

## Commentary

### External trade in goods by CPA, 1<sup>st</sup> – 4<sup>th</sup> quarter

In 2010 external trade grew again (following a year-on-year (y-o-y) drop by 15.4% in 2009). Compared to 2009, the external trade turnover rose by 19.0% (CZK 784.2 bn) to the amount of CZK 4 911.8 bn, and reached the highest level since the foundation of the Czech Republic. The trade balance ended up with a surplus of CZK 124.5 bn, which was lower compared to 2009, but, at the same time, the second highest since 2005 when the external trade surplus was positive, for the first time, in the existence of the Czech Republic.

Exports and imports of manufactured products<sup>1</sup> had a decisive impact on the external trade by CPA figures. In 2010 compared to 2009, exports and imports of manufactured products were up by 18.3% (CZK 363.1 bn) and 19.6% (CZK 345.8 bn), respectively. Due to the CZK appreciation against EUR and its depreciation against USD, exports and imports of manufactured products expressed in EUR grew faster than in CZK (+23.7% and +25.1%, respectively), while exports and imports expressed in USD grew slowly than in CZK (+17.4% and 18.6%, respectively). The share of manufactured products in total exports increased from percentage of 93.0% in 2009 to 93.4% in 2010. Over the same period, the share of manufactured products in total imports decreased from 88.9% to 88.3%.

In exports of manufacturing industry products 'motor vehicles, trailers and semi-trailers' maintained the most important rank recording a y-o-y growth of exports of 18.9% (CZK +73.3 bn) and acquired a stronger share (19.6% in 2010 against 19.5% in 2009). Exports of manufacturing industry products rose most also in 'computer, electronic and optical products' (CZK +70.8 bn), 'electrical equipment' (CZK +40.3 bn), 'machinery and equipment n.e.c.' (CZK +38.4 bn), 'chemicals and chemical products' (CZK +25.0 bn), 'basic metals' (CZK +24.0 bn), 'rubber and plastics products' (CZK 20,4 bn) and 'fabricated metal products' (CZK +19.6 bn).

In 2010 imports of manufacturing industry products were dominated by 'computer, electronic and optical products' with a share of 22.3% (against 20.0% in 2009) and a y-o-y increase in imports of 33.2% (CZK +117.2 bn). Large increases in imports were, furthermore, observed also in 'basic metals' (CZK +47.0 bn), 'chemicals and chemical products' (CZK +35.5 bn), 'electrical equipment' (CZK +35.4 bn), 'motor vehicles, trailers and semi-trailers' (CZK +31.8 bn), 'machinery and equipment n.e.c.' (CZK +24.0 bn), and 'rubber and plastics products' (CZK +17.2 bn). Besides manufactured products, another CPA item of an important share in the total imports was 'crude petroleum and natural gas' (CPA 06) with a share of 6.7% (6.1% in 2009).

Trade surplus in products of manufacturing industries amounted to CZK 239.3 bn and was by CZK 17.3 bn higher, y-o-y. External trade in 'motor vehicles, trailers and semi-trailers' achieved the largest surplus (CZK 237.5 bn against CZK 195.9 bn in 2009). Trade surplus rose also in trade in 'machinery and equipment n.e.c.' (CZK +14.4 bn), 'fabricated metal products' (CZK +6.5 bn), 'electrical equipment' (CZK +4.9 bn), and 'rubber and plastics products' (CZK +3.3 bn). The biggest trade deficit in manufactured products was reported in 'basic metals' (deficit grew by CZK 23.0 bn, y-o-y), followed by 'computer, electronic and optical products', 'chemicals and chemical products', 'basic pharmaceutical products and pharmaceutical preparations' and 'food products'. In non-manufactured products a large deficit (CZK 147.4 bn compared to CZK 112.7 bn in 2009) was observed in external trade in 'crude petroleum and natural gas'.

In 2010, the same way as in 2009, the largest part of external trade in manufacturing industry products was implemented with the EU countries. In 2010 exports and imports of manufacturing industry products to and from the EU countries represented 83.1% and 67.7% of the total exports and imports, respectively; compared to 84.0% and 70.7% in 2009, respectively. Manufacturing industry products exports to the EU countries were by 17.1% higher and their imports from the EU countries rose by 14.5%, y-o-y. The most important positions in exports to the EU were held by 'motor vehicles, trailers and semi-trailers' (20.2%), 'computer, electronic and optical products' (17.9%), 'machinery and equipment n.e.c.' (11.2%), and 'electrical equipment' (8.9%). Divisions prevailing in imports from the EU countries were 'motor vehicles, trailers and semi-trailers' (13.6%), 'basic metals' (10.4%), 'computer, electronic and optical products' (10.0%), 'machinery and equipment n.e.c.' (9.7%), and 'chemicals and chemical products' (9.6%). Manufactured products trade balance with the EU Member States positively influenced the total external trade surplus. In 2010 it achieved a surplus of CZK 524.8 bn compared to CZK 420.6 bn in 2009.

Shares of other groups of countries in external trade with products of manufacturing industries were considerably lower. In 2010, developing economies and European transition economies and the CIS accounted identically for 4.6% of the total exports of manufacturing industries, and for 7.3% and 1.4% of the total imports of manufacturing industries, respectively. In imports from European transition economies and the CIS 'crude petroleum and natural gas' had the most significant share (70.2%) in the total imports from these groups of countries. The manufactured products trade balance with developing economies resulted in a deficit of CZK 72.7 bn in 2010 on the contrary to CZK 38.3 bn in 2009; and with European transition economies and CIS it yielded a surplus of CZK 78.3 bn in 2010 compared to CZK 66.3 bn in 2009.

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<sup>1</sup> (Section C – Divisions 10 -33)