




Session I:
Cooperation of Ministries and
enhancement of external relations



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Economic Diplomacy

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Economic Diplomacy



Economic situation of the Czech Republic

- › **Position of the Czech Republic in the world economy**
 - › A small open economy dependent on export – together with stable consumption and domestic demand the main factors of growth
 - › Territorial dependence on the EU internal market
 - › Sectoral dependence on the automotive industry
 - › Our economy is more open than the German one by approx. 10%

- › **Czech share of world export exceeded 1 % in 2017, with a share of 0,14 % in the world population**

- › **BUT:** low position of the Czech Republic in the global value chain – we need to increase the added value of exports, the share of services and export profitability.



Macroeconomic Forecast

Table 1.1.1: Gross Domestic Product – yearly

YoY real growth rate, in %

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|------------|-------------|-------------|------------|------------|------------|------------|------------|-----------------|-----------------|
| | | | | | | | | | <i>Forecast</i> | <i>Forecast</i> |
| World | 4.3 | 3.5 | 3.5 | 3.6 | 3.5 | 3.3 | 3.7 | 3.7 | 3.5 | 3.6 |
| USA | 1.6 | 2.2 | 1.8 | 2.5 | 2.9 | 1.6 | 2.2 | 2.9 | 2.3 | 2.0 |
| China | 9.5 | 7.9 | 7.8 | 7.3 | 6.9 | 6.7 | 6.8 | 6.6 | 6.2 | 6.1 |
| EU28 | 1.8 | -0.4 | 0.3 | 1.8 | 2.3 | 2.0 | 2.4 | 1.9 | 1.3 | 1.6 |
| EA19 | 1.6 | -0.9 | -0.2 | 1.4 | 2.1 | 2.0 | 2.4 | 1.8 | 1.0 | 1.4 |
| Germany | 3.7 | 0.5 | 0.5 | 2.2 | 1.7 | 2.2 | 2.2 | 1.4 | 0.8 | 1.4 |
| France | 2.2 | 0.3 | 0.6 | 1.0 | 1.1 | 1.2 | 2.2 | 1.6 | 1.5 | 1.6 |
| United Kingdom | 1.6 | 1.4 | 2.0 | 2.9 | 2.3 | 1.8 | 1.8 | 1.4 | 1.1 | 1.1 |
| Austria | 2.9 | 0.7 | 0.0 | 0.7 | 1.1 | 2.0 | 2.6 | 2.7 | 1.9 | 2.0 |
| Hungary | 1.7 | -1.6 | 2.1 | 4.2 | 3.5 | 2.3 | 4.1 | 4.9 | 3.6 | 3.0 |
| Poland | 5.0 | 1.6 | 1.4 | 3.3 | 3.8 | 3.1 | 4.8 | 5.1 | 3.9 | 3.8 |
| Slovakia | 2.8 | 1.7 | 1.5 | 2.8 | 4.2 | 3.1 | 3.2 | 4.1 | 3.8 | 3.7 |
| Czech Republic | 1.8 | -0.8 | -0.5 | 2.7 | 5.3 | 2.5 | 4.4 | 2.9 | 2.4 | 2.4 |

Source: CZSO, Eurostat, IMF, NBS China. Calculations of the MoF.



