

MINISTRY OF ECONOMY

**POLAND 2013**  
**REPORT ON**  
**FOREIGN TRADE**

WARSAW 2013

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## SYNTHESIS

The year 2012 brought a further slowdown in the global economy. Although in 2010 the latter was dynamically reconstructed (after a collapse which took place in 2009) and the GDP increased by 5.2%, in the subsequent years the GDP growth decelerated to 3.9% in 2011, and 3.1% in 2012. It showed that the global economic situation was still threatened by interferences which has caused the 2008-2009 crisis. The situation was, to a large extent, conditioned by disturbances in the public finance sector and by the debt crisis in the euro area, which in turn resulted in a recession in many European economies. Disturbances in the EU economy posed a threat to the functioning of the common currency and, at the same time, constituted one of the most important slowdown factors in many regions of the world, especially those being trading partners of the EU.

In 2012, the GDP in the European economy decreased by 0.2%, and in the euro area – by 0.6%, while a year before an increase of 1.7% and 1.5% respectively was recorded. Even more profound decreases were observed in domestic demand – on average, the latter declined by 1.5% in EU and by 2.2% in euro area, compared to a slight increase of 0.7% and 0.6% correspondingly noted in 2011.

Although the slowdown didn't omit the main European economy, which is also our main trading partner, i.e. Germany, the GDP of which increased by 0.9% compared to 3.1% in 2011, it is possible to state that in comparison with the deteriorating economic situation in the EU markets, the economic situation of Germany developed in a quite favourable manner. Domestic demand in Germany – one of the most important determinants of Polish exports – decreased by 0.3% compared to its growth of 2.6% in 2011.

Deeper decline in demand was observed in other significant – from the point of view of Polish exports – European markets, i.e. in Italy by 5.3%, in Spain by 3.9%, in Hungary by 3.7%, in the Czech Republic by 2.7%, in the Netherlands by 1.6%, in France by 0.9%.

Disturbances in the world economy influenced the international trade, in which global dependencies related to production processes cause deeper fluctuations in global trade than in the GDP. The GDP growth decreased in 2012 by 0.8 p.p. (to 3.1%), and the growth of volume of world trade in goods and services declined, as compared to 2011, by 3.5 p.p. (to 2.5%).

The slowdown did not omit Polish foreign trade. However, in comparison to the significant slump in demand in EU markets, the situation of trade was relatively favourable. Exports of goods from Poland increased in 2012 by 4.9% (i.e. by almost EUR 6.8 billion) in comparison to the previous year and reached the value of nearly EUR 143.5 billion. At the same time, the value of exports was 23.4% (i.e. approx. EUR 27.2 billion) higher than before the crisis, i.e. in 2008.

Imports amounted to EUR 154 billion, which means that it was 1% (i.e. EUR 1.5 billion) higher than in 2011, while in comparison to the value recorded before the crisis, it was 8.1% (EUR 11.6 billion) higher.

As a result, the trade deficit was reduced, in comparison with 2011, by EUR 5.3 billion, and reached the level of approx. EUR 10.6 billion. It should be noted that the last year deficit was lower by EUR 15.6 billion (i.e. about 60%) than the one of 2008, which amounted to EUR 26.2 billion.

In 2012, like in previous years, a relatively fast growth in exports to developing and less-developed markets was observed – of 18.9%, to EUR 25.5 billion. Exports to developed markets increased by only 2.4% (to EUR 118 billion). Taking the decrease of 2.4% (to EUR 99.4 billion) in imports into account, it all resulted in further growth in the trade surplus – from EUR 13.4 billion in 2011 to EUR 18.5 billion.

A significant improvement in the balance of developed markets resulted primarily from an increase of almost EUR 5 billion in the surplus of trade with the EU (to EUR 20.5 billion), including an increase of EUR 1.9 billion in the surplus of trade with the euro area (to EUR 5 billion). Exports to EU markets increased by 2.3% (achieving the value of EUR 109.1 billion), while imports from the markets decreased by 2.7% (to EUR 88.6 billion). The slowdown in exports was due to a deceleration in exports to the euro area (increase of only 0.7%, to EUR 74.4 billion).

Definitely better results were achieved in exports to the EU markets outside the euro area (increase in exports of 6%, to EUR 34.6 billion) Among them, Great Britain excelled (increase of 10.2%, to approx. EUR 9.7 billion) and, as a result, this market took second place among the major export markets.

Relatively high growth in exports to developing and less-developed countries was due to fast increase in exports to CIS markets (of 22.3% to EUR 14.2 billion), including to Russia – increase of 25.1% (to EUR 7.7 billion), Ukraine – of 21.3% (to EUR 4.1 billion) and Belarus – of 16.7% (to EUR 1.6 billion).

In 2012, the fastest growth was noted in exports of agricultural and food products (by 17.5%, to EUR 17.9 billion), which to a large extent resulted from a fast growth (of 35%) in exports of vegetable products. Imports of agricultural and food products rose at a much slower pace – by 7.4%, which resulted in an increase in surplus of trade in this group of over EUR 1.7 billion, to the level of approx. EUR 4.3 billion.

A significant improvement was also recorded in the balance of trade in chemicals, in the case of which, due to an increase in exports of 6.3% and a decrease in imports of 1.2%, the trade deficit was reduced to the level of EUR 6.3 billion compared to EUR 7.8 billion in 2011.

In turn, the exports of electromechanical products, which dominate the Polish foreign trade, attained a level which was 1.1% higher than a year before and amounted to almost EUR 56 billion. At the same time, the imports of this commodity group increased by 0.4%, which resulted in an increase of EUR 0.4 billion in the surplus of these goods, to EUR 2.3 billion.

From the beginning of 2013, it is possible to observe an acceleration in Polish exports, which, after the first half of the year, reached the value of approx. EUR 74.2 billion, which constituted an increase of 6% in comparison to the same period in 2012. Imports, in turn, amounted to approx. EUR 74.7 billion and were 2.3% lower than a year before. These results allowed to reduce the trade deficit to EUR 0.5 billion as compared to EUR 6.5 billion in the first half of 2012.

All forecasts of developments in the global economy are burdened with a high degree of uncertainty. Nevertheless, it is expected that the year 2013 will inhibit negative trends in many markets, while economic growth and trade in goods in the world will slightly accelerate. Developing markets will remain the engine of the economic growth, although certain stabilisation is expected to be observed also in developed markets, in particular those in the EU. Fiscal problems in the euro area are still one of the threats. It is, however, possible to expect that the upward trend in exports and the reduction of trade deficit recorded from the beginning of the current year will continue.

# 1 CHANGES IN EXTERNAL AND INTERNAL CONDITIONS

## 1.1 External conditions

### 1.1.1 Situation in global economy and major markets in 2012

The year 2012 was another year in which economic downturn was observed. The global GDP increased by 3.1% compared to an increase of 3.9% in 2011 and of 5.2% in 2010. Another economic slowdown showed that economic disturbances which caused the 2008-2009 crisis had not been fully removed and still influenced a range of economies. It was caused, to a considerable extent, by tensions that arose in the area of public finance and by the resulting debt crisis in the euro area, which threatened the functioning of the common currency and influenced the economic growth in the entire European Union, in particular in euro area countries. Interferences in the EU economy were, at the same time, one of significant factors causing economic slowdown in many other regions of the world, including in particular countries for which European markets constitute main trading partners.

The above mentioned disturbances influenced also international trade. Due to strong global production links, it is highly sensitive to business fluctuations, which results in more serious fluctuations in global trade than in the GDP. Although the GDP growth declined in 2012 by 0.8 p.p. (to 3.1%), the growth in the volume of world trade in goods slowed down to 2.5%, which means it was 3.5 p.p. lower than a year before.

**Table 1 Changes in GDP in the world and in selected markets in the years 2011-2014**

	2011	2012	2013*	2014*
<b>World</b>	<b>3.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.8</b>
<b>Advanced economies</b>	<b>1.7</b>	<b>1.2</b>	<b>1.2</b>	<b>2.1</b>
<b>United States</b>	<b>1.8</b>	<b>2.2</b>	<b>1.7</b>	<b>2.7</b>
<b>EU</b>	<b>1.7</b>	<b>-0.2</b>	<b>-0.1</b>	<b>1.2</b>
<b>Euro Area</b>	<b>1.5</b>	<b>-0.6</b>	<b>-0.6</b>	<b>0.9</b>
<b>Germany</b>	<b>3.1</b>	<b>0.9</b>	<b>0.3</b>	<b>1.3</b>
<b>Japan</b>	<b>-0.6</b>	<b>1.9</b>	<b>2.0</b>	<b>1.2</b>
<b>Emerging and developing economies</b>	<b>6.2</b>	<b>4.9</b>	<b>5.0</b>	<b>5.4</b>
<b>Commonwealth of Independent States</b>	<b>4.8</b>	<b>3.4</b>	<b>2.8</b>	<b>3.6</b>
<b>Russia</b>	<b>4.3</b>	<b>3.4</b>	<b>2.5</b>	<b>3.3</b>
<b>Middle East and North Africa</b>	<b>4.0</b>	<b>4.5</b>	<b>3.0</b>	<b>3.7</b>
<b>Sub-Saharan Africa</b>	<b>5.4</b>	<b>4.9</b>	<b>5.1</b>	<b>5.9</b>
<b>Latin America and the Caribbean</b>	<b>4.6</b>	<b>3.0</b>	<b>3.0</b>	<b>3.4</b>
<b>Developing Asia</b>	<b>7.8</b>	<b>6.5</b>	<b>6.9</b>	<b>7.0</b>
<b>China</b>	<b>9.3</b>	<b>7.8</b>	<b>7.8</b>	<b>7.7</b>
<b>India</b>	<b>6.3</b>	<b>3.2</b>	<b>5.6</b>	<b>6.3</b>
<b>ASEAN-5**</b>	<b>4.5</b>	<b>6.1</b>	<b>5.6</b>	<b>5.7</b>

\* forecast, \*\* Indonesia, Malaysia, Philippines, Thailand, Vietnam

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of IMF data from July 2013.

The results obtained in 2012 confirmed the regularity observed in recent years, according to which the maintenance of the upward trend in the global economy was possible thanks to a faster growth of the developing countries. In fact, GDP in developed countries increased by only 1.2%, i.e. 0.5 p.p. slower than in 2011, while in developing countries the economic growth reached the level of 4.9% compared to 6.2% in the previous year.

Like in the case of GDP, a more visible slowdown in trade was recorded in developed markets, in which the growth in exports of goods and services slowed down to 2% compared to 5.6% in 2011, and the growth in imports declined to 1.1% compared to 4.7%. As far as the group of developing countries is concerned, the volume of trade in goods and services noted an increase in exports of 3.6% (compared to 6.4% a year before), and in imports of 5% (in comparison with 8.7%).

As for the group of developing countries, the situation in China and in India was of fundamental significance from the perspective of the global economic growth. Although a considerable slowdown was observed also in this case, the two countries, and especially China, still remain leaders on the economic growth in the world. Taking the general decline in economic growth into consideration, it is interesting to notice an acceleration in the group of Middle East and North African countries, where an increase from 4% in 2011 to 4.5% in 2012 was recorded, and in the group of countries of South East Asia – ASEAN-5, with an increase from 4.5% to 6.1% was observed respectively.

The opposite role – of a factor slowing down the world economic growth – was played by developed countries. It refers in particular to European Union countries, including the euro area where there has been a decline in GDP of 0.2% and 0.6% accordingly, while in 2011 an increase of 1.7% and 1.5% correspondingly was recorded.

Even more considerable declines were observed in the case of domestic demand in EU markets, which constitute the destination of  $\frac{3}{4}$  of Polish exports. In the entire EU, demand decreased by 1.5%, while in euro area countries it decreased by 2.2%, compared to an increase of 0.7% and 0.6% correspondingly in 2011. These results caused a decline in imports to the European Union of 2.7% (compared to an increase of 2.4% in 2011), which constitute the main determinants of external demand for Polish goods.

**Table 2 Changes in domestic demand in major markets in the years 2011-2014**

	2011	2012	2013*	2014*
European Union (28)	0.7	-1.5	n/d	n/d
European Union (27)	0.7	-1.5	-0.7	1.2
Euro Area	0.6	-2.2	-1.2	1.0
Germany	2.6	-0.3	0.2	1.9
France	2.0	-0.9	-0.2	1.2
Italy	-1.0	-5.3	-2.5	0.6
United Kingdom	-0.1	1.1	0.6	1.3
Netherlands	0.8	-1.6	-1.6	0.3
Spain	-1.9	-3.9	-4.1	-0.4
Sweden	3.1	0.4	1.5	2.4
Austria	3.2	0.1	0.2	1.5
Czech Republic	-0.1	-2.7	-0.6	1.6
Slovakia	1.4	-3.1	0.3	1.5
Hungary	0.1	-3.7	-0.2	0.8
POLAND	3.7	-0.3	0.2	1.6
Norway	3.3	3.4	3.0	2.4
USA	1.7	2.1	1.8	2.6
Japan	0.3	2.8	1.0	1.3
Turkey	10.1	-1.8	3.6	4.4

\*forecast; n/d – no data available

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of Eurostat data from July 2013.



The deteriorating condition of the euro area was caused by the intensification of crisis in countries such as Greece, Spain, Portugal, Ireland or Italy. The debt crisis and the weakness of public finance, which made it necessary for other EU countries, as well as for global and European financial institutions, to implement multi-billion aid packages, posed a potential threat to the stability of the area and of the EU.

As far as EU countries are concerned, a decrease in GDP in 2012 was observed in twelve markets: in Belgium (0.3%), the Czech Republic (1.3%), Denmark (0.4%), Finland (0.8%), Greece (6.4%), Hungary (1.7%), Cyprus (2.4%), in Italy (2.4%), the Netherlands (1.2%), Portugal (3.2%), Slovenia (2.3%), Spain (1.4%). In contrast, the best economic performance was recorded in Latvia (GDP growth of 5.6%), Lithuania (3.7%), Estonia (3.2%), Slovakia (2%) and Poland (1.9%).

As the debt crisis was expanding, and uncertainty, investment risk and costs of aid were increasing, a deterioration in the situation of not only countries directly affected by the process, but also of other ones, in particular Germany and France, could have been observed. German GDP growth decreased from 3.1% in 2011 to 0.9% in 2012. In France, over the last two years, the economic growth totally slowed down from 2% to zero in 2012. The slowdown in economic growth in the largest economies of the euro area resulted in a similar trend in the entire EU, where the average GDP growth of 1.6% in 2011 transformed into a decline of 0.2%.

In comparison to the deteriorating condition of EU markets, the economic situation of our most important partner – Germany – was quite good, although it did not manage to entirely avoid the slowdown. While in 2011 the German GDP increased by 3.1%, and domestic demand by 2.6%, in 2012 GDP growth slowed down to 0.9%, and the demand decreased by 0.3%.

Even deeper decline in demand was observed in other significant – from the point of view of Polish exports – EU markets, i.e. in Italy by 5.3%, in Spain by 3.9%, in Hungary by 3.7%, in the Czech Republic by 2.7%, in the Netherlands by 1.6%, in France by 0.9%.

### **1.1.2 Changes in world prices and exchange rates**

According to IMF data (April 2012), from April 2011, the general index of consumer prices decreased by 9% as a result of generally weakening demand and unstable situation in global markets.

In 2012, energy prices increased by only 1%, although it has to be highlighted that their annual average price was 15% higher than in June 2012. Natural gas prices continue to remain varied depending on the region. In 2012, they declined in Europe. In Japan, an increase in gas prices is mitigated by a decrease in demand, although they are still relatively high. It is estimated that in 2013, energy prices will decline, because its production in non-OPEC countries will increase and energy demand will decrease in industrialised countries.

Crude oil prices remained in 2012 at a relatively stable and high level – in the years 2011-2012, an average crude oil price amounted to about 105 US dollars per barrel. The relatively stable crude oil price began to rise in the fourth quarter of 2012 due to reduction in its supply by OPEC countries and to increased geopolitical tensions.

A downward trend in metal prices, which began in 2011, continued until the 3<sup>rd</sup> quarter of 2012, which resulted mainly from a deceleration in demand for metals and weakening imports of these materials to China. As a consequence, over the entire 2012, their prices declined by an average of 16.8%. However, it has to be emphasised that the downward trend in metal prices reversed in the Q4 of 2012. Copper prices continue to be high, while aluminium prices remain at a relatively low level, which results from

large investments in aluminium smelters (in China and in the Middle East). Prospects for metal prices are closely related to the development in China, which accounts for over 40% of world consumption of metals.

According to IMF data, after a dynamic growth in food prices (in US dollar terms) in 2010 and 2011 (of 11.5% and 19.7% respectively), they decreased by 1.8% in 2012. They remain, however, at a relatively high level. As reported by the World Bank, the upward trend in food prices began to reverse as late as in August 2012. According to WTO statistics, the most considerable declines in prices were noted in the case of coffee (22%) and cotton (42%). In February 2013, food prices were 9% lower than six months before, which resulted from, *inter alia*, favourable weather conditions in some regions of the world, as well as from positive forecasts for the market in plants.

After a weakening of the US dollar against other major currencies recorded in 2011, in 2012 the American currency regained the trust of investors and visibly gained in value.

The trend of appreciation of the US dollar against the euro (yoy), which began at the beginning of the fourth quarter of 2011, continued over the entire 2012, although it started to weaken in July (in July 2012 the US dollar amounted to approx. 0.8126 euro, which means it was over 16% stronger than a year before and almost 10% stronger than in the entire 2011). As a result, the annual average US dollar exchange rate was in 2012 higher compared to euro by about 5%.

In 2012, it was also possible to note a significant depreciation of the Swiss franc, which a year before was considered to be one of the most secure currencies for the investment purposes. In 2012, the US dollar recorded a nominal growth by 6.2% in relation to the franc. An even more visible appreciation of the US dollar was noted against the Japanese yen and Brazilian real, i.e. of 9.4% and nearly 17% correspondingly.

In comparison to the above mentioned facts, the exchange rate of the US dollar against the British pound remained, like in the precious year, at a relatively stable level. Throughout the entire year, as far as its nominal value is concerned, it was only 1.3% stronger than a year before.

Contrarily to most of the major currencies, the American currency weakened in 2012 in relation to the Chinese yuan (by 1.3%). It has to be noticed that the trend of depreciation of the US dollar against the yuan is continuously observed since 2005.

### **1.1.3 Situation in global trade**

#### **1.1.3.1 Volume of trade in goods in 2012**

The slowdown in the global GDP growth, from 3.9% in 2011 to 3.1% in 2012, resulted in an even more considerable deceleration in global trade growth. According to IMF data, the volume of world trade in goods and services increased in 2012 by 2.5%, while a year before its growth amounted to 6%.

The growth in trade in developed countries was much slower than in developing countries. Exports in the first group of markets increased by 2%, i.e. by 1.6 p.p. slower than in the group of developing markets. The difference in the rate of growth in imports in the two groups was even bigger – in developed countries, the growth increased by 1.1%, while in the developing markets – by 5%.

**Table 3 Changes in global trade turnover (goods and services) in the years 2011-2014 (change to the previous year, in %)**

	changes of volume			
	2011	2012	2013*	2014*
<b>World</b>	<b>6.0</b>	<b>2.5</b>	<b>3.1</b>	<b>5.4</b>
<b>Exports</b>				
Advanced economies	5.6	2.0	2.4	4.7
Emerging and developing economies	6.4	3.6	4.3	6.3
<b>Imports</b>				
Advanced economies	4.7	1.1	1.4	4.3
Emerging and developing economies	8.7	5.0	6.0	7.3

\* forecast

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of IMF data from July 2013.

As reported by WTO, the volume of world trade in goods increased in 2012 by 2%; exports increased by 2.1%, and imports – by 1.9%. WTO analysts point out also that, under normal conditions, the global trade growth is generally two times higher than the growth rate of global GDP. According to estimates, global GDP (adjusted for the impact of exchange rate changes) in 2012 increased by 2.1% and, thus, the above mentioned relation was approximately 1:1.

The exports of goods from developed countries increased in 2012 by only 1% compared to an increase of 5.1% in the previous year. Low growth in exports in this group of markets resulted from a slow growth in exports in the European Union (0.3%) and its decrease in Japan (1%), which was not compensated with an increase of 4.1% in exports of United States. As for imports to these markets, they declined in 2012 by 0.1% (compared to an increase of 3.1% in 2011), which was determined mainly by their decrease of 2% to the EU.

Exports of developing countries increased 3 times faster (i.e. by 3.3%) than those of developed countries, although the growth was 2.1 p.p. slower than a year before. In this group of economies – unlike in the case of developed ones – growth in imports (of 4.6%) was higher than in exports.

**Table 4 Changes in GDP and in volume of world trade in goods in the years 2010-2012 (in USD terms)**

	GDP			Exports			Imports		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>World</b>	3.8	2.4	2.1	14.1	5.2	2.1	13.6	5.1	1.9
<b>North America</b>	2.6	2.0	2.3	15.0	6.6	4.5	15.7	4.4	3.1
United States	2.4	1.8	2.2	15.4	7.1	4.1	14.8	3.8	2.8
South and Central America	6.2	4.3	2.6	5.2	6.1	1.4	22.7	12.0	1.8
<b>Europe</b>	2.3	1.7	-0.1	11.0	5.5	0.6	9.4	2.8	-1.9
European Union (27)	2.1	1.5	-0.3	11.7	5.7	0.3	9.1	2.4	-2.0
<b>Commonwealth of Independent States</b>	4.7	4.8	3.7	6.1	1.8	1.6	18.8	17.1	6.8
<b>Africa</b>	4.5	0.7	9.3	5.4	-8.5	6.1	8.1	4.5	11.3
<b>Middle East</b>	4.9	5.2	3.3	7.5	5.5	1.2	8.2	5.1	7.9
<b>Asia</b>	6.7	3.3	3.8	22.7	6.4	2.8	18.2	6.7	3.7
China	10.4	9.2	7.8	28.1	8.8	6.2	22.0	8.8	3.6
Japan	4.5	-0.6	1.9	27.5	-0.6	-1.0	10.1	4.3	3.7
India	10.1	7.9	5.2	25.7	15.0	-0.5	22.7	9.7	7.2
<b>Newly industrialized Asian economies*</b>	8.2	4.0	1.8	20.9	7.8	1.6	17.9	2.7	1.5

\* Hong Kong, South Korea, Singapore and Taiwan

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from July 2013.

The analysis of trade flows by particular regions shows that, in 2012, what increased the most were exports of Africa – by 6.1%. Nevertheless, it is important to remember about political turbulence which

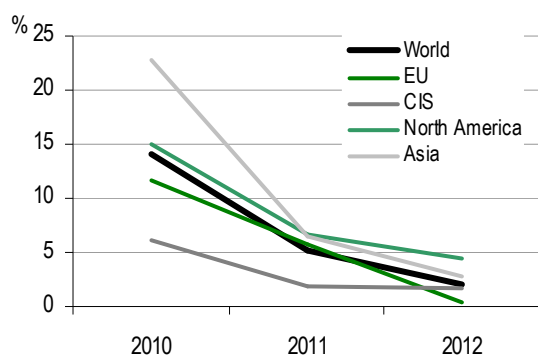
took place in North Africa in 2011 and which caused a decrease in exports of 8.5% at that time. In 2012, Africa was the continent which recorded the fastest growth also in imports – 11.3% (i.e. 6 times faster than on average) compared to 4.5% in 2011.

The volume of exports increased in 2012 relatively fast in the case of North America (4.5%), including the United States (4.1%). At the same time, imports to the region increased more slowly – by 3.1% and, as for the US, by 2.8%.

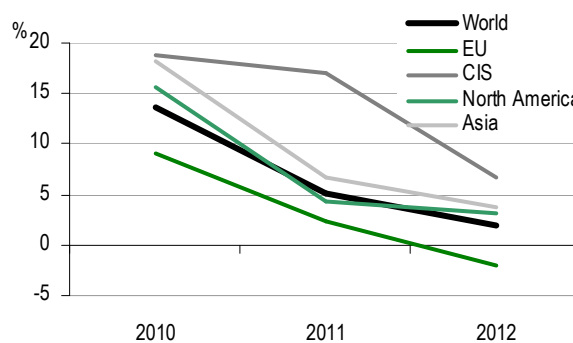
Although the growth in exports of Asian countries (of 2.8%) was 0.7 p.p. faster than on average, it was 3.6 p.p. slower than in 2011. The relatively slow growth of the volume of Asian exports resulted from declines recorded in the case of Japanese (1%) and Indian (0.5%) exports. In contrast, Chinese exports increased by 6.2% at that time. Imports to Asia increased faster than exports – by 3.7%, including to China (by 3.6%), to India (by 7.2%) and to Japan (by 3.7%).

**Chart 1 Changes in the volume of trade in goods in selected countries and groups of countries in the years 2010-2012**

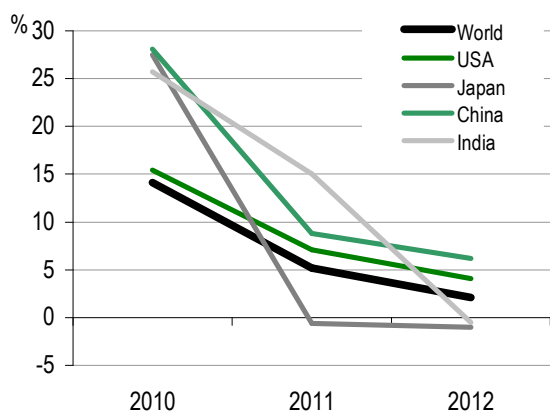
**Changes in the volume of exports**



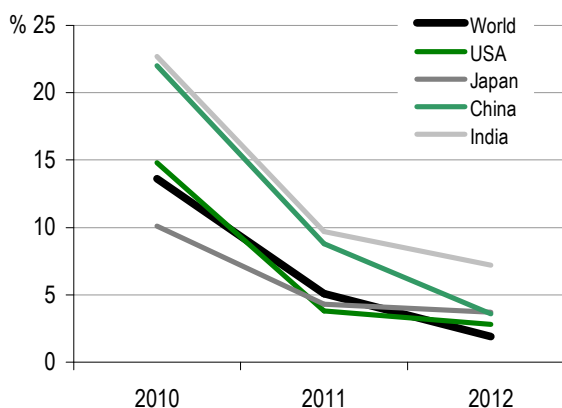
**Changes in the volume of imports**



**Changes in the volume of exports**



**Changes in the volume of imports**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from July 2013.

The volume of exports grew slower than on average in the countries of the Commonwealth of Independent States (1.6%) and in Europe (0.6%). Although exports of CIS markets increased only slightly (in terms of volume), increasing – due to high crude oil prices – export revenues made it possible to finance imports, the volume of which increased by 6.8%. Europe, in turn, was the only region in the world in which, in 2012, a decrease in imports of 1.9% was recorded.

### 1.1.3.2. Global trade in goods at current US dollar prices

The value of global exports of goods expressed in US dollars reached the level of USD 18.3 trillion and turned out to be only 0.2% higher than a year before. The slower growth in global exports, in term of value and not volume, resulted from a decline in global commodity prices.

**Table 5 Changes in world merchandise trade in goods by region and selected economies in the years 2005-2012 (in USD terms)**

	Exports					Imports				
	2012	2005-2012	2010	2011	2012	2012	2005-2012	2010	2011	2012
	USD billion		in %			USD billion		in %		
<b>World</b>	17,850	8	22	20	0	18,155	8	21	19	0
<b>North America</b>	2,373	7	23	16	4	3,192	5	23	15	3
United States	1,547	8	21	16	5	2,335	4	23	15	3
Canada	455	3	23	17	1	475	6	22	15	2
Mexico	371	8	30	17	6	380	8	28	16	5
<b>South and Central America</b>	749	11	25	27	0	753	14	30	25	3
Brazil	243	11	32	27	-5	233	17	43	24	-2
Other	506	11	22	28	2	520	13	24	25	5
<b>Europe</b>	6,373	5	12	18	-4	6,519	5	13	17	-6
European Union	5,792	5	12	18	-5	5,927	5	13	17	-6
Germany	1,407	5	12	17	-5	1,167	6	14	19	-7
Netherlands	656	7	15	16	-2	591	7	17	16	-1
France	569	3	8	14	-5	674	4	9	18	-6
United Kingdom	468	3	17	21	-7	680	4	14	14	1
Italy	500	4	10	17	-4	486	3	17	15	-13
Commonwealth of Independent States	804	13	31	34	2	568	15	25	30	5
Russia	529	12	32	30	1	335	15	30	30	4
<b>Africa</b>	626	11	30	17	5	604	13	16	18	8
South Africa	87	8	31	21	-11	123	10	27	29	1
Other	539	11	30	16	8	481	14	13	15	9
Oil exporters*	370	11	34	15	12	179	14	10	10	8
Other	169	11	22	20	-1	303	14	15	18	10
<b>Middle East</b>	1,287	13	28	37	3	721	12	13	17	6
<b>Asia**</b>	5,640	11	31	18	2	5,795	12	33	23	4
China	2,049	15	31	20	8	1,818	16	39	25	4
Japan	799	4	33	7	-3	886	8	26	23	4
India	293	17	37	34	-3	489	19	36	33	5
<b>Newly industrialized Asian economies***</b>	1,280	8	30	16	-1	1,310	9	32	19	0

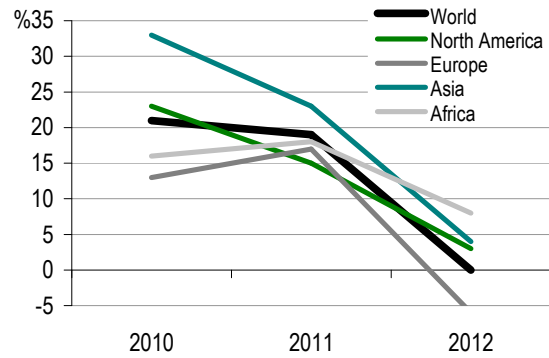
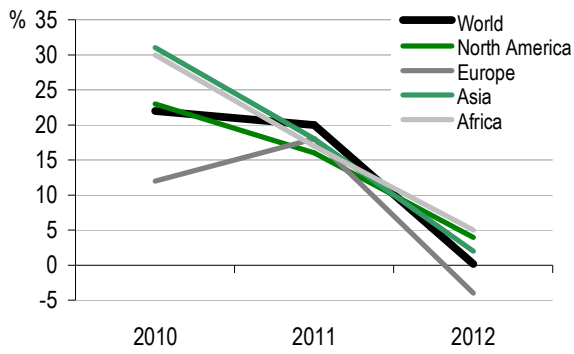
\* Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan

\*\* Asia includes also Australia and Oceania

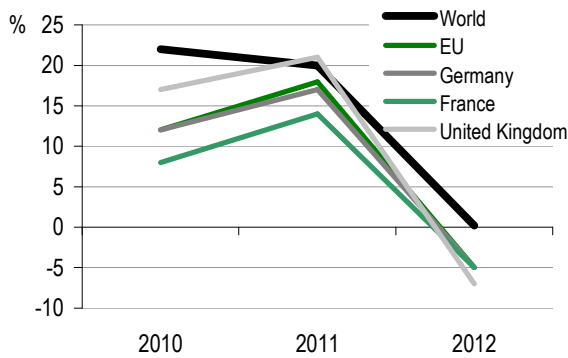
\*\*\* Hong Kong, South Korea, Singapore and Taiwan

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from July 2013.

