TERRITORIAL RISK MANAGEMENT IN RELATION TO COUNTRY RISK CLASSIFICATION AND EXPORT

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Abstract: The subject of research is focused on determining the dependence of exports and the level of territorial risk assessment. Companies assess and manage risks that may affect the course of their contracts. Information on business partners, territorial and commercial risks are an important tool of territorial risk management. For the exporter it is all the more important to focus on the risks associated with international reach, which may already be more difficult to assess, in terms of data acquisition and their proper evaluation. They must also decide on the appropriate way to hedge the risks. Various tools and specialized institutions can help exporters with risk assessment. The aim of the article is to evaluate the extent to which published assessments of territorial risks influence decision-making and management of territorial risks in connection with the resulting export. Based on the analysis of data from primary sources and OECD and EGAP data from 1999 to 2018, the relationship between risk assessment and export volume in selected countries was examined. The results of the analysis show that the riskiness of countries has an impact on the resulting exports.

Key words: territorial risks; political risks, export; credit insurance; territorial risk management

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Introduction

Territorial risk management identifies a key issue in relation to business activities abroad. Within the state where the entrepreneur has its registered office, it is easier for entrepreneurs to assess the risks of business transactions. Entrepreneur is aware of the business environment, the legal system, and the possibility of defence against insolvent trading partners and may take those into account when concluding national commercial transactions. However, in the case of foreign business transactions, the situation is somewhat different. An entrepreneur can enter a territory not well known to him, usually with foreign business partners and in a completely different legal and economic environment. Even in these cases, however, the entrepreneur is forced to assess the potential risks of such business transactions. In order to eliminate these risks as much as possible, it requires not

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only knowledge of the environment, but also a guarantee that in the event of the occurrence of a risk factor, its business transaction will be covered by insurance.
Risks can be defined and divided according to various perspectives, areas of research and criteria, such as measurability, the impact of risk on the result, causes, areas, etc. We tend to be aware of the risk, mostly of a probabilistic nature, which gives us the opportunity to measure or estimate the risk, and thus to understand and justify the consequences for entrepreneurs (benefit or amount of damage). For this reason, it is possible and desirable to divide, quantify and comprehensively work with risks, so to manage them within risk management. No matter how the risks are divided, there are always links and connections between them.
The exporter's international risk management is an important aspect in the overall assessment of international business cases. Export support in the form of credit insurance means an irreplaceable role in territorial management and export orientation. State-supported export credit agencies are often the only way to insure territorial risks and help exporters cope with risky transactions. Without insurance of territorial risks, the entrepreneur embarks on a very thin ice, where he can lose a large part of his investment, without it being his fault, and without being sanctioned in some way for this loss.
The research problem is focused on determining the dependence of exports and the level of territorial risk assessment. The aim of the article is to evaluate the extent to which published assessments of territorial risks influence decision-making and management of territorial risks in connection with the resulting export. This article helps to fill the gaps concerning the relationship between the evaluation of territorial risks and resultant export.

Literature Review

Whether the risks are divided from any point of view, there are always links and connections between them. Some species can occur together or complement each other. It is always necessary to look at the risks comprehensively, as there may be situations where limiting one risk increases the possibility of the risk of another. Therefore, it is important to examine risks separately and independently of each other, but ultimately to give priority to a global view of risks, that is to analyse risks in interconnection. For risks, the short-term and long-term horizons also need to be examined.
An element of uncertainty will also enter the risk. Uncertainty cannot be quantified against risk (legislative or political uncertainty). Although many authors place the political and legislative element mostly under territorial risk. However, according to Riegrová (2006), political risks are assessed according to government measures that affect foreign trade operations and investments. Also, the political instability (Kobrin, 1979) resulting from wars, revolutions and coups is a source of political risk and influences the decision to enter a particular market.
And it is precisely from the diversity of approaches that the classification of risks differs considerably (Ambrus et al, 2017), the authors group individual risks into

