kong	419	0	0	419
ID	Indonesia	10	0	0	10
IL	Israel	28	0	0	28
IN	India	6	0	0	6
IQ	Iraq		1,038		1,038
JP	Japan	582	15	0	597
KR	Korea	107	0	0	107
KZ	Kazakhstan	0	522	0	522
SG	Singapore	13	0	0	13
TW	Taiwan	18	0	0	18
TH	Thailand	9	0	0	9
<b>F7</b>	<b>AUSTRALIA AND OCEANIA</b>	<b>14</b>	<b>1,761</b>	<b>1</b>	<b>1,776</b>
	of which:				
MH	Marshall Islands	2	0	0	2
AU	Australia	12	1,761	1	1,774
<b>E4</b>	<b>AFRICA</b>	<b>219</b>	<b>124</b>	<b>0</b>	<b>343</b>
	of which:				
CI	Ivory Coast	0	1	0	1
EG	Egypt	5	0	0	5
GQ	Equatorial Guinea		123		123
LR	Liberia	2	0	0	2
MU	Mauritius	195	0	0	195
ZA	South Africa	17	0	0	17
<b>A1</b>	<b>Total</b>	<b>202,123</b>	<b>325,697</b>	<b>4,170</b>	<b>531,990</b>

\* - preliminary data



## INTERNATIONAL INVESTMENT POSITION

in CZK millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>ASSETS</b>	<b>1,347,954.9</b>	<b>1,448,400.7</b>	<b>1,544,963.0</b>	<b>1,579,922.9</b>	<b>1,537,284.6</b>	<b>1,549,333.7</b>	<b>1,875,403.8</b>	<b>1,894,747.4</b>
<b>Direct investment abroad</b>	<b>25,114.9</b>	<b>27,899.3</b>	<b>41,176.1</b>	<b>44,397.1</b>	<b>58,581.5</b>	<b>84,087.4</b>	<b>88,772.7</b>	<b>105,600.0</b>
Equity capital	22,415.9	24,797.5	37,633.6	39,472.1	50,965.5	70,664.0	80,061.1	96,510.0
Other capital	2,699.0	3,101.8	3,542.5	4,925.0	7,616.0	13,423.4	8,711.6	9,090.0
<b>Portfolio investment</b>	<b>104,345.3</b>	<b>180,431.3</b>	<b>185,138.6</b>	<b>274,344.7</b>	<b>343,968.7</b>	<b>372,237.6</b>	<b>467,808.5</b>	<b>531,990.4</b>
Equity securities	66,318.2	92,222.9	68,675.5	86,464.7	47,337.7	76,121.3	146,957.6	202,122.7
Debt securities	38,027.1	88,208.4	116,463.1	187,880.0	296,631.0	296,116.3	320,850.9	329,867.7
<b>Financial derivatives</b>		<b>6,347.2</b>	<b>15,754.8</b>	<b>31,213.2</b>	<b>24,129.5</b>	<b>39,695.3</b>	<b>42,556.2</b>	<b>53,456.0</b>
<b>Other investment</b>	<b>757,065.5</b>	<b>736,903.7</b>	<b>778,435.7</b>	<b>515,356.2</b>	<b>419,090.0</b>	<b>417,071.9</b>	<b>549,564.4</b>	<b>547,063.3</b>
Long-term	323,131.1	315,625.5	310,133.9	179,639.6	157,598.6	118,432.7	136,314.1	129,684.5
CNB		329.1	307.3	280.9	468.4	600.0	3,184.5	2,993.8
Commercial banks	89,900.1	75,537.9	79,663.7	67,966.9	66,121.3	58,137.8	83,231.1	87,666.1
Government	210,221.3	220,777.8	210,694.9	97,156.8	79,483.9	48,574.9	38,408.5	29,894.6
Other sectors	23,009.7	18,980.7	19,468.0	14,235.0	11,525.0	11,120.0	11,490.0	9,130.0
Short-term	433,934.4	421,278.2	468,301.8	335,716.6	261,491.4	298,639.2	413,250.3	417,378.8
CNB		52.9	51.2	376.7	98.8	71.7	71.1	131.3
Commercial banks	336,117.2	314,115.3	359,638.5	213,815.4	161,150.2	184,588.0	273,879.1	233,927.5
of which gold and foreign exchange	218,995.8	228,961.7	257,138.6	163,032.9	115,884.8	128,119.8	198,042.8	166,580.8
Government			87.1	2,324.5	102.4	9.5	0.1	
Other sectors	97,817.2	107,110.0	108,525.0	119,200.0	100,140.0	113,970.0	139,300.0	183,320.0
<b>CNB reserve assets</b>	<b>461,429.2</b>	<b>496,819.2</b>	<b>524,457.8</b>	<b>714,611.7</b>	<b>691,514.9</b>	<b>636,241.5</b>	<b>726,702.0</b>	<b>656,637.7</b>
Gold	677.0	4,640.4	4,469.9	4,653.8	4,784.3	4,253.9	5,526.8	5,690.9
SDR		7.7	31.0	137.1	238.7	118.0	289.8	346.0
Reserve position in the IMF		116.0	5,478.3	7,081.5	11,949.9	9,137.5	4,447.7	2,324.6
Foreign exchange	460,752.2	491,001.2	514,188.0	686,516.1	674,451.8	622,606.4	716,315.2	648,192.1
Other reserve assets		1,053.9	290.6	16,223.2	90.2	125.7	122.5	84.1
<b>LIABILITIES</b>	<b>1,458,893.3</b>	<b>1,640,270.0</b>	<b>1,789,030.7</b>	<b>1,977,177.7</b>	<b>2,064,768.3</b>	<b>2,374,328.4</b>	<b>2,710,646.3</b>	<b>2,928,764.2</b>
<b>Direct investment in the Czech Republic</b>	<b>631,505.3</b>	<b>818,411.6</b>	<b>982,335.0</b>	<b>1,165,529.1</b>	<b>1,161,783.6</b>	<b>1,280,594.8</b>	<b>1,491,564.0</b>	<b>1,617,053.0</b>
Equity capital	538,379.3	702,217.8	837,537.3	1,013,102.9	1,009,391.8	1,121,842.3	1,316,101.8	1,433,723.0
Other capital	93,126.0	116,193.8	144,797.7	152,426.2	152,391.8	158,752.5	175,462.2	183,330.0
<b>Portfolio investment</b>	<b>165,579.2</b>	<b>164,592.0</b>	<b>180,346.2</b>	<b>201,120.0</b>	<b>223,620.4</b>	<b>381,019.4</b>	<b>437,806.0</b>	<b>487,994.5</b>
Equity securities	98,011.8	115,670.6	128,740.1	128,097.7	140,788.6	208,872.1	220,495.8	241,594.8
Debt securities	67,567.4	48,921.4	51,606.1	73,022.3	82,831.8	172,147.3	217,310.2	246,399.7
<b>Financial derivatives</b>		<b>5,307.9</b>	<b>11,495.2</b>	<b>22,671.9</b>	<b>19,448.3</b>	<b>31,806.1</b>	<b>31,868.4</b>	<b>36,444.7</b>
<b>Other investments</b>	<b>661,808.8</b>	<b>651,958.5</b>	<b>614,854.3</b>	<b>587,856.7</b>	<b>659,916.0</b>	<b>680,908.1</b>	<b>749,407.9</b>	<b>787,272.0</b>
Long-term	379,172.2	352,323.4	332,593.2	326,321.3	360,279.2	373,456.4	417,645.7	448,883.2
CNB	197.1	180.4	133.4	114.5	96.1	70.2	47.8	27.2
Commercial banks	118,368.9	84,607.4	73,688.6	63,541.0	58,056.3	52,020.8	51,639.8	62,263.6
Government	20,852.9	19,699.2	9,476.2	9,475.8	22,456.0	32,065.4	52,322.1	61,236.4
Other sectors	239,753.3	247,836.4	249,295.0	253,190.0	279,670.8	289,300.0	313,636.0	325,356.0
Short-term	282,636.6	299,635.1	282,261.1	261,535.4	299,636.8	307,451.7	331,762.2	338,388.8
CNB	25.8	8.8	68.5	44.2	22.8	866.5	5,926.5	1,779.0
Commercial banks	229,988.7	226,176.2	190,487.6	176,196.2	208,534.0	185,025.2	201,315.7	193,934.8
Government								
Other sectors	52,622.1	73,450.1	91,705.0	85,295.0	91,080.0	121,560.0	124,520.0	142,675.0
<b>NET INVESTMENT POSITION</b>	<b>-110,938.4</b>	<b>-191,869.3</b>	<b>-244,067.7</b>	<b>-397,254.8</b>	<b>-527,483.7</b>	<b>-824,994.7</b>	<b>-835,242.5</b>	<b>-1,034,016.8</b>