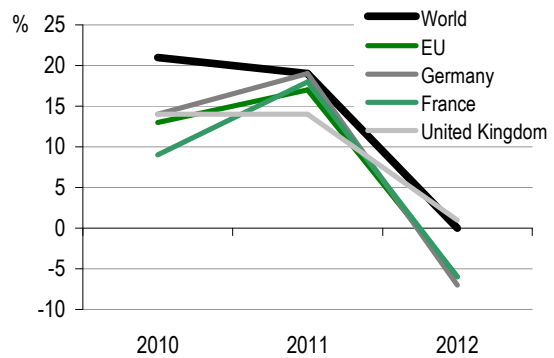
**Chart 2 Changes in trade in selected groups and countries in the years 2010-2012 (in USD terms)**  
**Changes in exports per continent**      **Changes in imports per continent**



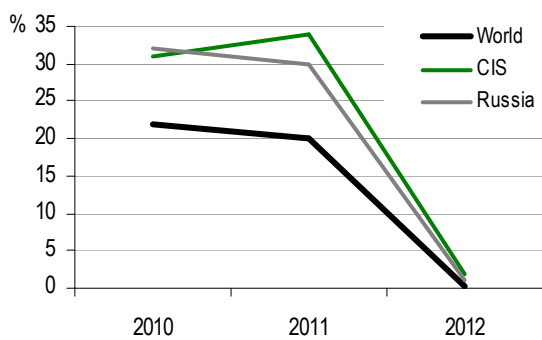
**Changes in exports in the EU**



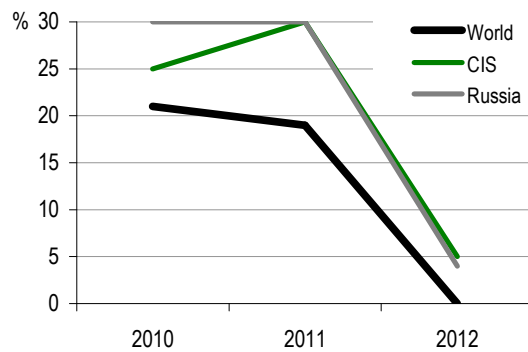
**Changes in imports in the EU**



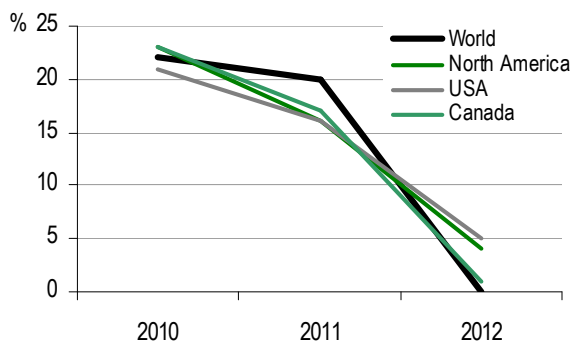
**Changes in exports in the CIS**



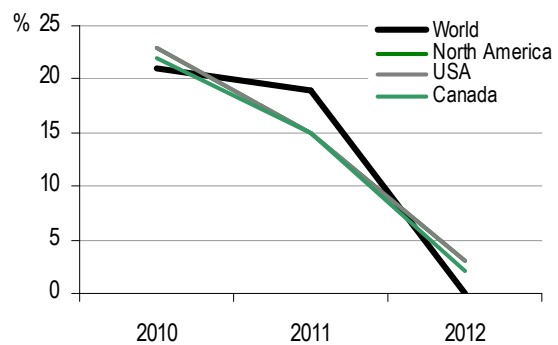
**Changes in imports in the CIS**

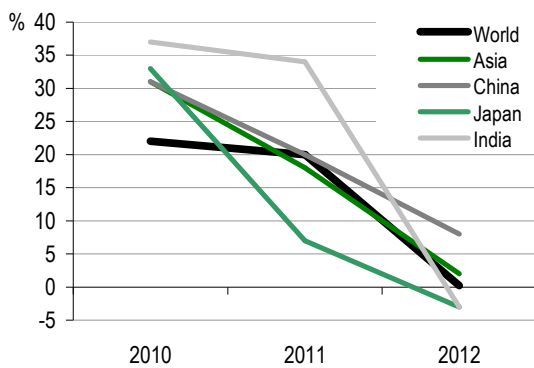
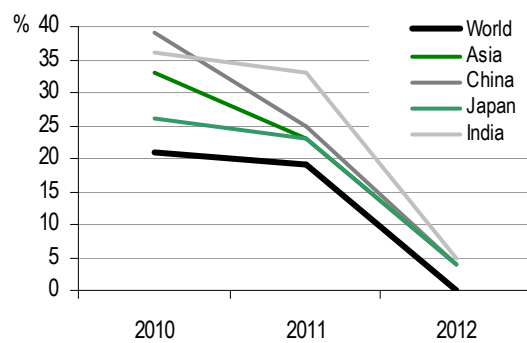


**Changes in exports in North America**



**Changes in imports in North America**



**Changes in exports in Asia****Changes in imports in Asia**

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from July 2013.

The largest part of global exports in goods is still recorded in Europe, although its share in 2012 decreased by 1 p.p., to 36%. It was a consequence of a 4% decline in the value of exports of this region which amounted to USD 6.37 trillion. As for the Europe's share in global imports, it was 36% compared to 38% in 2011. The value of European imports of goods dropped by 6%, to the level of USD 6.52 trillion.

A slightly more considerable decline than in the case of the entire Europe was recorded in European Union's exports – 5%, to the level of approx. USD 5.8 trillion. A decrease was also observed in the case of the biggest economy in the region, i.e. German economy – 5%, to USD 1.4 trillion. At the same time, imports to Germany decreased even more than exports, i.e. by 7%, to approx. USD 1.17 trillion. Declines in the value of trade were noted also in other major EU economies, including, exports in Great Britain (by 7%, to approx. USD 470 billion), France (by 5%, to nearly USD 600 billion), Italy (by 4%, to USD 500 billion). As far as imports are concerned, they declined the most in Italy (13%, to approx. USD 490 billion) and in France (6%, to approx. USD 670 billion). In comparison to the above presented figures, foreign trade of the Netherlands was in a relatively good condition, as exports decreased by 2% (to approx. USD 660 billion) and imports – by 1% (to approx. USD 590 billion).

The second region of the world, as far as share in trade of goods is concerned, is Asia which in 2012 represented 32% of both global exports and imports. Exports of Asian markets increased by 2% to the value of USD 5.64 trillion, while imports were growing 2-fold faster, i.e. by 4%, to almost USD 5.8 trillion. The increase in Chinese exports was much faster (8%, to over USD 2 trillion) than the average growth recorded in that part of the world. China is the world's largest exporter of goods, however, a year before, the increase amounted to 20%. The value of India's exports decreased in 2012 by 3% (to almost USD 300 billion) after its dynamic growth of 34% recorded in 2011, while Indian imports increased by 5%, to reach the value of USD 490 billion. In turn, as far as the largest developed economy of the region – Japan – is concerned, exports amounted to USD 800 billion and were 3% lower than an year before, while imports reached the level of almost USD 890 billion and were 4% higher than in 2011.

In US dollar terms, like in volume terms, the trade in goods was increasing in the fastest manner in African countries – exports increased by 5%, to almost USD 630 billion, and imports – by 8%, to approx. USD 600 billion. The relatively fast growth in Africa's exports resulted from its dynamic increase in countries which export crude oil (i.e. Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan) – 12%, to USD 370 billion. At the same time, exports of South Africa amounted to less than USD 90 billion and were 11% lower than a year before. The share of the entire African region in global exports was equal to 4%, while in imports – to 3%.

The value of exports of goods from North American countries increased by 4%, to USD 2.37 trillion, which constituted 13% of global exports. In turn, imports of the region increased by 3%, to nearly USD 3.2 trillion, and their share in total global imports amounted to 18%. Exports of the United States economy, which dominates in this part of the world, increased a little bit faster, i.e. by 5%, to approx. USD 1.55 trillion. As for imports to the US, they increased at a similar pace as in the entire region and reached the level of approx. USD 2.34 trillion.

Exports of South and Central America, which amounted to approx. USD 750 billion, remained at the same level as the year before, while imports increased by 3%, to about USD 750 billion. In the largest economy of the region – Brazil – the value of exports declined by 5%, to approx. USD 240 billion, and the value of imports – by 2%, to approx. USD 230 billion. In 2012, the share of the region, both in global exports and in global imports, reached the level of 4%.

**Table 6 World's leading exporters and importers of goods in 2012**

No.	Exporters	Value USD bn	Share in %	Annual change	No.	Importers	Value USD bn	Share in %	Annual change
1	China	2,049	11.2	8	1	United States	2,335	12.6	3
2	United States	1,547	8.4	5	2	China	1,818	9.8	4
3	Germany	1,407	7.7	-5	3	Germany	1,167	6.3	-7
4	Japan	799	4.4	-3	4	Japan	886	4.8	4
5	Netherlands	656	3.6	-2	5	United Kingdom	680	3.7	1
6	France	569	3.1	-5	6	France	674	3.6	-6
7	Republic of Korea	548	3.0	-1	7	Netherlands	591	3.2	-1
8	Russia	529	2.9	1	8	Hong Kong	554	3.0	8
9	Italy	500	2.7	-4	9	Republic of Korea	520	2.8	-1
10	Hong Kong	493	2.7	8	10	India	489	2.6	5
11	United Kingdom	468	2.6	-7	11	Italy	486	2.6	-13
12	Canada	455	2.5	1	12	Canada	475	2.6	2
13	Belgium	446	2.4	-6	13	Belgium	435	2.3	-7
14	Singapore	408	2.2	0	14	Mexico	380	2.0	5
15	Saudi Arabia	386	2.1	6	15	Singapore	380	2.0	4
16	Mexico	371	2.0	6	16	Russia	335	1.8	4
17	Taiwan	301	1.6	-2	17	Spain	332	1.8	-12
18	United Arab Emirates	300	1.6	5	18	Taiwan	270	1.5	-4
19	India	293	1.6	-3	19	Australia	261	1.4	7
20	Spain	292	1.6	-5	20	Thailand	248	1.3	8
21	Australia	257	1.4	-5	21	Turkey	137	1.3	-2
22	Brazil	243	1.3	-5	22	Brazil	233	1.3	-2
23	Thailand	230	1.3	3	23	United Arab Emirates	220	1.2	7
24	Malaysia	227	1.2	0	24	Switzerland	198	1.1	-5
25	Switzerland	226	1.2	-4	25	Malaysia	197	1.1	5
26	Indonesia	188	1.0	-6	26	Poland	196	1.1	-7
27	Poland	183	1.0	-3	27	Indonesia	190	1.0	8
28	Sweden	172	0.9	-8	28	Austria	178	1.0	-7
29	Austria	166	0.9	-6	29	Sweden	162	0.9	-8
30	Norway	160	0.9	0	30	Saudi Arabia	144	0.8	9
	<b>Total</b>	<b>14,870</b>	<b>81.2</b>			<b>Total</b>	<b>15,270</b>	<b>82.3</b>	
	<b>World*</b>	<b>18,325</b>	<b>100.0</b>	<b>0</b>		<b>World*</b>	<b>18,565</b>	<b>100.0</b>	<b>0</b>

\* the data include the value of re-exports and imports for re-exports

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from July 2013.



In CIS countries, 2012 exports accounted for approx. USD 800 billion, which means an increase of 2%. As for imports of the region, they increased by 5%, to reach the level of approx. USD 570 billion. CIS markets constituted 5% of global exports and 3% of imports. Trade in goods in the Russian economy increased a little bit more slowly than in the entire region – by 1% in the case of exports (to USD 530 billion) and by 4% in the case of imports (to USD 335 billion).

As indicated earlier, the world's largest exporter of goods in 2012 was China, which occupy this position for the fourth year in a row. The share of this market in global exports amounted to 11.2% compared to 10.4% recorded a year before. Further positions, as far as global exports of goods is concerned, were occupied – like a year before – by the United States and Germany, with share of 8.4% (i.e. about USD 1.55 trillion) and 7.7% (i.e. about USD 1.4 trillion) accordingly, while in the previous year the value of exports of the two economies was similar (the US – USD 1.48 trillion, Germany – USD 1.47 trillion), and the share in global exports of each of them was equal to 8.1%. The strengthening of the advantage of the United States over Germany was caused by an increase of 5% in the value of American exports, which was recorded when the value of German exports decreased by 5%.

As far as the 2012 list of the world's leading importers of goods is concerned, it includes – like a year before – the United States (12.6%), China (9.8%) and Germany (6.3%).

As for global exports of goods, in 2012 Poland recorded a share of 1% (i.e. USD 183 billion), which allowed it to remain the 27<sup>th</sup> largest exporter in the world. As far as global imports are concerned, Poland lost the 24<sup>th</sup> position it occupied in 2011, to be the 26<sup>th</sup> largest importer in 2012. Its share accounted for 1.1% (USD 196 billion).

The value of global exports of services increased in 2012 by 2%, to reach the level of USD 4.3 trillion. According to WTO estimates, services account for approx. 19% of total global trade in goods and services.

The fastest growth was observed in the case of exports of tourism services (4%, to over USD 1.1 trillion), which constitute over 25% of global exports of services. In turn, exports of transport services – accounting for over 20% of exports of services – increased by 2%, to USD 885 billion.

The slowest growth was observed in the exports of other services (1%, to USD 2.35 trillion), representing 54% of total global exports of services. However, varied rates of growth were noted in the case of particular types of services included in this broad category. The value of exports of computer and information services and of construction services increased in the fastest manner (by 6%, to USD 265 billion, and by 3%, to USD 110 billion correspondingly). In contrast, the most considerable declines were noted in the case of exports of financial services (4%, to USD 300 billion) and communication services (3%, to USD 100 billion) including postal services, courier and telecommunications services.

The pace of growth in trade of goods was different according to particular regions and countries. In Europe, which in 2012 accounted for 47% of global exports and 41% of global imports, foreign trade in serviced decreased by 3% – to approx. USD 2 trillion in the case of exports and USD 1.68 trillion in the case of imports. The most considerable declines among the major EU economies were recorded in France (7% in exports and 10% in imports) as well as in the Netherlands (7% and 5% respectively). In the case of Great Britain, exports of services decreased by 4%. As far as imports of services in concerned, deep declines were noted in those EU countries which were the most affected by the debt crisis – Italy (8%), Portugal (16%), Greece (18%).

Foreign trade in services increased, in contrast, in the United States – by 4% in the case of exports, to USD 614 billion, and by 3% in the case of imports, to USD 406 billion – which are the leading world's exporter and importer of services.

Trade in goods increased also in Asia (by 6% in exports and 8% in imports), which in 2012 accounted for 27% of global exports in services (USD 1.16 trillion) and 29% of imports (USD 1.18 trillion). As for this region, exports of services grew at the fastest pace in the Republic of Korea (by 16%, to USD 109 billion), India (by 8%, to USD 148 billion) and Hong Kong (by 7%, to USD 126 billion). A decrease of 2% (to USD 140 billion) was recorded in the case of exports of services from Japan. As far as imports are concerned, imports of services grew in this region at the fastest pace in China – by 19%, to USD 281 billion.

However, as far as individual economies are concerned, the position of the leader among both exporters and importers of services – as it was already mentioned – belongs to the United States, the share of which amounted to 14.1% in global exports and to 9.9% in global imports. The country was followed by Great Britain (6.4%) and Germany (5.9%) in the case of exports, and by Germany (6.9%) and China (6.8%) in the case of imports.

In the year 2012, Poland maintained its position from the previous year, which means it remained the 30<sup>th</sup> the world's largest exporter of services (with a share of 0.9%, i.e. USD 38 billion) and 32<sup>nd</sup> importer (0.8%, USD 37 billion).

#### 1.1.4 Development prospects for global economy and selected markets

The year 2013 should bring a reversal of downward development trends observed in the recent years. Global think tanks and international organisations expect a progressive acceleration in economic activity, both on an international and regional level. Although – according to the latest estimates – the slowdown in the global economy observed since the second quarter of 2011 will continue in 2013, further deepening of the recession should not be expected.

IMF analysts estimate that the scale of global GDP growth in 2013 will be similar to the one of 2012, i.e. 3.1%, while in 2014 it will increase to 3.8% – although a definitely faster growth is expected to be recorded in developing economies – 5% in 2013 and 5.4% in 2014, while in developed countries it will amount to 1.2% and 2.1% correspondingly.

**Table 7 Changes in the global GDP and world trade (in goods and services) in the years 2010-2014**

	2010	2011	2012	2013*	2014*
<b>World real GDP growth</b>	5.0	3.7	3.0	3.1	4.0
<b>World real trade growth</b>	12.7	6.1	2.7	3.6	5.8
<b>OECD exports</b>	11.3	5.7	2.7	2.2	5.2
<b>OECD imports</b>	11.2	4.9	1.3	1.5	4.4

\* forecast

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of OECD data from May 2013.

The slow economic recovery is expected to be followed by an acceleration of growth in international trade. Although in 2013 the pace of its growth will increase to 3.6% (according to OECD), as soon as in 2014 it should amount to 5.8%.

In the **United States** – the world's largest and the most technologically advanced economy – after the economic growth had slowed down in 2011 to 1.8%, the year 2012 brought an acceleration and an increase in the GDP at the level of 2.2%. It was primarily due to an increase in government expenditure,

including, above all things, the fact that Fed allocated USD 85 billion every month to the market within the frame work of an action consisting in redeeming bonds.

Factors which favoured economic growth in the US in 2012 included domestic demand, which grew much faster than a year before (by 2.1%), and gross fixed capital formation, which increased by 6.1%. A further improvement of the situation in the labour market was also observed, as the unemployment rate, which amounted to 8.9% in the previous year, decreased to 8.1%.

The precarious situation in the European markets, which are the recipient of approx. 20% of American goods, and a general slowdown in the global economy caused deceleration in the US trade with foreign countries. After a relatively fast growth in the volume of exports of goods and services in 2012 (by 11.3%) and in 2011 (by 6.7%), a considerable slowdown to 3.4% was recorded in 2012. An analogous trend was also observed in the case of imports. They increased by 2.4%, compared to 4.9% in 2011 and 12.5% in 2010. According to OECD forecasts, in 2013 further decrease in volume of trade should be expected – up to 2.2% in the case of exports and 2.4% in the case of imports.

As expected by international organisations, in 2013 the economy of the US will again slow down slightly. According to both IMF and OECD, the GDP growth will amount to 1.9%. The crucial factor in the process will be a decline in the dynamics of fixed capital formation (to 5.1%) and domestic demand (to 1.9%). The causative factor of these processes probably will be the announced gradual resignation of Fed from buying assets. Moreover, in 2013, further decrease in the unemployment rate (to 7.5%) and a decline in the inflation rate (to 1.6%) are expected.

After the earthquake and tsunami of March 2011, which led to the greatest disaster in the post-war period in **Japan** and directly influenced the economic condition of this Asian market, the GDP, which increased by 4.7% in 2010 and decreased by 0.7% in 2011, increased by 2% in 2012.

The GDP growth resulted primarily from an increase of 2.9% in domestic demand, including private consumption – by 2.3% – and gross fixed capital formation – by 4.4%. As for the negative impact on the economic growth, it was due to a slowdown in exports, which for years constituted the driving force of the Japanese economy. Like in the case of other economies, it resulted from a deteriorating economic situation in world markets, including a deceleration noted in China.

It is possible to expect that in 2013 Japan will remain on the path of economic recovery – OECD estimates a GDP growth at the level of 1.6%, which will be supported by a government program worth 20.2 trillion yen (USD 227 billion). 13 trillion yen (USD 146 billion) will be guaranteed by the Japanese government, and the rest will come from local authorities and from the private sector. Thanks to the package supporting the economy, 600 thousand new jobs are supposed to be created in Japan, and a GDP growth will – according to estimates – reach the level of 2%. The method to combat the crisis adopted by the Japanese government is therefore opposite to the one implemented in the European Union. Stimulating economic growth, as well as supporting the increase in competitiveness of the Japanese economy, takes place with an active participation of increasing budgetary spending.

After a period of post-crisis economic recovery in the **euro area** in 2010 (GDP growth of 1.9%), in 2011 the growth slowed down to 1.5%, and in 2012 the GDP decreased by 0.5%. It was a consequence of the debt crisis and of the weakness of public finance, in particular in countries such as Greece, Spain, Portugal or Ireland and Italy, which caused growing uncertainty and an increase in investment risk as well as in costs of aid. As a result, the situation in most EU markets was deteriorating.

According to OECD forecasts, in 2013, the euro area economy will also record a deepening further decline in economic activity – it is estimated that the GDP will decline by 0.6% – and it will enter the path of progressive growth as late as in 2014, when a GDP growth of 1.1% is foreseen. The economic recession in 2013 will result from, *inter alia*, further decline in domestic demand (by 1.2%) and a decrease in fixed capital formation (by 3%). On the other hand, in 2012, inflation will decrease (to 1.5%).

In comparison to the deteriorating situation of the global economy observed in 2012, the German market, which is crucial for Poland and which also did not avoid these phenomena, recorded relatively good results. Throughout the entire year, the growth of the German economy amounted to only 0.9%. It is expected that the German GDP growth will continue to slow down. The economic growth of Germany will decrease in 2013 to 0.4% (according to OECD), and will accelerate to 1.9% as late as from 2014.

In 2012, the GDP growth of the countries of the **Commonwealth of Independent States** significantly weakened – to 3.4% compared to 4.8% in 2011. A visible slowdown in the economic growth was observed in the case of all leading economies, including Russia (from 4.3% in 2011 to 3.4% in 2012), Ukraine (from 5.2% to 0.2%), Belarus (from 5.5% to 1.5%), Kazakhstan (from 7.5% to 5.5%).

Although in 2011 pro-growth factors, in the case of CIS countries, included crude oil and raw material prices, which remained at a quite high level, as well as a significant increase in agricultural production in economies which were affected by drought in the previous year (e.g. Russia, Kazakhstan, Belarus and Armenia), in 2012 it turned out that maintaining prices of energy resources at a high level did not guarantee fast economic growth.

The situation in Russia indicates that the country is no longer able to discount favourable external conditions to maintain fast economic growth. Although the price of URALS oil exported by Russia remained at a high level and even slightly increased, all economic growth parameters deteriorated in the Russian economy, which indicated that without structural reforms it was not possible to maintain economic growth on the basis of current model of raw material exports. Industrial production increased in 2012 by 2.6% compared to 4.7% in 2011. Agricultural production, after an increase of 23% in 2011, recorded a decline of 4.7%. Dynamics of investment and construction also decreased (from 8.3% to 6.7% and from 5.1% to 2.4% respectively).

It is foreseen that, in 2013, CIS countries will stifle downward trends in activity and will maintain the pace of economic growth at the level similar to the one achieved in 2012. Factors which slow economic growth in these countries are of structural nature. In order to eliminate them, it is necessary to step away from the current growth model with a dominant role of the state and the exports of energy resources, which make the economy dependent on cyclical factors. It is interesting to notice that prospects remain negative in the case of Ukrainian economy, in which stagnation in 2013 is foreseen. A slowdown can be observed also in the case of economies of Central Asia. A gradual improvement of the situation is expected in Belarus, in which the slowdown was caused, to a large extent, by a currency crisis, as well as by restrictive fiscal and monetary policies which were necessary to combat high inflation.

The most serious threat to the development of the situation in the CIS region is posed by uncertainty related to the crisis in the euro area – European countries are the recipients of approximately 1/3 of CIS exports and, therefore, the situation in Europe may cause a slowdown in exports of the countries of the Community, in particular of Russia. The second factor which can negatively impact economic growth in the CIS countries is a potential decline in world prices of goods and raw materials. However, prices of energy resources, on which CIS economies depend to a large extent, will, according to most analysts, remain at a high level, although in the case of natural gas downward trends are inevitable.

The downturn in the global economy of 2012 resulted also in a slowdown of growth in **Asian countries**. Nevertheless, the region still continued to develop much faster than other ones. Developing Asian markets grew at the most rapid pace (by 6.6%). In comparison with the weakening of economic growth in most countries, some Asian markets recorded an acceleration, e.g. Thailand and the Philippines, Malaysia and Pakistan.

A slowdown in growth in Asian countries was a consequence of the influence of mainly external conditions. The most visible impact of the crisis in the euro area on Asian economies was a decrease in the growth of their exports from 22.7% in 2010 to 6.4% in 2011, and as little as 2.8% in 2012. In China, the pace of the growth in exports declined from 28.1% to 8.8% and 6.2% in 2012, while in the case of India a growth of 25.7% decreased to 15%, and in 2012 a decline of 0.5% was noted.

Generally relatively favourable performance recorded in 2012, despite of the slowdown, in most Asian economies resulted from strong domestic demand, which in some cases compensated for the slowdown in exports. Such situation took place in the most important economy in this part of the world – the Chinese one – which for a couple of years have been recording quite high economic growth, despite of deteriorating conditions in its external environment. However, it did not avoid the slowdown. The Chinese GDP increased by 7.8% compared to an increase of 9.3% in 2011 and of 10.4% in 2010. The main pro-growth factors include in this case strong consumption and investment, determined by increasing revenues of households and high profits of enterprises.

The Chinese economy which, similarly to many other markets in the region, faced the problem of high inflation, achieved a success in this field in 2012, as the level of consumer prices increased by only 2.6%, compared to 5.4% in 2011.

In 2012, a significant decrease from 7.7% in 2011 to 4% in GDP growth was noted in India. Such a situation was caused, like in the case of other economies of this group, mainly by deteriorating conditions in the external environment and, as a result, a collapse in exports which decreased by 0.5% and ceased to act as a growth factor.

According to IMF forecasts, in 2013 Asian developing countries will record a growth of 6.9%, which means it will be slightly faster than in 2012 (6.5%). The highest GDP growth is still expected in China (7.8%) and in India (5.6%), as well as in Indonesia (6.3%), in the Philippines (6%), and in Thailand (5.9%). Further acceleration in economic growth is foreseen to be observed in 2014. However, some of Asian economies, such as India, Vietnam or Indonesia, will still be facing high inflation.

## 1.2 Internal conditions – general situation of Polish economy

On a global scale, the year 2012 was characterised by a slowdown in economic growth. The situation was particularly difficult in the case of euro area countries which, due to problems of fiscal nature, had – for the second time in the history of the common currency area – to face recession (decrease in the real GDP at the level of 0.6% compared to 2011). In the entire European Union, the GDP was 0.4% lower. The decline in economic activity in the EU had negative influence on the condition of the labour market; in certain countries unemployment exceeded the level of 20%.

In 2012, external conditions did not favour process of generating added value in the Polish economy. Escalating fiscal problems in the euro area contributed to the aversion to risk which, in turn, limited the interest of investors in our region. Like in the previous year, an element which mitigated the negative impact of the debt crisis in the euro area on the perception of Poland as a good place to invest capital

was the process of fiscal consolidation which was taking place the country. On the other hand, efforts aimed to reduce the relation of public debt to GDP restricted the ability to create domestic demand by means of spending impulses.

Despite of unfavourable external conditions, Polish economic growth, which in 2012 amounted to 1.9%, was one of the highest ones among European Union countries (5th score in the EU, behind Latvia, Lithuania, Estonia and Slovakia, the GDP growth of which was equal to 5.6%, 3.7%, 3.2% and 2% correspondingly).

The majority of basic macroeconomic indicators of 2012 showed a favourable dynamics of changes, although in the second half of the year it was possible to notice first symptoms of a slowdown.

Although in the first two quarters of 2012 the process of rebuilding the investment potential – measured on an annual basis – was continued, in the 2<sup>nd</sup> part of the year the value of gross fixed capital formation actually declined. It was partially a consequence of a high statistical base from the previous year and, on the other hand, of continuous trend to postpone investment decisions observed in the corporate sector in relation to the expected economic downturn. As a result, in the entire year, the investment rate was 0.8% lower. The situation had a negative impact on the GDP growth in the analysed period.

In 2012, the dynamics of individual consumption were lower than a year before. It was caused by an increase in food prices, dwelling costs and fuel prices, as well as by a difficult situation in the labour market – employment in the corporate sector was only slightly higher than in 2011, and a decline in real wages was recorded. What is more, the value of loans to individuals was lower. As a consequence, the the role of the stimulator of Polish growth was played, for another year, by foreign demand. Due to an increase in exports, accompanied by a considerably slower growth in imports, the contribution of net exports in the entire 2012 exceeded 2 p.p.

A decrease in the economic activity in the country was reflected in the second part of the year by sector indicators. Although the growth of sales in industry was in 2012 0.8% higher than in 2011, in the second half of the year it was possible to observe a decrease which was visible especially in the fourth quarter. In the case of construction output, a clear decline was recorded in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2012 due to a finalisation of certain investment projects related to preparations of Euro 2012, which were favourably influenced the sector's condition in recent years.

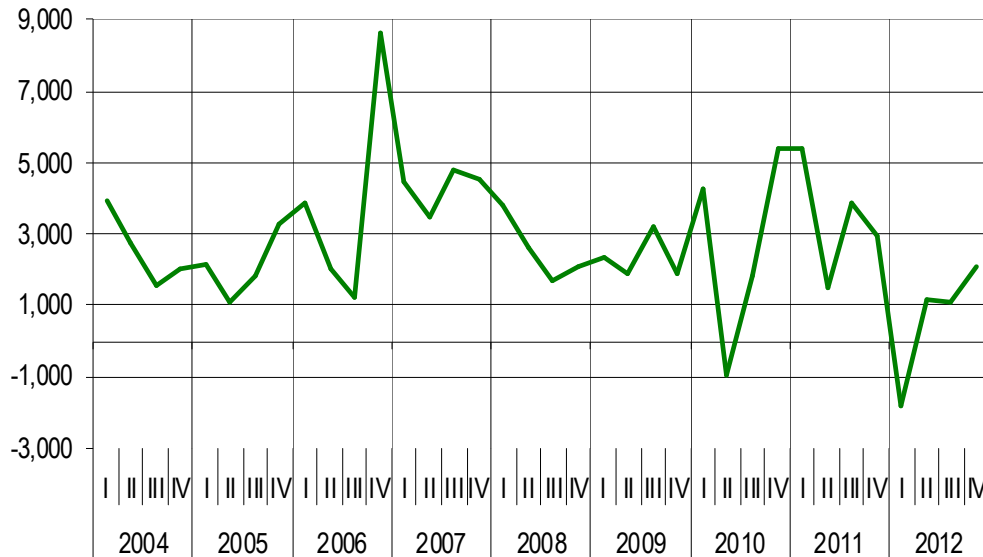
Changes in the structure of domestic and foreign demand are strictly related to the role played by particular sectors of the economy in the economic growth over the years. In 2012, the service sector, which had been developing for a couple of years, maintained its positive contribution to the creation of value added. After the period of economic downturn, during which the contribution of industry to GDP formation became almost neutral, in the years 2010-2012 the impact of industry on GDP growth became positive again.

In the 2008-2011 period, the inflow of direct investments on a global scale was strongly influenced by crisis phenomena which reduced the flow of investment. Thanks to the fact that the crisis in Poland was relatively mild, the country did not experience such a significant reversal of investors as it was in the case of other countries of Central and Eastern Europe. In 2011, FDI inflows into Poland increased in comparison to those recorded in 2010 by approx. 30% and accounted for EUR 13.5 billion compared to EUR 10.6 billion in 2010.

The growth in the value of foreign investments in 2011 was related to a significant increase in the value of cross-border mergers and acquisitions, and it took place during a reduced inflow of greenfield

investments. In 2011, like in recent years, an increase in the number of foreign investment projects in the service sector was also noted. It resulted in a growth in the share of the said sector in the sectoral structure of FDI inflows.

**Chart 3 Inflow of foreign direct investments to Poland in the years 2004-2012 (in EUR million)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of quarterly data of the National Bank of Poland.

According to the data of the National Bank of Poland, in 2012, approximately EUR 2.5 billion were invested in Poland in relation to FDI. The value was principally due to an outflow of capital in transit (financial flows, which do not influence employment and production) in the amount of EUR 5 billion. Without this type of transactions taken into account, in 2012 over EUR 7 billion were invested in Poland in investment projects connected with production<sup>1</sup>.

According to data presented in the latest *World Investment Report*, the value of announced investment projects (*greenfield*) in Poland amounted to EUR 8.9 billion (USD 11.5 billion), which placed Poland, as far as the value of new projects is concerned, in the second place in Europe – after Great Britain. At the same time, Poland remains an undisputed leader in the region in terms of accumulated value of FDI (EUR 177 billion). In the annual UNCTAD survey, Poland occupied the 4<sup>th</sup> place in Europe and the 1<sup>st</sup> place in the region of Central and Eastern Europe on the list of the most attractive investment locations among countries of the world in the years 2013-2015. The attractiveness for investments is confirmed also by a ranking elaborated by Ernst&Young, the results of which are definitely positive from the Polish point of view. According to this year's report, Poland is the 7<sup>th</sup> country in Europe in terms of the number of investment projects (148 projects in 2012 compared to 121 projects in 2011, an increase of 22.3%) and the 3<sup>rd</sup> in terms of the number of new jobs (13.1 thousand jobs in 2012 compared to 7.8 thousand in 2011, an increase of 67.3%). In other words, Poland was a leader as far as the improvement of results in the 2011-2012 period is concerned.

In addition to automotive and engineering sectors, industries which allow for operating costs reduction are gaining importance. The interest in the ITC sector is increasing, and Poland is becoming an important European service centre – including in particular knowledge-based services. Foreign

<sup>1</sup> According to the data of the National Bank of Poland, also in May of the current year a transaction was conducted due to which an outflow of capital in transit in the amount of EUR 3,125 billion was recorded. It distorts the statistics regarding FDI after 5 months of 2013.

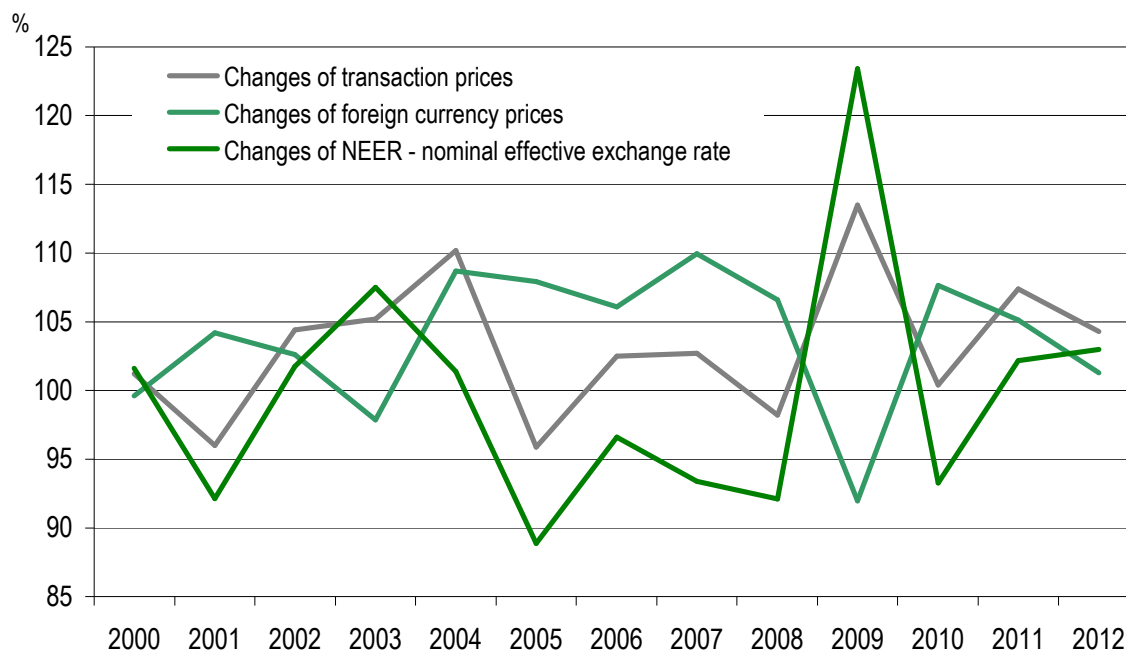
companies are increasingly willing to open in Poland business process outsourcing centres (BOP), shared service centres (SSC), as well as research and development centres (R+D), as they appreciate the quality and quantity of human capital in our country.