categories that are significantly special or group them into broader groups for further application (Bar-Niv and Bickelhaupt, 1986; Benacek et al, 2014; Grath, 2008; Polak, Beranova, Tabas, 2011). From the point of view of commercial practice of entrepreneurs divides risks into commercial, production and market, risks from non-fulfilment of obligations by contracting parties, risks resulting from errors in negotiating business operations, transport risks, risks associated with non-payment for delivered goods and services, liability risks caused by a product defect. It also complements them with an international element with regard to the risks associated with non-payment for delivered goods and services. In the field of international trade, Grath (2008), Ambrus et al. (2017) considered market risks, commercial risks, transport risks, territorial risks, currency risks, liability risks and others to be the main types of risks. Another division for the area of foreign trade practice on traditional and modern risks. The traditional risks include, in particular, business risks, production risks and the risks of incorrectly arranging a business operation; supplemented by risks associated with the choice of business partners, tariff and non-tariff barriers, patent and trademark protection of goods, as well as risks arising from the nature of goods, transport, liability and legal risks. These modern risks include payment risks, exchange rate or credit risks and investment risks. For the area of insurance, however, Grath (2008) states the division of risk into two basic categories, commercial and territorial. The reason is the insurability of risks, where commercial risks are normally insurable, while territorial risks are more difficult or not at all. Therefore, also in terms of specialized credit insurance, business and territorial risks are classified as financial risks of insurance companies. Petrusheva (2016) also supports this division, which also divides risks into commercial and so-called non-commercial ones from the point of view of credit insurance, in which it includes political risks and risks of natural disasters.

Territorial risk can therefore be divided into political risk (Benáček, Lenihan, Michalíková, Andreosso-O'Callaghan, Kan, 2014), trade policy risk, currency and exchange rate risk, although they are known to be interdependent, and management must be comprehensive (Asiri and Hubail, 2014). Political risk (Kobrin, 1979) is the risk of war, blockade, internal political aspects of the state (civil unrest, strikes, expropriation), which leads to the reduction or cessation of economic relations, the inability to dispose of goods, or even the confiscation of goods. (Riegrová, 2006).

It is not possible to obtain reinsurance in a commercial way to insure territorial and long-term commercial risks. Although there are different systems of financial support in individual countries, it is possible, according to Vávrová (2014), to identify the basic elements of export financing support, which are similar in all countries, especially highlighting support in the form of export credit insurance. For this reason, in all countries with a significant share of exports in the economy, there are state-supported export credit agencies (credit insurance companies, ECAs), whose activities in the field of territorial and long-term commercial risk insurance are provided by the state, usually by taking state guarantees for insurance companies. (Moser, Nestmann, Wedow, 2008; Straka et al, 2019). Commercial insurance companies can then supplement the products of state export agencies. These include, for example, administrative or legislative measures of the debtor's country to prevent him from repaying, or also political events in the debtor's country in the form of revolutions, wars, general strikes, etc. Furthermore, the ban on payments and the risk of a payment moratorium, which is reflected in the impossibility of payment of receivables by debtors due to the prevention caused by state measures. Commercial policy risk then represents an embargo on the import of goods, duties, taxes, restrictions, hygiene and technical regulations, etc.

Limitation of losses for cases of damage due to territorial risks is possible by appropriate territorial diversification of trade, credit and investment activities of the exporter. And this is where risk management comes into play. In all business activities, including international business transactions, it is necessary to use available information to identify potential hazards and estimate risk, then evaluate the acceptability of this risk and the subsequent implementation of actions to manage or reduce (minimize) risks. (Riegrová, 2006)

Territorial risk management of export contracts is one of the necessary parts of the overall assessment of international trade cases. (Hudáková, Dvorský, Lusková, Schönfeld, 2017; Hudáková, Masar, Lusková, Patak, 2018). In the orientation of exports, official export support plays an important role, which enables exports to countries with a higher risk (Harvánek, Zábojník, 2015). Export Credit Agencies (ECAs) are public agencies and entities that provide government-supported loans, guarantees and insurance to companies from their home country that seek to do business overseas in developing countries and emerging markets. In the Czech Republic, the Export Guarantee and Insurance Corporation, Plc (abbreviation EGAP) has been entrusted with the operation of export credit risk insurance since 1992. Vávrová (2014) states that in comparison with the global insurance market, the Czech credit insurance market achieves a significant degree of penetration, where Czech exporters can use the offer of domestic export credit insurance companies as well as the offer of foreign entities with branches in the Czech Republic.

Export support in the form of ECAs means an irreplaceable role in risk management and export orientation. Therefore, a highly qualified starting point for the assessment of territorial risks is the rating of export credit agencies ECAs for exporters. It seems more appropriate than an institutional rating or self-assessment mechanisms to analyze the riskiness of a particular territory (Pahud de Mortanges, Allers, 1996; Szczepańska-Woszczyna, 2018). State-supported export credit agencies, as we have already mentioned, are often the only way to insure territorial risks. The effects or relationship of public export credit agencies on the export of countries or its stimulation are discussed, for example, by Moser, Nestmann, and Wedow, (2008); Baltensperger, Herger (2009); Berg, Beveren, Lemmers, Span and Walker, (2019). According to Harvánek, Zábojník (2015), Rienstra-Munnicha, Turvey (2002), state export-credit agencies help balance the reluctance of the private sector to enter into risky transactions. This is also the reason why, in the case of territorial risk management, the exporter should consider credit insurance companies. Without insurance of territorial risks, the entrepreneur embarks on a very thin ice, where he can lose a large part of his investment.