1) revised data

2) preliminary data

## INTERNATIONAL INVESTMENT POSITION

in EUR millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>ASSETS</b>	<b>37,308.5</b>	<b>41,276.8</b>	<b>48,310.3</b>	<b>49,997.6</b>	<b>47,439.8</b>	<b>50,856.2</b>	<b>64,657.9</b>	<b>68,912.4</b>
<b>Direct investment abroad</b>	<b>695.1</b>	<b>795.1</b>	<b>1,287.6</b>	<b>1,405.0</b>	<b>1,807.8</b>	<b>2,760.1</b>	<b>3,060.6</b>	<b>3,840.7</b>
Equity capital	620.4	706.7	1,176.8	1,249.1	1,572.8	2,319.5	2,760.2	3,510.1
Other capital	74.7	88.4	110.8	155.9	235.0	440.6	300.4	330.6
<b>Portfolio investment</b>	<b>2,888.1</b>	<b>5,142.0</b>	<b>5,789.2</b>	<b>8,681.8</b>	<b>10,614.7</b>	<b>12,218.6</b>	<b>16,128.5</b>	<b>19,348.6</b>
Equity securities	1,835.6	2,628.2	2,147.5	2,736.2	1,460.8	2,498.7	5,066.6	7,351.2
Debt securities	1,052.5	2,513.8	3,641.7	5,945.6	9,153.9	9,719.9	11,061.9	11,997.4
<b>Financial derivatives</b>		<b>180.9</b>	<b>492.6</b>	<b>987.8</b>	<b>744.6</b>	<b>1,303.0</b>	<b>1,467.2</b>	<b>1,944.2</b>
<b>Other investment</b>	<b>20,954.0</b>	<b>21,000.4</b>	<b>24,341.3</b>	<b>16,308.7</b>	<b>12,932.9</b>	<b>13,690.2</b>	<b>18,947.2</b>	<b>19,896.8</b>
Long-term	8,943.6	8,994.8	9,697.8	5,684.8	4,863.4	3,887.5	4,699.7	4,716.6
CNB		9.4	9.6	8.9	14.4	19.7	109.8	108.9
Commercial banks	2,488.3	2,152.7	2,491.1	2,150.8	2,040.5	1,908.3	2,869.6	3,188.4
Government	5,818.5	6,291.8	6,588.3	3,074.6	2,452.8	1,594.5	1,324.2	1,087.3
Other sectors	636.8	540.9	608.8	450.5	355.7	365.0	396.1	332.0
Short-term	12,010.4	12,005.6	14,643.5	10,623.9	8,069.5	9,802.7	14,247.5	15,180.2
CNB		1.5	1.6	11.9	3.0	2.4	2.4	4.8
Commercial banks	9,303.0	8,951.7	11,245.7	6,766.3	4,973.0	6,059.0	9,442.5	8,508.0
of which gold and foreign exchange	6,061.3	6,525.0	8,040.6	5,159.3	3,576.1	4,205.5	6,827.9	6,058.6
Government			2.7	73.6	3.2	0.3		
Other sectors	2,707.4	3,052.4	3,393.5	3,772.1	3,090.3	3,741.0	4,802.6	6,667.4
<b>CNB reserve assets</b>	<b>12,771.3</b>	<b>14,158.4</b>	<b>16,399.6</b>	<b>22,614.3</b>	<b>21,339.8</b>	<b>20,884.3</b>	<b>25,054.4</b>	<b>23,882.1</b>
Gold	18.7	132.3	139.8	147.3	147.6	139.6	190.6	207.0
SDR		0.2	1.0	4.3	7.4	3.9	10.0	12.6
Reserve position in the IMF		3.3	171.3	224.1	368.8	299.9	153.3	84.5
Foreign exchange	12,752.6	13,992.6	16,078.4	21,725.2	20,813.2	20,436.8	24,696.3	23,574.9
Other reserve assets		30.0	9.1	513.4	2.8	4.1	4.2	3.1
<b>LIABILITIES</b>	<b>40,379.0</b>	<b>46,744.7</b>	<b>55,942.2</b>	<b>62,568.9</b>	<b>63,717.6</b>	<b>77,936.3</b>	<b>93,454.4</b>	<b>106,519.9</b>
<b>Direct investment in the Czech Republic</b>	<b>17,478.7</b>	<b>23,323.2</b>	<b>30,717.2</b>	<b>36,883.8</b>	<b>35,852.0</b>	<b>42,035.0</b>	<b>51,424.4</b>	<b>58,812.6</b>
Equity capital	14,901.2	20,011.9	26,189.4	32,060.2	31,149.3	36,824.0	45,375.0	52,144.9
Other capital	2,577.5	3,311.3	4,527.8	4,823.6	4,702.7	5,211.0	6,049.4	6,667.7
<b>Portfolio investment</b>	<b>4,582.8</b>	<b>4,690.6</b>	<b>5,639.3</b>	<b>6,364.6</b>	<b>6,900.8</b>	<b>12,506.8</b>	<b>15,094.1</b>	<b>17,748.5</b>
Equity securities	2,712.7	3,296.4	4,025.6	4,053.7	4,344.7	6,856.2	7,602.0	8,786.9
Debt securities	1,870.1	1,394.2	1,613.7	2,310.9	2,556.1	5,650.6	7,492.1	8,961.6
<b>Financial derivatives</b>		<b>151.3</b>	<b>359.5</b>	<b>717.5</b>	<b>600.1</b>	<b>1,044.0</b>	<b>1,098.7</b>	<b>1,325.5</b>
<b>Other investments</b>	<b>18,317.5</b>	<b>18,579.6</b>	<b>19,226.2</b>	<b>18,603.0</b>	<b>20,364.7</b>	<b>22,350.5</b>	<b>25,837.2</b>	<b>28,633.3</b>
Long-term	10,494.7	10,040.5	10,400.0	10,326.6	11,118.1	12,258.5	14,399.1	16,326.0
CNB	5.5	5.1	4.2	3.6	3.0	2.3	1.6	1.0
Commercial banks	3,276.2	2,411.1	2,304.2	2,010.8	1,791.6	1,707.5	1,780.4	2,264.5
Government	577.2	561.4	296.3	299.9	693.0	1,052.5	1,803.9	2,227.2
Other sectors	6,635.8	7,062.9	7,795.3	8,012.3	8,630.5	9,496.2	10,813.2	11,833.3
Short-term	7,822.8	8,539.1	8,826.2	8,276.4	9,246.6	10,092.0	11,438.1	12,307.3
CNB	0.7	0.3	2.1	1.4	0.7	28.4	204.3	64.7
Commercial banks	6,365.6	6,445.6	5,956.5	5,575.8	6,435.2	6,073.4	6,940.7	7,053.5
Government								
Other sectors	1,456.5	2,093.2	2,867.6	2,699.2	2,810.7	3,990.2	4,293.1	5,189.1
<b>NET INVESTMENT POSITION</b>	<b>-3,070.5</b>	<b>-5,467.9</b>	<b>-7,631.9</b>	<b>-12,571.3</b>	<b>-16,277.8</b>	<b>-27,080.1</b>	<b>-28,796.5</b>	<b>-37,607.5</b>

