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SYNTHESIS

The global economic crisis caused a significant downturn of external and internal conditions of the Polish foreign trade in 2009. According to estimates of the International Monetary Fund, the global GDP shrank by 0.6%, as opposed to its 3% growth in 2008. The global economic downturn led to decrease of global turnover. Preliminary data of the World Trade Organization suggests that the global export volume dropped by 12.2%, while import fell by 12.9%. This turned out to be the largest collapse of international trade after World War 2.

The collapse of economic growth affected primarily developed countries. The decrease of GDP in the countries of the European Union reached 4.1% in 2009. In Germany, Poland's most important trade partner, GDP fell by 4.9%. At the same time, reduction of demand was seen in most global markets.

External demand in the markets of Poland's trade partners is the main factor determining the shape of Poland's export. The exceptionally deep bad economic situation, experienced in 2009, caused recession and collapse of demand in our trade markets, especially in the main markets of the EU, which had an especially destructive influence on Polish export. The negative influence of the slump in internal demand turned out to be so strong that it could be only slightly alleviated by the export-supporting exchange rate situation which arose due to significant depreciation of the Polish zloty.

The deep depreciation was not able to compensate for consequences of poor situation in the global markets, but it reduced it by its export-stimulating influence, while at the same time slowing down import.

Implications of the global crisis, which were felt in the Polish economy at the end of 2008, led to significant changes in commodities turnover. Starting from September 2008, a slowdown was seen in foreign exchange, while November brought declines. In November-December 2008, decrease of export was deeper than of import. Early 2009 brought a reversal of this trend and import started to decline on the average by 9 p.p. faster than export. During the whole 2009, Polish export fell by 15.5% (to EUR 98.3 billion) and import by 24.5% (to EUR 107.5 billion).

Year 2009 brought an important, positive qualitative change in the Polish foreign trade balance. The much deeper decrease of import not only stopped the tendency for rapid increase of trade deficit, but even caused its radical reduction. The negative balance of commodities exchange was reduced almost three-fold, to the level of about EUR 9.3 billion.

At the same time, the crisis caused rather significant changes in the geographical and object structure of the Polish foreign trade, especially in import. In the case of geographical structure, various levels of crisis resistance and import absorption capabilities of the various markets were revealed. In terms of object structure, varied resistance of the export of individual commodities groups to the bad economic situation was observed.

In general, relatively better export results were seen in the markets of developed countries, which dominate Polish commodities exchange. Their 2009 share in export amounted to 85.6% and in import to 69.1%. Among this group of countries, the largest buyer of Polish goods is the European Union, consuming 79.7% of the overall Polish export. The markets of the European Union have had a dominant position also in Polish import (61.9%). In 2009, decrease of turnover with developed countries – similarly as in the case of total turnover – turned out to be deeper on the side of import. As a result, the 2008 trade deficit of EUR 2.2 billion turned into a trade surplus of EUR 9.8 billion.

In 2009, deep decrease of turnover with countries of the CIS was recorded (38.1% in export and 37.7% in import). In exchange with this group of markets, deficit was reduced by about EUR 2 billion, to the level of EUR 3.5 billion. This was largely determined by the reduction of trade deficit in mineral products, by about EUR 4.2 billion. At the same time, trade balance with Russia improved significantly (negative balance was reduced by EUR 2.2 billion, to the level of EUR 5.6 billion), which was due primarily to smaller import of mineral products from that market (by over EUR 3.8 billion, to the level of EUR 6.4 billion). It is worth noting that this was the outcome of significant decrease in the prices of raw materials, especially energy-related ones, in the global markets in 2009.

The scope of overall deficit in Polish trade is traditionally determined by the deeply negative balance of trade with Asian countries, despite the fact that in 2009 it was reduced by EUR 4.5 billion, to EUR 16 billion. The largest part of this deficit was attributed to exchange with China which amounted to EUR 8.9 billion, which was EUR 1.7 billion less than in 2008.

In the case of commodities structure of the Polish turnover, especially in export, it turned out that higher-processed and more technologically advanced goods were more resistant to the crisis. The most drastic breakdown of turnover was observed in the groups of crude materials and unprocessed products.

Electromechanical products, which are relatively the most highly processed goods in Poland's export offer, hold a dominant position of the total turnover. In 2009, they constituted 44.8% of export and 39.1% of import. The decrease of turnover in electromechanical goods was smaller than the decrease of total Polish turnover – their export dropped by 11.8%, and import by 23.2%. The much deeper decrease of import in this group of commodities caused the 2008 trade deficit of EUR 4.8 billion to turn into a trade surplus of EUR 2 billion.

The balance of turnover was positively influence also by the changes in the trade of chemical products, where the traditionally deep deficit was reduced by EUR 2.3 billion, to EUR 6.6 billion.

Compared to the overall turnover slump, the food and agriculture products stood out due to their resistance to crisis. Their export dropped by 1.2%, which, together with reduction of import by 9.5%, increased the trade surplus by over EUR 0.8 billion, to EUR 2.3 billion. Positive dynamics of export in 2009 was seen in only two sections – products of plant origin (section II) and prepared food products (section IV). In the case of the first one, export rose by 8.8%, the second one by 2.1%.

In the turnover of low-processed goods – mineral products (section V) and metallurgy products (section XV), decrease of turnover was much deeper. Export of metallurgy goods dropped by 33.1%, import by 35.7%. In mineral products, export dropped by 39.1% and import by 38.7%. Such a deep decline of the import of mineral products (by EUR 6.8 billion) led to a strong improvement of their trade balance – deficit was reduced by EUR 4.8 billion to the level of EUR 7.6 billion.

It is estimated that the global economy started to overcome the crisis in the second half of 2009. In Q4 of 2009, the decrease of Polish foreign exchange turnover was halted. November and December 2009 saw an increase of export. From January 2010, growth is observed also in import. After 6 months of 2010, export rose by 19.2%, and import by 17.6%. A revival of turnover is observed, however, it is worth noting that the relatively high growth rate of turnover is largely due to the effect of low reference values from the same period of the previous year. The deficit of international commercial exchange amounted to over EUR 4.8 billion during that period, which was similar to 2009.

1. CHANGES IN EXTERNAL AND INTERNAL CONDITIONS

1.1. External conditions

1.1.1 Implications of the crisis in the global economy and trade in 2009

In 2008, the global economy was shaken by the crisis in the market of subprime mortgage loans in the United States, which in a short period of time affected both the financial markets and the real sphere of the global economy. At the end of 2008 the most developed countries of the World found themselves in recession, and afterwards the poor economic situation moved on to the rising markets. Turbulences in the financial sector seriously limited the credit activity of banks – not only in production and supply, but also for the consumption needs of households. As a result, demand in developed countries shrank significantly, which next led to reduction of its dynamics in developing countries. The collapse of demand in the global market led to significant decreases of international trade turnover.

The direct result of the crisis was the economic slowdown, which manifested itself in the decline of the global GDP, which – according to the International Monetary Fund – fell in 2009 by 0.6% (according to the OECD, by 0.9%). The collapse of economic growth was much larger in developed countries – according to the IMF, it reached 3.2% in 2009. Meanwhile, the developing countries recorded economic growth of 2.4%, mainly due to China and India.

In 2009, the breakdown of economic growth was seen in most regions of the World, especially among the developed countries and the CIS. The decline of GDP across Europe reached 4%, versus a growth of 1% in 2008. A similar situation was noted in the Eurozone and in the whole European Union, where the drop of GDP is estimated at about 4.1%.

The consequences of crisis turned out to be exceptionally painful for countries of the EU, especially members of the Eurozone. It is worth to note the especially deep decreases of the GDP in Finland (7.8%) and in Ireland (7.1%). The deep economic crisis affected also the main economies of the EU, such as Germany, United Kingdom and Italy, where the GDP dropped by 4.9%, 4.9% and 5.1%, respectively. From among EU countries, the best economic situation was observed in Poland, where the GDP growth in 2009 reached the level of 1.8%.

Among the developed countries, a deep economic slump was seen also in Japan, whose GDP shrank by 5.2%. The collapse of the Japanese economy, observed in 2009 in consequences of the global crisis, was the most serious one in the post-war history of this country. The negative consequences of global crisis were felt so strongly in Japan primarily due to that country's relatively strong dependence on foreign trade. Last year, export volume was reduced by 24%, and import by 17%.

