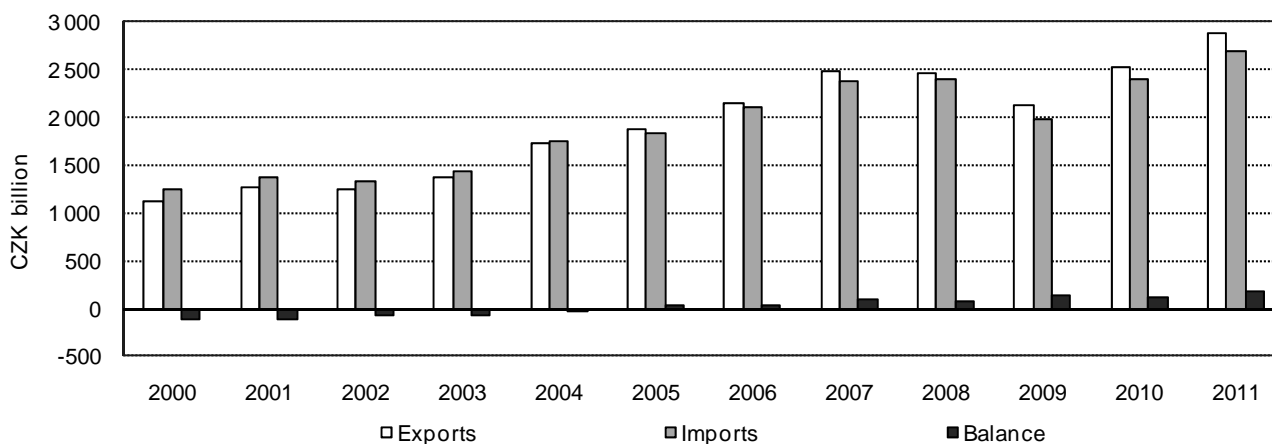


## External trade in goods in 2011

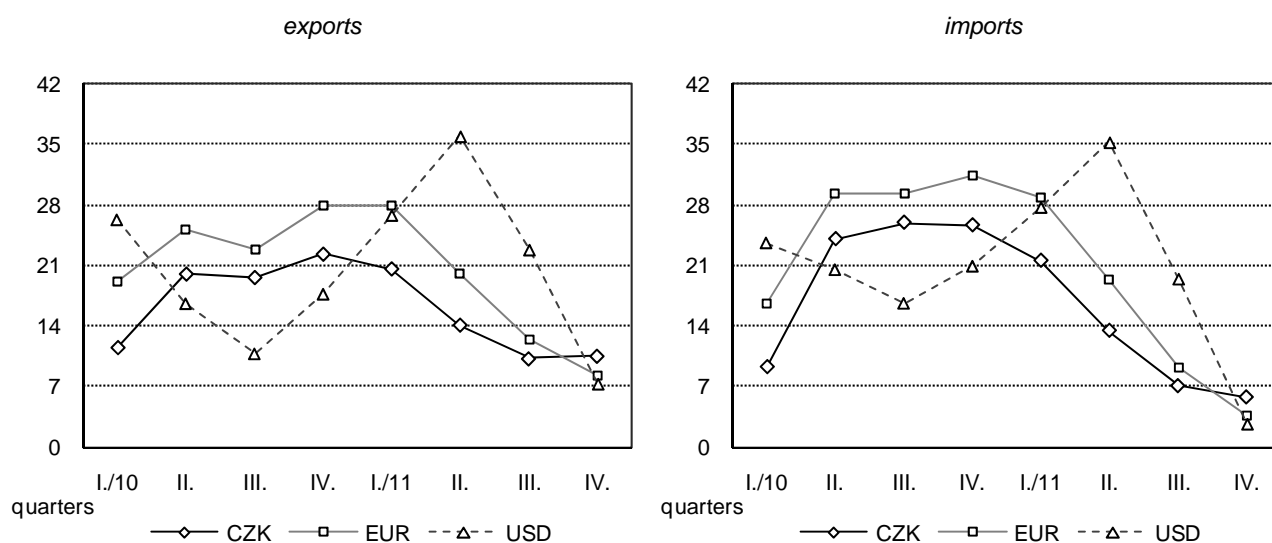
The growth of external trade continued in 2011<sup>1</sup>. Compared to 2010 the **turnover in external trade** increased by 12.6% and its absolute year-on-year (y-o-y) increment in the amount of CZK 621.9 bn was the second highest since the establishing of the independent Czech Republic (in 2010 the external trade turnover increased by CZK 816.7 bn compared to that of 2009). From 2010 to 2011 the value of the external trade turnover increased more than 2.3 times (by CZK 3 203.2 bn) and reached CZK 5 566.2 bn. The external trade surplus (CZK 191.1 bn) was the highest since 2005, when the Czech Republic external trade recorded positive balance for the first time since the Republic establishment and this positive balance was characteristic for all the following years. The positive balance of external trade in 2011 was almost five times higher compared to that in 2005.

