

Commentary

External trade - October 2010

According to preliminary data, seasonally adjusted exports rose by 3.1% while imports fell by 0.1% **compared with September 2010**. The development trend shows increasing exports (+1.2%) and imports (+0.1%).

Year-on-year, exports and imports at current prices rose by 17.2% (CZK 34.1 bn) and 19.4% (CZK 35.2 bn) respectively. Imports growth rate has been surpassing exports growth rate for the eighth successive month. In October 2010, external trade turnover was up by 18.3% (CZK 69.3 bn) to reach CZK 448.1 bn, but it has not achieved the biggest October value since the accession of the Czech Republic to the European Union (CZK 478.9 bn in 2007). Appreciation of CZK/EUR by 5.3% in average brought the higher increases of exports and imports expressed in EUR than in CZK (+23.5% and +25.8% respectively); due to depreciation of CZK/USD by 1.2% in average exports and imports increases in USD were lower than in CZK (+15.9% and +18.0% respectively).

The trade balance showed a surplus of CZK 15.3 bn, which was by CZK 1.1 bn lower y-o-y. Deficit rose in 'mineral fuels, lubricants and related materials' and 'chemicals and related products' by CZK 1.7 bn and CZK 1.6 bn respectively; surplus fell in 'manufactured goods classified chiefly by material' and in 'machinery and transport equipment' by CZK 0.4 bn and CZK 0.1 bn respectively. The trade balance deteriorated in 'beverages and tobacco' by CZK 0.1 bn as a surplus turned into a deficit. Improvement of balance was obvious in 'miscellaneous manufactured articles' and 'crude materials, inedible, except fuels' (surplus up by CZK 1.9 bn and CZK 0.1 bn respectively); and in 'food and live animals' (deficit down by CZK 0.6 bn).

Total 'machinery and transport equipment' exports were up by 18.2% (CZK +19.3 bn) y-o-y. Higher exports were recorded in 'office machines and automatic data-processing machines' (CZK +6.1 bn), 'electrical machinery, apparatus and appliances' (CZK +3.7 bn), 'road vehicles' and 'telecommunications and sound-recording equipment' (both by CZK +2.7 bn). Total 'machinery and transport equipment' imports rose by 25.2% (CZK +19.5 bn, of which the largest increases were observed in imports of 'electrical machinery, apparatus and appliances' (CZK +9.7 bn), 'telecommunications and sound-recording equipment' (CZK +3.6 bn) and 'office machines and automatic data-processing machines' (CZK +2.5 bn). 'Mineral fuels, lubricants and related materials' imports grew by 19.3% (CZK +2.9 bn) y-o-y mainly due to higher imports of natural gas (+69.1% in value, +11.7% in volume). Crude petroleum imports grew by 8.0% in value while they fell by 11.9% in volume.

The trade balance with EU member states ended in a surplus of CZK 58.2 bn, which was by CZK 11.4 bn higher y-o-y. The trade gap with non-EU countries widened by CZK 12.5 bn to CZK 42.9 bn. Surplus rose in trade with Germany (by CZK 5.4 bn), the United Kingdom (by CZK 1.9 bn) and Slovakia (by CZK 1.6 bn). The balance improved in trade with Poland (by CZK 1.8 bn) as a deficit turned into a surplus. Deficit grew in trade with China (by CZK 9.4 bn), Korea (by CZK 1.1 bn) and Russia (by CZK 0.7 bn). Surplus dropped in trade with the Netherlands (by CZK 1.0 bn).

In the **twelve months to October 2010**, compared with the previous twelve months, exports and imports went up by 13.8% and 14.3% respectively. The trade balance showed a surplus of CZK 128.8 bn, which was by CZK 6.6 bn higher. Increases in surplus were posted in 'miscellaneous manufactured articles' (CZK +21.3 bn), 'machinery and transport equipment' (CZK +5.4 bn) and 'crude materials, inedible, except fuels' (CZK +4.8 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 19.2 bn), 'food and live animals' (by CZK 1.8 bn) and 'chemicals and related products' (by CZK 1.1 bn). 'Manufactured goods classified chiefly by material' and 'beverages and tobacco' recorded decreases in surplus by CZK 5.6 bn and CZK 0.4 bn respectively.

The trade surplus with EU member states rose by CZK 96.0 bn to CZK 566.2 bn and the trade gap with non-EU countries was by CZK 89.4 bn higher to reach CZK 437.4 bn, over the last twelve months. Surplus was up in trade with France (by CZK 15.9 bn), Italy (by CZK 13.6 bn), the United Kingdom (by CZK 13.1 bn), Slovakia (by CZK 12.9 bn), Germany (by CZK 11.9 bn) and Austria (by CZK 9.5 bn). Deficit deepened in trade with China (by CZK 58.3 bn), Korea (by CZK 10.1 bn), Azerbaijan (by CZK 8.7 bn), Thailand (by CZK 8.0 bn) and Russia (by CZK 1.5 bn).

In **January-October 2010**, exports and imports rose by 16.0% and 18.6% respectively. The trade surplus was down by CZK 20.8 bn reaching CZK 111.6 bn y-o-y.

According to the CZSO's sources, the data were reported by 97.5% of firms (goods dispatched) and 97.4% 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.