2012 was another year in which the external environment of the Polish trade was unstable and was characterised by a high level of uncertainty. The slowdown in the GDP growth, and even its decline in certain markets, resulted in a slowdown in external demand of these markets which, in addition to the exchange rate, constitutes one of the main factors determining Polish exports and general trade in goods. In 2012, like a year before, the negative impact of economic downturn in markets of the most important recipients of Polish goods was, to a certain extent, mitigated thanks to a pro-export influence of the depreciation of the zloty against the euro (as the dominant currency used for the purposes of settlements in the Polish trade) and against the US dollar recorded in the first half of the year.

After the euro appreciated against the zloty by 3.1% in 2011, in the first half of 2012 (yoy) it strengthened even more, i.e. by 7.4%. This favourable, from the point of view of the competitiveness of Polish exports, trend reversed in the second half of 2012, when the common currency depreciated by 3.7% – in Q3 by 0.2% and in Q4 by 6.9% (yoy). As a result, in the entire 2012, the euro exchange rate was 1.6% higher than the zloty exchange rate.

The zloty depreciated considerably against the US dollar (the currency used in the case of approx. 25% of settlements in Polish exports). After the US dollar exchange rate expressed in the zloty decreased in 2011 by 1.7%, it increased in 2012 by 9.9%. Like in the case of euro, the most significant strengthening of the American currency was observed in the 2<sup>nd</sup> quarter of 2012 (by 20.8%). Afterwards, in the Q3, the US dollar exchange rate expressed in the zloty increased by 12.7% and, in the Q4, it decreased by 3.3%.

**Chart 4 Changes in the pace of growth in transaction, foreign currency and NEER prices in exports in the years 2000-2012 (yoy)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland and the Central Statistical Office.



What is more, among factors which directly influence the profitability of foreign trade, an important place is held by transaction prices in exports and imports. The changes depend on changes in foreign currency prices as well as on the nominal effective exchange rate – NEER (zloty exchange rate against a basket of major currencies, mainly euro and US dollar). In 2012, the level of foreign currency prices in exports increased by 1.3% after a dynamic growth recorded in the years 2010-2011 of 7.6% and 5.1% correspondingly. Changes in the average exchange rate of the two major currencies used to settle commercial transactions in 2012 had a pro-export impact, which resulted in a growth of 3% in NEER. As for export transaction prices, they increased by 4.3%.



## 2 LONG-TERM CHANGES IN MERCHANDISE TRADE

### 2.1 Changes during the transformation period

From the beginning of the transformation period, the exports of goods from Poland increased, in US dollar terms, almost 12.5 times, to achieve the level of USD 184.7 billion in 2012. Imports, in turn, increased 12.8 times and amounted to USD 198.5 billion. The deficit in the trade in goods, which was equal to USD 0.6 billion in 1991, had been systematically getting deeper in the first decade of the transformation. In subsequent years, fluctuations were observed in the level of deficit, which in 2008 reached a record level of USD 38.6 billion. In 2012, it was reduced to USD 13.8 billion.

**Table 8 Polish foreign trade in the years 1991-2012 according to data of the CSO**

	USD billion			previous year = 100		EUR billion			previous year = 100	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
1991	14,903	15,522	-619	104.1	162.9					
1992	13,187	15,913	-2,726	88.5	102.5					
1993	14,143	18,834	-4,691	107.2	118.4					
1994	17,240	21,596	-4,356	121.9	114.7					
1995	22,895	29,050	-6,155	132.8	134.5					
1996	24,440	37,137	-12,697	106.7	127.8					
1997	25,751	42,307	-16,556	105.4	113.9					
1998	28,229	47,054	-18,825	109.6	111.2					
1999	27,407	45,911	-18,504	97.1	97.6	25,670	43,050	-17,381		
2000	31,596	48,859	-17,263	115.5	106.6	34,322	53,034	-18,712	133.9	123.3
2001	36,040	50,191	-14,151	114.1	102.7	40,316	56,129	-15,813	117.5	105.8
2002	40,943	55,023	-14,079	113.6	109.6	43,330	58,212	-14,882	107.5	103.7
2003	53,450	67,886	-14,435	130.5	123.4	47,399	60,183	-12,784	109.4	103.4
2004	73,781	88,156	-14,375	138.0	129.9	59,698	71,354	-11,656	125.9	118.6
2005	89,378	101,539	-12,161	121.1	115.2	71,423	81,170	-9,746	119.6	113.8
2006	109,584	125,645	-16,061	122.6	123.7	87,926	100,784	-12,858	123.1	124.2
2007	138,785	164,172	-25,387	126.6	130.7	101,839	120,389	-18,551	115.8	119.5
2008	171,860	210,479	-38,619	123.8	128.2	116,244	142,448	-26,204	114.1	118.3
2009	136,641	149,570	-12,929	79.5	71.1	98,218	107,529	-9,311	84.5	75.5
2010	159,758	178,063	-18,305	116.9	119.1	120,373	134,188	-13,815	122.6	124.8
2011	190,247	212,331	-22,083	119.1	119.2	136,694	152,568	-15,875	113.6	113.7
2012	184,661	198,463	-13,803	97.1	93.5	143,456	154,040	-10,584	104.9	101.0

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

Over the last two decades, the value of exports increased in a very dynamic way, in particular in the years 2000-2008, when the annual average growth amounted to 22.8% (in US dollar terms), while in the years 1991-1999 it increased on average by 8.1% a year. As far as average growth in imports is concerned, it was faster in the first decade of the transformation (in the years 1991-1999, 20.4%) than in the years 2000-2008 (18.8%).

These results confirm that Poland's economic growth, including growth in exports – like in the case of the majority of economies undergoing transformation process in the Central and Eastern Europe – is highly dependent on the inflow of foreign investments, which are usually vehicles for innovation and technology and, at the same time, generate investment and supply imports (which currently constitute about 80% of total imports to Poland). The said imports directly influence the development of production potential and the modernisation of the economy. At the same time, they have a crucial impact on the scale of the trade deficit. It is therefore possible to state that an increase in imports – particularly fast at the beginning of transformation – is an integral and natural part of the development of the Polish economy. Additionally, it is important to highlight that an inflow of foreign investments resulting in a growth in imports generates, after some time, also an increase in exports due to engagement of the foreign entities in export activity. It is estimated that the share of entities with foreign capital in Polish exports in goods currently amounts to approximately 60%.

## 2.2 Changes in trade since 2001

The value of the exports of goods from Poland in 2012 amounted to EUR 143.5 billion and was 3.6 times higher than in the year 2001, in which it was equal to EUR 40.3 billion. At that time, imports of goods to Poland increased slower – 2.7 times – to reach the level of EUR 154 billion compared to EUR 56.1 billion at the beginning of the previous decade. As a result, the deficit in the trade of goods was reduced to the level of EUR 10.6 billion, while in the year 2001 it amounted to EUR 15.8 billion.

During that period, exports increased at the fastest pace in the years 2004-2007 – on average by 21% a year. In contrast, in the recent years, the impact of the global economic crisis resulted in significant perturbations in the Polish trade with foreign countries. Although in 2008 the growth in exports slowed down to 14.1%, in 2009 a decline of 15.5% was recorded. Thanks to rapid recovery (as well as to the base effect), in 2010 Polish exports increased by 22.6%, to achieve the value of EUR 120.4 billion, i.e. 3.6% higher than before the crisis (of 2008). It means that it managed to even more than compensate for previous losses. Another deceleration in the global economy caused a slowdown in the Polish merchandise trade with foreign countries in the years 2011-2012, when exports grew by 13.6% and 4.9% respectively.

Like in the case of exports, the growth in imports was also the most considerable in the years 2004-2007 (annual average of 19%) The crisis caused a much more serious collapse in imports to Poland than in exports – in 2009 the decline amounted to 24.5%. Although in 2010 the growth in imports reached the value of 24.8%, its level was still lower than before the crisis (by 5.8%). Due to the slowdown, in 2011 imports increased at a slower pace – by 13.7%, and in 2012 only by 1%.

The trade deficit, which had been systematically reduced from EUR 15.8 billion in 2001 to EUR 9.7 billion in 2005, to deepen to EUR 26.2 billion in 2008, fell to a record low – in the analysed period – level of EUR 9.3 billion in 2009. Although during the next two years the deficit was deepening to reach the value of EUR 13.8 billion in 2010 and EUR 15.9 in 2011, the results obtained in trade in 2012 made it possible to reduce the deficit to EUR 10.6 billion. An improvement in the balance of exchange is also confirmed by the relation between the balance and exports, which in 2001 amounted to -39.4%, and in 2012 only -7.4%.

In the years 2001-2012, some transformations could have been observed in the case of the structure of Polish merchandise foreign trade both as far as geographical and commodity structures are concerned.

**Table 9 Changes in the geographical structure of trade in goods in EUR million**

	2012					2001				
	in EUR million			share (%) in:		in EUR million			share (%) in:	
	Exports	Imports	Balance	exports	imports	Exports	Imports	Balance	exports	imports
<b>Poland, total</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>100.0</b>	<b>100.0</b>	<b>40,316</b>	<b>56,129</b>	<b>-15,813</b>	<b>100.0</b>	<b>100.0</b>
<b>Developed countries</b>	<b>117,973</b>	<b>99,434</b>	<b>18,539</b>	<b>82.2</b>	<b>64.6</b>	<b>35,107</b>	<b>43,960</b>	<b>-8,853</b>	<b>87.1</b>	<b>78.3</b>
<b>EU</b>	<b>109,080</b>	<b>88,581</b>	<b>20,499</b>	<b>76.0</b>	<b>57.5</b>	<b>32,769</b>	<b>39,169</b>	<b>-6,400</b>	<b>81.3</b>	<b>69.8</b>
Germany	36,057	32,836	3,221	25.1	21.3	13,887	13,479	408	34.5	24.0
United Kingdom	9,708	3,763	5,945	6.8	2.4	2,011	2,337	-327	5.0	4.2
Czech Republic	9,067	5,656	3,410	6.3	3.7	1,602	1,944	-342	4.0	3.5
France	8,404	6,010	2,394	5.9	3.9	2,185	3,826	-1,640	5.4	6.8
Italy	6,951	8,080	-1,129	4.9	5.3	2,174	4,638	-2,464	5.4	8.3
Slovakia	3,725	3,230	496	2.6	2.1	578	846	-268	1.4	1.5
Hungary	3,470	2,513	956	2.4	1.6	846	889	-44	2.1	1.6
EFTA	3,761	3,541	220	2.6	2.3	1,007	1,321	-314	2.5	2.4
Norway	2,439	2,201	239	1.7	1.4	457	548	-91	1.1	1.0
<b>Other developed countries</b>	<b>5,132</b>	<b>7,312</b>	<b>-2,180</b>	<b>3.6</b>	<b>4.8</b>	<b>1,331</b>	<b>3,470</b>	<b>-2,139</b>	<b>3.3</b>	<b>6.2</b>
USA	2,797	3,945	-1,148	2.0	2.6	952	1,888	-935	2.4	3.4
Canada	728	407	321	0.5	0.3	188	189	-1	0.5	0.3
Japan	440	2,219	-1,779	0.3	1.4	73	1,103	-1,030	0.2	2.0
<b>Developing countries</b>	<b>25,483</b>	<b>54,606</b>	<b>-29,123</b>	<b>17.8</b>	<b>35.4</b>	<b>5,209</b>	<b>12,172</b>	<b>-6,963</b>	<b>12.9</b>	<b>21.7</b>
<b>CIS</b>	<b>14,232</b>	<b>24,772</b>	<b>-10,540</b>	<b>9.9</b>	<b>16.1</b>	<b>2,802</b>	<b>5,877</b>	<b>-3,075</b>	<b>7.0</b>	<b>10.5</b>
Russia	7,678	21,629	-13,951	5.4	14.0	1,185	4,962	-3,777	2.9	8.8
Ukraine	4,097	1,979	2,118	2.9	1.3	1,122	502	620	2.8	0.9
Belarus	1,563	768	795	1.1	0.5	310	163	147	0.8	0.3
<b>Other countries</b>	<b>11,250</b>	<b>29,833</b>	<b>-18,583</b>	<b>7.8</b>	<b>19.4</b>	<b>2,407</b>	<b>6,295</b>	<b>-3,888</b>	<b>6.0</b>	<b>11.2</b>
Turkey	2,402	1,671	731	1.7	1.1	154	445	-291	0.4	0.8
China	1,358	13,687	-12,329	1.0	8.9	203	1,813	-1,609	0.5	3.2

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

The most important recipients of our goods are still developed countries, although their share decreased over the analysed period by 4.9 p.p., to 82.2%. It was primarily caused by a decline in the share of the European Union in our exports – from 81.3% in 2001 to 76% in 2012. However, although in the years 2001-2012 the share of the euro area markets decreased by 9.4 p.p. (to 51.9%), the share of countries from outside the area increased by 4.1 p.p. (to 24.1%). In this period, the share of the German market in Polish exports significantly decreased (by 9.4 p.p., to 25.1%). On the other hand, an increase was observed in the case of the share of Great Britain (by 1.8 p.p., to 6.8%) and the Czech Republic (by 2.3 p.p., to 6.3%), which allowed these markets to become the second and the third most important Polish export partners in 2012, while in 2001 these places in the ranking were held by France and Italy with shares of approximately 5.4%.

An increase in the share of developing countries in Polish exports was to a larger extent due to the growth in the share of CIS (almost 3 p.p., to 9.9%) than to the growth in the share of other developing markets (1.8 p.p., to 7.8%). As far as the first group of countries is concerned, an increase in the significance of Russia as a recipient of Polish products has to be pointed out – in 2001, its share in our exports amounted to 2.9%, while in 2012 it grew to 5.4%.

As for the remaining numerous group of developing and emerging markets (except for CIS), attention should be paid to Turkey, which in 2001 accounted for only 0.4% of our exports, while in 2012 – already for 1.7%, and is currently treated as one of prospective markets for Polish exports. As far as the share of China is concerned, it increased by 0.5 p.p., to 1%.

In the analysed period of 2001-2012, the role of developing countries strengthened even more in the case of imports to Poland – their share increased from 21.7% to 35.5%. The share of CIS grew by 5.6 p.p., to 16.1%, and the share of other markets of the group – by 8.2 p.p., to 19.4%. In the case of CIS, it was a result of an increase in the share of Russia in imports to Poland – 5.2 p.p., to 14%. That, in

turn, was caused by growth in the value of imports of raw materials, in particular of energy resources, from these markets. As for other developing markets, the highest increase was recorded in the case of China – 5.7 p.p., to 8.9% in 2012, and of the Republic of Korea – 1.2 p.p., to 2.3%.

The above described changes resulted in a fundamental qualitative change in terms of geographical structure of the trade deficit. Although in 2001 about 56% of the deficit was related to trade with developed countries (almost EUR 8.9 billion compared to a deficit of less than EUR 7 billion in the case of trade with developing markets), since 2009 a systematically increasing surplus, which in 2012 reached the level of EUR 18.5 billion, has been recorded in the case of exchange with this group of markets. At present, the total negative balance of foreign trade is determined by the deficit connected with developing and emerging countries, which in 2012 was equal to EUR 29.1 billion. The most significant impact on such a considerable deepening of the deficit in the exchange with developing countries in the analysed period is attributed to the situation related to trade with China (in the case of which the deficit increased by EUR 10.7 billion, to EUR 12.3 billion in 2012) and Russia (the deficit grew by EUR 10.2 billion, to almost EUR 14 billion). Moreover, in the case of exchange with the Republic of Korea, the deficit deepened by EUR 2.5 billion, to reach the level of EUR 3.1 billion.

An improvement in the balance with developed countries, which in the years 2001-2012 amounted to almost EUR 27.4 billion, was a result of an improvement in the balance of trade with the EU countries. Although in 2001 Poland recorded a deficit of EUR 6.4 billion in the trade with the EU, in 2012 a surplus of EUR 20.5 billion was noted. It was mainly due to an improvement in the balance of trade with Great Britain (of EUR 6.3 billion), France (of EUR 4 billion), the Czech Republic (of EUR 3.8 billion), Germany (of EUR 2.8 billion), Italy (by EUR 1.3 billion) and Sweden (of EUR 1.3 billion).

**Table 10 Changes in exchange of commodities aggregated in 10 commodity groups, in EUR million**

	2012					2001				
	in EUR million			share (%) in:		in EUR million			share (%) in:	
	Exports	Imports	Balance	exports	imports	Exports	Imports	Balance	exports	imports
Poland, total	143,456	154,040	-10,584	100.0	100.0	40,375	56,223	-15,848	100.0	100.0
Agricultural and food products	17,893	13,557	4,336	12.5	8.8	3,395	3,800	-405	8.4	6.8
Mineral products	7,325	21,757	-14,432	5.1	14.1	2,442	6,257	-3,816	6.1	11.1
Products of the chemical industry	20,095	26,403	-6,307	14.0	17.1	3,891	9,920	-6,029	9.6	17.6
Leathers and leathers products	555	851	-296	0.4	0.6	353	586	-233	0.9	1.0
Wood and paper industry products	6,477	5,101	1,377	4.5	3.3	2,714	2,573	141	6.7	4.6
Light industry products	5,056	7,257	-2,201	3.5	4.7	3,533	4,141	-608	8.8	7.4
Ceramic products	4,406	2,085	2,321	3.1	1.4	1,130	1,137	-7	2.8	2.0
Metallurgical products	16,804	16,180	624	11.7	10.5	4,731	4,808	-77	11.7	8.6
Products of the electromechanical industry	55,993	53,661	2,332	39.0	34.8	14,958	21,778	-6,820	37.1	38.7
Miscellaneous and other	8,851	7,189	1,662	6.2	4.7	3,229	1,223	2,006	8.0	2.2

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

As far as changes in the commodity structure of Polish exports in the years 2001-2012 are concerned, they consisted mainly in an increase in the share of highly processed products and more technologically advanced products, including mainly electromechanical products, which in 2001 accounted for 37% of total exports and in 2012 – 39%. A share of chemicals in Polish exports grew significantly in the analysed period – by 4.4 p.p., to 14%.

Taking all 10 aggregated commodity groups in Polish exports in the analysed period into account, exports of agricultural and food products stood out, as it increased almost 5.3 times (total exports increased 3.6 times). Although in 2001 they accounted for 8.4% of total exports from Poland, in 2012 the number increased to 12.5%. Especially over the last few years, food products has been systematically strengthening their position in Polish exports and becoming one of our export specialities.

In contrast, the most considerable declines were recorded in the case of light industry products (5.3 p.p., to 3.5%) as well as wood and paper products (2.2 p.p., to 4.5%).

As far as changes in imports to Poland in the years 2001-2012 are concerned, they indicate that the significance of raw materials and semi-finished products have increased – the share of mineral products grew by 3 p.p. to 14.1%, while the one of metallurgical products grew by 1.9 p.p. to 10.5%. The share of agricultural and food products also increased – by 2 p.p., to 8.8%. In contrast, the share of electromechanical products and the share of light industry products in Polish exports were the ones which decreased the most (by almost 4 p.p., to 34.8%, and by 2.7 p.p., to 4.7%, correspondingly).





### 3 SCALE AND DYNAMICS OF TRADE IN GOODS IN 2012

#### 3.1 Trade according to data of the NBP

After a growth in exports of 12.1% recorded in 2011, in 2012 it slowed down to 4.6%, to reach the value of EUR 146.6 billion<sup>2</sup>. As for imports, it increased in 2011 by 12.2%, while in 2012 by only 1.1%, to the level of EUR 151.9 billion. In 2012, the trade deficit amounted to EUR 5.3 billion and, compared to the level noted in the previous year, was reduced by over EUR 4.7 billion.

**Table 11 Poland's trade in goods in the years 2011-2012, in EUR million**

period	2012			dynamics in %		2011			dynamics in %	
	exports	imports	balance	same period of past year = 100		exports	imports	balance	same period of past year = 100	
				exports	imports				exports	imports
January	11,351	12,038	-687	106.2	106.9	10,689	11,259	-570	122.5	126.1
February	11,717	12,600	-883	104.4	105.6	11,218	11,934	-716	119.6	121.4
March	12,755	13,299	-544	102.5	101.5	12,443	13,106	-663	114.9	112.6
<b>Q1</b>	<b>35,823</b>	<b>37,937</b>	<b>-2,114</b>	<b>104.3</b>	<b>104.5</b>	<b>34,350</b>	<b>36,299</b>	<b>-1,949</b>	<b>118.7</b>	<b>119.4</b>
April	11,821	12,241	-420	102.4	96.7	11,547	12,655	-1,108	111.8	117.6
May	12,019	12,865	-846	98.4	98.0	12,214	13,130	-916	119.1	120.2
June	11,891	12,263	-372	100.6	94.7	11,820	12,953	-1,133	108.5	113.5
<b>Q2</b>	<b>35,731</b>	<b>37,369</b>	<b>-1,638</b>	<b>100.4</b>	<b>96.5</b>	<b>35,581</b>	<b>38,738</b>	<b>-3,157</b>	<b>113.1</b>	<b>117.1</b>
<i>1<sup>st</sup> half of the year</i>	<b>71,554</b>	<b>75,306</b>	<b>-3,752</b>	<b>102.3</b>	<b>100.4</b>	<b>69,931</b>	<b>75,037</b>	<b>-5,106</b>	<b>115.8</b>	<b>118.2</b>
July	12,219	12,608	-389	110.9	103.3	11,019	12,210	-1,191	106.8	109.8
August	12,085	12,194	-109	104.8	97.9	11,533	12,454	-921	116.3	112.6
September	12,707	12,650	57	100.7	98.2	12,614	12,882	-268	108.4	105.9
<b>Q3</b>	<b>37,011</b>	<b>37,452</b>	<b>-441</b>	<b>105.2</b>	<b>99.7</b>	<b>35,166</b>	<b>37,546</b>	<b>-2,380</b>	<b>110.3</b>	<b>109.3</b>
<i>after 3 quarters</i>	<b>108,565</b>	<b>112,758</b>	<b>-4,193</b>	<b>103.3</b>	<b>100.2</b>	<b>105,097</b>	<b>112,583</b>	<b>-7,486</b>	<b>113.9</b>	<b>115.1</b>
October	14,426	14,140	286	117.7	109.2	12,252	12,947	-695	106.3	105.4
November	13,192	13,441	-249	109.2	104.6	12,077	12,849	-772	108.1	103.2
December	10,441	11,595	-1,154	97.9	98.2	10,663	11,802	-1,139	105.7	103.5
<b>Q4</b>	<b>38,059</b>	<b>39,176</b>	<b>-1,117</b>	<b>108.8</b>	<b>104.2</b>	<b>34,992</b>	<b>37,598</b>	<b>-2,606</b>	<b>106.7</b>	<b>104.0</b>
<b>YEAR</b>	<b>146,624</b>	<b>151,934</b>	<b>-5,310</b>	<b>104.7</b>	<b>101.2</b>	<b>140,089</b>	<b>150,181</b>	<b>-10,092</b>	<b>112.0</b>	<b>112.1</b>
<b>Monthly average</b>	<b>12,219</b>	<b>12,661</b>	<b>-443</b>			<b>11,674</b>	<b>12,515</b>	<b>-841</b>		

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the NBP.

As far as exports of services from Poland is concerned, according to balance of payments statistics it currently accounts for 17% of total Polish exports and, in 2012, it increased by 9%, reaching the value of EUR 29.4 billion. As for imports of services, it amounted to almost EUR 24.6 billion, i.e. 7.2% more than a year before. In the case of foreign trade in services, Poland notes a surplus which, in 2012, achieved the value of EUR 4.8 billion and was EUR 0.8 billion higher than in 2011.

<sup>2</sup> Data of the National Bank of Poland; discrepancies between annual data (presented in the text) and the sum of monthly values of trade (presented in Table 10) are due to the use of different exchange rates in calculations, i.e. monthly average in the case of monthly data and quarterly average in the case of annual data.

**Table 12 Trade in goods and services as well as balance on current account and their relations *per capita* and against GDP in the years 2008-2012**

Ratio/data	2008	2009	2010	2011	2012
<b>PLN billion</b>					
GDP	1,275.4	1,344.5	1,416.6	1,528.1	1,595.3
Exports of goods	423.7	439.8	499.3	577.3	613.3
Imports of goods	497.3	463.2	534.8	618.8	635.7
Balance of commodities exchange	-73.6	-23.4	-35.5	-41.4	-22.4
Exports of services	84.9	89.5	98.7	111.2	122.9
Imports of services	72.5	74.7	89.4	94.7	102.7
Balance of services	12.4	14.8	9.3	16.5	20.2
Exports of goods and services	508.6	529.3	598.1	688.6	736.2
Imports of goods and services	569.8	537.9	624.2	713.5	738.4
Balance of goods and services	-61.2	-8.6	-26.2	-24.9	-2.2
Current account balance	-83.7	-52.2	-72.3	-74.5	-55.8
<b>Relation to GDP in %</b>					
Exports of goods / GDP	33.2	32.7	35.2	37.8	38.4
Exports of goods and services / GDP	39.9	39.4	42.2	45.1	46.1
Imports of goods / GDP	39.0	34.5	37.8	40.5	39.8
Imports of goods and services / GDP	44.7	40.0	44.1	46.7	46.3
Balance of trade in goods / GDP	-5.8	-1.7	-2.5	-2.7	-1.4
Balance of goods and services / GDP	-4.8	-0.6	-1.8	-1.6	-0.1
Current account balance / GDP	-6.6	-3.9	-5.1	-4.9	-3.5
<b>per capita in PLN thousand</b>					
Exports of goods <i>per capita</i>	11.1	11.5	13.0	15.0	15.9
Imports of goods <i>per capita</i>	13.0	12.1	13.9	16.1	16.5
Exports of goods and services <i>per capita</i>	13.3	13.9	15.5	17.9	19.1
Imports of goods and services <i>per capita</i>	14.9	14.1	16.2	18.5	19.2
Current account balance <i>per capita</i>	-2.2	-1.4	-1.9	-1.9	-1.4
<b>EUR billion</b>					
GDP	363.2	310.7	354.6	370.9	381.2
Exports of goods	120.9	101.8	125.0	140.2	146.6
Imports of goods	141.8	107.2	133.9	150.2	151.9
Balance of commodities exchange	-20.9	-5.4	-8.9	-10.1	-5.3
Exports of services	24.2	20.7	24.7	27.0	29.4
Imports of services	20.7	17.3	22.4	22.9	24.6
Balance of services	3.5	3.4	2.3	4.0	4.8
Exports of goods and services	145.1	122.5	149.7	167.1	176.0
Imports of goods and services	162.5	124.5	156.3	173.2	176.5
Balance of goods and services	-17.5	-2.0	-6.6	-6.0	-0.5
Current account balance	-23.8	-12.2	-18.1	-18.0	-13.3
<b>Relation to GDP in %</b>					
Exports of goods / GDP	33.3	32.8	35.3	37.8	38.5
Exports of goods and services / GDP	39.9	39.4	42.2	45.1	46.2
Imports of goods / GDP	39.0	34.5	37.8	40.5	39.8
Imports of goods and services / GDP	44.8	40.1	44.1	46.7	46.3
Balance of trade in goods / GDP	-5.8	-1.7	-2.5	-2.7	-1.4
Balance of goods and services / GDP	-4.8	-0.6	-1.8	-1.6	-0.1
Current account balance / GDP	-6.6	-3.9	-5.1	-4.8	-3.5
<b>per capita in EUR thousand</b>					
Exports of goods <i>per capita</i>	3.2	2.7	3.2	3.6	3.8
Imports of goods <i>per capita</i>	3.7	2.8	3.5	3.9	3.9
Exports of goods and services <i>per capita</i>	3.8	3.2	3.9	4.3	4.6
Imports of goods and services <i>per capita</i>	4.3	3.3	4.1	4.5	4.6
Current account balance <i>per capita</i>	-0.6	-0.3	-0.5	-0.5	-0.3

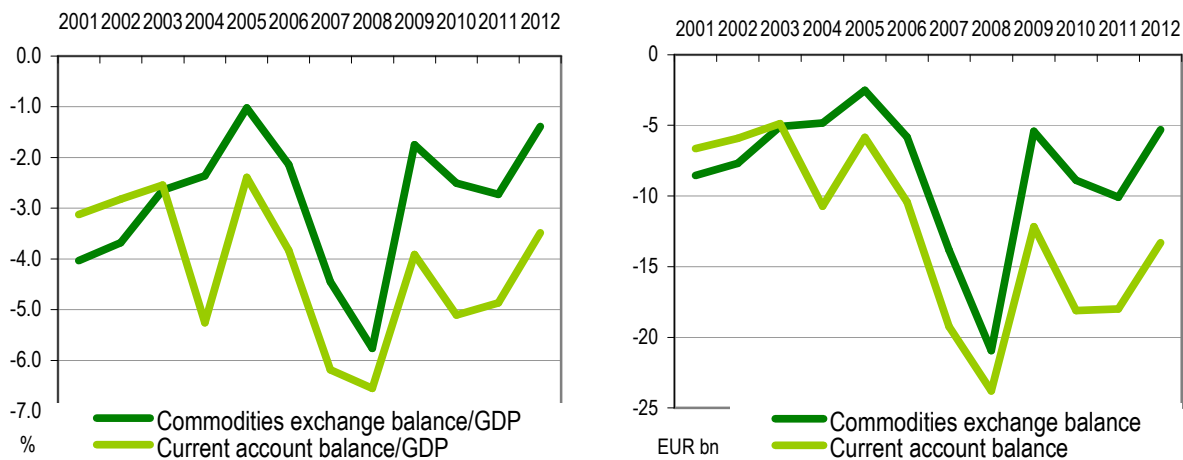
Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO, NBP and Eurostat.

In 2012, a significant reduction of deficit – of EUR 4.6 billion, to the level of EUR 13.3 billion – was recorded in the current account balance, due to the above mentioned decrease in trade deficit and increase in the surplus of trade in services. In turn, in the case of two remaining current account positions, a deterioration of the balance was observed:

- in the case of revenues, the deficit deepened by almost EUR 0.6 billion, to reach the level of almost EUR 17 billion;
- the surplus noted in the case of current transfers decreased by over EUR 0.3 billion, to EUR 4.1 billion.

As a result, an improvement was observed in the case of the relation of the current account balance to the GDP, which in 2011 amounted to -4.9% and in 2012 -3.5%.

**Chart 5 Relation of the current account balance to the GDP (in %)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the NBP and Eurostat.

## 3.2 Trade according to the CSO

In 2012, the value of exports of goods (according to the CSO) reached the value of EUR 143.5 billion and was 4.9% higher than a year before. At the same time, imports to Poland increased 3.9 p.p. slower. i.e. to the level of approx. EUR 154 billion. These results contributed to a reduction of deficit in trade in goods by almost EUR 5.3 billion, to less than EUR 10.6 billion.

In comparison to the previous year, the value of trade in goods in US dollar terms was 2.9% lower in the case of exports (and amounted to USD 184.7 billion) and 6.5% lower in the case of imports (approx. USD 198.5 billion). The deficit reached the value of USD 13.8 billion against USD 22.1 billion in 2011.

In turn, the value of foreign trade expressed in zloty increased in the fastest manner. Exports grew by 8%, reaching the level of PLN 603.4 billion, while imports increased by 4%, to PLN 648.1 billion. As a consequence, the deficit was reduced from PLN 64.6 billion in the previous year to PLN 44.7 billion.

In volume terms, exports of goods increased in 2012 by 3.5%, while the volume of imports decreased by 1.5%.