The deep breakdown of the economic situation was seen also in the Commonwealth of Independent States, where the GDP fell by 6.6%. Reduction of GDP was even more severe in the Russian economy, which dominates this group (by 7.9%). In Russia – similarly as in the whole CIS – the recession was caused primarily by drop in the prices of energy crude materials. Also, the overall poor economic situation in Russia was influenced by the following factors: fall of effective salaries and income, and the related significant reduction of internal demand and industrial output, decrease of investment activity, increased activity of the state to protect the internal market, and limited credit availability for enterprises.

Table 1 The growth rate of GDP compared to the previous year, expressed in fixed prices

	2008	2009	2010
World	**3.0**	**-0.6**	**4.2**
United States	0.4	-2.4	3.1
Europe	1.0	-4.0	1.3
EU-27	0.9	-4.1	1.0
United Kingdom**	0.5	-4.9	1.3
Eurozone	0.6	-4.1	1.0
Germany**	1.0	-4.9	1.9
France**	0.3	-2.5	1.7
Italy**	-1.3	-5.1	1.1
CIS	5.5	-6.6	4.0
Russia	5.6	-7.9	4.0
Middle East and North Africa	5.1	2.4	4.5
Sub-Sahara Africa	5.5	2.1	4.7
Developing Asian countries	7.9	6.6	8.7
China	9.6	8.7	10.0
Japan	-1.2	-5.2	1.9
India	7.3	5.7	8.8
Newly industrialized Asian economies*	1.8	-0.9	5.2

** Hong Kong, Republic of Korea, Singapore and Taiwan*
*Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the IMF of April 2010, ** OECD data from May 2010.*

The situation was relatively the best in developing Asian countries, where no decreases of GDP were noted – just a reduction of its growth rate to 6.6%, which was only 1.3 p.p. more in comparison to 2008. Economic growth in China reached 8.7% in 2009, and was barely 1 p.p. slower than a year earlier. Certain worsening of the situation was seen in the case of newly industrialized Asian economies, where GDP fell by 0.9%.

Despite negative expectations regarding the economic situation in Asia in 2009, the results achieved by rising economies of that region were not only better than originally forecasted, but also - contrary to European countries – were more balanced, as they were based on the relatively high levels of internal and external demand. This trend is illustrated primarily by China, which was the growth locomotive for the developing Asian countries.

An important factor that slowed down the negative tendencies caused by the global crisis was the usually fast normalization of situation in foreign trade, especially in export. This element allowed to uphold the production dynamics of these economies, and also stopped, to a large extent, the outflow of capital from the region. Also, these relatively good results were influenced by long-term factors, such as low level of public debt. The balanced policy of public spending during the previous periods allowed, in the time of recession, for a more decisive and expansive support of the economy with public funding.

The Middle East and Africa were not affected by decreases of GDP. Its growth rate slowed down – in countries of Middle East and Northern Asia by 2.7 p.p., to 2.4%. In the Sub-Sahara Africa, GDP grew by 2.1%, which was 3.4 p.p. slower than in 2008.

Due to the economic crisis, the turnover of global trade was significantly reduced in 2009. According to preliminary data of the WTO, the global export volume dropped by 12.2%, and import by 12.9%. This was the largest collapse of international trade since World War 2.

The turbulences in the financial sector also caused a worsening of global trade results. Most importantly, enterprises participating in foreign commodities exchange – similarly as all other enterprises – experienced the reduced availability of external financing and increased cost of credit. It should be kept in mind that the export-oriented sectors of the economy are very sensitive to all changes in the credit market, and as such, their situation has worsened significantly.

1.1.2 Changes in global prices and foreign exchange rates

After the long-lasting depreciation of the US dollar in relation to other currencies (since 2002), as the crisis escalated, this trend was reversed. Until mid-2008, the EUR has been systematically gaining strength in relation to the US dollar, reaching a record-high level of July 2008 – almost 1.6 USD. In the second half of 2008, the appreciation trend of the US dollar commenced.

After the fall of Lehman Brothers in September 2008, when the global financial crisis started, investors changed the manner of using investment instruments – they were getting rid of shares and searched for safer forms of investing their capital. The investors started converting their capital into the exceptionally weak US dollar, which as a result led to increased demand for the American currency and to strengthening of its position. In November 2008, the average monthly exchange rate of the EUR reached the level of about 1.3 USD.

In 2009, another reversal of the situation was seen – from February to November of 2009, the EUR gained over 16% towards the US dollar. The appreciation of the European currency was not a lasting trend – since December 2009, the EUR exchange rate was falling radically. This was caused, primarily, by the dramatic financial situation of Greece which was revealed at the end of 2009, and also by the uncertainty of future situation in Spain and Portugal.

In Asia, the situation regarding the exchange rates of national currencies to the US dollar was varied. The average exchange rate of the US dollar to the Chinese Yuan was relatively stable throughout 2009. However, the exchange rate to the Japanese Yen kept fluctuating – during the first four months of 2009, the USD strengthened by 9.5%, and from April to November 2009 dropped by almost 10%.

Due to the crisis in the last months of 2008 a downward trend of global commodities prices was observed. The lowest level was noted in February 2009, after that the prices started rising again. At the end of 2009, the index of commodities prices estimated by the IMF grew by over 40%, compared to the value of that index in February 2009. The main reason was the increase in petroleum oil prices (by over 70%) and prices of metals (by about 60%). Despite the improved market situation, the index is still 25% lower from its highest level in July 2008.

The shaping prices on consumer goods market during the recent crisis and during the gradual improvement of the situation is different from the previous global crises. In that case, the economic situation picked up much faster. The analysts cite two primary reasons – first of all, the global economy was overcoming the crisis faster than originally predicted, and secondly, the developing countries play in increasingly important role in the global exchange. Especially important was the speed at which the Asian developing countries were overcoming the crisis. Consumption in these countries was growing the fastest during the recent years.

The price on petroleum oil, after the crisis level in Q2 of 2009, stabilized in the range of $70 - $80 per barrel during Q1 of 2010. The main reason for this increase was the fact that the global economy was overcoming the crisis, and especially the faster improvement of economic situation in developing countries. It is worth noting that the latest data of the International Energy Agency show that the global demand for petroleum oil dropped by 1.3 million barrels a day in 2009, which was caused primarily by decrease of demand in OECD countries. In contrast, consumption of petroleum oil rose significantly in developing countries.

The short-term petroleum oil trends depend currently on whether the global economy would maintain its present growth rate, which would lead to demand pressure causing price increase, and on the supply of that crude material and especially on decisions made within the OPEC. Increase of petroleum prices in April 2010 was due to the belief that the global economy would develop faster than originally forecast. The potential increase of prices to the level exceeding $80/barrel in the short term shall be determined by the decision of oil-producing countries on reduction of production.

Increase of prices in the metal markets was not much lower than the increase of petroleum oil prices. The index of metal prices, estimated by the IMF, lost over half of its pre-crisis highest level and its lowest value was recorded in February 2009. From that time until the end of 2009 the value of that index doubled, and the main drivers of growth were copper, lead and zinc.

The significant improvement in that market is owed primarily to developing countries. On the demand side, China played a dominant role, as its demand for metals rose by about 24% due to the implementation of stimulation package and public investments. Most economies reduced their demand for metals in 2009. On the supply side, price increases were caused by reduced production and stopped reduction of production costs, which was the outcome of stricter environment protection standards and the labor market situation. Due to the strong demand and limited internal supply, import of metals to China rose rapidly in 2009 - especially import of nickel, tin and lead.

Given the relatively small *per capita* consumption of metals in China, as compared to other developing countries, and the forecasts for continuation of strong growth of demand for metals, the risk that this market could slow down is slight. For this reason, further, gradual increase of metal prices is expected – similarly as in the case of all other crude materials.

Contrary to many other consumer goods, the prices of food noted only a moderate increase compared to the lowest levels of December 2008. It should however be noted that the decreases of their prices caused by the crisis were lower than of other goods, and especially of the crude materials.