The research problem is focused on determining the dependence of exports and the level of territorial risk assessment. We analyse whether exports are affected by the results of country risk assessments published by export credit agencies. This article helps to fill the gaps concerning the relationship between the evaluation of territorial risks and resultant export.

Methodology

The aim of the present research was to examine whether there is a relationship between the level of risk in a given country and the amount of exports to that country. The research data in this article is drawn from three main sources: data of the Ministry of Foreign Affairs and the Czech Statistical Office and OECD data, which regularly publishes methodologically uniform classification of risk of individual countries. The advantage is that the data used are entirely in the form of primary sources. Data from the Czech export insurance company EGAP are also taken into consideration. Our analysis covers the period from 1999 to 2018. The authors consider only the data up to 2018, as at the time of the research the data from 2019 were not yet known or complete. Data are always published at the end of the next year (December 2020 in the case of 2019). If the aim of the article is to evaluate the extent to which published assessments of territorial risks influence decision-making and management of territorial risks in connection with the resulting export, the authors consider it desirable to analyse the twenty-year section within the analysis. For exchange rates of the Czech crowns to the euro were used rates to specific date according the Czech National Bank.

Data on the development of exports are obtained from the statistics of the Ministry of Foreign Affairs of the Czech Republic and the Czech Statistical Office in the years 1999 - 2019.

As part of the focus of the article, we are interested in the assessment of territorial risk by credit insurance companies. The most significant impact has the political risk assessment. It can be caused by an unexpected restriction or even interruption of economic relations with the area, which leads to consequential damage to goods or unpaid receivables, loss of costs incurred in processing the market, deprivation of property, etc. Of course, it is more pronounced in countries with political instability. Evaluation is hampered by the fact that it is relatively difficult to anticipate some policy acts and events in the longer term. When offering a set of specialized credit insurance products, insurance companies must assess and evaluate various parameters, including the riskiness of a given business case with respect to the country of export. Based on their own methodologies, they compile their own risk maps in order to offer the best possible credit insurance solutions worldwide. All insurance companies base their assessment on an OECD territorial risk assessment or use OECD data. On this basis, each insurance company approaches its own methodologies and its own evaluation of experts. Therefore, the authors use the published OECD assessment when verifying dependence.

The financing of export credits and their insurance is internationally regulated. The basic international rules adjusting the operation of export credit insurance are set out in the Arrangement on Guidelines for Officially Supported Export Credits, known as the OECD Consensus. The implementation of these rules is ensured by the Working Party of the OECD Trade Directorate for Export Credits and Credit Guarantees. It also sets out the methodology for assessing the riskiness of the customer country and defines the rules for setting insurance rates. The classification of countries according to the degree of territorial risk is carried out periodically several times a year. For the purpose to determine the riskiness of individual countries as objectively and methodologically as possible, the econometric Country Risk Assessment Model - CRAM is used. Model processes the most update macroeconomic data on the financial and economic situation from the International Monetary Fund and the World Bank and data on the payment experience of export credit insurance companies - participants in the OECD Consensus. The result is a quantitative assessment of the country's credit risk. The model is based on three groups of risk indicators, namely the payment experience of all OECD export credit agencies with a given country, the financial situation and economic stability of the evaluated countries. Subsequently, other factors are included that are not included in the input data of the model for territorial risks, especially political risk and other risks that cannot be easily quantified. The model is not applied to OECD countries, which are classified by the World Bank as high-income countries (the Czech Republic is also included).

Research Results

This part presents an analysis aimed at determining the dependence of exports on the level of classification of territorial risks. The authors hypothesized that a change in the country's risk classification also leads to a change in the volume of exports. This means that a change in the country's risk classification in a lower group (closer to 0) will lead to an increase in exports. On the contrary, a change in the country's risk classification in a higher group (closer to 7) will lead to a reduction in exports. The Czech economy is export-oriented, exporting mainly industrial goods. Its most important partners are neighbouring countries and other members of the European Union. (Kuchynková, 2019; Strýčková, 2011; Janda, Michalikova, Skuhrovec, 2013). Strýčková (2011) considered that problems for Czech exports are a relatively low level of geographic diversification (concentration Czech exports to EU) dependence on a few key commodities and a small number of exporters.

The initial selection for the analysis are the countries to which the Czech Republic had the highest annual export volumes and which CR traded throughout the period from 1999 to 2018 (see Table 1.). The countries are listed in the table alphabetically.