Table 13 Trade in goods in the years 2011-2012 according to data of the CSO

period	EUR billion			dynamics in % same period of past year =100		USD billion			dynamics in % same period of past year =100	
	exports	imports	balance	exports	imports	exports	imports	balance	exports	imports
January	10,061	11,100	-1,039	122.6	126.6	13,242	14,610	-1,368	113.3	117.0
February	10,932	12,149	-1,217	121.0	123.2	14,711	16,348	-1,637	114.7	116.8
March	12,317	13,530	-1,213	120.9	119.5	16,695	18,339	-1,645	119.2	117.7
<b>Q1</b>	<b>33,311</b>	<b>36,780</b>	<b>-3,469</b>	<b>121.5</b>	<b>122.8</b>	<b>44,648</b>	<b>49,297</b>	<b>-4,649</b>	<b>115.9</b>	<b>117.2</b>
April	10,961	12,537	-1,576	110.4	117.0	15,546	17,766	-2,219	117.0	123.8
May	11,712	13,122	-1,410	113.5	114.8	16,963	18,998	-2,035	123.7	125.2
June	11,544	13,179	-1,634	109.6	114.8	16,457	18,787	-2,330	128.4	134.3
<b>Q2</b>	<b>34,217</b>	<b>38,837</b>	<b>-4,620</b>	<b>111.2</b>	<b>115.5</b>	<b>48,967</b>	<b>55,551</b>	<b>-6,584</b>	<b>123.0</b>	<b>127.7</b>
<i>1<sup>st</sup> half of</i>										
<i>the year</i>	<b>67,528</b>	<b>75,617</b>	<b>-8,089</b>	<b>116.0</b>	<b>118.9</b>	<b>93,615</b>	<b>104,848</b>	<b>-11,233</b>	<b>119.5</b>	<b>122.5</b>
July	10,664	12,292	-1,628	106.6	109.8	15,360	17,701	-2,341	125.1	128.8
August	11,483	12,903	-1,420	124.1	120.3	16,285	18,303	-2,019	136.9	132.8
September	12,698	13,537	-840	113.2	110.8	18,181	19,397	-1,217	125.9	123.4
<b>Q3</b>	<b>34,844</b>	<b>38,732</b>	<b>-3,888</b>	<b>114.3</b>	<b>113.5</b>	<b>49,825</b>	<b>55,402</b>	<b>-5,577</b>	<b>129.0</b>	<b>128.1</b>
<i>after 3</i>										
<i>quarters</i>	<b>102,372</b>	<b>114,349</b>	<b>-11,978</b>	<b>115.4</b>	<b>117.0</b>	<b>143,440</b>	<b>160,250</b>	<b>-16,810</b>	<b>122.7</b>	<b>124.4</b>
October	11,859	12,981	-1,122	106.4	104.9	16,211	17,728	-1,517	109.3	107.7
November	12,028	13,250	-1,222	112.2	106.2	16,616	18,300	-1,684	112.1	106.1
December	10,436	11,988	-1,552	106.2	103.1	13,980	16,053	-2,073	106.1	103.3
<b>Q4</b>	<b>34,322</b>	<b>38,219</b>	<b>-3,897</b>	<b>108.3</b>	<b>104.8</b>	<b>46,807</b>	<b>52,081</b>	<b>-5,273</b>	<b>109.3</b>	<b>105.7</b>
<b>YEAR 2011</b>	<b>136,694</b>	<b>152,568</b>	<b>-15,875</b>	<b>113.6</b>	<b>113.7</b>	<b>190,247</b>	<b>212,331</b>	<b>-22,083</b>	<b>119.1</b>	<b>119.2</b>
Monthly average	<b>11,391</b>	<b>12,714</b>	<b>-1,323</b>			<b>15,854</b>	<b>17,694</b>	<b>-1,840</b>		
January	10,995	12,102	-1,106	109.3	109.0	14,454	15,909	-1,455	109.2	108.9
February	11,070	12,355	-1,285	101.3	101.7	14,320	16,084	-1,763	97.3	98.4
March	12,421	13,396	-975	100.8	99.0	16,435	17,725	-1,290	98.4	96.7
<b>Q1</b>	<b>34,487</b>	<b>37,853</b>	<b>-3,366</b>	<b>103.5</b>	<b>102.9</b>	<b>45,210</b>	<b>49,718</b>	<b>-4,508</b>	<b>101.3</b>	<b>100.9</b>
April	11,718	12,673	-955	106.9	101.1	15,549	16,816	-1,267	100.0	94.7
May	12,159	13,499	-1,340	103.8	102.9	15,821	17,593	-1,772	93.3	92.6
June	11,604	12,404	-800	100.5	94.1	14,674	15,685	-1,011	89.2	83.5
<b>Q2</b>	<b>35,482</b>	<b>38,576</b>	<b>-3,094</b>	<b>103.7</b>	<b>99.3</b>	<b>46,044</b>	<b>50,094</b>	<b>-4,050</b>	<b>94.0</b>	<b>90.2</b>
<i>1<sup>st</sup> half of</i>										
<i>the year</i>	<b>69,969</b>	<b>76,430</b>	<b>-6,461</b>	<b>103.6</b>	<b>101.1</b>	<b>91,254</b>	<b>99,812</b>	<b>-8,558</b>	<b>97.5</b>	<b>95.2</b>
July	11,857	12,593	-736	111.2	102.5	15,056	15,991	-935	98.0	90.3
August	11,688	12,097	-409	101.8	93.8	14,358	14,861	-503	88.2	81.2
September	12,736	13,096	-359	100.3	96.7	15,893	16,342	-448	87.4	84.2
<b>Q3</b>	<b>36,281</b>	<b>37,786</b>	<b>-1,505</b>	<b>104.1</b>	<b>97.6</b>	<b>45,308</b>	<b>47,193</b>	<b>-1,886</b>	<b>90.9</b>	<b>85.2</b>
<i>after 3</i>										
<i>quarters</i>	<b>106,250</b>	<b>114,216</b>	<b>-7,965</b>	<b>103.8</b>	<b>99.9</b>	<b>136,562</b>	<b>147,006</b>	<b>-10,444</b>	<b>95.2</b>	<b>91.7</b>
October	14,081	14,279	-199	118.7	110.0	18,348	18,607	-259	113.2	105.0
November	12,999	13,815	-817	108.1	104.3	16,808	17,865	-1,056	101.2	97.6
December	10,126	11,730	-1,603	97.0	97.8	12,943	14,986	-2,043	92.6	93.4
<b>Q4</b>	<b>37,206</b>	<b>39,825</b>	<b>-2,619</b>	<b>108.4</b>	<b>104.2</b>	<b>48,099</b>	<b>51,458</b>	<b>-3,359</b>	<b>102.8</b>	<b>98.8</b>
<b>YEAR 2012</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>104.9</b>	<b>101.0</b>	<b>184,661</b>	<b>198,463</b>	<b>-13,803</b>	<b>97.1</b>	<b>93.5</b>
Monthly average	<b>11,955</b>	<b>12,837</b>	<b>-882</b>			<b>15,388</b>	<b>16,539</b>	<b>-1,150</b>		

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

## 4 CHANGES IN THE GEOGRAPHICAL STRUCTURE OF TRADE IN GOODS

### 4.1 Changes seen from the continental perspective

In 2012, the share of European countries in Polish exports decreased to 88.8% compared to 89.6% in 2011 and 91.1% 2008. Although the decline is not significant, the trend has been continuing for a couple of years, which can constitute a proof that Polish exporters are searching for new non-European outlets and are able to adjust to a current situation in the markets of trade partners in a quite flexible manner. In 2012, the value of Polish exports of goods to Europe amounted to EUR 127.3 billion, which means it was 4% higher compared to the level noted in the previous year. As for imports from European markets, they increased by 0.3%, to EUR 116.9 billion, which caused a decrease in the share of this part of the world in total imports to Poland of 0.5 p.p., to 75.9%. As a consequence, a considerable growth in the surplus of trade with European countries was observed – of almost EUR 4.6 billion, to approx. EUR 10.5 billion.

The second region of the world in terms of share in Polish trade is Asia. Exports to these markets increased 2.5 times faster than in general, i.e. by 12.2%, to achieve the value of almost EUR 8.9 billion. It allowed to increase their share in total imports to 6.2% compared to 5.8% in the previous year. As for imports from these markets, they remained at the level which was 0.6% higher than a year before (and amounted to EUR 27.9 billion), which accounted for 18.1% of total imports of goods to Poland. The dynamic growth in exports, the level of which is almost 3 times lower than the one of imports, made it possible to reduce the considerable deficit recorded in the case of trade with Asia only by EUR 0.8 billion, to EUR 19 billion.

In 2012, North America represented 2.5% in Polish exports and 2.8% in imports. The exports from Poland to this region reached the level of EUR 3.5 billion, which was 8.9% higher compared to the level recorded in the previous year. A significantly faster growth, of 18.3% to almost EUR 4.4 billion, was observed in the case of imports from these markets. As a result, the deficit in trade with Northern America deepened by approx. EUR 0.4 billion, to slightly over EUR 0.8 billion.

As far as different continents are concerned, in 2012 exports to Central and South America increased at a fastest pace (by 17.6%, to almost EUR 1.6 billion) and were followed by exports to Africa (which grew by 16.1%, to over EUR 1.5 billion). Although their share in the Polish exports remains small, it has been systematically increasing (in 2012, it amounted to 1.1% in both cases, i.e. 0.1 p.p. more than a year before). As for imports, the share of African countries was even lower (0.9%), but in 2012 imports from these markets grew relatively fast (by 11.4%, to EUR 1.3 billion). Countries of Central and South America, in turn, accounted for 1.7% of goods imported to Poland (almost EUR 2.6 billion).

Markets of Australia and Oceania accounted in 2012 for only 0.4% of Polish exports (over EUR 0.5 billion) and 0.2% of imports (over EUR 0.3 billion).

**Table 14 Changes in the geographical structure of Polish trade in goods and their impact on the trade balance (in EUR million)**

	2012			2011			Changes 2012/2011		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
<b>Poland, total</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>136,694</b>	<b>152,568</b>	<b>-15,875</b>	<b>6,762</b>	<b>-1,472</b>	<b>5,291</b>
previous year = 100	104.9	101.0		113.6	113.7				
<b>Developed countries</b>	<b>117,973</b>	<b>99,434</b>	<b>18,539</b>	<b>115,254</b>	<b>101,868</b>	<b>13,387</b>	<b>2,719</b>	<b>2,434</b>	<b>5,152</b>
previous year = 100	102.4	97.6		112.7	112.9				
share	82.2	64.6		84.3	66.8				
including:									
<b>EU</b>	<b>109,080</b>	<b>88,581</b>	<b>20,499</b>	<b>106,620</b>	<b>91,043</b>	<b>15,577</b>	<b>2,460</b>	<b>2,462</b>	<b>4,922</b>
previous year = 100	102.3	97.3		111.9	114.0				
share	76.0	57.5		78.0	59.7				
including:									
<b>Germany</b>	<b>36,057</b>	<b>32,836</b>	<b>3,221</b>	<b>35,664</b>	<b>34,042</b>	<b>1,622</b>	<b>393</b>	<b>1,206</b>	<b>1,599</b>
previous year = 100	101.1	96.5		113.5	115.9				
share	25.1	21.3		26.1	22.3				
<b>United Kingdom</b>	<b>9,708</b>	<b>3,763</b>	<b>5,945</b>	<b>8,805</b>	<b>4,006</b>	<b>4,799</b>	<b>903</b>	<b>243</b>	<b>1,146</b>
previous year = 100	110.2	93.9		116.5	109.2				
share	6.8	2.4		6.4	2.6				
<b>Czech Republic</b>	<b>9,067</b>	<b>5,656</b>	<b>3,410</b>	<b>8,534</b>	<b>5,682</b>	<b>2,852</b>	<b>533</b>	<b>26</b>	<b>558</b>
previous year = 100	106.2	99.5		118.5	112.0				
share	6.3	3.7		6.2	3.7				
<b>France</b>	<b>8,404</b>	<b>6,010</b>	<b>2,394</b>	<b>8,371</b>	<b>6,374</b>	<b>1,997</b>	<b>33</b>	<b>364</b>	<b>397</b>
previous year = 100	100.4	94.3		102.6	109.9				
share	5.9	3.9		6.1	4.2				
<b>Italy</b>	<b>6,951</b>	<b>8,080</b>	<b>-1,129</b>	<b>7,294</b>	<b>8,235</b>	<b>-941</b>	<b>-343</b>	<b>155</b>	<b>-188</b>
previous year = 100	95.3	98.1		102.1	107.7				
share	4.9	5.3		5.3	5.4				
<b>Other developed countries</b>	<b>8,893</b>	<b>10,854</b>	<b>-1,960</b>	<b>8,634</b>	<b>10,825</b>	<b>-2,191</b>	<b>259</b>	<b>-29</b>	<b>231</b>
previous year = 100	103.0	100.3		124.3	104.5				
share	6.2	7.0		6.3	7.1				
including:									
<b>USA</b>	<b>2,797</b>	<b>3,945</b>	<b>-1,148</b>	<b>2,665</b>	<b>3,454</b>	<b>-789</b>	<b>132</b>	<b>-491</b>	<b>-359</b>
previous year = 100	104.9	114.2		121.7	101.8				
share	2.0	2.6		2.0	2.3				
<b>EFTA</b>	<b>3,761</b>	<b>3,541</b>	<b>220</b>	<b>3,976</b>	<b>3,709</b>	<b>267</b>	<b>-215</b>	<b>168</b>	<b>-47</b>
previous year = 100	94.6	95.5		140.9	114.5				
share	2.6	2.3		2.9	2.4				
<b>Developing countries</b>	<b>25,483</b>	<b>54,606</b>	<b>-29,123</b>	<b>21,439</b>	<b>50,701</b>	<b>-29,261</b>	<b>4,044</b>	<b>-3,905</b>	<b>138</b>
previous year = 100	118.9	107.7		118.2	115.3				
share	17.8	35.4		15.7	33.2				
including:									
<b>CIS</b>	<b>14,232</b>	<b>24,772</b>	<b>-10,540</b>	<b>11,635</b>	<b>21,838</b>	<b>-10,203</b>	<b>2,597</b>	<b>-2,934</b>	<b>-337</b>
previous year = 100	122.3	113.4		117.6	135.1				
share	9.9	16.1		8.5	14.3				
including:									
<b>Russia</b>	<b>7,678</b>	<b>21,629</b>	<b>-13,951</b>	<b>6,139</b>	<b>18,380</b>	<b>-12,242</b>	<b>1,539</b>	<b>-3,249</b>	<b>-1,709</b>
previous year = 100	125.1	117.7		122.0	133.9				
share	5.4	14.0		4.5	12.1				
<b>Other countries</b>	<b>11,250</b>	<b>29,833</b>	<b>-18,583</b>	<b>9,805</b>	<b>28,863</b>	<b>-19,059</b>	<b>1,445</b>	<b>-970</b>	<b>476</b>
previous year = 100	114.7	103.4		118.9	103.8				
share	7.8	19.4		7.2	18.9				
including:									
<b>China</b>	<b>1,358</b>	<b>13,687</b>	<b>-12,329</b>	<b>1,347</b>	<b>13,245</b>	<b>-11,899</b>	<b>11</b>	<b>-442</b>	<b>-430</b>
previous year = 100	100.8	103.3		109.6	105.0				
share	1.0	8.9		1.0	8.7				

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

## 4.2 Changes among main groups of countries

In 2012, the share of developed countries in Polish foreign trade decreased by 2.1 p.p., to 82.2%. It resulted from a slower than average growth in exports to these countries – of 2.4%, to approx. EUR 118 billion. In the case of imports, their share declined by 2.2 p.p., to 64.6%, which resulted from a decrease in imports from them – of 2.4%, to approx. EUR 99.4 billion. It caused a significant growth – of almost EUR 5.2 billion, to EUR 18.5 billion – in surplus of trade with these countries.

The situation observed in the case of trade with the numerous group of developed countries was quite diversified. On the one hand, exports to the European Union increased at a pace which was slower than average (2.3%) and exports to EFTA countries decreased by 5.4%. On the other hand, exports to non-European developed markets increased by 10.2%. As far as imports are concerned, in the group of developed countries their growth was observed only in the case of non-European developed countries<sup>3</sup> and amounted to 2.8% (to almost EUR 7.3 billion). However, considerably faster growth in exports to those countries made it possible to reduce trade deficit by almost EUR 0.3 billion, to approx. EUR 2.2 billion. As for imports from the European Union, they decreased by 2.7% (to approx. EUR 88.6 billion), while imports from EFTA countries declined by 4.5% (to EUR 3.5 billion).

The trend of a visibly faster growth – of 18.9%, to EUR 25.5 billion – in exports to developing countries observed in the recent years continued in 2012. Although imports from these markets increased 2.5 times slower than exports (by 7.7%), due to the high disproportion between their values the deficit was reduced by only about EUR 140 million, to EUR 29.1 billion. In the case of this group, exports to CIS increased faster (by 22.3%, to EUR 14.2 billion) than to other developing countries (by 14.7%, to EUR 11.3 billion). Similar situation was observed in relation to imports, which grew definitely faster in the case of CIS (by 13.4%, to EUR 24.8 billion) than other markets of the group (by 3.4%, to EUR 29.8 billion).

### 4.2.1. European Union

As far as EU markets are concerned, considerably better performance was recorded in the case of exports to markets from outside the euro area, where exports increased faster than average, i.e. by 6% (to EUR 34.6 billion). Among them, the first place was held by Great Britain (growth of 10.2%), thanks to what the country was the second Polish main export market (following Germany).

Exports to euro area markets amounted to almost EUR 74.4 billion and, compared to the level of the previous year, increased by 0.7%. As a result, exports to the entire EU increased in 2012 by 2.3%, to EUR 109.1 billion. As for EU countries, exports to 10 of them grew faster than in general. This group included:

- Lithuania – 18.5%, to EUR 2.3 billion;
- Slovakia – 11%, to EUR 3.7 billion;
- Great Britain – 10.2%, to EUR 9.7 billion;
- The Netherlands – 7.7%, to EUR 6.4 billion, and
- The Czech Republic – 6.2%, to EUR 9.1 billion.

Among the most important EU markets, declines in exports were recorded, *inter alia*, in:

- Spain – 12.7%, to EUR 2.9 billion;

<sup>3</sup> Conventionally, the group includes developed countries other than those of the EU and EFTA, i.e. the US, Canada, Japan, South Africa, Australia, Israel, New Zealand, Gibraltar, San Marino, Faroe Islands, Andorra, Ceuta, Bouvet Islands, Melilla, the Vatican and Monaco.

- Italy – 4.7%, to almost EUR 7 billion;
- Belgium – 5.7%, to EUR 3 billion;
- Denmark – 2.7%, to EUR 2.4 billion;
- Sweden – 1.4%, to EUR 3.8 billion, and
- Hungary – 0.9%, to EUR 3.5 billion.

Exports to the market of our largest trade partner, Germany, increased at a relatively slow pace, i.e. by 1.1%, to EUR 36.1 billion.

In turn, imports from the European Union decreased in 2012 by 2.7% (to EUR 88,6 billion); those from the euro area declined by 2% (to EUR 69.5 billion), and those from remaining countries – by 5.1% (to EUR 19.1 billion). As a result, the surplus of the amount of EUR 15.6 billion recorded in 2011 increased in 2012 to EUR 20.5 billion (which means it was EUR 18.2 billion higher than before the 2008 crisis). In the case of trade with euro area countries, the surplus increased by EUR 1.9 billion, to EUR 5 billion, and in the case of the remaining markets – by EUR 3 billion, to EUR 15.5 billion.

As for Polish main import partners from the euro area, imports fell at the fastest pace in the case of:

- Austria – 6.4%, to EUR 2.6 billion;
- Great Britain – 6.1%, to almost EUR 3.8 billion;
- France – 5.7%, to EUR 6 billion, and
- Germany – 3.5%, to EUR 32.8 billion.

At the same time, these countries were included in the group of 7 markets from the euro area in the case of which an improvement in the trade balance was observed. In addition to Germany and France (where the surplus increased by EUR 1.6 billion and EUR 0.4 billion respectively), and Austria (where a deficit in the amount of approx. EUR 190 million recorded in the previous year transformed into a surplus of EUR 90 million), the most considerable improvement in the balance was noted in trade with:

- Slovakia (increase of approx. EUR 290 million in the surplus, to EUR 495 million);
- Finland (reduction of approx. EUR 240 million in the deficit, to EUR 270 million), and
- the Netherlands (increase of EUR 185 million in the surplus, to EUR 435 million).

As far as EU countries from outside the euro area are concerned, it is worth to mention that an improvement in the trade balance with all these countries was noted in 2012. Among them, the most significant improvement was observed in trade with:

- Great Britain – as a result of a decline of 6.1% in imports (to almost EUR 3.8 billion) and of a high growth in exports, the surplus of trade increased by EUR 1.1 billion, to EUR 5.9 billion;
- the Czech Republic – due to a decrease of 0.4% in imports (to approx. EUR 5.7 billion) and to relatively favourable export performance, the surplus of trade increased to approx. EUR 560 million, to EUR 3.4 billion;
- Lithuania – decline of 15.4% in imports (to almost EUR 0.9 billion) and dynamic growth in exports resulted in an increase of over EUR 0.5 billion in the surplus, to EUR 1.4 billion.

As far as products exported from Poland to the EU are concerned, in 2012 they were mainly:

- electromechanical products – 37.3%, i.e. EUR 40.7 billion;
- chemicals – 13.6%, EUR 14.9 billion;
- agricultural and food products – 12.6%, EUR 13.8 billion;
- metallurgical products – 12.2%, EUR 13.3 billion.



It is worth to mention that the highest growth in the value of exports (in absolute terms) was observed in the case of agricultural and food articles – almost EUR 1.9 billion, i.e. an increase of 15.6% compared to 2011. The most important positions in exports of this group were held by *meat and edible meat offal* (2% of total exports to the EU, an increase of 17.8%, to EUR 2.2 billion), *tobacco and manufactured tobacco substitutes* (1.2%, an increase of 13.3%, to EUR 1.3 billion) and *milk and dairy products* (1.1%, an increase of 7.4%, to EUR 1.2 billion). In 2012, a dynamic growth was also observed in the case of exports of *cereals* to the EU – over 90%, to EUR 0.6 billion.

As far as the group of electromechanical products, which dominate in trade with the European Union, is concerned, in 2012 a decrease of 2.9%, to EUR 40.7 billion, in exports was recorded. It was, to a large extent, due to a decrease – of 9.7% (i.e. of EUR 1.4 billion), to EUR 13 billion – in export of *vehicles other than railway or tramway rolling stock, and parts and accessories thereof*.

In turn, exports of chemicals to the EU increased by 3.6%, to EUR 14.9 billion. As far as this group is concerned, a favourable situation was observed in the case of exports of *plastics and articles thereof* (an increase of 6%, to EUR 5.1 billion, which accounted for 4.7% of total exports to the EU), *pharmaceutical products* (an increase of 12.3%, to EUR 1.3 billion, i.e. 1.2% of exports) and *essential oils and resinoids; perfumery, cosmetic or toilet preparations* (an increase of 6.7%, to almost EUR 1.3 billion, i.e. 1.2% of exports).

Like in the case of exports, as far as imports from the European Union to Poland are concerned, electromechanical products and chemicals are dominant. In 2012, their share increased by 36% (i.e. EUR 31.8 billion) and 23% (i.e. EUR 20.4 billion) correspondingly. The above mentioned groups were followed by metallurgical products (13.9%, i.e. EUR 12.3 billion), as well as agricultural and food products (10.5%, i.e. EUR 9.3 billion).

#### 4.2.2. Non-EU developed markets

Exports to non-EU developed markets increased in 2012 at a slower-than-average pace, i.e. by 3% (to EUR 8.9 billion). It resulted from a decrease of 5.4% (to almost EUR 3.8 billion) in exports to EFTA, which, in turn, was a consequence of a significant decline in exports to Norway (of 11%, to EUR 2.4 billion). It was not compensated for by an increase in exports to other EFTA markets, among which the most considerable growth was observed in the case of Switzerland – 5.7%, to almost EUR 1.3 billion.

As for exports to non-EU developed markets, an increase of 10.2%, to EUR 5.1 billion, was recorded. In the case of this group of markets, a relatively fast growth was observed in exports to Canada (27.1%, to over EUR 0.7 billion), Japan (7.7%, to approx. EUR 440 million) and Australia (35.1%, to approx. EUR 365 million). Exports to the United States amounted to EUR 2.8 billion and was 5% higher than a year before.

Imports from the entire group of non-EU developed markets increased in 2012 by 0.3%, to almost EUR 10.9 billion, although imports from EFTA countries decreased by 4.5% (to EUR 3.5 billion), and from other developed countries – increased by 2.8% (to EUR 7.3 billion). The decline in imports from EFTA was caused by a decrease in imports from Norway (of 8.2%, to EUR 2.2 billion). As for the increase in imports from non-EU developed countries, it was a consequence of a dynamic growth in imports from the United States (of 14.2%, to EUR 3.9 billion). It was in contrast to a considerable decline of 16.8%, to EUR 2.2 billion, in imports from Japan, which made it possible to reduce the trade deficit with this market by almost EUR 0.5 billion, to almost EUR 1.8 billion.

Among EFTA markets, Norway is the most important Polish partner, which receives approx. 65% of our total exports to EFTA and provides for approx. 62% of total imports from this group of markets to Poland. As for Polish exports to Norwegian market in 2012, they were dominated by electromechanical products (62.2%, i.e. about EUR 1.5 billion) and metallurgical products (14.2%, i.e. EUR 350 million). From Norway, in turn, we imported mostly electromechanical products (31.2%, approx. EUR 690 million), mineral products (26.4%, approx. EUR 580 million), as well as food products (22%, approx. EUR 480 million).

Among other economically developed countries, our most important partner are the United States, which receive about 55% of our exports to this group of countries and from which we receive approx. 54% of imports from them. Moreover, about 30% of goods imported from these markets to Poland come from Japan. As for exports to the United States, they are dominated by electromechanical products, the share of which amounted to approx. 57% in 2012 (almost EUR 1.6 billion), while in imports the biggest share belongs to electromechanical products (58.6%, i.e. EUR 2.3 billion) and chemicals (19.2%, approx. EUR 760 million). In the case of imports from Japan, electromechanical products accounted for about 75% (i.e. almost EUR 1.7 billion).

### **4.2.3. Commonwealth of Independent States**

Exports to the Commonwealth of Independent States increased by 17.6% in 2011. Afterwards, in 2012, their growth accelerated to 22.3% (to EUR 14.2 billion); exports to Russia increased by 25.1% (to EUR 7.7 billion), to Ukraine by 21.3% (to EUR 4.1 billion) and to Belarus by 16.7% (to EUR 1.6 billion). Although imports from the entire CIS group grew in 2012 at a slower pace than exports (e.g. from Russia – increase of 17.7%, while in the case of Ukraine and Belarus it decreased by 1.6% and 21.1% respectively), as their level was disproportionately higher than the one of exports, the trade deficit with this group of markets increased by over EUR 0.3 billion, to EUR 10.5 billion.

The deterioration of balance in trade with CIS markets was caused by a deepening of the negative balance of trade with Russia (by EUR 1.7 billion, to almost EUR 14 billion), because in the case of trade with other important markets of the Commonwealth, an improvement was observed, e.g. with Ukraine by approx. EUR 750 million, with Belarus by approx. EUR 430 million, and with Kazakhstan by approx. EUR 150 million).

The deepening of the negative balance of trade with Russia resulted from a deterioration of the state of balance in the case of mineral products, which traditionally dominate the Polish imports from this market (74% of total imports from Russia). In 2012, their imports increased by almost 19%, to EUR 16 billion, which resulted in a deepening of the deficit in trade in these products by approx. EUR 2.5 billion, to EUR 15.9 billion (it accounted for 114% of total deficit in trade with Russia and 150% of total Polish trade deficit).

On the other hand, a considerable improvement was observed in the case of balance of trade in electromechanical products, which dominate exports, (approx. 41% of total exports to Russia). As their exports increased by almost 25%, to EUR 3.1 billion, a surplus of trade grew by over EUR 0.6 billion, to EUR 2.8 billion; it increased in the case of *boilers, machinery and mechanical appliances* (by approx. EUR 285 million), *electrical machinery and equipment* (by approx. EUR 180 million) and *vehicles, and parts and accessories thereof* (by approx. EUR 155 million).

As far as the improvement in balance is concerned, the second place was held by agricultural and food products. Due to a dynamic growth in their exports in 2012 (of 30.5%, to almost EUR 1.1 billion), the

surplus of the trade in them increased by over EUR 0.2 billion, to reach the level of almost EUR 1 billion. It results mainly from an amelioration of the state of balance of trade in *edible fruit and nuts* – by EUR 105 million, to approx. EUR 290 million.

In the case of Ukraine, the improvement in the balance recorded in 2012 resulted, above all, from favourable changes in trade in mineral products and electromechanical products. In the case of the first group of articles, as their exports more than doubled and their imports decreased by approx. 16%, the deficit was reduced by about EUR 280 million, to almost EUR 120 million. As for electromechanical products, their exports grew by 22.4%, and their imports declined by approx. 21%, which resulted in an increase of the surplus by approx. EUR 250 million, to almost EUR 1.1 billion.

Like in the case of Ukraine, an improvement in the balance with Belarus was also mainly due to a reduction in the deficit in trade in mineral products (by approx. EUR 180 million, to approx. EUR 340 million) and to an increase in the surplus of trade in electromechanical products (by approx. EUR 75 million, to EUR 540 million).

#### **4.2.4. Other developing countries (except for CIS)**

Exports to other developing and less-developed countries (except for CIS countries) increased in 2012 by 14.7%, to almost EUR 11.3 billion, while imports from them increased by 3.4%, to EUR 29.8 billion. The trade deficit achieved the level of EUR 18.6 billion, which means it was almost EUR 0.5 billion lower than a year before.

As far as trade in goods with this group of markets is concerned, the most important are electromechanical products which, in 2012, accounted for 46.2% (EUR 5.2 billion) of share in exports and 52.3% (EUR 15.6 billion) in imports. Although their exports increased in 2012 by 19.3%, and imports by 7%, as the value of exports was disproportionately lower (3 times lower than in the case of imports), the trade deficit recorded in 2011 deepened by almost EUR 0.2 billion, reaching the value of EUR 10.4 billion. As for this group, the most important products, both in terms of exports and imports, are *electrical machinery and equipment; boilers, machinery and mechanical appliances and ships, boats and floating structures*.

The second place in terms of the value of exports to less-developed countries from outside the CIS was occupied by chemicals, the exports of which increased in 2012 by 12.3%, and the share of which amounted to the level of 15% (EUR 1.7% billion). Imports of these products remained at a level similar to the one noted in 2011 (it increased by 0.9%), which resulted in a reduction of the negative balance by about EUR 155 million, to EUR 1.2 billion.

In 2012, the significance of metallurgical products decreased, as far as exports to this group of countries is concerned. Due to a considerable slowdown of their increase (an increase of only 1.7%, to less than EUR 1.5 billion), their share decreased by 1.7 p.p., to 13%.

Exports of agricultural and food products, in turn, grew in 2012 at a relatively fast pace (by 15.2%, to EUR 1.4 billion). As for these products, Poland exports to the above mentioned markets mainly *meat and edible meat offal and milk and dairy products*, although the exports of the first group of goods declined in 2012 by 12%, while exports of the second group increased by 5.7%.

As far as less-developed markets from outside CIS are concerned, the most considerable improvement in balance was observed in trade with:

- Taiwan, where a definitively faster decline in imports from the market (of 22.1%) than in exports (of 4.9%) resulted in a reduction of the deficit by approx. EUR 220 million. Such an improvement in the balance was mainly a consequence of the state of balance of trade in electromechanical products (by approx. EUR 225 million) which more than compensated for its deterioration in other groups of products;
- India, where, due to an increase of 36.4% in exports and a decline of 0.6% in imports, the deficit decreased by a little bit more than EUR 140 million. A relatively fast growth in exports to this market was a result of a dynamic increase in exports of mineral products (over 3-fold) and of chemicals (of 31%). The decline in imports was, in turn, a consequence of a decrease in imports of light industry products (of 20%) and of electromechanical products (of 5.2%);
- Brazil, where, due to an acceleration of growth in exports of approx. 37% and a decline in imports of 5.3%, the negative trade balance was reduced by EUR 140 million, to approx. EUR 320 million;
- Mexico and Hong Kong – where the surplus increased by over EUR 0.1 billion.

It more than compensated the deterioration of the balance of trade with, e.g.:

- China, where the growth in exports slowed down to 0.8% (to approx. EUR 1.4 billion), while imports increased by 3.3% (to EUR 13.7 billion), which resulted in a deepening of the deficit by EUR 430 million, to EUR 12.3 billion. The slowdown of exports to the Chinese market resulted from a decline in the exports of dominant goods, i.e. metallurgical products (almost 11%) and chemicals (13.5%). In contrast, exports of electromechanical products grew dynamically (by 25.4%, to EUR 0.4 billion), although due to the fact that the level of imports of the products was disproportionately higher (approx. EUR 8 billion), the deficit of trade in these goods deepened by over EUR 0.5 billion, to EUR 7.6 billion;
- Singapore, where, due to a dynamic acceleration of growth in imports (2-fold) and a decrease of 6.7% in exports, a small surplus of almost EUR 0.1 billion recorded a year before turned into a deficit of approx. EUR 250 million.

As far as the group of developing and less-developed countries is concerned, attention should be paid to a dynamic growth in exports to the Republic of Korea (of 37.1%, to EUR 0.4 billion), which can be related to the entry into force on 1st July 2011 of the Free Trade Agreement between the EU and Korea. Although imports from this market increased slowly at that time (i.e. by 3.9%), due to its disproportionately higher value, in 2012 the deficit of trade with Korea amounted to almost EUR 3.1 billion, which means it remained at a level similar to the one recorded a year before.