Year 2010 started with a decline of food prices. The value of food prices index, calculated by the IMF, fell by 5% in comparison to the end of 2009. The main reasons was their higher supply. It is foreseen that during the coming years the growing supply of crops – corn, rice, soy and wheat – would exceed the potential growth of demand for these products. The exceptions among food products are cocoa and sugar – due to negative supply events among the key producers, prices of these goods are on much higher levels.

The global prices of commodities depend largely on the speed at which the global economy is overcoming the crisis. The pressure on increase of consumer goods prices, caused by the growing demand, may be higher if the economic growth rate around the World is higher than forecast.

Other important factors that could lead to unexpected, large growth of prices, include political tensions, reduction of supply (e.g. reduction of the supply of petroleum oil by OPEC countries), sudden wish to increase inventories by enterprises, and unexpected depreciation of the US dollar.

1.1.3 Situation in global trade

1.1.3.1 Volume of commodities turnover in 2009

Global commodities turnover in 2009 – according to preliminary estimates of the WTO – was reduced by 12.2% in export and by 12.9% in import, which was the deepest collapse of international trade since World War 2.

In 2009, decrease of commodities turnover volume was noted in almost all regions of the World. The effective breakdown of export in the most developed economies turned out to be deeper than the global average. At the same time, these countries generally suffered significant decreases of the GDP, while the rising economies have seen relatively smaller decrease of the GDP, or only a reduction of its growth rate.

In 2009, the export volume of **North America** dropped by 14.4%, which was 2.2 p.p. faster than global export. Meanwhile, the decrease of effective import to that region dropped by 16.3% which was deeper by 3.4 p.p. than the decline of global import. Situation in the **United States** was similar, as effective export dropped by 13.9% and import by 16.5%. At the same time, decrease of GDP in North America amounted to 2.7%.

Effective decreases of turnover in **Europe** were also higher, compared to the global average. In this region of the World, export volume fell by 14.4%, and import volume by 14.5%. The breakdown of exchange volume of the **European Union** reached a similar level – here the decrease of export amounted to 14.8%, and import to 14.5%. In 2009, Europe was affected by a deep decline of the GDP – by 4%.

Relatively the smallest decrease of export volume was registered in the **Middle East**, where it amounted to 4.9%. The volume of import in that region dropped by 10.6%, which was almost twice as much as of export. In 2009 the Middle East was one of the few regions where economic growth (of 1%) was recorded, but its rate slowed down significantly in comparison to 2008 and 2007, when it reached 5.4% and 5.5%, respectively.

The effective decrease of import was the largest in the case of the **CIS**, where it fell by 20.2%, while the rate at which export dropped was twice slower at 9.5%. During the pre-crisis period, this group of markets was characterized by high dynamics of effective import increase - in 2007, it rose by 19.9%, and in 2008 by 16.3%.

The export volume of **Asian** countries dropped by 11.1%, which was 3.2 p.p. slower than the average decrease of import in that region. The region is dominated by the Chinese market, where effective decrease of export amounted to 10.5%. **China** is also the economy which in 2009 increased its import volume by 2.8%. In the case of the second large Asian market – **India** – the decreases in turnover volume reached 6.2% in export and 4.4% in import. A decrease rate slower than the global average was also noted among the newly industrialized Asian countries, which include Hong Kong, the Republic of Korea, Singapore and Taiwan, where export volume dropped by 5.9%. Situation in import was worse and its volume fell by 11.4%.

South and Central America reduced its effective export of commodities by 5.7%. The import volume of that region dropped by 16.3%.

Africa displayed a relatively slower rate of falling turnover volume, where the decrease reached 5.6%, both in export and import.

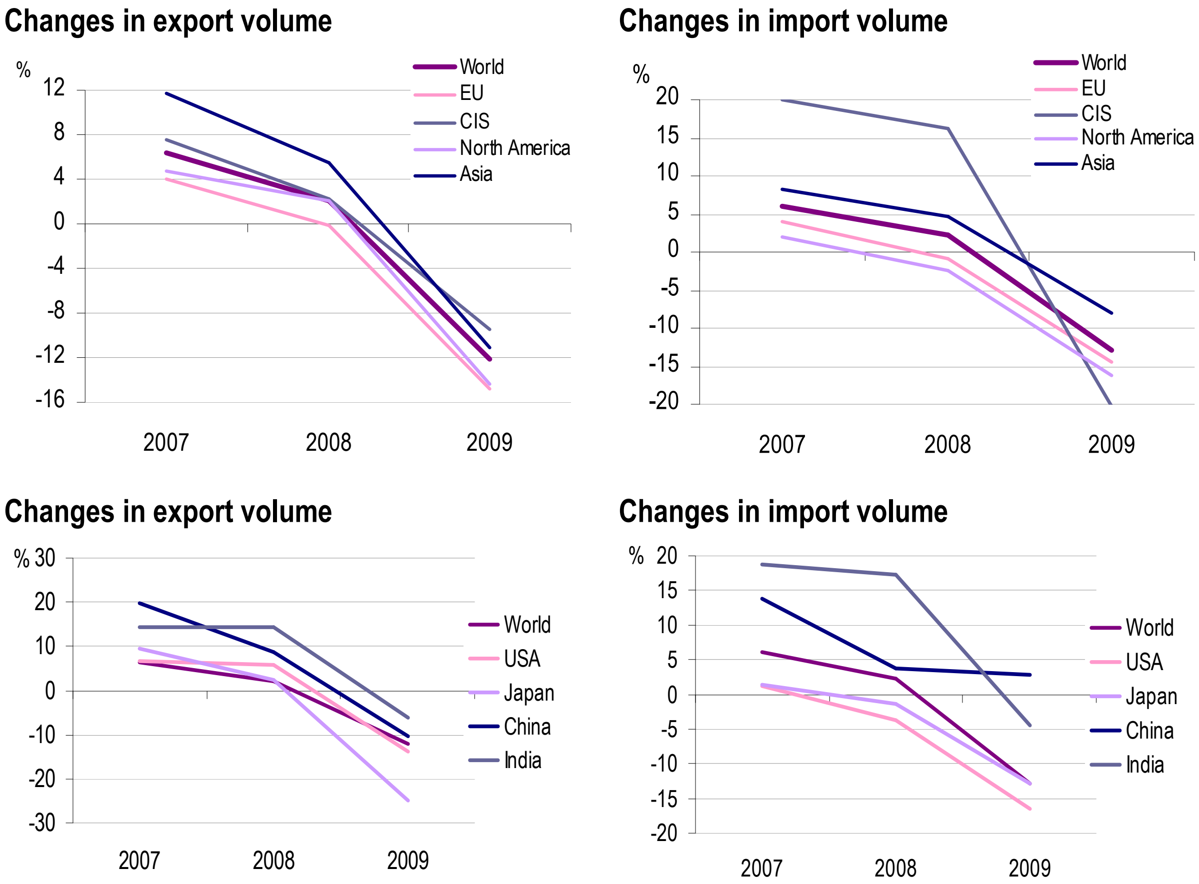
Table 2 Changes in commodities turnover volume in the World in the years 2007-2009 (in USD)

	GDP			Export			Import		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
World	3.8	1.6	-2.3	6.4	2.1	-12.2	6.1	2.2	-12.9
North America	2.2	0.5	-2.7	4.8	2.1	-14.4	2.0	-2.4	-16.3
United States	2.1	0.4	-2.4	6.7	5.8	-13.9	1.1	-3.7	-16.5
South and Central America	6.4	5.0	-0.8	3.3	0.8	-5.7	17.6	13.3	-16.3
Europe	2.9	0.8	-4.0	4.2	0.0	-14.4	4.4	-0.6	-14.5
European Union	2.8	0.7	-4.2	4.0	-0.1	-14.8	4.1	-0.8	-14.5
Commonwealth of Independent States	8.3	5.3	-7.1	7.5	2.2	-9.5	19.9	16.3	-20.2
Africa	5.8	4.7	1.6	4.8	0.7	-5.6	13.8	14.1	-5.6
Middle East	5.5	5.4	1.0	4.5	2.3	-4.9	14.6	14.6	-10.6
Asia	6.0	2.7	0.1	11.7	5.5	-11.1	8.2	4.7	-7.9
China	13.0	9.8	8.5	19.8	8.6	-10.5	13.8	3.8	2.8
Japan	2.3	-1.2	-5.0	9.4	2.3	-24.9	1.3	-1.3	-12.8
India	9.4	7.3	5.4	14.4	14.4	-6.2	18.7	17.3	-4.4
Newly industrializes Asian countries*	5.6	1.6	-0.8	9.0	4.9	-5.9	5.3	3.5	-11.4

** Hong Kong, Republic of Korea, Singapore and Taiwan*

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the WTO from March 2010.