Table 1. The countries with which the Czech Republic traded the most from 1999 to 2018 (CZSO, 2000-2019)

Argentina	DPRK	China	Malaysia	Saudi Arabia	Taiwan
Australia	Denmark	Iceland	Mexico	Singapore	Turkey
Austria	Egypt	India	Mongolia	Slovakia	Ukraine
Belgium	Finland	Iran	Netherlands	Slovenia	United Kingdom
Brazil	France	Ireland	Norway	South Korea	USA
Bulgaria	Germany	Israel	Poland	Spain	Vietnam
Canada	Greece	Italy	Portugal	Sweden	
Croatia	Hungary	Japan	Romania	Switzerland	
Cuba	Chile	Lithuania	Russia	Syria	

Countries were then assigned to a risk assessment at OECD level in 1999 (Table 2). The countries are listed in Table 2 according to the degree of the OECD classification assigned. This data represents the starting position, then working with this data further and comparing it with newer data.

Table 2. Level of territorial risk assessment of selected countries in 1999 (OECD, 1999)

country and assessment		country and assessment		country and assessment		country and assessment		country and assessment		country and assessment	
Australia	0	Canada	0	United Kingdom	0	India	3	Argentina	5	DPRK	7
Belgium	0	South Korea	0	USA	0	Israel	3	Croatia	5	Cuba	7
Denmark	0	Germany	0	Spain	0	Hungary	3	Lithuania	5	Mongolia	7
Finland	0	Netherlands	0	Sweden	0	Malayjsia	3	Turkey	5	Russia	7
France	0	Norway	0	Switzerland	0	Poland	3	Brazil	6	Syria	7
Ireland	0	Portugal	0	Taiwan	1	Saudi Arabia	3	Bulgaria	6	Ukraine	7
Iceland	0	Austria	0	China	2	Egypt	4	Iran	6		
Italy	0	Greece	0	Chile	2	Mexico	4	Romania	6		
Japan	0	Singapore	0	Slovenia	2	Slovakia	4	Vietnam	6		

The OECD country risk classification is used to take account the country's risk. The individual categories express the probability that countries, or their entities, will not be able to meet their obligations arising from the import of goods or services due to the economic situation of the country. Countries are classified into 8 risk categories 0 to 7, where the 7th category is represented by the countries with the highest level of territorial risk and the 1st category by the countries with the minimum level of risk. Category 0 (zero) includes countries with advanced financial markets for which no territorial risk is expected. Export operations of category 0 countries can be insured by ordinary commercial insurance companies, that means without state support. The authors Asiri and Hubail (2014); Petrová,

Krügerová, Kozieł (2020) explain in more detail the methods of international risk assessment by selected institutions.
To demonstrate the results, countries with a medium level of territorial risk, groups 2, 3, 4 and 5, were selected for the article. At this stage of the research, the authors of the article decided to exclude from the evaluation of the country assessed with the extreme classification level (0, 1, 6, 7). Countries in groups 0, 1 are highly developed countries, for which there are no significant changes in risk assessment over time. In contrast, countries in groups 6 and 7 are generally countries with very dynamic political, economic, and social developments. These developments have a significant impact on the value of exports but may not necessarily be reflected in the risk assessment. As assessment 7 represents the highest level of territorial risk, a further deterioration of the situation in the country would no longer be reflected in this assessment but would be reflected in export values. The fact that export transactions with the largest share of countries with the riskiness of groups 3, 4 and 5 are more significantly insured under EGAP also supports the selection. At the same time, Argentina, Egypt, and Saudi Arabia were excluded from the research due to lack of statistics for years 2004 to 2018.
Table 3 shows the development of exports together with the level of territorial risk assessment for selected countries. The research considered data from the following countries - China, Croatia, India, Israel, Lithuania, Hungary, Malaysia, Mexico, Poland, Slovakia, Slovenia, and Turkey. The level of riskiness of the above-mentioned countries in 1999 was assessed in the range of 2-5 and at the same time the Czech Republic traded with all countries in the years 1999 to 2018, and therefore export data to these countries are available. The X symbol indicates high-income OECD countries and other high-income euro area countries that have not been classified by the OECD since 2013. The data were obtained from statistical yearbooks maintained by the Czech Statistical Office and available OECD data on the classification of territorial risks.

