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REPRESENTATIONS BY MEMBER STATES

Addendum

CZECH REPUBLIC

[17 May 1993]

The Government of the Czech Republic submits to the esteemed members of the Committee on Contributions the following information and relevant argumentation as a supplement to the data already supplied to the United Nations Statistical Office. We assume that the following data will affect radically the calculation of the contribution of the Czech Republic as a new Member State to the coverage of the expenses of the United Nations in the years 1992-1994.

1. The data submitted to the Statistical Office was published by the Czech Statistical Office and the Czech National Bank. Due to the fact that the gross domestic product (GDP) of the Czech and Slovak Republics was not recorded separately, its temporal sequence in current prices starting from 1980, as well as in constant prices from the year 1984, was defined in retrospect.

Due to the fact that the Czechoslovak economy was centrally controlled until 1989, the Committee should receive also the data on the national income of the Czech Republic in the determination period. The Czech Statistical Office has, however, at its disposal only the temporal sequence with "net national income", i.e. without the influence of foreign trade. The information on the share of the Czech Republic and the Slovak Republic in foreign trade cannot be methodically obtained. For this reason we can submit to the Committee on Contributions only a reconstructed sequence of GDP and other data necessary for your calculations.

2. For your information we enclose the comparison of the temporal sequences of GDP in current prices (see annex I, line 1) and in constant prices from 1984 (line 2 of annex I). The comparison shows that inflation occurred in the national economy, although for reasons of prestige it was not officially recognized. Simultaneously we state data on GDP per capita (lines 4 and 5 of

annex I). During the 1980-1989 decade the productivity of the Czech economy stagnated, the competitiveness of our products dropped as a result of declining quality and outdated production methods demanding considerable supply of energy and raw materials. The drop in competitiveness was reflected in the foreign trade balance and in the increase of debts.

In 1991, the rapid economic transformation characterized by fundamental liberalization measures creating an environment for the functioning of market mechanisms - the loosening of price formation, liberalization of foreign trade, the introduction of internal convertibility of the Czechoslovak koruna, the unification of exchange rates at the balanced level, the implementation of restrictive budgetary, currency and fiscal policy, privatization etc. - started.

The deep systemic changes were reflected in the drop in the GDP. The drop, expressed in United States dollars, was further enhanced by the double devaluation of the koruna in 1990.

Our economy was also very unfavourably affected by external conditions, above all the recession in developed market economies and the complete disintegration of the market of the former COMECON, reflected in the export of Czech firms. In the case of some commodities, the effort to reorient Czech exports led to the introduction of new protectionist measures - foodstuffs, metal plates, textiles - in some countries.

3. Also, the koruna/dollar exchange rate distorted considerably the reported data. The officially reported exchange rate was completely out of touch with domestic economic reality and had to be corrected for internal use in a very complicated way. Line 6 of annex I shows the temporal sequence of average annual koruna/dollar rates used for the decisions of the Committee on Contributions in 1991. The figures are completely incorrect and overvalued.

After the Czech and Slovak Federal Republic resumed its membership in the International Monetary Fund (IMF) in 1990, the unreality of the exchange rate was objectively analysed and the official statistics of the IMF now show an exchange-rate sequence reflecting the past and present reality (see line 7 of annex I). The source of the real data is International Finance Statistics, November 1992, page 184. The formerly reported exchange-rate sequence enabled an unjustified overvaluation of the position of the Czech and Slovak Federal Republic in the United Nations contributions scale.

4. The temporal sequence of GDP in constant prices (lines 2 and 5 of annex I) shows a marked decline in the productivity of the economy at the end of the 1980s and in the first years of transformation, as already indicated to the Committee on Contributions in 1991.

The devaluation of the koruna in relation to the dollar (see line 7 of annex I) resulted in the decline of the GDP indicator in current and constant prices per capita in dollars (lines 10 and 11 of annex I).

5. After the split of the Czechoslovak federation, the Czech Government expects a certain growth of GDP and stable development of the exchange rate, although stability is at present ensured only by drawing on external resources, i.e. by the growth of debt (see line 12 of annex I). In 1994-2000 the Czech

Republic shall have to repay in free currencies its old credits as well as part of the credits accepted at the beginning of the 1990s. The total credit service may in some years reach 20 per cent of the value of the annual exports of the Czech Republic.