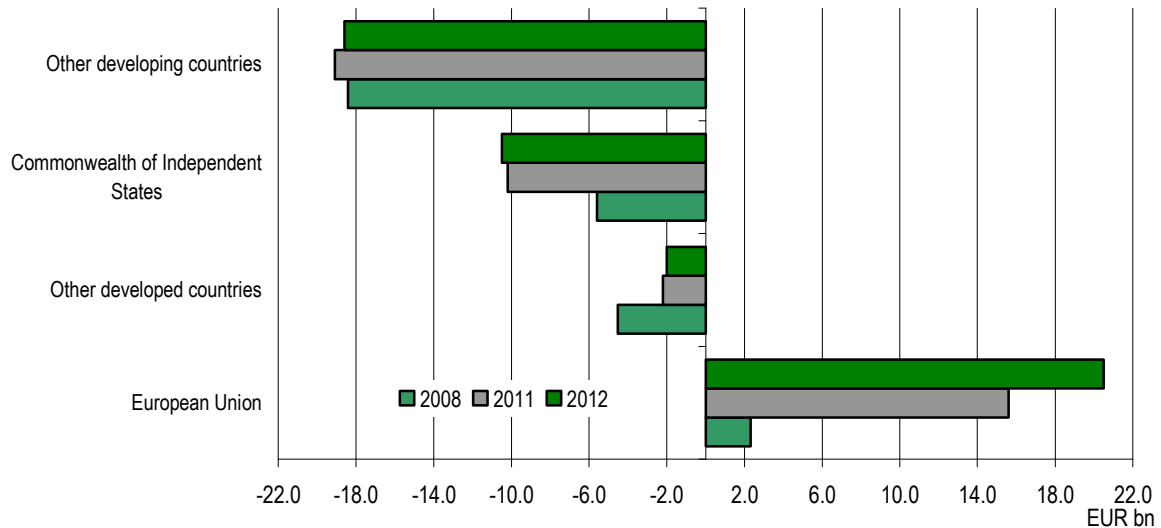
It is worth to pay attention to favourable changes in the balance of trade observed in recent years. The 2012 level of deficit in trade in goods (amounting to EUR 10.6 billion) was the lowest one since the beginning of the previous decade (except for the year 2009, when it amounted to EUR 9.3 billion), and in comparison with the record high level noted before the 2008 crisis (EUR 26.2 billion) it decreased by approx. 60%.

A significant improvement in the balance of trade in goods in the geographic structure over the last five years resulted from a considerable improvement in balance of trade with developed countries. Although in 2008 in the case of trade with this group of countries the deficit amounted to EUR 2.2 billion, in 2012 a surplus of the trade was equal to as much as EUR 18.5 billion. It was a consequence of a significant increase, almost 9-fold in the years 2008-2012, to EUR 20.5 billion, in the surplus of trade with EU countries. As for EU markets, the most favourable changes in the balance could have been observed in the case of trade with:

- Germany – improvement in the balance of almost EUR 6.9 billion, to a surplus of almost EUR 3.2 billion;

- Great Britain – increase of EUR 3.3 billion in the surplus, to EUR 5.9 billion;
- France – increase of EUR 1.9 billion in the surplus, to EUR 2.4 billion, and
- the Czech Republic – increase of nearly EUR 1.9 billion in the surplus, to EUR 3.4 billion.

**Chart 6 Geographical structure of the balance of Polish foreign trade in goods in 2012, compared to 2011 and 2008 (in EUR billion)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

The improvement in the balance of trade with developed markets made it possible to more than compensate for the deterioration of balance of trade with developing and less-developed markets – by over EUR 5.1 billion over the last five years. It results almost only from an increase – of almost EUR 5 billion (to EUR 10.5 billion) – in deficit in trade with CIS markets, including an increase of EUR 6.1 billion in the deficit in trade with Russia.

Among the remaining less-developed and developing countries, the most considerable improvement in the balance was, over the last five years, observed in the case of trade with Turkey (by EUR 1.2 billion), as well as Mexico, Hong Kong (by approx. EUR 260 million each) and the Republic of Korea (by approx. EUR 250 million). As for the most unfavourable changes in the balance of trade observed among these markets, they were recorded in China – the deficit in trade with the country deepened by over EUR 1.7 billion, to EUR 12.3 billion.

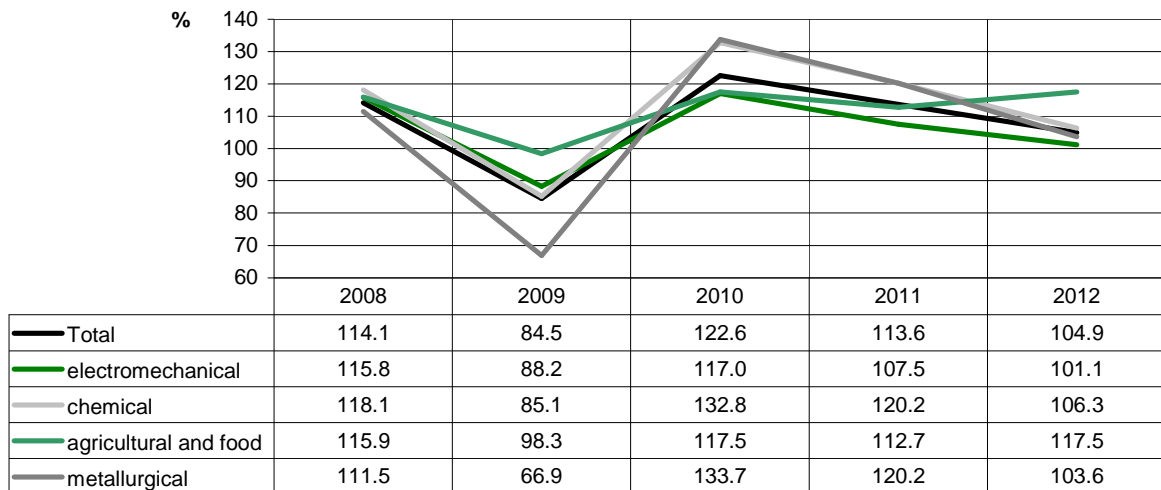


## 5 CHANGES IN THE COMMODITY STRUCTURE OF TRADE IN GOODS

In 2012, exports of the following commodity groups increased faster than average:

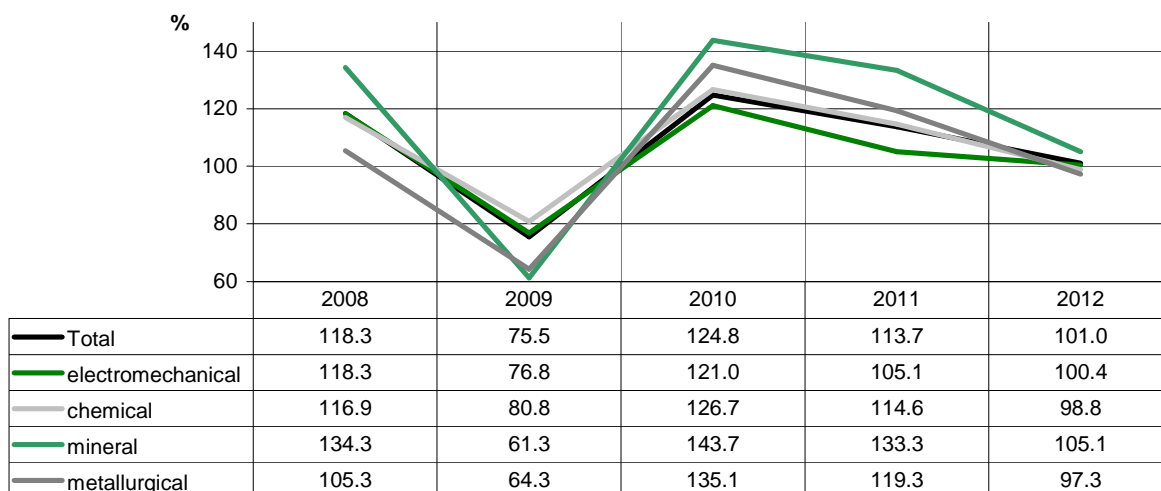
- agricultural and food products – by 17.5% (to the level of almost EUR 17.9 billion);
- ceramic products – by 13.5% (to EUR 4.4 billion);
- chemical industry products – by 6.3% (to EUR 20.1 billion), and
- mineral products – by 6.2% (to EUR 7.3 billion).

**Chart 7 Changes of Polish exports in main commodities groups in the years 2008-2012 (in EUR, previous year = 100)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

**Chart 8 Changes of Polish imports in main commodities groups in the years 2008-2012 (in EUR, previous year = 100)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

High growth in exports of **food products** (constituting 12.5% of total exports) was due, to a large extent, to high growth (i.e. of 35%, to EUR 3.5 billion) in exports of vegetable products, in particular of *cereals* – over 2-fold (to approx. EUR 680 million), and *edible fruit and nuts, etc.* – of 39% (to nearly EUR 1.1 billion).

Exports of prepared foodstuffs and of animal products also increased at a pace faster than average (by 14.9%, to EUR 8.1 billion, and 12.6%, to approx. EUR 5.8 billion, correspondingly). As for prepared foodstuffs, a significant growth was observed in the case of exports of *sugars and sugar confectionery* – of 42.4%, to approx. EUR 620 million, *preparations of meat, fish, crustaceans* – 24.4%, to almost EUR 1 billion, and *preparations of vegetables, fruit, nuts or other parts of plants* – 19.1%, to over EUR 1 billion. As far as products of animal origin are concerned, the most significant part was constituted by exports *meat and edible meat offal*, which increased by 17.7%, reaching the value of EUR 3 billion (which accounted for 2.1% of total exports from Poland).

In 2012, a relatively fast increase was also observed in the case of imports of agricultural and food products to Poland – it grew by 7.4% (to approx. EUR 13.6 billion), although the increase was 2,5 times slower than in the case of exports. It caused a growth of EUR 1.7 billion, to the level of EUR 4.3 billion, in the surplus of trade in food products. The highest positive balance of trade was observed in the case of trade in prepared foodstuffs (nearly EUR 2.6 billion), while the most considerable improvement was noted in the case of balance of trade in vegetable products (the deficit recorded in 2011 was reduced by about EUR 875 million, to EUR 20 million).

As for the group of **chemicals** – which constitutes the second group in terms of value in Polish exports, with the share of 14% in 2012 – a relatively fast growth in exports was observed in the case of:

- *pharmaceutical products* – 14%, to EUR 1.9 billion (i.e. 1.3% of total exports);
- *soap, washing preparations, lubricating preparations, polishing preparations, etc.* – 11.1%, to nearly EUR 1.3 billion (0.9% of exports), and
- *essential oils and resinoids; perfumery, cosmetic or toilet preparations* – 7.5%, to almost EUR 2.1 billion.

An increase faster than average was observed also in the case of *plastics and articles thereof* which constitute the biggest part of exports of chemicals – it grew by 7.2%, reaching EUR 6.4 billion (4.5% of total exports).

As far as imports of chemicals is concerned, in 2012 a decline of 1.2% (to the level of EUR 26.4 billion) was recorded. The most considerable decreases in this group were noted in the imports of *pharmaceutical products* (5.9%, to EUR 4.1 billion) and *miscellaneous chemical products* (16.9%, to nearly EUR 2.1 billion). At the same time, in the case of these two positions, a significant reduction of trade deficit was observed – of EUR 0.5 billion and of approx. EUR 0.4 billion respectively. The deficit in trade in the entire group of chemicals was reduced by EUR 1.5 billion, to the level of EUR 6.3 billion.

In 2012, exports of ceramic products and of mineral products increased faster than average. However, their share in total Polish exports was a little bit lower and amounted to 3.1% and 5.1% correspondingly.

As for the imports of **mineral products**, a slightly lower increase was noted than in the case of their exports (of 5.1%). However, due to its traditionally high value (3 times higher than the one of exports), the deficit deepened by over EUR 0.6 billion, reaching the level of nearly EUR 14.4 billion.

It is also worth to highlight that the imports of coal decreased in 2012 by approx. 38%, i.e. by about EUR 0.6 billion, to almost EUR 1 billion, which resulted in a reduction in deficit in trade in coal of EUR 0.5 billion, to approx. EUR 0.2 billion.



In turn, imports of **ceramic products** decreased in 2012 by 5.5% (to almost EUR 2.1 billion), As the decrease was accompanied by a fast increase in their exports, the surplus of trade in goods from this group grew by approx. EUR 650 million, to EUR 2.3 billion.

In turn, the exports of **electromechanical products**, which dominate the Polish foreign trade (share of 39% in exports and of 34.8% in imports), attained a level which was 1.1% higher than a year before and amounted to almost EUR 56 billion. The export performance in this group was influenced by two opposing trends:

- on the one hand, growth was observed in the case of exports of *boilers, machinery and mechanical appliances* – 7.5% (to EUR 18 billion) – and *electrical machinery and equipment* – 4% (to EUR 16 billion);
- on the other hand, a decrease was observed in the case of exports of *vehicles, and parts and accessories thereof* – 6.7% (to EUR 16.1 billion) – which resulted in a decline from 12.6% in 2011 to 11.2% in 2012 in their share in total exports.

At that time, imports of electromechanical products increased by 0.4%, reaching the level of approx. EUR 53.7 billion. The slower pace of imports of these products was caused mainly by:

- decline in imports of *vehicles, and parts and accessories thereof* of 4.2%, to approx. EUR 11.7 billion (i.e. 7.6% of total imports compared to 8% in 2011);
- decline in imports of *optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof* of 21.2%, to approx. EUR 3.5 billion, while their share decreased by 0.6 p.p., to 2.3%, and
- relatively slow growth in exports of *boilers, machinery and mechanical appliances* (of 1.6%, to approx. EUR 18.6 billion), which accounted for 12.1% of total imports in the previous year.

In turn, imports of *electrical machinery and equipment* increased by 4.1%, to nearly EUR 16.1 billion (i.e. 10.4% of imports).

As a result, the surplus of trade in electromechanical products increased by EUR 0.4 billion, achieving the value of over EUR 2.3 billion, which resulted mainly from a reduction of the deficit in trade in:

- *optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof* of almost EUR 1.1 billion, to nearly EUR 2 billion, and
- *boilers, machinery and mechanical appliance* by approx. EUR 970 million, to approx. EUR 550 million.

Although the growth in exports of light industry products (of 2.4%, to almost EUR 5.1 billion) and of metallurgical products (of 3.6%, to EUR 16.8 billion) was slower than average, a simultaneous decline of imports of these groups made it possible to improve the balance of trade in these goods. The share of these commodity groups in exports from Poland amounted to 3.5% and 11.5% respectively.

In the case of **light industry products**, imports decreased by 3.9% (to the level of approx. EUR 7.3 billion), which resulted in a deficit reduction of approx. EUR 0.4 billion, to the level of EUR 2.2 billion. The most considerable improvement in the balance was recorded in the case of trade in items accounting for the largest part of exports in the group, i.e.:

- *articles of apparel and clothing accessories, knitted or crocheted*, the exports of which declined (by 1.2%, to approx. EUR 1.2 billion) over 6 times more slowly than imports (decline of 7.5%, to EUR 1.4 billion), which resulted in a deficit reduction of nearly EUR 0.1 billion, to EUR 0.2 billion;
- *articles of apparel and clothing accessories, not knitted or crocheted* – their exports amounted to EUR 1.5 billion and was 0.8% lower, imports amounted to almost EUR 1.5 billion and

decreased by 5.3%, while the balance improved by EUR 70 million – the deficit noted in 2011 transformed in 2012 into a surplus of approx. EUR 25 million, and

- *footwear, gaiters and the like and parts thereof* – dynamic growth in exports (of 23.1%, to approx. EUR 580 million) and 5-fold slower growth in imports (of 4.7%, to approx. EUR 870 million), resulted in a deficit reduction of over EUR 70 million, to approx. EUR 290 million.

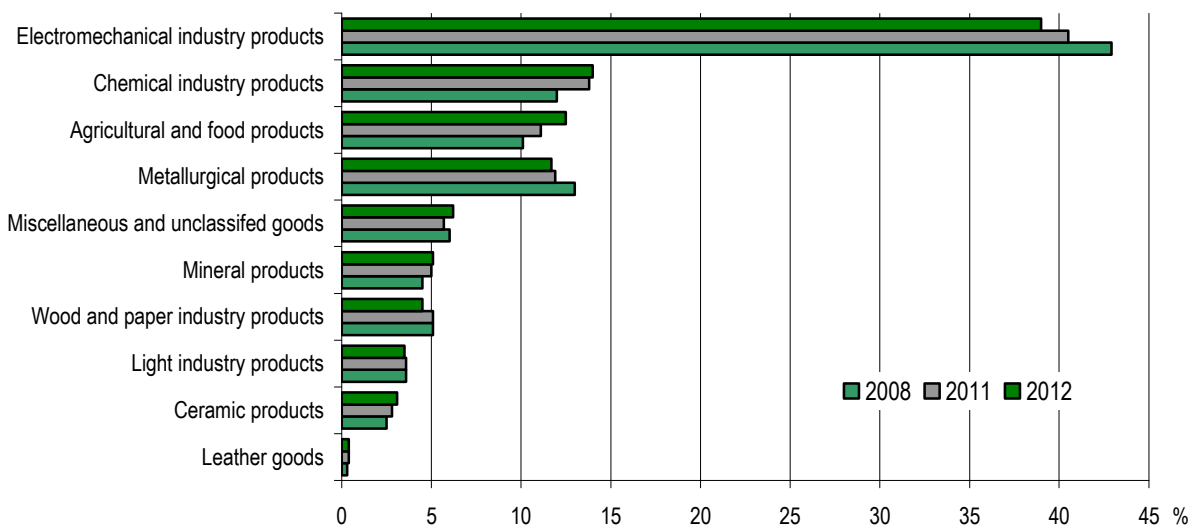
Imports of **metallurgical products** amounted in 2012 to nearly EUR 16.2 billion and was 2.7% lower than a year before. As a result, the deficit recorded in relation to trade in these groups in 2011, which amounted to EUR 0.4 billion, was transformed in 2012 into a surplus of about EUR 0.6 billion.

The growth in exports in metallurgical products was, to a large extent, due to an increase in exports of *iron, cast iron and steel* – of 4.3%, to EUR 4.1 billion (2.8% of total exports from Poland) and of *articles of iron or steel* – of 6%, to EUR 5 billion (3.5% of exports) – which dominate the group.

Imports of **wood and paper products** declined in 2012 by 5.8%, to EUR 5.1 billion, which means it decreased slower than their exports, which declined by 6.1%, to EUR 6.5 billion. Thus, the surplus recorded in trade in this group decreased by approx. EUR 0.1 billion, to the level of EUR 1.4 billion.

In 2012, exports of **furniture**, constituting one of the most important items in Polish exports, increased by 0.6%, to the level of EUR 6.2 billion. It should be noted that, as far as trade in these goods is concerned, Poland achieved a surplus which in 2012 amounted to over EUR 5.2 billion.

**Chart 9 Commodity structure of Polish exports in 2012, compared to 2011 and 2008 (in %)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

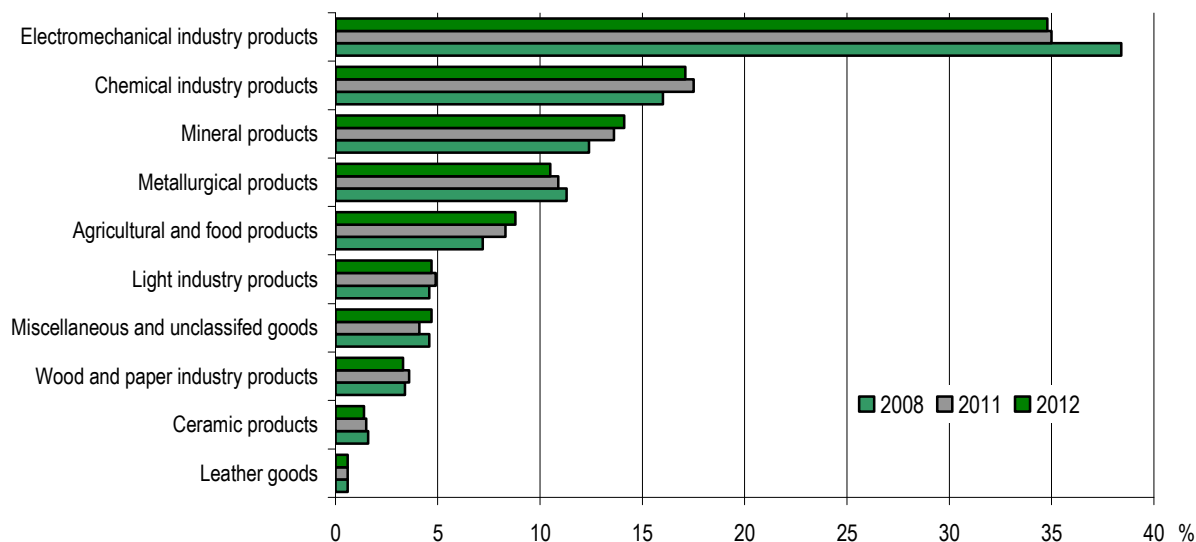
In the years 2008-2012, a significant growth was observed in exports of agricultural and food products, as well as chemicals. The exports of **food products** rose at that time by more than 50% (to reach the value of EUR 17.9 billion). As a result, their share increased from 10.1% in 2008 to 12.5% in 2012. The most important role in the agricultural and food exports is played by *meat and edible meat offal*, the exports of which increased in that period by over 60%, to EUR 3 billion, and accounted for 2.1% of total Polish exports (compared to 1.6% in 2008). In the years 2008-2012, it was possible to observe an increase in exports of the following leading goods of the group:

- *milk and dairy products* (25%, to over EUR 1.6 billion);
- *tobacco and manufactured tobacco substitutes* (over 2-fold, to almost EUR 1.5 billion);
- *miscellaneous edible preparations* (50%, to EUR 1.1 billion);

- *edible fruit and nuts* (50%, to almost EUR 1.1 billion), and
- *preparations of vegetables, fruit, nuts* (25%, to EUR 1 billion).

What is more, exports of *cereals* increased at that time over 5 times, to approx. EUR 680 million.

**Chart 10 Commodity structure of Polish imports in 2012, compared to 2011 and 2008 (in %)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

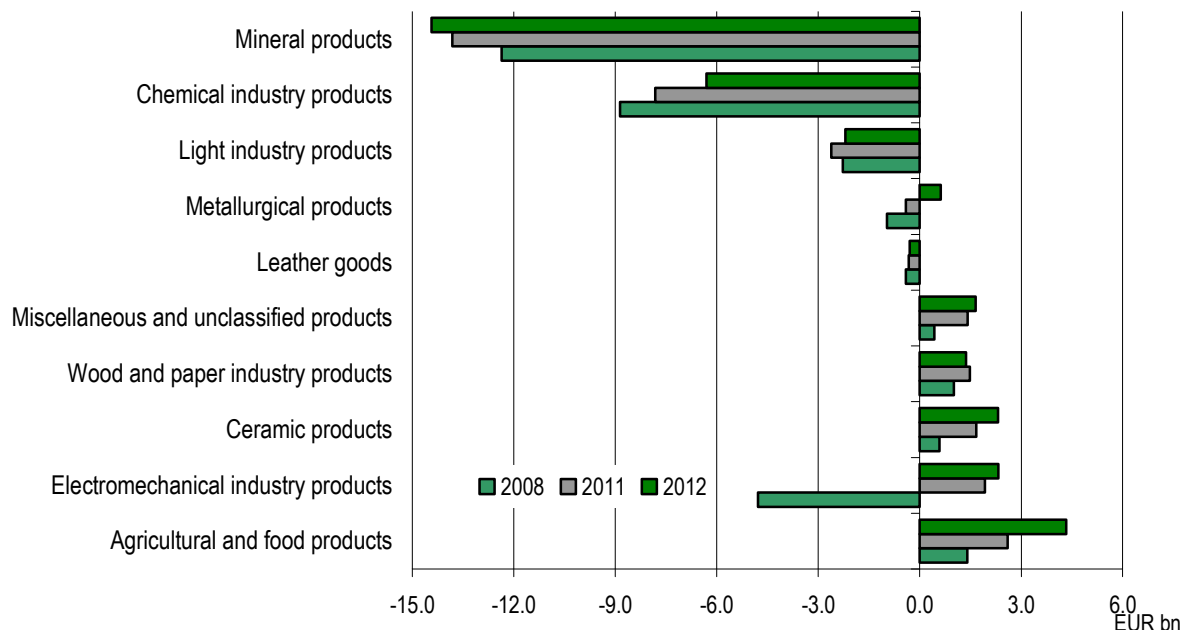
As for the exports of **chemical industry products**, it increased in the analysed period by 44.5%, reaching the level of EUR 20.1 billion, while its share grew by 2 p.p., to 14%. The most considerable increase in this group was recorded in the case of exports of *plastics and articles thereof* (of 36%, to nearly EUR 6.4 billion) and of *rubber and rubber products* (of nearly 60%, to EUR 3.8 billion). Furthermore, a dynamic growth was observed in the case of exports of the following most important commodities of the group:

- *essential oils and resinoids; perfumery, cosmetic or toilet preparations* (33%, to almost EUR 2.1 billion);
- *pharmaceutical products* (nearly 66%, to almost EUR 1.9 billion);
- *organic chemicals* (50%, to EUR 1.5 billion), and
- *soap, washing preparations, lubricating preparations, polishing preparations, etc.* (53%, to nearly EUR 1.3 billion).

During that period, considerable perturbations were observed in relation to trade in **electromechanical products**, the exports of which was 12.2% higher in 2012 than in 2008. Although in the year of a collapse in exchange caused by the crisis (2009), the decline (of 11.8%) in exports of the said products was milder than average (15.5%), in subsequent years its recovery progressed slower than in the case of total exports from Poland. As a result, the share of this commodity group in total exports decreased from 42.9% in 2008 to 39% in 2012.

The situation of exports of electromechanical products was, to the largest extent, influenced by a weak performance in terms of exports of *vehicles, and parts and accessories thereof*, the level of which remained 4% lower in 2012 than in the year 2008 before the crisis. Although in 2008 *vehicles, and parts and accessories thereof* constituted the most considerable part of exports in electromechanical products (with a share of 14.4% in total exports from Poland, and in 2012 – 11.2%), in 2012 the first place in the group was held by *boilers, machinery and mechanical appliances* (with a share of 12.6%), the exports of which increased at that time by 26%.

**Chart 11 Commodity structure of Polish foreign trade balance in 2012, compared to 2011 and 2008 (in EUR million)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

As far as 10 commodity groups are concerned, in the years 2008-2012 a deterioration of balance was noted only in relation to trade in mineral products, in the case of which the deficit deepened by almost EUR 2.1 billion compared to its level from 2008.

In contrast, the most significant positive changes in the balance of trade were observed in connection to trade in electromechanical products, in the case of which the deficit of nearly EUR 4.8 billion recorded in 2008 transformed in a surplus, which in 2012 amounted to EUR 2.3 billion, which means that the balance improved by over EUR 7.1 billion. It resulted, above all, from:

- reduction of deficit in trade in *boilers, machinery and mechanical appliances* of EUR 4.4 billion, to approx. EUR 0.5 billion, and
- increase in the surplus of trade in *vehicles, and parts and accessories thereof* of over EUR 2 billion, to approx. EUR 4.4 billion.

A significant improvement in the balance of trade was recorded in relation to trade in agricultural and food products, in the case of which a growth of EUR 2.9 billion, to EUR 4.3 billion, in the surplus was observed, as well as to trade in chemicals, in the case of which the trade deficit, which in 2008 amounted to almost EUR 8.9 billion, was reduced to nearly EUR 2.6 billion.

As far as agricultural and food products are concerned, the most considerable improvement could have been noted in the case of *meat and edible meat offal* (the surplus doubled, reaching the value of nearly EUR 1.7 billion), *cereals* (the 2008 deficit, amounting to approx. EUR 435 million, was transformed into a surplus of EUR 255 million) and *tobacco and manufactured tobacco substitutes* (an increase of EUR 560 million in the surplus, to approx. EUR 1 billion).

As for trade in chemicals, the most favourable changes in the balance were observed in the case of trade in *pharmaceutical products* (a deficit reduction of EUR 0.9 billion, to EUR 2.2 billion) and in *rubber and rubber products* (an increase of over EUR 0.6 billion in the surplus, to nearly EUR 0.9 billion).

**Table 15 Commodity structure of Polish trade during 2011-2012 and its impact on the trade balance (in EUR million)**

		2012			2011			Change 2012/2011		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
I	Live animals	5,835	3,640	2,195	5,182	3,287	1,895	653	-353	300
II	Plant products	3,542	3,562	-20	2,623	3,519	-895	918	-43	875
III	Fats, oils	413	830	-418	372	767	-396	41	-63	-22
IV	Prepared foodstuffs	8,104	5,526	2,578	7,051	5,056	1,995	1,053	-470	583
	(I-IV) Agricultural and food products	<b>17,893</b>	<b>13,557</b>	<b>4,336</b>	<b>15,228</b>	<b>12,628</b>	<b>2,599</b>	<b>2,666</b>	<b>-929</b>	<b>1,737</b>
V	Mineral products	7,325	21,757	-14,432	6,896	20,709	-13,814	429	-1,047	-618
VI	Products of the chemical industry	9,946	14,778	-4,832	9,260	14,934	-5,674	686	156	842
VII	Plastics	10,149	11,624	-1,475	9,640	11,784	-2,143	509	159	668
	(VI-VII) Products of the chemical industry	<b>20,095</b>	<b>26,403</b>	<b>-6,307</b>	<b>18,900</b>	<b>26,718</b>	<b>-7,817</b>	<b>1,195</b>	<b>315</b>	<b>1,510</b>
VIII	Leathers and leather products	555	851	-296	540	860	-319	15	9	23
IX	Wood and wood products	2,769	1,154	1,615	2,684	1,291	1,394	85	137	222
X	Wood pulp	3,708	3,947	-239	4,214	4,122	91	-505	175	-330
	(IX-X) Wood and paper industry products	<b>6,477</b>	<b>5,101</b>	<b>1,377</b>	<b>6,898</b>	<b>5,413</b>	<b>1,485</b>	<b>-420</b>	<b>312</b>	<b>-108</b>
XI	Textiles and textile products	4,380	6,262	-1,883	4,375	6,592	-2,217	5	329	334
XII	Footwear, headgear	677	995	-318	564	958	-394	113	-37	76
	(XI-XII) Light industry products	<b>5,056</b>	<b>7,257</b>	<b>-2,201</b>	<b>4,939</b>	<b>7,549</b>	<b>-2,610</b>	<b>118</b>	<b>292</b>	<b>410</b>
XIII	Products of stone, gypsum, cement ...	2,678	1,725	953	2,578	1,888	690	100	163	263
XIV	Pearls, metals and stones	1,728	360	1,368	1,304	318	986	424	-42	382
	(XIII-XIV) Ceramic products	<b>4,406</b>	<b>2,085</b>	<b>2,321</b>	<b>3,881</b>	<b>2,206</b>	<b>1,675</b>	<b>524</b>	<b>121</b>	<b>646</b>
XV	Products of non-precious metals	16,804	16,180	624	16,224	16,631	-407	580	451	1,031
XVI	Mechanical and electrical equipment	34,014	34,626	-612	32,144	33,708	-1,563	1,870	-919	951
XVII	Vehicles	20,441	15,437	5,004	21,825	15,215	6,610	-1,384	-222	-1,605
XVIII	Optical devices and apparatuses, etc.	1,538	3,598	-2,060	1,413	4,529	-3,116	125	931	1,056
	(XVI-XVIII) Products of the electromechanical industry	<b>55,993</b>	<b>53,661</b>	<b>2,332</b>	<b>55,382</b>	<b>53,452</b>	<b>1,930</b>	<b>611</b>	<b>-209</b>	<b>402</b>
XIX	Weapons and ammunition	21	153	-132	18	108	-89	3	-45	-42
XX	Various products	8,703	2,714	5,988	7,682	2,576	5,106	1,020	-138	882
XXI	Works of art	26	12	13	21	16	5	5	3	8
	(XIX-XXI) Miscellaneous	<b>8,749</b>	<b>2,880</b>	<b>5,870</b>	<b>7,721</b>	<b>2,700</b>	<b>5,022</b>	<b>1,028</b>	<b>-180</b>	<b>848</b>
XXII	Other	102	4,292	-4,190	85	3,689	-3,605	17	-603	-586
	<b>TOTAL</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>136,694</b>	<b>152,568</b>	<b>-15,875</b>	<b>6,762</b>	<b>-1,472</b>	<b>5,290</b>

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

**Table 16 Changes in Polish foreign trade per commodity groups, sections, and subsection as well as their impact on the trade balance (in EUR million)**