1) revised data

2) preliminary data

## INTERNATIONAL INVESTMENT POSITION

in USD millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>ASSETS</b>	<b>37,465.0</b>	<b>38,304.3</b>	<b>42,609.1</b>	<b>52,417.7</b>	<b>59,923.8</b>	<b>69,274.9</b>	<b>76,273.2</b>	<b>90,762.0</b>
<b>Direct investment abroad</b>	<b>698.0</b>	<b>737.8</b>	<b>1,135.6</b>	<b>1,473.0</b>	<b>2,283.5</b>	<b>3,759.8</b>	<b>3,610.4</b>	<b>5,058.4</b>
Equity capital	623.0	655.8	1,037.9	1,309.6	1,986.6	3,159.6	3,256.1	4,623.0
Other capital	75.0	82.0	97.7	163.4	296.9	600.2	354.3	435.4
<b>Portfolio investment</b>	<b>2,900.2</b>	<b>4,771.7</b>	<b>5,106.0</b>	<b>9,102.0</b>	<b>13,408.0</b>	<b>16,643.7</b>	<b>19,025.9</b>	<b>25,483.4</b>
Equity securities	1,843.3	2,438.9	1,894.0	2,868.7	1,845.2	3,403.6	5,976.8	9,682.1
Debt securities	1,056.9	2,332.8	3,212.0	6,233.3	11,562.8	13,240.1	13,049.1	15,801.3
<b>Financial derivatives</b>		<b>167.8</b>	<b>434.5</b>	<b>1,035.6</b>	<b>940.6</b>	<b>1,774.9</b>	<b>1,730.8</b>	<b>2,560.6</b>
<b>Other investment</b>	<b>21,041.9</b>	<b>19,488.1</b>	<b>21,468.8</b>	<b>17,098.2</b>	<b>16,336.3</b>	<b>18,648.4</b>	<b>22,350.9</b>	<b>26,205.4</b>
Long-term	8,981.1	8,347.0	8,553.3	5,960.0	6,143.3	5,295.4	5,543.9	6,212.1
CNB		8.7	8.5	9.3	18.3	26.8	129.5	143.4
Commercial banks	2,498.7	1,997.7	2,197.1	2,255.0	2,577.4	2,599.5	3,385.0	4,199.4
Government	5,842.9	5,838.7	5,810.8	3,223.4	3,098.3	2,171.9	1,562.1	1,432.0
Other sectors	639.5	501.9	536.9	472.3	449.3	497.2	467.3	437.3
Short-term	12,060.8	11,141.1	12,915.5	11,138.2	10,193.0	13,353.0	16,807.0	19,993.3
CNB		1.4	1.4	12.5	3.8	3.2	2.9	6.3
Commercial banks	9,342.1	8,307.1	9,918.6	7,093.8	6,281.7	8,253.5	11,138.7	11,205.6
of which gold and foreign exchange	6,086.8	6,055.1	7,091.7	5,409.0	4,517.2	5,728.6	8,054.4	7,979.5
Government			2.4	77.1	4.0	0.4		
Other sectors	2,718.7	2,832.6	2,993.1	3,954.8	3,903.5	5,095.9	5,665.4	8,781.4
<b>CNB reserve assets</b>	<b>12,824.9</b>	<b>13,138.9</b>	<b>14,464.2</b>	<b>23,708.9</b>	<b>26,955.4</b>	<b>28,448.1</b>	<b>29,555.2</b>	<b>31,454.2</b>
Gold	18.8	122.7	123.3	154.4	186.5	190.2	224.8	272.6
SDR		0.2	0.8	4.6	9.3	5.3	11.8	16.6
Reserve position in the IMF		3.1	151.1	234.9	465.8	408.6	180.9	111.4
Foreign exchange	12,806.1	12,985.0	14,181.0	22,776.8	26,290.3	27,838.4	29,132.7	31,049.6
Other reserve assets		27.9	8.0	538.2	3.5	5.6	5.0	4.0
<b>LIABILITIES</b>	<b>40,548.4</b>	<b>43,378.5</b>	<b>49,340.3</b>	<b>65,597.6</b>	<b>80,485.3</b>	<b>106,162.7</b>	<b>110,242.7</b>	<b>140,293.4</b>
<b>Direct investment in the Czech Republic</b>	<b>17,552.0</b>	<b>21,643.7</b>	<b>27,092.2</b>	<b>38,669.2</b>	<b>45,286.7</b>	<b>57,258.9</b>	<b>60,662.3</b>	<b>77,459.9</b>
Equity capital	14,963.7	18,570.8	23,098.8	33,612.1	39,346.4	50,160.6	53,526.2	68,678.0
Other capital	2,588.3	3,072.9	3,993.4	5,057.1	5,940.3	7,098.3	7,136.1	8,781.9
<b>Portfolio investment</b>	<b>4,602.1</b>	<b>4,352.8</b>	<b>4,973.8</b>	<b>6,672.6</b>	<b>8,716.8</b>	<b>17,036.4</b>	<b>17,805.7</b>	<b>23,375.9</b>
Equity securities	2,724.1	3,059.0	3,550.6	4,249.9	5,488.0	9,339.2	8,967.6	11,572.9
Debt securities	1,878.0	1,293.8	1,423.2	2,422.7	3,228.8	7,697.2	8,838.1	11,803.0
<b>Financial derivatives</b>		<b>140.4</b>	<b>317.0</b>	<b>752.2</b>	<b>758.1</b>	<b>1,422.2</b>	<b>1,296.1</b>	<b>1,745.8</b>
<b>Other investments</b>	<b>18,394.3</b>	<b>17,241.6</b>	<b>16,957.3</b>	<b>19,503.6</b>	<b>25,723.7</b>	<b>30,445.2</b>	<b>30,478.6</b>	<b>37,711.8</b>
Long-term	10,538.7	9,317.5	9,172.7	10,826.5	14,043.8	16,698.2	16,985.8	21,502.4
CNB	5.5	4.8	3.7	3.8	3.7	3.1	1.9	1.3
Commercial banks	3,289.9	2,237.5	2,032.3	2,108.1	2,263.1	2,326.0	2,100.2	2,982.6
Government	579.6	521.0	261.3	314.4	875.4	1,433.7	2,128.0	2,933.3
Other sectors	6,663.7	6,554.2	6,875.4	8,400.2	10,901.6	12,935.4	12,755.7	15,585.2
Short-term	7,855.6	7,924.1	7,784.6	8,677.1	11,679.9	13,747.0	13,492.8	16,209.4
CNB	0.7	0.2	1.9	1.5	0.9	38.7	241.1	85.2
Commercial banks	6,392.3	5,981.4	5,253.5	5,845.7	8,128.7	8,273.0	8,187.5	9,289.8
Government								
Other sectors	1,462.6	1,942.5	2,529.2	2,829.9	3,550.3	5,435.3	5,064.2	6,834.4
<b>NET INVESTMENT POSITION</b>	<b>-3,083.4</b>	<b>-5,074.2</b>	<b>-6,731.2</b>	<b>-13,179.9</b>	<b>-20,561.5</b>	<b>-36,887.8</b>	<b>-33,969.5</b>	<b>-49,531.4</b>