Chart 1 Changes in commodities turnover volume in selected countries and groups of countries in the years 2007-2009 (in USD)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the WTO from March 2010.

1.1.3.2 Global commodities turnover in current USD-denominated prices

In 2009, global export, measured in current USD-denominated prices, dropped by almost 23% to the value of $ 12.1 billion. The decline of export of market services was less severe, by 10 p.p., and its level reached $ 3.3 billion.

In 2009, the region with the deepest decline of commodities turnover was the CIS, while a year earlier it had the highest exchange dynamics. The CIS was also one of the few regions where the drop in export (by 36%) was higher than the decrease of import (by 33%). This resulted in a decline of the CIS's share in the global export - from 4.4% in 2008 to 3.7% in 2009, and in import - from 3% to 2.7%.

A deep decrease of export, larger than the global average, was noted also in African countries – by 32% compared to growth by 28% in 2008. Among countries of that region, the largest collapse of export affected the exporters of crude petroleum oil – by 40%, despite the fact that a year ago there was a 34% increase.

In South and Central America, the decrease of commodities turnover was slightly larger than of the global turnover, while in 2008 that region noted a dynamic increase of exchange, much faster than in the global economy. Export of that region fell by 24%, and import by 25%, compared to increases by 21% and 30%, respectively, during the past year. The rate of decline of Brazil's commodities exchange, which accounts for 33% of that region's turnover, reached 23% in export and 27% in import.

In Europe, the decline of commodities exchange was similar to the global average and reached 23% in export and 25% in import (versus growth by 11% and 12%, respectively, during the past year). The same level of turnover reduction was noted in the European Union, which as a result led to a 2.5 fold reduction of trade deficit, to the total level of $147 billion.

Table 3 Growth rate of commodities turnover volume in the World in the years 2005-2009 (in USD)

	Export					Import				
	2009	2005-2009	2007	2008	2009	2009	2005-2009	2007	2008	2009
	$ billion			in %		$ billion			in %	
World	12,147	4	16	15	-23	12,385	4	15	16	-24
North America	1,602	2	11	11	-21	2,177	-1	6	8	-25
USA	1,057	4	12	12	-18	1,604	-2	5	7	-26
Canada	316	-3	8	9	-31	330	1	9	7	-21
Mexico	230	2	9	7	-21	242	1	10	10	-24
South and Central America	461	6	14	21	-24	444	10	25	30	-25
Brazil	453	7	17	23	-23	134	15	32	44	-27
Other	308	6	13	20	-24	311	9	23	25	-25
Europe	4,995	3	16	11	-23	5,142	3	16	12	-25
European Union	4,567	3	16	11	-23	4,714	3	16	12	-25
Germany	1,121	4	19	9	-22	931	5	16	12	-21
France	475	1	11	9	-21	551	2	14	14	-22
Netherlands	499	5	19	16	-22	446	5	18	18	-23
United Kingdom	351	-2	-2	5	-24	480	-2	4	2	-24
Italy	405	2	20	8	-25	410	2	16	8	-26
Commonwealth of Independent States	452	7	21	35	-36	332	11	35	32	-33
Russia	304	6	17	33	-36	192	11	36	31	-34
Africa	379	5	18	28	-32	400	12	23	27	-16
South Africa	63	5	20	16	-22	72	4	12	12	-28
Other African countries	317	5	17	31	-33	328	14	27	32	-13
Petroleum Oil exporters	204	3	17	34	-40	129	16	29	39	-11
Other	113	9	16	23	-17	199	13	27	28	-14
Middle East	691	6	16	33	-33	493	10	25	28	-18
Asia	3,566	6	16	15	-18	3,397	6	15	21	-21
China	1,202	12	26	17	-16	1,006	11	21	18	-11
Japan	581	-1	10	9	-26	551	2	7	23	-28
India	155	12	23	30	-20	244	14	29	40	-24
Newly industrialized Asian countries*	853	4	11	10	-17	834	4	11	17	-24

** Hong Kong, Republic of Korea, Singapore and Taiwan*

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the WTO from March 2010.

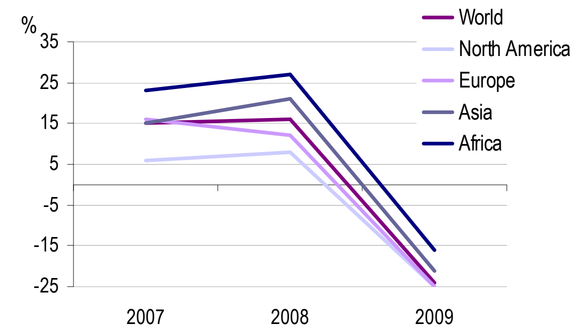
In North America, export shrank by 21%. The same decline tendency was seen in the United States, where the decline of export (by 18%) was less severe than the global average, and of import – deeper (by 26%). The situation in Canada was different, as export dropped by 31% and import fell by 21%. As a result, the trade balance of the United States improved significantly - deficit was reduced by $335 billion, to $547 billion, while in Canada it worsened - trade surplus of $37 billion turned into a deficit of $16 billion in 2009.

The export of commodities from Asia in 2009 was reduced by 18%, and import by 21%. At the same time, these declines were smaller than the decrease of global turnover. This translated into an increase of trade surplus. Situation in trade varied significantly from country to country. The export decline was smaller than the region's average e.g. in: Hong Kong (decrease by 11%), Korea (14%), Indonesia (14.2%), Thailand (14.2%) and China (by 16%). On the other hand, export of the following countries was falling faster than the Asian average: Japan (by 26%), Singapore (20.3%) and India (decrease by 20%). Among the Asian countries, slower import decrease rate was noted in China (decrease by 11%) and Hong Kong (by 10.2%).

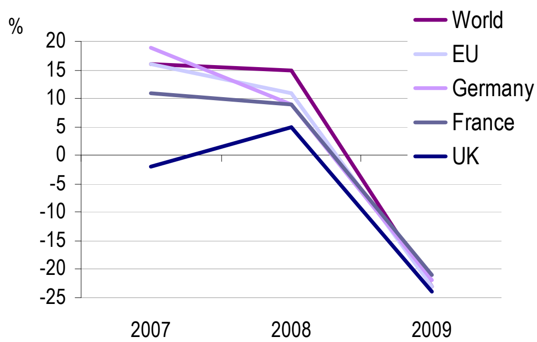
Chart 2 Changes in commodities turnover volume in selected countries and groups of countries in the years 2007-2009 (in USD)

