

## Commentary

### External trade - September 2010

According to preliminary data, seasonally adjusted exports and imports fell by 1.5% and 1.6% respectively **compared with August 2010**. The development trend shows increasing exports (+0.4%) and imports (+0.2%).

**Year-on-year**, exports and imports at current prices rose by 17.7% (CZK +34.8 bn) and 21.8% (CZK +39.3 bn) respectively. Imports growth rate has been surpassing exports growth rate for the seventh month. In September 2010, external trade turnover was up by CZK 74.1 bn to reach CZK 450.9 bn, which has been the highest September value since the accession of the Czech Republic to the European Union. Appreciation of CZK/EUR by 2.8% in average brought the higher increases of exports and imports expressed in EUR than in CZK (+21.0% and +25.3% respectively); due to depreciation of CZK/USD by 7.9% in average exports and imports increases in USD were lower than in CZK (+8.4% and +12.3% respectively).

The external trade balance ended in a surplus of CZK 12.4 bn, which was by CZK 4.5 bn less year-on-year. The highest value of September surplus since the accession of the Czech Republic to the EU was posted in 2009 (CZK 16.9 bn). A deterioration of trade balance was recorded mainly in 'machinery and transport equipment' (surplus down by CZK 4.9 bn), 'mineral fuels, lubricants and related materials' (deficit up by CZK 3.0 bn) and 'manufactured goods classified chiefly by material' (surplus down by CZK 0.7 bn). On the other hand, surplus rose in trade in 'miscellaneous manufactured articles' (by CZK 3.0 bn) and 'crude materials, inedible, except fuels' (by CZK 0.7 bn); and deficit narrowed in trade in 'food and live animals' (by CZK 0.2 bn). Balance of trade in chemicals and related products' (a deficit of CZK 7.7 bn) and 'beverages and tobacco' (a surplus of CZK 0.1 bn) remained at the same level as in September 2009.

Total 'machinery and transport equipment' exports were up by 17.0% (CZK +18.1 bn) year-on-year. The biggest increases were recorded in exports of 'office machines and automatic data-processing machines' (CZK +4.9 bn), 'electrical machinery, apparatus and appliances' (CZK +4.0 bn) and 'road vehicles' (CZK +3.1 bn). Total 'machinery and transport equipment' imports rose by 31.0% (CZK +23.0 bn). The largest increases in imports were posted in 'electrical machinery, apparatus and appliances' (CZK +7.9 bn, of which an increase of the photosensitive semiconductor devices made up nearly a half), 'office machines and automatic data-processing machines' (CZK +6.1 bn) and 'telecommunications and sound-recording equipment' (CZK +4.1 bn). 'Mineral fuels, lubricants and related materials' imports grew by 24.9% (CZK +4.0 bn) year-on-year mainly due to higher imports of crude petroleum (+30.1% in value, +13.2% in volume). Natural gas imports grew by 29.3% in value while they fell by 9.8% in volume.

The trade balance with EU member states ended in a surplus of CZK 51.2 bn, which was by CZK 7.5 bn higher year-on-year. The trade gap with non-EU countries widened by CZK 12.0 bn to CZK 38.8 bn. Deficit narrowed in trade with Russia (by CZK 2.8 bn); surplus rose in trade with Austria (by 2.1 bn), Slovakia (by CZK 1.4 bn) and Germany (by CZK 0.4 bn). The balance improved in trade with the Netherlands (by CZK 1.4 bn) as deficit turned into a surplus. Deficit deepened in trade with China (by CZK 11.1 bn) and Korea (by CZK 1.1 bn).

In the **twelve months to September 2010**, compared with the previous twelve months, exports and imports grew by 11.4% and 10.4% respectively. The trade balance showed a surplus of CZK 132.4 bn, which was by CZK 31.9 bn higher. Surpluses rose in trade in 'miscellaneous manufactured articles' (CZK +21.8 bn), 'machinery and transport equipment' (CZK +12.6 bn) and 'crude materials, inedible, except fuels' (CZK +6.6 bn). Deficits narrowed in trade 'animal and vegetable oils, fats and waxes' (by CZK 2.8 bn) and 'chemicals and related products' (by CZK 2.6 bn). On the other hand, deficits deepened in trade in 'mineral fuels, lubricants and related materials' (by CZK 7.7 bn) and 'food and live animals' (by CZK 2.7 bn). 'Manufactured goods classified chiefly by material' and 'beverages and tobacco' recorded decreases in surplus by CZK 4.2 bn and CZK 0.2 bn respectively.

The trade surplus with EU member states rose by CZK 89.2 bn to CZK 555.8 bn and the trade gap with non-EU countries was by CZK 57.3 bn higher amounting to CZK 423.4 bn, over the last twelve months. Surplus was up in trade with France (by CZK 15.8 bn), Italy (by CZK 13.8 bn), the United Kingdom (by CZK 11.5 bn), Slovakia (by CZK 11.3 bn), Germany and Austria (both by CZK 10.1 bn). Deficit declined in trade with Japan (by CZK 10.1 bn) and Russia (by CZK 4.5 bn). On the contrary, deficit deepened in trade with China (by CZK 45.2 bn), Korea (by CZK 8.8 bn), Azerbaijan (by CZK 8.6 bn) and Thailand (by CZK 8.4 bn). Balance deteriorated in trade with Poland (by CZK 6.1 bn) as surplus turned into a deficit.

In **January-September 2010**, exports and imports rose by 16.2% and 18.7% respectively. The trade surplus was down by CZK 17.1 bn reaching CZK 98.8 bn year-on-year.

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According to the CZSO's sources, the data were reported by 97.8% of firms (goods dispatched) and 97.8% 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.