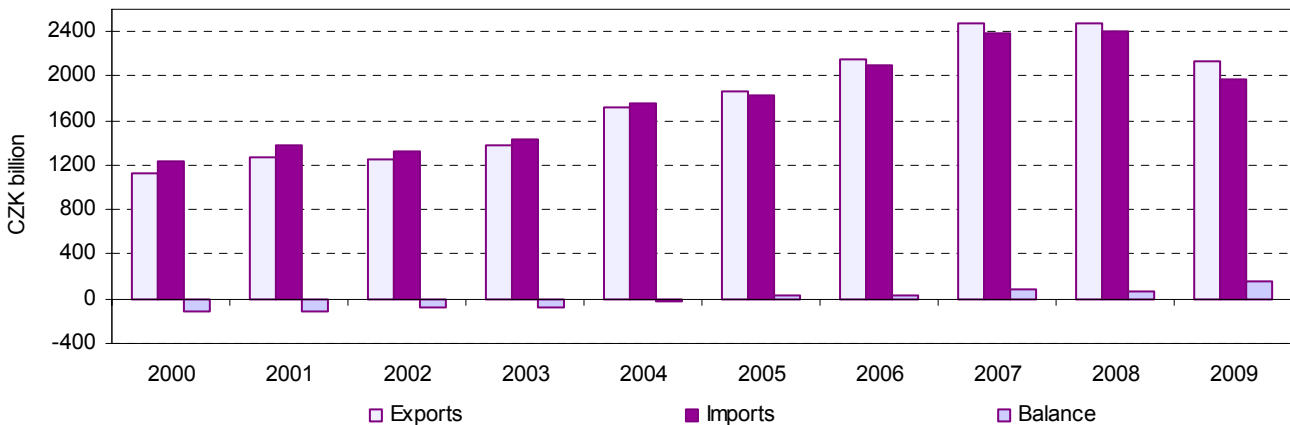


External trade in 2009

For the first time in history of the Czech Republic **external trade turnover** entered in a marked downfall. Compared to year 2008 external trade turnover dropped by 15.8%, i.e. by CZK 769.5 bn (in 2008 compared to 2007 it increased by 0.2%), due to a y-o-y decrease of exports and namely of imports. A decrease of external trade turnover (however much more moderate) occurred also in 2002 (by 2.8% y-o-y, of which exports decreased by 1.0% and imports by 4.3%). Thus the value of external trade turnover returned in 2009 approximately to the level, or was even rather lower, which it reached in 2006¹. External trade balance ended in 2009 with the biggest surplus (CZK 152.0 bn) since 2005, when the external trade showed at the first time since the creation of the Czech Republic a positive balance², which became characteristic for all following years. However, compared to 2005 the trade balance surplus was in 2009 almost four times higher and grew to more than a double compared to 2008.

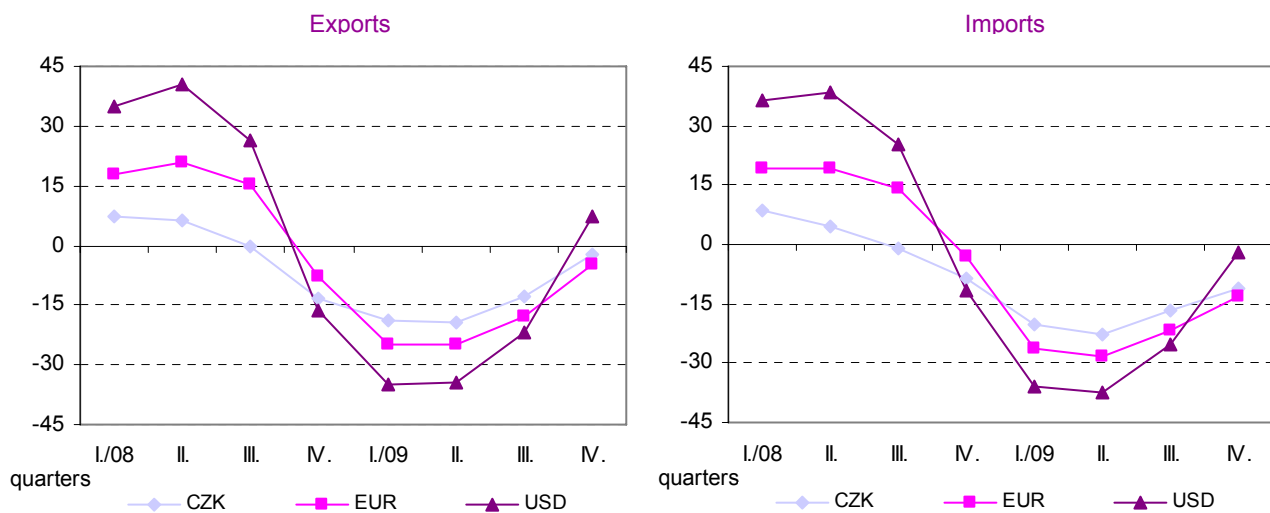
Graph 1 – External trade by years 2000 to 2009



Exports went down by 13.8% (CZK 342.4 bn) and reached CZK 2,131.3 bn. Due to a significant weakening of CZK against EUR and namely USD³, exports brought in these currencies registered a more marked y-o-y decrease than it did in CZK. Computed in euros exports decreased by 18.7%, in dollars exports were lower by 23.0%. However, behind the development of exports in 2009 are different trends in individual quarters. The y-o-y decrease of exports by 19.1% in the 1st quarter and by 19.4% in the 2nd quarter became stepwise more moderate, to 13.0% in the 3rd quarter and 2.4% in the 4th quarter respectively.

Imports were down by 17.7% (CZK 427.1 bn) and made CZK 1,979.3 bn. Just like exports, also imports, due to the weakening of the CZK relation to EUR and mainly to USD, was more marked brought in these currencies than in CZK. Computed in euros, imports decreased by 22.4%, in dollars by 26.3%. Just like the development of exports, even that of imports was affected by different trends in individual quarters. After the y-o-y decrease of imports in the 1st quarter by 20.2% came a drop to 22.8% in the 2nd quarter, which slowed down to 16.7% in the 3rd quarter and to 10.9% in the 4th quarter.