Changes in export per continents

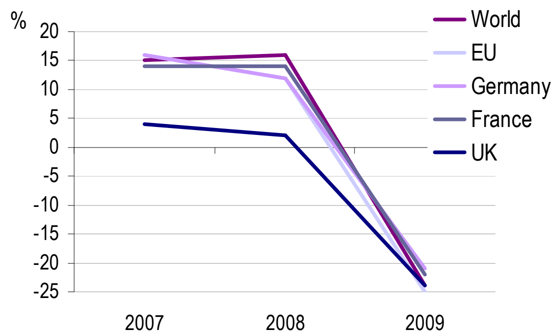
Changes in import per continents



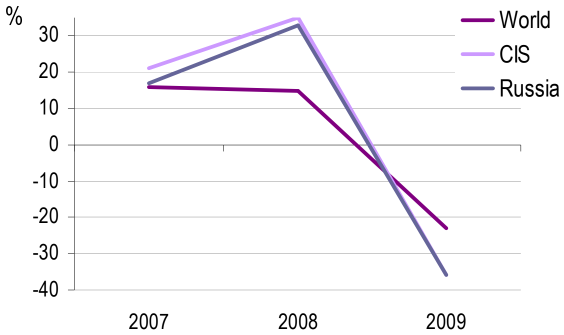
Changes in export in the EU



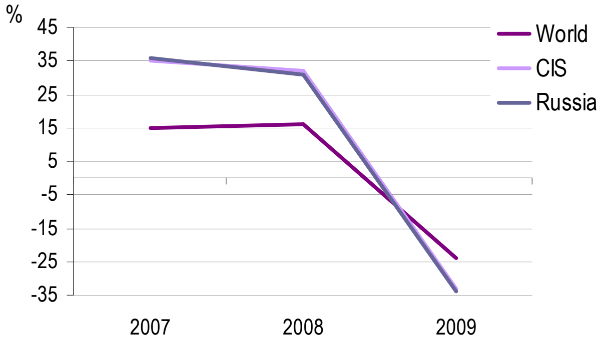
Changes in import in the EU



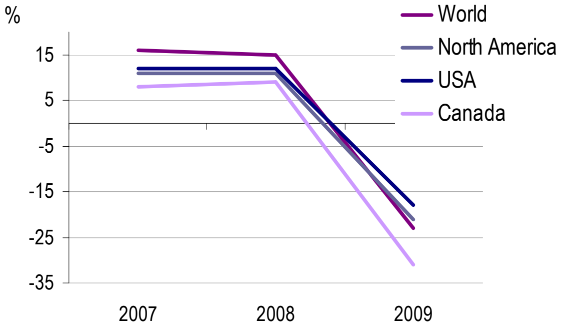
Changes in export in the CIS



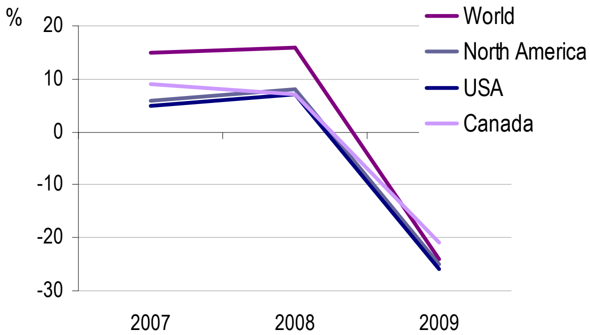
Changes in import in the CIS



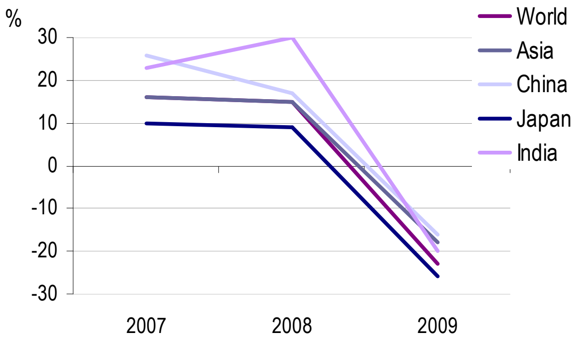
Changes in export in North America



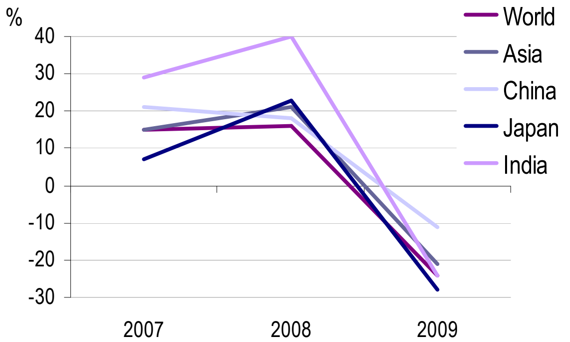
Changes in import in North America



Changes in export in Asia



Changes in import in Asia



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the WTO from March 2010.

The decrease in turnover in market services was much smaller than in the case of commodities turnover. It reached 13% in export and 12% in import. The United States remained the global leader of services export (with share of 14.2%), next comes United Kingdom (7.2%) and Germany (6.5%). However, their volume of services export was reduced, compared to the previous year, by 9%, 16% and 11%, respectively. The same countries dominated also the global import of services. The first place belongs to the USA with a 10.6% share, next comes Germany (8.2%) and United Kingdom (5.1%). From among these countries, only in United Kingdom the decline of services' import was deeper than of their export.

Table 4 The World's largest exporters and importers in 2009

Item	Exporters	Value in USD billion	Share in %	Annual change in %	Item	Importers	Value in USD billion	Share in %	Annual change in %
1	China	1,202	9.6	-16	1	United States	1,604	12.7	-26
2	Germany	1,121	9.0	-22	2	China	1,006	8.0	-11
3	United States	1,057	8.5	-18	3	Germany	931	7.4	-21
4	Japan	581	4.7	-26	4	France	551	4.4	-22
5	Netherlands	499	4.0	-22	5	Japan	551	4.4	-28
6	France	475	3.8	-21	6	United Kingdom	480	3.8	-24
7	Italy	405	3.2	-25	7	Netherlands	446	3.5	-23
8	Belgium	370	3.0	-22	8	Italy	410	3.2	-26
9	Republic of Korea	364	2.9	-14	9	Hong Kong	353	2.8	-10
10	United Kingdom	351	2.8	-24	10	Belgium	351	2.8	-25
11	Hong Kong	330	2.6	-11	11	Canada	330	2.6	-21
12	Canada	316	2.5	-31	12	Republic of Korea	323	2.6	-26
13	Russia	304	2.4	-36	13	Spain	290	2.3	-31
14	Singapore	270	2.2	-20	14	Singapore	246	1.9	-23
15	Mexico	230	1.8	-21	15	India	244	1.9	-24
16	Spain	218	1.7	-23	16	Mexico	242	1.9	-24
17	Taiwan	204	1.6	-20	17	Russia	192	1.5	-34
18	Saudi Arabia	189	1.5	-40	18	Taiwan	175	1.4	-27
19	United Arab Emirates	175	1.4	-27	19	Australia	165	1.3	-17
20	Switzerland	173	1.4	-14	20	Switzerland	156	1.2	-15
21	Malaysia	157	1.3	-21	21	Poland	147	1.2	-30
22	India	155	1.2	-20	22	Austria	144	1.1	-22
23	Australia	154	1.2	-18	23	Turkey	141	1.1	-30
24	Brazil	153	1.2	-23	24	United Arab Emirates	140	1.1	-21
25	Thailand	152	1.2	-14	25	Thailand	134	1.1	-25
26	Austria	137	1.1	-24	26	Brazil	134	1.1	-27
27	Poland	134	1.1	-21	27	Malaysia	124	1.0	-21
28	Sweden	131	1.0	-29	28	Sweden	119	0.9	-29
29	Norway	121	1.0	-30	29	Czech Republic	105	0.8	-26
30	Indonesia	120	1.0	-14	30	Saudi Arabia	92	0.7	-20
	Total	**10,244**	**82.2**	**-**		**Total**	**10,323**	**81.6**	**-**
	World	**12,461**	**100.0**	**-23**		**World**	**12,647**	**100.0**	**-23**

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the WTO from March 2010.

1.1.4 Prospects for the revival of the global economy

Forecasts for the global economy from June 2009 suggested that a revival would be seen in first half of 2010, and in the case of developed countries, real increases of GDP could be expected only in Q4 of 2010. Q4 of 2008 and Q1 of 2009 turned out to be a period of exceptional slump of production and the GDP, the later months of 2009 brought a reduction of this downward trend. In the second half of 2009, the first symptoms of end of the crisis in the global economy were seen, and the latest data of the OECD suggests that during Q4 the global GDP rose effectively by 1.5%. Therefore, it could be said that the revival of the global economy started earlier than originally forecast.

Currently the OECD predicts that the effective growth of the global GDP in 2010 would amount to 4.6%. It is also stated GDP growth should be expected in most countries. Countries suffering from severe debt crisis, such as Greece or Spain, are in a much more difficult position.

According to the OECD, the situation shall improve significantly in 2011, when the global GDP would rise by 4.5%, and most countries should be back on the fast development track. According to forecasts, the developing countries shall contribute the most into the acceleration of global growth.

The latest macroeconomic projections for selected areas of the global economy by the end of 2011 are illustrated in the tables below.

Table 5 Changes in the global GDP and commerce in the years 2007-2011

	2007	2008	2009	2010	2011
GDP growth	5.1	2.8	-0.9	4.6	4.5
Global commerce growth	7.3	3.2	-11.0	10.6	8.4

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the OECD from May 2010.