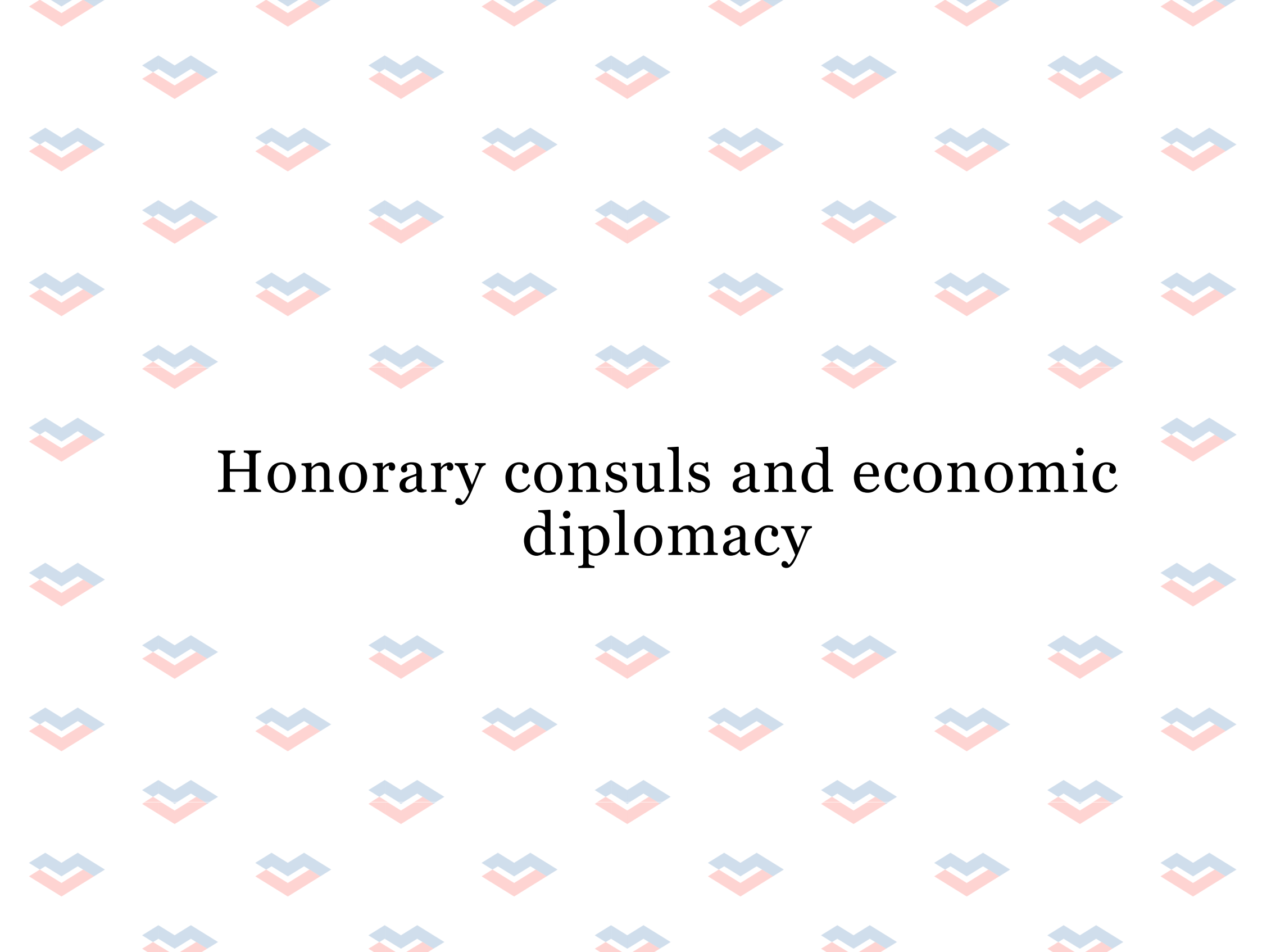
Challenges to international trade

› Challenges to international trade

- › growth in world foreign trade is slower than world GDP growth
- › the potential of "close" export markets (territorial, sectoral) – growing protectionism of China and USA
- › risks - import tariff increases, export restrictions, administrative barriers, disadvantages of imported goods, discrimination in access to public procurement
- › Brexit
- › slowdown in German economic growth, problems of Italian banking sector and slowdown of economic growth in China
- › instability of some emerging economies (Turkey, Brazil, Argentina)

