

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Czech-Russian trade relations: political constraints and economic consequences

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DIPLOMA THESIS ASSIGNMENT

Mikhail Litvinov

Economics Policy and Administration
Business Administration

Thesis title

Czech-Russian trade relations: political constraints and economic consequences

Objectives of thesis

Czech-Russian trade relations have been evolving under constantly changing conditions of economic and political nature. Both countries have undergone a number of significant transition processes, from entering the WTO to recent events connected to economic sanctions. In this light, it becomes interesting to investigate the very dynamics of trade relations between the Czech Republic and the Russian Federation focusing on export-import structural changes and corresponding economic consequences (if any).

The main aim of the Master thesis is thus to track bilateral Czech-Russian trade flows in the period from 2004 to 2019 and to identify the items that appeared most affected by political/economic contexts in both countries.

To achieve this goal, first, a brief retrospective analysis of Czech and Russian economies will be conducted focusing on their main macroeconomic indicators, then the following research questions will be raised and gradually answered:

- What bilateral trade agreements were signed in the analyzed period?
- What are the most important changes that have happened in the structure of Czech-Russian foreign trade flows (commodity composition and traded volumes)?
- Was there any dramatic change in Russian and Czech GDP p.c. before and after the imposing of sanctions/embargo after 2014?

Methodology

The theoretical part of the Diploma thesis will be mainly based on a relevant literature review (represented by printed literature, scientific articles, surveys, web sources) and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis, and deduction.

The practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected for the analysis variables. The results of the conducted analysis will be discussed and complemented with the author's corresponding recommendations.

The proposed extent of the thesis

60-80

Keywords

Foreign trade; GDP per capita; Bilateral agreements; Sanctions; Economic recession

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled "Czech-Russian trade relations: political constraints and economic consequences" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 31.03.2021

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Czech-Russian trade relations: political constraints and economic consequences

Abstract

The international trade – one of the most important points in the economy of every modern country. Governments are always searching for new trade partners, making new agreements, and, of course, expect the benefits of this in the form of the development of the home economy. The importance of the thesis is that nowadays some political events are happening and negatively affecting or restricting the international trade. It may affect the friendly relations between countries such as the Czech Republic and Russian Federation.

The methodology of the research is collecting relative data from open sources and comparative analysis of indicators. In the results of the research, has been proven that the International sanctions during the Ukrainian crisis and Russian Embargo didn't significantly affect on the structure of the international trade between the Czech Republic and Russian Federation and on the GDP p.c. of both countries.

Keywords: Foreign trade; GDP per capita; Bilateral agreements; sanctions; Economic recession.

Česko-ruské obchodní vztahy: politická omezení a ekonomické důsledky

Abstrakt

Mezinárodní obchod je jedním z nejdůležitějších faktorů hospodářství každé moderní země. Vlády pořád hledají nové obchodní partnery, uzavírají nové smlouvy a samozřejmě očekávají výhody z této činnosti v podobě vývoje domácí ekonomiky. Důležitost této teze je v tom, že v soudobém světě se odehrávají události, které omezují či negativně ovlivňují mezinárodní obchod. To může mít vliv na původně přátelské vztahy takových zemí, jako je Česká republika a Rusko.

Metodikou výzkumu bylo sbírání dat z otevřených zdrojů a komparativní analýza indikátorů. V důsledku předkládaného výzkumu bylo prokázáno, že ekonomické sankce, spojené s krizí na Ukrajině, a ruské embargo jako odpověď na ně – nebo recipročně zavedené ruské embargo, významně neovlivnily strukturu obchodu obou zemí a nepůsobily negativně či pozitivně na HDP na hlavu na obyvatele obou států.

Klíčová slova: vnější obchod, HDP na obyvatele, bilaterální smlouvy, sankce, ekonomická recese

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List of abbreviations

GATT - General Agreement on Tariffs and Trade

WTO - World Trade Organization

MFN - Most favored nation

US – the United States of America

EU - The European Union

GDP - Gross domestic product

GDP p.c. - Per capita gross domestic product

1 Introduction

International trade is an important part of every country's economy. Governments are trying to search new trade partners, new offers, and, of course, benefits. In our days, international trade is the most important tool, which helps to develop the domestic economy of every country by following advantages:

- 1) Increasing of export entails increasing employment by the provision of new jobs inside a country;
- 2) Internal competition makes government to develop domestic production (by investments, subsidies, benefits, etc.);
- 3) Export revenue is a source of capital accumulation, aimed on industrial development.

This kind of international relations is regulated by several bilateral and multilateral agreements between governments. The agreements are concluded on a long-term and short-term basis, and closely connected with political relations, because of this, International Trade is operated not only by economic interest, but also by political interest.

First of all, it is related to domestic production, especially effective-organized industries as agricultural industry for China ([Food and Agriculture Organization of the United Nations](#)) or oil and gas industry in Russia. In all particular case governments are trying to protect its economy-forming industries by embargos, taxes and custom duties.

If we will talk about taxes and custom duties – it is the less aggressive protection instruments, which don't ban several products for international trade, even if it completely increases its prices. By this way, customers may decide what they want more: cheaper domestic product, or more expensive foreign one.

Contrariwise, countries may use embargos, which are the most aggressive method in international trade. An embargo is a ban on import of several goods and mostly used as protection method, when a country needs to develop an industry in a short time or as a method of political pressure. As a protection method an embargo was imposed by Russia Federation against sanctions.

In 2014 Russian Federation made a decision to impose an embargo on import of “particular kinds of agricultural produce, raw materials and foodstuffs originating in countries that have decided to impose economic sanctions on Russian legal entities and/or physical individuals or have joined such decisions.” from the EU, the USA, Australia,

Canada and Norway, as a response action to sanctions in connection with the Ukrainian incidents of 2014.

As a result, export of the EU agricultural produce, raw material and foodstuffs (such as meat, fish, milk, fruits, vegetables, etc.) ([President of Russia Federation, 2014](#)) was banned and relations between EU (especially partner states such as the Czech Republic) and Russia are degrading every year, because of extension of sanctions in both regions.

It is an important research, because it considers not just relations between countries, but relations between partner-governments. Now we observe a difficult situation – degradation of trade and political relations between Czech Republic and Russia Federation ([World Integrated Trade Solutions \(WITS\)](#)). Of course, before the research, we can only guess about economic consequences.

Unfortunately, we can't find trustful information about the current situation in mass media or official sources. However, we have a lot of data with a huge range, which will show us current situation correctly, if we will use the right tools to compare and analyze it. This problem (lack of reliable information) is important, especially in our days. But it is much deeper, then it may seem at first glance. For this reason, I wouldn't consider this problem at current thesis and keep it for other works.

2 Objectives and Methodology

2.1 Objectives of thesis

Czech-Russian trade relations have been evolving under constantly changing conditions of economic and political nature. Both countries have undergone a number of significant transition processes, from entering the WTO to recent events connected to economic sanctions. In this light it becomes interesting to investigate the very dynamics of trade relations between the Czech Republic and the Russian Federation focuses on export-import structural changes and corresponding economic consequences (if any).

The main aim of the Master thesis is thus to track bilateral Czech-Russian trade flows in the period from 2000 to 2019 and to identify the items that appeared most affected by political/economic contexts in both countries.

To achieve these goals, first a brief retrospective analysis of Czech and Russian economies will be conducted focusing on their main macroeconomic indicators, then the following research questions will be raised and gradually answered:

- What bilateral trade agreements were signed in the analysed period?
- What are the most important changes that have happened in the structure of Czech-Russian foreign trade flows (commodity composition and traded volumes)?
- Was there any dramatic change in Russian and Czech GDP p.c. before and after the imposition of sanctions/embargo after 2014?

2.2 Methodology

Theoretical part of the Diploma thesis will be mainly based on a relevant literature review (represented by printed literature, scientific articles, surveys, web sources) and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis and deduction.

Practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected for the analysis variables in

the period from 2000 till 2019. The result of the conducted analysis will be discussed and complemented with the author's corresponding recommendations.

3 Literature Review

3.1 International trade, its mechanisms and regulation

In that part, we will consider the main theories, which affect the International Trade, its mechanism and regulation. Also, we consider some criticism of the theories and will try refuting it.

3.1.1 Theories, mechanisms and methods of the international trade

Because of the international trade is more complicated kind of trade, than domestic trade, it has a lot of theories, methods and instruments. However, not all of them are acceptable in all countries. This paragraph has to be started with theories, which are more suitable for real situation. Of course, we can talk about a free market, look through its fundamental theories, like Marxism, Liberalism, Libertarianism, and discuss its advantages and disadvantages. But how free is international market? It seems that not at all, because what is the main idea of the free market? It is independent of any government. International trade is controlled by many governments at the same time, and it doesn't matter between which subjects trade is going, between governments or between private industry. So, from my point of view, the most suitable theories for us are Mercantilism by Antoine Moncretin and Absolute Advantage by Adam Smith.

3.1.1.1 Mercantilism of Antoine Moncretein

The main idea of Mercantilism is an active intervention of government in economic activity, that's why it is the main theory of international trade. However, it is just a general idea of the theory. The main form of the "active intervention" in economic activity by this theory is protectionism, that mean protection for domestic producers by high import duties, subsidies for national producers, intellectual property protection, administrative barriers and etc. But how is suitable protectionism in our days? It is suitable, but not in the "full package" of methods, some of them are too old and were acceptable in pre-industrial period, now it would be intolerant for a lot of countries ([Economic Theory in Retrospect, 1994](#)).

In our days we always face with protectionism in different areas. It looks like that the most common way for government to protect domestic producers is subsidies for national manufactories. In this way, a government gives money for producers from state or local budget, or from special funds, which are created for these aims. The subsidies may be non-refundable or refundable. Non-refundable subsidies mean that manufactories got the money to improve their productivity by buying new equipment, raw material an etc. and do not have to return facilities. In this way manufactories get advantages over foreign producers not only in financing, but in prices. Non-refundable subsidies allow to not raise prices, that makes domestic products more beneficial for domestic use and export.

Refundable subsidies are more common, because it doesn't have a strong effect on budget funds. In a case of refundable subsidies, manufactories get an advantage in improving production by the same methods as in non-refundable case, but they lost a price advantage, because the producer is forced to increase prices to return money back, that erases the beneficial difference between domestic and foreign producers with all other things being equal.

The second form of protectionism in the modern world is intellectual property protection. The main thing of intellectual property protection is securing certain rights of individuals or groups of individuals to use intellectual property. The main intellectual properties are copyright, related rights, patent law, rights to the means of individualization, right to trade secrets, rights to new plant varieties. This form of protectionism allows manufacturers to produce unique products and do not uncover the secrets or do not allow others to produce the same product.

Today we can find many others forms of protectionism, like import customs duty, import quotas and trade embargoes, currency control and etc. Some of them we can see always in almost countries, like custom duty – obligatory payment for moving products through a border – and some of them are applied less, like embargo – ban on the import of some goods [[Drahoš P., 2002](#)].

In our days, some protectionism methods are forgotten past and if any country will use them, this will lead to condemnation by most countries. One of these methods is discrimination against foreign products. It is not honest, step, which was acceptable in the past, when the theory of Mercantilism was just beginning.

Protectionism has, as all methods, has advantages and disadvantages. The main benefit of right using is developing of domestic manufactures, which lead to the progressive growth of export and, subsequently, will attract more funds in the country. But, as was written before, custom duty, for example, will lead to high cost of import goods inside the country and it will affect the customer. And the main disadvantage is the possibility of monopoly – absence of foreign competitors may help to domestic factories get full control over the market ([Avsharov A., 2012](#)).

However, protectionism is not the one idea of Mercantilism. The same importance has a need to maintain an active trade balance. It means, that government has to maintain the excess of export over import. To get this level of the trade balance, countries try to buy more raw-materials, then finished goods. The main idea of buying raw materials in that way – producing own domestic product for export, because the finished products cost more, then unfinished or materials. But the ideal trade balance is almost unattainable and richer countries have a reverse trend – they are buying more finished products, because the production on domestic manufactories is more expensive, that lead to higher product price and loss of competitive advantage against foreign producers. The good example of this reverse trend is the USA. The US import more than two times higher than export – US\$ 2,611 billion and 1,665 billion in 2018 ([World Integrated Trade Solution \(WITS\)](#)).

But even if the US has reverse active trade balance in total, they try to correct the line of services. In 2018 the US export services in the amount more than US\$ 862,432 billion, that is more than import on almost US\$ 300,000 billion ([The World Bank](#)).

Theory of Mercantilism also has recognition of the benefits of attracting gold and other precious metals in the country, because, in theory, it will increase its welfare. Because of this, the country also restricts export of luxury goods (like jewellery) since it leads to outflow of gold. But this way could be wrong – in case of active balance, the inflow of gold will lead to inflation, because the balance between export and import will aimed by changing the prices in trading countries.

3.1.1.2 Absolute Advantage of Adam Smith

The second important theory of the international trade is Absolute Advantage by Adam Smith.

The importance of that theory is the New International Division of labor – the division of labour by possibility of a country to produce some goods with lower cost compares with their partners. So, the main thing of Absolute Advantage is an analysis of own economic, environmental, and social factors to choose some manufacturing areas, where the country will spend less resources (expenses) to produce one or another product ([Barney, 2010](#)).

Absolute Advantage theory received lots of criticism and some economists sure, that the theory can't be accepted for modern economic world – the main idea of the theory (produce products, which production will cost less then in different countries, and sell it in exchange for products, which domestic production costs more) is considered as an exchange of finished products. In that way, of course, international trade is possible only between countries, which have the same level of economic, technical, and social development. This approach excludes one of the main sides of the international trade – trade between countries with different development ([David, 1817](#)).

As mentioned earlier, more critics consider that the theory is about an exchange of finished product and define “resources” and “advantage” as physical things – coal, iron, climate, geographic location. Of course, these aspects are important in the theory. But now these aspects have at least one important point – cost of labour, which may completely change economic development, and trade.

So, why is the cost of labour important in this theory? As said before, the main idea of Absolute Advantage of Adam Smith – New International Division of Labour, which consist of labour division of economic, technological, and social factors between countries. From my point of view, the best way to show why is the cost of labour important, is an example – China.

The start of fast China's economic growth originates in 1993 with GDP per capita equal \$377.39. For this period, China's GDP per capita was increased till \$10,261.679 in 2019 with average 8,63% of GDP per capita growth (from 1993 till 2019) ([The World Bank](#)). What is the reason of fast China's GDP per capita growth, what their absolute advantage?

The reason of fast China's economy grows, it is their absolute advantage, which consists in labour cost. When most of big wars were ended (especially the Cold War)

world had to develop its economy and manufacturing development. Producers from US and Europe (now EU) understood, that in market economy, they can't produce that many products, as did the market consume. The domestic manufacturing was and is more expensive, than moving manufacturing abroad, in the country with lower labour cost. At that point, China had an absolute advantage – cheap labour cost, because of high population and low workplaces. China was looking for investments and found it – country trade their main resource – labour force – and got investments from developing countries to become the largest market across the world.

However, now developed countries are taking out their manufactories from China. Why? Because movements from developing to developed country deprived China their absolute advantage – labour costs. It became more expensive and now more profitable is moving to developing countries as India, Vietnam etc. But it doesn't mean, that China no longer has absolute advantage – it shifted from labour cost to technology and now it's more profitable to play ball with Alibaba, then develop something domestic.

So, what does it mean? It means, that when we talk about the theory of Absolute Advantage, we have some constant advantages – resources (for now), geographic location, climate – and shifting resources, as labour cost. In China example, they used their constant and shifting absolute advantages – population and labour costs – to develop own economy and change their labour cost advantage of technological development advantage.

3.1.2 International trade regulation

The international trade is a difficult, but important mechanism in the economy each country. In a case, when we talk about trade between companies in one country, the law is controlling these relations and both companies have to follow it in their activities. But, how governments have to behave in world arena? There are a huge number of difficult countries with difficult not only laws, but systems. Something is legal in one government, and at the same time illegal in different. In that case, we have international law and bilateral (or multilateral) agreements between countries, to provide trustful international trade.

3.1.2.1 Bilateral and multilateral agreements

Today Russia and Czech Republic have a lot of agreement. Some of them are new, but the most are old one, which are continuations of agreement between Czechoslovakia

and USSR. It is possible, because that in international practice, usually, if country change or split up into a number of countries (if we talk about USSR), the agreements, which was signed before, do not disappear, but move to newly formed states.

However, it is impossible to talk just about agreements between Czech Republic and Russia, because the most of vital agreements are signed between European Union and Russia. Now, as the most important agreements, that have to be highlighted:

1. Treaty on Friendly Relations and Cooperation between the Russian Federation and the Czech Republic from 26.08.1993;

2. Agreement in the form of an exchange of letters between the Russian Federation and the European Union regarding the administration of tariff quotas applicable to the export of forest from the Russian Federation to the European Union;

3. Convention between the Government of the Russian Federation and the Government of the Czech Republic on the avoidance of double taxation and the prevention of tax evasion in respect of taxes on income and capital;

4. Social Security Agreement between the Russian Federation and the Czech Republic.

The main agreement between Czech Republic and Russian Federation, from my point of view, is “Treaty on Friendly Relations and Cooperation”. In this agreement sets out the main points of interaction between both states in all areas, including economic and trade. It is extremely interesting agreement, which contains about 27 points. However, the most interesting information is in 10th and 11th point.

The 10th point states that both countries will participate in developing and maintain enabling environment for social and economic development. Also, both countries agreed to contribute to overcoming the division of Europe. It looks like that a number of the same agreements was providing the formation of the EU. It’s possible, because countries were working together to form one strong economy, but not a big number of weak ones.

The next point – 11th – is more suitable for us, because it states that Russia and Czech Republic will promote the development of mutually beneficial economic and trade cooperation. The main thing here, is that countries will develop friendly economic, financial and legal conditions for entrepreneurial and other economic activities, based on domestic law and international agreement, without discriminatory measures in mutual economic cooperation ([Russian Federation and Czech Republic, 1993](#)).

Based on these two points, it could be concluded, that Russia and Czech Republic are friendly governments, which aimed at development their economics together true the international trade, cooperation in social and law areas. The agreement shows, that states are interested in a prosperity each others and they will provide truthful trade, without any discrimination. However, the agreement sets out only the main points in relations between countries, without definitions of exact products, services or terms.

The next important agreement - Agreement in the form of an exchange of letters between the Russian Federation and the European Union regarding the administration of tariff quotas applicable to the export of forest from the Russian Federation to the European Union – contain important information about terms in international trade between Russia and EU. The using of this agreement is impossible to determine tariffs or quotas for international relations, because it aimed only at forest export from Russia to the EU. However, there are many terms, which are suitable for international relations.

Based on article 1 paragraph 1, terms, as “exporter, importer, tariff quota, quota permission and export license” could be determined. The definitions in the agreement are important for understanding, how governments understand and use these terms in their relations. The definition “government” of the most terms are the same with “economic” definitions, however, on practice, sometimes they are different ([Russian Federation and European Union, 2011](#)).

So, a tariff quota is the number of products, which can be exported or imported in a quantity, which is determined by additional documents and agreements, due to the limited period with less export duties, than are exist for another situation. It means, that if the tariff quota applies to any product, this product can be exported in limited quantity and limited time cheaper export duties (or without export duty), than without tariff quotas. It is an important tool, to sell, for example, excess product at a shorter time, to get rapid growth of funds in GDP.

An importer is defined as individual or legal entity (in the most cases it is a legal entity), who want to buy any adjustable product from abroad. Important notice, when we talk about an individual importer, we mean individual entrepreneur, who buy a huge number of adjustable product (more, than for personal use) for sale or using in economic activity.

An exporter is defined as an individual or legal entity, who want to export (sell) adjusted products abroad. The same as for importer, when we talk about “individual entity”, we mean individual entrepreneur, who want to sell a number of products for economic activity.

Quotas permissions and export licenses are also determined by this agreement. A quota permission is a document, which was issued to an importer by government. A quota permission confirms the rights of the importer to access tariff quota. Contrariwise, an export license is a document, issued by a government to an exporter, which confirms the rights of the exporter to access tariff quota.

The importance of these terms is that they are used in the most cases of international trade between Czech Republic and Russian Federation. To analyse a data of this relation, we have to know, how governments understand and use the terms, which are suitable for companies.

The third important document, which can determine more terms in international relation is “Convention between the Government of the Russian Federation and the Government of the Czech Republic on the avoidance of double taxation and the prevention of tax evasion in respect of taxes on income and capital”. At this convention are defined, which determine terms as: entity, company, international shipping. And in the document are one interesting detail: if some term does not register in the document, each government interprets it in accordance with its own legislation. It may lead to not good consequences, because, as was mentioned before, governments can determine one term differently ([Russian Federation and Czech Republic, 1995](#)).

At the convention are a lot of terms, however, it is impossible to take all of them, because the most are connected with the tax system and are not suitable for following analysis.

The Convention determines the entity as a any individual, company or any other association of persons. So, in international relations, the entity may be any individual or legal entity, however, when we talk about the importer and exporter, individual entity is individual entrepreneur, but in that case it is a false, because convention determine the taxation of any entity for any profit.

The entity can be a company, so convinced determine company as any corporate entity or entity that is considered a corporate entity. This, at first sight strange, definition is

required for situations, when an entity conducts some economic activities, but can't be determined as an individual or legal entity by law, but it is necessary for taxation.

The main term for the analysis in the convention – international shipping, which mean any transportation of the product by any transport from one country to another for economic activity.

The fourth agreement - Social Security Agreement between the Russian Federation and the Czech Republic – is not connected with international trade. However, it is important, because the agreement shows us relations between both countries.

By this agreement, citizens of both countries have rights for pension and benefits, if they worked in these countries. The calculation, for example, pensions, in case if a person worked in the Russian Federation, and after moving to the Czech Republic, occurs by recalculation and sets the theoretical amount of pension that would have been due if the entire employment experience had been acquired under the legislation of the Czech Republic ([Russian Federation and Czech Republic, 2011](#)).

3.1.2.2 International regulation

The regulation of the international trade, traditionally, was through bilateral agreements between two countries. However, now the situation is pretty different – after the World War II, in addition to bilateral agreements, came multilateral treaties, as GATT and WTO.

The WTO was created in 1995 as the successor to the GATT, which is responsible for the supervision and adjudication of international trade. The WTO deals with regulation of the international trade, not like a supervisor and a judge, but as a regulator with own rules of trade between nations, own principals and own mechanisms [[Saylor Academy](#)].

The WTO has five basic principles, which are guiding its role in overseeing the International Trade:

- Trade without discrimination
- Free trade
- Predictability
- Promotion fair competition
- Encouraging Development and Economic Reform.

The first principle – trade without discrimination – contains two main policies: Most-favoured-nation (MFN) treatment and national treatment.

MFN means, that countries cannot normally discriminate between their trade partners. In that case, a country can't grant only one of its trade-partners somehow, for example a lower customs duty rate. If a country wants to grant its partner, it has to provide the same conditions for other members of the WTO. It has some exceptions. For example, countries can make an agreement about free trade, which applies only to goods traded within the group, discriminating against goods outside. Or countries may raise barriers against products that are defined as unfair to trade with specific countries. However, these agreements are permitted only with strict conditions.

The National Treatment means, the locally-produced and important goods have to treat equally, at least after the entering of the foreign product into the local market. The same conditions are for services, licenses, patents and copyrights. The national treatment only applies after the product or service enters the market.

The second policy – free trade – means lowering of trade barriers by custom duties and some measures as import bans, quotas etc.

The third one policy – predictability- means a creation of a predictable and stable environment for businesses. By that, countries can't change their trade policies without negotiations with their trade partners to define a compensation them for loss of trade. This policy is one of the ways to discourage the use of quotas and other different measures of limiting imports.

The fourth policy – promoting fair competition – means secure of fair conditions of trade between partners. In that way, WTO extremely negative attitude to dumping and subsidies.

The last one is Encouraging Development and Economic Reform. This policy means, that WTO contributes to development in developing countries. WTO agreements are permitting the special conditions for poor countries about implementing market access commitments on goods exported by the least-developed countries, and it seeks increased technical assistance for them from developed countries [[World Trade Organization](#)].

3.2 Political constraints and foreign trade

In this part sanctions will be considered in more details, different sanctions will be defined, its mechanisms and influence on sanctioned countries and countries which imposed sanctions will be determined.

3.2.1 Political sanctions

The political sanctions are difficult to define because they include some measures from economic and diplomatic sanctions. However, the common way to define political sanctions is to equal it to the United Nations' sanctions. The UN may impose a different sanction against violation of the UN charter and international crimes (the international crimes mean crimes, committed by government against a person, organization or different government). But in most cases, the sanctions are aimed at exact person or persons, which can make some political decisions. In that case, these sanctions may mean a ban on the movement of the persons abroad of their state or a ban on movement of any means of transportation (air traffic, train traffic etc.).

However, sometimes the sanctions are aimed at the government. In that case, common ways are termination or revocation of voting rights, deprivation of the right to representation of the international organization, rejection or exclusion from membership in the international organization.

The decision of imposing sanctions is made by the UN Security Council by voting. However, the before the imposing of sanctions, the UN Security Council must use all means of peaceful settlement, it means that sanctions impose only in case of complete lack of opportunity or exhausted all methods of conciliatory settlement of the conflict [[Lukashuk I., 2008](#)].

