

5. Basic data about Czechia



2.4%

GDP growth
2022



15.1%

Inflation rate
2022



3.4%

Unemployment rate
2022

Czechia is a Central European state bordered by Germany (west), Austria (south), Slovakia (east) and Poland (northeast). The temperature difference between summer and winter is relatively high due to the landlocked geographical position.

State system is a multi-party parliamentary representative democracy, with the Prime Minister as the head of government. The Parliament is bicameral, with the Chamber of Deputies (200 members) and the Senate (81 members). As a democratic country, it's a member of many international organizations such as United Nations, EU, NATO and many more.

Main industries of Czechia are engineering (mainly automotive), chemical industry, food industry, metallurgical industry, energy industry and construction industry.

Key Facts

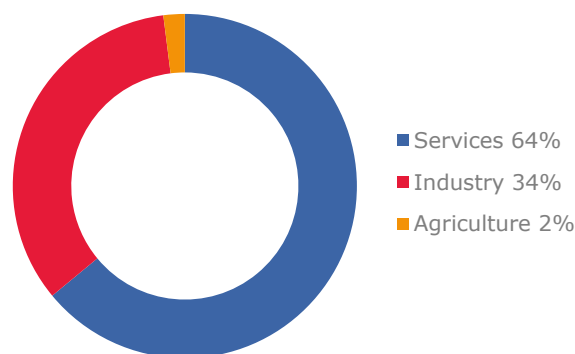
Area	78,870 km ²
Population	10.9 million
Labour force	5.3 million
Capital	Prague
Language	Czech
Currency	Czech Koruna (CZK)
Time zone	GMT +1, daylight saving time GMT +2

Source: Czech Statistical Office, 2024



Characteristics and structure of the Czech economy

- Small, open, export-oriented economy
- Main business partner is Germany
- Balanced trade balance with slight surplus in export
- Stable inflation and currency
- Low unemployment rate
- Strong business and ownership relations to the EU
- Long-term real convergence to the developed countries, in 2022 GDP per capita in PPS was 91% of the EU average



Long industrial history

Czechia is one of the few small-sized countries to deliver such products like cars, trucks, buses, railway vehicles, civil aircrafts and fighters.

The Czech Economy in Q4 2023 and its forecast

The Czech economy is teetering on the edge of recession this year. Gross domestic product is likely to fall by 0.5% in 2023 but is forecast to grow by 1.9% in 2024. Next year, inflation will be significantly lower than this year, but for most of the year it will remain above 3%. The impact of weak economic dynamics on the labour market should not be significant given the persistent imbalances. The risks to the forecast are skewed to the downside.

Real gross domestic product of Czechia, adjusted for seasonal and calendar effects, more or less stagnated in the first half of this year, but according to the preliminary estimate of the Czech Statistical Office, it fell by 0.3% QoQ in Q3 2023. Economic output has thus still not surpassed the pre-pandemic level.

Labour market imbalances related to labour shortages continue to manifest themselves. As a result, the unemployment rate should not increase much in 2023, despite the weak economic momentum. From an average of 2.2% in 2022, it could rise to 2.7% this year and further to 2.8% in 2024. Persistent labour market tightness will put upward pressure on wage growth, which will, however, continue to lag behind inflation this year. Thus, average real wage growth is not expected to resume until 2024.

Source: Macroeconomic Forecast of Ministry of Finance – November 2023, 2024

Main economic indicators of Czechia

Indicators	2019	2020	2021	2022	2023 Prediction	2024 Prediction
GDP growth (constant prices, %)	3.0	-5.5	3.6	2.4	-0.5	1.9
General Government debt (% GDP)	30.0	37.7	42.0	44.2	44.7	45.9
Average inflation rate (%)	2.8	3.2	3.8	15.1	10.8	3.3
Labour productivity (%)	2.8	-3.9	3.2	0.8	-1.3	1.3
Unemployment rate (avg., %)	2.0	2.6	2.8	2.2	2.7	2.8
Average nominal gross wage (%)	7.9	4.6	5.8	5.3	8.0	6.3
Average nominal monthly gross wage (CZK)	34,578	36,176	38,277	40,317	43,536	46,265
Average nominal monthly gross wage (USD)	1,507	1,559	1,766	1,726	1,952	2,029
Average nominal monthly gross wage (EUR)	1,347	1,368	1,492	1,641	1814	1,896
Exchange rate – CZK/USD (avg.)	22.94	23.20	21.68	23.36	22.30	22.80
Exchange rate – CZK/EUR (avg.)	25.67	26.44	25.65	24.57	24.00	24.40

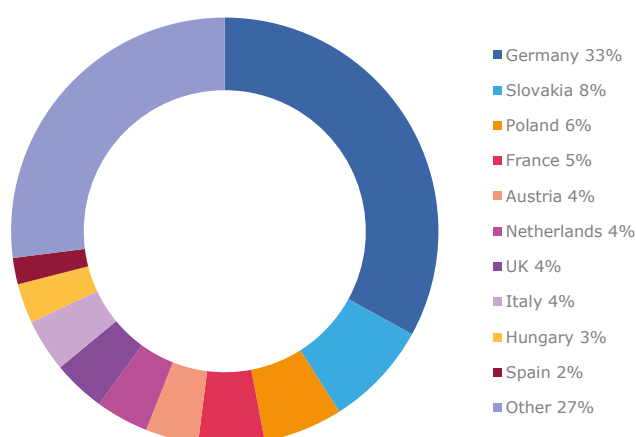
Source: Macroeconomic Forecast of Ministry of Finance – November 2023, 2024

Export destinations in 2022 (share of total, %)

Main export article of Czechia is machinery and transport equipment. Czechia has a long tradition in the automotive industry, that generates a considerable portion of GDP every year.

Other exported articles are manufactured goods classified chiefly by material, miscellaneous manufactured articles and chemicals and related products.

Our neighbours are among the leading export partners, led by Germany, Slovakia and Poland.



Source: Czech Statistical Office, 2024