Graph 1 - External trade from 2000 to 2011



**Exports** grew by 13.7%, y-o-y and reached CZK 2 878.7 bn. The attained y-o-y increment (CZK 345.9 bn) in exports was the second highest to that in 2010 (CZK 394.2 bn) since 2000. Compared to 2000, in 2011 exports increased by 156.8% (CZK 1 757.6 bn) and, if compared to those in 2004, when the Czech Republic acceded to the European Union, grew by 67.1% (CZK 1 156.0 bn). The highest y-o-y increase in exports was seen in Q1 2011 (20.6%), in Q2 2011 it dropped to 14.1% and in Q3 2011 and Q4 2011 it reached approximately half of the Q1 2011 value. Exports<sup>2</sup> expressed in EUR and USD demonstrated a y-o-y increase by 16.7% and 22.5% in 2011.

Graph 2 - Year-on-year changes in exports and imports as percentage in respective quarters of 2010 and 2011



<sup>1</sup> 2010 and 2011 data are final.

<sup>2</sup> In January to December 2011 the Czech crown grew against EUR by 2.9% and against USD by 8.0% compared to January to December 2010.

**Imports** were higher by 11.4% (CZK 276.0 bn), y-o-y and accounted for CZK 2 687.6 bn. Compared to 2010, in 2011 imports increased by 116.4% (CZK 1 445.6 bn) and were higher by 53.6% (CZK 938.5 bn) compared to those of the year of the Czech Republic accession to the European Union. The all-year trend in imports was influenced by gradually dropping y-o-y growth in all quarters (21.5% in Q1, 13.4% in Q2, 7.0% in Q3 to 5.7% in Q4 2011). Imports expressed in EUR and USD were higher by 14.4% and 20.2% in 2011.

The **external trade surplus** reached CZK 191.1 bn and was by CZK 69.9 bn higher compared to that in 2010. Thus the coverage of imports by exports rose from 105.0% in 2010 to 107.1% in 2011. The attained active trade balance resulted from positive balances in all quarters. The highest surplus in trade balance was seen in Q4 2011 (CZK 57.7 bn) and followed by that in Q1 2011 (CZK 55.1 bn). In Q2 2011 the trade balance surplus decreased to CZK 42.6 bn and in Q3 2011 reached the lowest value (CZK 35.7 bn). The positive balance of external trade showed a gradual y-o-y growth from CZK 5.6 bn in Q1 2011, CZK 9.0 bn in Q2 2011 and CZK 21.2 bn in Q3 2011, up to CZK 34.1 bn in Q4 2011.

Graph 3 - External trade in respective quarters of 2010 and 2011

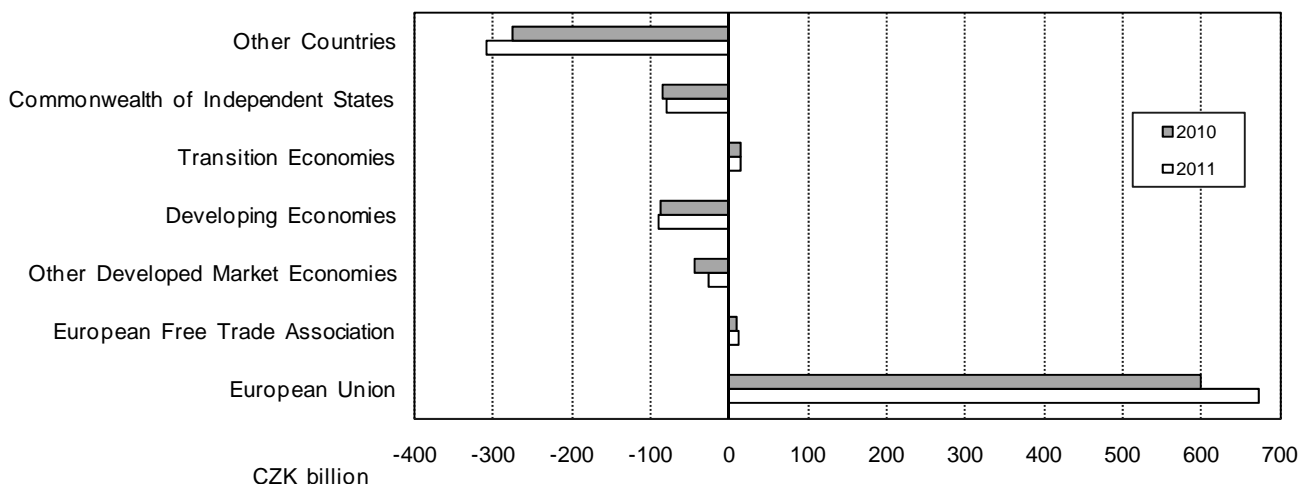


**Exports** were higher y-o-y to all territories. Exports to the EU Member States grew relatively by 12.4%, y-o-y and to states outside the EU by 20.5%, y-o-y. A highly above average y-o-y growth (35.4%) was recorded in exports to the CIS, followed by those to other states (25.9%), to transition economies (22.9%), and to other developed economies (20.4%). A slightly above average y-o-y increase was attained in exports to the EFTA states (15.6%). A significantly under average y-o-y increase was in exports to developing countries (6.6%). The highest y-o-y increase was reached in the value of exports to the EU Member States (CZK 262.6 bn). The value of exports to states outside the EU grew y-o-y by CZK 83.3 bn, of which exports to the CIS increased by CZK 35.6 bn, to other developed market economies by CZK 21.0 bn, to the EFTA countries by CZK 8.7 bn, to developing countries by CZK 6.7 bn, to other states by CZK 6.5 bn, and to transition economies by CZK 4.6 bn.