3.2.2 Economic sanctions

Economic sanctions – one of the most effective types of sanctions and one of the most dangerous. This type of sanction commonly describes as “Financial Weapon” because it aimed on such important thing for every country, as the economy. The main description of economic sanctions is economic penalties [[Tom C. W. Lin, 2016](#)]. It may include two sub-types – financial sanctions and commercial sanctions.

The financial sanctions are the restriction, cancellation or suspension of foreign aid, as military, technical, development, access to markets, credit facilities etc.

The commercial sanctions mean a limit of comprehensive import and export, discriminatory tariff policy, blacklist of individuals or organizations.

These two subtypes are not mutually exclusive and may be imposed together [[Hufbauer G. C., Schott J.J., Elliott K.A., Oegg B.](#)].

The economic sanctions may be imposed together with different measures, as a military-political, and in that case will be successful in destabilization of the political system. However, the expenses for a country, which imposed sanctions almost never calculated, because of two reasons: it is too hard for calculation; the damage for the huge economics is insignificant – about 1% of GNP. However, if the annual growth rate is about 1%, it could lead to negative dynamic of the growth rate [[Klinova M., Sidorova E.](#)].

3.2.3 Diplomatic sanctions

If political sanctions commonly imposed by the UN, diplomatic sanctions may be imposed (and imposing now) both by the UN and by governments. This type of sanctions may be defined as political measures, which taken to express disapproval or dissatisfaction with actions or decisions diplomatic or politic nature, without affecting on the economic or military relations. These measures may include limiting or cancelling high-level government visits, and the expulsion or recall of diplomatic missions or staff [[Kononova K.](#)].

3.2.4 Protectionist nature sanctions

- Now the most common protectionism tool using by government to protect domestic production is embargoed. In contradistinction to other tools of protectionism, for example, subsidies, an embargo is the most aggressive tool, because it doesn't just give some advantages for domestic manufacturing, but partially or completely exclude international competitors. In common way, the embargo is a response to the economic sanctions of other countries.
- The embargo is divided in three types:
 - - The imposition by the state of a ban on the import / export by other countries of currency, precious metals, certain goods (for example, dairy products).

- - Imposed by the state of a ban on foreign ships entering or leaving the ports of their country.
- - Partial or complete cessation of trade with the aggressor country ([Köchler, 1997](#)).

The common type of embargo is the first one – imposition by state of ban on the import/export by other countries of currency, precious metals, certain good. The good example of that type of embargo is Russian food embargo since 2014, which prohibits the import into Russia since 2014 of certain types of agricultural products, raw materials and food, the country of origin of which is the state that has decided to impose economic sanctions against Russian legal entities or individuals or has acceded to such a decision. The Russian embargo is a big one example to show, how will change the economy in countries, which were embargoed, and in the country, which imposed an embargo.

So, when does an embargo commonly use? The embargo is considered strong diplomatic measures and as was mentioned before, it's commonly used as a response to the economic sanctions of other countries. But common way is not constant way. Embargo also used as a protection tool to protect domestic manufacturing from international competitors, which produce the same product with high quality and lower price. In the theory, using embargo for these reasons, the government gives some advantage for domestic manufacturing, depriving the population of the choice between foreign and domestic products.

Also, the embargo may be used as not protection, but as aggressive tool. In that way, the reasons to impose an embargo, are not economists, but a political one. The government, which imposed an embargo, wants to provoke some political actions inside the country, which was embargoed. For example, exporter-country “A”, which produce and export some agricultural products embargoed importer-country “B”, which do not (or insufficiently) some produce agricultural products and “forced” to import it from country “A” because of price, quantity, quality. Both countries do not have any political or economic conflicts, but in county “B” a new bill proposed by the opposition is being discussed, which is beneficial to the country "A", but not beneficial to the current government of country "B".

If the imposition of an embargo by country "A", country "B" cannot produce enough products to meet the needs of the population. Country B has two choices:

- To develop domestic agricultural production, which will take a long time, will require a lot of resources, and still will not satisfy the domestic demand.
- To import from other countries where similar products are of lower quality and higher prices. The decline in quality and the increase in price will cause discontent among citizens.

Inside country "B" unrest may begin, as citizens will be confident in the failure of the authorities, which may induce the government of country "B" to pass an opposition bill to resume trade relations with the country "A".

Of course, this is only a theoretical scenario, since real political and economic interactions have many more variables and often these variables do not always lend themselves to accurate forecasts. In this scenario, country "A" acts as a political and economic aggressor, using such a strong and not always effective instrument as an embargo.

Embargo generally aimed at countries, which are considered as political competitors and it is not connected with economic reasons anyway.

3.2.5 Embargo's influence

Embargo, as a strong diplomatic tool, may have a serious influence on embargoed countries and on initiator countries. However, it is impossible to say that embargoed countries are loss and initiators are winning, because it has unpredictable influence and runs a chain of political events, one way or another affect both parties to the conflict, and the world economy. It means, that politics are not always assessing their strengths correctly and one little political event may completely cross out the entire strategy and turn the course of the "game".

Firstly, we will consider the embargo's influence on initiator countries. Countries, which are imposed embargo, common do not have any other "levers of pressure" on their political competitors and embargo – the only one way to respond to sanctions, which are imposed by another government. Is it a good way? From my point of view – no.

If country-initiator assess its strengths not correctly, embargo turns from “strong diplomatic tool” to economic-suicide – government has to sensibly assess its manufacturing power in area of embargo, because if it will assess not correctly, manufactures will not cope with the production of a sufficient amount of products and

imitator country will have deficit of product, or will have to import it from different countries, that may cost more, because of new agreements and reputation of country-initiator.

On the other hand, country-initiator, which correctly assess its strengths, may develop domestic production with low product cost and it will be a victory on political and economic fields. In that way, country-initiator will achieve strong economic independence, what may make embargoed country review their sanctions.

Even if the embargo is a dangerous, powerful political tool, countries have to use it with caution – one incorrect step may destroy both economic and political reputation ([Köchler, 1997](#)).

Secondly, we will consider the influence of the embargo on embargoed countries. As for country-initiator, for embargoed countries, it is impossible to say unequivocally how this will affect the economy, because all world events are different and have many unpredictable variables – we can only consider past events but couldn't Prognose some effect with precision.

The main reason of embargo imposing is a blow to the opponent's economy and how strong this blow will depend on the opponent. If an embargoed country has strong production and has different big export channels – embargo will have less influence, because this country will always find partners, who want to import their products. It means, that embargo is powerful tool only for countries with not enough developed economy. For example, the most affected by the Russian food embargo were Finland, Lithuania, Estonia, Latvia, Poland – Russia was the key export market for some food-products – and, for example, Germany had low affect from the embargo.

3.2.6 International sanctions during the Ukrainian crisis and Russian Embargo

After World War II some countries are imposing sanctions to the different countries because it is the most peaceful way to react to some negative actions. However, in the case of International sanctions during the Ukrainian crisis, the situation may be defined as a series of political opposition. Sanctions imposed by many countries and unions – the US, EU, and some of as Ukraine. In response to it, Russian Federation imposed the embargo, as a protective tool for subsequent import substitution.

These sanctions have 3 rounds: first one starts on March 2014, second one starts on April 2014, the third one starts on July 2014 and it's still ongoing (2021). Also, the different participants of sanctions aimed on different goals. So EU is focusing on the Ukrainian situation and using sanctions as a tool of forcing Russia to influence the ceasefire, as well as the implementation of other clauses of the Minsk agreements, when the US sanctions are aimed on more wide goals: Impact on the political system of Russia; Discrediting and isolation of the country's political leadership; Fragmentation of the Russian political elite; Undermining the authority of Russia in the international arena; Isolation of Russia from investments and advanced technologies in critical for it areas; Financial pressure on Russia; Undermining investor confidence in Russia; Pushing Russia out of European energy markets in the interests of American suppliers; Solving similar problems in the global arms and military equipment market [[Russian Council on International Affairs](#)].

The first round of sanctions was started at the 6th March 2014, when the president Barak Obama signed a decree declaring a state of emergency in the country and imposing sanctions, including a travel ban and freezing of US assets, against as yet unidentified individuals who “asserted state authority in the Crimean region without the permission of the Ukrainian government” and whose actions were recognized, among other things, “undermining democratic processes and institutions in Ukraine” [[The White House](#)], and after that, at 17th March 2014, the US, EU and Canada imposed sanctions [[Official Journal of the European Union, 2014](#)]. It was the next day after the Crimean status referendum. The main sanction from the EU was preventing the entry into their territory of individuals responsible for actions that undermine the territorial integrity of Ukraine, and individuals associated with them.

The second round was started at April 2014, when the Council of Europe suspends voting rights of the Russian delegation and in the same month the US banned 7 Russian officials from doing business in their territory and the EU banned 15 more persons from traveling.

In response to the escalation of the war in Donbass on July 17, 2014 was started third round - The US extended the ban on operations to two large Russian energy companies, Rosneft and Novatek, and to two banks, Gazprombank and Vnesheconombank. After that, at July 25, The EU formally extended its sanctions to an additional 15

individuals and 18 legal entities, followed on July 30 by another 8 individuals and 3 legal entities. On July 31, 2014, the EU imposed a third round of sanctions, which included an embargo on arms and related materials and an embargo on dual-use goods and technology intended for military use or military end-users, a ban on the import of weapons and related materials. , control over the export of equipment for the oil industry, as well as restrictions on the issuance and trading of certain bonds, equity instruments or similar financial instruments with a maturity of more than 90 days (reduced to 30 days in September 2014) [[EUR-Lex](#)].

As a response against International sanctions during the Ukrainian crisis, Russian Federation imposed a protective Embargo on certain types of agricultural products, raw materials and food, the country of origin of which is a state that has made a decision to impose economic sanctions against Russian legal entities and (or) individuals or acceded to such a decision [[President of Russian Federation](#)].

In the list of countries in respect of which special economic measures are in force are:

- USA;
- European Union countries: Austria, Belgium, Bulgaria, Great Britain, Hungary, Germany, Greece, Denmark, Ireland, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Finland, France, Croatia, Czech Republic, Sweden and Estonia;
- Canada;
- Australia;
- Kingdom of Norway;
- Ukraine;
- Republic of Albania;
- Montenegro;
- Republic of Iceland;
- Principality of Liechtenstein.

And the list of the banned products:

- Live pigs (with the exception of purebred breeding animals)
- Meat of cattle, fresh or chilled

- Bovine meat, frozen
- Pork fresh, chilled or frozen
- Edible offal of cattle, pigs, sheep, goats, horses, donkeys, mules or hinnies, fresh, chilled or frozen (excluding goods for the production of pharmaceutical products)
- Meat and edible offal of poultry of heading 0105, fresh, chilled or frozen
- Pork fat, separated from lean meat and poultry fat, not rendered or otherwise extracted, fresh, chilled, frozen, salted, in brine, dried or smoked
- Salted meat, brine, dried or smoked
- Live fish (with the exception of Atlantic salmon fry (*Salmo salar*), trout fry (*Salmo trutta*), trout fry (*Oncorhynchus mykiss*), turbot flounder fry (*Psetta maxima*), common seabass fry (*Dicentrarchus labrax*), live ornamental fish)
- Fish and crustaceans, molluscs and other aquatic invertebrates (with the exception of juvenile (spat) oysters, juvenile (spat) mussels, juvenile white-footed shrimp (*Litopenaeus vannamei*))
- Milk and dairy products (except for specialized lactose-free milk and specialized lactose-free dairy products for dietary therapeutic nutrition and dietary preventive nutrition)
- Vegetables, edible root vegetables and tubers (except for seed potatoes, onion sets, hybrid sugar corn for sowing, peas for sowing, chickpeas for sowing, lentils for sowing)
- Fruits and nuts
- Pork fat (including lard) and poultry fat, other than the fat of heading 0209 or 1503
- Fat of bovine, sheep or goats, other than the fat of heading 1503
- Lard stearin, lard oil, oleo stearin, oleo oil and animal oil, emulsified or unmixed, or not otherwise prepared
- Sausages and similar products of meat, meat offal or blood; prepared food products based on them
- Food or finished products (with the exception of biologically active additives; specialized food products for the nutrition of athletes; vitamin and mineral complexes; flavoring additives; protein concentrates (animal and plant origin) and their mixtures; dietary fibers; food additives (including complex))

- Food or prepared products made using cheese production technologies and containing 1.5 % or more of milk fat
- Salt (including table salt and denatured salt) and pure sodium chloride, whether or not dissolved in water, or containing or not containing additives of anti-caking or flowing agents, and sea water (excluding dietary supplements) [[Government of the Russian Federation](#)].

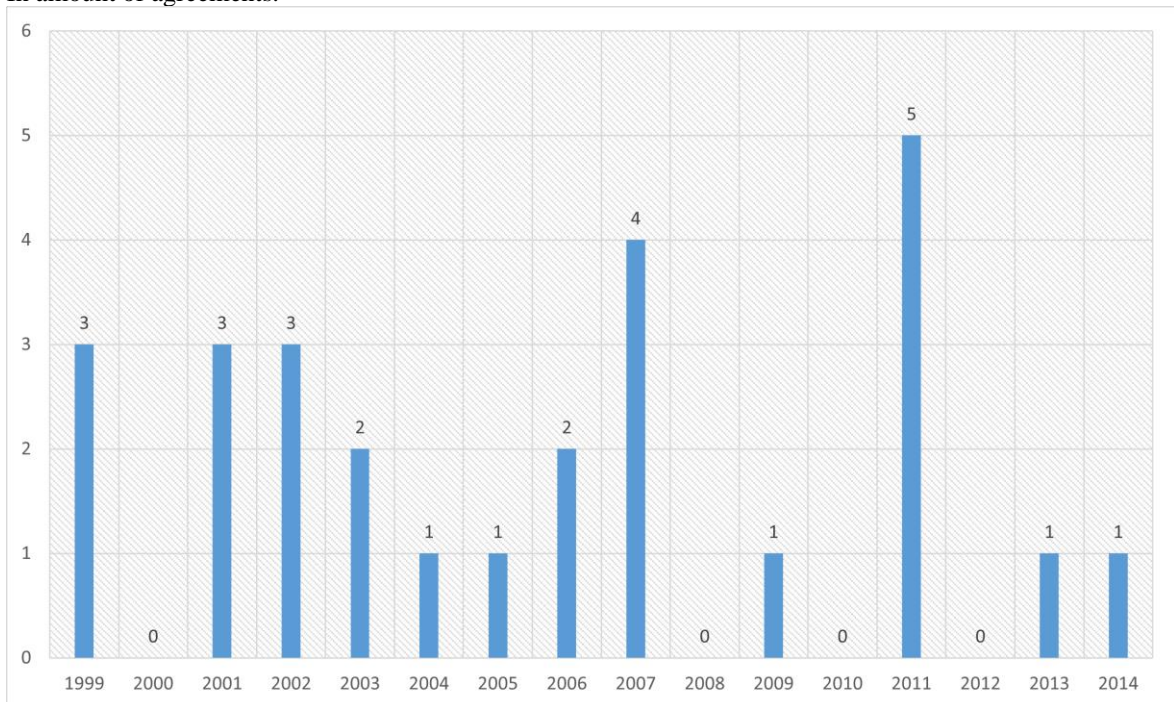
4 Practical part

4.1 The Czech-Russian trade relations before sanctions 2014

First of all, to understand how political constraints (especially embargo) effect on the economy, we have to look and analyse it before these constraints. Below we will look at international trade statistic of the Czech Republic and Russia Federation before embargo 2014, and after that compare countries by international trade.

Before the analysis of the international trade between the Czech Republic and Russian Federation, lets look on the international agreements between both countries – from 1999 to 2014 between the Czech Republic and Russian Federation was made 24 agreements, or 1,6 agreements per a year. However, not all of these agreements aimed at trade or development not military relations – most of them are political, like on social security. The dynamic of international agreements, making is below in figure 1.

Figure 1: The number of agreements between Russian Federation and the Czech Republic from 1999 to 2014. In amount of agreements.



Source: [Ministry of Foreign Affairs of the Russian Federation](#)

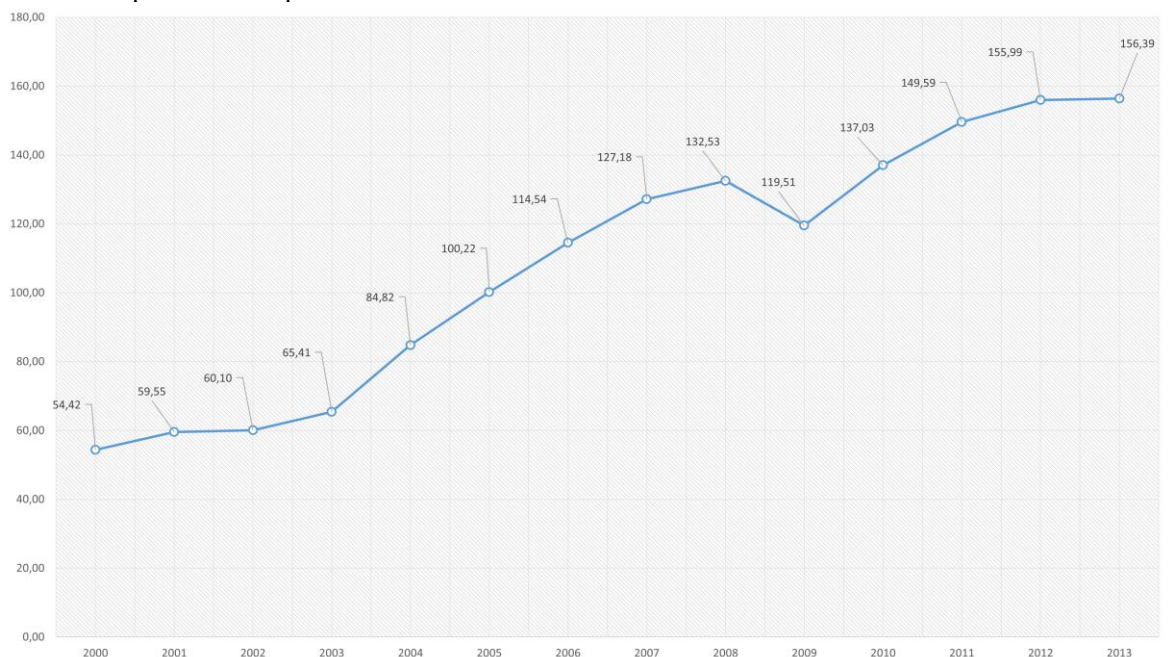
On the figure 1 are some periods, where weren't made any agreements (2000, 2008, 2010, 2012). It is explained by the time countries needed to prepare agreements.

4.1.1 The Czech Republic trade overview

For the next analysis, we will look at the Czech Republic trade statistic in 2000 (before embargo period), and especially 2013, exact year before political tensions between the EU, the US and Russia Federation. We will analyse export and import separately.

From 2000 till 2013 Czech Republic total export was increased to 187% (from \$54,422 billion to \$156,396 (constant 2010 US\$)) ([The World Bank](#)). The growth line is on the figure 2:

Figure 2: Czech Republic total export in constant 2010 US\$



Source: [The World Bank](#)

As we see at figure 2, Czech Republic export has steadily increased during 13 years, but we need to understand period from 2008 till 2009, when the Czech Republic export was decreased on 9,82% - it is a consequence of the Great Recession in 2007-2009 years. The reasons of the Great Recession were failures in financial regulation, corporate governance violations that led to excessive risks; excessively high household debt; widespread use of "exotic" securities (derivatives), the growth of an unregulated "shadow" banking system ([Kholodkov N, 2014](#)). So, we can conclude that this decreasing not related to political constraints.

4.1.1.1 Czech main export partners

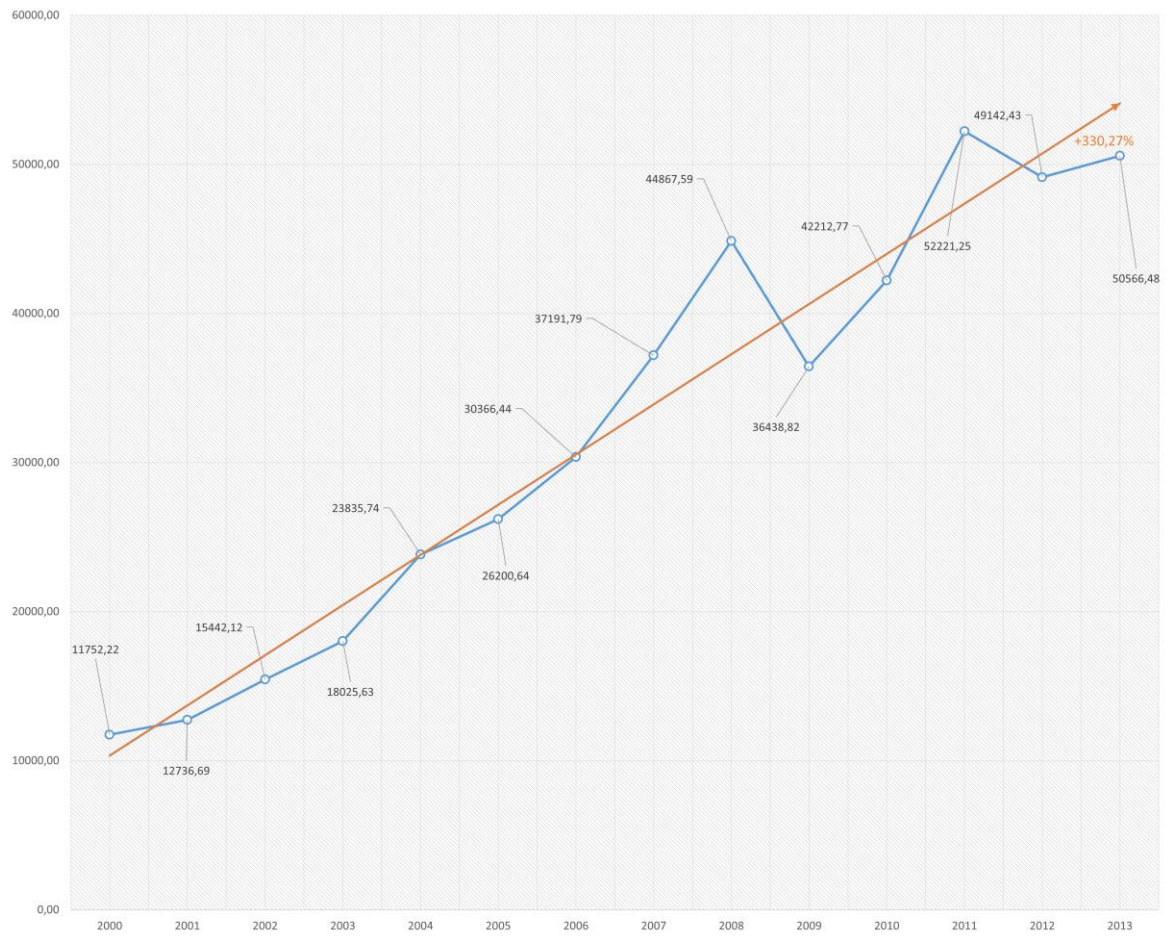
Table 1: Top 21 Czech export partners (in current US\$ thousand) (as of 2013 year)

Partner Name	2010	2011	2012	2013
Germany	42212766,39	52221249,29	49142433,85	50566481,23
Slovak Republic	11595995,93	14565372,54	14177411,26	14304064,33
Poland	8129414,10	10267814,29	9520874,06	9667846,12
France	7100946,88	8845136,85	7911709,28	7978846,43
United Kingdom	6443274,86	7357285,88	7503843,36	7834643,54
Austria	6211636,62	7396030,53	7232771,41	7334754,95
Russian Federation	3538199,51	5215405,30	6033128,65	5936747,60
Italy	5884940,43	6705975,46	5540738,46	5755655,47
Netherlands	4924234,60	5744991,69	5079279,11	4525461,12
Hungary	3050705,05	3658346,93	3600918,59	4216270,23
Belgium	3266503,32	4004560,04	3742017,46	4084654,69
North America	2470440,42	3393473,15	3806405,43	3766616,12
United States	2320765,17	3134884,49	3553700,31	3486952,08
Spain	3162440,77	3474044,91	3139787,83	3475478,94
Switzerland	2207349,04	2759752,34	2563329,03	2523861,61
Sweden	2163881,46	2674680,92	2366199,32	2421095,99
Turkey	1041616,68	1354669,24	1695983,19	2205219,59
Romania	1499803,54	1791362,94	1765752,79	2017769,42
China	1214996,24	1667836,48	1670839,57	1916664,91
Romania	1499803,54	1791362,94	1765752,79	2017769,42
China	1214996,24	1667836,48	1670839,57	1916664,91

Source: [World Integrated Trade System \(WITS\)](#)

In the analysis of Czech Republic export before the embargo, it's possible to define the main export partner – Germany. As we see on figure 3, from 2000 to 2013 the average share of Germany (Partner Share%) is 33,77% and the total Export was increased in 330,27% from \$11 752, 223 to \$50 566, 481 (in billion current US\$) ([World Integrated Trade System \(WITS\)](#)). In this partnership we can define the main products of the international trade from 2010 to 2013 – they are Capital Goods, Consumer Goods, and Machinery and Electronics (table 1).