Table 6 The growth rate of global export volume in Q3 2009 – Q4 2011 (compared to the same quarters of previous years; adjusted for seasonal factors)

2009		2010				2011			
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
15.5	11.5	13.5	8.9	8.0	8.1	8.5	8.6	8.7	8.7

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the OECD from May 2010.

It is estimated that in the **United States** the growth tendency in the economy shall continue, however, in Q3 of 2010 the growth rate can weaken due to adjustment of inventories and normalization of monetary policy. Thanks to the better financial situation in the USA, and the growing profitability of enterprises, private investments should increase. The analysts predict also the gradual decrease of unemployment.

The situation in **Japan** also offers hopes for improvement of situation in the global economy. The faster growth rate in this country is significantly stimulated by high external demand, especially from other Asian countries. It is estimated that export shall be the main driver of Japan's revival after the crisis. Q4 of 2009 saw a reduction of its volume by 5%, but Q1 of 2010 brought an increase by 34% (year on year), despite a significant appreciation of the Yen. It is indicated that the growth of Japanese export results primarily from high demand from the Chinese market, which is the recipient of about one-fourth of the total Japanese export. According to the forecasts, 2010 should see a dynamic growth of Japanese export, by 17.8%, and import would grow by 8.3%.

In the **Eurozone**, growth should be driven by expansive macroeconomic policy and high level of external demand. No increase of internal demand is expected this year, due to low growth rate of the economies, as well as due to the adjustments made both in the balance sheets of enterprises and banks as well as in the budgets of households. The unemployment rat is expected to drop in early 2011. Disturbing news for the Eurozone come from Greece, where the serious debt crisis could have negative consequences for the economies of 15 other member countries – even in the form of stopping economic growth and causing the second crisis wave. At the news of Greece's problems, the largest countries of the Eurozone decided to provide financial assistance, so it may be expected that such expenses would reduce the growth rate in these countries. Also, countries of the Eurozone anxiously watch the development of situation in Spain and Portugal, where similar events could occur.

The economic situation in **China** is still very good. It is expected that the country's growth rate would exceed 11% in 2010, and the two-digit result would be maintained also in the subsequent year. These very good results are influenced by the stimulation package. Continuation of revival is expected in **India** and in **Brazil**, where internal demand shall be the driving force of growth.

Data for the last quarter of 2009 and for the first months of 2010 suggests that the **CIS** is overcoming recession and that the economic revival is occurring there too, slowly. This is influenced by several fundamental factors, primarily by the growing prices of energy crude materials and the slight increase of production and employment, normalization of the global trade and capital flows, and by the support programs of the International Monetary Fund. Good economic situation is expected also in **Russia**, due to the increase of petroleum oil prices, which already started in 2009. Situation in these countries can change, however, because of the expected withdrawal of stimulation packages.

Situation in the global trade in the years 2007-2009 and projections for 2010-2011 per market groups is presented in the table below.

Table 7 Changes in the global trade in selected groups countries, in the years 2007-2011

	2007	2008	2009	2010	2011
World	7.3	3.2	-11.0	10.6	8.4
OECD	5.5	1.2	-12.2	8.3	7.4
NAFTA	4.7	0.3	-12.8	10.3	7.9
Asian members of OECD	7.7	3.3	-13.2	12.4	9.5
European members of OECD	5.4	1.1	-11.8	6.5	6.7
Industrialized Asian non-OECD countries	6.9	7.3	-10.4	18.9	11.2
Other countries of the World	10.3	6.9	-10.5	1.7	8.4

** Taiwan, Hong Kong, China, Malaysia, Philippines, Singapore, Vietnam, Thailand, India and Indonesia*
Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the OECD from May 2010.

1.2 Internal conditions

1.2.1 Overall situation in the Polish economy

Despite the poor situation of the global economy, and visible slowdown in Poland, in 2009 the Polish economy was the only one in Europe with a GDP growth. The positive situation was attributed to the relatively small dependence of Poland's economy on foreign trade, relatively large internal market, low level of interest rates and the implementation of numerous infrastructure projects subsidized with EU funds. Depreciation of the Polish currency was another significant factor.

In 2008, Gross Domestic Product rose by 5.1%. In consequence of the crisis influencing the Polish economy, GDP growth in Q4 of 2008 slowed down to 3.2%, and the annual GDP growth for 2009 shrank to 1.8%. Preliminary data of the Central Statistical Office suggests that for Q1 of 2010, GDP growth reached 3%. The slower growth of GDP in 2009 resulted primarily from weaker consumption and investment levels. Domestic demand dropped by 1% and stopped exerting a positive influence on the GDP. A strong positive influence on the growth (2.9 p.p.) was exerted by the situation in foreign trade, where a positive qualitative change was recorded in the commodities exchange balance. As import decrease was much larger than of export, the trade deficit was reduced three-fold.

The results of economic slowdown manifested themselves in the labor market already at the end of 2008. The registered unemployment rate was rising in 2009 and at the end of December reached the level of 11.9%, versus 9.5% in December 2008.

Inflation in 2009, measured by the CPI, was lower by 0.7 p.p. compared to the previous year and amounted to 3.5%. This is higher than the assumed inflation goal, but falls within the allowed fluctuation range. The growth of this index was determined by the rising prices of energy and food.

Weaker economic situation was also reflected in the high deficit of the sector of government and self-government institutions. According to data of the OECD, this deficit reached the level of 7.1% of the GDP in 2009. OECD experts forecast its slight decrease in 2010 – to 6.9% - and a more significant improvement of the situation is expected in 2012, when deficit should fall to below 3% of the GDP. The need to reform the public finance system is raised often – especially the need to reduce expenses.

In 2009, the debt level of the sector of government and self-government institutions amounted to 50.7% of the GDP. The Ministry of Finance estimates that in 2010 this debt would reach the level of 53.1% of GDP. At the same time, the OECD estimates that public debt in Poland should not exceed 55% of the GDP in 2009, because - despite the planned large deficit - the profits on privatization are expected to reach 2% of the GDP.

The inflow of foreign direct investments in 2009 reached the level of EUR 8.3 billion, which was almost 18% (or EUR 1.8 billion) less than in 2008. It was also smaller by more than a half from the record level of 2007, when the value of FDI in Poland exceeded EUR 17.2 billion. This slowdown results primarily from the cautious approach of the investors, and the forecasts regarding the stability of the Polish economy and its resistance to the global recession. However, the positive results achieved by Poland in comparison to the remaining European economies (growth of 1.8% in 2009) offer real changes for renewed interest of foreign investors in the Polish market in the coming years.

The justification for the budget act states that in 2010, GDP should grow by 1.2%. Experts of the OECD estimate that for the whole 2010, the growth rate would reach 3.1%, and in 2011 it would rise to 3.9%. The main drivers of growth are to be private consumption and infrastructure investments – also those tied to organization of the EURO 2012 football championships. The boost of the economic situation is also stimulated by improving terms at which credits are offered in the market, both for households and SMEs.

1.2.2 Foreign exchange rates and their influence on commodities turnover

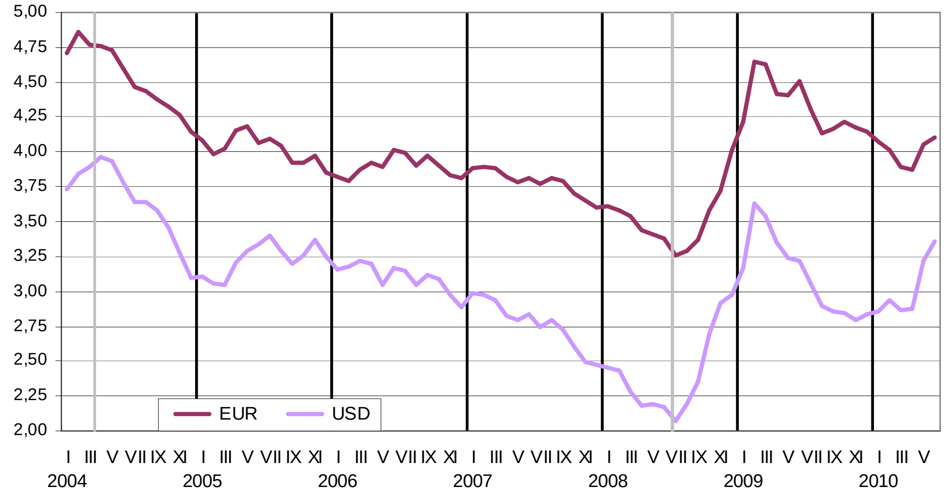
Among the parameters that directly influence the profitability of foreign trade, the main ones are transaction prices in export and import – Polish zloty-denominated current prices received on export sales or paid for imported goods. Their changes are determined by changes of foreign currency prices and of the nominal exchange rate of the Polish zloty. The crisis plaguing the global economy in 2009 caused serious changes in the transaction prices' level.