**Imports** increased y-o-y from all territories. Imports from the EU Member States were relatively higher by 12.3%, y-o-y and from the countries outside the EU by 10.0%, y-o-y. A significantly above average y-o-y increase was detected in imports from transition economies (57.1%). Slightly above average y-o-y increments were recorded in imports from the CIS (15.4%), the other states (13.3%), and EFTA countries (12.6%). Significantly under average y-o-y increases were found in imports from developing countries (4.8%), and especially in those from other developed market economies (1.5%). The value of imports from the EU Member States grew by CZK 187.6 bn. The y-o-y growth in the value of imports from the states outside the EU was by CZK 88.4 bn higher, y-o-y. The latter value was affected by y-o-y higher imports from other states (CZK 40.1 bn) in over two fifth, and, furthermore, by y-o-y increases in imports from the CIS by CZK 28.5 bn, from developing countries by CZK 9.0 bn, from EFTA countries by CZK 5.9 bn, from transition economies by CZK 4.2 bn, and from developed market economies by CZK 2.2 bn.

The **balance of external trade** with the EU Member States ended in a surplus of CZK 673.4 bn, which was by CZK 75.0 bn higher, y-o-y, and that with states outside the EU finished in a deficit of CZK 482.3 bn, which deepened only by CZK 5.1 bn, y-o-y. The negative trade balance with states outside the EU was caused, first of all, by the negative balance in external trade with other states (CZK 309.9 bn), which increased by CZK 33.6 bn, y-o-y (the coverage of imports by exports was 9.2% compared to 8.3% in 2010). High deficits were also detected in external trade with developing countries (CZK 88.9 bn), the CIS (CZK 77.0 bn), and other developed market economies (CZK 25.7 bn). The passive trade balance got deeper with developing countries (by CZK 2.4 bn), but with the CIS and other developed market economies the negative deficit was reduced by CZK 7.1 bn and by CZK 18.7 bn, respectively. Transition economies and the EFTA countries reduced the overall deficit in external trade with states outside the EU by trade balance surpluses at the amount of CZK 13.2 bn and CZK 11.2 bn, respectively, which significantly increased their growth y-o-y (by CZK 0.4 bn and CZK 2.8 bn, resp.).

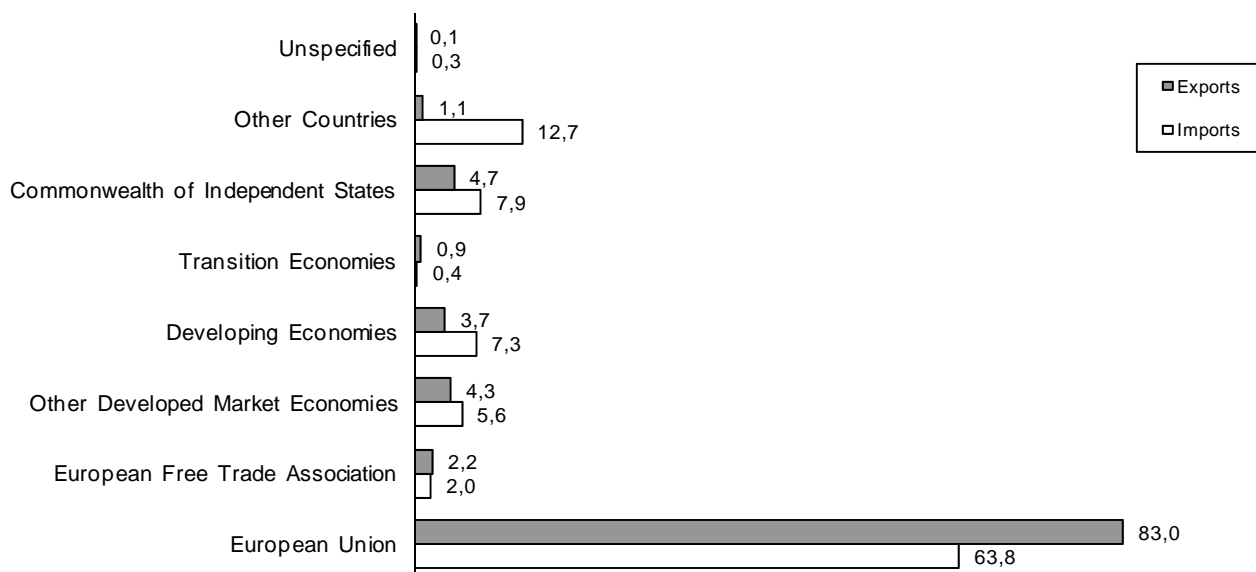
Graph 4 - The trade balance by territorial group in 2010 and 2011



Concerning the **exports structure by territory** the shares of the EU Member States and developing economies got lower, y-o-y. The positions of other developed market economies, transition economies, Commonwealth of Independent States, and other states got stronger year-on-year. The share of the EFTA countries remained at the level of 2010.