Figure 3: Czech Republic Exports to Germany 2010 – 2013 (in current US\$ billion)



Source: [World Integrated Trade System \(WITS\)](#)

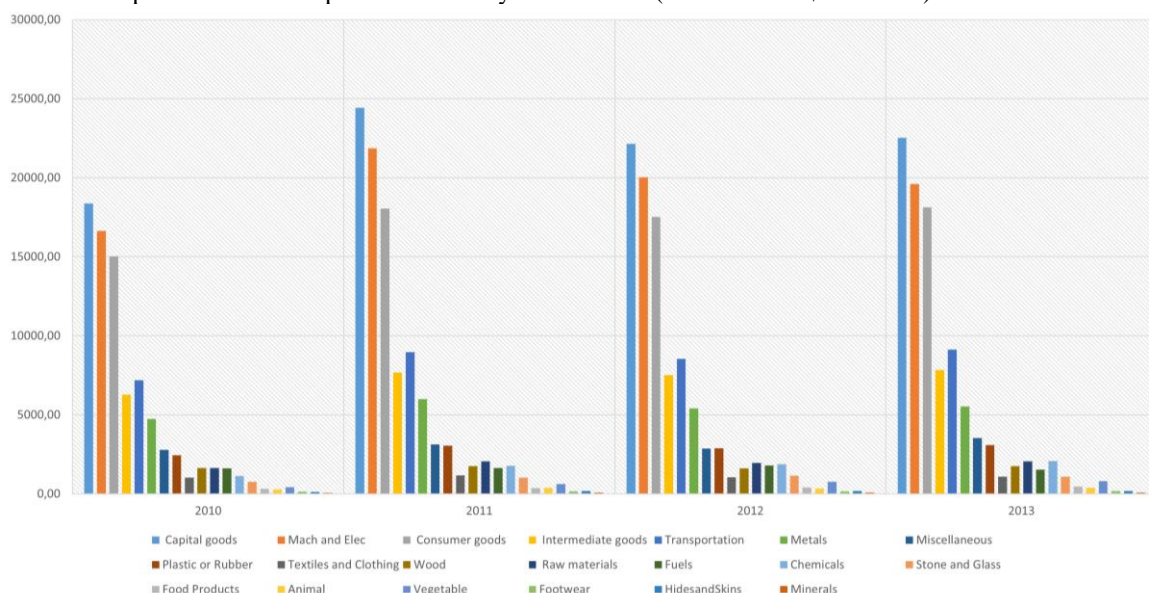
Table 2: Czech Republic Product Exports to Germany 2010 - 2013 (in current US\$ million)

Product/Year	2010	2011	2012	2013
Capital goods	18 374,27	24 421,64	22 138,68	22 537,15
Mach and Elec	16 627,96	21 866,20	20 023,99	19 600,76
Consumer goods	15 024,23	18 057,29	17 521,73	18 130,45
Intermediate goods	6 276,71	7 679,66	7 518,56	7 823,39
Transportation	7 190,71	8 967,50	8 535,21	9 131,64
Metals	4 748,12	5 996,72	5 407,26	5 534,21
Miscellaneous	2 778,70	3 135,16	2 863,19	3 530,21
Plastic or Rubber	2 437,96	3 039,98	2 884,35	3 081,15
Textiles and Clothing	1 023,75	1 174,23	1 056,87	1 087,92
Wood	1 636,54	1 748,76	1 613,84	1 749,63
Raw materials	1 630,33	2 053,78	1 956,53	2 065,50
Fuels	1 607,72	1 645,96	1 800,04	1 543,98
Chemicals	1 127,83	1 786,48	1 873,34	2 075,48
Stone and Glass	776,43	1 024,70	1 152,83	1 099,16
Food Products	327,35	371,15	397,12	471,18
Animal	293,76	394,02	352,96	381,28
Vegetable	425,88	633,6	764,63	818,23
Footwear	144,36	167,07	162,04	192,17
HidesandSkins	123,46	191,87	181,16	191,29
Minerals	63,96	77,78	73,52	78,09

Source: [World Integrated Trade System \(WITS\)](#)

The full table is in [appendix A](#).

Figure 4: Czech Republic Product Exports to Germany 2010 - 2013 (in current US\$ thousand)



Source: [World Integrated Trade System \(WITS\)](#)

As we can see, Germany has a dominant position in the Czech Republic export structure. These economic partnerships have greatly increased in 13 years and have three

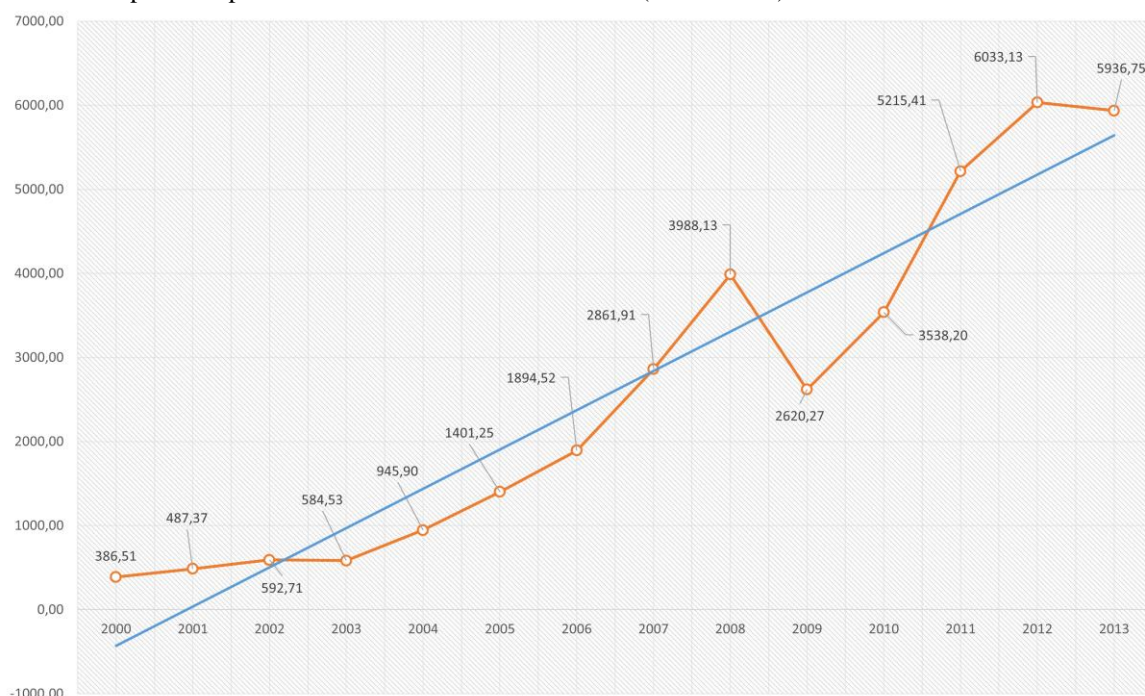
main sectors at the same time – capital goods, machinery and electrical, consumer goods (by harmonized system product nomenclature). These sectors were stable, and we can define, that Czech Republic basically export some machinery for manufacturing, finished machinery and electronics, and finished consumer goods (products for use). As for Food Products, there is some partnership, but the proportion is insignificant.

As we define Czech Republic main trade-partner (for export), we will look at the trade relationships between Czech Republic and Russia Federation.

4.1.1.2 Russian Federation place in the Czech Republic export structure

The Russian Federation was one of the ten main trade partners for the Czech Republic and was on the 7th place ([World Integrated Trade System \(WITS\)](#)) with \$5 936,747 (in billion) total export (from Czech Republic to Russia Federation) in 2013. As we can see on figure 5, total export to Russia Federation was greatly increased from 2000 to 2013, that could mean an increasing of political and economic relationships between two countries. Because of this statistic, we can say that Russia Federation is an important partner to the Czech Republic.

Figure 5: Czech Republic export to Russian Federation 2000-2013 (US\$ Billion)

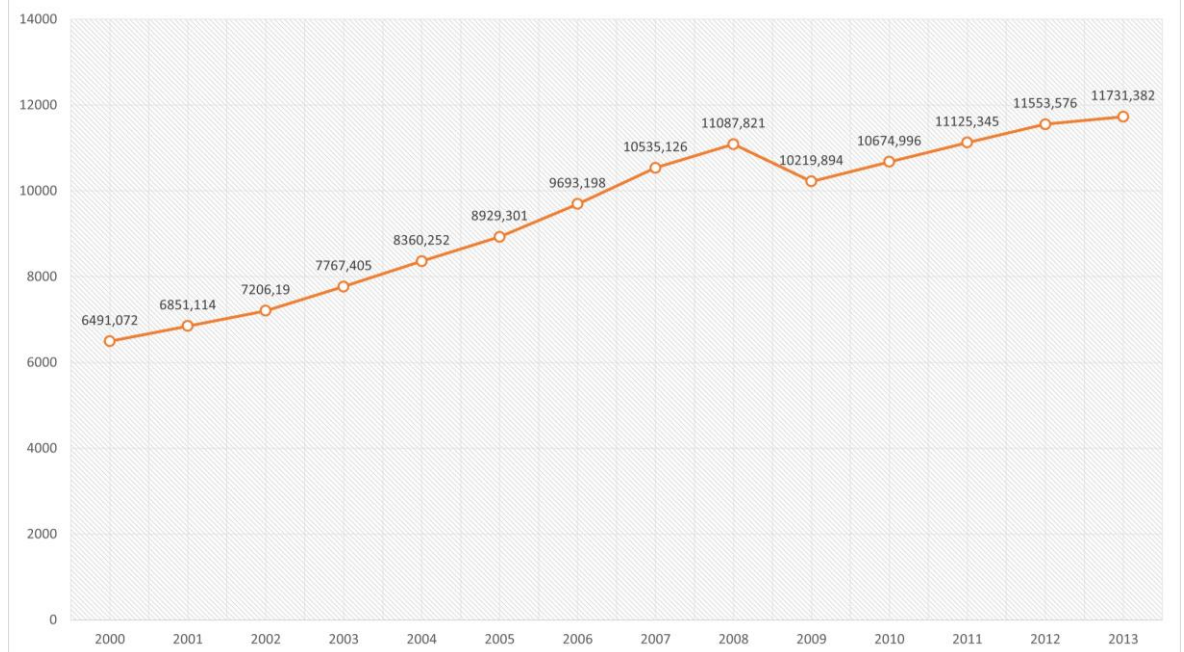


Source: [World Integrated Trade System \(WITS\)](#)

But in opposed to Czech – German trade relations, Czech – Russian relations took longer to recover after the Great Recession. From my point of view, the main reason of this

long recovering is a hard blow to the Russian economy – Russian GDP per capita was decreased on 7.82% from 2008 to 2009 ([The World Bank](#)) and recovering curve of Russian GDP is extremely similar to recovering curve of Czech export to Russia – and couldn't be define as a decreasing of political and economic relations.

Figure 6: Russian GDP per capita 2000-2013 (constant 2010 US\$)



Source: [The World Bank](#)

So, Russian Federation is one of the most important partners for Czech Republic, but which product Czech Republic export to Russia? As in Germany case, Czech Republic mainly export Capital Goods, Machinery and Electronics, Consumer Goods ([World Integrated Trade System \(WITS\)](#)). As we see at table 2, Capital Goods have the grates amount of export – \$3 188,544; Machinery and Electronics – \$2 567,6; and Consumer Goods – \$2 293,586. That mean Czech – Russian export is similar with Czech – German export, but much lower.

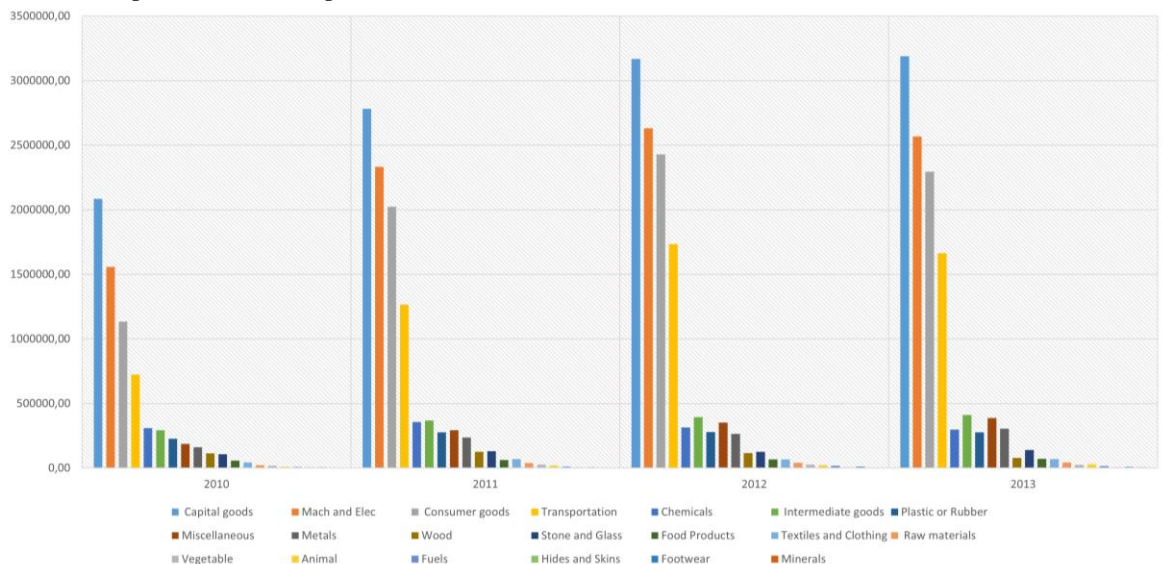
Table 3: Czech Republic Product Exports to Russian Federation 2010 – 2013 (current US\$)

Product/Year	2010	2011	2012	2013
Capital goods	2085055,93	2783028	3168576,43	3188544,67
Mach and Elec	1556641,20	2331617,22	2630313,01	2567600,07
Consumer goods	1133231,48	2024726,63	2429832,25	2293586,76
Transportation	724611,96	1265103,23	1733532,95	1662622,72
Chemicals	309986,79	355925,05	312888,59	297219,18
Intermediate goods	293157,06	368963,3	394307,11	411561,87
Plastic or Rubber	227131,86	275463,88	279793,83	276383,82
Miscellaneous	186735,45	292687,19	351532,99	385963,85
Metals	159821,16	236144,94	264994,39	303598,97
Wood	114575,15	125751,59	116154,01	77424,39
Stone and Glass	106627,14	130816,65	126135,01	139116,01
Food Products	57891,24	62834,92	66090,16	70707,75
Textiles and Clothing	42695,71	68166,64	66553,69	70051,58
Raw materials	22819,20	38687,36	40412,87	43054,29
Vegetable	17583,93	25578,47	26062,61	25311,56
Animal	11279,93	20227,67	22873,41	30122,12
Fuels	8114,85	9974,89	17368,35	14055,79
Hides and Skins	4687,93	6409,16	6030,02	5265,33
Footwear	4307,27	6452,18	10082,66	6940,92
Minerals	1572,74	2251,61	2722,98	4363,53

Source: [World Integrated Trade System \(WITS\)](#)

The full table is in [appendix B](#)

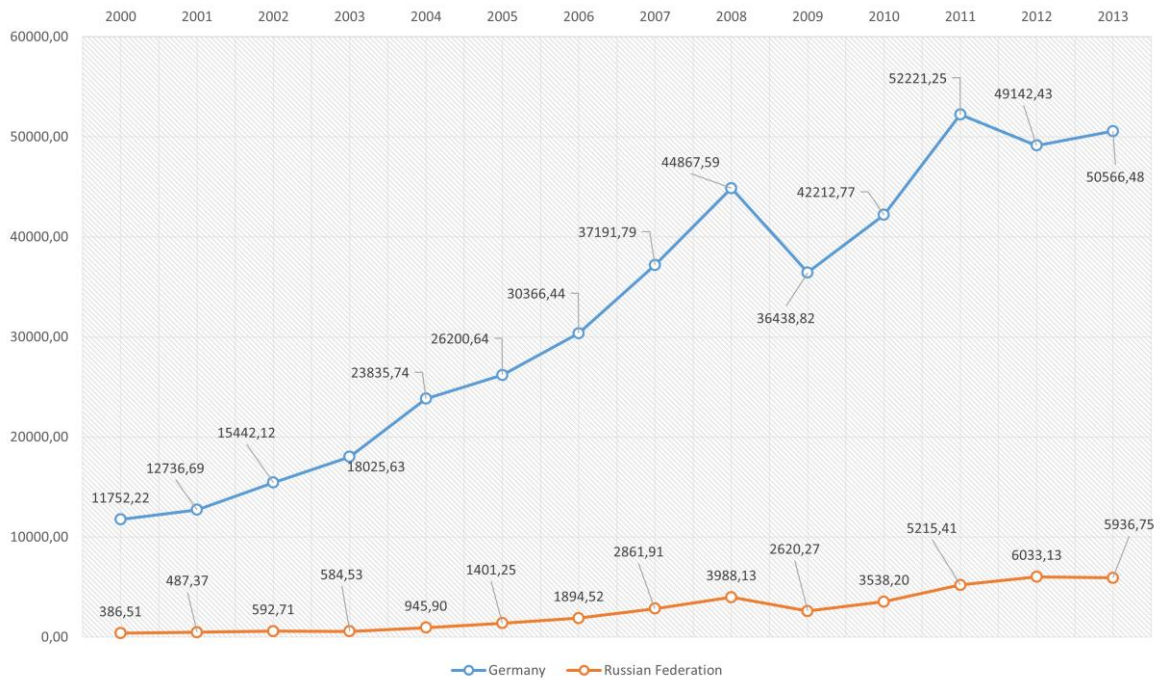
Figure 7: Czech Republic Product Exports to Russian Federation 2010 - 2013 (current US\$)



Source: [World Integrated Trade System \(WITS\)](#)

As we can see at figure 8, Germany has the dominant position in Czech Republic export, and is the main revenue stream for Czech Republic export – in 2013 exporter got more than \$50 500 billion (in current US\$). However, Russia still remains one of the most important export markets.

Figure 8: Comparison Czech export to Germany and to Russia (in billion current US\$)



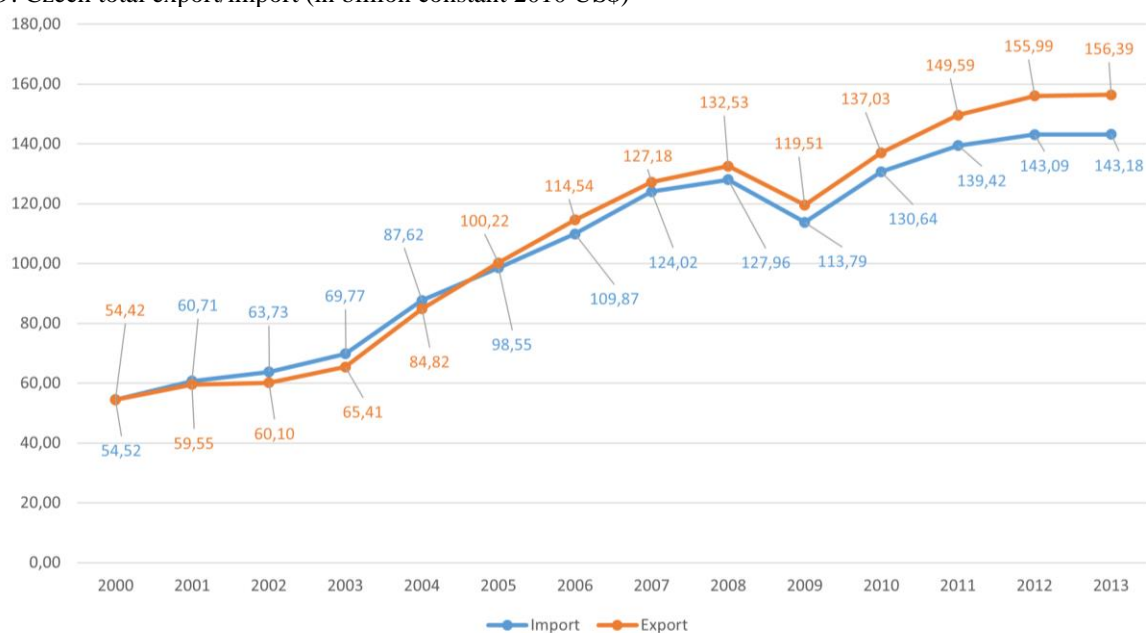
Source: [World Integrated Trade System \(WITS\)](#)

Nevertheless, we can't say about the importance of trade Germany or Russian Federation for the Czech Republic without an import analysis.

4.1.1.3 Czech main import partners

First of all, it's worth saying that the Czech total import was increased on 162.6% from 2000 till 2013. The import growth rate is lower, than export growth rate, what a good indicator, but before 2005 Czech import was higher than export to more than \$2 billion (in constant 2010 US\$), that mean country bought more goods than produced. However, in 2005 the situation was stabilized.

Figure 9: Czech total export/import (in billion constant 2010 US\$)



Source: [The World Bank](#)

As we see at figure 9, the situation in the period from 2008 to 2010 is pretty similar because of world financial crisis. However, the crisis was helpful to increase a difference between import and export. It looks like that Czech Republic start to produce more goods and services for the world market. But let's back to the main trade partners.

Table 4: Top 18 Czech import partners (in current US\$ thousand) (as of 2013 year)

Partner Name	2010	2011	2012	2013
Germany	32057288,77	38938449,94	35674358,53	36880509,98
China	15332148,82	18905320,57	15672785,74	15486206,13
Poland	8041080,16	10001664,37	9966392,81	10756290,07
Slovak Republic	6505285,71	8648623,64	8514252,74	8176816,32
Russian Federation	6812628,58	8100370,33	7903779,17	7750046,38
Italy	4897403,66	5937464,22	5459207,58	5746009,69
Netherlands	4048442,54	4958254,09	4904520,73	4705974,04
France	4151364,62	4911601,10	4410729,11	4621357,91
Austria	4231342,91	4994862,48	4516277,74	4438430,32
Hungary	2733596,47	3341921,54	3308285,01	3450979,88
United States	2797205,76	2944140,58	3003996,20	3099848,76
Korea, Rep.	2080827,70	2689142,96	3096409,55	3003643,12
United Kingdom	2543869,47	2871823,03	2665027,00	2727493,50
Japan	3070798,61	3109599,99	2852355,21	2655494,57
Belgium	2275931,66	2717654,21	2399875,89	2453814,35
Spain	2252897,47	2493675,14	2224852,67	2363725,28
Switzerland	1353029,05	1626477,97	1493468,87	1519864,58
Romania	708162,10	1114958,80	1067666,61	1410736,44

Source: [World Integrated Trade System \(WITS\)](#)

By the statistic of Czech import, the main partner is still Germany with 25.88% partner share or with \$36 880,509 (in current US\$ billion) in 2013 ([World Integrated Trade System \(WITS\)](#)), but Russian Federation is on the 4th place with \$6 812,628 (in current US\$ billion). Even if Germany is the main market for Czech Republic (by import and export), Russian Federation entered in the top five most important import markets.

So, as we see at table 3, basically Czech Republic imports from Germany four main product groups – Capital Goods (\$15137,893), Machinery and Electronics (\$11344,371), Consumer Goods (\$11664,883), Intermediate Goods (\$8981,048).

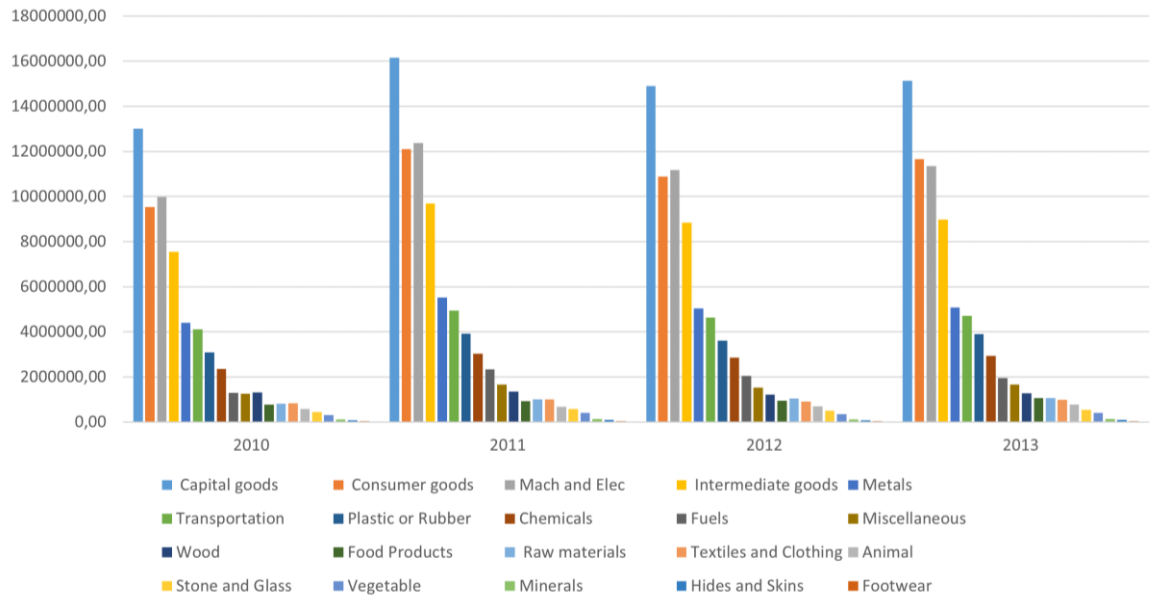
Table 5: Czech Republic Product Import from Germany 2010 - 2013 (in thousand current US\$)

Product/Year	2010	2011	2012	2013
Capital goods	12998955,69	16151501,11	14907710,21	15137893,03
Consumer goods	9540295,60	12095928,98	10881535,13	11664883,21
Mach and Elec	9972381,54	12361267,75	11171145,74	11344371,24
Intermediate goods	7545062,22	9693509,59	8842062,57	8981048,92
Metals	4406398,12	5515853,16	5028280,07	5083490,44
Transportation	4115103,37	4941584,04	4623677,54	4717130,10
Plastic or Rubber	3079855,81	3917788,23	3599796,65	3898145,79
Chemicals	2351687,13	3023973,40	2855722,72	2925741,84
Fuels	1294821,97	2342328,42	2037694,02	1956038,25
Miscellaneous	1247405,41	1655584,88	1533394,21	1661040,39
Wood	1307851,84	1341487,42	1213141,17	1279892,02
Food Products	762272,74	922693,32	940068,52	1064931,57
Raw materials	810314,06	994778,40	1033141,33	1062272,71
Textiles and Clothing	827684,77	997619,95	898071,48	978307,51
Animal	571222,56	675047,53	695197,75	761909,11
Stone and Glass	435838,60	576402,29	505879,33	536807,18
Vegetable	302958,58	405252,96	341088,56	405945,81
Minerals	107303,53	131956,09	110629,21	126911,16
Hides and Skins	82939,23	91782,25	77175,67	92290,69
Footwear	29410,27	37828,25	43395,89	47556,89

Source: [World Integrated Trade System \(WITS\)](#)

The full table is in [appendix C](#)

Figure 10: Czech Republic Product import from Germany 2010 - 2013 (in thousand current US\$)



Source: [World Integrated Trade System \(WITS\)](#)

It's possible to say, that the Czech Republic bought Capital Goods and Machinery to manufacture more own products.

