

Short commentary

External trade - June 2009

According to preliminary data, seasonally adjusted exports grew by 1.6% and imports fell by 1.5%, **compared with May 2009**. The development trend shows decreasing exports (-0.4%) and imports (-1.1%).

Compared with June 2008, exports and imports at current prices were down by 15.1% (CZK 33.0 bn) and 19.3% (CZK 39.5 bn), respectively. Imports and exports are decreasing for the ninth month in a row. Due to depreciation of the *koruna* against the two major currencies, external trade decreased faster in euros (exports -22.2%, imports -26.1%) and even more in US dollars (exports -29.9%, imports -33.4%). June had one working day less than June 2008.

The trade balance surplus of CZK 20.4 bn was by CZK 6.5 bn more, y-o-y, to reach the second highest value from the formation of an independent Czech Republic (after March 2009 surplus of CZK 22.5 bn). June trade balance has been continuously active since 2004. The year-on-year surplus increase came mainly from a fall of trade deficit in 'mineral fuels, lubricants and related materials' by CZK 6.0 bn. Further improvements of balance appeared due to increases in surplus in 'crude materials, inedible, except fuels' by CZK 0.9 bn, 'manufactured goods classified chiefly by material' by CZK 0.3 bn and 'beverages and tobacco' by CZK 0.2 bn; and owing to decreases in deficit in 'food and live animals' by CZK 0.4 bn and 'chemicals and related products' of CZK 0.3 bn. A drop in surplus in 'miscellaneous manufactured articles' by CZK 0.9 bn and in 'machinery and transport equipment' by CZK 0.6 bn affected the total balance negatively.

Total exports of 'machinery and transport equipment' fell by 13.8% (CZK -16.1 bn). The lower exports were recorded mainly in 'electrical machinery, apparatus and appliances' (CZK -5.0 bn), 'general industrial machinery and equipment' (CZK -3.4 bn) and 'road vehicles' (CZK -2.5 bn). Total imports of 'machinery and transport equipment' dropped by 18.7% (CZK -15.5 bn), of which the biggest decreases came from 'road vehicles' (CZK -3.4 bn), telecommunications and sound-recording equipment' (CZK -3.1 bn) and 'machinery specialized for particular industries' (CZK -2.8 bn). Exports and imports increased only in 'other transport equipment' (by CZK +1.3 bn and CZK +0.5 bn). Imports of 'mineral fuels, lubricants and related materials' fell by 37.3% (CZK -8.1 bn) owing to lower imports of crude petroleum (by 54.6% in value and by 24.4% in volume) and natural gas (by 21.6% in value and 11.2% in volume).

The trade balance with EU member states remained active by CZK 41.8 (surplus down by CZK 1.0 bn compared with June 2008) and the trade balance with non-EU countries was passive by CZK 21.3 bn (deficit down by 7.5 bn year-on-year). Surplus rose in trade with Germany (by CZK 3.9 bn), Austria (by CZK 0.7 bn), Italy (by CZK 0.4 bn) and France (by CZK 0.3 bn). Deficit dropped in trade with the Russian Federation (by CZK 3.5 bn), China (by CZK 2.1 bn) and Japan (by CZK 0.4 bn); and balance improved in trade with Azerbaijan (by CZK 2.6 bn) as deficit turned into a surplus. On the other hand, the balance deteriorated in trade with Poland (by CZK 2.4 bn) as surplus changed into a deficit. Deficit rose with the United States (by CZK 0.8 bn); and surplus fell in trade with Belgium and Sweden (both by CZK 0.7 bn), Denmark and Romania (both by CZK 0.4 bn) and Slovakia and the Ukraine (both by CZK 0.3 bn).

In the **twelve months to June 2009**, compared with the previous twelve months, both exports and imports were down by 13.4%. The trade balance reached a surplus of CZK 82.8 bn, which was down by CZK 11.9 bn. Decreases in surplus in 'machinery and transport equipment' (by CZK 36.7 bn), and 'miscellaneous manufactured articles' (by CZK 15.6 bn) and increases in deficit in 'food and live animals' (by CZK 2.7 bn) and 'animal and vegetable oils, fats and waxes' (by CZK 1.2 bn) affected trade balance unfavourably. A long-term favourable effect on trade balance came from the increases in surplus in trade in 'manufactured goods classified chiefly by material' (by CZK 18.9), 'crude materials, inedible, except fuels' (by CZK 2.2 bn) and 'beverages and tobacco' (by CZK 1.5 bn); and from decreases in deficit in trade in 'chemicals and related products' (by CZK 15.3 bn) and in 'mineral fuels, lubricants and related materials' (by CZK 6.4 bn).

Trade surplus with EU member states rose by CZK 2.2 bn and trade gap with non-EU countries was by CZK 14.1 bn higher. Surplus increased with Germany (by CZK 56.6 bn), the Netherlands (by CZK 10.8 bn), Austria (by CZK 2.3 bn) and Finland (by CZK 1.7 bn). Trade gap dropped in trade with Japan (by CZK 9.1 bn), Taiwan (by CZK 4.7 bn), Azerbaijan (by CZK 3.9 bn), Canada (by CZK 1.6 bn), Korea (by CZK 1.5 bn) and the Russian Federation and Kazakhstan (both by CZK 1.4 bn). Balance improved with Turkey (by CZK 2.2 bn) as deficit turned into a surplus. On the other hand, surplus decreased in trade with Spain (by CZK 10.8 bn), Italy (by CZK 9.6 bn), Belgium (by CZK 8.7 bn), Romania (by CZK 8.0 bn), Poland (by CZK 7.0 bn) and Slovakia (by CZK 5.5 bn). Trade deficit went up with China (by CZK 7.0 bn) and the United States (by CZK 4.4 bn).

In **January-June 2009** exports and imports declined by 19.2% and 21.5%, respectively. The trade surplus reached CZK79.4 billion and grew by CZK 15.3 billion in comparison with January-June 2008.

According to the CZSO's sources, the data were reported by 98.4% of firms (goods dispatched) and 98.4% 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.