In the **imports structure by territory** the shares of other developed market economies and developing countries declined. The positions of the EU Member States, Commonwealth of Independent States, other states, and transition economies got stronger year-on-year. The position of the EFTA countries remained at the level of 2010.

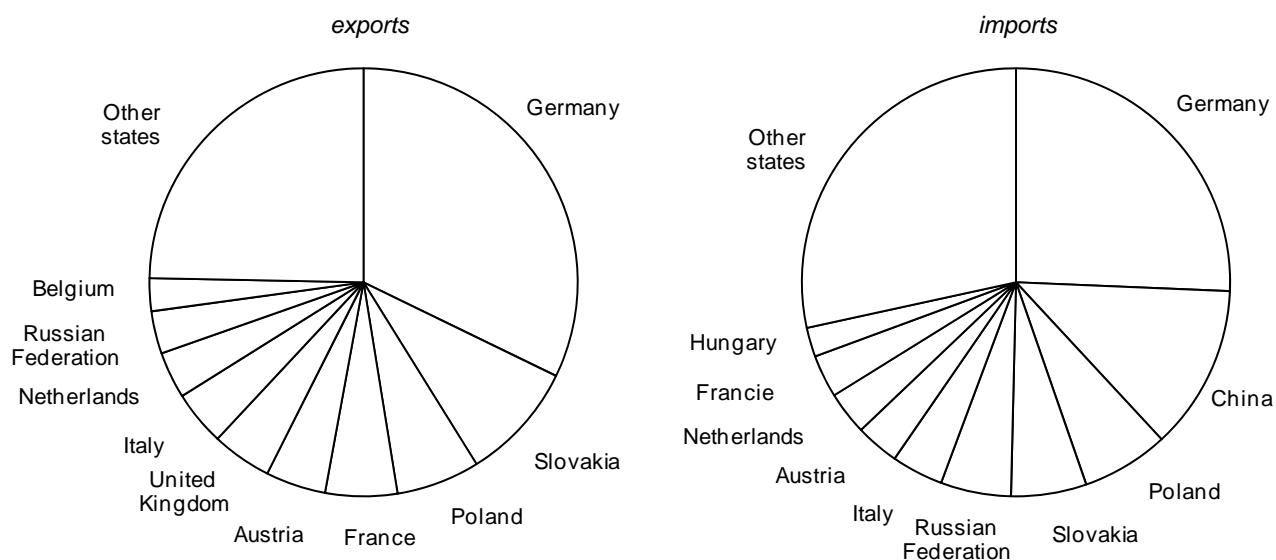
Graph 5 - Exports and imports by group of countries in 2011 (shares in %)



In 2011 a **dominant portion of exports** (over 75%) went to ten states, mainly to Germany. Despite the y-o-y growth in exports by 13.2% (CZK 107.8 bn) the Germany share in total exports got slightly weaker by 0.1 percentage points (p.p.), y-o-y. Shares of the other nine states oscillated from 2.5% for Belgium to 8.9% for Slovakia. The most significant relative y-o-y growth was recorded in exports to Russia (37.6%), next ones to Slovakia (18.5%) and to Poland (17.4%). The value of exports to Slovakia demonstrated the second highest y-o-y increase (CZK 40.3 bn). The position of Slovakia in ranking of total exports rose from 8.6% to 8.9%. Poland occupied the third position in total exports and also recorded the third highest y-o-y increase in exports (CZK 26.8 bn). The positive development in exports to Russia (y-o-y increase by CZK 25.3 bn) also resulted in an increment of its share in total exports by 0.5 p.p. The other important export partners were the six EU Member States as follows: France, United Kingdom, Austria, Italy, the Netherlands, and Belgium. The value of exports to all aforementioned states showed a y-o-y increase, which in total reached almost CZK 61.3 bn.