4.1.1.4 Russian Federation in the Czech Republic import structure

If we compare it with Russian import, the situation will be different, first of all because Czech Republic imports from Russian Federation basically Fuel, Row Materials, and Customer Goods. So, Czech Republic more aimed at buying Fuel and Row Materials for domestic production, than on extraction it. Here we see a tendency, that country easier to buy material for production and after that sell it for a better price.

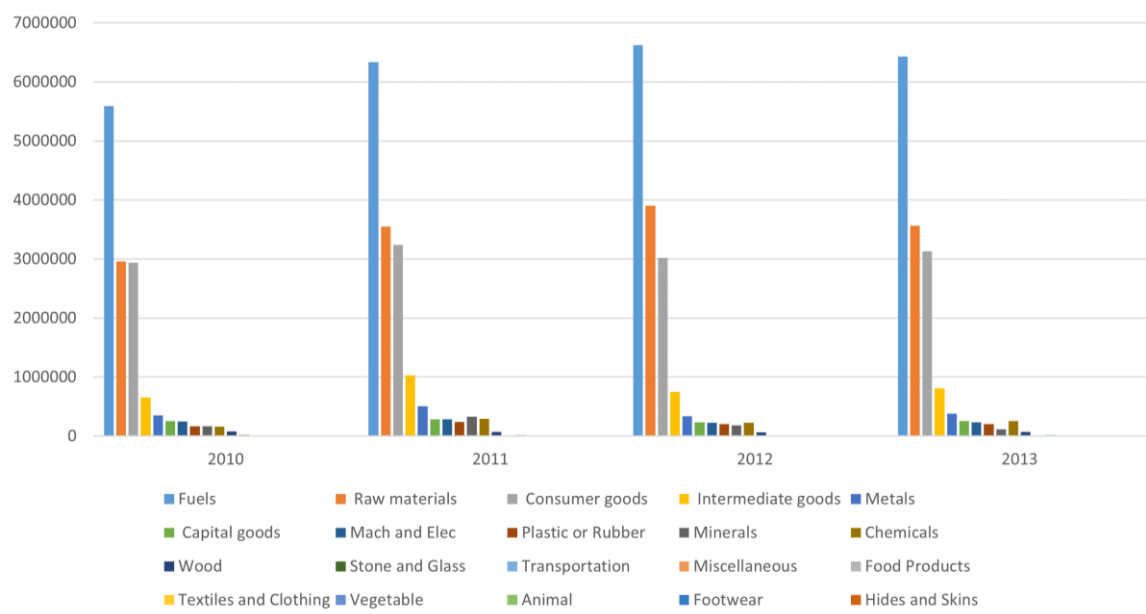
Table 6: Czech Republic Product import from Russian Federation 2010 - 2013 (in thousand current US\$)

Product/Year	2010	2011	2012	2013
Fuels	5589007,54	6334717,91	6620968,94	6431417,67
Raw materials	2959053,16	3550065,63	3899875,05	3562664,82
Consumer goods	2937026,07	3239058,99	3020841,47	3131082,63
Intermediate goods	651623,15	1031135,66	748903,43	803869,14
Metals	348560,57	503534,78	335450,48	376314,27
Capital goods	256515,95	280110,06	234159,21	252429,79
Mach and Elec	248687,57	282249,43	227849,37	234275,94
Plastic or Rubber	165599,73	239850,06	200842,41	204267,21
Minerals	164728,27	325445,58	180113,28	112033,51
Chemicals	156185,04	290578,11	227493,61	255855,38
Wood	78038,07	72867,02	65032,67	70521,79
Stone and Glass	16061,71	12225,52	14164,14	14388,07
Transportation	12990,24	15142,05	10841,49	16857,40
Miscellaneous	12663,07	9460,23	9120,51	12883,60
Food Products	4982,45	5846,39	4706,02	6574,07
Textiles and Clothing	4863,8	4402,31	3605,08	2747,16
Vegetable	1081,94	1292,46	1250,52	2193,84
Animal	614,81	2159,27	1918,46	9533,13
Footwear	143,47	195,73	170,76	167,31
Hides and Skins	10,03	403,47	251,43	16,04

Source: [World Integrated Trade System \(WITS\)](#)

The full table is in [appendix D](#)

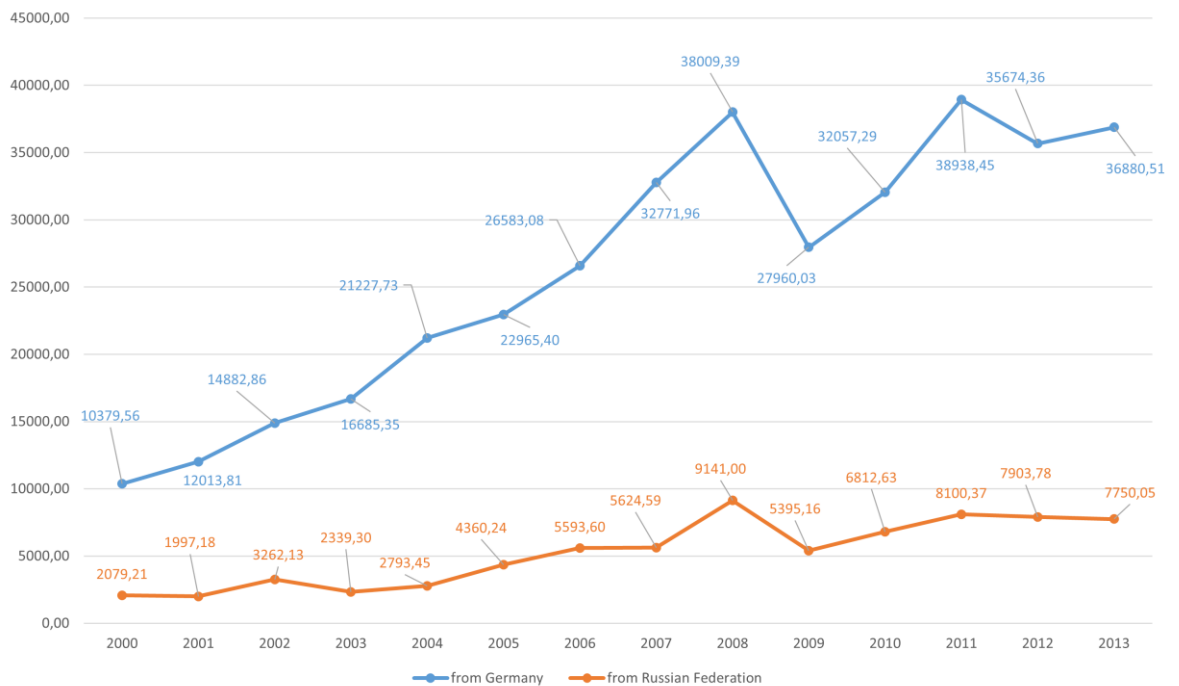
Figure 11: Czech Republic Product import from Russian Federation 2010 - 2013 (in thousand current US\$)



Source: [World Integrated Trade System \(WITS\)](#)

However, we can see that import from Germany is still much higher than from Russia. Czech Republic imports much more finished goods from Germany and raw materials/fuels from Russia, probably because Germany finished products are of higher quality and makes more profit from selling inside country. The difference is shown on figure 12.

Figure 12: Comparison of Czech Republic import from Germany and Russian Federation (in billion current US\$)



Source: [World Integrated Trade System \(WITS\)](#)

As we see, the Czech Republic had strong economy before the embargo 2014. It had a strong trade partner as Germany, which dominated both on import and export area. However, the Russian Federation had one of the top positions (7th in export, 4th in import) for the Czech Republic. As we can see on import and exports graphs, Russian Federation and Czech Republic had friendly trade relations (it shows the growth of import/export between countries, exclude period from 2008 to 2010, when was a World Financial Crisis). Also, we can conclude, that Czech Republic more targeted at the own production for international and domestic markets.

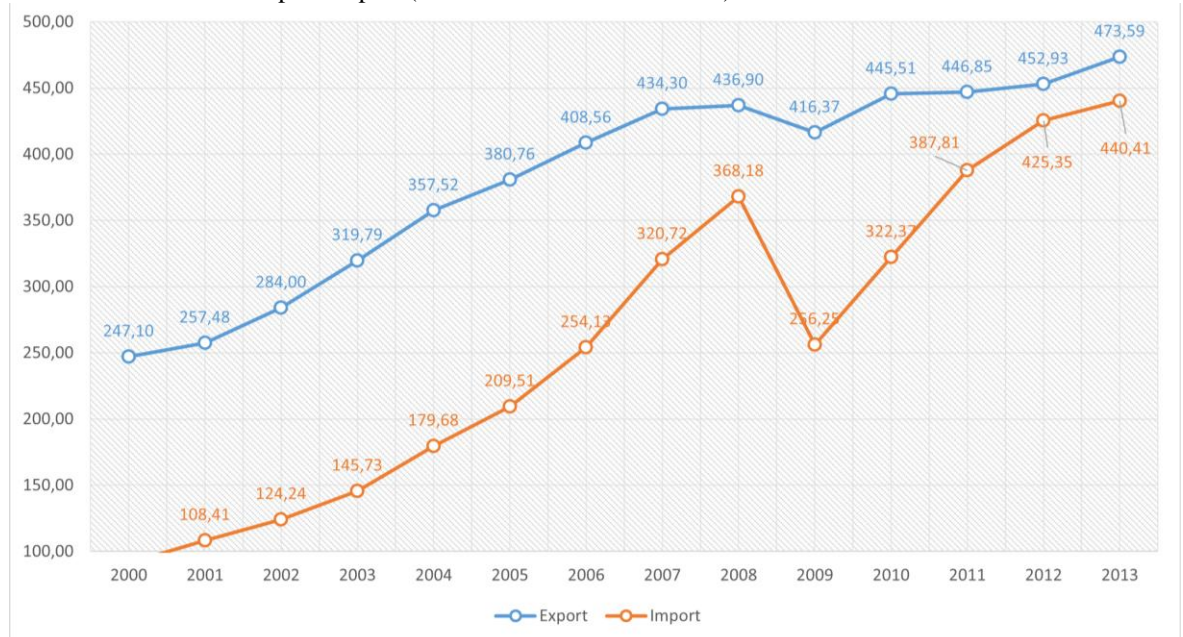
4.1.2 Russian Federation trade overview

On the next step we will look at international trade in Russian Federation before embargo 2014, however, this part will be a bit shorter than previous one, because we don't

need to look at export and import products from and to Czech Republic as deep as in previous part – we already analyse it and, I'm sure that we need to look at share of this trade in total Russian international trade and, of course, define main partner and Czech position on Russian international market.

Russian Federation export during period from 2000 to 2013 was increased almost in 2 times. In 2013, Russian total export was \$473,591 billion (in constant 2010 US\$), that is more than total Russian import (\$440,406 billion (in constant 2010 US\$)) almost on \$30 billion dollars, that showed on figure 13 below. It helped Russian Federation increase GDP per capita (in constant 2010 US\$) from \$6491,072 to \$11731,382 from 2000 till 2013 years ([The World Bank](#)).

Figure 13: Russian Federation Import/Export (in billion constant 2010 US\$)



Sources: The World Bank ([Export/Import](#))

As we see at figure 13, Russian export has never been lower than import during the period from 2000 to 2013 years. Even in the world crisis period (2008-2010), mostly decreased import (almost more than on 30%), and export was decreased just on -4,7. It could mean, that Russian International trade policy mostly focused on export of goods and services, than on import. However, if we will look at table 5, that the top two first rows contain Fuels and Raw Materials. It means, that Russian Federation in 2000-2013, mostly

focused on selling on natural resources and didn't pay attention on producing and exporting of finished products.

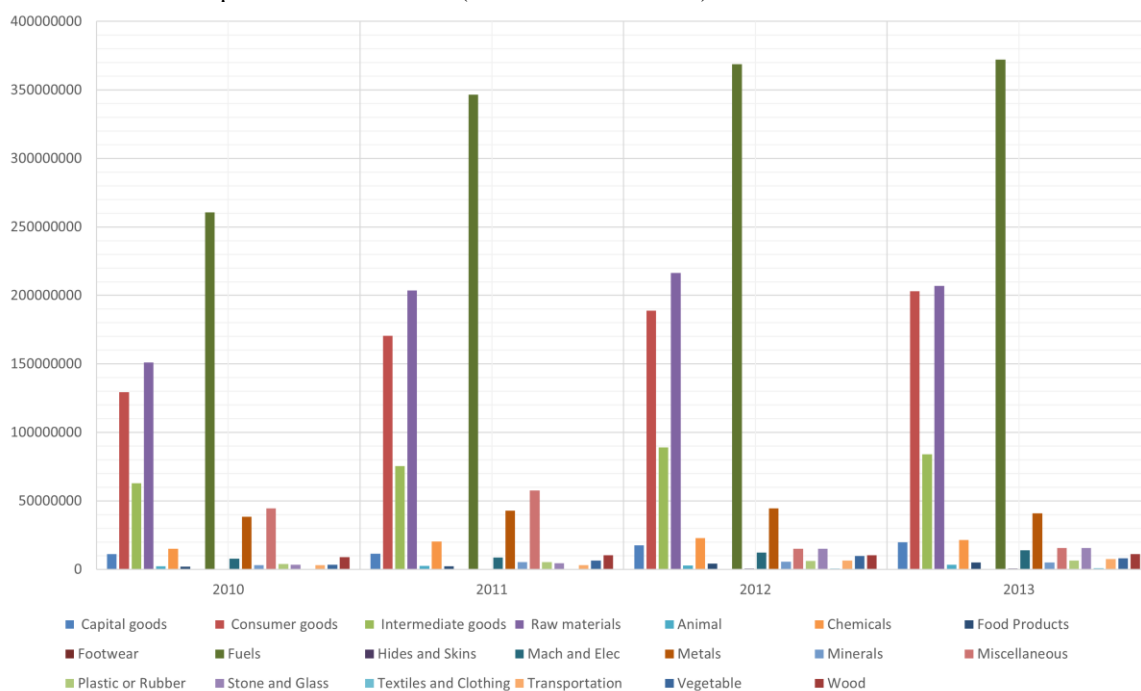
Table 7: Total Russian export around the world (current US\$ thousand) 2010-2013

Product/year	2010	2011	2012	2013
Fuels	260668050,82	346530198,17	368853370,25	372036095,51
Raw materials	151098866,22	203482715,25	216487799,04	207043753,71
Consumer goods	129305198,80	170629677,45	188834920,23	203106698,97
Intermediate goods	62885464,47	75411119,28	89154151,00	84045506,98
Metals	38534987,88	42920568,60	44404916,77	40846293,59
Chemicals	14956636,51	20372562,53	22864975,32	21387601,28
Capital goods	11061625,13	11445336,70	17578292,98	19861794,29
Stone and Glass	3291583,55	4426157,99	15059364,44	15654058,43
Miscellaneous	44416384,86	57619307,86	14926260,09	15605121,23
Mach and Elec	7796050,82	8635410,73	12169402,30	13842592,76
Wood	8980896,74	10345999,14	10272851,42	11144513,59
Vegetable	3417227,84	6427068,29	9683023,26	7972428,57
Transportation	3195268,86	3182945,98	6541557,21	7563424,26
Plastic or Rubber	4004778,04	5447330,21	6052134,51	6359769,65
Minerals	3030802,39	5396183,81	5615201,50	5044278,40
Food Products	1833223,05	2353934,11	4138955,65	4945699,32
Animal	2316930,92	2565822,08	2923012,30	3326032,69
Textiles and Clothing	337269,19	401607,61	644534,66	761368,12
Hides and Skins	258651,40	331250,09	503379,91	609124,19
Footwear	28778,11	36271,04	113481,01	167517,28

Source: [World Integrated Trade Solution \(WITS\)](#)

Full table is in [appendix E](#)

Figure 14: Total Russian export around the world (current US\$ thousand) 2010-2013



Source: [World Integrated Trade Solution \(WITS\)](#)

4.1.2.1 Russian Federation main export partners

In that case, we will look on the main Russian trade partner for export in the period from 2010 to 2013 and define the Czech position in the list. By export data, the main export Russian partner in 2010-2013 was Netherlands with increasing total export (Russia to Netherlands) from \$53240,893 to \$69259,511 (in current US\$ thousand), that is almost on 30% ([World Integrated Trade Solution \(WITS\)](#)).

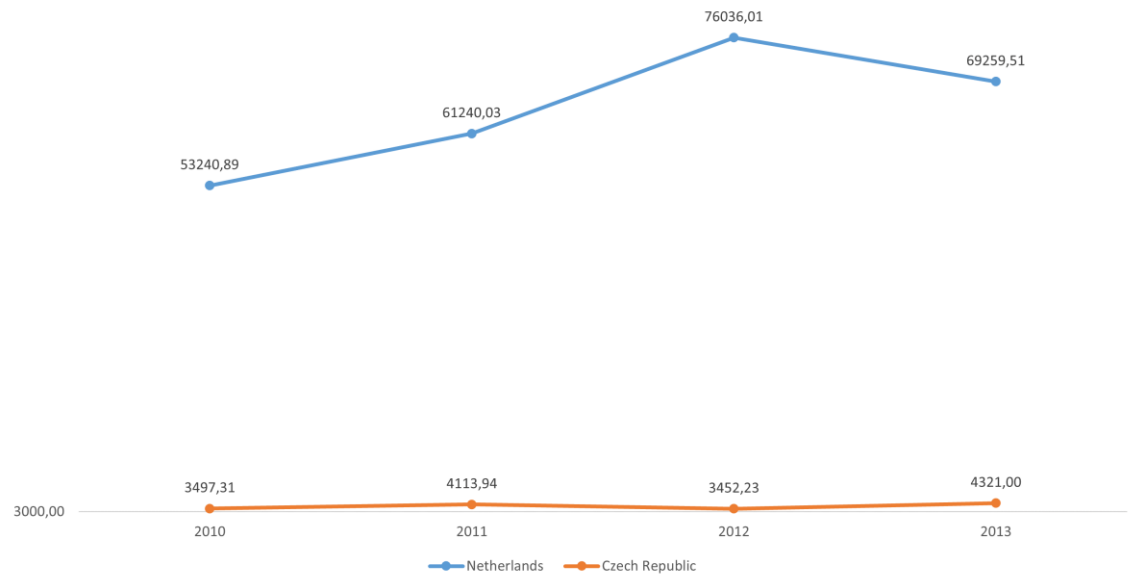
Table 8: Top 29 Russian export partners (in current US\$ thousand)

Partner Name	2010	2011	2012	2013
Netherlands	53240893,69	61240029	76036013,7	69259511,32
China	19783043,49	34692362	35766829,5	35625419,98
Italy	24375011,48	27898665,5	28007565,3	29156005,75
Germany	15862274,79	22766472,1	24039165,6	22962139,22
Japan	12493561,58	14234690,3	15588026,8	19667507,62
Poland	14215842,07	21194164,3	19753359,1	19408183,62
Kazakhstan	10690357,83	14173690,4	14892490	17218175,41
Belarus	18080614,5	24930203,4	21380404,7	16870227,72
Ukraine	13608727,74	18064358,1	14815773,8	15215254,51
Turkey	13958616,96	15086787,7	16103173	15122092,26
Korea, Rep.	10407938,18	13329720,6	13865478,8	14867070,24
United Kingdom	9695647,361	10349918,5	12561812,8	12354671,52
Finland	10754345,77	11700751,5	10606116,6	12014042,11
United States	11933019,99	15626334,6	13022324,3	11177056,15
Latvia	5536945,46	6811112,87	8242025,29	9836415,93
Switzerland	8596660,099	8928667,11	10457368,8	8656011,789
Belgium	4924300,62	7063427	6799323,54	7726441,246
India	5406299,079	4665703,62	7566692,51	6982660,212
Spain	4047244,779	6115511,74	5721424,8	6027059,439
France	9321757,863	10852220	7420066,39	5928165,586
Hungary	5132189,523	6606780,49	5902694,6	5461146,268
Slovak Republic	3493948,005	5655092,83	5101258,26	5166048,788
Greece	2097816,542	3485643,66	4744170,26	5014364,87
Lithuania	2256180,161	5798687	3870997,37	4878831,219
Sweden	3589402,669	5126889,42	6186506,78	4475629,307
Czech Republic	3497307,596	4113938,18	3452225,59	4320995,746
Malta	1287954,93	1560064,88	2305346,34	4084461,105
Estonia	1543179,252	2611710,39	3473698,21	3747109,744
Hong Kong, China	819059,076	613950,588	1410760,13	3026196,941

Source: [World Integrated Trade Solution \(WITS\)](#)

Czech Republic was on the 24-28 places (from 218 countries) (from 2010 to 2013) with total export (Russia to Czechia) from \$3497,307 to \$4320,995 ([World Integrated Trade Solution \(WITS\)](#)), and as we see on figure 15, the total export to the Czech Republic was increased on 23,5%. By calculations of the Czech Republic share in total Russian export, we get average share 0,79% (the share in 2010 – 0,88; 2011 – 0,79; 2012 – 0,65; 2013 – 0,81) of export to the Czech Republic. In spite of, this increasing, it is impossible to say that the Czech Republic is an important export market for the Russian Federation.

Figure 15: Comparison of Russian Federation export to Netherlands and Czech Republic (in current US\$ billion)



Source: [World Integrated Trade Solution \(WITS\)](#)

Russian Federation basically exports to Netherlands Fuels (\$59896,745), Row Materials (\$34295,403) and Consumer Goods (\$26197,486) in 2013 (showed in table 9 and figure 16). It means, that Netherlands more interested in Russian natural resources and some Consumers Goods, that in finished production for manufacturing or food. However, it's possible that the real reason is the Russian International Trade policy, which we have seen recent 20 years – increasing of selling natural resources (author's meaning).