Group/section/subsection	2012			2011			Change 2012/2011		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
<b>Total</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>136,694</b>	<b>152,568</b>	<b>-15,875</b>	<b>6,762</b>	<b>-1,472</b>	<b>5,290</b>
<b>I LIVE ANIMALS, ANIMAL PRODUCTS</b>	<b>5,835</b>	<b>3,640</b>	<b>2,195</b>	<b>5,182</b>	<b>3,287</b>	<b>1,895</b>	<b>653</b>	<b>-353</b>	<b>300</b>
1 Live animals	204	443	-238	186	279	-94	18	-163	-145
2 Meat and edible variety meats	3,022	1,367	1,655	2,567	1,240	1,328	455	-128	327
3 Fish and crustaceans, mollusks and other water invertebrates	779	1,089	-310	757	1,035	-278	22	-54	-32
4 Dairy products, eggs, natural honey	1,648	534	1,114	1,505	533	971	144	-1	143
5 Animal products n.e.c.	182	207	-25	168	199	-32	14	-8	6
<b>II PLANT PRODUCTS</b>	<b>3,542</b>	<b>3,562</b>	<b>-20</b>	<b>2,623</b>	<b>3,519</b>	<b>-895</b>	<b>918</b>	<b>-43</b>	<b>875</b>
6 Live trees and other plants; bulbs ...	119	233	-115	108	235	-127	11	2	12
7 Vegetables, certain edible roots and bulbs	864	468	396	761	526	235	103	58	161
8 Fruit and edible nuts, zests and skins of citrus fruits or melons	1,064	1,033	31	767	1,003	-236	297	-30	267
9 Coffee, tea, Paraguay tea and spices	430	564	-134	361	561	-200	69	-3	65
10 Cereals	677	422	255	327	438	-111	350	16	367
11 Products of the milling industry; malt; starch; inulin; wheat gluten	159	195	-37	145	203	-58	13	8	21
12 Seeds of oil-bearing fruit ..	215	500	-285	145	442	-297	69	-58	12
13 Shellac; rubbers; resins and other plant juices and extracts	12	75	-63	6	71	-65	6	-4	3
14 Plant materials for weaving ...	2	70	-68	3	39	-36	-1	-31	-32
<b>III PLANT AND ANIMAL FATS AND OILS; PRODUCTS OF THEIR PROCESSING</b>	<b>413</b>	<b>830</b>	<b>-418</b>	<b>372</b>	<b>767</b>	<b>-396</b>	<b>41</b>	<b>-63</b>	<b>-22</b>
15 Animal fats and oils ...	413	830	-418	372	767	-396	41	-63	-22
<b>IV PREPARED FOODSTUFFS; NON-ALCOHOLIC AND ALCOHOLIC BEVERAGES , VINEGAR; TOBACCO</b>	<b>8,104</b>	<b>5,526</b>	<b>2,578</b>	<b>7,051</b>	<b>5,056</b>	<b>1,995</b>	<b>1,053</b>	<b>-470</b>	<b>583</b>
16 Processed meat, fish, crustaceans, mollusks and other water invertebrates	955	208	748	768	185	583	187	-23	165
17 Sugar and sugar products	623	443	179	437	421	16	185	-22	163
18 Cocoa and cocoa products	931	628	303	846	649	197	85	21	106
19 Products of cereals, flour, starch or milk; confectionery products	985	522	463	898	473	425	87	-49	37
20 Processed vegetables, fruit, nuts or other plant parts	1,041	536	505	874	530	344	167	-6	161

Group/section/subsection		2012			2011			Change 2012/2011		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
21	Various prepared foodstuffs	1,108	752	356	1,014	692	322	94	-61	34
22	Non-alcoholic and alcoholic beverages , vinegar Remains and waste of the food industry; ready	471	569	-97	476	543	-66	-5	-26	-31
23	fodder for animals	532	1,404	-872	439	1,107	-668	94	-297	-204
24	Tobacco and processed tobacco substitutes	1,458	464	993	1,298	457	841	159	-7	152
(I-IV)	<b>Agricultural and food products</b>	<b>17,893</b>	<b>13,557</b>	<b>4,336</b>	<b>15,228</b>	<b>12,628</b>	<b>2,599</b>	<b>2,666</b>	<b>-929</b>	<b>1,737</b>
V	<b>MINERAL PRODUCTS</b>	<b>7,325</b>	<b>21,757</b>	<b>-14,432</b>	<b>6,896</b>	<b>20,709</b>	<b>-13,814</b>	<b>429</b>	<b>-1,047</b>	<b>-618</b>
25	Salt; sulfur; soil and stones; gypsum materials; lime and cement	236	650	-414	207	748	-541	29	99	127
26	Metal ores; slag and ash	44	736	-691	44	700	-656	0	-36	-35
27	Mineral fuels, mineral oils and products of their distillation; bitumen substances; mineral waxes	7,045	20,371	-13,327	6,645	19,261	-12,617	400	-1,110	-710
V	<b>Mineral products</b>	<b>7,325</b>	<b>21,757</b>	<b>-14,432</b>	<b>6,896</b>	<b>20,709</b>	<b>-13,814</b>	<b>429</b>	<b>-1,047</b>	<b>-618</b>
VI	<b>PRODUCTS OF THE CHEMICAL INDUSTRY AND RELATED INDUSTRIES</b>	<b>9,946</b>	<b>14,778</b>	<b>-4,832</b>	<b>9,260</b>	<b>14,934</b>	<b>-5,674</b>	<b>686</b>	<b>156</b>	<b>842</b>
28	Inorganic chemicals; organic or inorganic compounds of precious metals ...	700	959	-259	665	922	-257	35	-37	-2
29	Organic chemicals	1,481	2,727	-1,247	1,430	2,502	-1,073	51	-225	-174
30	Pharmaceutical products	1,888	4,096	-2,208	1,656	4,355	-2,699	232	259	491
31	Fertilizers	698	619	79	647	547	100	50	-72	-22
32	Tanning agents, dyes, pigments, paints, lacquers, putty, sealants, inks ..	640	1,287	-646	582	1,273	-692	59	-13	45
33	Essential oils, resinoids; perfumes, cosmetics and toiletries	2,063	1,555	507	1,918	1,445	473	144	-110	34
34	Soaps and laundry products ...	1,278	781	497	1,151	755	396	127	-26	102
35	Protein substances; modified starches; glues, enzymes ...	168	533	-365	155	492	-336	12	-41	-29
36	Explosives; pyrotechnical and flammable materials; matches ...	38	31	7	38	27	11	0	-4	-4
37	Photographic and cinematographic materials	29	98	-70	24	98	-74	4	0	4
38	Various chemical products	964	2,091	-1,127	993	2,516	-1,523	-30	425	396
VII	<b>PLASTICS AND PLASTIC PRODUCTS</b>	<b>10,149</b>	<b>11,624</b>	<b>-1,475</b>	<b>9,640</b>	<b>11,784</b>	<b>-2,143</b>	<b>509</b>	<b>159</b>	<b>668</b>
39	CAUTCHOUC AND CAUTCHOUC PRODUCTS	<b>10,149</b>	<b>11,624</b>	<b>-1,475</b>	<b>9,640</b>	<b>11,784</b>	<b>-2,143</b>	<b>509</b>	<b>159</b>	<b>668</b>
39	Plastics and plastic products	6,388	8,729	-2,341	5,961	8,757	-2,796	427	28	455
40	Cautchouc and cautchouc products	3,761	2,895	866	3,679	3,027	652	82	132	214
(VI-VII)	<b>Products of the chemical industry</b>	<b>20,095</b>	<b>26,403</b>	<b>-6,307</b>	<b>18,900</b>	<b>26,718</b>	<b>-7,817</b>	<b>1,195</b>	<b>315</b>	<b>1,510</b>

Group/section/subsection		2012			2011			Change 2012/2011		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
VIII	<b>LEATHERS AND LEATHER PRODUCTS</b>	<b>555</b>	<b>851</b>	<b>-296</b>	<b>540</b>	<b>860</b>	<b>-319</b>	<b>15</b>	<b>9</b>	<b>23</b>
	Untanned leathers (with the exception of furs), and tanned leathers	212	424	-211	201	419	-218	11	-5	7
41		212	424	-211	201	419	-218	11	-5	7
42	Leather products ...	191	375	-184	188	387	-199	3	12	15
43	Furs and artificial furs, and their products	151	52	99	151	54	97	0	2	2
(VIII)	<b>Leathers and leather goods</b>	<b>555</b>	<b>851</b>	<b>-296</b>	<b>540</b>	<b>860</b>	<b>-319</b>	<b>15</b>	<b>9</b>	<b>23</b>
IX	<b>WOOD AND WOOD PRODUCTS</b>	<b>2,769</b>	<b>1,154</b>	<b>1,615</b>	<b>2,684</b>	<b>1,291</b>	<b>1,394</b>	<b>85</b>	<b>137</b>	<b>222</b>
44	Wood and wood products; charcoal	2,736	1,125	1,610	2,652	1,261	1,392	83	135	219
45	Cork and cork products	6	9	-4	4	9	-5	1	0	1
	Goods made of straw, esparto etc.; basketry products and wicker goods	28	19	9	28	21	7	0	1	2
46		28	19	9	28	21	7	0	1	2
X	<b>WOOD PULP OR PULP OF OTHER FIBROUS PLANTS</b>	<b>3,708</b>	<b>3,947</b>	<b>-239</b>	<b>4,214</b>	<b>4,122</b>	<b>91</b>	<b>-505</b>	<b>175</b>	<b>-330</b>
47	Wood pulp	88	430	-343	113	438	-325	-25	8	-17
	Paper, cardboard, products of paper mass, paper and cardboard	3,002	3,285	-283	3,522	3,434	89	-520	149	-371
48		3,002	3,285	-283	3,522	3,434	89	-520	149	-371
49	Books, newspapers, pictures, manuscripts ...	619	232	387	578	250	328	41	18	59
(IX-X)	<b>Products of the wood and paper industry</b>	<b>6,477</b>	<b>5,101</b>	<b>1,377</b>	<b>6,898</b>	<b>5,413</b>	<b>1,485</b>	<b>-420</b>	<b>312</b>	<b>-108</b>
XI	<b>TEXTILES AND TEXTILE PRODUCTS</b>	<b>4,380</b>	<b>6,262</b>	<b>-1,883</b>	<b>4,375</b>	<b>6,592</b>	<b>-2,217</b>	<b>5</b>	<b>329</b>	<b>334</b>
50	Silk	0	6	-6	0	7	-6	0	1	0
51	Wool, thin or thick animal hair ...	111	159	-48	117	170	-53	-5	11	5
52	Cotton	38	375	-338	44	424	-380	-7	49	42
53	Other plant textile products	19	18	1	22	25	-3	-3	7	4
54	Continuous chemical fibers	167	500	-334	180	556	-376	-13	56	42
55	Cut chemical fibers	68	412	-344	61	418	-357	7	6	14
	Cotton wool, felt and unwoven fabrics; special fibers ...	199	453	-253	163	452	-289	36	0	35
56		199	453	-253	163	452	-289	36	0	35
57	Carpets and other textile floor carpeting	175	186	-10	179	195	-17	-4	10	6
58	Special textiles, notions, embroidery ...	51	172	-121	42	182	-140	9	10	19
59	Impregnated fabrics ...	180	446	-266	195	443	-248	-15	-3	-18
60	Knitted fabrics	74	175	-101	68	179	-111	6	4	9
	Clothes and clothing accessories of knitted fabrics	1,154	1,362	-207	1,168	1,472	-304	-13	110	97
61		1,154	1,362	-207	1,168	1,472	-304	-13	110	97
	Clothes and clothing accessories, other than of knitted fabrics	1,510	1,486	24	1,522	1,569	-47	-12	82	70
62		1,510	1,486	24	1,522	1,569	-47	-12	82	70
63	Other packaged textile products; sets; used	634	512	121	613	499	114	20	-13	7



Group/section/subsection		2012			2011			Change 2012/2011		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
	clothes; rags									
XII	FOOTWEAR, HEADGEAR, UMBRELLAS ...	677	995	-318	564	958	-394	113	-37	76
64	Footwear, gaiters and similar products, parts thereof	582	868	-286	473	829	-356	109	-39	70
65	Headgear and parts thereof	69	59	11	66	62	3	3	4	7
66	Umbrellas, sun umbrellas, walking sticks, walking sticks with seats, whips, horsewhips and parts thereof	17	22	-5	18	23	-5	-1	1	0
67	Prepared feathers and down, products of feathers and down ...	8	45	-37	7	43	-36	1	-2	-1
(XI-XII)	Light industry products	5,056	7,257	-2,201	4,939	7,549	-2,610	118	292	410
XIII	PRODUCTS OF STONE, GYPSUM ...	2,678	1,725	953	2,578	1,888	690	100	163	263
68	Products of stone, gypsum, cement, asbestos, mica and similar materials	739	453	287	678	481	197	61	28	89
69	Ceramic products	779	411	368	775	432	343	5	21	26
70	Glass and glass products	1,159	861	298	1,125	975	150	34	114	147
XIV	PEARLS; PRECIOUS AND SEMI-PRECIOUS METALS AND STONES; COSTUME JEWELRY	1,728	360	1,368	1,304	318	986	424	-42	382
71	Pearls; precious and semi-precious stones, precious metals	1,728	360	1,368	1,304	318	986	424	-42	382
(XIII-XIV)	Ceramic products	4,406	2,085	2,321	3,881	2,206	1,675	524	121	646
XV	BASE METALS AND PRODUCTS THEREOF	16,804	16,180	624	16,224	16,631	-407	580	451	1,031
72	Iron, cast iron and steel	4,080	6,031	-1,951	3,913	6,225	-2,312	167	194	361
73	Products of cast iron and steel	5,028	3,710	1,318	4,741	3,867	874	287	157	444
74	Copper and copper products	3,547	1,402	2,145	3,581	1,319	2,262	-34	-83	-117
75	Nickel and nickel products	50	127	-77	28	122	-95	22	-4	18
76	Aluminum and aluminum products	1,676	2,546	-871	1,692	2,741	-1,049	-16	195	179
78	Lead and lead products	124	92	31	131	114	17	-7	22	14
79	Zinc and zinc products	218	152	66	220	151	69	-2	-2	-4
80	Tin and tin products	51	63	-12	42	66	-23	8	3	11
81	Other base metals, ceramic metals, products thereof	33	61	-28	25	66	-41	8	4	13
82	Tools, instruments, knives, spoons, forks etc. cutlery of base metals .	1,039	852	187	954	819	135	85	-33	52
83	Various products of base metals	958	1,143	-184	896	1,140	-245	62	-2	60
XV	Metallurgical products	16,804	16,180	624	16,224	16,631	-407	580	451	1,031

Group/section/subsection		2012			2011			Change 2012/2011		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
XVI	<b>MECHANICAL AND ELECTRICAL EQUIPMENT</b>	<b>34,014</b>	<b>34,626</b>	<b>-612</b>	<b>32,144</b>	<b>33,708</b>	<b>-1,563</b>	<b>1,870</b>	<b>-919</b>	<b>951</b>
	Nuclear reactors, boilers, machinery and mechanical equipment and parts thereof	18,026	18,573	-547	16,773	18,288	-1,516	1,253	-285	969
84	Electrical machines and equipment	15,988	16,053	-65	15,372	15,419	-48	617	-634	-17
XVII	<b>VEHICLES, AIRCRAFT, VESSELS ...</b>	<b>20,441</b>	<b>15,437</b>	<b>5,004</b>	<b>21,825</b>	<b>15,215</b>	<b>6,610</b>	<b>-1,384</b>	<b>-222</b>	<b>-1,605</b>
	Locomotives, rolling stock; track equipment; signaling devices	644	263	381	588	346	243	56	83	138
86	Non-rail vehicles, parts and accessories	16,104	11,750	4,354	17,260	12,269	4,991	-1,156	520	-637
87	Aircraft, space craft and their parts	566	930	-364	379	382	-4	188	-548	-360
88	Vessels, boats and floating constructions	3,127	2,494	633	3,598	2,218	1,380	-471	-276	-747
89	<b>OPTICAL EQUIPMENT AND APPARATUSES</b>	<b>1,538</b>	<b>3,598</b>	<b>-2,060</b>	<b>1,413</b>	<b>4,529</b>	<b>-3,116</b>	<b>125</b>	<b>931</b>	<b>1,056</b>
XVIII	Optical equipment, tools, apparatuses, photo cameras, measuring and medical equipment, parts thereof	1,498	3,471	-1,973	1,370	4,407	-3,037	128	936	1,064
90	Clocks and watches, and parts thereof	25	93	-68	30	89	-59	-5	-4	-9
91	Musical instruments, parts and accessories	15	34	-19	13	33	-20	2	-1	1
92	<b>(XVI-XVIII) Electromechanical products</b>	<b>55,993</b>	<b>53,661</b>	<b>2,332</b>	<b>55,382</b>	<b>53,452</b>	<b>1,930</b>	<b>611</b>	<b>-209</b>	<b>402</b>
	<b>WEAPONS AND AMMUNITION; PARTS AND ACCESSORIES</b>	<b>21</b>	<b>153</b>	<b>-132</b>	<b>18</b>	<b>108</b>	<b>-89</b>	<b>3</b>	<b>-45</b>	<b>-42</b>
XIX	Weapons and ammunition, parts and accessories	21	153	-132	18	108	-89	3	-45	-42
93	<b>VARIOUS PRODUCTS</b>	<b>8,703</b>	<b>2,714</b>	<b>5,988</b>	<b>7,682</b>	<b>2,576</b>	<b>5,106</b>	<b>1,020</b>	<b>-138</b>	<b>882</b>
	Furniture, bedclothes, mattresses etc., lamps, light advertising etc.	7,375	1,557	5,819	7,278	1,621	5,657	97	65	162
94	Toys, games, sports goods, parts and accessories	351	753	-402	281	672	-391	70	-81	-11
95	Various manufactured products	977	405	572	123	283	-160	853	-122	731
96	<b>WORKS OF ART., COLLECTIBLES</b>	<b>26</b>	<b>12</b>	<b>13</b>	<b>21</b>	<b>16</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>8</b>
XXI	Works of art, collectibles and antiques	26	12	13	21	16	5	5	3	8
97	<b>OTHER</b>	<b>102</b>	<b>4,292</b>	<b>-4,190</b>	<b>85</b>	<b>3,689</b>	<b>-3,605</b>	<b>17</b>	<b>-603</b>	<b>-586</b>
XXII	Special classification – deliveries	0	35	-35	0	0	0	0	-35	-35
98	Special commercial transactions	102	4,258	-4,156	85	3,689	-3,605	17	-568	-551
99										

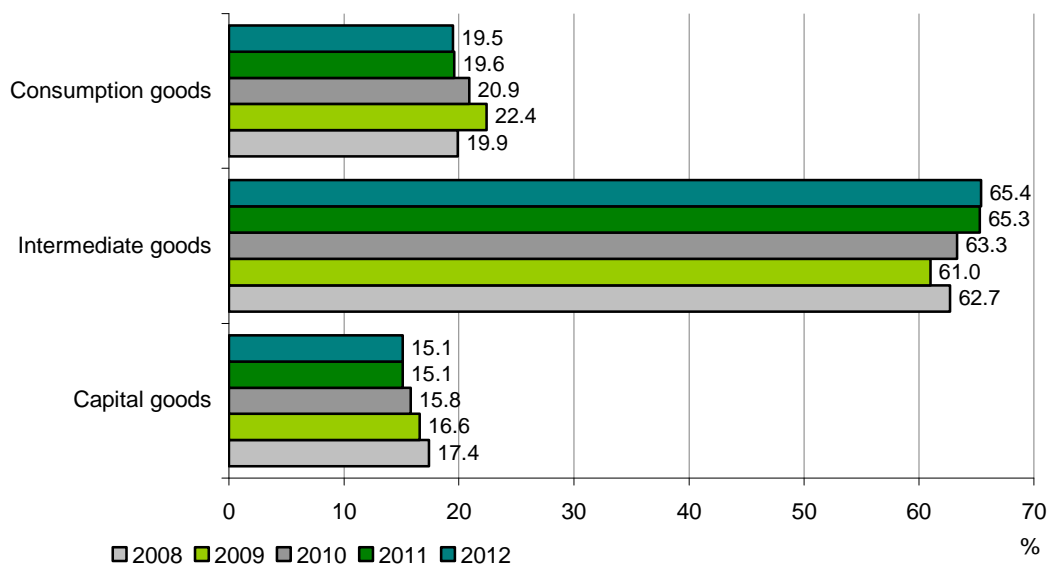
Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

## 6 DESIGNATION OF IMPORTED GOODS

In 2012, similarly to the preceding years, the largest share of imported goods in terms of their designation comprised goods designated for intermediate consumption (65.4%). The share of these goods has been growing since 2009 when it amounted to 61%. The share of investments goods imported to Poland was at the same level as in the preceding year, i.e. 15.1%. Both these streams make up the investment and supplies imports which accounted for 80.5% of total imports in 2012. The share of pro-development imports increased not only when compared to 2009 (in which a more dramatic decline was recorded than on average) when it amounted to 77.6%, but also when compared to the level from the pre-crisis period, i.e. in 2008, when it reached 80.1%.

The third major category of imports designation is consumer goods, the share of which in total imports in 2012 was 19.5%.

**Chart 12 Structure of imports distribution in the years 2008-2012 (share in %)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

In 2012, imports of goods designated for intermediate consumption increased at the same rate as total imports, i.e. by 1%<sup>4</sup>. About 45% of this category comprised imports of processed industrial supplies, the value of which, however, was 1.7% lower than in the preceding year. The most substantial increase was recorded for unprocessed fuels and lubricants – by 12.5%, as well as for parts and accessories for investment goods (excluding parts and accessories for means of transport) – by 5%, which represented 20.3% and 14% of imports of goods designated for intermediate consumption respectively.

In 2012, imports of investment goods grew by 1.4% (so at a slightly faster rate than on average), of which imports of industrial means of transport (representing 22.7% of this category) were 6% higher than in the preceding year, while imports of the remaining investments goods – only by 0.1%.

<sup>4</sup> Changes are presented in EUR.

In 2012, imports of consumer goods grew most slowly – by 0.4%, which was a result of the decline in imports of non-durable consumer goods that prevail in this category (with the share of 27.4%) – by 3.2% as well as of consumer semi-durable goods (21.7%) – by 1.6%. On the other hand, an increase in imports was recorded for processed foods and beverages designated mainly for households (6.3%) and for durable consumer goods (by 3.2%), the share of which in imports of this group amounted to 18.5% and 11.4% respectively.

## 7 FOREIGN TRADE IN THE FIRST HALF OF 2013

From the beginning of 2013, exports has been increasing, which – taking into consideration the simultaneous decline in imports – has resulted in reduction of the trade deficit. The value of exports of goods for the 6 months of 2013 increased by 6% (when compared with the same period of 2012), reaching EUR 74.2 billion. Imports, however, amounted to approx. EUR 74.7 billion and were 2.3% lower than in the preceding year. Owing to the above, the trade balance has significantly improved – the deficit was reduced by EUR 6 billion to EUR 0.5 billion.

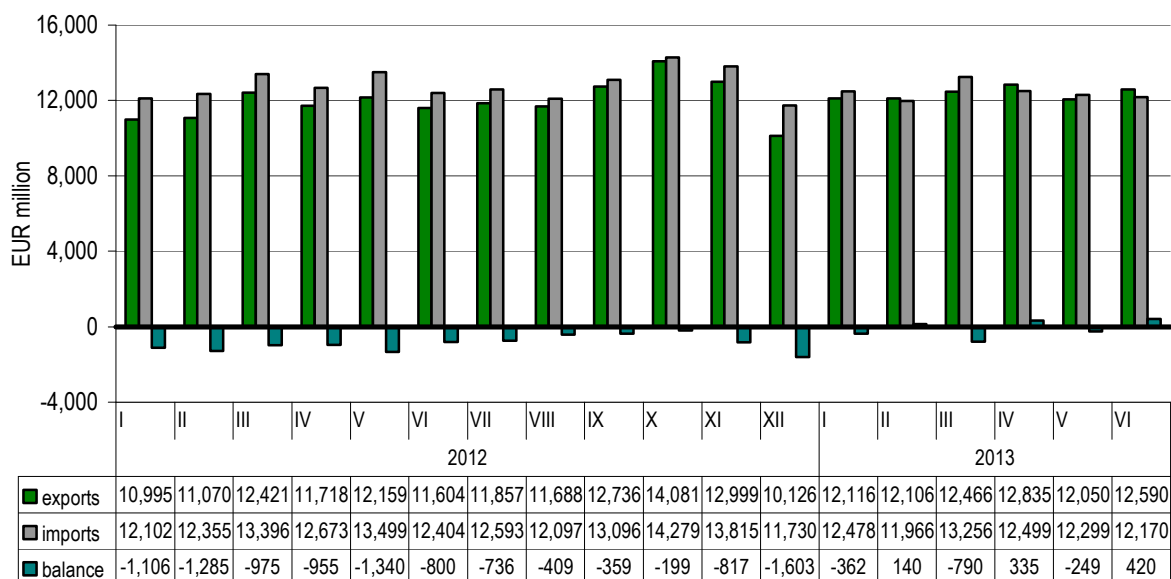
**Table 17 Poland's trade in goods during the period from January 2012 to June 2013**

Period	in EUR million			Dynamics in % same period of past year = 100	
	Exports	Imports	Balance	Exports	Imports
January 2012	10,995	12,102	-1,106	109.3	109.0
February	11,070	12,355	-1,285	101.3	101.7
March	12,421	13,396	-975	100.8	99.0
<b>Q1</b>	<b>34,487</b>	<b>37,853</b>	<b>-3,366</b>	<b>103.5</b>	<b>102.9</b>
April	11,718	12,673	-955	106.9	101.1
May	12,159	13,499	-1,340	103.8	102.9
June	11,604	12,404	-800	100.5	94.1
<b>Q2</b>	<b>35,482</b>	<b>38,576</b>	<b>-3,094</b>	<b>103.7</b>	<b>99.3</b>
<b>1<sup>st</sup> half of the year</b>	<b>69,969</b>	<b>76,430</b>	<b>-6,461</b>	<b>103.6</b>	<b>101.1</b>
July	11,857	12,593	-736	111.2	102.5
August	11,688	12,097	-409	101.8	93.8
September	12,736	13,096	-359	100.3	96.7
<b>Q3</b>	<b>36,281</b>	<b>37,786</b>	<b>-1,505</b>	<b>104.1</b>	<b>97.6</b>
October	14,081	14,279	-199	118.7	110.0
November	12,999	13,815	-817	108.1	104.3
December	10,126	11,730	-1,603	97.0	97.8
<b>Q4</b>	<b>37,206</b>	<b>39,825</b>	<b>-2,619</b>	<b>108.4</b>	<b>104.2</b>
<b>2012</b>	<b>143,456</b>	<b>154,040</b>	<b>-10,584</b>	<b>104.9</b>	<b>101.0</b>
January 2013	12,116	12,478	-362	110.2	103.1
February	12,106	11,966	140	109.4	96.9
March	12,466	13,256	-790	100.4	99.0
<b>Q1</b>	<b>36,687</b>	<b>37,700</b>	<b>-1,012</b>	<b>106.4</b>	<b>99.6</b>
April	12,835	12,499	335	109.5	98.6
May	12,050	12,299	-249	99.1	91.1
June	12,590	12,170	420	108.5	98.1
<b>Q2</b>	<b>37,475</b>	<b>36,969</b>	<b>506</b>	<b>105.6</b>	<b>95.8</b>
<b>1<sup>st</sup> half of the year</b>	<b>74,162</b>	<b>74,668</b>	<b>-506</b>	<b>106.0</b>	<b>97.7</b>

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

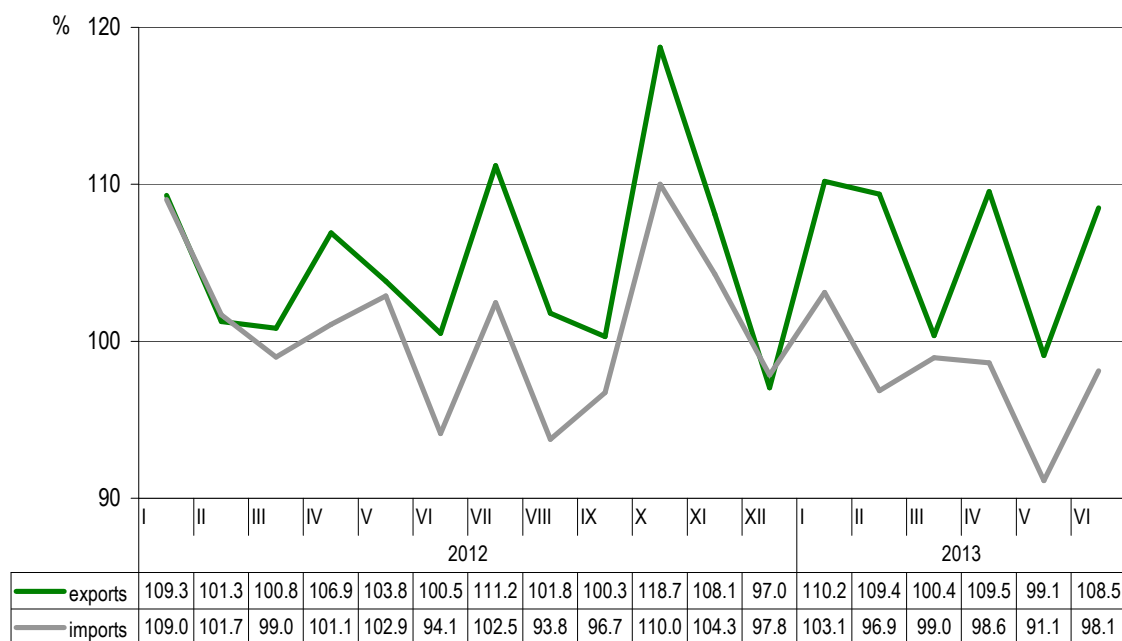
In the first half of 2013, the average monthly value of Polish exports amounted to nearly EUR 12.4 billion, while in the entire 2012 it was less than EUR 12 billion. For imports, the average monthly value during the period from January to June 2013 reached slightly above EUR 12.4 billion, which was lower than the average value in 2012 that amounted to more than EUR 12.8 billion.

**Chart 13 Polish foreign trade turnover during the period from January 2012 to June 2013 (in EUR million)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

**Chart 14 Polish foreign trade turnover during the period from January 2012 to June 2013 (dynamics in %, the same period of past year = 100)**



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

**Table 18 Changes in the geographical structure of Poland's trade in goods after the 1<sup>st</sup> half of 2013 (in EUR million)**

	1 <sup>st</sup> half of 2013			1 <sup>st</sup> half of 2012			Exports growth (+) decline (-)	Changes Imports growth (+) decline (-)	Balance improved (+) worsened (-)
	Exports	Imports	Balance	Exports	Imports	Balance			
<b>Poland, total</b>	<b>74,162</b>	<b>74,668</b>	<b>-506</b>	<b>69,969</b>	<b>76,430</b>	<b>-6,461</b>	<b>4,193</b>	<b>1,761</b>	<b>5,955</b>
previous year = 100	106.0	97.7		103.6	101.1				
<b>Developed countries</b>	<b>60,492</b>	<b>48,932</b>	<b>11,560</b>	<b>58,312</b>	<b>49,726</b>	<b>8,586</b>	<b>2,180</b>	<b>794</b>	<b>2,974</b>
previous year = 100	103.7	98.4		101.4	97.1				
share	81.6	65.5		83.3	65.1				
including:									
<b>EU</b>	<b>55,139</b>	<b>43,034</b>	<b>12,105</b>	<b>54,117</b>	<b>44,527</b>	<b>9,590</b>	<b>1,021</b>	<b>1,493</b>	<b>2,514</b>
previous year = 100	101.9	96.6		101.9	97.7				
share	74.3	57.6		77.3	58.3				
including:									
<b>Germany</b>	<b>18,523</b>	<b>15,836</b>	<b>2,687</b>	<b>17,964</b>	<b>16,511</b>	<b>1,453</b>	<b>559</b>	<b>675</b>	<b>1,234</b>
previous year = 100	103.1	95.9		102.3	98.8				
share	25.0	21.2		25.7	21.6				
<b>Great Britain</b>	<b>4,725</b>	<b>1,896</b>	<b>2,829</b>	<b>4,634</b>	<b>1,921</b>	<b>2,713</b>	<b>90</b>	<b>25</b>	<b>116</b>
preceding year = 100	102.0	98.7		107.2	93.5				
share	6.4	2.5		6.6	2.5				
<b>Czech Republic</b>	<b>4,514</b>	<b>2,773</b>	<b>1,740</b>	<b>4,450</b>	<b>2,848</b>	<b>1,601</b>	<b>64</b>	<b>75</b>	<b>139</b>
previous year = 100	101.4	97.4		104.5	101.8				
share	6.1	3.7		6.4	3.7				
<b>France</b>	<b>4,314</b>	<b>2,907</b>	<b>1,407</b>	<b>4,358</b>	<b>3,044</b>	<b>1,314</b>	<b>-44</b>	<b>137</b>	<b>93</b>
previous year = 100	99.0	95.5		100.2	91.9				
share	5.8	3.9		6.2	4.0				
<b>Italy</b>	<b>3,353</b>	<b>3,817</b>	<b>-464</b>	<b>3,640</b>	<b>4,123</b>	<b>-483</b>	<b>-287</b>	<b>306</b>	<b>19</b>
previous year = 100	92.1	92.6		93.5	97.7				
share	4.5	5.1		5.2	5.4				
<b>Other developed countries</b>	<b>5,353</b>	<b>5,898</b>	<b>-545</b>	<b>4,194</b>	<b>5,199</b>	<b>-1,005</b>	<b>1,159</b>	<b>-699</b>	<b>460</b>
previous year = 100	127.6	113.4		95.1	92.9				
share	7.2	7.9		6.0	6.8				
including:									
<b>USA</b>	<b>1,659</b>	<b>2,122</b>	<b>-464</b>	<b>1,323</b>	<b>1,847</b>	<b>-524</b>	<b>336</b>	<b>-275</b>	<b>61</b>
previous year = 100	125.4	114.9		92.6	108.2				
share	2.2	2.8		1.9	2.4				
<b>EFTA</b>	<b>2,386</b>	<b>2,210</b>	<b>176</b>	<b>1,722</b>	<b>1,644</b>	<b>79</b>	<b>664</b>	<b>-567</b>	<b>97</b>
previous year = 100	138.5	134.5		86.8	76.6				
share	3.2	3.0		2.5	2.2				
<b>Other countries excluding developed economies</b>	<b>13,671</b>	<b>25,736</b>	<b>-12,065</b>	<b>11,657</b>	<b>26,704</b>	<b>-15,046</b>	<b>2,013</b>	<b>968</b>	<b>2,981</b>
previous year = 100	117.3	96.4		116.5	109.3				
share	18.4	34.5		16.7	34.9				
including:									
<b>Countries of the CIS</b>	<b>7,188</b>	<b>10,780</b>	<b>-3,592</b>	<b>6,380</b>	<b>12,430</b>	<b>-6,051</b>	<b>809</b>	<b>1,650</b>	<b>2,459</b>
previous year = 100	112.7	86.7		117.7	122.7				
share	9.7	14.4		9.1	16.3				
including:									
<b>Russia</b>	<b>3,942</b>	<b>9,465</b>	<b>-5,523</b>	<b>3,495</b>	<b>10,800</b>	<b>-7,306</b>	<b>447</b>	<b>1,335</b>	<b>1,782</b>
previous year = 100	112.8	87.6		122.7	127.3				
share	5.3	12.7		5.0	14.1				
<b>Other countries</b>	<b>6,482</b>	<b>14,956</b>	<b>-8,473</b>	<b>5,278</b>	<b>14,273</b>	<b>-8,995</b>	<b>1,204</b>	<b>-683</b>	<b>522</b>
previous year = 100	122.8	104.8		115.2	99.9				
share	8.7	20.0		7.5	18.7				
including:									
<b>China</b>	<b>766</b>	<b>6,751</b>	<b>-5,986</b>	<b>625</b>	<b>6,439</b>	<b>-5,813</b>	<b>140</b>	<b>-313</b>	<b>-172</b>
previous year = 100	122.5	104.9		112.8	101.7				
share	1.0	9.0		0.9	8.4				

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

The first half of 2013 saw the continuation of the trend from the past years of much faster increase in exports to developing and less developed markets than to the developed ones.