Graph 2 – Y-o-y changes in exports and imports (in%) by quarters of 2008 and 2009



¹ In 2006 external trade turnover amounted to CZK 4,249.4 bn, of which exports CZK 2,144.6 bn and imports CZK 2,104.8 bn.

² Trade balance surplus reached CZK 38.6 bn in 2005.

³ In January to December 2009, compared to January to December 2008, CZK weakened by 5.7% against EUR and by 10.6% to USD in average.

External trade surplus reaching CZK 152.0 bn (by CZK 84.8 bn higher y-o-y) resulted from positive trade balance figures in all quarters. Surplus CZK 34.3 bn in the 1st quarter grew to the so far highest quarterly value CZK 45.5 bn; in the 3rd quarter and in the 4th quarter came a deceleration of growth to CZK 37.6 bn and to CZK 34.6 bn. Since the 2nd quarter, the balance improved y-o-y stepwise more markedly. While in the 1st quarter the positive surplus grew only by CZK 0.5 bn, in the 2nd quarter the growth amounted to CZK 15.3 bn, in the 3rd quarter as much as CZK 19.1 bn and in the 4th quarter even CZK 49.9 bn.

Graph 3 – External trade by quarters of 2008 and 2009

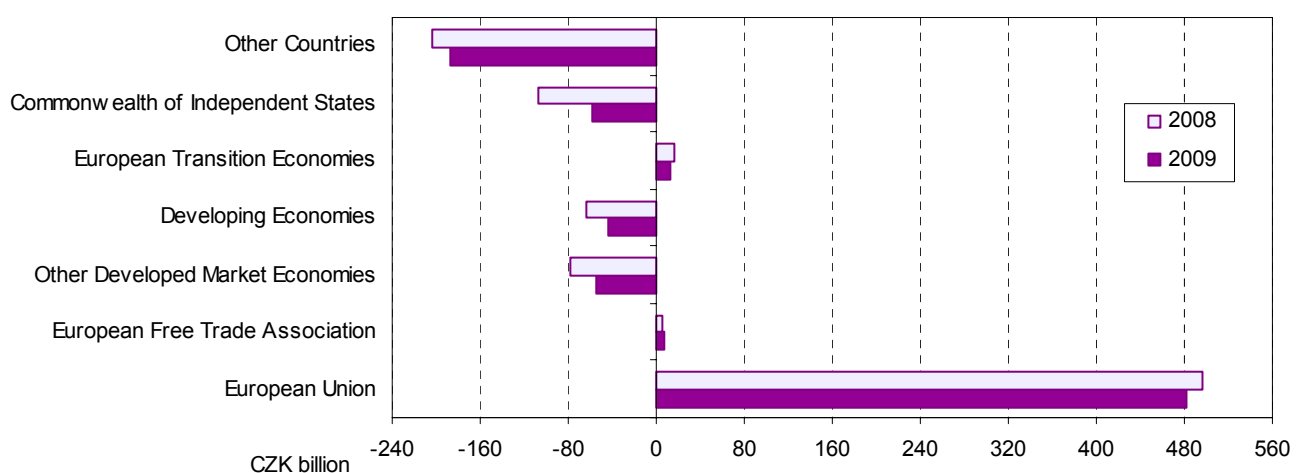


Except Other Countries and Developing Economies, **exports** decreased y-o-y to all remaining groups of countries. Exports to EU countries decreased y-o-y by 14.4% and exports out of the EU by 10.7%. The biggest y-o-y drop occurred in exports to CIS and European Transition Economies and further to Other Developed Market Economies and EFTA countries. Exports to Other Countries and Developing Economies increased by 18.5% and 11.6%. The value of exports to EU countries showed the biggest annual decrease (CZK 303.2 bn); the value of exports out of the EU decreased y-o-y by CZK 39.2 bn, of which to CIS by CZK 31.3 bn, Other Developed Market Economies by CZK 9.2 bn, European Transition Economies by CZK 5.9 bn and to EFTA countries by CZK 1.2 bn. Value of exports to Developing Economies and Other Countries grew y-o-y by CZK 9.6 bn and CZK 2.7 bn.

Imports were y-o-y lower from all groups of countries. Imports from EU countries were y-o-y down by 17.9% and from non-EU countries by 17.4%. The most marked decrease showed evidently imports from CIS and European Transition Economies and further from Other Developed Market Economies, EFTA countries, Other Countries and Developing Economies. The biggest y-o-y drop registered the value of imports from the EU (CZK 289.0 bn), value of imports from countries out of the EU was down y-o-y by CZK 138.1 bn, of which from CIS by CZK 79.9, Other Developed Market Economies by CZK 32.1 bn, from Other Countries by CZK 13.3 bn, Developing Economies by CZK 10.5 bn, from EFTA countries by CZK 3.3 bn and from European Transition Economies by CZK 2.0 bn.