For the information of the Committee on Contributions we enclose other selected information on the economic development of the Czech Republic in annexes II to VI.

Owing to the above reasons, the Government of the Czech Republic begs for objective positioning of the Czech Republic as a new United Nations Member State in the contributions scale. The period in question has been very unstandard, as it was partly dominated by central directive planning and partly by a complicated transformation process, which is not expected to enhance the productivity of the national economy in the near future.

Annex I

Selected data on the Czech Republic

	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
1. GDP in current prices (billions Kčs)	415.30	413.50	430.181	438.30	462.80	473.70	483.00	496.10	513.60	524.60	567.30	712.30	738.80
2. GDP in constant prices (billions Kčs)	10327	10303	10314	10323	10330	10337	10341	10349	10356	10362	10363	10306	10315
3. Average number of inhabitants	40215	40134	41891	42323	44802	45828	46707	47840	48594	50627	54743	69115	71624
4. GDP in current prices per capita (Kčs)	10.94	11.94	12.44	12.47	12.87	12.02	11.95	10.88	10.68	10.56	10.56	10.15	10.31
5. GDP in constant prices per capita (Kčs)	14.27	13.25	13.71	14.16	16.61	17.14	14.91	13.69	14.36	15.06	17.95	29.4	28.28
6. Rate Kčs/US\$: K1 1/	3676	3361	3351	3094	3481	3812	4427	4983	5333	5166	5021	5021	5021
7. Rate Kčs/US\$: K2 2/	2818	3029	3041	2989	3481	3747	4257	4811	5065	5021	3050	2351	1512
8. GDP in current prices, US\$ K1 per capita	5726	5041	4407	3471	3502	3374	4172	5039	5504	5968	2708	1426	1376
9. GDP in constant prices, US\$ K2 per capita	3460	3389	3335	3263	3263	2885	3214	3406	3811	4191	4668	6708	6923
10. Repayment of convertible currency debts (millions US\$) 3/													
11. Exports (millions US\$) 4/													

Source: Czech Statistical Office
 Czech National Bank

International Financial Statistics, International Monetary Fund, November 1992.

1/ Rate Kčs/US\$ used by the Committee on Contributions when discussing the Czech and Slovak Federal Republic the last time (K1).

2/ Rate Kčs/US\$, from International Financial Statistics, IMF, 1992 (K2).

3/ Gross debt of the Czech Republic in convertible currencies (millions US\$).

4/ Exports into convertible-currency economies, FOB (millions US\$).

Annex II

Czechoslovakia

Principal rate - koruny per US dollar

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
End of Period	14.84	13.16	14.04	14.63	17.13	16.00	14.38	13.00	14.31	14.29	28.00
Period Averages	14.27	13.25	13.71	14.16	16.61	17.14	14.99	13.69	14.36	15.05	17.95
	1991	1992									
End of Period	27.84	28.59									
Period Averages	29.48	28.29									

Source: International Financial Statistics, Yearbook 1991, April 1992
Year 1992 - sources of the Czech National Bank.

Note: We consider the average rate, not burdened by potential deviations, as opposed to the rate of the end of the pertinent period, the best rate for the conversion of macroeconomic indicators.