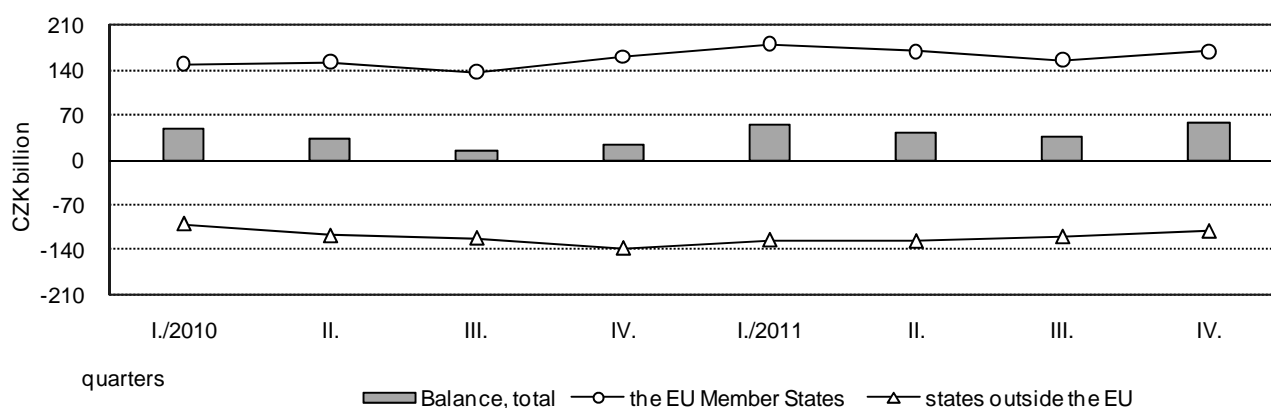
The **prevailing portion of imports** (almost 72%) in 2011 also **arrived from ten states**. The strongest position (share 25.7% compared to 25.4% in 2010) in total imports belonged to Germany with a value of imports y-o-y higher by CZK 75.9 bn. The positions of the other nine states in total imports oscillated from 2.2% for Hungary to 12.4% for China. The ten main trade partners composed of eight EU Member States and of two states outside the EU, of which China and Russia occupied the second and fifth rankings, respectively, among the ten states by the extent of imports. Especially China recorded a high y-o-y increase (13.1%) in imports. The y-o-y increase in imports from China was the second highest (CZK 38.7 bn) and affected the y-o-y increase in the share of imports from China in total imports by 0.1 p.p. Poland was on the third place with a value of imports of CZK 176.7 bn and share of 6.6% in total imports. Further import partners from the EU Member States were Slovakia, Italy, Austria, Netherlands, France, and Hungary. The value of imports from these six EU Member States was altogether higher by CZK 68.7 bn, y-o-y.

Graph 6 - The most important trade partners in 2011



The **trade balance** and its year-on-year **changes in respective territorial groups** reflected the **external trade balance with major trade partner states**. The **overall positive balance of external trade with the EU Member States** (CZK 673.4 bn) was affected by a high surplus of external trade with Germany (imports were covered by exports at 134.4%), which grew by CZK 31.9 bn, y-o-y. External trade with Slovakia brought the second highest positive balance, which was by CZK 13.1 bn higher, y-o-y. The third and fourth highest positive balances were seen in external trade with the United Kingdom and France. The surplus increased for both the states by CZK 3.6 bn and CZK 14.3 bn, y-o-y, respectively. The fifth highest positive value (by CZK 3.7 bn higher, y-o-y) was noticed in the trade balance with Austria. For the other five states (Belgium, Sweden, Spain, Italy, and the Netherlands) the positive trade balance fell within CZK 14.0 bn (Netherlands) and CZK 23.2 bn (Belgium). While the Netherlands and Italy reduced the active trade balance y-o-y (by CZK 1.6 bn and CZK 3.8 bn, respectively), for the remaining three states the surplus in external trade altogether grew by CZK 9.0 bn. In comparison with 2010 the positive trade balance grew by CZK 4.4 bn in trade with Poland. The only trades, which ended up in a passive trade deficit, were those with Ireland and Luxemburg.

Graph 7 - Trade balance - total, with the EU Member States, and with states outside the EU