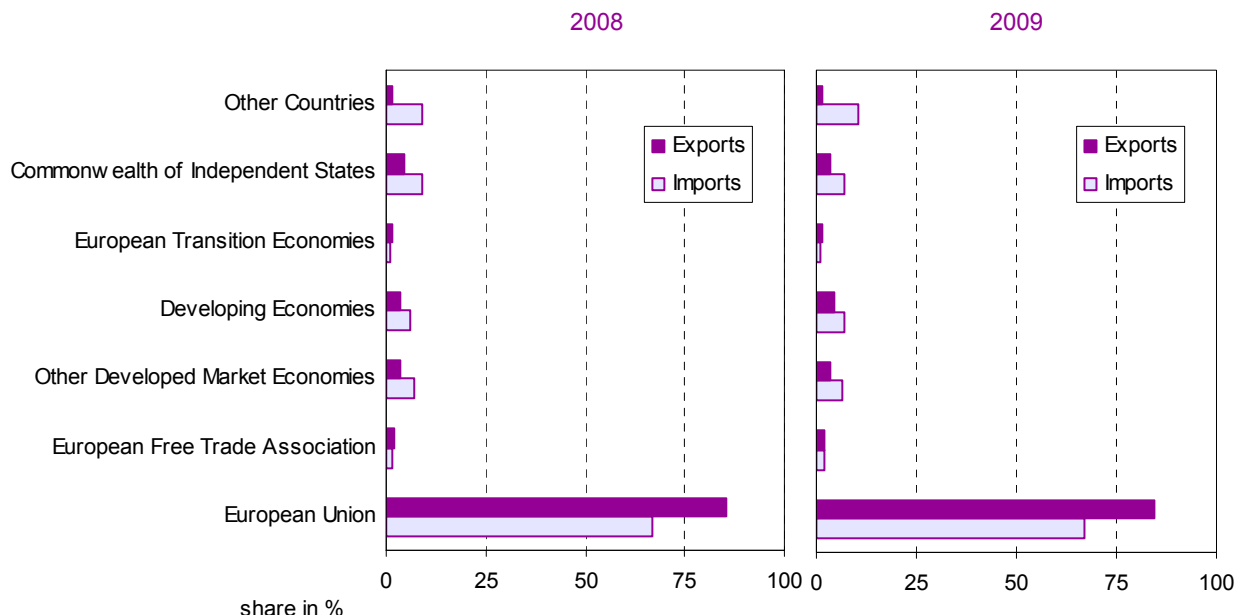
Trade balance with EU countries ended with surplus of CZK 482.4 bn, which was y-o-y lower by CZK 14.2 bn, with non-EU countries there was a deficit of CZK 330.4 bn, which means a y-o-y decrease by CZK 99.0 bn. Negative trade balance with non-EU countries caused mainly by the deficit with Other Countries (CZK 186.8 bn), further with CIS (CZK 58.7 bn), Other Developed Market Economies (CZK 54.5 bn) and Developing Economies (CZK 42.8 bn). The negative external trade balance was y-o-y lower by CZK 48.6 bn with CIS, Other Countries by CZK 16.0 bn, Other Developed Market Economies by CZK 22.9 bn and with Developing Economies by CZK 20.0 bn. European Transition Economies and EFTA countries moderated the total decrease of the balance by a surplus, which increased by CZK 2.1 bn with EFTA countries and with European Transition Economies by CZK 3.9 bn.

Graph 4 – Trade balance by group of countries in 2008 and 2009



Within the structure of exports by group of countries weakened y-o-y the position of EU countries, of European Transition Economies and CIS; the position of Developing Economies, EFTA countries, Other Countries and Other Developed Market Economies strengthened y-o-y. In the structure of imports by group of countries decreased the share of EU countries, CIS and Other Developed Market Economies; the share of Other Countries, Developing Economies and EFTA countries increased. The share of European Transition Economies remained on the level of 2008.

Graph 5 – Exports and imports by group of countries

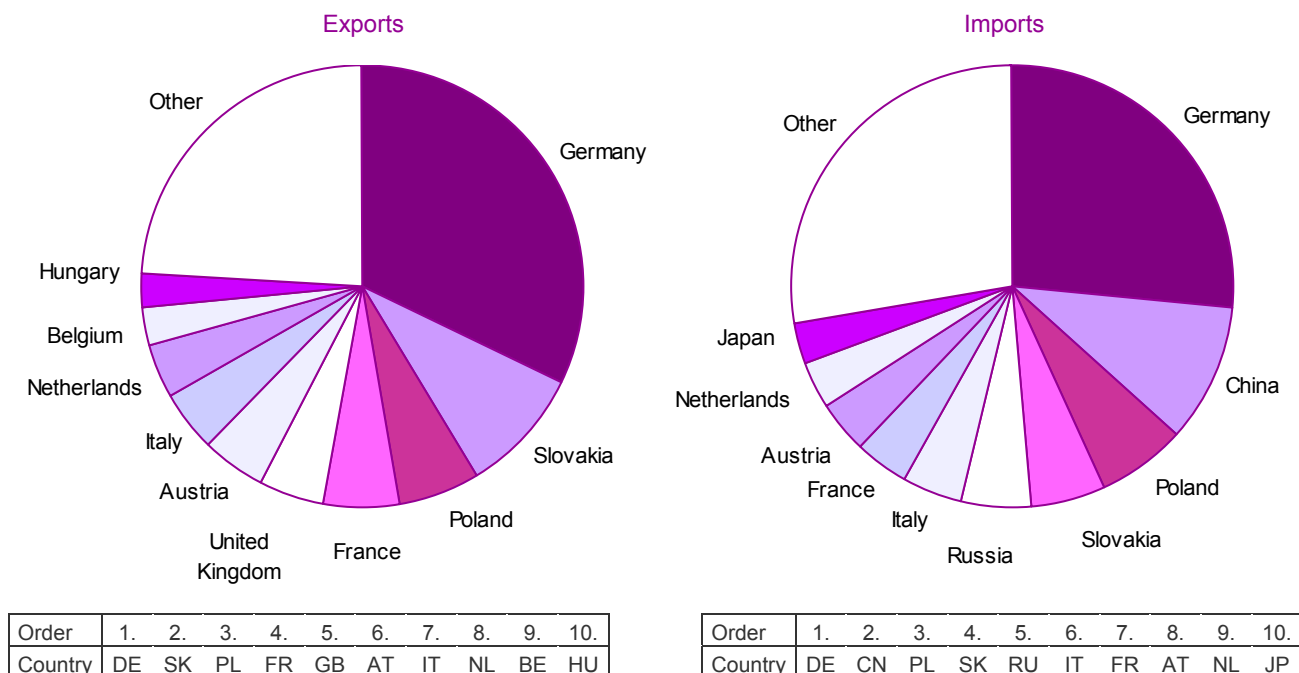


A prevailing part of exports (over three quarters) in 2009 went to ten countries, especially to Germany. Despite the y-o-y decrease of exports by 9.3% (CZK 70.8 bn) the position of Germany on the total exports strengthened y-o-y by 1.6 p.p.. The share of the remaining nine countries ranged from 2.6% (Hungary and Belgium) to 9.0% (Slovakia). Exports to Slovakia and namely to Poland recorded a big y-o-y drop. Slovakia, which took the second place in total exports, weakened y-o-y its position in total exports by 0.2 p.p.. Poland kept the third highest share in total exports (5.8%), this was however down by 0.7 p.p. y-o-y. Among other significant partners were further EU countries, namely France, the United Kingdom, Austria, Italy, the Netherlands, Belgium and Hungary. The value of exports to all these seven EU countries recorded a y-o-y decrease, which reached almost CZK 111 bn in total.

