

Short commentary

External trade - July 2009

According to preliminary data, seasonally adjusted exports grew by 0.5% and imports fell by 1.4%, **compared with June 2009**. The development trend shows increasing exports (+0.3%) and decreasing imports (-1.3%).

Compared with July 2008, exports and imports at current prices were down by 17.9% (CZK 37.0 bn) and 21.3% (CZK 42.6 bn), respectively. A double-digit fall of external trade is continuing for the fourth month in a row; with exports and imports decreasing incessantly since October 2008. Due to depreciation of the *koruna* against the two major currencies, external trade decreased faster in euros (exports -25.1%, imports -28.2%) and even more in US dollars (exports -33.0%, imports -35.8%). July had one working day less than July 2008.

The trade balance recorded a surplus of CZK 12.3 bn, which was by CZK 5.7 bn more compared with July 2008. July trade balance has been always in the red from the formation of an independent Czech Republic in 1993 until 2007. A decrease in deficit in 'mineral fuels, lubricants and related materials' by CZK 6.4 bn influenced the balance positively in the first place. Surplus grew in 'manufactured goods classified chiefly by material' by CZK 2.1 bn, 'miscellaneous manufactured articles' by CZK 0.7 bn, 'crude materials, inedible, except fuels' by CZK 0.6 bn and 'beverages and tobacco' by CZK 0.2 bn. Deficit went down in 'food and live animals' by CZK 0.2 bn; and trade gap (CZK -8.5 bn) in 'chemicals and related products' remained on the July 2008 level. Only trade in 'machinery and transport equipment' (surplus down by CZK 4.4 bn) affected the total balance negatively.

Total exports of 'machinery and transport equipment' were down by 20.1% (CZK -21.8 bn), of which the biggest drops were recorded in 'road vehicles' (CZK -5.8 bn), 'electrical machinery, apparatus and appliances' (CZK -4.2 bn), 'general industrial machinery and equipment' and 'telecommunications and sound-recording equipment' (both by CZK -3.6 bn). Total imports of 'machinery and transport equipment' fell by 22.1% (CZK -17.4 bn). The lower imports were registered mainly in 'road vehicles' (CZK -4.7 bn), 'general industrial machinery and equipment' (CZK -3.0 bn) and 'telecommunications and sound-recording equipment' (CZK -2.6 bn). A decrease in 'mineral fuels, lubricants and related materials' by 37.3% (CZK 8.0 bn) was mainly due to lower imports of crude petroleum (by 47.9% in value and by 17.8% in volume) and natural gas (by 30.1% in value and 3.7% in volume).

The trade balance with EU member states was active by CZK 35.9 (surplus down by CZK 4.4 bn compared with June 2008) and the trade balance with non-EU countries was passive by CZK 23.6 bn (deficit improved by CZK 10.1 bn year-on-year). Deficit dropped in trade with China (by CZK 4.0 bn), the Russian Federation (by CZK 3.4 bn), Azerbaijan (by CZK 2.2 bn) and Japan (by CZK 2.1 bn). Surplus rose in trade with France (by CZK 1.1 bn), Germany (by CZK 0.9 bn) and Slovakia (by CZK 0.6 bn). On the other hand, surplus dropped in trade with the Netherlands (by CZK 2.5 bn), Poland (by CZK 1.9 bn) and Belgium (by CZK 1.2 bn).

In the **twelve months to July 2009**, compared with the previous twelve months, both exports and imports were down by 14.9%. The trade balance ended in a surplus of CZK 86.0 bn, which was down by CZK 16.1 bn. A long-term unfavourable effect on trade balance resulted from decreases in surplus in 'machinery and transport equipment' (by CZK 47.3 bn), 'miscellaneous manufactured articles' (by CZK 14.6 bn), 'food and live animals' (by CZK 2.0 bn) and 'animal and vegetable oils, fats and waxes' (by CZK 1.2 bn). Favourable influence on balance came from increases of surplus in trade in 'manufactured goods classified chiefly by material' (by CZK 17.2), 'crude materials, inedible, except fuels' (by CZK 1.6 bn) and 'beverages and tobacco' (by CZK 1.5 bn). Deficit fell in trade in 'mineral fuels, lubricants and related materials' (by CZK 14.5 bn) 'chemicals and related products' (by CZK 14.0 bn).

Trade surplus with EU member states went down by CZK 12.5 bn and trade gap with non-EU countries was by CZK 3.6 bn higher. Surplus increased with Germany (by CZK 53.5 bn), the Netherlands (by CZK 5.0 bn) and Austria (by CZK 2.2 bn). Deficit improved in trade with Japan (by CZK 12.4 bn), Azerbaijan (by CZK 7.0 bn) and the Russian Federation (by CZK 5.4 bn). On the other hand, surplus fell in trade with Belgium (by CZK 10.4 bn), Poland (by CZK 10.3 bn), Spain (by CZK 9.5 bn) and Slovakia (by CZK 6.4 bn). Balance deteriorated (by CZK 13.5 bn) in trade with Norway as surplus turned into a deficit; and trade gap deepened in trade with the United States (by CZK 3.5 bn) and China (by CZK 1.2 bn).

In **January-July 2009** exports and imports declined by 19.1% and 21.3%, respectively. The trade surplus reached CZK 89.4 billion and grew by CZK 18.7 billion in comparison with January-July 2008.

The CZSO has carried out the *regular quarterly update*. The final data say that the trade balance for the **year 2008** ended in a surplus of CZK 67.2 billion (correction CZK -0.2 billion). According to the updated data, trade balance surplus decreased by 1.9 bn and reached CZK 33.4 bn for **the first quarter of 2009** and it fell by CZK 0.3 bn and stood at CZK 43.8 bn for **the second quarter of 2009**.

According to the CZSO's sources, the data were reported by 98.2% of firms (goods dispatched) and 98.1% of firms (goods arrived) among the companies obliged to report to the Intrastat system.

Data for companies exempted from the reporting duty according to amended Decree No 201/2005 Coll. and for companies that failed to report have been imputed. The imputation methods are based on data that the companies reported in the previous period and data from the VAT returns.