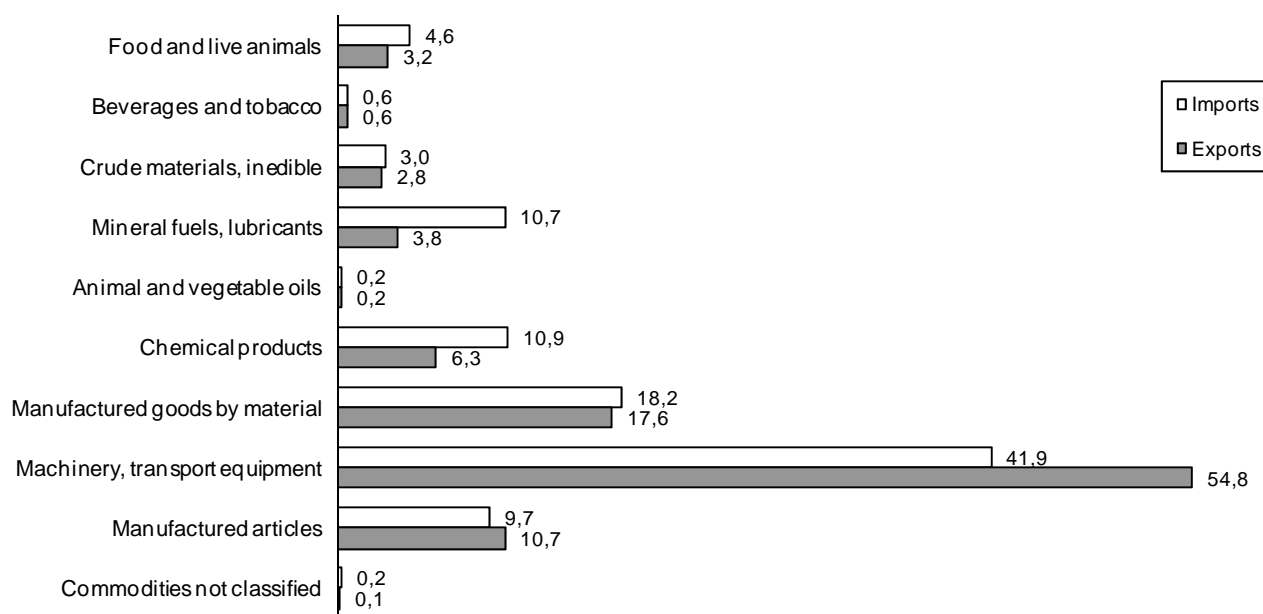


The **total positive trade balance of external trade was affected in an adverse manner by a high deficit of external trade with states outside the EU** (CZK 482.3 bn). The largest passive balance in trade was with China (imports were covered by exports only by 8.8%), further then to Russia and Japan. The external trade deficit with the these three states attained in total CZK 399.9 bn, which was a value higher by CZK 16.0 bn, y-o-y. High deficits were also found in external trade with Korea, Azerbaijan, Thailand, Malaysia, Taiwan, Norway, and Kazakhstan.

The **external trade structure by commodity** was accompanied with a y-o-y growth in exports and imports in almost all classes of the SITC. The highest y-o-y increment was recorded in **exports** of machinery and transport equipment (by CZK 194.0 bn, of which by CZK 134.8 bn went to the EU Member States), then followed by manufactured goods classified chiefly by materials (by CZK 72.4 bn), miscellaneous manufactured articles (by CZK 26.7 bn), and chemicals and related products n.e.s. (by CZK 16.0 bn), furthermore, mineral fuels, lubricants and related materials (by CZK 15.7 bn), food and live animals (by CZK 15.1 bn), and crude materials inedible, except fuels (by CZK 4.9 bn). A low y-o-y increase was indicated in exports of beverages and tobacco (by CZK 0.3 bn) and of animal and vegetable oils, fats and waxes (by CZK 0.2 bn).

The highest y-o-y increase in **imports** was recorded for machinery and transport equipment by CZK 80.8 bn (the same way as in exports), which was in a significant manner affected by their increased imports from the EU Member States by CZK 53.7 bn and from the other states by CZK 30.6 bn. The second highest increase was noticed in imports of manufactured goods classified chiefly by material (by 59.8 bn), further then of mineral fuels, lubricants and related materials (by CZK 54.8 bn, of which by CZK 34.6 bn from the EU Member States and by CZK 18.0 bn from the CIS), chemicals and related products, n.e.s. (by CZK 36.3 bn), crude materials, inedible, except fuels (by CZK 15.4 bn), miscellaneous manufactured articles (by CZK 12.1 bn), food and live animals (by CZK 10.6 bn), beverages and tobacco (by CZK 2.0 bn), and animal and vegetable oils and fats and waxes (by CZK 1.8 bn).

Graph 8 - Commodity structure of external trade in 2011(shares in %)

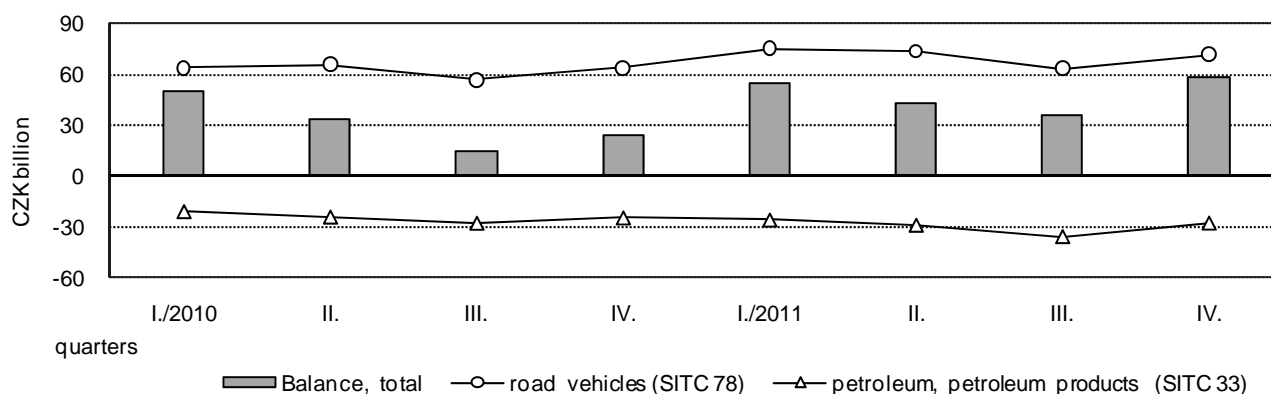


A high **surplus**, by CZK 113.2 bn higher y-o-y (due to a y-o-y increased surplus with the EU Member States by CZK 81.2 bn) was found in trade in machinery and transport equipment. The second highest active balance with a y-o-y growth by CZK 14.6 bn was detected in trade with manufactured goods. The positive balance was also recorded in trade in manufactured goods classified chiefly by materials (by CZK 12.6 bn), furthermore in trade in crude materials, inedible, except fuels, and in beverages and tobacco (by CZK 10.5 bn and CZK 1.6 bn lower y-o-y).