Exports from Poland to advanced economies increased over this period by 3.7% reaching EUR 60.5 billion, so slightly faster than over the entire 2012 when exports increased by 2.4%. At the same time, a decline in imports from these countries (by 1.6% to approx. EUR 48.9 billion) resulted in an increased surplus in trade with them by EUR 3 billion to nearly EUR 11.6 billion.

A relatively slow growth of exports to developed countries was mainly the effect of its growth to the European Union by 1.9% (to EUR 55.1 billion), including to the euro area by 1.1% (to EUR 37.6 billion), and to other markets by 3.5% (to EUR 17.5 billion). Among the most important European markets, an increase in exports was recorded for Germany (by 3.1% to more than EUR 18.5 billion), Great Britain (by 2% to EUR 4.7 billion), Czech Republic (by 1.4% to EUR 4.5 billion), Sweden (by 6.2% to EUR 2 billion), Slovakia (by 8.4% to nearly EUR 2 billion), Hungary (by 7% to EUR 1.8 billion), Spain (by 5.8% to EUR 1.6 billion), and Belgium (by 5.6% to nearly EUR 1.6 billion). A decline in exports, in turn, was seen in exchange with France (by 1% to EUR 4.3 billion), Italy (by 7.9% to less than EUR 3.4 billion), and the Netherlands (by 6.9% to nearly EUR 2.9 billion).

Compared to the EU, exports to other advanced economies grew at a much faster rate (by 27.6% to nearly EUR 5.4 billion), which was mainly the effect of the dynamic growth of exports to Norway (by almost 60% to EUR 1.7 billion) and the United States (by more than 25% to nearly EUR 1.7 billion). Imports from this group of markets increased more slowly than exports (by 13.4%), which translated into a reduction of the deficit in trade with these countries to approx. EUR 550 million.

In the first half of 2013, exports to developing countries – after their increase by 18.9% in 2012 – increased by further 17.3% to nearly EUR 13.7 billion, including to the CIS markets by 12.7% (to EUR 7.2 billion), and to other developing and less developed markets by 22.8% (to EUR 6.5 billion). At the same time, imports from this group of countries amounted to more than EUR 25.7 billion and fell by 3.6% compared to the preceding year. This allowed for a significant reduction of the deficit in trade with developing countries – by nearly EUR 3 billion to less than EUR 12.1 billion.

Exports to the main CIS markets increased as follows: to Russia – by 12.8% (to more than EUR 3.9 billion), to Ukraine – by 10.9% (to EUR 2 billion), and to Belarus – by 19.6% (to more than EUR 0.8 billion). Imports from the CIS, in turn, fell by 13.3% (to less than EUR 10.8 billion), and the deficit was reduced by almost EUR 2.5 billion to EUR 3.6 billion. A decrease in imports was recorded in case of all three major partners of Poland in this group, i.e. from Russia by 12.4%, from Ukraine by 22.9%, and from Belarus by 26.1%.

On the other hand, imports from other developing markets increased over that period by 4.8% (to nearly EUR 15 billion), which – with the fast growing exports to these countries – reduced the negative balance by more than EUR 0.5 billion to nearly EUR 8.5 billion. As far as this group of markets is concerned, a dynamic growth of exports was recorded for China – by 22.5% (to approx. EUR 770 million), as well as for Singapore (almost 2.4 times to approx. EUR 420 million), Serbia (2 times to approx. EUR 290 million), and the United Arab Emirates (by more than 70% to approx. EUR 260 million).



**Table 19 Changes in the commodity structure of Polish foreign trade after the 1<sup>st</sup> half of 2013 (in EUR million)**

Section/commodity group	1 <sup>st</sup> half of 2013			1 <sup>st</sup> half of 2012			Change		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (+) decline (-)	Balance improved (+) worsened (-)
<b>TOTAL</b>	<b>74,162</b>	<b>74,668</b>	<b>-506</b>	<b>69,969</b>	<b>76,430</b>	<b>-6,461</b>	<b>4,193</b>	<b>1,761</b>	<b>5,955</b>
I Live animals	3,023	1,944	1,079	2,759	1,673	1,085	264	-270	-6
II Plant products	1,843	1,804	39	1,414	1,929	-515	428	125	554
III Fats, oils	218	358	-139	156	402	-246	63	44	107
IV Prepared foodstuffs	4,184	2,770	1,414	3,813	2,600	1,213	372	-170	202
(I-IV) Agricultural and food products	<b>9,269</b>	<b>6,875</b>	<b>2,393</b>	<b>8,142</b>	<b>6,605</b>	<b>1,537</b>	<b>1,127</b>	<b>-271</b>	<b>856</b>
V Mineral products	<b>3,694</b>	<b>9,197</b>	<b>-5,503</b>	<b>3,536</b>	<b>10,570</b>	<b>-7,034</b>	<b>157</b>	<b>1,373</b>	<b>1,530</b>
VI Products of the chemical industry	5,220	7,634	-2,414	4,874	7,423	-2,550	346	-211	135
VII Plastics	5,398	5,776	-378	4,969	5,898	-929	429	122	551
(VI-VII) Products of the chemical industry	<b>10,618</b>	<b>13,410</b>	<b>-2,793</b>	<b>9,842</b>	<b>13,322</b>	<b>-3,479</b>	<b>775</b>	<b>-89</b>	<b>687</b>
VIII Leathers and leather products	423	432	-9	312	415	-104	112	-17	94
IX Wood and wood products	1,569	542	1,027	1,430	584	846	139	42	182
X Wood pulp	1,904	1,976	-71	1,815	1,932	-117	90	-44	46
(IX-X) Wood and paper industry products	<b>3,474</b>	<b>2,518</b>	<b>956</b>	<b>3,245</b>	<b>2,516</b>	<b>729</b>	<b>229</b>	<b>-1</b>	<b>227</b>
XI Textiles and textile products	2,195	2,958	-762	2,194	3,117	-923	2	159	161
XII Footwear, headgear	380	489	-109	326	496	-170	54	6	60
(XI-XII) Light industry products	<b>2,575</b>	<b>3,447</b>	<b>-872</b>	<b>2,520</b>	<b>3,612</b>	<b>-1,093</b>	<b>56</b>	<b>165</b>	<b>221</b>
XIII Products of stone, gypsum, cement ...	1,390	789	601	1,330	845	485	60	56	115
XIV Pearls, metals and stones	507	169	338	783	193	590	-276	23	-252
(XIII-XIV) Ceramic products	<b>1,897</b>	<b>958</b>	<b>939</b>	<b>2,113</b>	<b>1,037</b>	<b>1,076</b>	<b>-216</b>	<b>79</b>	<b>-137</b>
XV Products of non-precious metals	<b>8,392</b>	<b>7,857</b>	<b>536</b>	<b>8,386</b>	<b>8,336</b>	<b>50</b>	<b>6</b>	<b>479</b>	<b>485</b>
XVI Mechanical and electrical equipment	17,031	16,959	72	16,463	16,704	-241	568	-255	313
XVII Vehicles	11,264	7,962	3,302	10,281	7,703	2,578	983	-259	724
XVIII Optical devices and apparatuses, etc.	847	1,574	-727	755	1,864	-1,108	91	290	381
(XVI-XVIII) Products of the electromechanical industry	<b>29,142</b>	<b>26,495</b>	<b>2,647</b>	<b>27,499</b>	<b>26,271</b>	<b>1,228</b>	<b>1,642</b>	<b>-224</b>	<b>1,419</b>
XIX Weapons and ammunition	9	19	-10	11	67	-56	-2	47	46
XX Various products	4,587	1,322	3,265	4,290	1,308	2,982	297	-14	282
XXI Works of art	7	11	-4	14	6	8	-7	-5	-12
XXII Other	76	2,123	-2,047	58	2,357	-2,299	17	234	251

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office.

Among major commodity groups, the fastest rate of growth was recorded for exports of agricultural and food products (by 13.8%) and for chemical industry articles (by 7.9%).

In the first half of 2013, agricultural and food products represented 12.5% of total exports, i.e. nearly EUR 9.3 billion. As far as this group is concerned, exports of vegetable products grew most rapidly (by more than 30% to EUR 1.5 billion), among which a dynamic increase in exports was recorded for *edible fruit and nuts, etc.* (by 23.2% to approx. EUR 630 million) – which dominate in this category, as well as for *edible vegetables and certain roots and tubers* (by 12.3% to approx. EUR 460 million) and for *cereals* (more than 4 times, to approx. EUR 300 million). Also the growth of exports of prepared foodstuffs (by 9.7% to nearly EUR 4.2 billion) and of live animals and animal products (by 9.6% to EUR 3 billion) was faster than the growth of total exports. Imports of agricultural and food products, in turn, was 4.1% higher than in the first half of 2012. As a result, the surplus recorded in foodstuffs trade increased by approx. EUR 860 million to EUR 2.4 billion.

Exports of chemical industry articles amounted to more than EUR 10.6 billion and represented 14.3% of total exports. The most rapid growth of exports was recorded for *plastics and articles thereof* (by 12.1% to nearly EUR 3.5 billion) – which play a dominant role in the group, as well as for *pharmaceutical products* (by 28.7% to more than EUR 1.1 billion). Imports of chemical products amounted to EUR 13.4 billion and were only 0.7% higher than in the preceding year, which led to reduction of the deficit in this group by almost EUR 690 million to EUR 2.8 billion.

It is worth to note that exports of electromechanical industry products (which, after the 1<sup>st</sup> half of 2013, represented 39.3% of total exports) increased at the same rate as total exports, i.e. by 6%, and amounted to more than EUR 29.1 billion. Exports of *vehicles other than rolling stock, and parts and accessories thereof* was only 0.2% higher than in the preceding year and reached almost EUR 8.5 billion. On the other hand, exports of *ships, boats and floating structures* grew substantially by more than 70% and exceeded EUR 2.1 billion. A slow increase in imports of electromechanical products (by 0.9% to EUR 26.5 billion) led to an increased surplus in trade in these products by more than EUR 1.4 billion to above EUR 2.6 billion.

It is also worth to mention that imports of mineral products, the value of which amounted to EUR 9.2 billion in the 1<sup>st</sup> half of 2013 and was 13% lower than in the same period of 2012, allowed for reduction of the deficit in trade in these products by more than EUR 1.5 billion to EUR 5.5 billion.

## 8 FORECAST FOR 2013

The recent global crisis of 2008-2009 confirmed the high susceptibility of international trade to a slowdown in economy, which results from strong supply and cooperation dependencies in production processes. Consequently, fluctuations in global trade volumes are generally more amplified than those of GDP, both in terms of decline and growth. As a result, international trade volumes quickly respond both to a rapid economic growth and to a contrary situation.

Analysts of WTO note that, under normal conditions, the rate of growth of global trade is generally twice as high as the rate of growth of world GDP. In 2011, international trade increased by 5.2% and global GDP (adjusted for exchange differences) by 2.4%. In 2012, in turn, global trade in goods decelerated to 2% and world GDP – to 2.1%, which means that the aforesaid relation was 1:1. According to WTO forecasts for 2013, the aforementioned ratio will reach the level of 1.6:1, which – assuming that the current downward trend will stop and economic growth will remain at the present level of 2.1% (as in 2012) – means the acceleration of global trade by 3.3%. For 2014, in turn, analysts expect international trade to grow by 5%, and global GDP – by 2.7%.

According to WTO, it is expected that the trend of more rapid growth in trade in developing countries compared to the developed ones will continue. Exports of developing economies will increase by 5.3%, so nearly 4 times faster than in the developed markets, exports of which should increase by 1.4%. On the import side, 1.4% growth in developed economies and 5.9% growth in developing ones are anticipated.

**Table 20 Changes in world merchandise trade and global GDP during the years 2010-2014 (in %)**

	2010	2011	2012	2013*	2014*
<b>Volume of merchandise trade</b>					
<b>World</b>	<b>13.9</b>	<b>5.2</b>	<b>2.0</b>	<b>3.3</b>	<b>5.0</b>
<i>Exports</i>					
<b>Advanced economies</b>	13.1	5.1	1.0	1.4	2.6
<b>Developing and emerging economies</b>	15.3	5.4	3.3	5.3	7.5
<i>Imports</i>					
<b>Advanced economies</b>	10.7	3.1	-0.1	1.4	3.2
<b>Developing and emerging economies</b>	18.2	8.0	4.6	5.9	7.4
<b>Real GDP</b>					
<b>World</b>	<b>3.8</b>	<b>2.4</b>	<b>2.1</b>	<b>2.1</b>	<b>2.7</b>
<b>Advanced economies</b>	2.7	1.5	1.2	1.1	1.9
<b>Developing and emerging economies</b>	7.3	5.3	4.7	5.0	5.1

\* forecast

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of WTO of April 2013.

The lack of full stability of the public finance sector and debt crisis in the European Union, in particular in the euro area, still remains a threat which may significantly affect not only European economy but also the global economic situation as a whole. Both the International Monetary Fund and the OECD expect that GDP in the euro area will fall by 0.6%, thereby weakening import demand of these markets and, as a result, affecting negatively the developing economies for which the EU is an important trade partner.

Another factor that poses certain risk to the global economy is the uncertainty as to global prices, in particular prices of raw materials, but the impact of this factor is not clear. On the one hand, high prices are strongly connected with the deceleration of growth of economies which import raw materials; on the other hand, they result in an increase in export revenues of raw material producers, the majority of which are developing and less developed countries.

According to OECD estimates, global trade grew by 6.1% in 2011 after its dynamic recovery in 2010 (by 12.7%), while global GDP decelerated from 5.1% to 3.7% over that period. In 2012, the dynamics of world GDP fell to 3%, while global trade decelerated to 2.7%. It is expected that these indices will improve in the following year, i.e. GDP will accelerate slightly to 3.1% and global trade will grow by 3.6%.

Forecasts for Poland of the two leading international analysis centres are more optimistic than those for highly advanced economies. According to OECD estimates, the volume of Polish exports of goods and services will increase by 2.4% in 2013 compared to the expected growth of 0.9% in Germany, 0.2% in France, or 0.7% in Great Britain. Just as in 2012, it is expected that Polish imports will fall in 2013 (by 0.1%), which should result in further improvement of the trade balance. It is worth to note that the positive outlook for Polish exports can be perceived in the context of the forecasted relatively high dynamics of imports of Germany (1.9%), the largest Polish export market, Russia (7.6%) – our fifth largest export partner, and the Netherlands (2.4%) – our seventh largest partner.

**Table 21 Forecast for the growth in trade volumes (in goods and services) during 2012-2014 (in %)**

	2012		2013*		2014*	
	Exports	Imports	Exports	Imports	Exports	Imports
Germany	4.3	2.2	0.9	1.9	4.6	6.4
France	2.5	-0.9	0.2	-0.1	4.2	2.9
Italy	2.2	-7.8	2.9	-1.4	4.9	1.5
United Kingdom	-0.2	2.7	0.7	0.5	2.9	1.6
Netherlands	3.3	3.1	2.5	2.4	4.2	3.8
Poland	<b>1.9</b>	<b>-3.0</b>	<b>2.4</b>	<b>-0.1</b>	<b>3.6</b>	<b>2.3</b>
United States	3.4	2.4	2.2	2.4	4.9	5.5
Japan	-0.1	5.4	2.7	0.6	9.0	3.1
Russia	1.4	9.5	0.8	7.6	1.2	5.9
China	5.3	6.3	11.9	11.6	7.9	11.0
India	3.0	4.7	6.8	5.3	8.9	6.0

\* forecast

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the OECD of May 2013.

The continuation of growth of Polish exports is also suggested by forecasts concerning domestic demand in markets of major recipients of our goods. Although a number of economies will continue to experience a decline in demand, it is expected that the decline will be milder and some of the economies will even see a slight improvement in this respect. The European Commission estimated that demand in the European Union will drop by 0.7% in 2013 in respect of its 1.5% decline in 2012, and in the euro area – by 1.2% in respect of 2.2%. It is expected that demand will grow in markets of our two most important export partners, i.e. Germany – by 0.2%, and Great Britain – by 0.6%. Moreover, experts foresee that demand will grow also in major European markets such as Sweden (by 1.5%), Austria (by 0.2%), and Slovakia (by 0.3%). As far as non-European trade partners of Poland are concerned, demand growth is expected *inter alia* in the United States (by 1.8%), Norway (by 3%), and Turkey (by 3.6%).

Assuming a relative stabilisation of prices of raw materials and weakening of the Polish zloty, it is expected than in 2013:

- exports volume will increase by approx. 2.8%, and
- imports volume will drop by approx. 1%.

Taking into consideration the external and internal conditions of trade exchange as well as the situation in major markets, it is expected than in 2013:

- **exports will grow by 3% to the level of EUR 147.8 billion,**
- **imports will drop by 1.5% to the level of EUR 151.7 billion,**

**and, as a result, the trade deficit will be reduced by approx. EUR 6.7 billion to the level of approx. EUR 3.9 billion.**



## **ANNEX 1.**

# **SERVICES IN POLISH FOREIGN TRADE**

Since the beginning of economic transformations, trade in services has played an important role in Polish foreign trade, and its generally positive balance over this period has reduced the scale of deficit in merchandise trade. Although revenues from exports of services over the past few years do not grow as quickly as revenues from exports of goods, exports of services is characterised by a significantly higher share of added value compared to exports of goods and, at the same time, a relatively higher contribution to GDP. An important positive feature of exports of services is its relatively high impact on activation of small enterprises and, as a consequence, on an increase in employment.

### **1. Foreign trade in services during 2000-2012 (according to data on the balance of payments of the National Bank of Poland (NBP))**

During 2001-2012, revenues from exports of services – apart from minor exceptions – grew. Over the past 12 years, these revenues grew from EUR 11.3 billion in 2000 to EUR 29.4 billion in 2012, i.e. 2.6 times. In the same period, revenues from exports of goods increased 3.8 times (from EUR 39 billion to EUR 146.6 billion), so at a much faster rate.

Expenditure on imports of services in the period concerned increased slightly slower than revenues from their exports. Apart from a moderate drop during 2002-2003 (from EUR 10 billion in 2001 to EUR 9.7 billion in 2003) and a more significant decline in 2009 (by more than 16.5% to EUR 17.3 billion), imports expenditure systematically grew over almost the entire period. As a result, their level increased from EUR 9.8 billion in 2000 to nearly EUR 24.6 billion in 2012, i.e. 2.5 times. At the same time, the difference with imports of goods, in the case of which 2.9-time growth was recorded, was significantly smaller than on export side.

The positive balance of trade in services which continued over the entire period – despite a significant drop during 2003-2004 when it amounted to only EUR 28 million – exhibited, in general, a clear upward trend. As a result, the past 12 years saw a more than a three-fold increase in surplus of trade in services from slightly more than EUR 1.5 billion in 2000 to more than EUR 4.8 billion in 2012.

### **2. Share of services in total trade volumes**

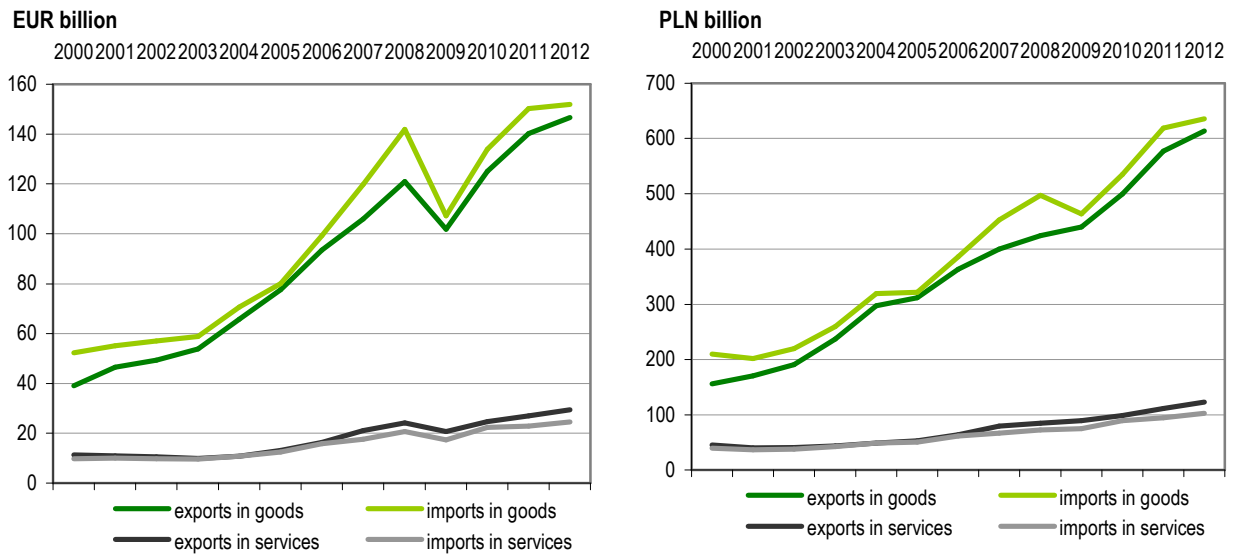
A slower growth of trade in services compared to merchandise trade over the past 12 years translated into a fall in the share of the former in total trade. The share of services in total exports fell from 22.5% in 2000 to 16.7% in 2012, i.e. by 5.8 p.p. The decrease in the share of services in total imports (from 15.7% to 13.9%, i.e. by 1.8 p.p.) was much smaller than in the case of exports.

**Table 1. Poland's foreign trade in goods and services during 2000-2012 (in EUR million and in PLN million)**

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Dynamics 2012/2000
<b>EUR million</b>															
<b>goods</b>	<b>exports</b>	39,022	46,537	49,338	53,836	65,847	77,562	93,406	105,893	120,890	101,760	125,007	140,181	146,594	375.7
	<b>imports</b>	52,349	55,094	57,039	58,913	70,673	80,070	99,235	119,720	141,818	107,187	133,900	150,240	151,907	290.2
	<b>balance</b>	-13,327	-8,557	-7,701	-5,077	-4,826	-2,508	-5,829	-13,827	-20,928	-5,427	-8,893	-10,059	-5,313	
<b>services</b>	<b>exports</b>	11,320	10,914	10,545	9,850	10,815	13,105	16,358	21,022	24,192	20,725	24,720	26,961	29,378	259.5
	<b>imports</b>	9,774	10,023	9,768	9,657	10,787	12,520	15,776	17,581	20,717	17,298	22,386	22,913	24,562	251.3
	<b>balance</b>	1,546	891	777	193	28	585	582	3,441	3,475	3,427	2,334	4,048	4,816	
<b>goods + services</b>	<b>exports</b>	50,342	57,451	59,883	63,686	76,662	90,667	109,764	126,915	145,082	122,485	149,727	167,142	175,972	349.6
	<b>imports</b>	62,123	65,117	66,807	68,570	81,460	92,590	115,011	137,301	162,535	124,485	156,286	173,153	176,469	284.1
	<b>balance</b>	-11,781	-7,666	-6,924	-4,884	-4,798	-1,923	-5,247	-10,386	-17,453	-2,000	-6,559	-6,011	-497	
<b>Share of services in trade in goods and services (in %)</b>															
<b>in:</b>	<b>exports</b>	22.5	19.0	17.6	15.5	14.1	14.5	14.9	16.6	16.7	16.9	16.5	16.1	16.7	
	<b>imports</b>	15.7	15.4	14.6	14.1	13.2	13.5	13.7	12.8	12.7	13.9	14.3	13.2	13.9	
<b>PLN million</b>															
<b>goods</b>	<b>exports</b>	156,241	170,600	190,540	237,257	297,657	311,958	363,775	400,193	423,712	439,835	499,337	577,332	613,312	392.5
	<b>imports</b>	209,706	201,889	220,063	259,533	319,640	322,042	386,490	452,297	497,299	463,197	534,828	618,781	635,671	303.1
	<b>balance</b>	-53,465	-31,289	-29,523	-22,276	-21,983	-10,084	-22,715	-52,104	-73,587	-23,362	-35,491	-41,449	-22,359	
<b>services</b>	<b>exports</b>	45,344	39,985	40,876	43,474	48,735	52,713	63,720	79,343	84,899	89,484	98,741	111,225	122,861	271.0
	<b>imports</b>	39,182	36,732	37,782	42,542	48,692	50,355	61,482	66,432	72,523	74,676	89,410	94,712	102,681	262.1
	<b>balance</b>	6,162	3,253	3,094	932	43	2,358	2,238	12,911	12,376	14,808	9,331	16,513	20,180	
<b>goods + services</b>	<b>exports</b>	201,585	210,585	231,416	280,731	346,392	364,671	427,495	479,536	508,611	529,319	598,078	688,557	736,173	365.2
	<b>imports</b>	248,888	238,621	257,845	302,075	368,332	372,397	447,972	518,729	569,822	537,873	624,238	713,493	738,352	296.7
	<b>balance</b>	-47,303	-28,036	-26,429	-21,344	-21,940	-7,726	-20,477	-39,193	-61,211	-8,554	-26,160	-24,936	-2,179	
<b>Share of services in trade in goods and services (in %)</b>															
<b>in:</b>	<b>exports</b>	22.5	19.0	17.7	15.5	14.1	14.5	14.9	16.5	16.7	16.9	16.5	16.2	16.7	
	<b>imports</b>	15.7	15.4	14.7	14.1	13.2	13.5	13.7	12.8	12.7	13.9	14.3	13.3	13.9	

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland.

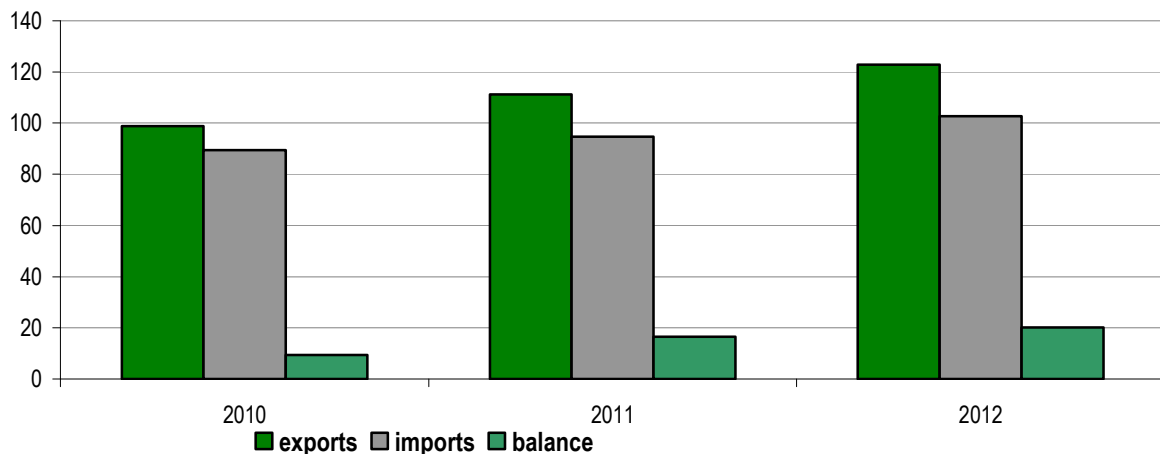


**Chart 1. Foreign trade in goods and services during 2000-2012 (in EUR billion and in PLN billion)**

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland.

### 3. Trade in services with major Poland's trade partners during 2010-2012 (in PLN)

Total revenues from exports of services grew from PLN 98.7 billion in 2010 to PLN 122.9 billion in 2012, i.e. by 24.4%. At the same time, expenditure on imports of services increased from PLN 89.4 billion to PLN 102.7 billion, i.e. by 14.8%, so both from a lower level and at a slower rate than export revenues. As a result, the trade surplus over the past two years grew from PLN 9.3 billion to PLN 20.2 billion, so more than two-fold.

**Chart 2. Total trade in services during 2010-2012 (in PLN billion)**

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland.

The dominant role in trade in services is played by the EU markets, which in 2012 brought as much as PLN 86 billion, i.e. approx. 70% of total export revenues, and which represented nearly 78% of total expenditure on imports of services, i.e. more than PLN 79.6 billion. Just like in the case of trade in goods, the leading market engaged in trade in services with Poland is Germany, which in 2012 brought nearly PLN 30 billion export revenues, i.e. more than 24% of total revenues from exports of services, as well as represented more than 23% of total expenditure on imports of services, i.e. PLN 23.7 billion. It is worth to note, however, that while the surplus in trade in services with Germany in 2010 (amounting to

almost PLN 5.4 billion) represented more than half of the surplus in total trade in services, in 2012 – despite a substantial growth of the positive balance in trade in services with this market (to more than PLN 6.1 billion) – the share of Germany in the total surplus fell to 1/3. The above is a result of a relative slowdown in the growth of exports of services to Germany over the past two years (the growth turned out to be more than 5 p.p. slower than the average rate of growth of exports of services) with the simultaneous acceleration of the growth of imports of services from this market (imports of services from Germany over the past two years increased by 20.7%, i.e. approx. 6 p.p. faster than on average). Such a dramatic reversal of proportions in the dynamics of trade in services with Germany should be connected with the reorientation of its development strategy towards the growth of exports, which took place in the face of crisis in the euro area and the deceleration of domestic demand.

Among the other EU markets engaged in trade in services with Poland it is worth to mention the Czech Republic, in the case of which the revenues from exports of services in recent years grew from PLN 4.4 billion in 2010 to more than PLN 6.1 billion, i.e. by 38.5% – so more than 14 p.p. faster than on average. At the same time, expenditure on imports of services from the Czech Republic over the past two years grew from PLN 4.8 billion to more than EUR 5.1 billion in 2012, i.e. only by 5.3% – so almost 5 times slower than the average rate of growth of expenditure on services. As a result, the deficit in trade in services with this country, which amounted to more than PLN 370 million in 2010, transformed into a substantial surplus of nearly PLN 1.1 billion in 2012.

Among non-European markets engaged in trade in services with Poland, Switzerland plays the leading role. Relatively high revenues from exports of services to this market increased from almost PLN 8.2 billion in 2010 to approx. PLN 9.1 billion in 2012, i.e. more than half slower than on average, while disproportionately low expenditure on imports of services from this market increased from approx. PLN 3.1 billion to more than PLN 4 billion, i.e. by almost 32%. As a result, the substantial surplus in trade in services with Switzerland reaching nearly PLN 5.1 billion in 2010 was reduced to above PLN 5 billion.

The United States are the second largest partner in trade in services from outside the European Union. Revenues from exports of services to this distant market grew from approx. PLN 4.5 billion in 2010 to approx. PLN 6.3 billion in 2012, i.e. by 40% – so extremely fast, while expenditure increased by 17% (from PLN 5 billion to PLN 5.9 billion). As a result, the deficit in trade in services with the USA of PLN 0.5 billion transformed into a substantial surplus in 2012, reaching nearly PLN 0.4 billion.