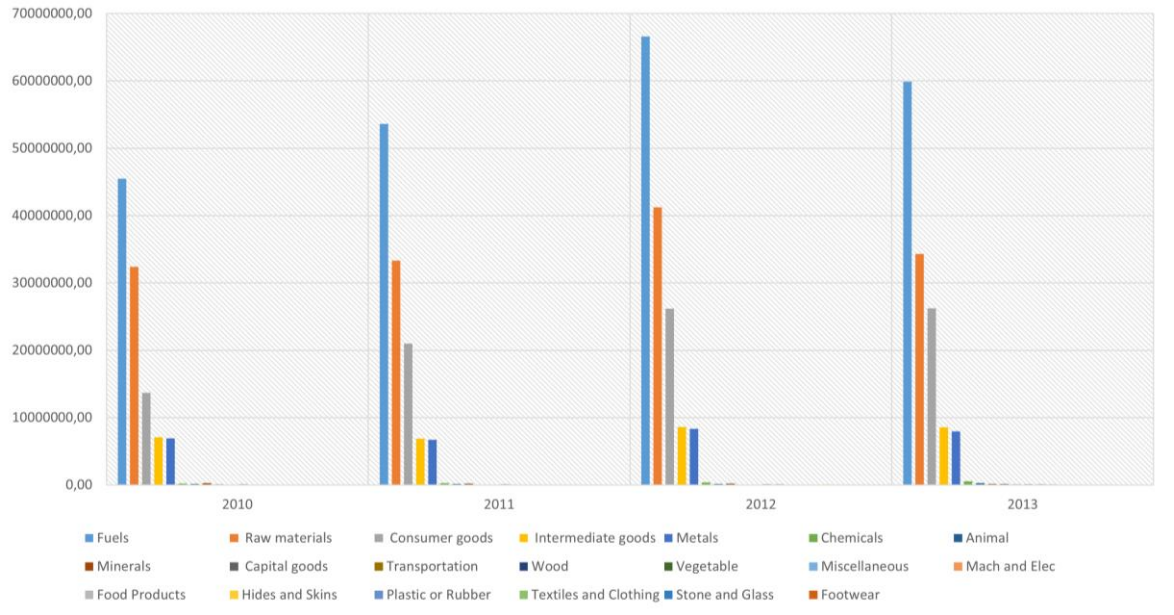
Table 9: Russian Federation Product Exports to Netherlands 2010-2013 (in current US\$ Thousand)

Product Group	2010	2011	2012	2013
Fuels	45464549,32	53612086,04	66607214,41	59896745,92
Raw materials	32398739,03	33334004,58	41210664,87	34295403,57
Consumer goods	13692303,21	20999966,72	26140073,87	26197486,23
Intermediate goods	7067085,97	6845000,03	8623554,19	8538812,35
Metals	6924707,48	6701048,91	8336075,20	7924242,63
Chemicals	220876,19	267798,56	354170,37	502675,82
Animal	131203,10	169762,14	126657,36	280298,34
Minerals	262048,99	183065,38	227710,16	159744,88
Capital goods	81112,74	61057,70	59399,78	158791,42
Transportation	49591,96	8651,13	7101,27	98903,34
Wood	96411,99	106090,11	81160,14	94329,93
Vegetable	20216,61	42684,20	80001,29	92265,94
Miscellaneous	11971,14	15036,02	17989,10	83048,63
Mach and Elec	24300,38	43839,17	39603,80	52190,73
Food Products	10452,02	27213,13	47082,08	40662,53
Hides and Skins	16,49	7380,63	86604,18	18302,58
Plastic or Rubber	20265,52	46171,72	17689,90	11351,90
Textiles and Clothing	2308,53	4830,99	3399,09	2637,01
Stone and Glass	1937,28	4301,00	3480,23	2016,34
Footwear	36,69	69,92	75,17	94,81

Source: [World Integrated Trade Solution \(WITS\)](#)

The full table in [appendix F](#)

Figure 16: Russian Federation Product Exports to Netherlands 2010-2013 (in current US\$ Thousand)

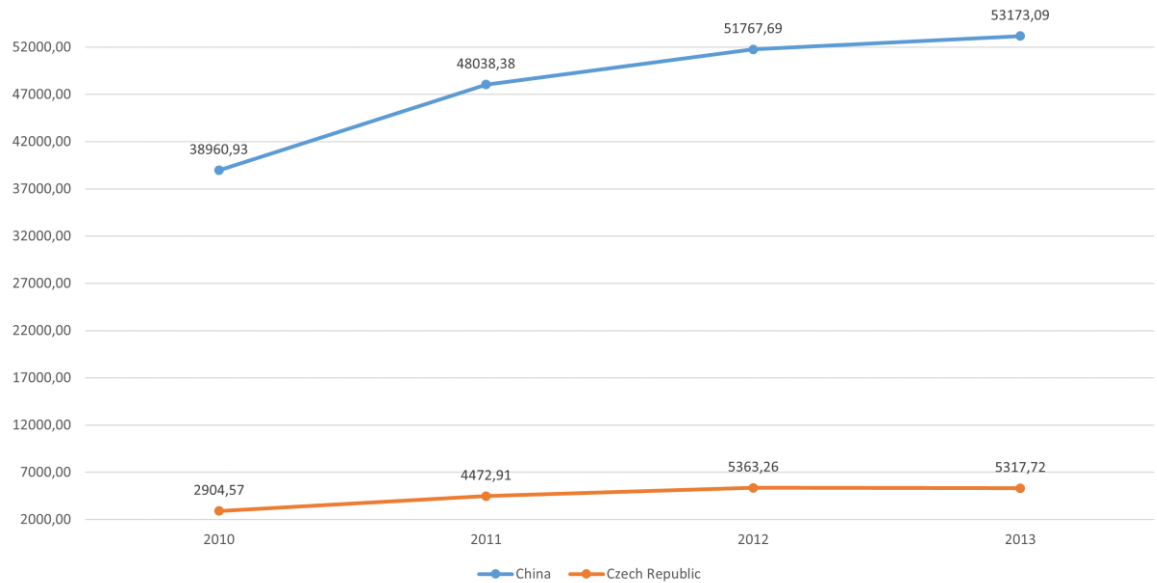


Source: [World Integrated Trade Solution \(WITS\)](#)

4.1.2.2 Russian main import partner

But the situation is a bit different for Russian import. As we know from [previous analysis](#), Russian Federation import from the Czech Republic Capital Goods – \$3 188,544; Machinery and Electronics – \$2 567,600; and Consumer Goods – \$2 293,586. However, if Russian Federation is an important market for the Czech Republic, Czech Republic take just 21-15 place in the Russian import market ([World Integrated Solution \(WITS\)](#)). By the statistic, the most important market for the Russian Federation is China. Amount of import from China has increased from \$38960,930 to \$53173,086 (in current US\$ billion) in the period 2010-2013 years ([World Integrated Solution \(WITS\)](#)) or on, that showed on the figure 17 in comparison with the Czech Republic.

Figure 17: Comparison of Russian import from China and Czech Republic (in current US\$ billion)



Source: [World Integrated Solution \(WITS\)](#)

Basically, Russian Federation imports Capital Goods (\$24294,681), Machinery and Electrics (\$24009,294), Consumer Goods (\$21118,139) in 2013 from China, which showed on the table 7. It means, that Russian Federation more focused on buying finished Chinese goods for internal market and manufacturing. In that case, China became the most important partner for Russian Federation import. Also, in 2013, we can see a tendency of Russian export to China – from 4th place in 2000 with \$5247,619 total export amount to 3rd place in 2013 with \$35625,419 total amount. In that case, China could become the first important export and import partner for the Russian Federation (looking ahead, it could be said, that China became first export and import Russian partner in 2017 with total export \$41671,349 and total import \$56950,375 in current US\$ billion).

Table 10: Russian Federation Product Imports from China 2010-2013 (current US\$ thousand)

Product/year	2010	2011	2012	2013
Capital goods	16502856,44	21448409,17	23645626,14	24294681,22
Mach and Elec	17517718,35	21642363,28	23236127,23	24009294,50
Consumer goods	16491362,13	19036164,90	20356868,38	21118139,26
Intermediate goods	4959234,11	6456983,87	6698654,34	6629786,29
Textiles and Clothing	4118625,82	4927990,28	4848462,35	5221719,53
Miscellaneous	3323710,61	3821641,64	4534460,37	4589938,45
Metals	3349640,52	4090873,76	4149605,29	4187991,01
Footwear	3034090,93	2964651,50	2931876,63	3031595,90
Transportation	1147896,94	2218672,40	3071316,49	2736560,76
Plastic or Rubber	1626698,40	2232619,10	2463084,46	2524620,01
Chemicals	1213519,72	1565647,77	1750363,90	1868329,51
Stone and Glass	883760,19	1141911,21	1390754,81	1483175,31
Raw materials	894855,75	1095781,92	1063740,25	1128000,34
Hides and Skins	689972,37	819184,02	839339,42	868450,93
Vegetable	663230,26	859872,40	788378,68	854441,42
Wood	490063,78	602806,07	683491,80	746524,22
Food Products	473463,51	601924,31	574866,39	568745,28
Animal	197851,79	247398,34	237610,60	269941,62
Fuels	157034,81	205847,68	163719,42	117787,84
Minerals	73652,04	94974,58	104236,63	93969,94

Source: [World Integrated Trade Solution \(WITS\)](#)

The full table is in [appendix G](#)

We analysed international trade of the Russian Federation before embargo 2014. Now, it is impossible to say, what will be in the “future” without exact analysis. However, we see a bad tendency for the Russian Federation, where the government sells natural resources without enough investing in production. It looks like that Russian Federation doesn’t produce enough goods by quality and by quantity not only for international market, but even for internal market. It is understandable by Russian [export details](#), where clearly visible dominance of selling fuels and raw materials. Also, it’s visible in analysis of import from China and Czech Republic, where Russian Federation mostly buys finished goods.

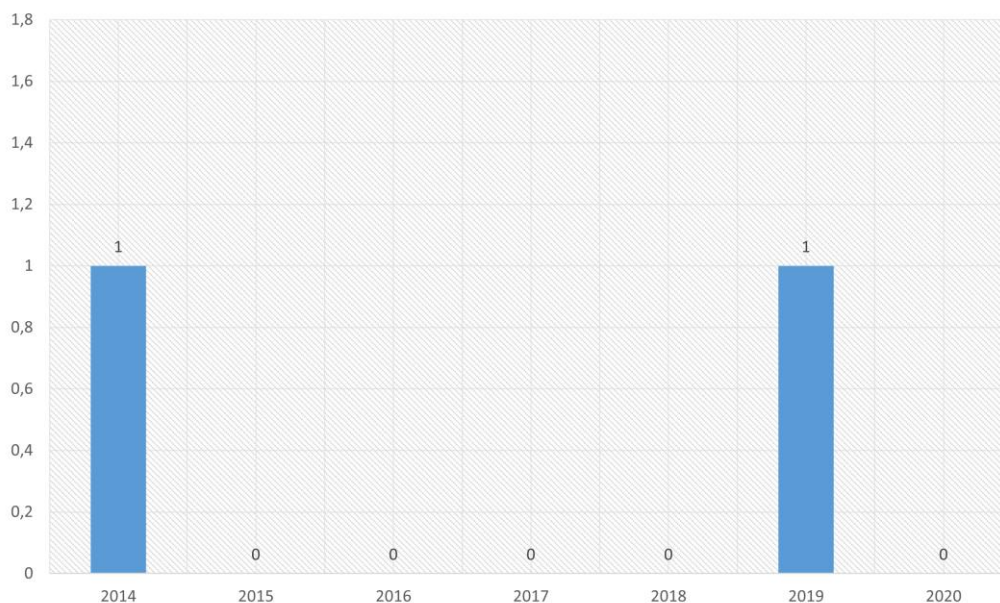
4.2 The Czech-Russian trade relations during sanctions 2014

Previous analysis is needed for comparison with data from 2013-2018 years (in some cases, it will be the newest data from 2020, however data from the period 2013-2018 will be mostly used. It depends on additional problem with government statistic – not always the static is published on time, but it is a different theme for different research.

The analysis of the consequences of the embargo is the most useful way to understand, how economic was changed. However, we need to understand that chosen period is pretty large and have not only embargo-event, but different world events, political events and even environmentally events. Because of that, I'm pretty sure that we do not need to deep analyse 2020-2021 economics – the latest occasions were making world change and now it has no connection with 2014 events.

As for the first part, we will look on dynamic of agreements, which were made in the period 2014 – 2020. As we see on figure 18, countries made only two agreements in 2014 and 2019, which is a bad case for bilateral relations. If in previous period, the average of agreements' making was 1.6, in 2014-2020 period this average was decrease till 0,33. Governments almost completely stopped the making of new contracts. However, all (24) agreements concluded earlier are still in effect.

Figure 18: The number of agreements between Russian Federation and the Czech Republic from 2014 to 2020. In amount of agreements.



Source: [Ministry of Foreign Affairs of the Russian Federation](#)

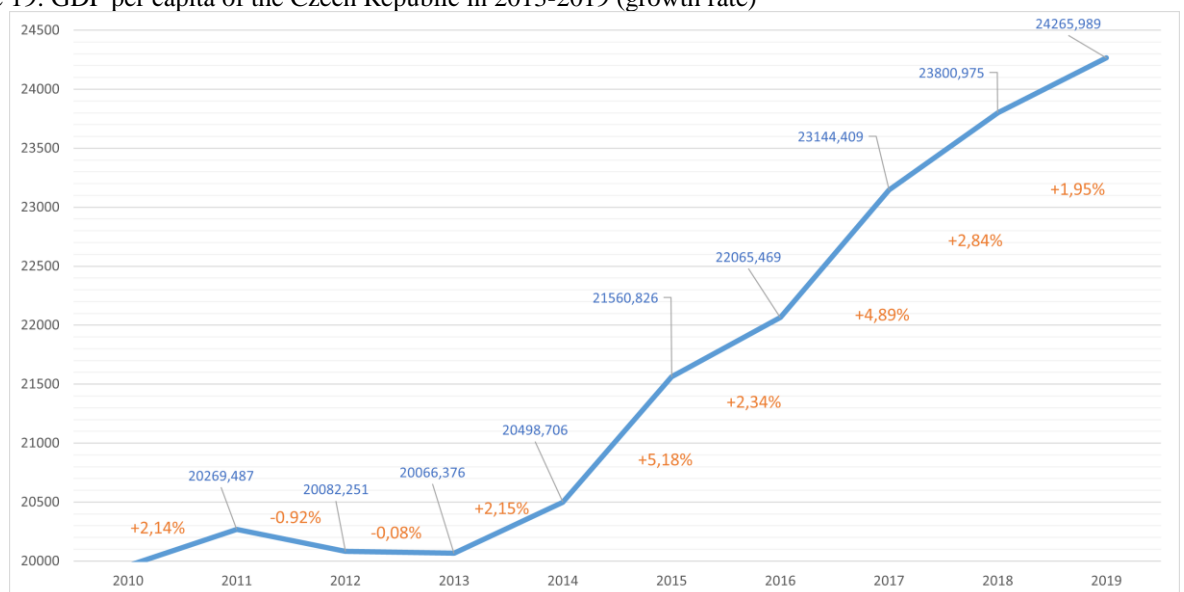
4.2.1 Overview of changes in the Czech Republic trade structure

First of all, we need to understand, that as a strong diplomatic tool as an embargo, will affect not only amount of international trade, but GDP as well. It's possible to say, that when the country faced with some constraints, it has to find new markets for export and import. This searching needs a time to make new agreements – this time and overage of products will hurt GDP per capita. However, it happens, if country, which banned some product(s), is exactly important market for export or import. In different cases the effect will be not such big, as a competitor - country want.

The GDP per capita of the Czech Republic was increased from \$20 066,376 to \$24 265,989 (in constant 2010 US\$) or on 20,92% in 2013-2019 period ([The World Bank](#)).

The Czech GDP per capita doesn't heart somehow after the Russian embargo. However, we need to analyse it deeper. Let's look on Figure 19, which contains the growth rate of Czech GDP per capita. As we see, the growth rate from, for example, 2010 to 2015 was increased (with some decreasing in 2012 and 2013, but in 2014 (the year of imposition of the embargo) it was 5,18% of increasing. Of course, it doesn't mean that the plus 3 percent in 2014 could show us insignificance of the embargo – it was imposed in 6th of the August 2014. It means, that the real effect on the GDP will be shown on the next year – 2015, where GDP per capita growth rate was decreased to 2,34%, almost on 3%. This reduction of the GDP per capita growth rate could mean, that imposition of the food embargo by Russian Federation was affecting on the economy of the Czech Republic.

Figure 19: GDP per capita of the Czech Republic in 2013-2019 (growth rate)



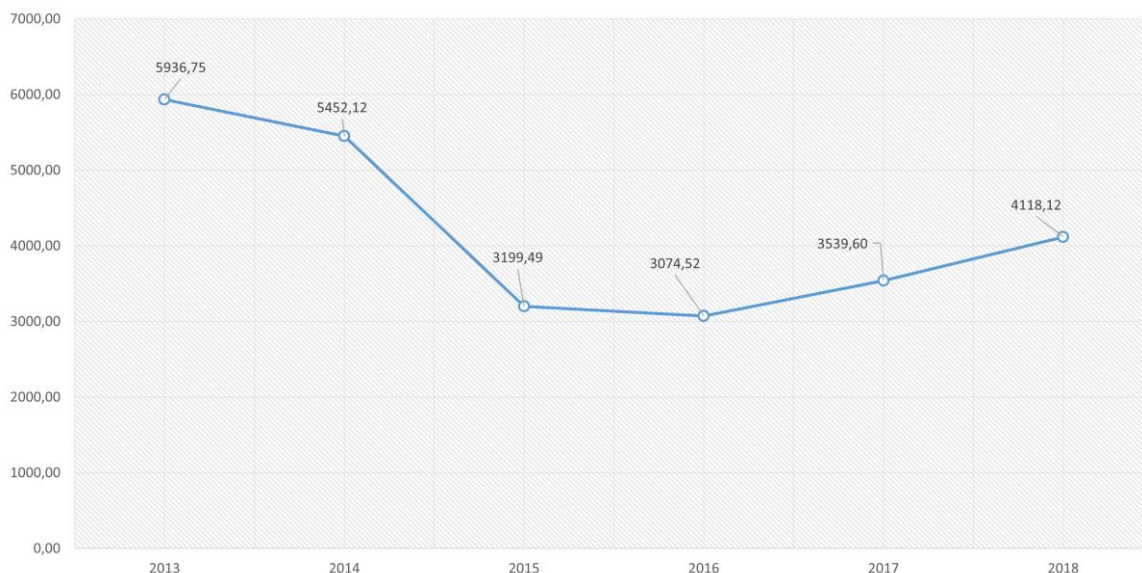
Source: [The World Bank](#)

However, it is still not enough to define the real consequences, because in one year the situation was improved – the GDP per capita increased on 2,5 percent. To deeper understand the situation, we have to look at changes in international trade of the Czech Republic.

4.2.1.1 Changes in the export structure of the Czech Republic

The total export from The Czech Republic from 2013 to 2019 was increased from 156,396 to 211,848 (in constant 2010 US\$ billion) or on 35,45% ([The World Bank](#)). The main partner for export is still Germany with total export increasing from \$50566481,226 to \$65641,693 (in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)). But as for Russian Federation, its position in export from The Czech Republic was decreased from 7 in 2013 to 13 in 2018. The total amount of export to Russia was decreased on 30,63% in 2013-2018 period (from \$5936,747 to \$4118,115 (in current US\$ billion)) ([World Integrated Trade Solution \(WITS\)](#)). It exactly showed us the degradation of Czech-Russian relations. However, it's possible to say that countries want to improve the relations – from 2017 to 2018 the total export amount was increased from \$3539,595 to \$4118,115, that shows the possibility of avoiding total degradation.

Figure 20: Total export from the Czech Republic to Russian Federation (in current US\$ billion)



Source: [World Integrated Trade Solution \(WITS\)](#)

In 2016, when total export to Russian Federation reached minimum - \$3074,515 (in current US\$ billion) – main products to export was the same with before-embargo period –

Capital Goods (\$2672,465), Machinery and Electronics (\$1754,777), Consumer goods (\$1023,851). The main trade relations were hearted – during Food Embargo, the main trade relations were decreased. For example, Capital Goods were decreased on 16,18% from \$ 3188,544 to \$2672,465 (in current US\$ billion). But it's possible to say, that the Czech Republic and Russian Federation are trying to solve the situation – after the lowest amount in 2016 (\$1806,830) export of Capital Goods was increased on 47,9%.

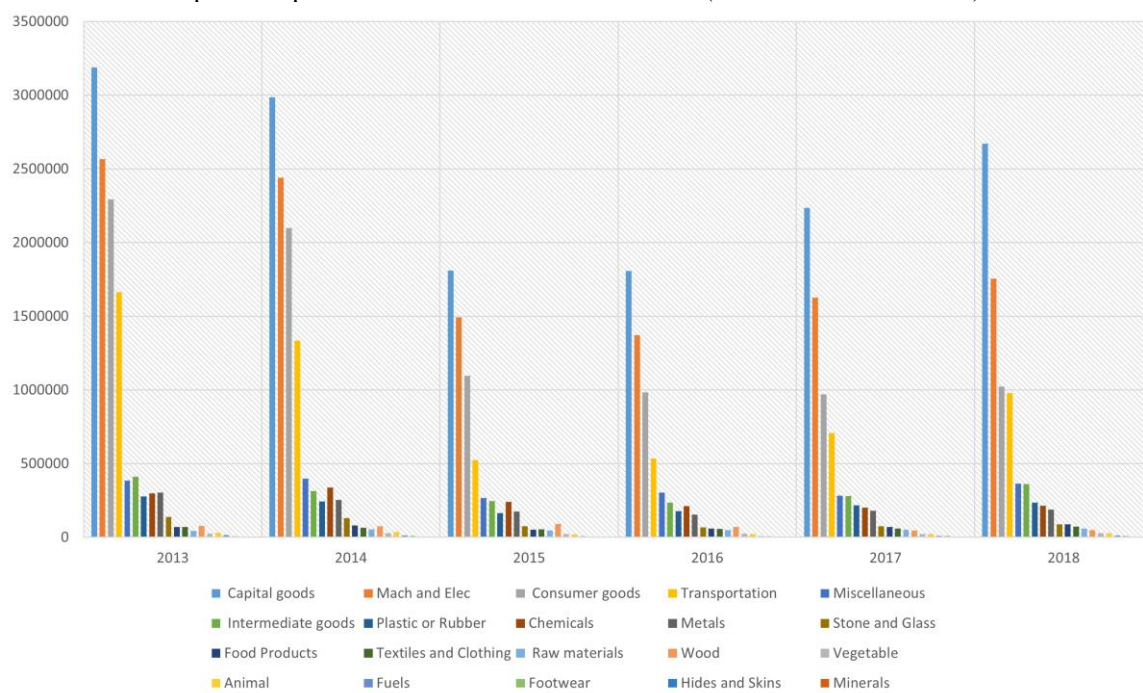
However, there is an interesting thing: via embargo period (at the time of writing, the embargo is still in effect), the export of Food Products and Vegetables had to decrease. From 2014 to 2015 the total export of Food Products was decreased on 34,43% and from 2014 to 2017 the total export of vegetables was decreased on 16,24%. But, in 2016 to 2018 the total export of Food Products was increased on 49,94%, and total export of Vegetables was increased on 23% in 2018 ([World Integrated Trade Solution \(WITS\)](#)). During the Food Embargo, it is impossible, without changing the concrete products. It shows that the Czech Republic still wants to save its export market and try to bypass the embargo. This increasing of “banned” goods is one more proof that both countries try to save friendly relations even in this situation.

Table 11: The Czech Republic export to Russian Federation 2013-2018 (in current US\$ thousand)

Product Group	2013	2014	2015	2016	2017	2018
Capital goods	3188544,67	2985548,53	1809921,63	1806830,04	2236239,59	2672465,00
Mach and Elec	2567600,07	2440736,43	1492619,68	1371248,60	1626246,35	1754777,83
Consumer goods	2293586,76	2097852,71	1096842,91	983314,27	970961,53	1023851,22
Transportation	1662622,72	1335723,67	525388,59	534259,87	706936,58	978299,99
Miscellaneous	385963,85	397613,58	266644,75	304663,79	282772,29	364301,85
Intermediate goods	411561,87	315030,65	245932,04	234164,58	281073,00	362634,03
Plastic or Rubber	276383,83	243562,64	165410,42	178153,90	217305,28	236603,59
Chemicals	297219,18	337218,08	240161,81	211259,48	201697,20	213893,63
Metals	303598,97	252597,89	175045,73	154549,49	180309,68	189163,00
Stone and Glass	139116,01	130531,00	74882,76	68690,53	75101,80	88431,70
Food Products	70707,75	79331,97	52016,47	58566,87	68838,15	87819,23
Textiles and Clothin	70051,58	64285,08	54328,19	57302,25	60622,23	71604,29
Raw materials	43054,29	53685,74	46793,05	50206,47	51318,92	59165,04
Wood	77424,39	75290,34	90338,54	70357,02	47458,02	48379,77
Vegetable	25311,56	27547,62	22738,17	24798,47	23073,13	28457,46
Animal	30122,12	36723,16	21271,09	21699,34	24025,43	27683,55
Fuels	14055,79	13318,18	6987,49	6337,41	9959,02	13539,61
Footwear	6940,92	8915,73	4031,76	6758,00	9361,26	10220,47
Hides and Skins	5265,33	4140,32	2673,45	2997,48	3190,81	2878,42
Minerals	4363,54	4581,92	4950,73	2872,86	2698,15	2060,90

Source: [World Integrated Trade Solution \(WITS\)](#)

Figure 21: The Czech Republic export to Russian Federation 2013-2018 (in current US\$ thousand)



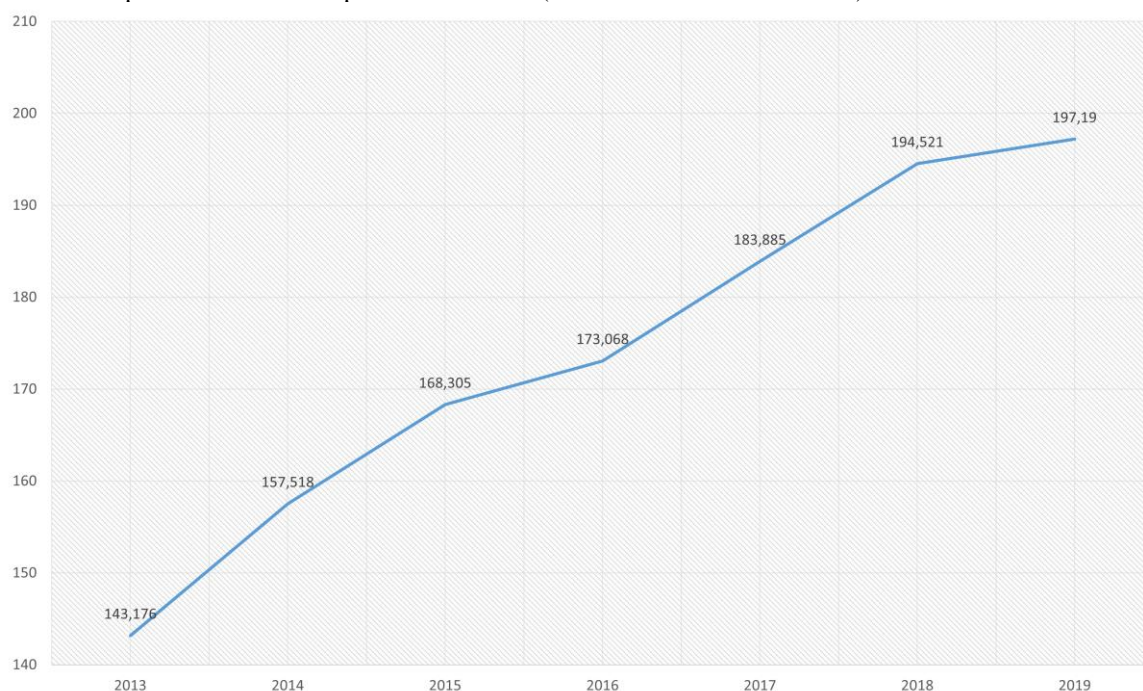
Source: [World Integrated Trade Solution \(WITS\)](#)

4.2.1.2 Changes in the import structure of the Czech Republic

If the consequences on the export from The Czech Republic to Russian Federation is more or less understandable, how the embargo affects on import to the Czech Republic from Russian Federation, if we already [know](#) that Russia mostly exports fuels and raw materials, and the embargo 2014 doesn't affect it officially?

