

Commentary

External trade showing since Q3 2008 year-on-year decreases recorded a growth **in the first quarter 2010** again. As a result of increasing exports and imports compared with Q1 2009, external trade turnover grew by 9.8% (CZK 98.6 bn). In Q1 2010, external trade balance ended in the highest quarterly surplus (CZK +47,3 bn) since the establishment of the Czech Republic.

Exports and imports of manufactured products¹ had a decisive impact on the external trade by CPA results. Exports and imports of manufactured products rose in Q1 2010 compared to Q1 2009 by 11.4% (CZK 55.2 bn) and 9.5% (CZK 40.5 bn) respectively. At the same time, the share of manufactured products in total exports and imports increased (a share of 92.7% and 87.7% in Q1 2009 against 93.3% and 88.2% in Q1 2010 respectively). Due to appreciation of the CZK against EUR and even more against USD, exports and imports of manufactured products expressed in EUR and USD grew more than in CZK. Exports and imports in EUR were up by 18.9% and 16.8% respectively, and exports and imports in USD rose by 26.2% and 23.9% respectively.

In manufactured products exports, 'motor vehicles, trailers and semi-trailers' had the most important share (20.8% in Q1 2010 against 18.1% in Q1 2009); and posted a year-on-year increase of exports by 28.2% (CZK 24.6 bn) to reach CZK 112.0 bn. Further commodities with significant share of manufactured products exports were 'computer, electronic and optical products' with a share of 16.4% (exports up by CZK 5.6 bn y/y), 'machinery and equipment' with a share of 12% (exports up by 1.9 bn y/y), 'electrical equipment' with a share of 9.3% (exports up by 8.1 bn y/y), 'rubber and plastics products' with a share 5.1% (exports up by 4.1 bn y/y) and 'chemicals and chemical products' with a share of 4.8% (exports up by 5.1 bn y/y).

The main item in imports of manufactured products was (with a share of 19.7% compared to 19.4% in Q1 2009) 'computer, electronic and optical products' recording a year-on-year growth in imports by CZK 9.4 bn. It was followed by 'motor vehicles, trailers and semi-trailers' (a share of 11.0%) with the biggest year-on-year increase of imports (CZK +9.6 bn), 'machinery and equipment' (a share of 8.9%) showing a year-on-year drop in imports by CZK 3.4 bn, 'chemicals and chemical products' (a share of 8.1%), 'basic metals' (with a share of 8.0%), 'electrical equipment' (a share of 7.7%), 'rubber and plastics products' (a share of 5.6%), 'food products' (a share of 4.7%) and 'basic pharmaceutical products and pharmaceutical preparations' (a share of 3.9%). In addition to manufactured products, further item of CPA of important share in the total imports was (CPA 06) 'crude petroleum and natural gas' with a share of 7.8%.

Trade surplus in manufactured products amounting to CZK 70.8 bn was up by CZK 14.7 bn more year-on-year. The largest surplus was observed in 'motor vehicles, trailers and semi-trailers' (CZK +60.3 bn against CZK +45.3 bn in Q1 2009). Surplus rose in trade with 'machinery and equipment' (by CZK +5.3 bn), 'electrical equipment' (by CZK +2.4 bn) and 'rubber and plastics products' (by CZK +0.9 bn). On the other hand, surplus dropped in 'fabricated metal products' (by CZK -2.5 bn). The largest trade deficit was recorded in 'basic metals' (up by CZK 3.8 bn y/y); and in 'chemicals and chemical products' and 'food products'. In non-manufactured products, high deficit was posted in 'crude petroleum and natural gas' (CZK -33.0 bn compared with CZK -32.0 in Q1 2009).

In Q1 2010 the same as in Q1 2009 the largest part of manufactured products was traded with EU member states. In Q1 2010 manufactured products exports to EU and imports from EU made up 84.1% and 69.6% of total manufactured products exports and imports respectively compared with 84.7% and 68.7% in Q1 2009 respectively. Manufactured products exports to EU were up by 10.6% and manufacturing industries imports from EU grew by 11.0% year-on-year. The most important shares in exports to EU hold 'motor vehicles, trailers and semi-trailers' (21.4%), 'computer, electronic and optical products' (16.7%), 'machinery and equipment' (11.3%) and 'electrical equipment' (9.1%). In imports from EU prevailed 'motor vehicles, trailers and semi-trailers' (13.8%), 'basic metals' (9.9%), 'computer, electronic and optical products' (9.7%) and 'chemicals and chemical products' (9.5%). Manufactured products balance of trade with EU member states positively influenced the total external trade surplus. In Q1 2010 it achieved a surplus CZK 127.1 bn against CZK 116.1 bn in Q1 2009.

Shares of other groups of countries in external trade with manufactured products were considerably lower. For example, the shares of developing economies, European transition economies and CIS in the total exports of manufactured products were 4.4% and 4.1% and in total imports of manufactured products made 7.8% and 1.6% in Q1 2010. In imports from European transition economies and CIS 'crude petroleum and natural gas' had the most important share (75.8%) in the total imports from this group of countries. In Q1 2010 external trade balance in manufactured products with the developing economies ended in a deficit of CZK 12.9 bn against CZK 13.9 bn in Q1 2009 and with European transition economies and CIS yielded a surplus CZK 15.0 bn compared to CZK 14.7 bn in Q1 2009.

¹ (Section C – Division 10 -33)