A significant part of imports (over 72%) came also in 2009 from ten countries. The biggest value of imports, albeit by CZK 117.0 bn lower y-o-y, came from Germany, whose share on total exports marginally (by 0.1 p.p.) decreased y-o-y. The position of the remaining nine countries ranged from 3.2% (Japan) to 10.1% (China). Among the ten main import partners seven were EU countries and three non-EU countries, of which China and Russia took by the volume of imports in the total imports the second and fifth place. Both these countries, and also Japan which took up the tenth place by its share on total imports, recorded a y-o-y decrease of imports. Above all, the value of imports from Russia fell y-o-y by one third (CZK 52.4 bn), from China by 6.4% (CZK 13.5 bn) and from Japan by more than one fifth (CZK 17.4 bn). To other biggest import partners belonged Poland, Slovakia, Italy, France, Austria and the Netherlands. The value of imports from all these six EU countries was y-o-y lower; the total decrease accounted almost CZK 107 bn.

The balance of external trade and its y-o-y changes by group of countries reflected trade balance with the main trading partners. The total surplus of external trade with EU countries was favourably affected by trade surplus with Germany (the coverage of imports by exports was almost 131%), which increased y-o-y by CZK 46.3 bn. Trade with Slovakia recorded the second biggest surplus, which was however y-o-y by more than CZK 10 bn lower. The third and fourth greatest surplus was evident in the trade with the United Kingdom and France; both these countries pushed up the surplus y-o-y (by CZK 0.8 bn and CZK 6.3 bn). The fifth highest positive value (y-o-y slightly higher) was recorded in trade with Austria. For other five countries (the Netherlands, Sweden, Spain, Belgium and Romania) positive balance ranged from CZK 16.0 bn (the Netherlands) to CZK 12.0 bn (Spain). The surplus of the balance with all the five mentioned countries decreased, namely by more than CZK 30 bn altogether. A very unfavourable development characterized the trade with Poland, where the change from surplus to deficit brought a drop by almost CZK 22 bn. The positive balance of the whole external trade was negatively affected by the negative balance of trade with non-EU countries. The biggest deficit was concentrated on China, further on Japan and Russia. Deficit of trade with these three countries amounted to CZK 209.4 bn, which was y-o-y a lower value by CZK 66,9 bn. Y-o-y, a decrease of trade deficit was registered namely in the trade with Russia (by CZK 34.5 bn). Big deficits accompanied external trade with Korea, Thailand and Taiwan.

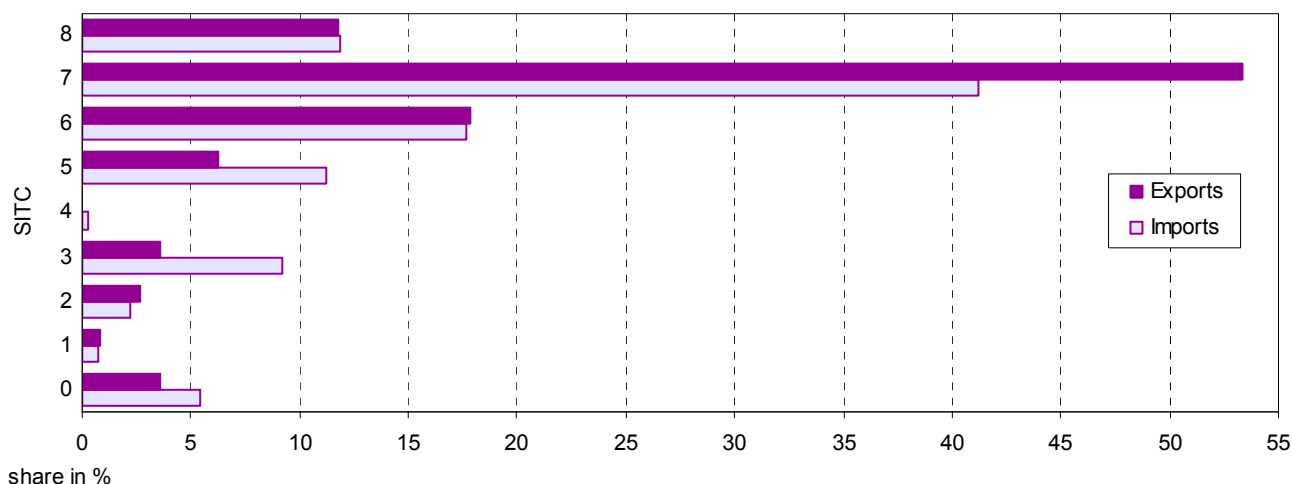
Graph 6 – Most important trading partners of the Czech Republic in 2009



Commodity structure of external trade showed a y-o-y decrease of both **exports** and **imports** in an absolute majority of SITC sections. Y-o-y, an increase of only exports and namely imports of 'beverages and tobacco' and imports of 'food and live animals' and 'animal and vegetable oils, fats and waxes' was recorded; these SITC sections belong however by their share to the less significant. The biggest y-o-y drop was recorded in **exports** of 'machinery and transport equipment' (by CZK 194.7 bn) and of 'manufactured goods classified chiefly by material' (by CZK 104.4 bn), further of 'miscellaneous manufactured articles' (by CZK 14.5 bn) and 'chemicals and related products' (by CZK 12.7 bn). Behind the decrease of 'machinery and transport equipment' as well as 'manufactured goods classified chiefly by material' there was above all the decrease of exports to EU countries (by CZK 161.5 bn and CZK 94.5 bn). There was a marked drop also in **imports** of 'machinery and transport equipment' (by CZK 178.9 bn) and 'manufactured goods classified chiefly by material' (by CZK 123.5 bn), which was also affected mainly by the lower imports from EU countries (by CZK 145.6 bn and CZK 98.4 bn). A big y-o-y drop was observed in imports of 'mineral fuels, lubricants and related products' (by CZK 68.1 bn), which was caused by a decrease of imports from CIS by CZK 56.5 bn, but also in imports of 'chemicals and related products' by CZK 25.9 bn, of 'miscellaneous manufactured articles' by CZK 14.8 bn and 'crude materials, inedible except fuels' by CZK 19.7 bn.