Annex III

Czech Republic

Balance of payments - nonconvertible currencies
(in millions of US dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Trade balance	-350.4	-232.0	-501.6	-654.3	-804.2	-863.4	-1062.8	-807.2	-233.0	-802.9	-808.3	400.3
Exports, f.o.b.	5659.1	5668.9	6035.5	6077.8	5779.5	5607.1	6621.5	7802.7	7234.9	6505.2	4323.3	1601.8
Imports, f.o.b.	6009.5	5900.9	6537.1	6732.1	6583.7	6270.5	7684.3	8409.9	7487.9	7108.1	4931.6	1201.5
Services balance	81.9	106.6	225.2	196.3	80.1	157.2	122.5	260.1	331.8	449.3	180.3	150.0
Receipts	704.0	743.8	840.9	786.1	772.7	779.7	872.3	1001.5	1025.0	1119.8	781.4	308.0
Shipments and other	443.9	505.7	563.3	543.3	528.7	517.2	563.0	607.4	585.1	550.0	488.1	41.0
Travel	117.7	112.6	112.4	118.2	125.9	140.2	171.6	221.2	281.5	313.7	95.2	10.7
Interest	57.2	44.1	63.3	45.6	31.7	38.2	38.0	40.7	48.0	74.4	56.7	84.9
Other	85.2	81.4	101.9	79.0	86.4	84.1	99.7	132.2	129.4	181.7	141.4	171.4
Expenditures	622.1	637.2	615.7	589.8	692.6	622.5	749.8	741.4	693.2	670.5	601.1	158.0
Shipments and other	342.0	358.9	361.8	324.8	302.0	272.3	340.4	341.8	315.2	303.1	256.1	6.1
Travel	139.9	141.7	136.4	150.1	151.5	186.7	191.7	226.1	196.1	172.2	166.3	8.9
Interest	16.9	18.6	16.5	14.9	15.6	18.1	17.2	23.5	17.6	24.4	19.2	26.7
Other	123.3	118.0	101.0	100.0	223.5	145.4	200.5	150.0	164.3	170.6	159.5	116.3
Unrequited transfers	35.6	34.9	37.4	20.0	30.8	36.1	42.3	94.3	91.5	119.2	211.6	15.2
Private	28.9	26.9	32.2	18.0	26.2	31.0	48.5	84.2	87.0	113.5	224.3	13.0
Official	6.7	8.0	5.2	2.0	4.6	5.1	-6.2	10.1	4.5	5.7	-12.7	2.2
CURRENT ACCOUNT	-232.9	-90.5	-239.0	-436.0	-683.3	-470.1	-888.0	-452.8	190.3	-34.4	-216.4	565.5
Direct investment												
Portfolio investment												
Other medium- and long-term capital												
Credits extended	-16.1	13.8	-16.5	-69.4	0.9	-33.8	-10.1	-57.6	-189.1	-472.7	-135.4	-24.2
Credits received	3.1	19.6	-22.7	-57.9	13.6	-24.8	3.2	-55.3	-194.6	-470.9	-178.7	-19.0
Net short-term capital	-19.2	-5.8	6.2	-11.5	-12.7	-9.0	-13.3	-2.3	5.5	-1.8	43.3	-5.2
CAPITAL ACCOUNT												
Net short-term capital	-117.0	-98.8	-60.1	104.0	166.6	-84.4	120.2	-364.7	-948.3	39.4	480.8	-809.6
ERRORS & OMISSIONS	-133.1	-86.0	-76.6	34.6	167.5	-128.2	110.1	-422.3	-1137.4	-433.6	357.6	-831.4
OVERALL BALANCE	366.0	176.5	315.6	403.4	525.8	598.3	787.9	875.1	947.1	468.0	-141.2	265.9
CHANGE IN RESERVES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(increase -)												
CHANGE IN RESERVES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(increase -)												

