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TITLE: THE EFFECTS OF EXPORT ON THE CZECH ECONOMY: INPUT-OUTPUT APPROACH

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ABSTRACT:

The Czech Republic is a small open economy, which is vitally dependent on its export performance. In the period after EU accession the intensity of international cooperation grew rapidly in all the Central European countries, which is mostly the result of the huge FDI inflow at the beginning of the decade. To evaluate the complex effect of the increased internationalisation on the economic growth is not a straightforward task. The tools based on the symmetric input-output (I-O) tables offer suitable analytical framework. Generally the increase in the export performance of the NMS leads to significantly lower impact on their economic growth due to the strong import intensity of some industries and relatively low share of their value added in the value of final output. Low value added share reflects the low knowledge intensity of these industries and assembly characteristics of the production. The main advantage of the I-O analysis over the other analytical techniques lies in the ability to model inter-industrial relations by the system of technical coefficients. When assessing the impact of exports to domestic output it is necessary to take into account several factors as that of export share of output, intensity of inter-industrial linkages and import intensity of exports in various industries. The utilization of I-O tables enables to calculate the value of inputs, which are directly or indirectly used in the process of production of goods for export. From this model there can be easily derived the multipliers of individual components of final demand (including exports). The I-O model enables to quantify the impact of exports to value added and employment as well. Because the value of output for export is connected with certain value of imports, for calculation of the net exports it is necessary to purge the value of exports of the value of imports.