The largest **negative balance** was again recorded in trade in mineral fuels, lubricants and related materials (the passive balance increased by CZK 39.1 bn, y-o-y), and then in trade in chemicals and related products, n.e.s. (the balance got worse by CZK 20.4 bn y-o-y), and in trade in animal and vegetable oils, fats and waxes, which changed from positive balance into a deficit (change from positive balance of CZK 0.5 bn into negative one of CZK 1.1 bn)

The most important item of exports and the vehicle of the external trade balance surplus continued to be road vehicles (SITC 78) and in them motor cars (SITC 781) and parts and accessories of the motor vehicles (SITC 784). Road vehicles contributed to total exports by 17.0% (17.1% in 2010), of which passenger cars by 9.5% (the same share as in 2010) and parts and accessories of motor vehicles by 6.6% (6.8% in 2010). Exports of passenger cars grew by 14.6%, y-o-y, exports of parts and accessories of motor vehicles increased by 11.0%, y-o-y. The positive balance of external trade in road vehicles was still the highest of all SITC classes (CZK 284.0 bn) and grew by CZK 34.1 bn, y-o-y. Its decisive portion (CZK 246.4 bn), which grew annually by CZK 25.0 bn, went to the EU Member States, of which by a bit more than one fourth went to trade with Germany. In passenger cars the positive balance grew by CZK 32.5 bn y-o-y and reached CZK 224.3 bn, of which CZK 187.5 bn were for the EU Member States, of which CZK 47.7 bn went to Germany (a y-o-y increase by CZK 8.5 bn). The positive balance of external trade in parts and accessories of motor vehicles annually rose from CZK 3.6 bn up to CZK 64.6 bn, of which the trade with the EU Member States grew by CZK 8.8 bn to reach CZK 62.7 bn.

Graph 9 - Trade balance - total, in road vehicles and in petroleum, petroleum products and related materials



The overall positive balance of external trade was affected in adverse way by, first of all, the negative balance in trade in petroleum, petroleum products and related materials (SITC 33), which attained CZK 118.1 bn (CZK 96.8 bn in 2010), and then by the deficit in external trade in gas, natural and manufactured (SITC 34) in the amount of CZK 78.0 bn (CZK 63.9 bn in 2010), in medicinal and pharmaceutical products (SITC 54) in the value of CZK 42.4 bn (CZK 40.3 bn in 2010), in non-ferrous metals (SITC 68) in the extent of CZK 40.1 bn (the same value as in 2010), in iron and steel (SITC 67) in total of CZK 28.1 bn (CZK 25.6 bn in 2010), and in plastics in primary form (SITC 57), which reached CZK 23.6 bn compared to CZK 17.5 bn in 2010.

The major portion of external trade was implemented by exports and imports of manufactured products as in the previous years. In 2011 manufactured products contributed to total exports by 93.5% (93.3% in 2010) and total imports by 87.6% (88.3% in 2010).

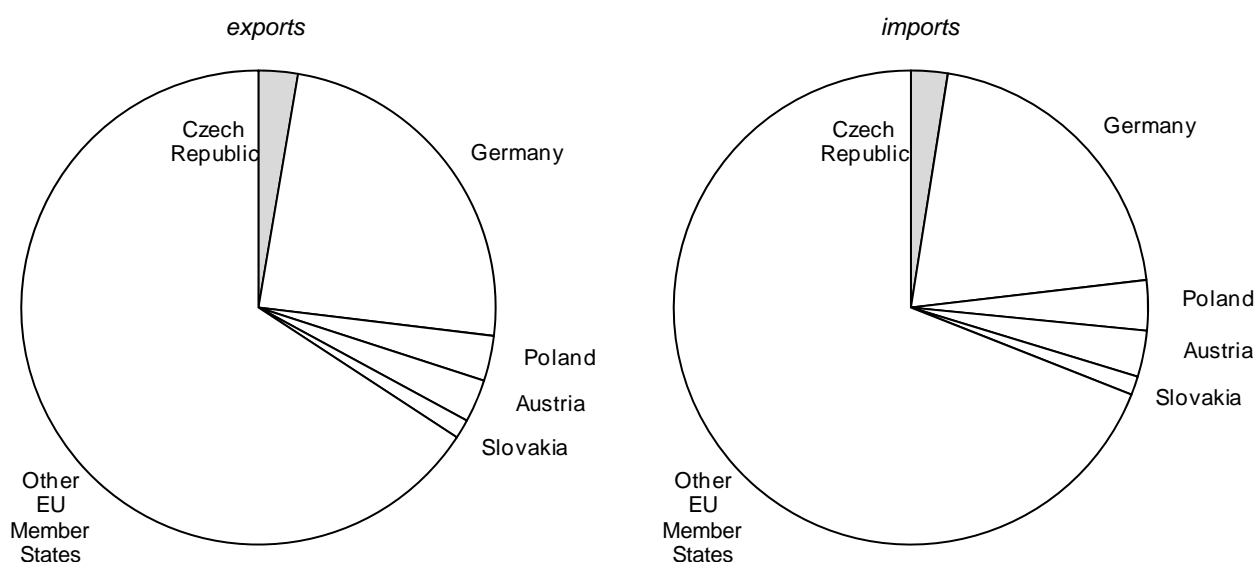
Exports of manufactured products grew by 13.9 % (CZK 327.3 bn) y-o-y and therefore they substantially contributed (by almost 95%) to the y-o-y increase of total exports. The largest item of exports of manufactured products was motor vehicles, trailers and semi-trailers. The under average y-o-y growth in exports of this item by 12.6% (CZK 58.6 bn) resulted in a moderate weakening of its representation in total exports of manufactured products to 19.4% from 19.6% in 2010. Other important items of exports of manufactured products were computer, electronic and optical products, which recorded an increase in exports by 12.1% (CZK 51.8 bn) and thus their ranking in total exports of manufactured products got weaker (from 18.1% in 2010 to 17.8%), furthermore, machinery and equipment n.e.c. (12.5%), electrical equipment (9.1%), fabricated metal products, except machinery and equipment (6.1%), chemicals and chemical products (5.2%), basic metals (5.2%), and rubber and plastic products (5.0%). All aforementioned items, except for the two, recorded a y-o-y increase in exports.

