

Commentary

External trade - November 2010

According to preliminary data, seasonally adjusted exports and imports fell by 1.5% and 0.1%, respectively, **compared with October 2010**. The development trend shows increasing exports (+0.6%) and imports (+0.2%).

Year-on-year, exports and imports at current prices rose by 21.0% (CZK 41.3 bn) and 24.1% (CZK 44.0 bn), respectively. The imports growth rate has been surpassing the exports growth rate for already the ninth successive month. In November 2010, the external trade turnover was up by 22.5% (CZK 85.4 bn) to CZK 464.7 bn and reached the second highest month value since the establishing of the Czech Republic (maximum is CZK 478.9 bn in October 2007). The appreciation of CZK against EUR by 4.8% brought the higher increases of exports and imports expressed in EUR than those in CZK (+26.8% and +30.1%, respectively); due to depreciation of CZK against USD by 4.0% exports and imports increases in USD were lower than those in CZK (+16.2% and +19.2%, respectively).

The trade balance ended at a surplus of CZK 11.8 bn, which was by CZK 2.7 bn lower, y-o-y. Deficit was increased in 'mineral fuels, lubricants and related materials' and 'chemicals and related products' by CZK 2.1 bn and CZK 1.4 bn, respectively. Surplus rose in 'miscellaneous manufactured articles' by CZK 0.8 bn, 'machinery and transport equipment' by CZK 0.3 bn, and in an insignificant way in 'crude materials, inedible, except fuels'. On the contrary, surplus fell in 'manufactured goods classified chiefly by material' by CZK 0.4 bn and in 'beverages and tobacco'. Deficit was slightly narrowed in trade in 'food and live animals'. The balance improved in 'animal and vegetable oils, fats and waxes' (by CZK 0.2 bn) as a deficit turned into a surplus.

Total 'machinery and transport equipment' exports were up by 22.2% (CZK +23.8 bn), y-o-y. Higher exports were first of all recorded in 'road vehicles' (CZK +5.7 bn), 'electrical machinery, apparatus and appliances' (CZK +5.3 bn), 'office machines and automatic data-processing machines' (CZK +3.7 bn), and 'general industrial machinery and equipment' (CZK +2.9 bn). Total 'machinery and transport equipment' imports rose by 29.7% (CZK +23.5 bn), y-o-y. Highest increases were observed in imports of 'electrical machinery, apparatus and appliances' (CZK +7.0 bn), 'office machines and automatic data-processing machines' (CZK +4.1 bn), 'telecommunications and sound-recording equipment' (CZK +3.3 bn), and 'road vehicles' (CZK +2.9 bn). 'Mineral fuels, lubricants and related materials' imports grew by 25.2% (CZK +4.2 bn), y-o-y, mainly due to higher imports of crude petroleum (+53.0% in value, +32.4% in volume). Natural gas imports increased by 27.8% in value while they fell by 24.6% in volume.

The trade balance with EU Member States ended in a surplus of CZK 56.9 bn, which was by CZK 11.8 bn higher, y-o-y. The trade gap with non-EU countries widened by CZK 14.5 bn to CZK 45.1 bn. Surplus rose in trade with Germany (by CZK 5.9 bn) and Slovakia (by CZK 3.5 bn). The balance improved in trade with Poland (by CZK 2.0 bn) as a deficit turned into a surplus. Deficit grew in trade with China (by CZK 9.4 bn), Russia (by CZK 2.8 bn), as well as with Malaysia and Korea (both by CZK 0.9 bn). Surplus dropped in trade with Italy (by CZK 0.7 bn), France, and the Netherlands (both by mere CZK 0.2 bn).

In the **last twelve months to November 2010**, compared with the previous twelve months, exports and imports went up by 15.7% and 17.4%, respectively. The trade balance showed a surplus of CZK 125.2 bn, which was by CZK 12.6 bn lower. Increases in surplus were posted in 'miscellaneous manufactured articles' (CZK +18.8 bn), 'crude materials, inedible, except fuels' (CZK +2.4 bn) and 'machinery and transport equipment' (CZK +0.2 bn). The balance improved in trade in 'animal and vegetable oils, fats and waxes' (by CZK 3.0 bn) as a deficit turned into a surplus. On the other hand, the balance deteriorated (due to a large deficit) in 'mineral fuels, lubricants and related materials' (by CZK 24.1 bn), 'food and live animals' (by CZK 1.8 bn) and 'chemicals and related products' (by CZK 3.3 bn). 'Manufactured goods classified chiefly by material' and 'beverages and tobacco' recorded decreases in surplus by CZK 7.5 bn and CZK 0.5 bn, respectively.

Over the last twelve months the trade surplus with EU Member States rose by CZK 101.3 bn to CZK 578.0 bn and the trade gap with non-EU countries was by CZK 113.9 bn higher to reach CZK 452.7 bn. The surplus was up in trade with Slovakia (by CZK 16.6 bn), Germany (by CZK 15.5 bn), France (by CZK 13.6 bn), the United Kingdom (by CZK 12.1 bn), and Italy (by CZK 12.0 bn). The deficit deepened in trade with China (by CZK 70.0 bn), Korea (by CZK 11.0 bn), Azerbaijan (by CZK 8.8 bn), Thailand (by CZK 8.1 bn), and Russia (by CZK 6.9 bn).

In the period from **January to November 2010** exports and imports rose by 16.5% and 19.2%, respectively. The trade balance surplus was down by CZK 24.4 bn reaching CZK 122.6 bn, y-o-y.

According to the CZSO's sources, the data were reported by 97.7% of firms (goods dispatched) and 97.9% 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.