› Challenges on the Czech Republic

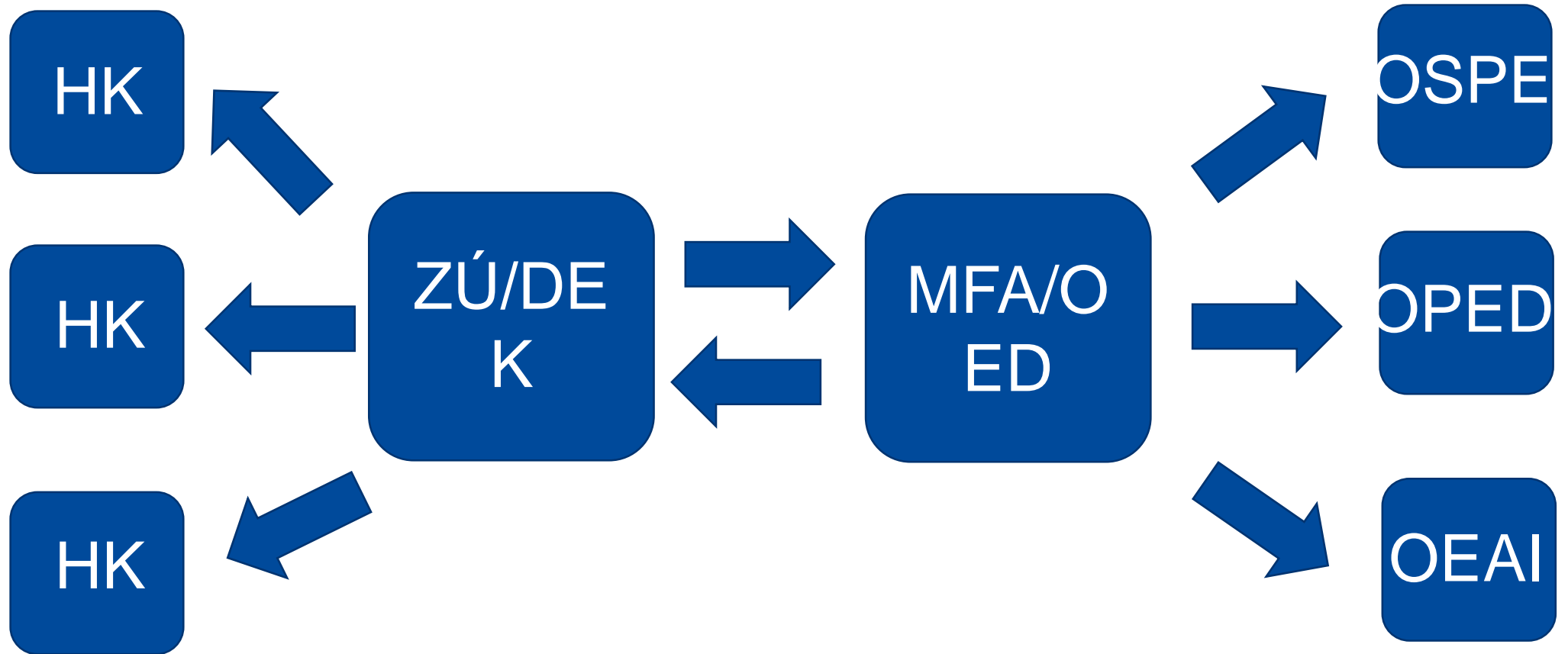
- › the smaller the country, the greater the influence on its development have changes in external conditions
- › overheating economy in some areas - especially in the labour and real estate markets
- › labour market situation and anticipated demographic developments - need for increasing the labour productivity (strong pressure on wage growth results in higher unit labour costs)



Honorary consuls and economic diplomacy



1. Cooperation scheme in the field of Economic diplomacy





2. Services for exporters

› Basic services and counseling

- › Consultations and counseling, information on general conditions
- › Assistance to the companies who are active and relevant (relevant contacts)

› Business missions/PROPED

- › Presentations, exhibitions and trade fairs, conferences, business missions, investment seminars, incoming missions, etc
- › Implemented primarily by Embassies and Consulates of the Czech Republic, which submit proposals for approval each year
- › Propose ideas to Embassies and Consulates and help with organization, contacts, meetings, logistics

› Information

- › Opportunities for Czech exporters – growing sectors – do these match Czech production - MOP
- › Public procurement and other opportunities of public tenders – information on those being prepared - “smart tweet“



Honorary consul meeting in Prague 2019 – business program

› Economic block – June 20

- › Hotel Pyramida, 8 to 12
- › Economic diplomacy
- › Export policy
- › Czech Economy
- › Tourism sector
- › Defense sector
- › Agriculture sector

› Czech Business Gala – June 20, 18:30

- › National Museum
- › Top Companies (Škoda, Tatra, CZ, Linet, etc.)
- › VIPs (politicians, sportsmen, etc.)

› Excursions

- › Trips to the companies
- › Divided by sectors – 10 possibilities – health, defense, glass etc.