Table 3. Development of exports and classification of territorial risks in the years 1999 - 2018 (export volume in millions of EUR), (CZSO, 1999-2019; OECD, 1999-2018)

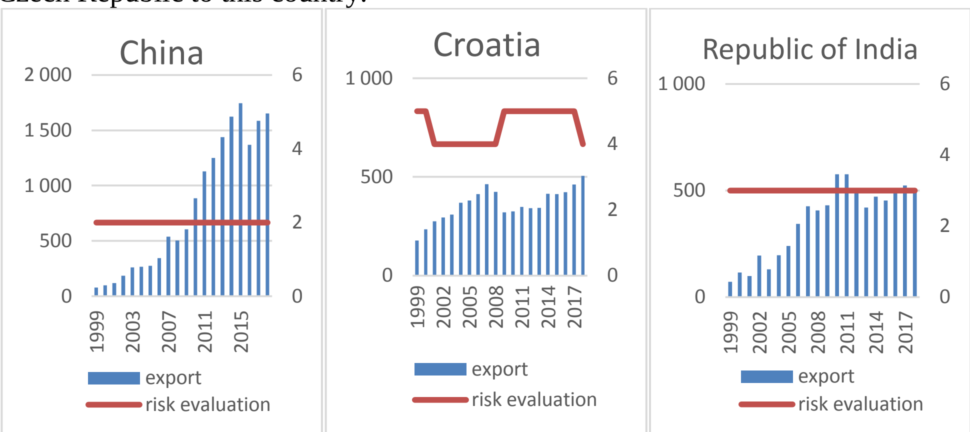
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
China/export volume	77	97	117	185	260	267	273	344	537	503
OECD risk classification	2	2	2	2	2	2	2	2	2	2
Croatia/export volume	178	235	275	295	310	369	380	413	463	424
OECD risk classification	5	5	4	4	4	4	4	4	4	4
Republic of India/export volume	71	115	99	194	129	196	240	343	426	406
OECD risk classification	3	3	3	3	3	3	3	3	3	3
Israel/export volume	64	82	107	92	68	113	178	246	272	236
OECD risk classification	3	3	3	3	3	3	3	3	3	3
Lithuania/export volume	126	157	183	187	229	228	223	272	341	315

OECD risk classification	5	5	5	4	3	3	2	2	2	2
Hungary/export volume	621	803	917	1 191	1 195	1 787	1 945	2 453	2 967	2 678
OECD risk classification	3	2	2	2	2	2	2	2	3	3
Malaysia/export volume	14	52	50	65	33	41	53	49	49	64
OECD risk classification	3	2	2	2	2	2	2	2	2	2
Mexico/export volume	26	37	42	36	56	93	118	148	149	147
OECD risk classification	4	3	3	3	3	3	3	2	2	2
Poland/export volume	1 940	2 328	2 515	2 265	2 510	3 456	3 912	4 640	5 621	6 120
OECD risk classification	3	2	2	2	2	2	2	2	2	2
Slovakia/export volume	2 879	3 289	3 896	3 698	4 171	5 563	6 167	6 898	8 210	8 698
OECD risk classification	4	4	3	3	3	3	2	1	1	1
Slovenia/export volume	359	348	320	307	345	376	409	417	528	537
OECD risk classification	2	2	2	2	2	2	2	1	0	0
Turkey/export volume	88	238	186	340	353	526	478	470	563	513
OECD risk classification	5	5	6	6	6	5	5	5	5	4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
China/export volume	606	886	1 128	1 250	1 437	1 623	1 743	1 368	1 586	1 652
OECD risk classification	2	2	2	2	2	2	2	2	2	2
Croatia/export volume	320	326	349	341	343	415	414	423	462	506
OECD risk classification	5	5	5	5	5	5	5	5	5	4
Republic of India/export volume	431	576	577	489	420	471	453	505	523	508
OECD risk classification	3	3	3	3	3	3	3	3	3	3
Israel/export volume	266	426	422	563	472	526	574	806	828	747
OECD risk classification	3	3	0	0	X	X	X	X	X	X
Lithuania/export volume	195	247	295	419	456	467	397	416	502	471
OECD risk classification	3	4	4	3	3	2	2	X	X	X
Hungary/export volume	2 087	2 227	2 472	2 700	3 157	3 864	3 781	3 680	4 102	4 228
OECD risk classification	4	0	0	0	X	X	X	X	X	X
Malaysia/export volume	42	69	73	107	144	176	153	151	170	160
OECD risk classification	2	2	2	2	2	2	2	2	2	2
Mexico/export volume	149	209	232	344	361	507	565	600	690	626
OECD risk classification	2	3	3	3	3	3	3	3	3	3
Poland/export volume	4 704	5 911	6 937	7 152	7 279	8 299	7 802	7 781	8 444	8 773
OECD risk classification	2	2	2	0	X	X	X	X	X	X
Slovakia/export volume	7 146	8 306	9 845	10 607	10 706	11 624	13 303	12 269	11 961	12 284