1) revised data

2) preliminary data

**EXTERNAL DEBT**  
by debtor and creditor

in CZK millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>DEBT IN CONVERTIBLE CURRENCIES</b>	<b>813,576.5</b>	<b>808,122.8</b>	<b>811,258.1</b>	<b>813,305.2</b>	<b>895,139.6</b>	<b>1,011,807.9</b>	<b>1,142,180.3</b>	<b>1,217,001.7</b>
of which:								
<b>Long-term</b>	<b>497,872.1</b>	<b>464,323.8</b>	<b>465,687.8</b>	<b>498,833.8</b>	<b>535,995.9</b>	<b>667,327.6</b>	<b>783,533.1</b>	<b>844,844.5</b>
<i>by debtor</i>								
CNB	12,527.6	180.4	133.4	114.5	96.1	70.2	47.8	27.2
Commercial banks	128,703.3	95,737.1	88,401.4	80,063.7	73,276.4	64,346.5	65,418.9	76,426.6
Government	32,303.5	29,753.5	30,839.2	47,701.3	69,029.9	147,729.1	221,003.4	246,569.8
Other sectors	324,337.7	338,652.8	346,313.8	370,954.3	393,593.5	455,181.8	497,063.0	521,820.9
<i>by creditor</i>								
Foreign banks	257,410.0	228,709.6	229,305.5	230,589.8	251,535.3	269,081.3	276,594.3	304,855.9
Government institutions	4,239.2	3,405.7	2,373.6	1,747.2			9,636.0	9,555.5
Multilateral institutions	58,202.2	67,521.2	70,879.0	69,894.7	83,779.6	84,862.4	105,187.7	109,106.6
Suppliers and direct investors	93,831.4	99,560.2	105,944.3	118,829.4	109,287.9	143,301.2	170,586.6	170,625.0
Other investors	84,189.3	65,127.1	57,185.4	77,772.7	91,393.1	170,082.7	221,528.5	250,701.5
<b>Short-term</b>	<b>315,704.4</b>	<b>343,799.0</b>	<b>345,570.3</b>	<b>314,471.4</b>	<b>359,143.7</b>	<b>344,480.3</b>	<b>358,647.2</b>	<b>372,157.2</b>
<i>by debtor</i>								
CNB	25.8	8.8	68.5	44.2	22.8	866.5	5,926.5	1,779.0
Commercial banks	230,000.5	226,246.1	192,438.4	177,474.4	210,017.0	188,495.9	202,616.9	196,648.2
Government	7.0	2,115.0	465.0	761.0	710.0	3,334.6	1,102.4	350.0
Other sectors	85,671.1	115,429.1	152,598.4	136,191.8	148,393.9	151,783.3	149,001.4	173,380.0
<i>by creditor</i>								
Foreign banks	201,808.8	203,333.8	192,126.4	168,200.7	218,436.1	202,372.6	197,820.7	192,668.8
Multilateral institutions						861.3	5,918.8	1,768.2
Suppliers and direct investors	81,794.6	106,988.6	116,278.4	112,256.8	105,563.9	98,611.3	102,235.6	123,495.0
Other investors	32,101.0	33,476.6	37,165.5	34,013.9	35,143.7	42,635.1	52,672.1	54,225.2
<b>DEBT IN NON-CONVERTIBLE CURRENCIES</b>	<b>8,925.7</b>	<b>8,950.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
of which:								
Long-term	8,925.7	8,950.9						
Short-term								
<b>TOTAL EXTERNAL DEBT</b>	<b>822,502.2</b>	<b>817,073.7</b>	<b>811,258.1</b>	<b>813,305.2</b>	<b>895,139.6</b>	<b>1,011,807.9</b>	<b>1,142,180.3</b>	<b>1,217,001.7</b>
of which:								
Long-term	506,797.8	473,274.7	465,687.8	498,833.8	535,995.9	667,327.6	783,533.1	844,844.5
Short-term	315,704.4	343,799.0	345,570.3	314,471.4	359,143.7	344,480.3	358,647.2	372,157.2
<b>Total long-term debt</b>	<b>506,797.8</b>	<b>473,274.7</b>	<b>465,687.8</b>	<b>498,833.8</b>	<b>535,995.9</b>	<b>667,327.6</b>	<b>783,533.1</b>	<b>844,844.5</b>
of which:								
- IMF loans								
- Liabilities of government sector and guaranteed by government, and of entities majority-owned by state	254,398.0	245,389.0	203,102.3	207,325.2	222,120.9	272,202.1	322,498.4	324,907.2
- Liabilities of entities with majority private ownership	252,399.8	227,885.7	262,585.5	291,508.6	313,875.0	395,125.5	461,034.7	519,937.3

1) revised data

2) preliminary data

**EXTERNAL DEBT**  
by debtor and creditor

in EUR millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>DEBT IN CONVERTIBLE CURRENCIES</b>	<b>22,518.1</b>	<b>23,030.0</b>	<b>25,367.7</b>	<b>25,737.5</b>	<b>27,623.5</b>	<b>33,212.1</b>	<b>39,378.7</b>	<b>44,262.6</b>
of which:								
<b>Long-term</b>	<b>13,780.1</b>	<b>13,232.3</b>	<b>14,561.9</b>	<b>15,785.9</b>	<b>16,540.5</b>	<b>21,904.7</b>	<b>27,013.7</b>	<b>30,727.2</b>
<i>by debtor</i>								
CNB	346.8	5.1	4.2	3.6	3.0	2.3	1.6	1.0
Commercial banks	3,562.2	2,728.3	2,764.3	2,533.7	2,261.3	2,112.1	2,255.4	2,779.6
Government	894.1	847.9	964.3	1,509.5	2,130.2	4,849.1	7,619.5	8,967.8
Other sectors	8,977.0	9,651.0	10,829.1	11,739.1	12,146.0	14,941.2	17,137.2	18,978.8
<i>by creditor</i>								
Foreign banks	7,124.6	6,517.8	7,170.3	7,297.2	7,762.2	8,832.5	9,536.1	11,087.7
Government institutions	117.3	97.0	74.2	55.3			332.2	347.5
Multilateral institutions	1,610.9	1,924.2	2,216.4	2,211.9	2,585.4	2,785.5	3,626.5	3,968.2
Suppliers and direct investors	2,597.1	2,837.3	3,312.8	3,760.4	3,372.6	4,703.8	5,881.3	6,205.7
Other investors	2,330.2	1,856.0	1,788.2	2,461.1	2,820.3	5,582.9	7,637.6	9,118.1
<b>Short-term</b>	<b>8,738.0</b>	<b>9,797.7</b>	<b>10,805.8</b>	<b>9,951.6</b>	<b>11,083.0</b>	<b>11,307.4</b>	<b>12,365.0</b>	<b>13,535.4</b>
<i>by debtor</i>								
CNB	0.7	0.3	2.1	1.4	0.7	28.4	204.3	64.7
Commercial banks	6,365.9	6,447.6	6,017.5	5,616.3	6,481.0	6,187.3	6,985.6	7,152.2
Government	0.2	60.3	14.5	24.1	21.9	109.5	38.0	12.7
Other sectors	2,371.2	3,289.5	4,771.7	4,309.8	4,579.4	4,982.2	5,137.1	6,305.8
<i>by creditor</i>								
Foreign banks	5,585.6	5,794.7	6,007.7	5,322.8	6,740.8	6,642.8	6,820.2	7,007.4
Multilateral institutions						28.3	204.0	64.3
Suppliers and direct investors	2,263.9	3,049.0	3,636.0	3,552.4	3,257.7	3,236.8	3,524.8	4,491.5
Other investors	888.5	954.0	1,162.1	1,076.4	1,084.5	1,399.5	1,816.0	1,972.2
<b>DEBT IN NON-CONVERTIBLE CURRENCIES</b>	<b>247.0</b>	<b>255.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
of which:								
Long-term	247.0	255.1						
Short-term								
<b>TOTAL EXTERNAL DEBT</b>	<b>22,765.1</b>	<b>23,285.1</b>	<b>25,367.7</b>	<b>25,737.5</b>	<b>27,623.5</b>	<b>33,212.1</b>	<b>39,378.7</b>	<b>44,262.6</b>
of which:								
Long-term	14,027.1	13,487.4	14,561.9	15,785.9	16,540.5	21,904.7	27,013.7	30,727.2
Short-term	8,738.0	9,797.7	10,805.8	9,951.6	11,083.0	11,307.4	12,365.0	13,535.4
<b>Total long-term debt</b>	<b>14,027.1</b>	<b>13,487.4</b>	<b>14,561.9</b>	<b>15,785.9</b>	<b>16,540.5</b>	<b>21,904.7</b>	<b>27,013.7</b>	<b>30,727.2</b>
of which:								
- IMF loans								
- Liabilities of government sector and guaranteed by government, and of entities majority-owned by state	7,041.2	6,993.1	6,350.9	6,560.9	6,854.5	8,934.9	11,118.7	11,817.0
- Liabilities of entities with majority private ownership	6,985.9	6,494.3	8,211.0	9,225.0	9,686.0	12,969.8	15,895.0	18,910.2