Annex IV

Czech Republic

Balance of payments - convertible currencies
(in millions of US dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Trade balance	308.5	582.9	803.0	873.0	911.8	503.4	195.9	-89.2	8.1	454.6	-252.3	339.7	-1372.2
Exports, f.o.b.	3460.2	3386.9	3334.9	3333.8	3282.9	2884.5	3214.0	3405.9	3811.4	4190.7	4688.1	5815.7	7850.3
Imports, f.o.b.	3153.7	2806.0	2531.9	2460.8	2351.1	2381.1	3018.1	3485.1	3803.3	3738.1	4920.4	5476.0	9222.5
Services balance	-100.8	-156.4	16.6	139.4	245.2	123.3	244.1	118.7	108.3	112.2	-58.7	760.8	1320.1
Receipts	1234.7	1283.0	1153.1	1136.3	1256.6	1078.5	1278.4	1309.3	1350.1	1390.1	1645.1	2291.8	3506.7
Shipments and other	705.7	728.2	687.7	680.1	652.8	571.9	659.5	646.7	672.5	681.8	747.2	591.1	1087.0
Travel	78.1	75.8	73.7	68.7	65.0	69.8	87.0	111.3	126.1	134.1	287.3	698.9	1128.1
Interest	208.3	227.9	166.9	159.0	163.5	180.5	207.3	224.3	224.3	260.0	284.9	352.1	525.7
Other	242.6	251.1	244.8	248.5	375.5	273.2	351.4	344.0	327.2	314.2	315.7	849.7	757.9
Expenditures	1335.5	1439.4	1134.5	996.9	1011.4	955.2	1034.3	1192.8	1243.8	1277.9	1703.8	1531.2	2186.6
Shipments and other	538.8	437.2	394.1	380.9	335.9	331.8	384.9	427.5	438.3	440.6	507.8	244.3	424.7
Travel	41.0	48.6	37.8	41.1	48.6	41.9	48.5	55.4	79.3	124.7	285.7	284.7	466.8
Interest	557.5	686.3	478.3	351.2	333.1	298.5	322.7	374.5	374.5	368.8	505.6	395.7	519.8
Other	198.2	287.3	224.3	243.7	295.8	283.0	300.4	387.0	353.7	343.8	404.7	626.5	775.3
Unrequited transfers	-27.8	-22.1	-107.4	-24.3	-19.6	-28.8	-24.8	-31.8	-34.4	-23.5	-28.8	42.4	105.0
Private	-1.2	-1.4	-1.7	-2.0	-1.9	-2.3	-4.0	-4.0	-7.0	-3.6	-4.2	54.0	39.1
Official	-26.6	-20.7	-105.7	-22.3	-17.9	-24.5	-20.8	-27.8	-27.4	-19.9	-22.6	-11.8	65.9
CURRENT ACCOUNT	177.9	404.4	714.2	988.1	1137.2	589.9	415.2	-4.3	80.0	543.3	-337.8	1142.7	52.9
Direct investment										170.9	120.4	510.7	982.9
Portfolio investment													-35.8
Other medium- and long-term capital	245.2	170.9	-32.9	-222.7	-445.1	-521.3	-258.4	233.8	20.2	-38.6	505.7	1168.4	320.5
Credits extended	-102.6	-108.8	-157.6	-238.8	-256.2	-273.9	-187.2	-42.3	-238.0	-122.7	-13.3	172.2	105.3
Credits received	347.8	279.7	124.7	14.1	-186.9	-247.4	-71.2	278.1	258.2	84.1	519.0	984.2	215.2
Net short-term capital	801.8	-719.6	-422.3	-280.2	62.5	-101.4	350.8	123.2	289.7	113.5	-478.9	-2178.7	-1273.7
CAPITAL ACCOUNT	1047.0	-548.9	-455.2	-502.9	-382.8	-622.7	92.4	357.0	309.9	245.8	147.2	-499.8	-6.1
ERRORS & OMISSIONS	-866.4	-702.0	-383.7	-525.7	-603.1	-110.4	-287.6	-110.9	-198.2	-246.5	-698.4	-44.5	-128.9
OVERALL BALANCE	358.5	-846.5	-124.7	-40.5	151.5	-133.2	220.0	241.8	193.7	542.6	-889.0	598.6	-80.1
CHANGE IN RESERVES (increase -)	-358.5	846.5	124.7	40.5	-151.5	133.2	-220.0	-241.8	-193.7	-542.6	889.0	-598.6	80.1