A high surplus, however almost by CZK 16 bn, was recorded in trade with 'machinery and transport equipment'. The second highest surplus with a y-o-y increase by CZK 19.4 bn was evident in trade with 'manufactured goods classified chiefly by material'. Trade with 'miscellaneous manufactured articles', with 'crude materials, inedible, except fuels' and with 'beverages and tobacco' ended also with surplus. The greatest deficit accompanied the trade with 'mineral fuels, lubricants and related materials' and with 'chemicals and related products'; deficits of both these SITC sections improved y-o-y by CZK 61.1 bn and CZK 13.2 bn. An increase of deficit by CZK 3.5 bn was recorded in the balance of trade with 'food and live animals'.

Graph 7 – Commodity structure of external trade in 2009

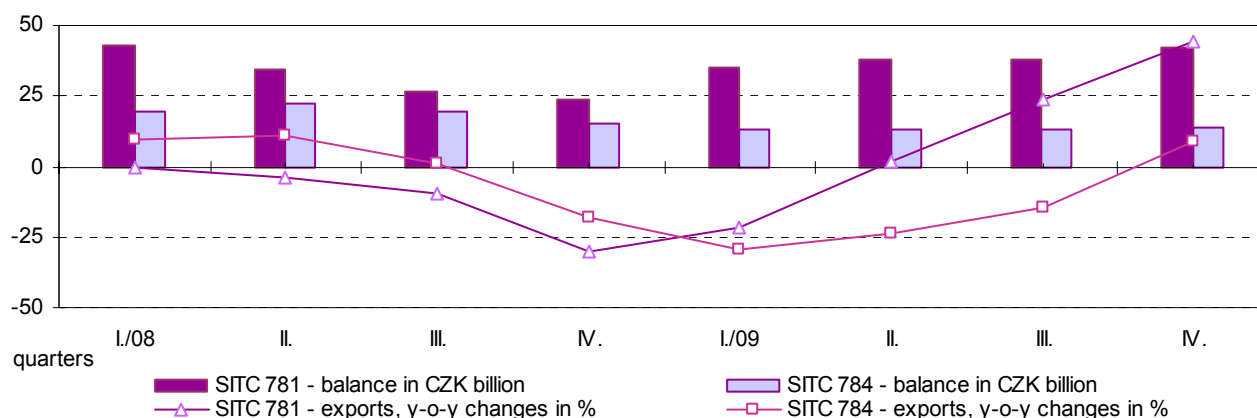


Total exports saw y-o-y decreases in the shares of 'machinery and transport equipment' and of 'manufactured goods classified chiefly by material'; the position of other SITC sections strengthened ('food and live animals', 'beverages and tobacco', 'crude materials, inedible, except fuels', 'chemicals and related products' and 'miscellaneous manufactured articles') or remained on the 2008 level ('animal and vegetable oils'). **Total imports** saw decreases in the shares of 'machinery and transport equipment', 'manufactured goods classified chiefly by material', 'crude materials, inedible, except fuels' and 'mineral fuels, lubricants and related materials'. A bigger role obtained 'food and live animals', 'beverages and tobacco', 'animal and vegetable oils, fats and waxes', 'chemicals and related products' and 'miscellaneous manufactured articles'.

Road vehicles (SITC 78), of which namely **motor cars and other motor vehicles** (SITC 781) and **parts and accessories of the motor vehicles** (SITC 784) remained to be the **main item and bearer of the total external trade surplus**. In the total exports, the share of road vehicles made 17.2% (15.8% in 2008), of which motor cars 9.4% (7.5% in 2008) and parts and accessories of the motor vehicles 6.8% (7.0% in 2008). Exports of motor cars increased y-o-y by 8.2%, exports of parts and accessories of the motor vehicles decreased by 16.2%. The surplus of the external trade with road vehicles remained to be the highest among all SITC sections (CZK 207.1 bn) and was higher by CZK 18.9 bn y-o-y. Its prevailing part (CZK 193.9 bn) which y-o-y increased by CZK 31.3 bn fell on trade with EU countries, one third of this amount on trade with Germany. The positive balance in motor cars increased y-o-y by CZK 26.2 bn and reached CZK 153.5 bn, of which CZK 142.9 bn in trade with EU countries (CZK 46.3 bn with Germany, where the surplus grew by CZK 26.0 bn). The positive balance with parts and accessories of the motor vehicles decreased by CZK 23.5 bn to CZK 52.6 bn, of which the decrease of trade with EU countries was y-o-y CZK 11.0 bn, to CZK 48.1 bn.

The trend of exports and surplus of the external trade with motor cars and parts and accessories of the motor vehicles was very different in individual quarters of 2009; the culmination came in the 4th quarter, when the exports of motor cars grew y-o-y by 44.6% and exports of parts and accessories of the motor vehicles by 9.0%. In the 4th quarter itself the surplus in external trade with motor cars reached CZK 42.5 bn and with parts and accessories of the motor vehicles CZK 13.5 bn.