OECD risk classification	0	0	0	0	X	X	X	X	X	X
Slovenia/export volume	446	510	549	493	513	591	622	618	705	749
OECD risk classification	0	0	0	0	X	X	X	X	X	X
Turkey/export volume	618	758	917	1 271	1 653	1 710	1 801	1 582	1 568	1 341
OECD risk classification	4	4	4	4	4	4	4	4	4	4

Figures are compiled from the comparison of how the change in the country's risk assessment by the OECD affected the value of exports from the Czech Republic to the given country (Figure 1). The authors hypothesized that a change in the country's risk classification also leads to a change in the volume of exports. This means that a change in the country's risk classification in a lower group (closer to 0) will lead to an increase in exports. On the contrary, a change in the country's risk classification in a higher group (closer to 7) will lead to a reduction in exports. From the above, the authors believe that the assessment of country risk fundamentally influences the behaviour of entrepreneurs in the Czech Republic in relation to business activities in this country. In the individual graphs below, for each country, the timeline shows the development of the country's risk assessment over time and at the same time the development of the rate of exports from the Czech Republic to this country.



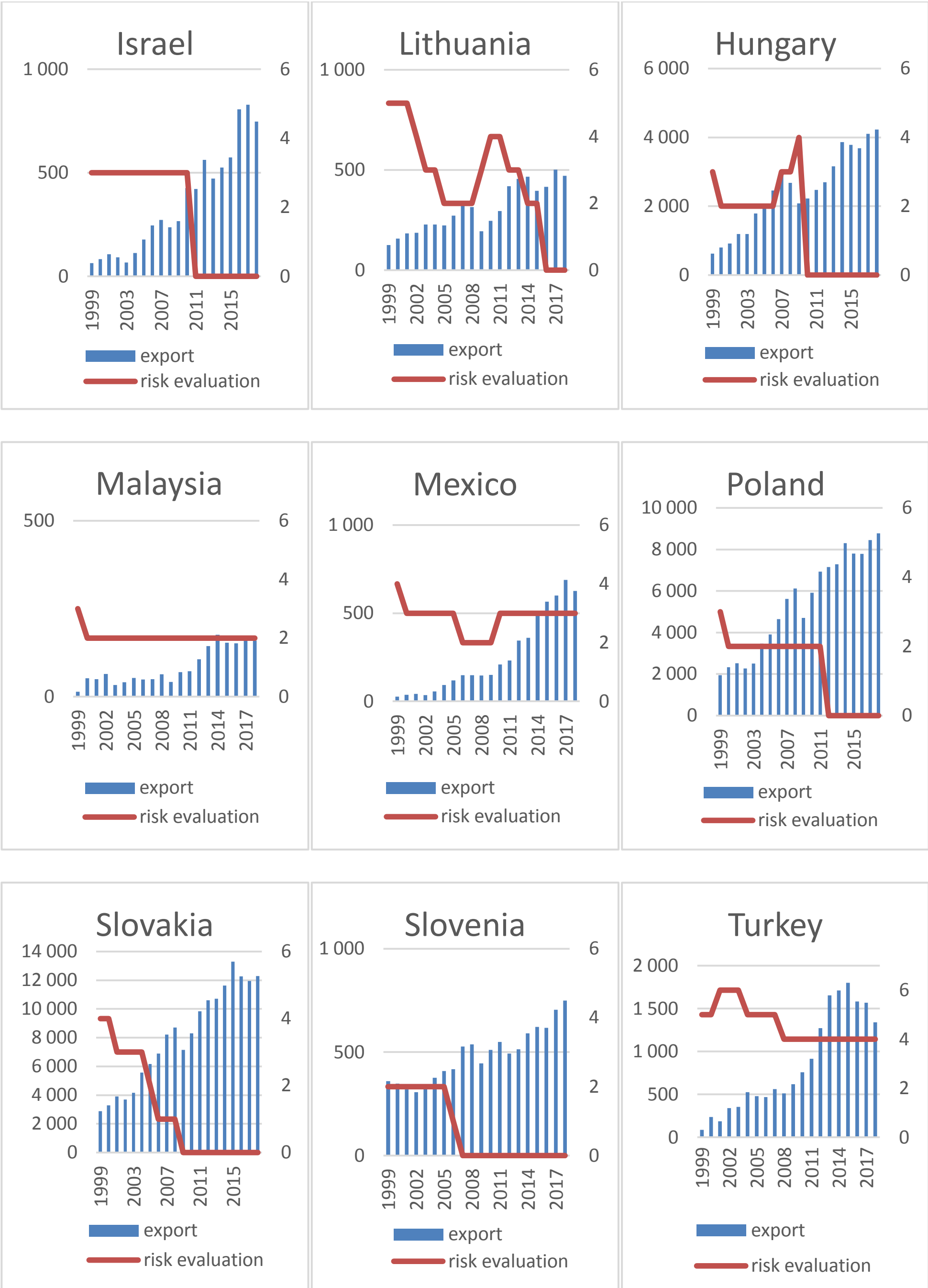


Figure 1: Development of exports and classification of territorial risks in the years 1999 - 2018 (based on the data from Table 3)