The total import to the Czech Republic was increased on 37,72% from \$143,176 to \$197,19 (2013-2019) in constant 2010 US\$ billion ([The World Bank](#)), and the main import partner is still Germany – import from Germany was increased from \$36 880,509 to \$46 370,434 (2013 – 2018) in the current US\$ thousand ([World Integrated Trade Solution \(WITS\)](#)). In that case, we can't say, that the Russian embargo badly affected the total import of the Czech Republic and its relations with main partners.

Figure 22: total import to the Czech Republic 2013-2019 (in constant 2010 US\$ billion)



Source: [The World Bank](#)

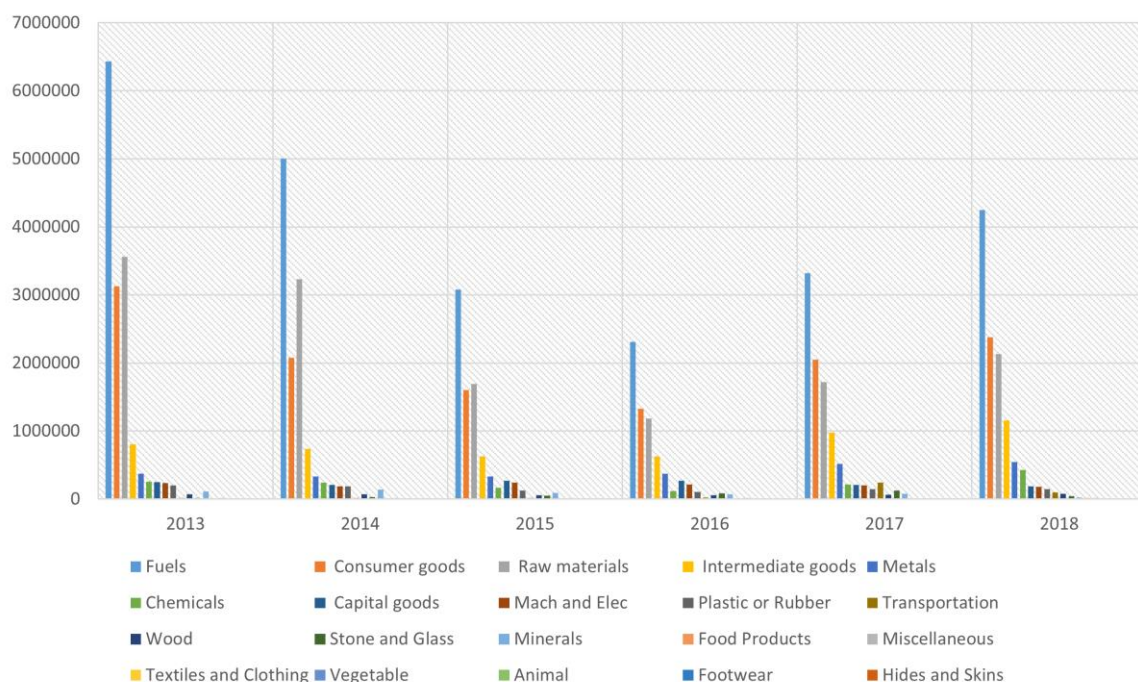
However, the situation with import from Russian Federation was highly deteriorated – total import was decreased on 24,52% from \$7 750,046 to \$5 849,601 (in current US\$ billion) in 2013-2018 period, that shows us the consequences not only the embargo, but consequences of whole 2014 sanctions ([World Integrated Trade Solution \(WITS\)](#)). In that case, even a strong trade relations, as import of raw materials and fuels, was highly decreased from 2014 to 2016 – on 53,75% (from \$5 001,176 to \$2 312,757 in current US\$ billion) for fuels and on 63,42% (from \$3 228,287 to \$1 180,865 in current US\$ billion for raw materials. These relations were degraded in 2 years, but from 2016 it started to recover – import of fuels was increased on 83,61% (from \$2 312,757 in 2016 to \$4 246,540 in 2018 in current US\$ billion), and import of raw materials was increased on 80,25% (from \$1 180,865 in 2016 to \$2 128,607 in 2018 in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)).

Table 12: the Czech Republic import from Russian Federation 2013-2018 (in current US\$ thousand)

Product Group	2013	2014	2015	2016	2017	2018
Fuels	6431417,67	5001176,62	3080818,53	2312757,00	3321876,22	4246540,27
Consumer goods	3131082,63	2080060,48	1603215,95	1330347,25	2048166,24	2381914,52
Raw materials	3562664,82	3228287,23	1694385,76	1180865,05	1720539,32	2128607,10
Intermediate goods	803869,14	734903,92	625691,21	628709,12	977763,83	1152891,65
Metals	376314,27	331093,85	333571,78	371577,02	514038,99	547736,23
Chemicals	255855,38	239438,11	166664,04	120468,07	217535,26	429896,33
Capital goods	252429,79	204822,11	271267,38	271491,71	206962,76	186187,96
Mach and Elec	234275,94	190407,88	240854,39	213465,93	202738,57	182725,02
Plastic or Rubber	204267,21	186037,29	126907,80	108258,37	147783,07	143815,84
Transportation	16857,40	12486,88	16904,19	25584,12	241196,80	100564,59
Wood	70521,79	70604,26	55771,06	58482,19	62571,11	77754,10
Stone and Glass	14388,07	32239,05	48512,81	85219,91	125934,50	46281,03
Minerals	112033,51	140617,21	88062,58	74139,36	80303,88	20178,57
Food Products	6574,07	9447,96	7691,34	9448,37	9983,37	17416,53
Miscellaneous	12883,60	15661,91	16426,46	16044,79	10304,44	16938,55
Textiles and Clothin	2747,16	4622,51	4096,58	6722,32	7698,84	6577,79
Vegetable	2193,84	2228,23	2395,03	3234,76	5065,65	5875,03
Animal	9533,13	11678,00	5011,96	5140,78	5155,93	5028,73
Footwear	167,31	135,30	861,03	839,59	1140,83	2186,06
Hides and Skins	16,04	198,68	10,73	30,57	104,70	86,57

Source: [World Integrated Trade Solution \(WITS\)](#)

Figure 23: the Czech Republic import from Russian Federation 2013-2018 (in current US\$ thousand)

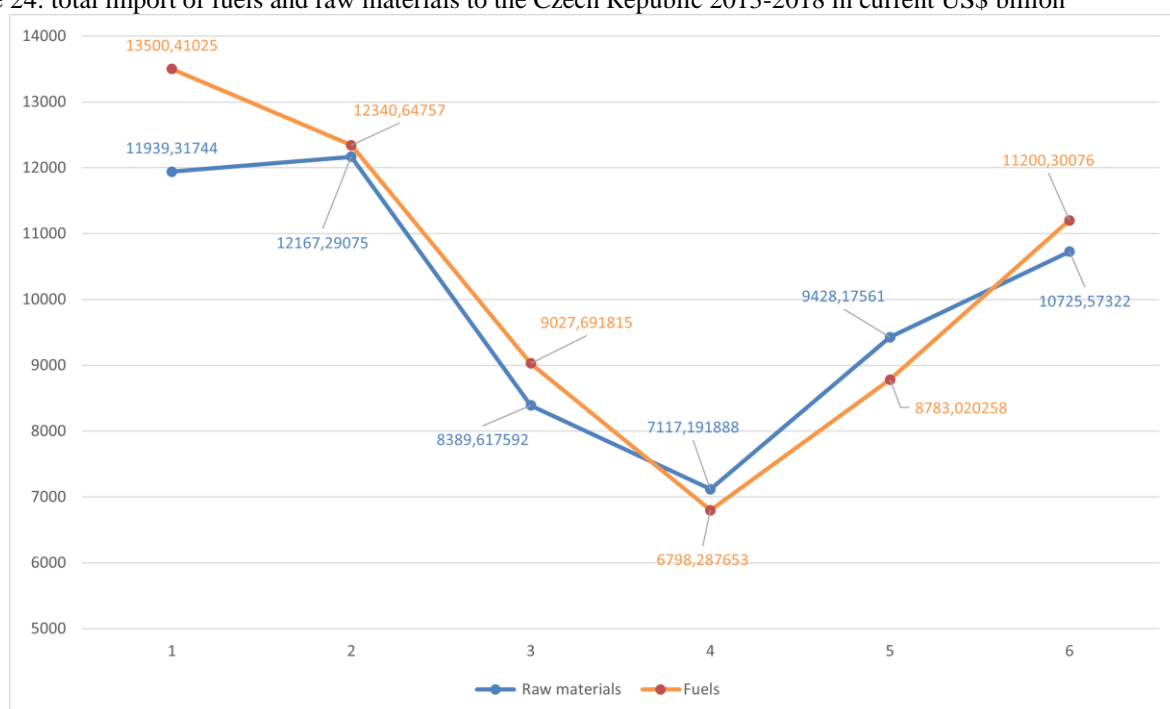


Source: [World Integrated Trade Solution \(WITS\)](#)

In the case of decreasing import of such important goods for production and citizens as raw materials and fuels, the Czech Republic must have found these resources in different markets. This is indicated by total growth of GDP per capita (even if growth rate

was decreased, it was growing) and growth of total export of finished goods. However, the statistic ([World Integrated Trade Solution \(WITS\)](#)) shows that the Czech Republic didn't find some exact market of raw materials and fuels import – total import of raw materials was decreased on 41,5% in 2014-2016 period and increased on 50,69% in 2016-2018 period, and total import of fuels was decreased on 44,91% and increased on 64,75% in the same periods. It could mean, that the Czech Republic hasn't found a new partner for import of these resources and just increased total import by many different countries.

Figure 24: total import of fuels and raw materials to the Czech Republic 2013-2018 in current US\$ billion

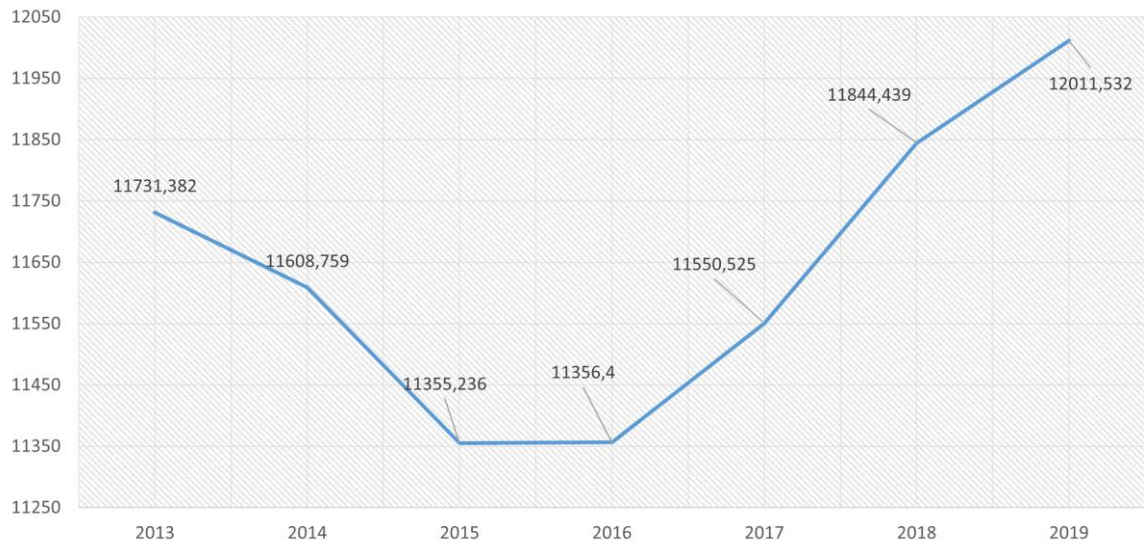


Source: [World Integrated Trade Solution \(WITS\)](#)

4.2.2 Overview of the Russian Federation trade structure

If economic consequences for the Czech Republic weren't so hard, because of economics growth, these consequences were exactly different for Russian Federation – Russian GDP per capita in constant 2010 US\$ was decreased in sanction period from \$11 731,382 to \$11 356,4 (2013-2016 years) or on 3,1% ([The World Bank](#)). The cause of it could be loss of main exports markets as EU and US, however, now it impossible to define only on GDP statistic.

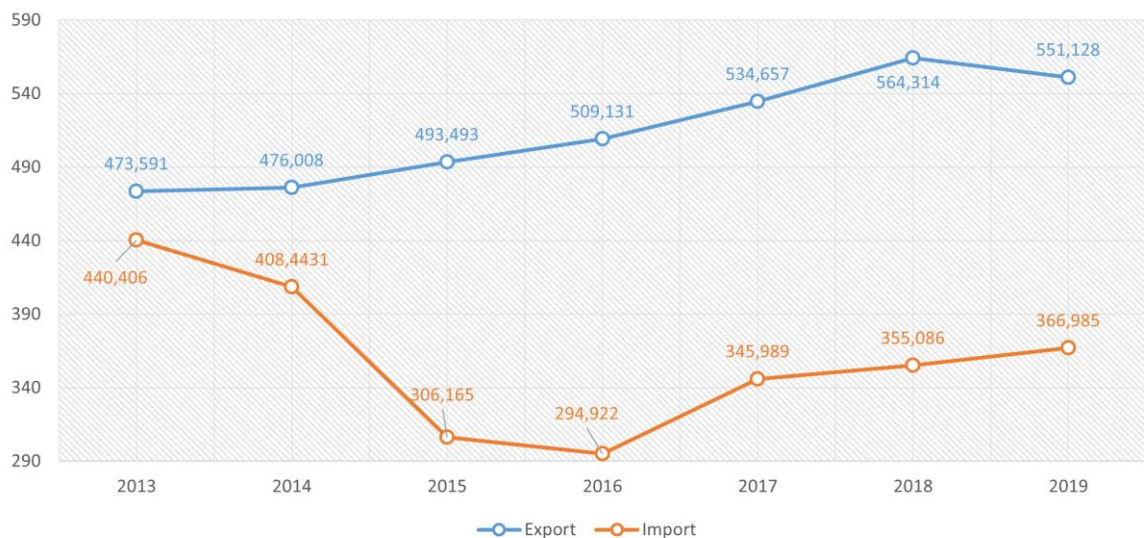
Figure 25: Russian GDP per capita in constant 2010 US\$ 2013-2019



Source: [The World Bank](#)

The total export of the Russian Federation was increased on 16,37% in the period 2013-2019 from \$473,591 to \$551,128 in constant 2010 US\$ billion ([The World Bank](#)), and import was decreased on 16,67% from \$440,406 to \$366,985 in constant 2010 US\$ billion ([The World Bank](#)). These are possible, because Russian Federation is one of the most important exporter of raw materials and fuels – the export was growing even in the sanctions period by two important reasons – importance of Russian export of raw materials and fuels for the EU, and developing of trade relations between Russian Federation and China.

Figure 26: Russian export/import 2013-2019 in constant 2010 US\$ billion



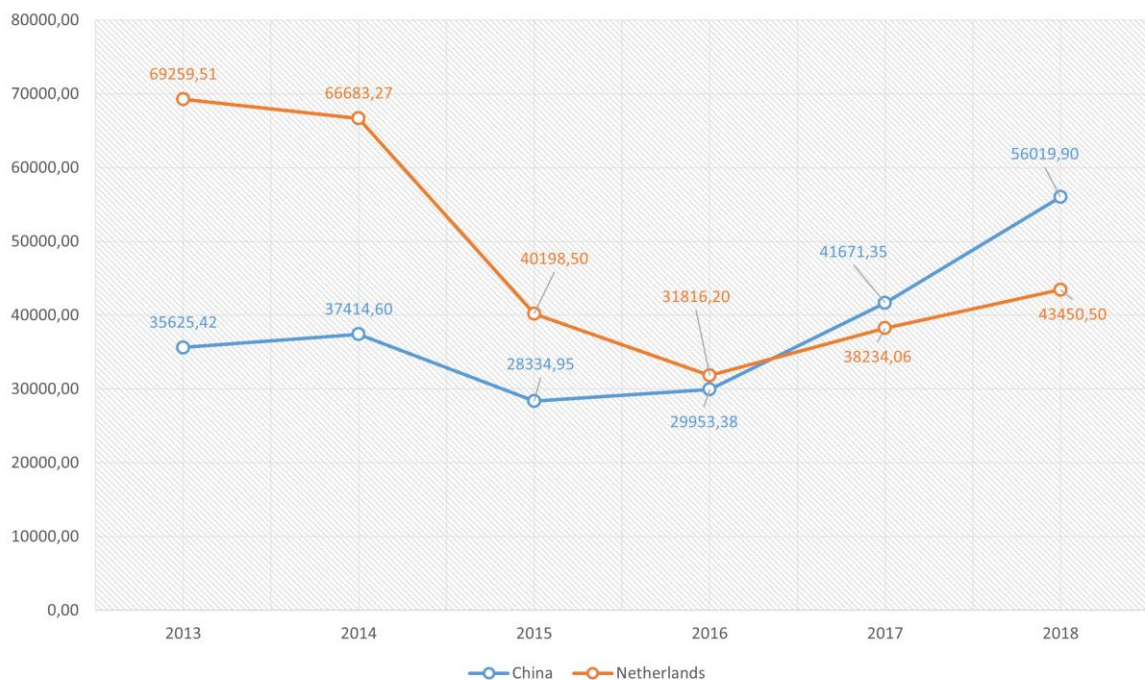
Sources: The World Bank: [Export/Import](#)

4.2.2.1 Russian main trade partners

Netherlands was one of the most export market (2013 – 2016), but the relations between Netherland and Russian Federation were decreasing (export from Russian Federation decreased on 54% from \$69 259,511 in 2013 to \$31 816,200 in 2016 in current US\$ billion). It's possible to say, that even in sanction period, Netherlands didn't close all agreements about Russian raw materials and fuels, but tried to find new partners ([World Integrated Trade Solution \(WITS\)](#)).

The second reason, as we already know – development of trade relations between Russian Federation and China. In 2017, China becomes the main export partner for the Russian Federation. The total export to China was increased on 39,12% from \$29 953,376 in 2016 to \$41 671,349 in 2017 ([World Integrated Trade Solution \(WITS\)](#)). It means, that the Russian Federation have found the new main export market and avoided issues with export/import balance in sanction period.

Figure 27: Russian export to Netherlands and China 2013-2018 (in current US\$ billion)

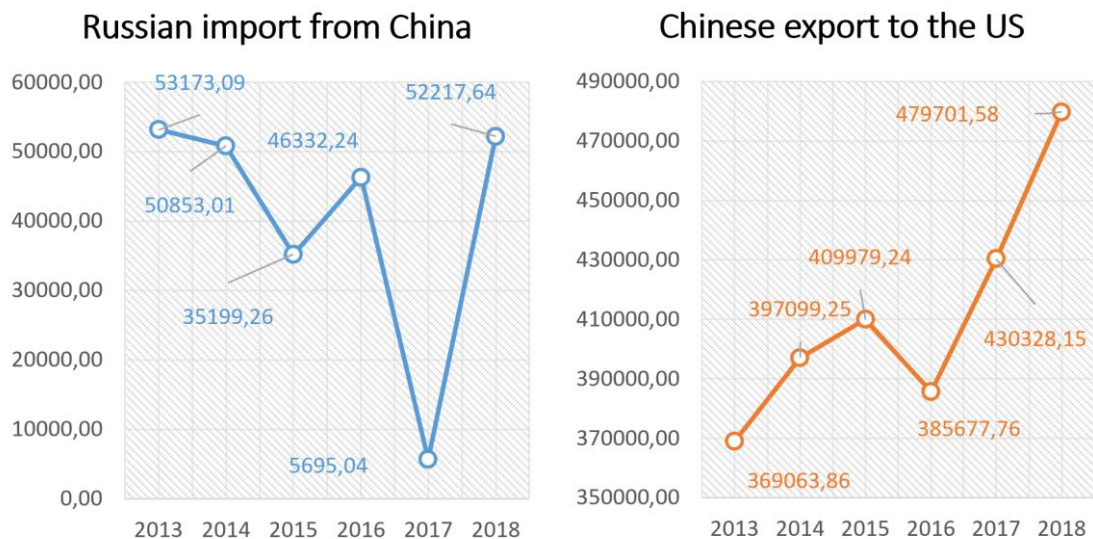


Sources: [World Integrated Trade Solution \(WITS\)](#)

However, on figure 27, we see an issue in total import to the Russian Federation. As we already know, the Russian total import was decreased on 16,67% in sanctions period. The main reason of this depression is trade relations between Russian Federation, China and the US.

In 2014, when the Russian Federation imposed the embargo, it lost one of the most import and export market – EU. In that situation, the Russian Federation had to increase import from China – the main import partner. However, it took a time to make an agreement with China, because in the case of increasing exports to the Russian Federation, China may lose its important export market – the US. During these time (2014-2016), Russian import from China was decreased on 30,78% from \$50 853,009 in 2014 to \$35 199,263 in 2015 (in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)), when Chinese export to the US was increased on 3,24% from \$397 099,249 in 2014 to \$409 979,244 in 2015 (in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)). But in 2015, it looks like Russian Federation and China made some trade agreement, because total import from China to Russian Federation was increased on 31,62% from \$35 199,263 in 2015 to \$46 332,240 in 2016 (in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)), and the total export from China to the US was decreased 5% from \$409 979,244 in 2015 to \$385 677,759 in 2016 (in current US billion) ([World Integrated Trade Solution \(WITS\)](#)).

Figure 28: Comparison of Russian Federation import from China and China export to the US (in current US\$ billion)

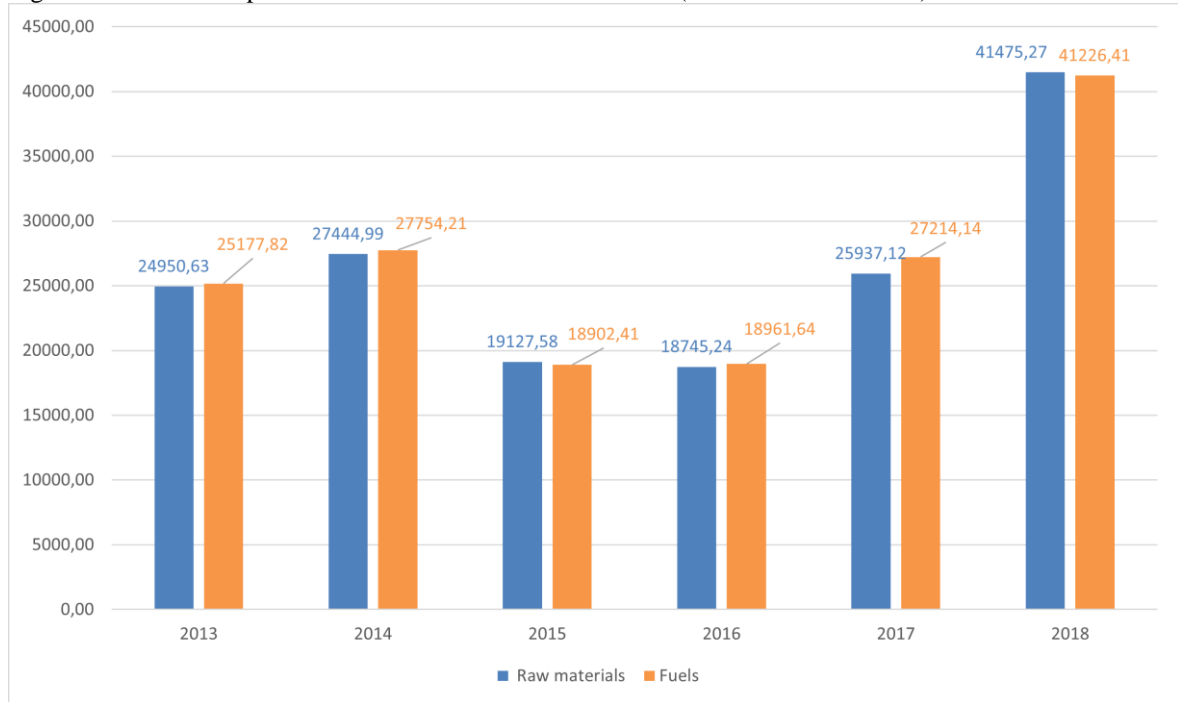


Sources: World Integrated Trade Solution (WITS): [Russia-China import/China-US export](#)

During the period 2014-2016 we also see the decreasing of export raw materials and fuels from Russian to China on 31,69% for raw materials (from \$27 444,990 to \$18 745,236 in current US\$ billion) and on 31,68% for fuels (from \$ 27 754,211 to \$18 961,641 in current US\$ billion), but increasing in the 2016-2017 period on 38,36% (from \$18 745,236 to \$25 937,121 in current US\$ billion) for raw materials and on 43,52%

(from \$18 961,641 to \$27 214,135 in current US\$ billion) for fuels ([World Integrated Trade Solution \(WITS\)](#)).