1) revised data

2) preliminary data

**EXTERNAL DEBT**  
by debtor and creditor

in USD millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>DEBT IN CONVERTIBLE CURRENCIES</b>	<b>22,612.5</b>	<b>21,371.6</b>	<b>22,374.0</b>	<b>26,983.4</b>	<b>34,892.8</b>	<b>45,240.7</b>	<b>46,452.8</b>	<b>58,296.7</b>
of which:								
<b>Long-term</b>	<b>13,837.9</b>	<b>12,279.5</b>	<b>12,843.4</b>	<b>16,550.0</b>	<b>20,893.3</b>	<b>29,838.0</b>	<b>31,866.5</b>	<b>40,469.7</b>
<i>by debtor</i>								
CNB	348.2	4.8	3.7	3.8	3.7	3.1	1.9	1.3
Commercial banks	3,577.2	2,531.8	2,438.1	2,656.3	2,856.4	2,877.1	2,660.6	3,661.0
Government	897.9	786.9	850.5	1,582.6	2,690.8	6,605.4	8,988.3	11,811.1
Other sectors	9,014.6	8,956.0	9,551.1	12,307.3	15,342.4	20,352.4	20,215.7	24,996.3
<i>by creditor</i>								
Foreign banks	7,154.4	6,048.4	6,324.1	7,650.4	9,804.9	12,031.3	11,249.2	14,603.2
Government institutions	117.8	90.1	65.5	58.0			391.9	457.7
Multilateral institutions	1,617.7	1,785.7	1,954.8	2,318.9	3,265.8	3,794.4	4,278.0	5,226.4
Suppliers and direct investors	2,608.0	2,633.0	2,921.9	3,942.4	4,260.1	6,407.4	6,937.8	8,173.3
Other investors	2,340.0	1,722.3	1,577.1	2,580.3	3,562.5	7,604.9	9,009.6	12,009.1
<b>Short-term</b>	<b>8,774.6</b>	<b>9,092.1</b>	<b>9,530.6</b>	<b>10,433.4</b>	<b>13,999.5</b>	<b>15,402.7</b>	<b>14,586.3</b>	<b>17,827.0</b>
<i>by debtor</i>								
CNB	0.7	0.2	1.9	1.5	0.9	38.7	241.1	85.2
Commercial banks	6,392.6	5,983.3	5,307.3	5,888.1	8,186.5	8,428.2	8,240.5	9,419.8
Government	0.2	55.9	12.8	25.3	27.7	149.1	44.8	16.8
Other sectors	2,381.1	3,052.7	4,208.6	4,518.5	5,784.4	6,786.7	6,059.9	8,305.2
<i>by creditor</i>								
Foreign banks	5,609.1	5,377.4	5,298.7	5,580.5	8,514.7	9,048.6	8,045.4	9,229.2
Multilateral institutions						38.5	240.7	84.7
Suppliers and direct investors	2,273.3	2,829.4	3,206.9	3,724.4	4,114.9	4,409.2	4,158.0	5,915.6
Other investors	892.2	885.3	1,025.0	1,128.5	1,369.9	1,906.4	2,142.2	2,597.5
<b>DEBT IN NON-CONVERTIBLE CURRENCIES</b>	<b>248.1</b>	<b>236.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
of which:								
Long-term	248.1	236.7						
Short-term								
<b>TOTAL EXTERNAL DEBT</b>	<b>22,860.6</b>	<b>21,608.3</b>	<b>22,374.0</b>	<b>26,983.4</b>	<b>34,892.8</b>	<b>45,240.7</b>	<b>46,452.8</b>	<b>58,296.7</b>
of which:								
Long-term	14,086.0	12,516.2	12,843.4	16,550.0	20,893.3	29,838.0	31,866.5	40,469.7
Short-term	8,774.6	9,092.1	9,530.6	10,433.4	13,999.5	15,402.7	14,586.3	17,827.0
<b>Total long-term debt</b>	<b>14,086.0</b>	<b>12,516.2</b>	<b>12,843.4</b>	<b>16,550.0</b>	<b>20,893.3</b>	<b>29,838.0</b>	<b>31,866.5</b>	<b>40,469.7</b>
of which:								
- IMF loans								
- Liabilities of government sector and guaranteed by government, and of entities majority-owned by state	7,070.8	6,489.5	5,601.4	6,878.5	8,658.3	12,170.9	13,116.1	15,563.7
- Liabilities of entities with majority private ownership	7,015.2	6,026.7	7,242.0	9,671.5	12,235.0	17,667.1	18,750.4	24,906.0

1) revised data

2) preliminary data

**EXTERNAL DEBT**  
by instrument

in CZK millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>I. Government</b>	<b>41,236.2</b>	<b>40,819.4</b>	<b>31,304.2</b>	<b>48,462.3</b>	<b>69,739.9</b>	<b>151,063.7</b>	<b>222,105.8</b>	<b>246,919.8</b>
<i>Short-term</i>	7.0	2,115.0	465.0	761.0	710.0	3,334.6	1,102.4	350.0
Money market instruments	7.0	2,115.0	465.0	761.0	710.0	3,334.6	1,102.4	350.0
Loans								
Trade credits								
Other debt liabilities								
<i>Long-term</i>	41,229.2	38,704.4	30,839.2	47,701.3	69,029.9	147,729.1	221,003.4	246,569.8
Bonds and notes	20,376.3	19,005.2	21,363.0	38,225.5	46,573.9	115,663.7	168,681.3	185,333.4
Loans	11,927.2	10,748.3	9,476.2	9,475.8	22,456.0	32,065.4	42,686.1	51,680.9
Trade credits							9,636.0	9,555.5
Other debt liabilities	8,925.7	8,950.9						
<b>II. CNB</b>	<b>12,553.4</b>	<b>189.2</b>	<b>201.9</b>	<b>158.7</b>	<b>118.9</b>	<b>936.7</b>	<b>5,974.3</b>	<b>1,806.2</b>
<i>Short-term</i>	25.8	8.8	68.5	44.2	22.8	866.5	5,926.5	1,779.0
Money market instruments								
Loans								
Deposits	25.8	8.8	68.5	44.2	22.8	866.5	5,926.5	1,779.0
Other liabilities								
<i>Long-term</i>	12,527.6	180.4	133.4	114.5	96.1	70.2	47.8	27.2
Bonds and notes	12,330.5							
Loans	197.1	168.9	133.4	114.5	96.1	70.2	47.8	27.2
Deposits								
Other liabilities		11.5						
<b>III. Commercial banks</b>	<b>358,703.8</b>	<b>321,983.2</b>	<b>280,839.8</b>	<b>257,538.1</b>	<b>283,293.4</b>	<b>252,842.4</b>	<b>268,035.8</b>	<b>273,074.8</b>
<i>Short-term</i>	230,000.5	226,246.1	192,438.4	177,474.4	210,017.0	188,495.9	202,616.9	196,648.2
Money market instruments	11.8	69.9	1,950.8	1,278.2	1,483.0	3,470.7	1,301.2	2,713.4
Loans	39,666.7	25,262.6	10,702.3	5,854.0	5,194.2	10,600.3	15,463.9	20,656.7
Deposits	172,845.7	187,663.7	167,189.3	160,882.7	195,009.1	164,499.8	173,228.7	160,313.1
Other debt liabilities	17,476.3	13,249.9	12,596.0	9,459.5	8,330.7	9,925.1	12,623.1	12,965.0
<i>Long-term</i>	128,703.3	95,737.1	88,401.4	80,063.7	73,276.4	64,346.5	65,418.9	76,426.6
Bonds and notes	10,334.4	11,129.7	14,712.8	16,522.7	15,220.1	12,325.7	13,779.1	14,163.0
Loans	91,050.7	66,994.3	51,636.7	52,752.0	49,314.3	44,290.6	41,648.5	50,987.6
Deposits	27,318.2	17,613.1	21,828.1	10,789.0	8,319.4	7,321.3	9,523.3	10,866.1
Other debt liabilities			223.8		422.6	408.9	468.0	409.9
<b>IV. Other sectors</b>	<b>316,882.8</b>	<b>337,888.1</b>	<b>354,114.5</b>	<b>354,719.9</b>	<b>389,595.6</b>	<b>448,212.6</b>	<b>470,602.2</b>	<b>511,870.9</b>
<i>Short-term</i>	53,776.5	73,580.5	91,705.0	85,295.0	91,080.0	123,432.0	125,465.8	142,675.0
Money market instruments	1,154.4	130.4				1,872.0	945.8	
Loans	2,722.1	8,310.1	36,320.0	23,935.0	42,830.0	51,300.0	45,820.0	49,885.0
Deposits								
Trade credits	49,900.0	65,140.0	55,385.0	61,360.0	48,250.0	70,260.0	78,700.0	92,790.0
Other debt liabilities								
<i>Long-term</i>	263,106.3	264,307.6	262,409.5	269,424.9	298,515.6	324,780.6	345,136.4	369,195.9
Bonds and notes	23,353.0	16,471.2	13,114.5	16,234.9	18,844.8	35,480.6	31,500.4	43,839.9
Loans	207,153.3	222,621.4	227,255.0	235,890.0	255,520.0	270,490.0	288,180.0	300,560.0
Deposits								
Trade credits	32,600.0	25,215.0	22,040.0	17,300.0	14,210.0	12,900.0	18,660.0	18,000.0
Other debt liabilities					9,940.8	5,910.0	6,796.0	6,796.0
<b>V. Foreign direct investment: Intercompany lending</b>	<b>93,126.0</b>	<b>116,193.8</b>	<b>144,797.7</b>	<b>152,426.2</b>	<b>152,391.8</b>	<b>158,752.5</b>	<b>175,462.2</b>	<b>183,330.0</b>
Liabilities to affiliated enterprises								
Liabilities to direct investors	93,126.0	116,193.8	144,797.7	152,426.2	152,391.8	158,752.5	175,462.2	183,330.0
<b>TOTAL EXTERNAL DEBT</b>	<b>822,502.2</b>	<b>817,073.7</b>	<b>811,258.1</b>	<b>813,305.2</b>	<b>895,139.6</b>	<b>1,011,807.9</b>	<b>1,142,180.3</b>	<b>1,217,001.7</b>