From the resulting graphs it is possible to derive the dependence of the export rate on the level of risk assessment of a given country. This rule is partially broken by countries where the risk assessment is constant at all times (China, India, Malaysia). Despite the constant assessment of the level of risk, the annual growth of exports is evident in these countries. The following is a group of countries with a marked jump in the level of risk assessment (Israel, Hungary, Poland, Slovakia, Slovenia). This is due to the fact that at some point these countries have achieved an X rating and are therefore unrated. The hypothesis set out in the introduction regarding the effect of risk assessment on the level of exports is best confirmed by exports to Croatia, Lithuania, Hungary, Slovakia, Turkey and partly Mexico. For these, we can gradually observe over the years that a decrease in the assessment of the level of risk is associated with an increase in the rate of exports, and vice versa, that an increase in the assessment of the level of risk is associated with a decrease in the rate of exports. However, there are also countries where this phenomenon is quite the opposite, such as Mexico. Even though the rating of this country changed from 2 to 3 in 2010, exports also grew very significantly. The resulting hypothesis can be confirmed that there is a relationship between the degree of risk and the level of exports.

Discussion

As expected, the resulting analysis shows that the riskiness of countries has an impact on the level of exports. Indeed, a lower level of risk leads to higher exports, as we can see in the countries of Croatia, Lithuania, Hungary, Slovakia, Turkey and partly Mexico. This is also confirmed by Janda, Michalíková and Potácelová (2010) in their study, where they rely on the gravitational model with the result that trade between the Czech Republic and other countries depends positively on the economic strength of these countries and negatively on resistance, so on distance, political risk, etc.

The authors are aware of the fact that the rate of exports is affected by many sub-factors, such as the economic crisis in 2008 (there is a noticeable decline in exports in almost all countries). Janda, Michalíková, Skuhrovec (2013) write that higher GDP, shorter distance or just lower political risk have a positive impact on Czech exports. The authors supplement older studies with a current view of the relationship between exports and the riskiness of countries. Furthermore, the authors would like to draw attention to the fact that the decline seen in almost all countries in 2016 and subsequent years was not caused by an increase in the level of risk, but by the conversion of values from EUR to CZK. This recalculation was significantly affected by the CNB's foreign exchange interventions. However, all these facts are also included in the OECD Territorial Risk Assessment. This assessment was described above and, according to the OECD methodology, considers all the above facts.

In terms of international trade, the Czech Republic is a small open economy, and its foreign trade depends mainly on the countries of the European Union. Export is automatically associated with a higher risk. According to Strýčková (2011), this results from higher financial requirements of foreign trade compared to domestic.

Managerial Implication

Risk management identifies a key issue in relation to business activities abroad. Thanks to the recognition and evaluation of territorial risks within risk management, the export company can successfully evaluate the risks and propose measures leading to their elimination or at least reduction. According to Riegrová (2006), the perception of international risks has an impact on the riskiness of the area and the related choice of the form of entering the foreign market. If the management perceives international risks in the future market as relatively low, it chooses more capital-intensive forms of entry. On the contrary, if he perceives the risks as high, he prefers a strategy of less demanding capital inflows. The relationship between the main political and economic factors as attributes for assessing country risk and a prerequisite for investing in a given country is examined by Glova, Bernatík, Dancakova (2019). The effects of the absence of insufficient risk management, such as business failure or loss of competitive advantage, are addressed in studies by Hudáková, Dvorský, Lusková, Schönfeld (2017); Hudáková, Masar, Lusková, Patak (2018).
The possibility of eliminating a given risk in the form of insurance is also important in assessing potential risks. And, as it turned out, in the case of territorial risk, the state has an irreplaceable role, through state-supported export credit agencies (credit insurance companies, ECAs). Export support in the form of ECAs has an irreplaceable role in territorial risk management and goes hand in hand with export dependence and country risk.