Annex V

Czech Republic

External debt in convertible and nonconvertible currencies
 (in millions of US dollars, end of period)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Debt in convertible currencies													
Medium- and long-term by maturity:	1936	2129	2109	2036	1960	1835	1967	2461	2669	2975	3557	4565	5121
1 - 5 years	473	408	501	583	768	854	1053	1414	1479	1341	1321	1453	2027
over 5 years	1463	1721	1608	1453	1192	981	914	1046	1190	1634	2236	3112	3094
by creditor:													
Banks	1373	1715	1568	1429	1319	1273	1381	1437	1485	1752	2193	2250	2147
Governments	5											59	231
Multilateral institutions												1177	1594
Suppliers credits	322	414	541	607	522	488	570	849	1003	1044	1192	911	1008
CMEA countries and institutions	236				119	74	36	175	181	179	172	168	141
Short-term debt	3780	2912	2298	1835	1542	1539	2205	2578	2835	2993	2400	2143	1802
Total	5726	5041	4407	3871	3502	3374	4172	5039	5504	5968	5957	6708	6923
Debt in nonconvertible currencies													
Medium- and long-term by maturity:	125	101	100	62	61	54	49	52	51	49	39	33	21
1 - 5 years	16	23	40	39	27	23	23	30	29	20	39	22	21
over 5 years	109	78	60	43	34	31	26	22	22	28		11	
Short-term	659	483	456	581	789	750	932	788	342	570	1032	1510	511
Total	784	584	556	663	830	804	981	820	393	619	1071	1543	532
TOTAL DEBT	6510	5625	4963	4534	4332	4178	5153	5859	5897	6587	7028	8251	7455
of which:													
Medium- and long-term	2061	2230	2209	2118	2021	1888	2016	2513	2720	3024	3596	4598	5142
Short-term	4449	3395	2754	2416	2311	2289	3137	3346	3177	3563	3432	3653	2313

Annex VI

Czech Republic

Official external reserves and other foreign assets
(in millions of US dollars, end of period)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Official external reserves	1738.5	892.0	767.3	726.8	878.3	745.1	965.1	1206.9	1395.6	1939.6	1055.9	2810.5	3586.9
(Gross reserves)													
Gold	85.9	85.7	88.9	105.3	106.9	107.1	106.2	101.6	105.0	102.0	71.8	86.8	86.4
Foreign exchange	1652.6	806.3	668.4	621.5	771.4	638.0	898.9	1105.3	1290.6	1837.8	984.1	2430.6	3462.2
Held by State Bank	368.1	299.3	215.3	363.0	369.7	432.6	512.7	552.7	585.7	637.5	235.7	729.6	726.9
Held by other banks	1284.5	507.0	453.1	258.5	381.7	205.4	346.2	552.6	704.9	1200.3	748.4	1701.0	2735.3
Holding of SDR												93.1	28.3
Other foreign assets													
In convertible currencies	1548.5	1670.5	1721.7	1839.7	2135.2	2582.4	3205.0	3594.7	3786.1	3926.2	3694.7	4250.0	4876.7
Held by enterprises	1104.4	1207.3	1236.3	1294.8	1386.2	1598.1	1998.9	2137.3	2142.9	2241.7	2088.8	2422.0	2883.9
Held by government institutions	432.7	455.9	480.9	588.7	688.1	822.8	1146.8	1401.7	1575.7	1623.9	1686.7	1758.2	1741.7
Long term assets of other banks	11.4	7.3	4.5	65.2	48.9	61.4	59.2	55.7	67.5	60.6	58.4	69.8	91.3
Direct investment abroad													159.8
Foreign assets	1638.2	1460.6	1460.9	1498.7	1384.2	1544.5	1892.8	2055.4	2574.7	3145.0	2187.4	6145.7	5242.3
In nonconvertible currencies	45.4	38.9	48.0	61.5	62.5	82.3	117.5	113.4	121.2	140.3	14.8	1.4	0.3
Held by State Bank	343.4	292.4	324.8	404.5	294.2	308.6	290.4	318.4	787.5	887.4	1058.9	3887.7	3180.8
Held by other banks	517.3	484.6	457.9	482.6	588.8	680.8	775.4	894.2	888.1	760.5	473.8	528.2	307.1
Held by enterprises	732.1	644.7	630.1	550.1	447.7	471.8	508.5	628.4	766.9	1246.8	639.1	1728.4	1770.1
Held by government institutions													4.0
Direct investment abroad													
TOTAL	4925.2	4023.1	3949.9	4165.2	4407.7	4872.0	5862.9	6857.0	7766.4	9011.0	7078.0	13006.2	13705.9

Gold - valued at US\$ 42.22 per ounce