Imports of manufactured products grew by 10.5% (CZK 223.8 bn), y-o-y, and therefore markedly affected (by approximately 81%) the y-o-y increase of total imports. The largest item of the imports of manufactured products that is computer, electronic and optical products recorded a decrease by 1.4% between 2010 and 2011, and its position in imports of manufactured products got weaker to 19.9% from 22.3% in 2010. Further items of imports of manufactured products with more significant shares were motor vehicles, trailers and semi-trailers (11.1%), machinery and equipment n.e.c. (10.2%), basic metals (9.0%), chemicals and chemical products (8.5%), electrical equipment (7.8%), and rubber and plastic products (5.4%). All these aforementioned items demonstrated a y-o-y increase in imports. Besides manufactured products, it was crude petroleum and natural gas, which showed a significant share in total imports of other CZ-CPA items (7.0% compared to 6.7% in 2010). This item imports increased by 15.7% (CZK 25.5 bn), y-o-y.

The **external trade surplus in manufactured products** reached CZK 337.8 bn and was by CZK 103.6 bn, y-o-y higher. The positive balance of external trade increased in motor vehicles, trailers and semi-trailers by CZK 25.9 bn and reached CZK 261.9 bn, furthermore, it grew in machinery and equipment, n.e.s. by CZK 10.7 bn, fabricated metal products, except machinery and equipment by CZK 10.5 bn, and electrical equipment by CZK 14.1 bn. In 2011 computer, electronic and optical products reached a positive balance by CZK 12.6 bn, after a deficit of CZK 45.9 bn in 2010 (y-o-y increment in the trade balance of external trade was CZK 58.4 bn). The highest negative balance out of the manufactured products with a y-o-y worse result by CZK 3.7 bn was recorded for basic metals (CZK 71.4 bn), followed by chemicals and chemical products with CZK 61.9 bn (y-o-y increase by CZK 11.3 bn), and food products with CZK 33.7 bn (y-o-y increase by CZK 3.0 bn). In among the items off manufactured products a high deficit (CZK 175.7 bn) was noted in external trade in crude petroleum and natural gas, which got deeper by CZK 26.8 bn, y-o-y.

In 2011 **external trade of the EU Member States in total**<sup>3</sup> continued growing as in 2010. The attained surpluses in exports and imports were, however, lower than those in 2010. Exports of the EU Member States rose by 12.0% (EUR 465.8 bn) and imports by 11.1% (EUR 445.3 bn), y-o-y. In 2011 the Czech Republic contributed to the total EU exports and imports by 2.7% and 2.4%, respectively compared to 2.6% and 2.4% in 2010, respectively. Compared to the average intensity of the growth of the total EU Member States the increment of exports of the Czech Republic was by 4.2 p.p. higher and the difference in imports was 2.9 p.p. Balance of the EU Member States ended in a deficit of EUR 81.7 bn compared to the deficit of EUR 102.2 bn in 2010.

*Graph 10 - Share of the Czech Republic and neighbouring states in external trade of the EU*



In 2011 the new EU Member States contributed to total exports of the EU by 12.0% and to total imports by 12.3%. Their exports and imports increased by 16.2% and 14.3%, y-o-y, respectively. In 2011 the Czech Republic share in exports from the new EU Member States was 22.2% and it accounted for 19.8% in imports. The trade balance of the new EU Member States closed with a deficit of EUR 23.8 bn, which was by EUR 4.6 bn lower than that in 2010. The Czech Republic (EUR 7.7 bn), Hungary (EUR 6.9 bn) and Slovakia (EUR 1.4 bn) were the only new EU Member States, which demonstrated a positive trade balance.

<sup>3</sup> Eurostat, 15 August 2012