Conclusion

The purpose of the current study was to determine the results on the impact of territorial risk assessment on the volume of exports. Territorial risk arises from the uncertainty of the political and macroeconomic development of individual countries, but as has already been said, it can also be the result of administrative measures, natural disasters, boycotts, embargoes, etc. This group of risks is difficult to quantify in advance. These are mostly risks that may have a negative impact on the results of individual business transactions, but also on the implementation of business plans in a particular country in the future. They have a significant impact especially on long-term international contracts and foreign direct investment. In the case of territorial risk, the state has an irreplaceable role, through state-supported export credit agencies that offer special products to cover territorial risks.
This article aimed to find an answer to the question of whether there is a relationship between the level of risk in a given country and the amount of exports to that country. The authors of the article set out the hypothesis that a change in the

classification of country risk also leads to a change in the volume of exports. They were able to partially confirm this hypothesis. Based on the analysis of the obtained statistical data on the amount of exports from the Czech Republic to abroad, they managed to determine the dependence between the level of risk and the amount of exports in some countries. However, this dependence was not apparent in all countries, so the hypothesis was only partially confirmed. The reasons for this dependence are largely given by the fact that the assessment of territorial risks takes into account a wide range of indicators, from political and macroeconomic to natural disasters. These indicators always influence entrepreneurs to a greater or lesser extent when deciding on business relations with foreign countries. The degree of certainty or uncertainty in the return on investment in a business transaction has a fundamental effect on the entrepreneur's actions. And since the assessment of territorial risk is to some extent a manifestation, it is logical that these two areas are interrelated and interact. For future research and confirmation of the hypothesis, it would be appropriate to compare the results with the results of other countries. The authors use the OECD evaluation methodology for analysis. However, the assessment of country risk is also assessed by other institutions; in relation to exports, it seems appropriate to consider the aspect of assessment by specialized insurance companies. Credit insurers use their own internal evaluation mechanism and use OECD data as a source of primary data. A suitable aspect of the assessment is the question of the impact of the granted country risk assessment on the demand for insurance in connection with the resulting exports, and to apply it to selected countries.

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ZARZĄDZANIE RYZYKIEM TERYTORIALNYM W ODNIESIENIU DO KLASYFIKACJI RYZYKA KRAJU I EKSPORTU

Streszczenie: Przedmiot badań koncentruje się na określeniu zależności eksportu od poziomu oceny ryzyka terytorialnego. Firmy oceniają i zarządzają ryzykiem, które może mieć wpływ na przebieg ich umów. Informacje o partnerach biznesowych, ryzyku terytorialnym i handlowym są ważnym narzędziem zarządzania ryzykiem terytorialnym. Dla eksportera tym ważniejsze jest skupienie się na ryzykach związanych z zasięgiem międzynarodowym, które już teraz mogą być trudniejsze do oszacowania w zakresie pozyskiwania danych i ich właściwej oceny. Muszą również zdecydować o odpowiednim sposobie zabezpieczenia się przed ryzykiem. Różne narzędzia i wyspecjalizowane instytucje mogą pomóc eksporterom w ocenie ryzyka. Celem artykułu jest ocena, w jakim stopniu publikowane oceny ryzyka terytorialnego wpływają na podejmowanie decyzji i zarządzanie ryzykiem terytorialnym w związku z wynikającym z nich eksportem. Na podstawie analizy danych ze źródeł pierwotnych oraz danych OECD i EGAP z lat 1999-2018 zbadano zależność między oceną ryzyka a wielkością eksportu w wybranych krajach. Wyniki analizy pokazują, że ryzyko krajów ma wpływ na wynikający z tego eksport.

Słowa kluczowe: ryzyka terytorialne; ryzyko polityczne, eksport; ubezpieczenie kredytu; zarządzanie ryzykiem terytorialnym

与国家风险分类和出口有关的区域风险管理

摘要:研究的重点是确定出口的依存关系和领土风险评估的水平。公司评估和管理可能影响合同过程的风险。有关业务伙伴,地域和商业风险的信息是地域风险管理的重要工具。对于出口商而言,更加重要的是关注与国际影响力相关的风险,就数据获取和适当评估而言,这些风险可能已经很难评估。他们还必须决定对冲风险的适当方法。各种工具和专门机构可以帮助出口商进行风险评估。本文的目的是评估已发表的领土风险评估在多大程度上影响与最终出口有关的领土风险的决策和管理。在分析了主要来源的数据以及OECD和EGAP1999年至2018年的数据之后,对选定国家的风险评估与出口量之间的关系进行了审查。分析结果表明,国家的风险对由此产生的出口产生影响。

关键字:领土风险;政治风险,出口;信用保险;区域风险管理