1) revised data

2) preliminary data

**EXTERNAL DEBT**  
by instrument

in EUR millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>I. Government</b>	<b>1,141.4</b>	<b>1,163.3</b>	<b>978.8</b>	<b>1,533.6</b>	<b>2,152.1</b>	<b>4,958.6</b>	<b>7,657.5</b>	<b>8,980.5</b>
<i>Short-term</i>	0.2	60.3	14.5	24.1	21.9	109.5	38.0	12.7
Money market instruments	0.2	60.3	14.5	24.1	21.9	109.5	38.0	12.7
Loans								
Trade credits								
Other debt liabilities								
<i>Long-term</i>	1,141.2	1,103.0	964.3	1,509.5	2,130.2	4,849.1	7,619.5	8,967.8
Bonds and notes	564.0	541.6	668.0	1,209.6	1,437.2	3,796.6	5,815.6	6,740.6
Loans	330.1	306.3	296.3	299.9	693.0	1,052.5	1,471.7	1,879.7
Trade credits							332.2	347.5
Other debt liabilities	247.1	255.1						
<b>II. CNB</b>	<b>347.5</b>	<b>5.4</b>	<b>6.3</b>	<b>5.0</b>	<b>3.7</b>	<b>30.7</b>	<b>205.9</b>	<b>65.7</b>
<i>Short-term</i>	0.7	0.3	2.1	1.4	0.7	28.4	204.3	64.7
Money market instruments								
Loans								
Deposits	0.7	0.3	2.1	1.4	0.7	28.4	204.3	64.7
Other liabilities								
<i>Long-term</i>	346.8	5.1	4.2	3.6	3.0	2.3	1.6	1.0
Bonds and notes	341.3							
Loans	5.5	4.8	4.2	3.6	3.0	2.3	1.6	1.0
Deposits								
Other liabilities		0.3						
<b>III. Commercial banks</b>	<b>9,928.1</b>	<b>9,175.9</b>	<b>8,781.8</b>	<b>8,150.0</b>	<b>8,742.3</b>	<b>8,299.4</b>	<b>9,241.0</b>	<b>9,931.8</b>
<i>Short-term</i>	6,365.9	6,447.6	6,017.5	5,616.3	6,481.0	6,187.3	6,985.6	7,152.2
Money market instruments	0.3	2.0	61.0	40.5	45.8	113.9	44.9	98.7
Loans	1,097.9	719.9	334.7	185.2	160.3	348.0	533.1	751.3
Deposits	4,784.0	5,348.1	5,227.9	5,091.2	6,017.8	5,399.6	5,972.4	5,830.6
Other debt liabilities	483.7	377.6	393.9	299.4	257.1	325.8	435.2	471.6
<i>Long-term</i>	3,562.2	2,728.3	2,764.3	2,533.7	2,261.3	2,112.1	2,255.4	2,779.6
Bonds and notes	286.0	317.2	460.1	522.9	469.7	404.6	475.0	515.1
Loans	2,520.1	1,909.2	1,614.7	1,669.4	1,521.8	1,453.8	1,435.9	1,854.4
Deposits	756.1	501.9	682.5	341.4	256.7	240.3	328.3	395.2
Other debt liabilities			7.0		13.1	13.4	16.2	14.9
<b>IV. Other sectors</b>	<b>8,770.6</b>	<b>9,629.2</b>	<b>11,073.0</b>	<b>11,225.3</b>	<b>12,022.7</b>	<b>14,712.4</b>	<b>16,224.9</b>	<b>18,616.9</b>
<i>Short-term</i>	1,488.4	2,096.9	2,867.6	2,699.2	2,810.7	4,051.6	4,325.7	5,189.1
Money market instruments	31.9	3.7				61.4	32.6	
Loans	75.4	236.8	1,135.7	757.4	1,321.7	1,683.9	1,579.8	1,814.3
Deposits								
Trade credits	1,381.1	1,856.4	1,731.9	1,941.8	1,489.0	2,306.3	2,713.3	3,374.8
Other debt liabilities								
<i>Long-term</i>	7,282.2	7,532.3	8,205.4	8,526.1	9,212.0	10,660.8	11,899.2	13,427.8
Bonds and notes	646.4	469.4	410.1	513.8	581.5	1,164.6	1,086.0	1,594.5
Loans	5,733.5	6,344.3	7,106.1	7,464.8	7,885.2	8,878.7	9,935.5	10,931.4
Deposits								
Trade credits	902.3	718.6	689.2	547.5	438.5	423.5	643.4	654.7
Other debt liabilities					306.8	194.0	234.3	247.2
<b>V. Foreign direct investment: Intercompany lending</b>	<b>2,577.5</b>	<b>3,311.3</b>	<b>4,527.8</b>	<b>4,823.6</b>	<b>4,702.7</b>	<b>5,211.0</b>	<b>6,049.4</b>	<b>6,667.7</b>
Liabilities to affiliated enterprises								
Liabilities to direct investors	2,577.5	3,311.3	4,527.8	4,823.6	4,702.7	5,211.0	6,049.4	6,667.7
<b>TOTAL EXTERNAL DEBT</b>	<b>22,765.1</b>	<b>23,285.1</b>	<b>25,367.7</b>	<b>25,737.5</b>	<b>27,623.5</b>	<b>33,212.1</b>	<b>39,378.7</b>	<b>44,262.6</b>