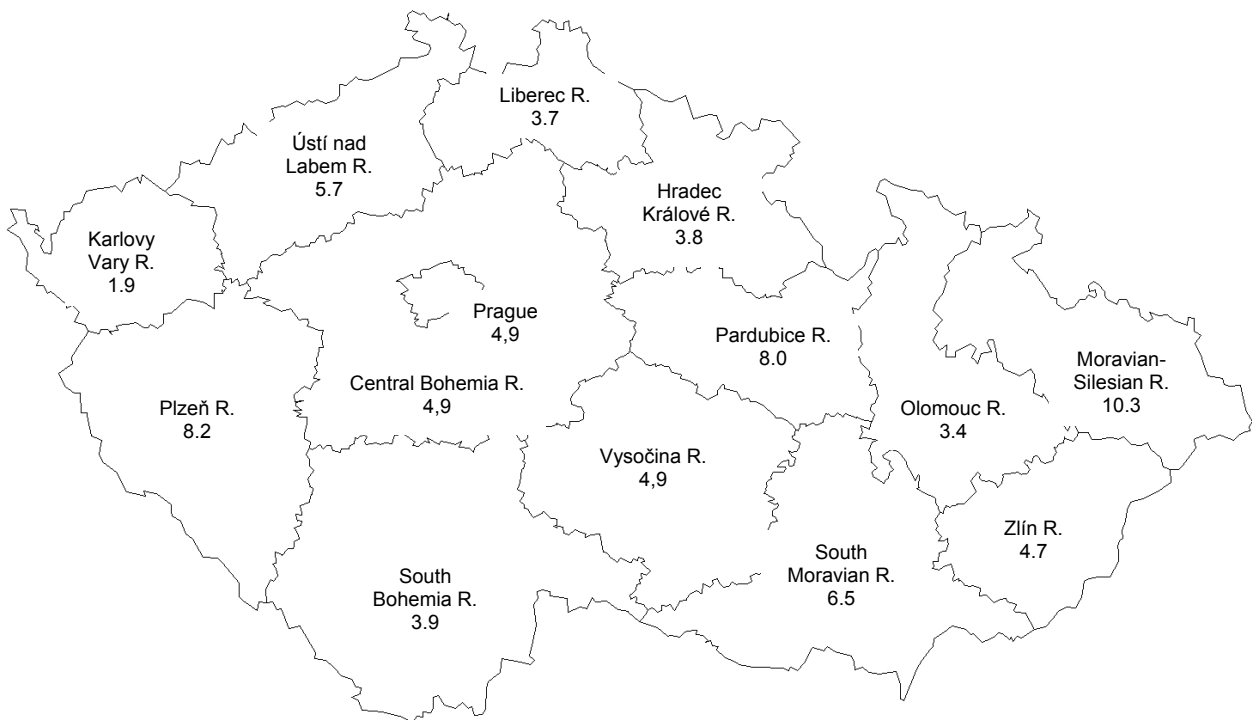
Graph 8 – Exports and trade balance in motor cars and parts and accessories of the motor vehicles



The **positive total external trade balance was negatively affected** mainly by the **deficit** of the balance of trade with **petroleum and petroleum products**, which reached CZK 81.0 bn compared to CZK 124.6 in 2008, and by the deficit of external trade with **medicinal and pharmaceutical products**, which amount to CZK 45.5 bn, compared to CZK 40.3 bn in 2008.

The **y-o-y decrease of exports occurred in all fourteen regions**. The extent of the y-o-y decrease was in the individual regions relatively different. The biggest y-o-y relative drop of exports was recorded in the regions Olomouc, Plzeň, Ústí nad Labem and South Moravian, the most moderate y-o-y decrease of exports was observed in regions Pardubice, Liberec and Central Bohemian. In absolute figures, the most marked decrease of exports took place in regions Central Bohemian (CZK 62.1 bn) and Plzeň (CZK 58.8 bn). In further three regions the decrease ranged from CZK 39.8 bn (Moravian-Silesian Region) and CZK 37.3 bn (Ústí nad Labem Region) to CZK 35.7 bn (South Moravian Region). Further two regions (Vysočina and Olomouc) recorded exports y-o-y lower by CZK 28.5 bn and CZK 24.4 bn and in five regions exports decreased y-o-y in the range from CZK 18.9 bn in Pardubice Region to CZK 17.6 bn in South Bohemian Region (between them follow the regions Zlín with CZK 18.6 bn, Hradec Králové with CZK 17.7 bn and Prague with CZK 17.6 bn). The lowest y-o-y decrease of exports (CZK 10.0 bn) came in regions Karlovy Vary and Liberec. Out of all the fourteen regions only three (Pardubice, Central Bohemian and Liberec) strengthened their position in total exports. A weakening of the share on total exports was registered in all remaining regions, most markedly in regions Plzeň (1.3 p.p.), Ústí nad Labem and Vysočina (both 0.7 p.p.), South Moravian and Olomouc (both 0.5 p.p.) and by 0.1 p.p. to 0.2 p.p. in the remaining six regions – South Bohemian, Karlovy Vary, Hradec Králové, Prague, Moravian-Silesian and Zlín. The greatest share in total exports is still kept by the Central Bohemian Region (19.7%), the lowest (1.9%) belongs to Karlovy Vary Region. In most of the remaining twelve regions – Prague, Central Bohemian, South Bohemian, Plzeň, Liberec, Hradec Králové, Pardubice, Vysočina, South Moravian, Olomouc, Zlín and Moravian-Silesian – exports of 'machinery and transport equipment' dominated, in the remaining two regions (Karlovy Vary and Ústí nad Labem) 'manufactured goods classified chiefly by material' prevailed.

Map 1 – Shares of individual region's exports in total exports in 2009



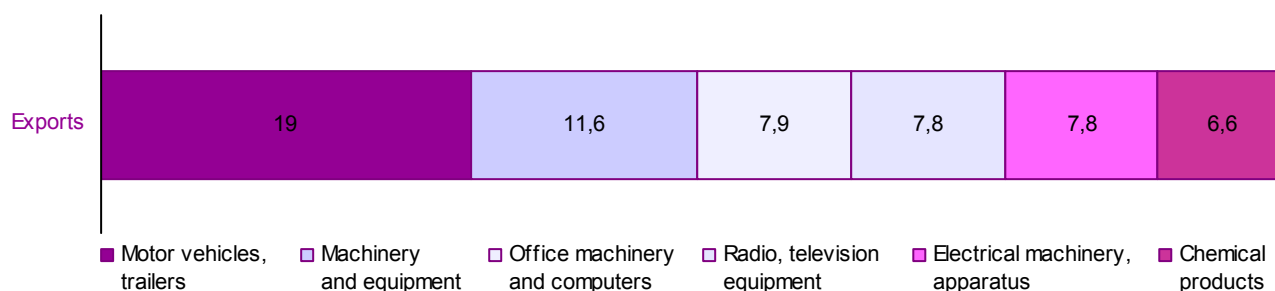
In the long term, **products of manufacturing industries** (CPA 15-36) represent the key part of external trade. In 2009, manufactured exports made up 95.1% of total CR exports (as against 96.1 in 2008), and manufactured imports 90.0% of total CR imports (as against 88.9% in 2008).

