

Commentary

External trade - December 2010

According to preliminary data, seasonally adjusted exports and imports rose by 2.0% and 1.6%, respectively, **compared with November 2010**. The development trend shows increasing exports (+1.0%) and imports (+0.8%).

Year-on-year, exports and imports at current prices rose by 27.0% (CZK 44.5 bn) and 28.5% (CZK 46.2 bn), respectively. The imports growth rate has been surpassing the exports growth rate for the tenth successive month. The appreciation of CZK against EUR brought the higher increases of exports and imports expressed in EUR than those in CZK (+31.6% and +33.2%, respectively); due to depreciation of CZK against USD exports and imports increases in USD were lower than those in CZK (+19.1% and +20.5%, respectively).

The trade balance ended up with a surplus of CZK 1.0 bn, which was by CZK 1.7 bn lower, y-o-y. The December trade balances have been always negative since the establishment of the Czech Republic up to the year 2008. The trade surplus increases were recorded in trade in 'machinery and transport equipment' (by CZK 3.7 bn) and 'miscellaneous manufactured articles' (by CZK 1.9 bn). On the other hand, the trade balance deteriorated in 'manufactured goods classified chiefly by material' (by CZK 3.8 bn), 'crude materials, inedible, except fuels' (by CZK 1.1 bn) and 'beverages and tobacco' (by CZK 0.1 bn) as a surplus turned into a deficit. Deficit rose in and 'chemicals and related products' and 'mineral fuels, lubricants and related materials' by CZK 1.3 bn and CZK 1.0 bn respectively. The trade balance in 'food and live animals' (a deficit of CZK 3.1 bn) remained on the December 2009 level.

Total 'machinery and transport equipment' exports went up by 29.6% (CZK +26.9 bn), y-o-y. Exports grew first of all in 'office machines and automatic data-processing machines' (CZK +6.6 bn), 'electrical machinery, apparatus and appliances' (CZK +5.4 bn) and 'road vehicles' (CZK +4.7 bn). Total 'machinery and transport equipment' imports rose by 32.4% (CZK +23.2 bn), y-o-y. Highest increases were observed in imports of 'office machines and automatic data-processing machines' (CZK +8.4 bn), 'electrical machinery, apparatus and appliances' (CZK +4.7 bn) and telecommunications and sound-recording equipment' (CZK +3.6 bn). 'Mineral fuels, lubricants and related materials' imports grew by 27.0% (CZK +4.6 bn), y-o-y, of which the largest imports were posted in crude petroleum (+26.6% in value, +5.2% in volume) and natural gas (+35.8% in value, +0.7% in volume). Exports of 'mineral fuels, lubricants and related materials' were up by 55.6 % (CZK 3.6 bn), y-o-y.

The trade balance with EU Member States ended in a surplus of CZK 45.8 bn, which was by CZK 12.2 bn higher, y-o-y. The trade gap with non-EU countries widened by CZK 13.9 bn to CZK 44.8 bn. Surplus rose in trade with Germany (by CZK 5.2 bn) and Slovakia (by CZK 2.6 bn). The balance improved in trade with Poland (by CZK 1.4 bn) as a deficit turned into a surplus; deficit narrowed in trade with Russia (by CZK 0.1 bn). On the other hand, the trade gap deepened with China (by CZK 12.7 bn) and Korea (by CZK 0.9 bn).

In the **year 2010**, compared with the previous twelve months, exports and imports rose by 17.7% and 20.3%, respectively. The trade balance showed a surplus of CZK 124.5 bn, which was by CZK 25.0 bn lower, y-o-y. Increases in surplus were posted in 'miscellaneous manufactured articles' (CZK +18.8 bn), and 'machinery and transport equipment' (CZK +6.4 bn). The balance improved in trade in 'animal and vegetable oils, fats and waxes' (by CZK 2.7 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 29.1 bn), 'chemicals and related products' (by CZK 5.1 bn) and 'food and live animals' (by CZK 2.1 bn). Surplus decreased in trade in manufactured goods classified chiefly by material' (by CZK 15.7 bn), 'crude materials, inedible, except fuels' (by CZK 0.7 bn) and 'beverages and tobacco' (by CZK 0.3 bn).

In the year 2010, the external trade with EU Member States showed a surplus of CZK 593.5 bn, which was by CZK 109.3 bn higher, y-o-y. The trade gap with non-EU countries was by CZK 134.3 bn larger to reach CZK 468.9 bn. The surplus was up in trade with Germany (by CZK 26.2 bn), Slovakia (by CZK 18.8 bn), the United Kingdom (by CZK 11.1 bn), France (by CZK 10.4 bn) and Italy (by CZK 10.3 bn). The deficit deepened in trade with China (by CZK 84.2 bn), Korea (by CZK 11.8 bn), Azerbaijan (by CZK 9.7 bn) and Russia (by CZK 9.4 bn).

According to the CZSO's sources, the data were reported by 97.8% of firms (goods dispatched) and 97.8% 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.