In 2009, the global crisis seriously disrupted the internal and external conditions determining the Polish export, especially in the demand in the markets of Poland's main trade partners, and the exchange rate of the Polish zloty to the basic currencies – the EUR and the US dollar. The breakdown of demand in these markets was so serious that its negative influence on the Polish export was only slightly compensated by the export-stimulating influence of the deep depreciation of the Polish currency, reflected in increased price competitiveness and wider profitability margin of the exported goods.

Throughout 2009, the exchange rate of the Polish zloty underwent strong variations. The crisis in the financial markets, which exploded in 2008, compounded the uncertainty among financial institutions regarding Poland's economic future. It led to the withdrawal of speculation capital, and as a result, to significant depreciation of the Polish zloty at the end of 2008/ early 2009. The exchange rate took until

February 2009 to stabilize. One of the reasons was the flexible credit facility worth $20 billion, provided by the IMF. The average monthly exchange rate of EUR and USD in February 2009 (when Polish zloty was the weakest) reached the levels of 4.6442 PLN/EUR and 3.6314 PLN/USD, which represented an increase of these currencies' exchange rate to the Polish zloty by 42.3% and 75.7%, respectively, in comparison to July 2008 (when Polish zloty was exceptionally strong).

Chart 3 The average monthly exchange rate of the EUR and USD in the years 2004-2010

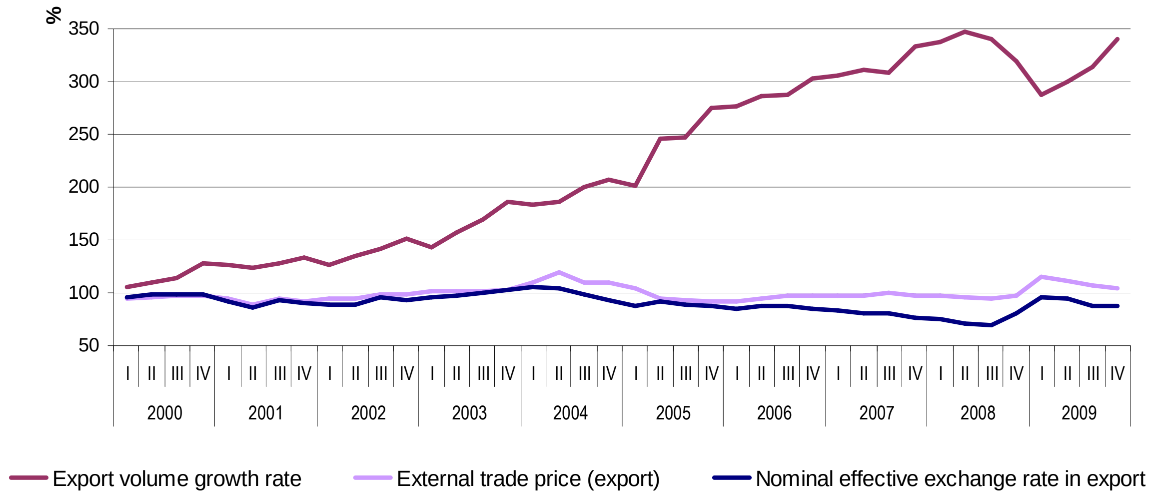


Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of NBP data.

The deep depreciation of the Polish zloty (especially during the period August 2008 – February 2009) translated into high levels of transaction prices in export, which rose by 13.4% during the whole 2009. Despite that, a significant collapse of export occurred at the same time, which was determined by the deep demand shock in the main Polish export markets.

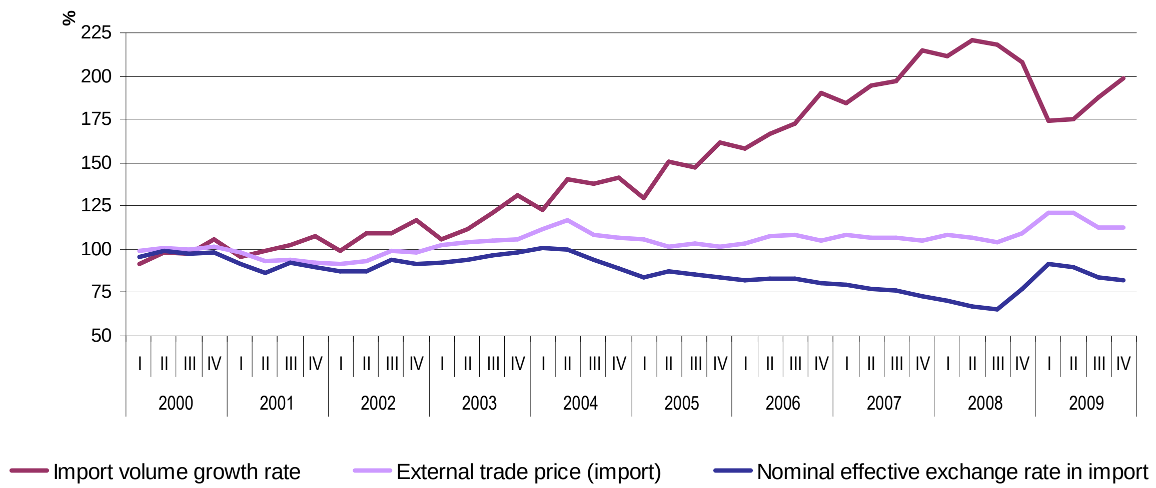
Transaction prices in 2009 rose also in import, by 8.9%. Deep depreciation of the Polish zloty caused a serious cost shock in import. This applies not only to consumer import, but also to supply import. Of all the entities participating in Polish commodities export, 60% are companies with foreign capital, whose import is of the supply nature and is used up for pro-export production. As Polish export is particularly import-consuming, the decrease of export led to a deeper decrease of import. Therefore, it is pointed out that the scale of import follows that of export, and the influence of exchange rate on import is much smaller than in export.

Chart 4 Quarterly changes in the export volume growth rate and their price and exchange rate determinants in the years 2000-2009 (Q4 of 1999 = 100%)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 5 Quarterly changes in the import volume growth rate and their price and exchange rate determinants in the years 2000-2009 (Q4 of 1999 = 100%)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

2 LONG-TERM CHANGES IN THE COMMODITIES TURNOVER

2.1 Changes during the transformation period

From the beginning of the previous decade, export rose by almost 9.2 times, reaching the total level of $136.7 billion in 2009, while import grew 9.6 times, to the total level of $149.6 billion. In consequence, the 1991 trade deficit of $0.6 billion deepened to $12.8 billion in 2009. However, compared to 2008 it dropped by $25.8 billion.