1) revised data

2) preliminary data



**EXTERNAL DEBT**  
by instrument

in USD millions	31 Dec. 1999	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002	31 Dec. 2003	31 Dec. 2004	31 Dec. 2005 1)	31 Dec. 2006 2)
<b>I. Government</b>	<b>1,146.2</b>	<b>1,079.5</b>	<b>863.3</b>	<b>1,607.9</b>	<b>2,718.5</b>	<b>6,754.5</b>	<b>9,033.1</b>	<b>11,827.9</b>
<i>Short-term</i>	0.2	55.9	12.8	25.3	27.7	149.1	44.8	16.8
Money market instruments	0.2	55.9	12.8	25.3	27.7	149.1	44.8	16.8
Loans								
Trade credits								
Other debt liabilities								
<i>Long-term</i>	1,146.0	1,023.6	850.5	1,582.6	2,690.8	6,605.4	8,988.3	11,811.1
Bonds and notes	566.4	502.6	589.2	1,268.2	1,815.4	5,171.7	6,860.3	8,877.8
Loans	331.5	284.3	261.3	314.4	875.4	1,433.7	1,736.1	2,475.6
Trade credits							391.9	457.7
Other debt liabilities	248.1	236.7						
<b>II. CNB</b>	<b>348.9</b>	<b>5.0</b>	<b>5.6</b>	<b>5.3</b>	<b>4.6</b>	<b>41.8</b>	<b>243.0</b>	<b>86.5</b>
<i>Short-term</i>	0.7	0.2	1.9	1.5	0.9	38.7	241.1	85.2
Money market instruments								
Loans								
Deposits	0.7	0.2	1.9	1.5	0.9	38.7	241.1	85.2
Other liabilities								
<i>Long-term</i>	348.2	4.8	3.7	3.8	3.7	3.1	1.9	1.3
Bonds and notes	342.7							
Loans	5.5	4.5	3.7	3.8	3.7	3.1	1.9	1.3
Deposits								
Other liabilities		0.3						
<b>III. Commercial banks</b>	<b>9,969.8</b>	<b>8,515.1</b>	<b>7,745.4</b>	<b>8,544.4</b>	<b>11,042.9</b>	<b>11,305.3</b>	<b>10,901.1</b>	<b>13,080.8</b>
<i>Short-term</i>	6,392.6	5,983.3	5,307.3	5,888.1	8,186.5	8,428.2	8,240.5	9,419.8
Money market instruments	0.3	1.9	53.8	42.4	57.8	155.2	53.0	130.0
Loans	1,102.5	668.1	295.1	194.2	202.5	474.0	628.9	989.5
Deposits	4,804.1	4,962.9	4,611.0	5,337.7	7,601.5	7,355.2	7,045.2	7,679.3
Other debt liabilities	485.7	350.4	347.4	313.8	324.7	443.8	513.4	621.0
<i>Long-term</i>	3,577.2	2,531.8	2,438.1	2,656.3	2,856.4	2,877.1	2,660.6	3,661.0
Bonds and notes	287.3	294.3	405.8	548.2	593.3	551.1	560.4	678.4
Loans	2,530.6	1,771.7	1,424.1	1,750.2	1,922.3	1,980.4	1,693.9	2,442.4
Deposits	759.3	465.8	602.0	357.9	324.3	327.3	387.3	520.5
Other debt liabilities			6.2		16.5	18.3	19.0	19.7
<b>IV. Other sectors</b>	<b>8,807.4</b>	<b>8,935.8</b>	<b>9,766.3</b>	<b>11,768.7</b>	<b>15,186.5</b>	<b>20,040.8</b>	<b>19,139.5</b>	<b>24,519.6</b>
<i>Short-term</i>	1,494.7	1,946.0	2,529.2	2,829.9	3,550.3	5,519.0	5,102.7	6,834.4
Money market instruments	32.1	3.5				83.7	38.5	
Loans	75.7	219.8	1,001.7	794.1	1,669.5	2,293.8	1,863.5	2,389.6
Deposits								
Trade credits	1,386.9	1,722.7	1,527.5	2,035.8	1,880.8	3,141.5	3,200.7	4,444.8
Other debt liabilities								
<i>Long-term</i>	7,312.7	6,989.8	7,237.1	8,938.8	11,636.2	14,521.8	14,036.8	17,685.2
Bonds and notes	649.0	435.6	361.7	538.6	734.6	1,586.4	1,281.1	2,100.0
Loans	5,757.6	5,887.4	6,267.5	7,826.2	9,960.2	12,094.3	11,720.4	14,397.4
Deposits								
Trade credits	906.1	666.8	607.9	574.0	553.9	576.8	758.9	862.2
Other debt liabilities					387.5	264.3	276.4	325.6
<b>V. Foreign direct investment: Intercompany lending</b>	<b>2,588.3</b>	<b>3,072.9</b>	<b>3,993.4</b>	<b>5,057.1</b>	<b>5,940.3</b>	<b>7,098.3</b>	<b>7,136.1</b>	<b>8,781.9</b>
Liabilities to affiliated enterprises								
Liabilities to direct investors	2,588.3	3,072.9	3,993.4	5,057.1	5,940.3	7,098.3	7,136.1	8,781.9
<b>TOTAL EXTERNAL DEBT</b>	<b>22,860.6</b>	<b>21,608.3</b>	<b>22,374.0</b>	<b>26,983.4</b>	<b>34,892.8</b>	<b>45,240.7</b>	<b>46,452.8</b>	<b>58,296.7</b>

1) revised data

2) preliminary data

**AMORTISATION SCHEDULE FOR LONG-TERM DEBT IN CONVERTIBLE CURRENCIES  
AS AT 31 DEC. 2006**

in CZK millions						
	Debt as at 31 Dec. 2005	Drawings	Repayments		Difference	Debt as at 31 Dec. 2006
			Principal	Interest		
<b>1. FINANCIAL LOANS</b>	<b>379,359</b>	<b>96,963</b>	<b>49,545</b>	<b>18,692</b>	<b>-16,725</b>	<b>410,052</b>
Commercial banks	41,649	16,393	5,765	2,316	-1,289	50,988
CNB	48		18	3	-3	27
Government	42,686	9,794	164	1,013	-635	51,681
Corporations	294,976	70,776	43,598	15,360	-14,798	307,356
<b>2. BONDS</b>	<b>213,960</b>	<b>35,988</b>	<b>0</b>	<b>8,595</b>	<b>-6,612</b>	<b>243,336</b>
Commercial banks	13,779	5,484		599	-5,100	14,163
Government+municipalities	168,681	8,923		6,707	7,729	185,333
Corporations	31,500	21,581		1,289	-9,241	43,840
<b>3. DEPOSITS</b>	<b>9,991</b>	<b>3,372</b>	<b>1,266</b>	<b>128</b>	<b>-821</b>	<b>11,276</b>
Commercial banks	9,991	3,372	1,266	128	-821	11,276
<b>4. TRADE CREDITS</b>	<b>180,223</b>	<b>139,480</b>	<b>120,860</b>	<b>8,200</b>	<b>-18,662</b>	<b>180,181</b>
Government (import liabilities)	9,636		81	434	1	9,556
Corporations (import liabilities)	18,660	5,519	3,867		-2,312	18,000
Corporations (other capital)	151,927	133,961	116,912	7,766	-16,351	152,625
<b>5. TOTAL</b>	<b>783,533</b>	<b>275,803</b>	<b>171,671</b>	<b>35,615</b>	<b>-42,820</b>	<b>844,845</b>
Amort./Exports of goods and services			8.5%			

in EUR millions						
	Debt as at 31 Dec. 2005	Drawings	Repayments		Difference	Debt as at 31 Dec. 2006
			Principal	Interest		
<b>1. FINANCIAL LOANS</b>	<b>13,080</b>	<b>3,420</b>	<b>1,748</b>	<b>660</b>	<b>162</b>	<b>14,914</b>
Commercial banks	1,436	578	203	82	43	1,854
CNB	2	0	1	0	0	1
Government	1,472	346	6	36	68	1,880
Corporations	10,170	2,496	1,538	542	51	11,179
<b>2. BONDS</b>	<b>7,377</b>	<b>1,269</b>	<b>0</b>	<b>303</b>	<b>204</b>	<b>8,850</b>
Commercial banks	475	193	0	21	-153	515
Government+municipalities	5,816	315	0	237	610	6,741
Corporations	1,086	761	0	45	-253	1,594
<b>3. DEPOSITS</b>	<b>344</b>	<b>119</b>	<b>45</b>	<b>5</b>	<b>-8</b>	<b>410</b>
Commercial banks	344	119	45	5	-8	410
<b>4. TRADE CREDITS</b>	<b>6,213</b>	<b>4,921</b>	<b>4,264</b>	<b>289</b>	<b>-316</b>	<b>6,554</b>
Government (import liabilities)	332	0	3	15	19	348
Corporations (import liabilities)	643	195	136	0	-47	655
Corporations (other capital)	5,238	4,726	4,125	274	-288	5,551
<b>5. TOTAL</b>	<b>27,014</b>	<b>9,729</b>	<b>6,057</b>	<b>1,257</b>	<b>42</b>	<b>30,728</b>
Amort./Exports of goods and services			8.5%			

in USD millions						
	Debt as at 31 Dec. 2005	Drawings	Repayments		Difference	Debt as at 31 Dec. 2006
			Principal	Interest		
<b>1. FINANCIAL LOANS</b>	<b>15,429</b>	<b>4,288</b>	<b>2,191</b>	<b>826</b>	<b>2,115</b>	<b>19,641</b>
Commercial banks	1,694	725	255	102	278	2,442
CNB	2	0	1	0	0	1
Government	1,736	433	7	45	314	2,476
Corporations	11,997	3,130	1,928	679	1,523	14,722
<b>2. BONDS</b>	<b>8,701</b>	<b>1,593</b>	<b>0</b>	<b>380</b>	<b>1,362</b>	<b>11,656</b>
Commercial banks	560	243	0	26	-125	678
Government+municipalities	6,860	395	0	297	1,623	8,878
Corporations	1,281	955	0	57	-136	2,100
<b>3. DEPOSITS</b>	<b>406</b>	<b>149</b>	<b>56</b>	<b>6</b>	<b>41</b>	<b>540</b>
Commercial banks	406	149	56	6	41	540
<b>4. TRADE CREDITS</b>	<b>7,331</b>	<b>6,169</b>	<b>5,346</b>	<b>362</b>	<b>479</b>	<b>8,633</b>
Government (import liabilities)	392	0	4	19	70	458
Corporations (import liabilities)	759	244	171	0	30	862
Corporations (other capital)	6,180	5,925	5,171	343	379	7,313
<b>5. TOTAL</b>	<b>31,867</b>	<b>12,199</b>	<b>7,593</b>	<b>1,574</b>	<b>3,997</b>	<b>40,470</b>
Amort./Exports of goods and services			8.5%			