Manufactured industries exports decreased by 14.7% (CZK 350.0 bn) y-o-y and were decisive for the decrease in total exports, y-o-y. Manufactured industries exports were most represented by 'motor vehicles, trailers and semi-trailers', which, despite the y-o-y decrease by 6.0% (CZK 24.4 bn) strengthened their position in manufactured industries exports from 17.2% in 2008 to 19.0% in 2009. Other important items of manufactured industries exports were 'machinery and equipment' (11.6%), 'office machinery and computers' (7.9%), 'electrical machinery and apparatus' (7.8%), 'radio, television and communication equipment and apparatus' (7.8%), 'chemicals, chemical products and man-made fibres' (6.6%), 'fabricated metal products' (5.8%), 'basic metals' (5.1%) and 'rubber and plastic products' (5.2%). Even these items were down in exports y-o-y.

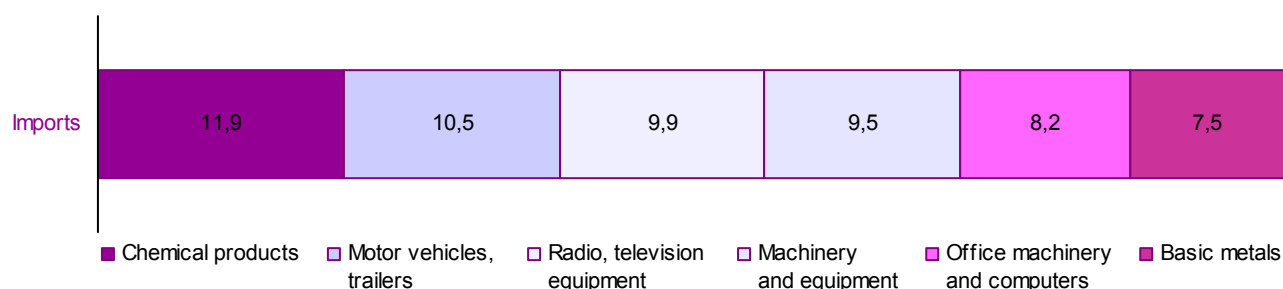
Manufactured industries imports fell by 16.7% (CZK 357.0 bn) y-o-y. In the manufactured industries imports, 'chemicals, chemical products and man-made fibres' took up the strongest position (11.9% as against 11.2% in 2008), despite the y-o-y lower imports by 11.8%. Other more important items of manufactured industries imports were 'motor vehicles, trailers and semi-trailers' (10.5%), 'radio, television and communication equipment and apparatus' (9.9%), 'machinery and equipment' (9.5%), 'office machinery and computers' (8.2%), 'basic metals' (7.5%), 'electrical machinery and apparatus' (6.6%), 'food products and beverages' (5.7%) and 'rubber and plastic products' (5.6%). All these items recorded a y-o-y decrease of imports. Among other CPA items, except manufactured industries products, crude petroleum and natural gas (CPA 11) had an important share in total imports (6.1% as against 7.3% in 2008).

The **balance of trade in manufactured industries products** showed a surplus of CZK 246.1 bn (CZK +7.9 bn y-o-y). A y-o-y increase of the surplus of external trade was evident only in 'motor vehicles', namely by CZK 17.3 bn. The positive balance decreased y-o-y in 'electrical machinery and apparatus' by CZK 13.5 bn, 'office machinery and computers' by CZK 12.2 bn, 'fabricated metal products' by CZK 12.7 bn; the surplus in 'machinery and equipment' remained on the level of 2008 (CZK 66.5 bn). The biggest deficit in manufactured industries products (CZK 78.4 bn, however lower y-o-y by CZK 16.9 bn) was registered in 'chemicals, chemical products and man-made fibres', then in 'basic metals' (CZK 27.9 bn), where the deficit decreased by CZK 27.7 bn. The third item with a high deficit (CZK 31.0 bn), which deepened y-o-y by CZK 6.8 bn, were 'food products and beverages'. Out of manufactured industries products, a high deficit (CZK 112.4 bn, however y-o-y lower by CZK 54.8) was recorded in external trade with 'crude petroleum and natural gas'.

Graph 9 – Most important manufactured industries exports in 2009 (shares in%)