Our neighbour country – Ukraine – also plays an important role in Polish trade in services. Revenues from exports of services to that market grew from PLN 4.6 billion in 2010 to nearly PLN 5.5 billion in 2012, i.e. by 18.7% – so almost 6 p.p. slower than on average. At the same time, however, due to a substantial drop in 2012, expenditure on imports of services was lower than two years earlier by more than 12% (PLN 960 million compared to PLN 1.1 billion in 2010). As a result, the substantial surplus in trade in services recorded at the level of more than PLN 3.5 billion in 2010 increased over the past two years by PLN 1 billion.

Despite the disproportionately higher potential of the Russian market compared to Ukraine, volumes Polish trade in services with the Russian Federation were substantially lower in the past years. Nevertheless, the growth in trade in services with this market both in terms of exports and imports was one of the most substantial ones among the other countries. Revenues from exports of services to Russia increased from almost PLN 3.4 billion in 2010 to nearly PLN 4.6 billion in 2012, i.e. by 35.6%, while expenditure on imports grew from less than PLN 1.6 billion to more than PLN 2.1 billion, i.e. by 36.5%. As a result, the surplus in trade in services with Russia increased over the past two years from PLN 1.8 billion in 2010 to more than PLN 2.4 billion in 2012.

**Table 2. International trade in services during 2010-2012 – the geographical structure (in PLN million)**

		2010	2011	2012	Dynamics			Change of balance			Share in:	
					2011/2010	2012/2011	2012/2010	2011-2010	2012-2011	2012-2010	2010	2012
<b>Total</b>	<b>exports</b>	<b>98,739</b>	<b>111,232</b>	<b>122,866</b>	<b>112.7</b>	<b>110.5</b>	<b>124.4</b>				<b>100.0</b>	<b>100.0</b>
	<b>imports</b>	<b>89,407</b>	<b>94,719</b>	<b>102,682</b>	<b>105.9</b>	<b>108.4</b>	<b>114.8</b>					
	<b>balance</b>	<b>9,333</b>	<b>16,513</b>	<b>20,184</b>				<b>7,180</b>	<b>3,670</b>	<b>10,851</b>		
<b>EU, including:</b>	exports	69,442	78,392	85,800	112.9	109.4	123.6				70.3	69.8
	imports	67,870	72,771	79,645	107.2	109.4	117.3				75.9	77.6
	balance	1,572	5,622	6,155				4,049	534	4,583		
<b>Germany</b>	exports	25,052	26,823	29,889	107.1	111.4	119.3				25.4	24.3
	imports	19,679	21,219	23,747	107.8	111.9	120.7				22.0	23.1
	balance	5,373	5,604	6,141				231	537	768		
<b>Czech Republic</b>	exports	4,434	5,204	6,143	117.4	118.0	138.5				4.5	5.0
	imports	4,806	5,213	5,060	108.5	97.1	105.3				5.4	4.9
	balance	-373	-9	1,083				364	1,092	1,456		
<b>Slovakia</b>	exports	2,629	2,804	3,199	106.7	114.1	121.7				2.7	2.6
	imports	2,622	3,108	3,252	118.6	104.6	124.0				2.9	3.2
	balance	7	-304	-53				-311	251	-60		
<b>Other than EU, including:</b>	exports	29,297	32,840	37,066	112.1	112.9	126.5				29.7	30.2
	imports	21,537	21,948	23,038	101.9	105.0	107.0				24.1	22.4
	balance	7,760	10,892	14,029				3,131	3,137	6,268		
<b>Switzerland</b>	exports	8,161	8,476	9,072	103.9	107.0	111.2				8.3	7.4
	imports	3,066	3,572	4,040	116.5	113.1	131.8				3.4	3.9
	balance	5,095	4,904	5,032				-191	128	-63		
<b>USA</b>	exports	4,476	5,421	6,263	121.1	115.5	139.9				4.5	5.1
	imports	5,014	5,512	5,873	109.9	106.5	117.1				5.6	5.7
	balance	-537	-91	390				447	481	928		
<b>Russia</b>	exports	3,383	3,947	4,588	116.7	116.2	135.6				3.4	3.7
	imports	1,572	1,599	2,147	101.7	134.2	136.5				1.8	2.1
	balance	1,811	2,348	2,441				537	93	630		
<b>Ukraine</b>	exports	4,620	4,859	5,482	105.2	112.8	118.7				4.7	4.5
	imports	1,096	1,092	962	99.7	88.1	87.8				1.2	0.9
	balance	3,524	3,767	4,520				243	754	996		

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland.

#### 4. Trade in services during 2010-2012 – the service type structure (in PLN)

More than half of the total value of revenues from exports of services in the recent years (more than PLN 98.7 billion in 2010 and approx. PLN 122.9 billion in 2012) has come from the following two groups of services:

- transport services (symbol: 205), representing nearly 27% in 2010 and 29.5% in 2012, and
- services provided to travellers from abroad, including tourists (symbol: 236), representing 29.2% and 29.1% of total revenues respectively.

Both groups, and in particular transport services, are characterised also by a relatively high dynamics over the past two years. Revenues from exports of transport services grew from PLN 26.5 billion in 2010 to PLN 36.2 billion in 2012, i.e. by 36.5%, while expenditure on imports of these services increased from PLN 18.6 billion to approx. PLN 22.7 billion, i.e. by 22.2% – so at a much slower rate. As a result, the surplus of trade in these services over the past two years increased by almost PLN 5.6 billion. Revenues from exports of services provided to travellers from abroad increased over the period in question (2010-2012) from nearly PLN 28.9 billion in 2010 to approx. PLN 35.7 billion in 2012, i.e. almost 13 p.p. slower than revenues from transport services. At the same time, expenditure on foreign travels of domestic persons grew by more than 13 p.p. slower than expenditure on transport services (from PLN 26 billion on 2010 to PLN 28.3 billion in 2012, i.e. by 9%). As a result, the surplus in exchange of these services increased over the past two years by more than PLN 4.5 billion and amounted to nearly PLN 7.4 billion.

As far as other services classified under symbols from 245 to 258 are concerned, the scale of trade is much smaller and, at the same time, more diverse in terms of dynamics both in the case of imports and exports, which finds its expression in the differentiated trade balance. Special focus should be given to the following services in this group:

- patents and licences (symbol: 266) – in the case of which annual revenues from exports at the level of PLN 0.7-0.8 billion in the past three years are disproportionally (more than 10 times) lower than expenditure, which is an evidence that the innovative creativity of Polish economy is still at a low level;
- insurance and financial services (symbols: 253 and 260), in the case of which revenues in the past 2 years were almost twice lower than expenditure, generating a deficit of nearly PLN 2 billion per year.

Computer and information services (symbol: 262) stand out positively against that background: with a relatively large scale of trade, the growth of revenues from these services over the past two years (by 70% to the level of nearly PLN 7.9 billion) was more than 2.5 times faster than the growth of expenditure (by 26% to the level of PLN 6.3 billion). As a result, the deficit recorded in this group in 2010 of approx. PLN 370 million transformed into a substantial surplus in 2012 (of more than PLN 1.5 billion).

A substantial portion of trade in services, the value of which in 2012 amounted to:

- in terms of revenues – to PLN 32 billion, i.e. 26% of total revenues from services;
- in terms of expenditure – to PLN 25 billion, i.e. more than 24% of expenditure

is represented by the so-called other services (in the statistics of the National Bank of Poland, it is an aggregate item comprising services marked with symbols from 268 to 291). According to the disaggregation of this item made by the Central Statistical Office in the statistics pertaining to trade in services during 2010-2011 (no data for 2012), this item includes *inter alia*:

- legal, accounting, management consultancy and public relations services (symbol: 274), revenues from which grew in 2011 by more than 27% to nearly PLN 6.5 billion which – with a faster growth of expenditure (by more than 29% to nearly PLN 7.5 billion) – resulted in an increase of the deficit to the level of more than PLN 1 billion;

- advertising, market research and public opinion polling (symbol: 278), revenues from which amounting to approx. PLN 5.3 billion in 2010 and approx. PLN 5.7 billion in 2011 were much higher than expenditure on imports (which amounted to almost PLN 1.5 billion and nearly PLN 2 billion respectively). As a result, the surplus of trade in these services amounting to more than PLN 3.8 billion in 2010 was slightly reduced in 2011 to the level of PLN 3.7 billion;
- agricultural, mining and on-site processing services (symbol: 283), in the case of which revenues from exports increased from more than PLN 2.2 billion in 2010 to more than PLN 3.6 billion in 2011 which – with minor expenditure – resulted in a substantial surplus (more than PLN 2.1 billion in 2010 and more than PLN 3.4 billion in 2011);
- research and development services (symbol: 279), in the case of which the growth of revenues in 2011 by approx. 28% to the level of almost PLN 2.2 billion with the simultaneous growth of expenditure by approx. 21% to nearly PLN 570 million contributed to an increase of trade surplus by almost PLN 0.4 billion to PLN 1.6 billion;
- architectural, engineering and other technical services (symbol: 280), in the case of which revenues from exports remained at the level of approx. PLN 2.8 billion and were slightly higher than expenditure (in 2011, the deficit amounted to less than PLN 0.2 billion).

## 5. Summary

The surplus of foreign trade in services observed over the past dozen or so years had a positive impact on the scale of Poland's foreign trade deficit and, consequently, on the size of the deficit on the current account of the balance of payments. The clear upward trend of this surplus observed since 2005 after the decline during the four preceding years resulted in the increase of the surplus from the level of PLN 43 million in 2004 to approx. PLN 20.2 billion in 2012. As a consequence, the trade-in-services balance ratio (measured as the ratio of the balance to export revenues in %) grew over the past 7 years from the level close to zero in 2004 – so a state of equilibrium – to more than +16% in 2012. For comparison, the similar ratio for trade in goods – despite a substantial improvement over the same period – has remained at a level below zero.

The high level and positive trend in balance of trade in services may indicate that exports of services comprise a relatively higher share of domestic added value (calculated as a comparable unit of gross revenues) and thereby have a relatively greater impact on the growth of GDP than exports of goods. At the same time, as already mentioned, further stimulation of exports in this sector may provide large opportunities for small and medium enterprises and thereby improve the situation in the labour market.

**Table 3. International trade in services during 2010-2012 – the service type structure (in PLN million)**

Symbol	Type of services	2010	2011	2012	Dynamics			Share in:	
					2011/2010	2012/2011	2012/2010	2010	2012
<b>200</b>	<b>TOTAL REVENUES</b>	<b>98,739</b>	<b>111,232</b>	<b>122,866</b>	<b>112.7</b>	<b>110.5</b>	<b>124.4</b>	<b>100.0</b>	<b>100.0</b>
205	Transport services	26,516	32,414	36,191	122.2	111.7	136.5	26.9	29.5
236	Foreign travel	28,856	31,479	35,699	109.1	113.4	123.7	29.2	29.1
245	Postal and communications services	1,677	1,724	1,770	102.7	102.7	105.5	1.7	1.4
249	Construction services	3,988	4,773	4,763	119.7	99.8	119.4	4.0	3.9
253	Insurance services	539	1,221	1,154	226.4	94.5	214.0	0.5	0.9
260	Financial services	1,677	1,431	1,416	85.4	99.0	84.5	1.7	1.2
262	Computer and information services	4,645	6,308	7,896	135.8	125.2	170.0	4.7	6.4
266	Patents and licences	708	804	726	113.5	90.3	102.4	0.7	0.6
268+982	Other services*, including:	29,168	29,505	31,988	101.2	108.4	109.7	29.5	26.0
269	<i>MERCHANTING AND OTHER TRADE-RELATED SERVICES</i>	1,784	1,931		108.2			1.8	
272	<i>OPERATIONAL LEASING</i>	365	297		81.2			0.4	
274	<i>LEGAL, ACCOUNTING, MANAGEMENT CONSULTANCY AND PUBLIC RELATIONS SERVICES</i>	5,109	6,494		127.1			5.2	
278	<i>ADVERTISING, MARKET RESEARCH AND PUBLIC OPINION POLLING</i>	5,287	5,692		107.7			5.4	
279	<i>RESEARCH AND DEVELOPMENT SERVICES</i>	1,698	2,175		128.1			1.7	
280	<i>ARCHITECTURAL, ENGINEERING AND OTHER TECHNICAL SERVICES</i>	2,748	2,762		100.5			2.8	
282	<i>WASTE TREATMENT AND DE POLLUTION</i>	55	91		164.6			0.1	
283	<i>AGRICULTURAL, MINING AND ON-SITE PROCESSING SERVICES</i>	2,243	3,625		161.6			2.3	
284	<i>OTHER BUSINESS SERVICES</i>	5,067	4,765		94.0			5.1	
285	<i>SERVICES BETWEEN AFFILIATED ENTERPRISES, NOT INCLUDED ELSEWHERE</i>	4,811	1,674		34.8			4.9	
287	Cultural and recreational services	929	1,558	1,258	167.7	80.8	135.4	0.9	1.0
291	Government services	35	16	5	45.4	31.9	14.5	0.0	0.0

Symbol	Type of services	2010	2011	2012	Dynamics			Share in:	
					2011/2010	2012/2011	2012/2010	2010	2012
<b>200</b>	<b>TOTAL EXPENDITURE</b>	<b>89,407</b>	<b>94,719</b>	<b>102,682</b>	<b>105.9</b>	<b>108.4</b>	<b>114.8</b>	<b>100.0</b>	<b>100.0</b>
205	Transport services	18,553	20,323	22,674	109.5	111.6	122.2	20.8	22.1
236	Foreign travel	26,006	24,979	28,341	96.1	113.5	109.0	29.1	27.6
245	Postal and communications services	1,953	1,783	2,046	91.3	114.7	104.7	2.2	2.0
249	Construction services	2,142	2,104	2,749	98.2	130.7	128.3	2.4	2.7
253	Insurance services	1,112	2,500	1,960	224.8	78.4	176.2	1.2	1.9
260	Financial services	2,565	2,205	2,445	86.0	110.9	95.3	2.9	2.4
262	Computer and information services	5,017	5,717	6,330	114.0	110.7	126.2	5.6	6.2
266	Patents and licences	6,759	7,148	7,454	105.7	104.3	110.3	7.6	7.3
268+982	Other services*, including:	22,283	24,365	24,927	109.3	102.3	111.9	24.9	24.3
269	<i>MERCHANTING AND OTHER TRADE-RELATED SERVICES</i>	1,603	1,978		123.4			1.8	
272	<i>OPERATIONAL LEASING</i>	697	1,209		173.5			0.8	
274	<i>LEGAL, ACCOUNTING, MANAGEMENT CONSULTANCY AND PUBLIC RELATIONS SERVICES</i>	5,804	7,495		129.2			6.5	
278	<i>ADVERTISING, MARKET RESEARCH AND PUBLIC OPINION POLLING</i>	1,463	1,992		136.2			1.6	
279	<i>RESEARCH AND DEVELOPMENT SERVICES</i>	469	567		120.9			0.5	
280	<i>ARCHITECTURAL, ENGINEERING AND OTHER TECHNICAL SERVICES</i>	3,023	2,953		97.7			3.4	
282	<i>WASTE TREATMENT AND DEPOLLUTION</i>	181	22		12.1			0.2	
283	<i>AGRICULTURAL, MINING AND ON-SITE PROCESSING SERVICES</i>	93	211		226.8			0.1	
284	<i>OTHER BUSINESS SERVICES</i>	4,874	3,582		73.5			5.5	
285	<i>SERVICES BETWEEN AFFILIATED ENTERPRISES, NOT INCLUDED ELSEWHERE</i>	4,077	4,357		106.9			4.6	
287	Cultural and recreational services	2,599	3,202	3,333	123.2	104.1	128.3	2.9	3.2
291	Government services	417	393	423	94.3	107.6	101.5	0.5	0.4

Symbol	Type of services	2010	2011	2012
<b>200</b>	<b>TOTAL BALANCE</b>	<b>9,333</b>	<b>16,513</b>	<b>20,184</b>
205	Transport services	7,963	12,091	13,517
236	Foreign travel	2,850	6,500	7,358
245	Postal and communications services	-275	-59	-276
249	Construction services	1,846	2,669	2,014
253	Insurance services	-573	-1,280	-806
260	Financial services	-889	-774	-1,029
262	Computer and information services	-372	591	1,566
266	Patents and licences	-6,051	-6,344	-6,729
268+982	Other services*, including:	6,886	5,140	7,061
269	MERCHANTING AND OTHER TRADE-RELATED SERVICES	181	-47	
272	OPERATIONAL LEASING	-331	-912	
274	LEGAL, ACCOUNTING, MANAGEMENT CONSULTANCY AND PUBLIC RELATIONS SERVICES	-694	-1,002	
278	ADVERTISING, MARKET RESEARCH AND PUBLIC OPINION POLLING	3,825	3,700	
279	RESEARCH AND DEVELOPMENT SERVICES	1,229	1,608	
280	ARCHITECTURAL, ENGINEERING AND OTHER TECHNICAL SERVICES	-274	-191	
282	WASTE TREATMENT AND DEPOLLUTION	-126	69	
283	AGRICULTURAL, MINING AND ON-SITE PROCESSING SERVICES	2,150	3,414	
284	OTHER BUSINESS SERVICES	194	1,184	
285	SERVICES BETWEEN AFFILIATED ENTERPRISES, NOT INCLUDED ELSEWHERE	734	-2,683	
287	Cultural and recreational services	-1,670	-1,644	-2,075
291	Government services	-382	-377	-418

\* Data of the Central Statistical Office which, in accordance with the methodology of the National Bank of Poland, are equal to the sum of other services (268) and services not included elsewhere (982)

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the National Bank of Poland and the Central Statistical Office.



## ANNEX 2.

# IMPACT OF IMPORTS OF ENERGY RAW MATERIALS ON TOTAL POLISH IMPORT EXPENDITURE DURING 2003-2012

### 1. International market of energy raw materials

After the collapse of the global energy market in 1990s when, in the second part of that period, oil prices temporarily fell even below 10 USD/bar., expectations of manufacturers, including also of the OPEC officials, were focused on prices of crude oil at the level of 21-22 USD/bar. as a desirable and stable price for a longer period of time. Starting from the 1<sup>st</sup> decade of the 21<sup>st</sup> century, however, the prices of crude oil and, as a result, also of natural gas began to rise rapidly. The process accelerated in 2004 which marked the beginning of the 5-year-long period of rapid rise in oil prices in global market. During 2003-2008, the prices increased almost five-fold compared to 2002, rising by more than 30% in respect of the preceding year in 2004, by almost 50% in 2005, 25% in 2006, 13% in 2007, and further 45% in 2008. Analysts examining the reasons for such a sharp increase in prices agree that in no more than 60% the process resulted from supply and demand conditions in the international market of fuels and raw materials, and – in the remaining part – from risk capital activities. The above concerns in particular 2007 as well as 2008 and subsequent years, when international commodity markets and especially fuel and energy markets experienced the inflow of risk capital from the troubled real estate market.

**Table 1. Average annual prices of crude oil and natural gas exported from Russia**

Years	Urals crude oil USD/bar.	Natural gas USD/1000 m <sup>3</sup>
2001	21.4	98.3
2002	22.2	85.7
2003	24.9	105.5
2004	31.8	109.1
2005	47.1	151.4
2006	58.8	216.0
2007	66.4	233.7
2008	95.3	353.7
2009	57.5	249.3
2010	76.2	302.1
2011	107.3	381.3
2012	110.5	431.3

Source: CBR (Central Bank of Russia); Ministry of Economic Development of Russian Federation; estimates of the Strategy and Analyses Department of the Ministry of Economy.

The situation in the international fuel market can be illustrated by the example of raw materials exported by the leading player in the international energy market – Russia. Before the economic crisis of 2008/2009, average annual prices of Urals crude oil exported by Russia rose from 21.4 USD/bar. in 2001 to 95.3 USD/bar. in 2008, i.e. more than 4.5 times. The highest level of crude oil prices in history was recorded on 11 July 2008 when the prices on the New York stock exchange reached 147.27 USD/bar. On that day, also the price of Urals crude oil reached its maximum level of 139.87 USD/bar. After the drop by almost 40% to the level of 57.5 USD/bar. in 2009, average annual prices of Russian crude oil exceeded their record level of more than 100 USD/bar. during 2011-2012 and reached more

than 110 USD/bar. in 2012. Prices of Urals crude oil grew five-fold over the past decade, if we compare their level in 2012 with the level in 2002. Natural gas prices followed the trend of crude oil with a delay of 6-9 months. Prices of natural gas exported from Russia grew from 98.3 USD/1000m<sup>3</sup> in 2001 to 353.7 USD/1000m<sup>3</sup> in 2008, i.e. almost four-fold. That record level of prices, after their drop in 2009, was exceeded in 2012 when average annual prices of natural gas exported from Russia reached 431.3 USD/1000 m<sup>3</sup>. During 2002-2012, prices of natural gas exported from Russia rose more than five-fold.

## 2. Poland in the international oil and gas market

Poland is a significant importer of energy raw materials. Over the past years, crude oil imports have covered approx. 95.5-97% of domestic demand for this fuel. As far as natural gas is concerned, the share of imports is approx. 70%. Over the last decade crude oil imports increased by almost 40% from 17.7 million tons in 2002 to 24.6 million tons in 2012. As for natural gas, the growth over the same period reached almost 50%, amounting to 11,605 million m<sup>3</sup> in 2012 compared to 7,775 million m<sup>3</sup> in 2002.

**Table 2. Polish imports of crude oil and natural gas during 2002-2012**

Years	Crude oil			Natural gas		
	thousand tons	EUR million	average price EUR/ton	million m <sup>3</sup>	EUR million	average price EUR/1000 m <sup>3</sup>
2002	17,717	3,154	178	7,775	879	113
2003	17,028	2,895	170	8,721	1,029	118
2004	17,316	3,377	195	9,445	1,058	112
2005	17,912	5,230	292	9,919	1,557	157
2006	19,813	6,954	351	10,354	2,205	213
2007	20,885	7,602	364	9,598	2,044	213
2008	20,787	9,541	459	10,619	3,356	316
2009	20,098	6,271	312	9,435	2,588	269
2010	22,688	9,710	428	10,325	2,850	276
2011	23,792	13,657	574	11,174	3,620	324
2012	24,633	15,223	618	11,605	4,283	369
2012/2002	1.39	4.83	3.47	1.49	4.87	3.27

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the Central Statistical Office and The Energy Market Agency (ARE).

**Table 3. Imports of crude oil by country of origin**

	2011		2012	
	thousand tons	%	thousand tons	%
Russia	21,853	91.9	23,518	95.5
Norway	1,337	5.6	828	3.4
United Kingdom	477	2.0	n/d	n/d
Other	125	0.5	287	1.1
<b>TOTAL</b>	<b>23,792</b>	<b>100.0</b>	<b>24,633</b>	<b>100.0</b>

n/d – no data available

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of ARE.

As for crude oil, the position of Russia – with the share in Polish imports of this raw material of well above 90% – is not threatened. Crude oil is supplied mainly through the Friendship pipeline.

**Table 4. Imports of natural gas by country of origin**

	2011		2012	
	million m <sup>3</sup>	%	million m <sup>3</sup>	%
<b>Russia</b>	9,549	85.5	9,261	79.8
<b>Germany</b>	1,625	14.5	1,788	15.4
<b>Czech Republic</b>	n/d	n/d	556	4.8
<b>TOTAL</b>	11,174	100.0	11,605	100.0

*n/d – no data available*

*Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of ARE.*

The position of Russia in Poland's natural gas imports has weakened over the past years. Due to the launch and development of interconnectors with Germany (Lasowo crossing point) and with the Czech Republic (Cieszyn crossing point), the share of Gazprom in gas supplies to the Polish market fell below 80% in 2012. It does not mean, however, that the share of Russian gas in Polish imports decreased, because all or a substantial amount of gas supplied with the use of both interconnectors could have been supplied earlier by Gazprom to German market.

### 3. Impact of increase in crude oil and natural gas prices on import expenditure during 2003-2012

Over the last decade of 2003-2013, the total value of Polish imports has increased almost 2.8 times, i.e. it grew from EUR 55.1 billion in 2002 to EUR 154 billion in 2012. During the same period, imports of crude oil and natural gas in terms of value grew almost fivefold (from EUR 3.2 billion in 2002 to EUR 15.2 billion in 2012 and from EUR 0.9 billion to EUR 4.2 billion respectively). With such proportions of growth, the share of both raw materials in total Polish imports increased substantially from 7.3% in 2002 to 12.9% in 2012.

The growth of imports of energy raw materials was mainly due to the increase of prices, with much more modest impact of the growth in purchase volumes. During 2003-2012, the increase in the value of crude oil imports was in 71.4% a result of rapidly growing prices, and only in 28.6% – of the increase purchase volumes. As for natural gas, the proportions were as follows: 31.3% – due to an increase in volumes, and 68.7% – due to an increase in prices.

During the entire period 2003-2012, the accumulated additional import expenditure on purchase of crude oil and natural gas in respect of 2002 amounted to nearly EUR 64.7 billion, of which EUR 48.9 billion were spent on crude oil (75.6%) and EUR 15.8 billion on gas.

**Table 5. Increase in accumulated import expenditure on purchase of oil and gas during 2003-2012 (base year 2002)**

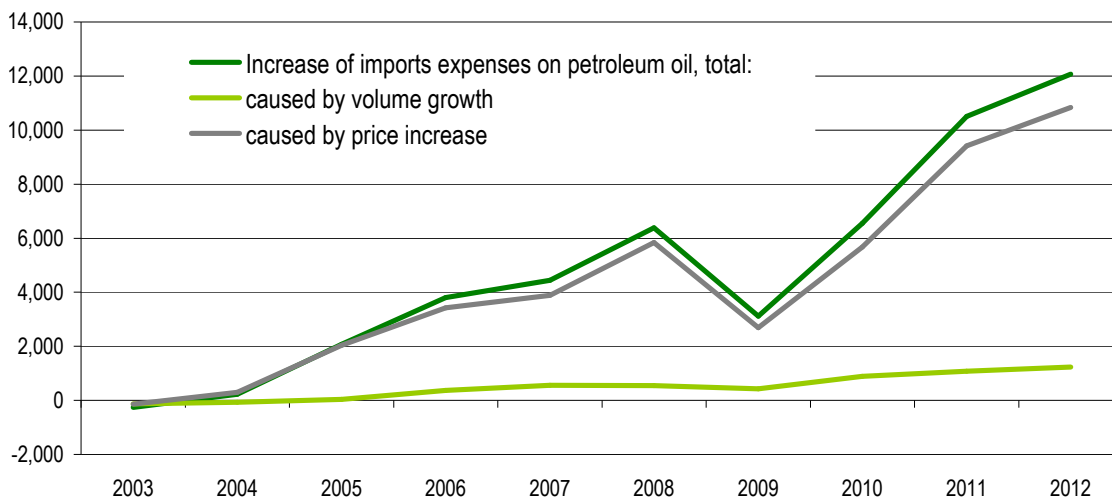
	Crude oil		Natural gas		Oil+gas	
	EUR million	%	EUR million	%	EUR million	%
<b>Overall increase of imports expenses, of this:</b>	48,923	100.0	15,754	100.0	64,676	100.0
caused by volume growth	4,944	10.1	2,649	16.6	7,593	11.7
caused by price increase	43,979	89.9	13,105	83.2	57,083	88.3

*Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of ARE.*

The growth in expenditure resulted mainly from the rapidly growing prices, the share of which in that process amounted to 88.2%. As a result, the increased volume has 11.7% share in the growth of import expenditure. A particularly high share of prices as the causative factor of increased import expenditure during the period in question was observed for crude oil (89.9%), with a modest share of the increased volumes (10.1%). As for natural gas, the proportions were as follows: 83.2% – prices, and 16.8% – volumes.

The 2008/2009 crisis and the ensuing fall in prices stopped the increase in Polish expenditure on purchase of oil and gas for a short time only. In 2009, prices of oil fell by 22% in respect of 2008, while prices of gas – by 14.9%. Subsequent years, however, saw a rapid increase in prices, although their pre-crisis level from 2008 was exceeded only in 2011. During the past three years 2010-2012, prices of crude oil imported to Poland rose by more than 98% and prices of gas – by more than 37%.

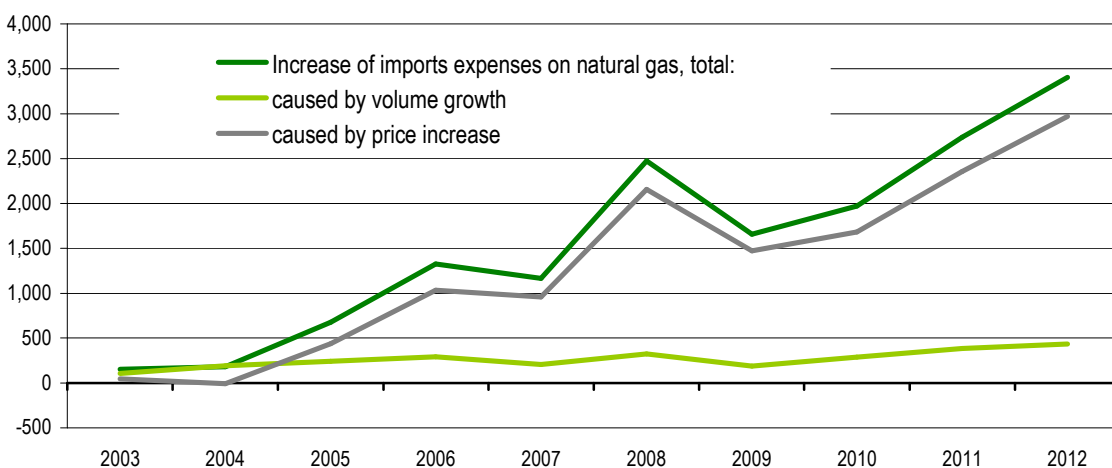
**Chart 1. Increase in expenditure on crude oil imports due to growing volumes and rising prices during 2003-2012 (base year 2002)**



Note: (1) increase in expenditure due to growing volumes = growth of volumes in a given year in respect of 2002 x average price in 2002; (2) increase in expenditure due to rising prices = imports volumes in a given year x increase in price in a given year in respect of 2002

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO and the Energy Market Agency.

**Chart 2. Increase in expenditure on natural gas imports due to growing volumes and rising prices during 2003-2012 (base year 2002)**



Note: (1) increase in expenditure due to growing volumes = growth of volumes in a given year in respect of 2002 x average price in 2002; (2) increase in expenditure due to rising prices = imports volumes in a given year x increase in price in a given year in respect of 2002

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO and the Energy Market Agency.

**Table 6. Impact of increase in prices of energy raw materials starting from 2003 on import expenditure during 2003-2012 (base year 2002)**

No.	Description		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Crude oil</b>													
1	Imports volume	thous. tons	17,717	17,028	17,316	17,912	19,813	20,885	20,787	20,098	22,688	23,792	24,633
2	Average imports price of 1 ton of petroleum oil	EUR	178	170	195	292	351	364	459	312	428	574	618
3	Imports expenses	EUR mn	3,153	2,894	3,376	5,230	6,954	7,602	9,541	6,270	9,710	13,657	15,223
4	Volume growth compared to 2002	thous. tons	-	-689	-401	195	2,096	3,168	3,070	2,381	4,971	6,075	6,916
5	Price increase compared to 2002	EUR	-	-8	17	114	173	186	281	134	250	396	440
6	Overall increase of imports expenses, of this:	EUR mn	-	-259	223	2,076	3,800	4,448	6,387	3,116	6,556	10,503	12,069
6.1	caused by volume growth	EUR mn	-	-123	-71	35	373	564	546	424	884	1,081	1,231
6.2	caused by price increase	EUR mn	-	-136	294	2,041	3,427	3,884	5,841	2,693	5,672	9,422	10,838
<b>Natural gas</b>													
7	Imports volume	mIn m <sup>3</sup>	7,775	8,721	9,445	9,919	10,354	9,598	10,619	9,435	10,325	11,174	11,605
8	Average imports price per 1 thous. m <sup>3</sup> of gas	EUR	113	118	112	157	213	213	316	269	276	324	369
9	Imports expenses	EUR mn	879	1,029	1,058	1,557	2,205	2,044	3,356	2,538	2,850	3,620	4,283
10	Volume growth compared to 2002	mIn m <sup>3</sup>	-	946	1,670	2,144	2,579	1,823	2,844	1,660	2,550	3,399	3,830
11	Price increase compared to 2002	EUR	-	5	-1	44	100	100	203	156	163	211	256
12	Overall increase of imports expenses, of this:	EUR mn	-	151	179	679	1,327	1,166	2,477	1,659	1,971	2,741	3,404
12.1	caused by volume growth	EUR mn	-	107	189	242	291	206	321	188	288	384	433
12.2	caused by price increase	EUR mn	-	44	-9	436	1,035	960	2,156	1,472	1,683	2,357	2,971
<b>Crude oil and natural gas, total</b>													
13	Overall increase of imports expenses, of this:	EUR mn	-	-108	402	2,755	5,128	5,614	8,865	4,776	8,527	13,244	15,473
13.1	caused by volume growth	EUR mn	-	-16	117	277	665	770	868	611	1,172	1,465	1,664
13.2	caused by price increase	EUR mn	-	-93	285	2,478	4,463	4,844	7,997	4,165	7,355	11,779	13,809

Note: (1) increase of expenses caused by volume growth = increase of volume during the given year, compared to 2002 x the average price in 2002; (2) increase of imports expenses cause by price increase = imports volume in given year x price increase in the given year, compared to 2002;

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO and the Energy Market Agency.

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