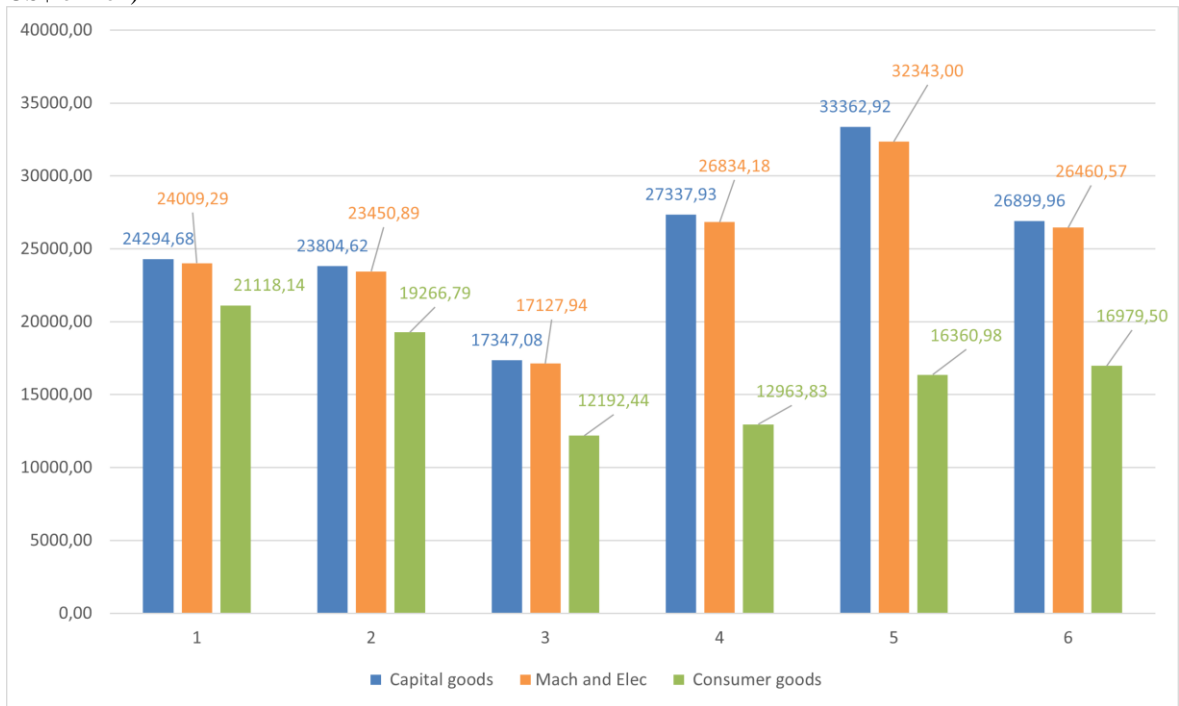
Figure 29: Russian Export of raw materials and fuels to China (in current US\$ billion)



Source: [World Integrated Trade Solution \(WITS\)](#)

The same situation is with Russian import from China – import of three main product groups was decreased on 27,12% for Capital Goods (from \$23 804,618 to \$17 347,077 in current US\$ billion), on 26,96% for Machinery and Electronics (from \$23 450,893 to \$17 127,942 in current US\$ billion), on 36,71% for Consumer Goods (from \$19 266,794 to \$12 192,437 in current US\$ billion). However, in 2015-2016 period the import of these products was increased on 57,59% for Capital Goods (from \$17 347,077 to \$33 362,921 in current US\$ billion), on 56,66% for Machinery and Electronics (from \$17 127,942 to \$32 342,995 in current US\$ billion), on 6,32% for Consumer Goods (from \$12 192,437 to \$16 360,977 in current US\$ billion) ([World Integrated Trade Solution \(WITS\)](#)). It means, that Russian Federation simplified consequences of political constraints in 2014-2015 years by developing strong trade relations with China.

Figure 30: Russian import of Capital Goods, Mach and Elec, and Consumer Goods from China (in current US\$ billion)



Source: [World Integrated Trade Solution \(WITS\)](#)

5 Results and Discussion

In the political area, the situation was deteriorated as for Russian-Czech relation, as for Russian-EU relations. By searching on the official web-resource of Ministry of Foreign Affairs of the Russian Federation, it's possible to define a degradation in Russian-Europe relations. If we will talk about Russian-Czech relations, there are no new economic or political agreements since 2013 year. In the opposite, we will find an agreement from 14 Aug 2019 about Termination for relations between the Russian Federation and the Czech Republic an agreement between the Union of Soviet Socialist Republics and the Government of the Czechoslovak Socialist Republic on mutual provision of land for the construction of technical centres assistance service machinery, equipment and tool supplied in mutual trade, and the conditions for the constructions of these centres November 14, 1980, and the Protocol between the Government of the Union of Soviet Socialist Republics and Slovak Federal Republic of termination of the agreement between the government of the Union of Soviet Socialist Republics and the government of Czechoslovak Socialist Republic on cooperation on further improvement of technical maintenance of machines, equipment and devices, delivered in mutual trade, from June 5, 1974 ([Ministry of Foreign Affairs of the Russian Federation](#)). In that case we see, that even we have the increasing of the international trade between countries, their total relations are degraded every year since 2014. This serious situation may lead to total termination of the political and economic relations between countries. Governments have to make new agreements, in spite of sanctions, for the bilateral development of the economy.

The situation between Russian Federation and European Union is not better, than Russian Czech situation. Again, looking on the official web-resource of Ministry of Foreign Affairs of the Russian Federation and define that there is no new strong political or economic agreements, exclude the Council of Europe Convention against Trafficking in Human Organs and Council of Europe Convention against the Manipulation of Sports Competitions. In that case, we see, that Russian Federation and European Union don't not interested in the development of these multilateral relations. From 2014 to 2020 we can find agreements only about security against terrorism, security at state borders etc.:

- Agreement on financing and implementation of the Karelia cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))

- Agreement on the financing and implementation of the Russia-South-East Finland cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Kolarctic cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on financing and implementation of the Karelia cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Russia-Estonia cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Russia-South-East Finland cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Russia-Latvia cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Russia-Lithuania cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on the financing and implementation of the Russia-Poland cross-border cooperation program for the period 2014-2020 ([Ministry of Foreign Affairs of the Russian Federation](#))

In that case, we can define a bad tendency. Governments, after 2014, do not try to make agreements in political and economic cooperation, but making agreements, aimed on the financing of the military force. In the situation of the total degradation of political and economic relations, it could be a bad sign, which could lead to horrible consequences in the future, if countries will not begin to create new and develop old political and economic relations.

Also, by searching of multilateral and bilateral agreement on the official web-service of the Ministry of Foreign Affairs of the Russian Federation, we can define that

conclusion in the analytical part about new agreements between Russian Federation and China was true. Since 2014, Russian Federation and China made 2 multilateral and 36 bilateral agreements. The most important, which aimed on the development of political and economic relations are:

- Agreement between the government of the Russian Federation and the government of China on cooperation in the area of implementation of the "Yamal LNG" project ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement between the government of the Russian Federation and the government of China on avoidance of double taxation and on the prevention of tax evasion in respect of tax ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement between the government of the Russian Federation and the government of China on cooperation in the sphere of natural gas supplies from the Russian Federation to China ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement on trade and economic cooperation between the Eurasian Economic Union and its member states, on the one hand, and the People's Republic of China, on the other hand ([Ministry of Foreign Affairs of the Russian Federation](#))
- Agreement between the government of the Russian Federation and the government of China on cooperation in the sphere of implementation of the Klyuchevskoe gold mineral development project ([Ministry of Foreign Affairs of the Russian Federation](#))

In these important economic and political agreements, the main evidence of that Russian Federation was more aimed on increasing of export raw materials and export are agreements on cooperation in the area of implementation of the "Yamal LNG" project, on cooperation in the sphere of natural gas supplies from the Russian Federation to China and on cooperation in the sphere of implementation of the Klyuchevskoe gold mineral development project.

By first two agreements, natural gas production and subsequent sales to China were increased, and by third agreement the development of the Klyuchevskoye gold deposit began with the subsequent sale of the extracted gold to China.

Due to making such agreements, Russian Federation increased export of raw materials to China and increased import of capital goods (investments) from China. So,

after losing of the European market, Russian Federation founded the new important partner, which becomes the most important.

The results of economic analysis are a bit unexpected, at least for me. As author of the thesis, I've analysed economics and most important partners of the Czech Republic and Russian Federation. Both countries had to find new trade partners and economic consequences are exactly different in the situation – from economic growth rate, to countries decisions.

By the analysis of two periods – before and after embargo – and considering the World Economic Crises 2008, we can see, that economic consequences for the Czech Republic are not strong and do not pose a threat to its economy.

The most consequences were defined into GDP per capita growth rate, when it decreased to 2,34% in 2015, that could mean, that Russian Food embargo 2014 slowed down economic growth, but didn't stop it. From my point of view, the main reason of lite economic consequences was the decisions, made by the Czech Republic regarding to the international trade and external policy.

In trade relations the Czech Republic didn't have any problem, exclude import of the ram materials and fuels. As we see in [table 11](#), the main problematic year in export Food Products and Vegetables was in 2015. As we already defined, the consequences on the economy, trade and some relations could not be defined in the imposing year – it appears at the list in the next year. But the problem was solved, because in 2018 the export of Food Products was increased on 49,94 and the export of Vegetables was increased on 23% (during the embargo). It could mean only one important thing in changes of Czech international trade – the Czech Republic found new products for the market and increased production of old products, which weren't banned for export to the Russian Federation.

However, as we see at [figure 22](#), the Czech Republic hasn't solved the serious problem – it didn't find a new market for import fuels and raw materials. Total import of raw materials was decreased in 2 years, before the increasing of it from Russian Federation ([table 12](#)) in 2017. However, if we already defined, it hasn't affected seriously on the Czech economy, but it could lead to the lack of resources for production and increasing price of fuel. If we talk about the lack of resources, I think, it couldn't be defined in the thesis, because the export of consumer goods, capital goods and GDP per capita were increasing in the sanction period.

I couldn't find the statistic of fuel price in the Czech Republic in 2013-2017 period; however, we still can define a problem, which was caused by decreasing of fuel import – the total primary energy supply in the Czech Republic was decreased in 4% from 43,23 to 41,5 Mtoe ([International Energy Agency](#)), which shows us the decreasing of total fuel supply in the country. That could (but not has to) lead to increasing the prices on fuel, which ultimately leads to increasing prices for all products. However, it couldn't be a statement because we have only indirect evidence.

Summarizing all analysis of the Czech economy before and after embargo, we can conclude, that the economic consequences weren't serious, but they still were. The Czech Republic made as good decisions (defining new products and increasing production of old products, which weren't banned for export to Russian market) and bad decisions (the Czech Republic hasn't found new import market for raw materials and fuels and just increased the amount of trade by many different countries).

The consequences of all sanctions in the period from 2014 were stronger for the Russian Federation. Of course, we can't talk only about the embargo, because it was a respond on sanctions from the US and EU, but embargo also affected.

The total GDP per capita (in constant 2010 US\$) was decreased on 3,1% (2013-2016 years), it exactly badly, then Czech situation – in the Czech case we were talking about decreasing of growth rate, that is bad, but GDP per capita was still growing. In the Russian case we talk about total decreasing of the indicator, which was led to impoverishment of the population.

Total Russian export was growing, first of all, because it always takes a time to find a new partner for import of raw materials and fuels, especially when we are talking about Russian Federation as about the exporter. This time, which was needed for other countries, played into Russian hands – while the total export in EU countries was decreasing (gradually, not immediately), Russian Federation was developing partnerships with China, increasing export. This situation helps to Russia simplify economic consequences and increase total export to China on 57,24% from 2013 to 2018, which ultimately led to increasing of GDP per capita.

However, the situation with import was worse – because of the embargo, Russian import was decreased on 16,67% from 2014 to 2016. In that case, Russian Federation didn't try to find new import market of Food Products and Vegetables, in the opposite – it

started to develop own agricultural industry. The Russian Agricultural Industry got an protection against foreign competitors (embargo), which led to the developing of the industry – from 3.9% in 2014 to 4.5% in 2016 (as a percentage of GDP).

By banning of import food and vegetable production, Russian Federation could to develop agricultural industry, that show us the profit of embargo for the Russian Federation. But it is not the only one decision to somehow confront sanctions. As we already know, Russian Federation increased imports from China in 2016 on 31,62%. However, it was not preventive measures, but solving problems, that led to decreasing of GDP per capita in 2013-2016. This case shows, that the now Russian Federation does not assess its own strength in the long term, but only solves the problems created by it and other countries. We see a decision to develop domestic agricultural industry, but the problem is, that in the biggest country across the world, was undeveloped important industry. Of course, the impotence is not shown by the agricultural sector in GDP, because it's just a 3,8% in 2019. However, we need to understand, that government have all resources to develop this industry as one of the most important, against the trading of fuels and raw materials – in 2016 agricultural land in % of land area in the Russian Federation is only 13,29% and it was stagnated from 2014 to 2016, which leads to the conclusion that now we have small growth rate of the indicator ([The World Bank](#)).

In the analysis period, we saw, that political relations between the Czech Republic and Russian Federation was highly degraded, because of sanctions 2014. The average of agreement making was decreased from 1,6 (1999 – 2014) to 0,33 (2014 – 2020). Before 2014, Russian Federation and the Czech Republic was made 24 agreements (include 2014 agreement) and from 2014 to 2020 just one (exclude 2014). It means, that economic, political and trade relations were dramatically hearted by sanctions. During the all history of Russian-Czech relations, it wasn't as bad, as now, that shows a dangerous tendency of “moving away” from friendly relations, to total termination of any relationship.

In the “after sanctions” period was made only one agreement – *“Agreement between the government of the Russian Federation and the government of the Czech Republic of Termination for relations between the Russian Federation and the Czech Republic an agreement between the Union of Soviet Socialist Republics and the Government of the Czechoslovak Socialist Republic on mutual provision of land for the construction of technical centres assistance service machinery, equipment and tool*

supplied in mutual trade, and the conditions for the constructions of these centers November 14, 1980, and the Protocol between the Government of the Union of Soviet Socialist Republics and Slovak Federal Republic of termination of the agreement between the government of the Union of Soviet Socialist Republics and the government of Czechoslovak Socialist Republic on cooperation on further improvement of technical maintenance of machines, equipment and devices, delivered in mutual trade” ([Ministry of Foreign Affairs of the Russian Federation](#)) – which is one more evidence of these relations degrading. However, all previous agreements are still in effect, which may be a sign of unwillingness to completely break up the relations.

The international trade between both countries (exclude different partners and changes showed in trade around the world), wasn't much hearted by structure. The structure of export from the Russian Federation to the Czech Republic and import from the Czech Republic wasn't much changed. The main exporting and importing products are the same – raw materials and fuels are for export, capital and consumer goods are for import. The most changes are – the total import to the Czech Republic and export from the Czech Republic was decreased on 37% from 2014 to 2016, however the indicators started increasing from 2016, but the graph shows us that the increasing is instable.

So, there is no evidence, that sanctions of 2014 somehow affected on the structure of the international trade between Russian Federation and the Czech Republic. However, it affected on the total amount of this trade.

The consequences of sanctions and decreasing of international trade affected on GDP per capita of both countries different. The consequences for the Czech Republic' GDP per capita were in decreasing of GRP per capita growth rate – from 5,18% in 2014 to 2,34% in 2015, that mean a slowing of economic growth. And for Russian Federation GDP per capita the consequences were in decreasing of indicator on 3,1% from 2013 to 2016. However, we can't link these consequences exactly with trade relations degrading – the consequences on Russian economy they are more concerned with the consequences of all sanctions (EU and US).

By that, we can't say exactly that economy of both countries somehow hearted by degrading of biliteral relations. The changes in economics more caused by changes in multilateral relations and can't be linked to biliteral relations (exclude decreasing the Czech Republic GDP per capita growth rate).

Answering the questions of the diploma thesis, it could be concluded:

- During whole analysis period was signed only 25 bilateral agreements. However, 24 agreements were signed before sanctions 2014, and only one during the sanctions period. But it couldn't be classified as "improving of the political relations" – the agreement is of Termination for relations between the Russian Federation and the Czech Republic an agreement between the Union of Soviet Socialist Republics and the Government of the Czechoslovak Socialist Republic.
- The most significant changes in the structure of the Czech-Russian foreign trade flow are: the total amount of export from the Czech Republic to Russian Federation was decreased on 30,63% in 2013-2018 period (from \$5936,747 to \$4118,115 (in current US\$ billion)), when import to the Czech Republic from Russian Federation was decreased on 24,52% from \$7 750,046 to \$5 849,601 (in current US\$ billion) in 2013-2018 period.
From 2014 to 2015 the total export from the Czech Republic to Russian Federation of Food Products was decreased on 34,43% and from 2014 to 2017 the total export of vegetables was decreased on 16,24%. But, in 2016 to 2018 the total export of Food Products was increased on 49,94%, and total export of Vegetables was increased on 23% in 2018. During the Food Embargo, it is impossible, without changing the concrete products. It shows that the Czech Republic still wants to save its export market and try to bypass the embargo. The import to the Czech Republic from Russian Federation of raw materials and fuels, was highly decreased from 2014 to 2016 – on 53,75% (from \$5 001,176 to \$2 312,757 in current US\$ billion) for fuels and on 63,42% (from \$3 228,287 to \$1 180,865 in current US\$ billion) for raw materials, but from 2016 it started to recover – import of fuels was increased on 83,61% (from \$2 312,757 in 2016 to \$4 246,540 in 2018 in current US\$ billion), and import of raw materials was increased on 64 80,25% (from \$1 180,865 in 2016 to \$2 128,607 in 2018 in current US\$ billion).
- For the Czech GDP p.c. the situation wasn't affected hard – the GDP p.c. growth rate was 5,18% in 2014 and it was decreased to 2,34%, but it was stayed positive and the total GDP p.c. was increased on 20,92% from 2013 to 2019. Russian GDP per capita in constant 2010 US\$ was decreased in sanction period from \$11 731,382 to \$11 356,4 (2013-2016 years) or on 3,1%.

6 Conclusion

At the end of the research, we can conclude, that the sanctions (EU sanction against Russian Federation and Russian Food Embargo) of 2014, were more affected on Russian Federation, than on EU in general, and on the Czech Republic in particular – the GDP per capita growth rate of the Czech Republic was decreased on almost 3% from 2015 till 2016, but still was positive, when total GDP per capita of the Russian Federation was decreased on 3.1% in longer period – 2013-2016. However, most of the economic consequences (as for Russian Federation and as for the Czech Republic) were solved in the next 2-3 years after 2014, from 2016 till 2017 the GDP per capita growth rate of the Czech Republic was increased on 2.5%, when the GDP per capita growth rate of Russian Federation became positive in 2016-2017 period (+1,7%).

The Czech Republic increased import of raw materials and fuels by increasing total import from different small markets and found new food products, which weren't banned, for export to the Russian Federation, it proves be the total import of raw materials and fuels growth, without important changes from different partners. In the opposite, Russian Federation founded new important market (China) for raw materials and fuels export, and tried to develop domestic agricultural industry, against finding a new import partner – in 2017 total export to China was increased in 39,12% and total import from China was increased on 31,62% in 2015. So, there are no economic issues as for Russian Federation and as for the Czech Republic.

Answering the main question of the thesis, it could be defined, that there are dramatic changes in foreign trade structure between the Czech Republic and Russian Federation – total decreasing of export raw materials and fuels from Russian Federation and decreasing of export food products and vegetables from the Czech Republic. But these changes were minor for the economy of both countries, because they or found new markets, or increasing import and export from different markets.

However, in the research of political relations changes, we define a degradation in political and economic relations between Russian Federation and European Union in general, and Czech Republic in particular. Countries didn't make new agreements, which aimed at development of political and economic relations, but making new agreements, aimed to security development, which lead to increased financing of military force. From 1999 to 2014 between the Czech Republic and Russian Federation was made 24

agreements, or 1,6 agreements per a year, but in sanctions period, it was decreased till 0,33 agreements per a year (including 2014). Countries made only one agreement in 2019, which is a bad case of bilateral relations, that tells about degradation in Czech-Russian relations.

In the case of continuing degradation politicians (peaceful) relations between countries, Eurasia may be can be drawn into a new Cold War in the best situation, and into a new Global Conflict in the worst situation. Let's hope, that our leaders still remember the history and will not allow a repetition of its worst moments, by creating new bilateral and multilateral agreements, which aimed not on the economic development, but not on the sanctions and prohibitions of trade.

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8 Appendix

Appendix A Czech Republic Product Exports to Germany 2010 - 2013 (in current US\$ million)

Appendix B Czech Republic Product Exports to Russian Federation 2010 - 2013 (in current US\$ thousand)

Appendix C Czech Republic Product Imports from Germany 2010 - 2013 (in current US\$ thousand)

Appendix D Czech Republic Product Imports from Russian Federation 2010 - 2013 (in current US\$ thousand)

Appendix E Total Russian export around the world (current US\$ thousand) 2000-2013

Appendix F Russian Federation Product Exports to Netherlands in US\$ Thousand 2000-2013

Appendix G Russian Federation Product Imports from China in 2000-2013 (in current US\$ thousand)

Appendix A Czech Republic Product Exports to Germany 2010 - 2013 (in current US\$ million)

Czech Republic Product Exports to Germany 2010 - 2013 (in current US\$ million)														
Product/year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital goods	4462983.13	5166469.23	6069135.36	7752865.14	10283187.46	10709188	12599719.41	16154004.09	19462572.82	15068102.34	18374275.6	24421649.8	22138682	22537159.34
Mach and Elec	3776453.1	4264332.87	4828558.89	6253544.16	8682988.1	8740716	10504603.17	13745978.3	17159961.08	13123899.52	16627965.3	21866202.67	20023999.4	19600762.05
Consumer goods	4333167.86	4635409.86	5901526.98	6415469.6	8337555.72	9322573.37	10597960.93	12810873.68	14824185.81	13640124.12	15024235	18057296.79	17521735.8	18130451.55
Intermediate goods	2552234.63	2539759.78	3000815.78	3391620.36	4497627.16	4843085.52	5498812.17	6623365	7585922.32	5666085.52	6276713.77	7679662.92	7518561.15	7823394.45
Transportation	1758148.79	2000770.76	2859805.93	3035841.1	3969872.35	4836965	5457997.92	6656594.29	7260258.14	7308970.55	7190712.1	8967504.29	8535217.14	9131649.64
Metals	1665782.29	1705306.88	1781609.16	2315410.79	3264474.81	3497693	4235921.61	5205460.17	6180211.83	3771321.16	4748125.23	5996723.3	5407267.28	5534213.15
Miscellaneous	89299.5	985874.86	107804.95	1337044.78	1589155.86	1975595.38	1998891.15	2352421.68	2690804.33	2354698.45	2778708.5	3135166.04	2863191.6	3530219.7
Plastic or Rubber	703228.44	752201.44	1006885.03	1132047.94	1456976.13	1605687	1831652.9	2190047.88	2560767.89	2013474.44	2437966.87	3039983.44	2884353.75	3081157.13
Textiles and Clothing	803286.54	860045.13	852462.48	970206.77	1273903.69	1410232.58	1177551.78	1311062.63	1284957.57	993270.88	1023758.75	1174233.54	1056873.21	1087926.22
Wood	602992.68	622854.89	795377.85	992758.12	1130393.01	1117134	1309842.06	1582228.81	1904060.25	1616818.85	1636548.56	1748761.79	1613842.3	1749633.3
Raw materials	403834.58	395054.63	466409.99	465679.47	716620.5	892805.09	1142282.45	1596620.64	1847184.3	144601.84	1630336.78	2053781.42	1956533.25	2065509.08
Fuels	354379.4	343956.12	601817.02	436314.26	618630.44	680020	873753.11	979150.3	1184102.8	1618252.29	1607721.57	1645968.6	1800043.5	1543986.93
Chemicals	315596.92	325398.63	622818.59	435262.08	582622.17	797380	790769.96	918790.37	1008076.63	887230.66	1127838.55	1786483.76	1873342.63	2075485.69
Stone and Glass	413930.87	419720.48	470833.64	579120.6	566021.65	524883	668064.88	790110.46	867337.24	699127.65	776430.97	1024704.42	1152839.75	1099165.59
Food Products	112450.6	126105.49	140935.01	157482.66	200459.97	264374.76	225222.61	244095.75	306042.18	278026.71	327358.71	371155.64	397126.07	471185.72
Animal	45024.58	52692.1	52708.67	77095.31	137383.49	212275.74	291554.07	377770.14	428703.65	311037.36	293763.32	394024.95	352968.14	381285.47
Vegetable	124661.34	105037.65	146346.69	127901.03	126377.08	311518.49	273924.07	559910.98	591947.29	600382.49	425887.78	633602.07	764633.47	818237.64
Footwear	60662.49	64715.97	74964.76	66088.25	91516.33	105176	86067.31	129965.83	138714.21	129019.83	144365.39	167071.96	162045.53	192175.72
Hides and Skins	46850.14	54575.79	70960.97	64163.06	86116.81	75038	71894.71	100459.22	113311.68	99579.3	123463.53	191877.87	181167.59	191299.1
Minerals	69475.68	53104.42	54998.48	45373.66	58104.59	45954	44872.31	47743.55	56117.51	47602.16	63964.93	77784.96	73522.47	78098.19