**AMORTISATION SCHEDULE FOR LONG-TERM DEBT IN CONVERTIBLE CURRENCIES,  
BY CREDITOR AND DEBTOR, AS AT 31 DEC. 2006**

		in CZK millions						
		Debt as at 31 Dec. 2006	2007	2008	2009	2010	2011	2012-36
<b>CREDITORS</b>	<b>principal</b>	<b>844,845</b>	<b>130,726</b>	<b>92,186</b>	<b>98,440</b>	<b>77,397</b>	<b>107,891</b>	<b>338,204</b>
	<b>interest</b>		<b>37,098</b>	<b>28,678</b>	<b>25,419</b>	<b>20,937</b>	<b>16,363</b>	<b>82,629</b>
Foreign banks	principal	304,856	50,962	46,132	50,404	48,357	46,172	62,830
	interest		16,056	11,034	8,792	6,396	4,028	27,493
Government institutions	principal	9,556	870	1,437	1,501	1,570	1,520	2,658
	interest		411	359	293	224	154	180
Multilateral institutions	principal	109,107	8,888	4,701	5,973	7,501	9,419	72,625
	interest		3,818	3,457	3,209	2,910	2,540	11,775
Suppliers and direct investors	principal	170,625	59,029	23,962	12,092	11,680	46,485	17,377
	interest*		6,567	4,030	3,786	3,293	1,867	345
Other investors	principal	250,702	10,978	15,954	28,472	8,289	4,295	182,714
	interest		10,246	9,798	9,339	8,115	7,774	42,837
<b>DEBTORS</b>	<b>principal</b>	<b>844,845</b>	<b>130,726</b>	<b>92,186</b>	<b>98,440</b>	<b>77,397</b>	<b>107,891</b>	<b>338,204</b>
	<b>interest</b>		<b>37,098</b>	<b>28,678</b>	<b>25,419</b>	<b>20,937</b>	<b>16,363</b>	<b>82,629</b>
CNB	principal	27	18	9				
	interest		2	1				
Commercial banks	principal	76,427	10,370	9,121	18,465	6,597	3,860	28,013
	interest		4,925	2,041	1,778	1,093	927	2,354
Government institutions	principal	246,570	7,560	8,171	19,811	11,411	7,576	192,041
	interest		9,013	8,503	8,236	7,473	7,026	48,052
Other sectors	principal	521,821	112,778	74,885	60,165	59,389	96,454	118,150
	interest		23,158	18,134	15,406	12,371	8,410	32,223
<b>TOTAL</b>	<b>principal</b>	<b>844,845</b>	<b>130,726</b>	<b>92,186</b>	<b>98,440</b>	<b>77,397</b>	<b>107,891</b>	<b>338,204</b>
	<b>interest</b>		<b>37,098</b>	<b>28,678</b>	<b>25,419</b>	<b>20,937</b>	<b>16,363</b>	<b>82,629</b>
<b>TOTAL DEBT SERVICE</b>			<b>167,824</b>	<b>120,864</b>	<b>123,860</b>	<b>98,334</b>	<b>124,254</b>	<b>420,834</b>

\* Interest on import credits is included in repayments of principal.

**AMORTISATION SCHEDULE FOR LONG-TERM DEBT IN CONVERTIBLE CURRENCIES,  
BY CREDITOR AND DEBTOR, AS AT 31 DEC. 2006**

		in EUR millions						
		Debt as at 31 Dec. 2006	2007	2008	2009	2010	2011	2012-36
<b>CREDITORS</b>	<b>principal</b>	<b>30,727</b>	<b>4,755</b>	<b>3,353</b>	<b>3,580</b>	<b>2,815</b>	<b>3,924</b>	<b>12,301</b>
	<b>interest</b>		<b>1,349</b>	<b>1,043</b>	<b>925</b>	<b>762</b>	<b>595</b>	<b>3,005</b>
Foreign banks	principal	11,088	1,854	1,678	1,833	1,759	1,679	2,285
	interest		584	401	320	233	146	1,000
Government institutions	principal	348	32	52	55	57	55	97
	interest		15	13	11	8	6	7
Multilateral institutions	principal	3,968	323	171	217	273	343	2,641
	interest		139	126	117	106	92	428
Suppliers and direct investors	principal	6,206	2,147	872	440	425	1,691	632
	interest*		239	147	138	120	68	13
Other investors	principal	9,118	399	580	1,036	302	156	6,645
	interest		373	356	340	295	283	1,558
<b>DEBTORS</b>	<b>principal</b>	<b>30,727</b>	<b>4,755</b>	<b>3,353</b>	<b>3,580</b>	<b>2,815</b>	<b>3,924</b>	<b>12,301</b>
	<b>interest</b>	<b>0</b>	<b>1,349</b>	<b>1,043</b>	<b>925</b>	<b>762</b>	<b>595</b>	<b>3,005</b>
CNB	principal	1	1					
	interest		0					
Commercial banks	principal	2,780	377	332	672	240	140	1,019
	interest		179	74	65	40	34	86
Government institutions	principal	8,968	275	297	721	415	276	6,985
	interest		328	309	300	272	256	1,748
Other sectors	principal	18,979	4,102	2,724	2,188	2,160	3,508	4,297
	interest		842	660	560	450	306	1,172
<b>TOTAL</b>	<b>principal</b>	<b>30,727</b>	<b>4,755</b>	<b>3,353</b>	<b>3,580</b>	<b>2,815</b>	<b>3,924</b>	<b>12,301</b>
	<b>interest</b>		<b>1,349</b>	<b>1,043</b>	<b>925</b>	<b>762</b>	<b>595</b>	<b>3,005</b>
<b>TOTAL DEBT SERVICE</b>			<b>6,104</b>	<b>4,396</b>	<b>4,505</b>	<b>3,576</b>	<b>4,519</b>	<b>15,306</b>

\* Interest on import credits is included in repayments of principal.

**AMORTISATION SCHEDULE FOR LONG-TERM DEBT IN CONVERTIBLE CURRENCIES,  
BY CREDITOR AND DEBTOR, AS AT 31 DEC. 2006**

		in USD millions						
		Debt as at 31 Dec. 2006	2007	2008	2009	2010	2011	2012-36
<b>CREDITORS</b>	<b>principal</b>	<b>40,470</b>	<b>6,262</b>	<b>4,416</b>	<b>4,716</b>	<b>3,707</b>	<b>5,168</b>	<b>16,201</b>
	<b>interest</b>		<b>1,777</b>	<b>1,374</b>	<b>1,218</b>	<b>1,003</b>	<b>784</b>	<b>3,958</b>
Foreign banks	principal	14,603	2,441	2,210	2,414	2,316	2,212	3,010
	interest		769	529	421	306	193	1,317
Government institutions	principal	458	42	69	72	75	73	127
	interest		20	17	14	11	7	9
Multilateral institutions	principal	5,226	426	225	286	359	451	3,479
	interest		183	166	154	139	122	564
Suppliers and direct investors	principal	8,173	2,828	1,148	579	560	2,227	832
	interest*		315	193	181	158	89	17
Other investors	principal	12,009	526	764	1,364	397	206	8,752
	interest		491	469	447	389	372	2,052
<b>DEBTORS</b>	<b>principal</b>	<b>40,470</b>	<b>6,262</b>	<b>4,416</b>	<b>4,715</b>	<b>3,707</b>	<b>5,168</b>	<b>16,201</b>
	<b>interest</b>		<b>1,777</b>	<b>1,374</b>	<b>1,218</b>	<b>1,003</b>	<b>784</b>	<b>3,958</b>
CNB	principal	1	1					
	interest		0					
Commercial banks	principal	3,661	497	437	885	316	185	1,342
	interest		236	98	85	52	44	113
Government institutions	principal	11,811	362	391	949	547	363	9,199
	interest		432	407	395	358	337	2,302
Other sectors	principal	24,996	5,402	3,587	2,882	2,845	4,620	5,660
	interest		1,109	869	738	593	403	1,544
<b>TOTAL</b>	<b>principal</b>	<b>40,470</b>	<b>6,262</b>	<b>4,416</b>	<b>4,716</b>	<b>3,707</b>	<b>5,168</b>	<b>16,201</b>
	<b>interest</b>		<b>1,777</b>	<b>1,374</b>	<b>1,218</b>	<b>1,003</b>	<b>784</b>	<b>3,958</b>
<b>TOTAL DEBT SERVICE</b>			<b>8,039</b>	<b>5,790</b>	<b>5,933</b>	<b>4,710</b>	<b>5,952</b>	<b>20,159</b>

\* Interest on import credits is included in repayments of principal.