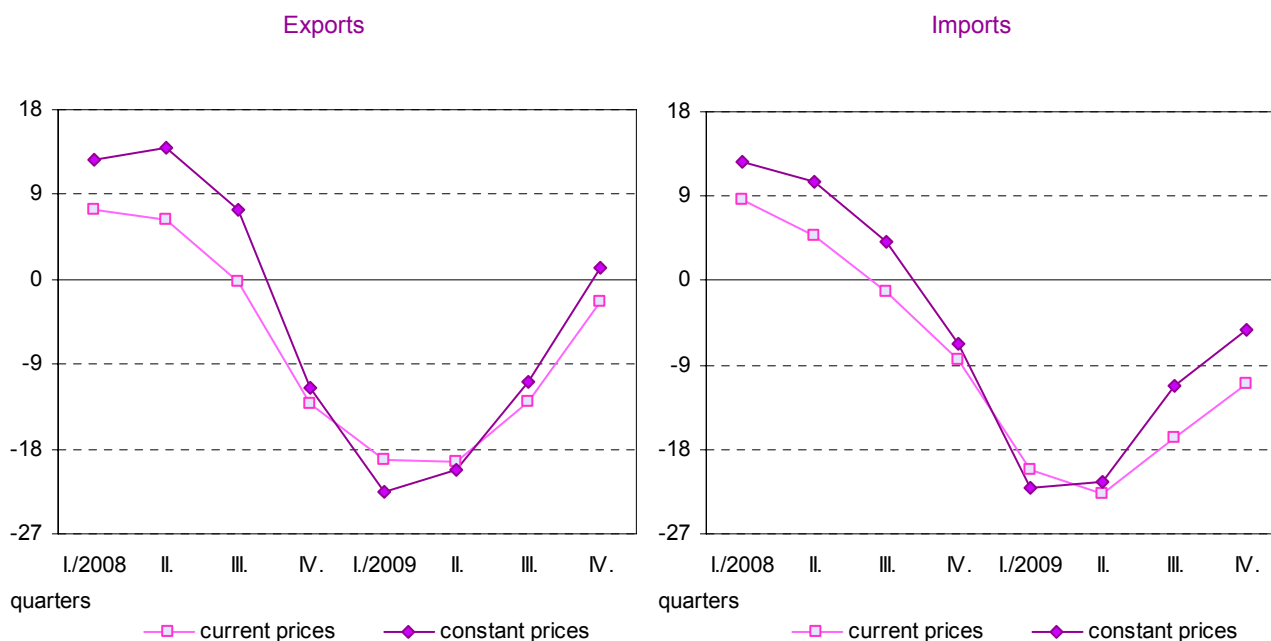


Graph 10 – Most important manufactured industries imports in 2009 (shares in%)



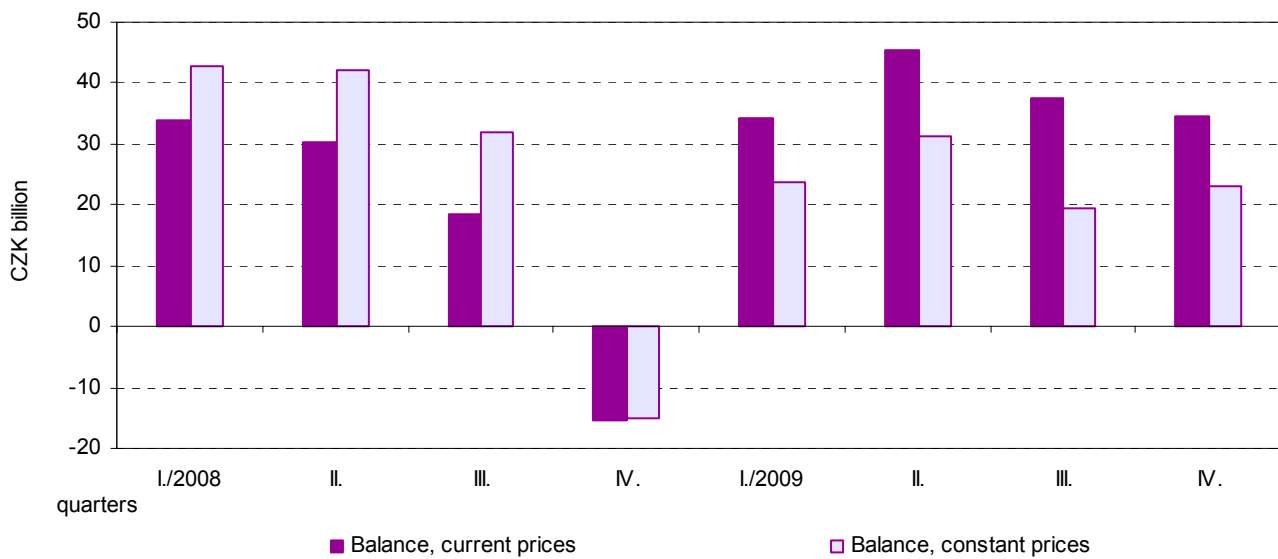
External trade was in 2009 affected by a positive **trend in terms of trade**. In January to December 2009 compared to the same period of 2008 export prices increased by 0.2% and import prices decreased by 3.5% in average. Thus the terms of trade reached a positive value and had a positive impact on the external trade balance at current prices. **At current prices exports** were down y-o-y by 13.8% and **imports** by 17.7%, **at constant prices exports** decreased y-o-y by 14.0% and **imports** by 15.5%. During the whole year 2009 export prices raised the value of exports by more than CZK 2 bn and import prices lowered the value of imports by almost CZK 53 bn.

Graph 11 – Y-o-y changes in exports and imports (in%) by quarters of 2008 and 2009



In real terms, the positive balance of the external trade reached approximately CZK 97 bn. Therefore, the influence of prices on the value of surplus in the whole year 2009 can be estimated to CZK 55 bn.

Graph 12 – Trade balance at current and constant prices by quarters of 2008 and 2009



All EU countries recorded y-o-y a decrease of two digits of the turnover of the external trade. The y-o-y decrease of exports of the Czech Republic was by 0.2% higher than that of EU countries and by 0.4% lower than the drop of exports of the 12 new EU Member States. The y-o-y decrease of imports of the Czech Republic was by 1.0% more marked than the drop in EU countries, but by 4.3% more moderate than in the 12 new EU Member States. In 2009, EU exports based on EUR fell y-o-y by 18.4% in average, EU imports fell by 21.0%. Exports from the 12 new EU Member States were y-o-y lower by 18.2% in average; imports of these countries were down y-o-y by 26.3% in average. The share of the 12 new EU Member States on the total EU exports remained in 2009 on the level of 2008 (11.1%), but their share on EU imports decreased in 2009 to 11.7% from 12.5% in 2008. The share of the Czech Republic on total EU exports was 2.5% in 2009, while in imports the share was 2.3%. In 2009, exports from the Czech Republic shared by 22.3% on the total exports of the 12 new EU Member States; in imports the share was 19.5%. The balance of the EU ended in 2009 with a deficit of EUR 35,8 as against deficit EUR 180.4 bn in 2008; the balance of the 12 new Member States brought a deficit of EUR 22.5 bn, which was however by EUR 56.8 bn lower than in 2008. The Czech Republic (just like nine other EU countries) showed in 2009 a surplus of its trade balance (EUR 5,9 bn). Within the group of 12 new Member States, a surplus was in 2009 recorded also in Hungary (EUR 4.0 bn) and Slovakia (EUR 0.5 bn).

Graph 13 – European Union external trade by country in 2009