Appendix B Czech Republic Product Exports to Russian Federation 2010 - 2013 (in current US\$ thousand)

Czech Republic Product Exports to Russian Federation 2010 - 2013 (in current US\$ thousand)														
Product/year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital goods	145498,79	17294,78	16575,67	227612,82	411544,89	617954,52	830781,68	1414133,34	2327990,03	1581769,17	2085055,93	2783028	3168576,43	3188544,67
Consumer goods	174556,41	247577,48	341025,7	266134,77	394431,26	590323,27	804967,87	1144744,29	1233432,04	799465,36	1133231,48	2024726,63	2429832,25	2293586,76
Intermediate goods	59179,37	56246,47	77888,96	70413,12	110715,22	150723,82	207598,44	269518,78	384762,34	209944,5	293157,06	368963,3	394307,11	411561,87
Raw materials	7270,47	7247,84	8016,76	20365,06	29000,39	37945,22	37203,66	33384,75	37905,45	24017,22	22819,2	38687,36	40412,87	43054,29
Animal	6469,8	6913,65	9736,92	11116,39	6533,44	6657,94	8475,86	11789,05	22122,13	6395,15	11279,93	20227,67	22873,41	30122,12
Chemicals	58695,29	65594,75	79000,8	67269,01	87177,16	134557,6	154797,49	184608,84	200183,03	210256,67	309986,79	355925,05	312888,59	297219,18
Food Products	15082,22	11430,72	12401,99	20217,59	33616,48	42912,53	49150,02	64468,39	67560,25	49106,88	57891,24	62834,92	66090,16	70707,75
Footwear	755,07	1139,96	1769,63	1185,79	2702,34	4324,35	4388,13	5079,2	5414,64	4675,73	4307,27	6452,18	10082,66	6940,92
Fuels	1784,76	5996,79	3586,86	2875,04	3264,02	5491,31	10929,63	11519,59	18725,62	5798,7	8114,85	9974,89	17368,35	14055,79
Hides and Skins	2577,94	3249,94	4869,96	2554,44	2531,03	2536,86	4234,61	5693,24	7467,24	3507,72	4687,93	6409,16	6030,02	5265,33
Mach and Elec	86331,75	115735,06	136923,16	191867,45	356315,89	542958,96	708301,01	1149163,76	1617457,79	1200291,06	1556641,2	2331617,22	2630313,01	2567600,07
Metals	18479,51	17009,21	16090,23	40101,66	53044,73	81497,09	136308,62	169621,75	240256,15	127849,63	159821,16	236144,94	264994,39	303598,97
Minerals	1358,68	2157,81	2850,16	5630,48	5320,57	5077,52	6768,83	6346,72	2146,03	12861,4	1572,74	2251,61	2722,98	4363,53
Miscellaneous	19902,57	20052,14	19910,14	20799,34	47865,34	60622,16	88098,16	147745,03	207106,57	135482,78	186735,45	292687,19	351532,99	385963,85
Plastic or Rubber	17025,54	20217,4	26267,45	27095,22	73262,91	119095,82	134129,66	191069,16	210158,46	165331,99	227131,86	275463,88	279793,83	276383,82
Stone and Glass	28023,56	32043,49	34851,46	38416,16	66485,07	90256,27	118855,17	149892,72	176937,81	81381,09	106627,14	130816,65	126135,01	139116,01
Textiles and Clothing	15101,35	12995,94	12013,19	11979,45	21778,18	39460,37	50327,46	55890,42	73417,35	30464,42	42695,71	68166,64	66553,69	70051,58
Transportation	85100,14	135141,94	157147,9	60072,06	91854,18	144870,11	269129,61	542341,65	943724,61	444433,49	724611,96	1265103,23	1733532,95	1662622,72
Vegetable	5924,82	3154,77	9225,51	14934,09	32282,07	32820,4	21459,71	21480,07	32494,76	18971,85	17583,93	25578,47	26062,61	25311,56
Wood	23892	34533,55	66061,73	68411,6	61862,61	88111,37	115281,3	145197,2	158964,87	129962,95	114575,15	125751,59	116154,01	77424,39

Appendix C Czech Republic Product Imports from Germany 2010 - 2013 (in current US\$ thousand)

Czech Republic Product Import from Germany 2010 - 2013 (in current US\$ thousand)														
Product/year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital goods	4486900.54	5539254.7	5819758.36	7292061.45	8890142.45	9311769.02	11064928.45	13865098.68	15748922.36	10977906.94	12989955.7	16151501.11	14907710.2	15137893.03
Consumer goods	3131746.56	3508535.22	5005611.09	5111144.04	6852978	7339827.08	8182320.34	9845050.1	11419077.26	8800583.21	9540295.6	12095928.98	10881535.1	11664883.21
Intermediate goods	2615887.27	2832484.89	3861035.36	4113306.03	5184931.37	5578008.59	6621581.88	8405279.44	9614998.54	6897188.81	7545062.22	9693509.59	8842062.57	8981048.92
Raw materials	144612.3	133290.42	193810.3	168485.33	296618.88	406595.18	511978.91	655207.27	798697.75	682944.38	810314.06	994778.4	1033141.33	1062272.71
Animal	36380.14	42234.23	51695.04	61007.39	136078.35	244160	278534.87	411871.05	527078.02	536100.11	571222.56	675047.53	695197.75	761909.11
Chemicals	697293.63	762602.25	1300522.2	1083511.95	1340783.83	1509871	1646764.74	2091105.26	2505137.99	2134924.14	2351687.13	3023973.4	2855722.72	2925741.84
Food Products	183337.39	220054.22	273884.72	342738.25	490229.11	568648	563725.26	757063.05	880437.45	784673.26	762272.74	922693.32	940068.52	1064931.57
Footwear	12788.15	12706.71	14438.21	13392.15	29083.05	32553	26894.89	36223.68	41069.75	33815.11	29410.27	37828.25	43395.89	47556.89
Fuels	205275.47	220991.38	531402.57	235402.95	291435.4	430656	650338.64	993158.88	1319656.42	1082980.3	1294821.97	2342328.42	2037694.02	1956038.25
Hides and Skins	57484.88	53882.17	58991.76	58878.03	75144.96	70369	76489.93	114451.73	128472.22	89847.83	82939.23	91782.25	77175.67	92290.69
Mach and Elec	3791861.25	4559861.87	4568821.09	5725285.89	7089078.98	7350472	8594752.44	10433495.15	11855748.41	8397991.96	9972381.54	12361267.75	11171145.7	11344371.24
Metals	1316508.18	1456381.08	1657007.74	2097313.44	2772527.47	3216919	3959246.15	5158195.12	5699530.51	3757871.72	4406398.12	5515853.16	5028280.07	5083490.44
Minerals	23186.14	21229.79	35170.88	44144.21	71855.76	84408.66	105690.15	95148.27	104369.61	99923.66	107303.53	131956.09	110629.21	126911.16
Miscellaneous	470491.1	492705.4	580786.64	722743.58	887362.88	1031039.35	1114258.78	1291986.37	1541272.97	1223483.65	1247405.41	1655584.88	1533394.21	1661040.39
Plastic or Rubber	1042125.17	1138803.6	1630431.59	1723584.41	2260759.72	2491870	2745836.88	3203174.86	3578372.36	2600005.62	3079855.81	3917788.23	3599796.65	3898145.79
Stone and Glass	226781.03	249654.97	324895.55	402635.63	477393.21	412039	489188.26	583928.57	647546.5	444925.26	435838.6	576402.29	505879.33	536807.18
Textiles and Clothing	617340.51	639210.59	791977.94	814407.43	1038424.67	974837	982028.08	1044822.78	1080762.45	778068.82	827684.77	997619.95	898071.48	978307.51
Trans portatio n	1139704.86	1510513.69	2079060.61	2312053.8	2945107.42	3137138	3577173.57	4722254.56	5440390.39	3685847.63	4115103.37	4941584.04	4623677.54	4717130.1
Vegetable	52548.06	66837.52	77751.49	119483.61	161578.95	184218	222245.93	275253.38	392718.66	306767.21	302958.58	405252.96	341088.56	405945.81
Wood	506458.26	566142.29	903676.07	928657.62	1158177.62	1226206.16	1350124.8	1559822.32	1840135.35	1401764.86	1307851.84	1341487.42	1213141.17	1279892.02

Appendix D Czech Republic Product Imports from Russian Federation 2010 - 2013 (in current US\$ thousand)

Product/year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital goods	104544.55	76421.77	72658.53	137807.32	76900.91	76922.71	78897.63	80673.96	108143.26	142742.21	256515.95	280110.06	234159.21	252429.79
Consumer goods	779792.38	902365.86	1516101.41	965479.43	944441.74	45316.14	2232672.35	2309080.91	3804930.37	2453104.56	2937026.07	3239058.99	3020841.47	3131082.63
Intermediate goods	242114.73	244565.11	256024.7	310516.1	451787.52	480158.71	603782.32	755720.68	1084474.21	383434.96	651623.15	1031135.66	748903.43	803869.14
Raw materials	952756.95	773828.85	1417342.73	925495.44	1320322.33	2146652.43	2648923.18	2479117.86	4140638.11	2389911.57	2959053.16	3550065.63	3899875.05	3562664.82
Animal	731.7	545.85	600.88	458.57	666	801.03	972.75	1378.17	935.29	454.27	614.81	2159.27	1918.46	9533.13
Chemicals	43118.36	51596.29	43005.77	49861.52	87983.04	174087.92	194790.51	159334.38	297787.9	96657.84	156185.04	290578.11	227493.61	255855.38
Food Products	926.2	1306.67	1095.7	1115.53	1982.37	2154.48	2525.71	3607.61	4578.13	3151.88	4982.45	5846.39	4706.02	6574.07
Footwear	97.8	155.07	272.82	1349.15	217.46	267.57	381.49	1025.27	274.48	224.2	143.47	195.73	170.76	167.31
Fuels	1666656.34	1610692.2	2847984.22	1774694.88	2040483.28	3498218	4560755.73	4467438.02	7581447.03	4678759.91	5589007.54	6334717.91	6620968.94	6431417.67
Hides and Skins	3306.6	3381.66	1904.91	792.87	622.33	722.98	1220.11	1011.24	528.61	54.68	10.03	403.47	251.43	16.04
Mach and Elec	78682.33	71449.1	69563.18	85536.86	75221.71	73432	74875.9	69416.94	87531.61	12568.16	248687.57	282249.43	227849.37	234275.94
Metals	149401.58	148178.36	162275.45	203399.33	291671.85	223090.72	304571.15	476643.48	628034.88	207728.62	348560.57	503534.78	335450.48	376314.27
Minerals	45626.49	45470.53	64594.77	87811.89	196453.21	204231.86	263462.99	260491.85	302247.35	77131.13	164728.27	325445.58	180113.28	112033.51
Miscellaneous	1986.33	3031.36	5779.73	6968.8	7311.32	9275.5	10946.32	14800.11	18531.75	14057.87	12663.07	9460.23	9120.51	12883.6
Plastic or Rubber	13044.34	14161.03	13741.97	17711.73	25160.83	39000	62721.04	67581.95	96632.76	81663.74	165599.73	239850.06	200842.41	204267.21
Stone and Glass	2048.86	1982.5	1407.87	1315.7	2403.58	4511	6404.48	11428.89	13561.23	8160.9	16061.71	12225.52	14164.14	14388.07
Textiles and Clothing	6299.7	7339.12	7868.78	12226.96	8033.4	7405.78	9322.58	11069.41	5600.25	3395.25	4863.8	4402.31	3605.08	2747.16
Transportatio ⁿ	28364.77	8260.25	6473.21	57530.11	3956.47	69380.24	5972.05	10432.51	15183.37	11163.92	12990.24	15142.05	10841.49	1687.4
Vegetable	482.99	655.66	291.92	1157.64	402.79	143.35	174.05	583.22	614.18	958.87	1081.94	1292.46	1250.52	2193.84
Wood	38434.22	28975.96	35466.17	37366.72	50882.85	53520.72	65178.63	68350.37	84697.12	59972.08	78038.07	72867.02	65032.67	70521.79

Appendix E Total Russian export around the world (current US\$ thousand) 2000-2013

Total Russian export around the world (current US\$ thousand) 2000-2013														
Product/year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fuels	5237355.41	51860984.95	56120644.82	73055566.03	99612852.05	149554897.54	189621905.37	216515402.17	307371505.44	190171159.13	260668050.82	346530198.17	368853370.25	372036095.51
Raw materials	28432449.09	29405442.49	33960182.50	447771759.66	66202951.45	94069903.13	112426310.34	135308666.30	176213635.50	112298475.89	151098866.22	203482715.25	216487799.04	207043753.71
Consumer goods	31625244.43	30389766.36	30137677.05	37522164.32	45550964.06	71023016.06	95525823.23	105907214.00	157135587.14	96629750.66	129305198.80	170629677.45	188834920.23	203106698.97
Intermediate goods	24322009.64	20754016.36	21938794.77	2656840.85	39792197.07	46431854.71	57643531.01	69790112.03	80915436.94	51059983.80	62885464.47	75411119.28	89154151.00	84045506.98
Metals	16686863.04	13928625.64	14347354.17	17440583.41	28524741.46	32458205.47	39397295.14	47265217.72	51572479.48	32071448.09	38534987.88	42920568.60	44404916.77	40846293.59
Chemicals	5597460.50	4350569.85	4224147.61	5387584.15	7423577.49	9532523.48	10918467.49	13667377.75	21247059.46	11427970.47	14956636.51	20372562.53	22864975.32	21387601.28
goods	6568194.52	6848059.28	8303061.63	9508236.74	10506649.78	9573945.21	11112948.46	12788556.97	15398641.55	11197470.42	11061625.13	11445336.70	17578292.98	19861794.29
Stone and Glass	296555.96	1405131.60	3606187.75	4294268.58	5325296.45	2178535.23	4647967.07	4592484.39	2527149.73	1968853.95	3291583.55	4426157.99	15059364.44	15654058.43
Miscellaneous	13051399.25	13584560.56	10482897.56	12810700.71	16646991.73	21075934.11	26102383.67	30016158.35	40137990.44	32002008.15	44416384.86	57619307.86	14926260.09	15605121.23
Mach and Elec	4065355.83	4663808.87	4141197.18	4554994.98	5393669.72	6064575.98	7353949.46	8564184.87	10422130.19	8199698.96	7796050.82	8635410.73	12169402.30	13842592.76
Wood	4276985.22	4236743.52	4691790.26	5355576.23	6736490.67	8107998.53	9273374.06	11917688.68	11154034.80	8168071.31	8980896.74	10345999.14	10272851.42	11144513.59
Vegetable	485230.45	500589.65	1171553.65	1443765.26	1046467.03	1898253.76	2434745.88	5162868.92	4815722.36	4907596.65	3417227.84	6427068.29	9683023.26	7972428.57
on	2670723.73	1900942.67	4328359.23	5040290.29	5576705.32	3809281.06	4084199.54	4748815.93	5547076.37	2715290.16	3195268.86	3182945.98	6541557.21	7563424.26
Plastic or Rubber	1205135.70	1152078.50	1148870.39	1397333.25	1844745.26	2222376.96	2706532.07	3497307.44	424272.77	3135761.77	4004778.04	5447330.21	6052134.51	6359769.65
Mine rals	711856.98	549797.82	582516.86	724761.24	1086730.52	1651329.86	1679092.66	2341891.58	4596634.84	2050054.64	3030802.39	5396183.81	5615201.50	5044278.40
Products	380295.87	469930.98	546071.30	743730.31	985550.74	1370675.19	1679432.95	2303347.76	2763148.51	2393628.64	1833223.05	2353934.11	4138955.65	4945699.32
Animal	435965.77	489244.87	459794.77	502620.59	446664.59	612558.68	73513.06	791816.86	812741.12	1982410.76	2316930.92	2565822.08	2923012.30	3326032.69
Textiles and Clothing	628257.76	571751.93	628454.58	639978.10	665755.20	615499.24	556828.07	556585.07	446308.72	361678.21	337269.19	401607.61	644534.66	761368.12
Hides and Skins	236054.61	175232.61	186511.98	233383.72	252560.66	283567.24	326361.43	289512.04	302643.57	207180.69	258651.40	331250.09	503379.91	609124.19
Footwear	27252.35	28403.02	25665.79	30548.31	31580.28	35444.56	32617.62	35769.25	34556.79	33247.22	28778.11	36271.04	113481.01	167517.28

Appendix F Russian Federation Product Exports to Netherlands in US\$ Thousand 2000-2013

Product	Russian Federation Product Exports to Netherlands in US\$ Thousand 2000-2013													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fuels	1983948.90	2600321.34	4823586.29	6439942.63	11694726.12	19626783.62	28139859.92	32853142.83	47446040.54	29849776.78	45464549.32	53612086.04	66607214.41	59896745.92
Raw materials	874451.63	1253702.70	2754017.68	4003748.32	8470194.36	14173845.28	20100624.21	24496469.22	33597942.56	21459437.57	32398739.03	33334004.58	41210664.87	34295403.57
Consumer goods	1384897.26	1522846.01	2228291.46	2610245.14	3544818.85	5857965.49	8428855.91	8733115.41	14220684.63	8643070.64	13692303.21	20999966.72	26140073.87	26197486.23
Intermediate	1958582.02	1591678.30	1970689.95	1518682.41	2710090.98	3643785.44	5937787.30	8189527.83	6801718.79	4958366.79	7067085.97	6845000.03	8623554.19	8538812.35
Metals	1884022.73	1480053.01	1891617.59	1384378.69	2679139.75	3506310.97	5656472.39	7897696.58	6430262.50	4812510.55	6924707.48	6701048.91	8336075.20	7924242.63
Chemicals	1184729.6	105457.73	71165.06	96913.01	139500.24	233143.65	404725.18	367338.69	298676.93	186585.13	220876.19	267798.56	354170.37	502675.82
Animal	9074.61	9777.28	3892.21	6363.63	6124.26	8058.89	14070.08	18449.32	21093.76	10202.73	131203.10	169762.14	126657.36	280298.34
Minerals	46953.91	41318.50	33188.25	46185.41	44974.69	145774.51	71290.80	39651.07	120960.34	70587.84	262048.99	183065.38	227710.16	159744.88
Capital	53216.11	52291.97	118073.54	125347.79	98920.27	74720.71	119218.54	153609.62	227980.28	82967.65	81112.74	61057.70	59399.78	158791.42
Transportati	32650.35	21449.25	32581.41	34120.54	42552.39	27427.87	101770.00	100308.28	183507.18	44608.27	49591.96	8651.13	7101.27	98903.34
Wood	66723.70	59803.61	63397.71	76558.89	73477.90	77513.69	91395.33	127947.04	102052.73	66281.01	96411.99	106090.11	81160.14	94329.93
Vegetable	38386.09	10172.95	6688.78	3299.35	3928.46	10798.08	15977.19	32948.95	119106.44	22851.36	20216.61	42684.20	80001.29	92265.94
Miscellaneo	6645.85	46684.70	35630.45	7754.99	10346.95	19078.16	12258.85	289033.50	111810.65	13476.85	11971.14	15036.02	17989.10	83048.63
Mach and Elec	19520.99	39610.60	54126.78	89396.63	57262.57	39108.91	14717.54	47084.95	43093.29	34565.06	24300.38	43839.17	39603.80	52190.73
Food	16636.41	2524.26	2592.26	1335.88	106.43	2705.42	4311.20	11003.27	19256.98	17453.93	10452.02	27213.13	47082.08	40662.53
Hides and	2867.97	2145.86	2107.76	549.65	362.25	205.16	27.28	69.42	110.74	414.47	16.49	7380.63	86604.18	18302.58
Plastic or Rubber	25993.18	17425.71	32203.70	49887.80	51302.67	42588.64	36714.38	44217.30	39151.63	9971.23	20265.52	46171.72	17689.90	11351.90
Textiles and Clothing	17516.37	19960.04	15549.23	20805.95	19139.62	9749.33	7595.93	5600.82	2520.88	2457.43	2308.53	4830.99	3399.09	2637.01
Stone and Glass	1718.18	2426.44	2896.91	735.64	1285.03	1039.62	15197.49	6140.33	1337.73	2646.36	1937.28	4301.00	3480.23	20163.4
Footwear	14.84	54.48	104.26	181.81	144.28	104.94	102.42	3.75	0.91	527.76	36.69	69.92	75.17	94.81

Appendix G Russian Federation Product Imports from China in 2000-2013 (in current US\$ thousand)

Russian Federation Product Imports from China in 2000-2013 (in current US\$ thousand)														
Product Group	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital goods	99114,799	23529,212	527548,146	802589,719	1483011,13	2689916,822	5554960,948	11189174,92	15858797,81	9479619,776	16502856,44	21448409,17	23645626,14	24294681,22
Consumer goods	470761,729	931695,472	1297901,12	1688683,75	2302944,37	3200595,486	5132752,276	8864476,803	13148137,19	9733265,416	16491362,13	19036164,9	20356868,38	21118139,26
Intermediate goods	250302,692	302996,381	292351,048	516799,851	612597,754	933895,014	1679553,272	3576389,654	4784943,842	2819865,061	4959234,11	6456983,865	6698654,341	6629786,294
Raw materials	128710,902	158082,816	282747,067	300662,867	332211,202	426447,958	519796,496	721814,823	885162,12	772257,441	894855,751	1095781,92	1063740,25	1128000,337
Animal	4628,674	24325,979	114035,146	92280,99	75357,648	46003,367	100672,829	180608,146	208826,938	186464,882	197851,788	247398,34	237610,602	269941,619
Chemicals	123788,88	117616,384	117601,276	147947,3	207075,196	310585,309	427812,595	598990,467	855587,488	811773,714	1213519,716	1565647,772	1750363,904	1868329,508
Food Products	41431,778	68081,177	86509,528	101019,85	120138,424	195757,035	258297,129	364441,9	463059,76	367104,565	473463,506	601924,314	574866,392	568745,28
Footwear	39594,971	142582,144	159204,332	260820,307	214776,979	411895,028	859244,033	1584610,803	2199762,786	1655042,243	3034090,933	2964651,499	2931876,634	3031595,899
Fuels	58281,501	63651,072	36460,241	49732,676	44900,197	88780,136	102108,009	162915,696	208118,91	73327,327	157034,814	205847,682	163719,417	117787,839
Hides and Skins	30513,278	81978,006	68414,274	88033,444	80620,314	77447,486	142865,695	301129,01	501124,649	401007,896	689972,37	819184,017	839939,422	888450,927
Mach and Elec	87548,351	285974,437	671447,424	983890,712	1872104,22	3290218,419	6021193,716	10903410,64	15995401,03	10098131,9	17517718,35	21642363,28	23236127,23	24009294,5
Metals	52595,782	79400,883	111889,367	158826,517	276285,894	391609,849	768450,258	2091476,489	2928008,97	1652851,402	3349640,521	4090873,756	4149605,285	4187991,012
Minerals	23910,964	23463,376	22658,148	30802,307	42287,443	56549,268	63679,922	85479,184	182326,793	51204,183	73652,038	94974,575	104236,631	93969,942
Miscellaneous	141494,25	241142,261	261985,565	346232,803	488291,696	633884,484	1102356,484	1820395,529	2691726,716	1893354,968	3323710,605	3821641,638	4534460,374	4589938,45
Plastic or Rubber	40656,215	56722,877	70966,984	106912,648	159333,379	311962,707	534320,941	1025837,162	1507123,438	985199,337	1626698,402	2232619,104	2463084,464	2524620,005
Stone and Glass	41280,459	55127,508	76887,999	118232,081	200248,458	329666,665	488514,353	768799,235	911138,423	509754,778	883760,189	1141911,214	1390754,808	1483175,306
Textiles and Clothing	109284,495	228766,42	374977,343	499618,075	529943,158	496337,523	1011488,257	1963883,725	3059689,23	2673737,322	4118625,818	4927990,276	4848462,347	5221719,526
Transportation	11530,762	20710,099	28006,867	41754,59	85753,233	153091,766	420962,134	1705192,95	1912286,133	581195,635	1147896,941	2218672,395	3071316,485	2736560,757
Vegetable	103021,161	91805,911	151294,908	208469,499	245137,959	357060,809	432853,156	555387,95	682640,811	603487,326	663230,264	859872,398	788378,678	854441,415
Wood	39328,902	64955,347	48357,791	72342,388	88510,254	102070,51	152468,85	294050,697	457979,559	316242,649	490063,777	602806,072	683491,8	746524,217