Table 8 Foreign trade turnover according to data of the Central Statistical Office, in the years 1991-2009

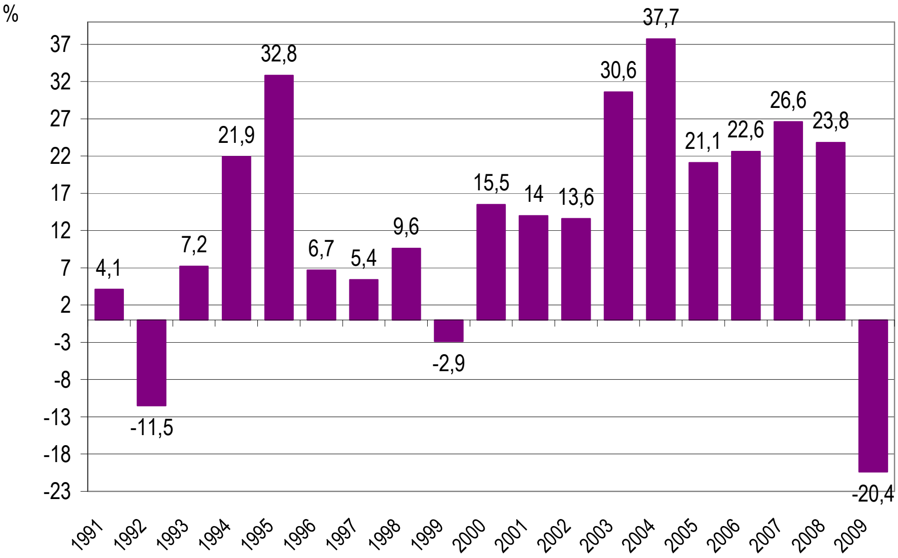
	million USD			previous year = 100		million EUR			previous year = 100	
	Export	Import	Balance	Export	Import	Export	Import	Balance	Export	Import
1991	14,903	15,522	**-619**	104.1	162.9					
1992	13,187	15,913	**-2,726**	88.5	102.5					
1993	14,143	18,834	**-4,691**	107.2	118.4					
1994	17,240	21,596	**-4,356**	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	31,651	48,940	**-17,289**	115.5	106.6	34,373	53,085	**-18,711**	133.9	123.3
2001	36,092	50,275	**-14,183**	114.0	102.7	40,195	56,035	**-15,840**	116.9	105.6
2002	41,010	55,113	**-14,103**	113.6	109.6	43,499	58,480	**-14,981**	108.2	104.4
2003	53,577	68,004	**-14,427**	130.6	123.4	47,526	60,354	**-12,827**	109.3	103.2
2004	73,781	88,156	**-14,375**	137.7	129.6	59,698	71,354	**-11,656**	125.6	118.2
2005	89,378	101,539	**-12,161**	121.1	115.2	71,424	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	130.6	101,838	120,389	**-18,550**	115.8	119.4
2008	171,860	210,479	**-38,619**	123.8,	128.2	116,244	142,448	**-26,204**	114.1	118.3
2009	136,720	149,570	**-12,849**	79.6	71.1	98,274	107,529	**-9,254**	84.5	75.5

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

During the analyzed period, the value of export kept growing very dynamically – much faster in the years 2000-2008, when the average annual export growth rate amounted to 22.8% (compared to 8.1% in the years 1991-1999). Import rose at 18.8% during the years 2000-2008, while its growth in the years 1991-1999 amounted to 20.4%. In the year 2009, as the result of the financial crisis, the commodities turnover experienced a radical breakdown – by 20.4% in export and by 28.9% in import.

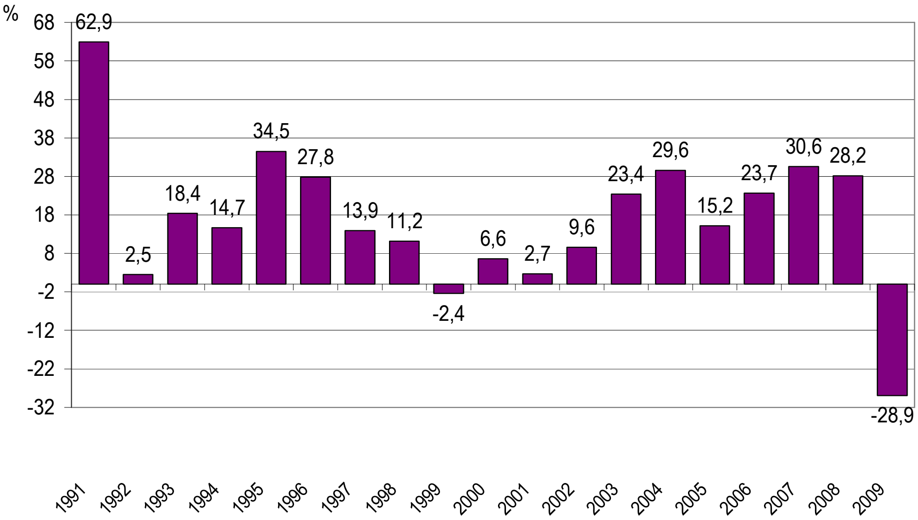
The average annual growth of turnover value, measured in the European common currency, was slower in the years 2000-2008 and amounted to 18.5% in export, and 14.5% in import. The 2009 decrease of commodities exchange, measured in the European common currency, turned out to be less severe than measured in US dollars, and reached 15.5% in export and 24.5% in import.

Chart 6 Changes in Poland's export denominated in US dollars, for the years 1991-2009 (in %)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 7 Changes in Poland's import denominated in US dollars, for the years 1991-2009 (in %)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

2.2 Changes during the present decade

2.2.1 Changes in turnover value

In the years 2000-2009, a 2.9-times growth of export was observed, to the total level of EUR 98.3 billion (from EUR 34.3 billion in 2000). During that same time, import increased two-fold, to the total of EUR 107.5 billion (from EUR 53.1 billion in 2000).

In the years 2001-2008, the average annual growth of Polish export amounted to 16.6%. During the years 2001-2003 by 11.5%, and in the years 2004-2007 by 21%, on the average. Year 2008 – due to significant reduction of export during the last two months – brought a slowdown of export growth to the level of 14.1%, while 2009 saw its decline by 15.5%.

The deficit of commodities exchange, which first was being systematically reduced from EUR -18.7 billion in 2000 to EUR 9.7 billion in 2005, and next deepened dynamically to EUR 26.2 billion in 2008, dropped in 2009 to the record of that decade - EUR 9.3 billion. At the same time, important changes occurred in its geographical structure. In 2000, the overall deficit was dominated by share of developed countries (62%), including EU members (46%). In 2009, the negative trade balance was recorded primarily with developing countries, with turnover deficit at EUR 19.1 billion. In commercial exchange with the developed markets, a surplus was recorded in the amount of EUR 9.8 billion (versus a deficit of EUR 2.2 billion a year earlier). Of this, the surplus of exchange with the European Union reached EUR 11.8 billion (EUR 9.5 billion more than in 2008).

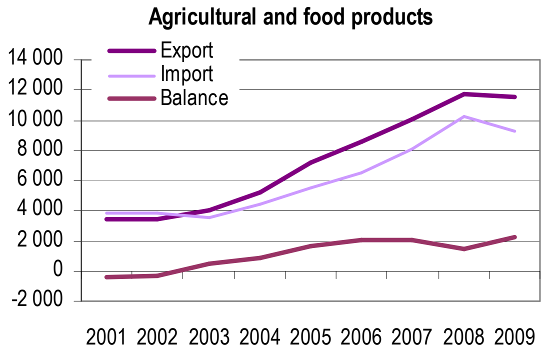
In turnover with **countries of the CIS**, deficit amounted to almost EUR 3.5 billion, which was EUR 54 million less than in 2000, and EUR 2 billion less than a year earlier. This was caused by the dramatic collapse of prices of crude energy materials imported from Russia (the negative balance in trade of mineral products with this market was reduced from EUR 10.2 billion in 2008 to EUR 6.4 billion in 2009).

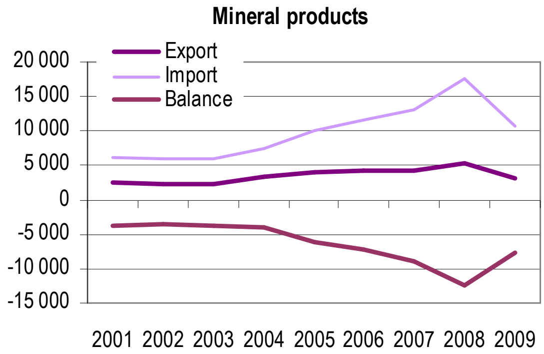
Since 2000, significant changes occurred in the geographical structure of the Polish export. This was largely due to Poland’s accession to the European Union. The group of developed countries account for the largest share in the total Polish export. From 2000 to 2009 this share fell by 2.2 p.p., to the level of 85.6%. Among this group of countries, the largest buyer of Polish goods are the countries of the European Union, including members of the Eurozone. Share of the Eurozone in the Polish export dropped by 5.8 p.p. in the years 2000-2009, to 56.3%, but the share of the other EU markets rose by 4.1 p.p., to 23.4%. Developing countries increased their share in the Polish export, from 12.2% in 2000 to 14.4% in 2009. This was the consequence of increasing share of countries of the CIS and of the other developing countries (excluding the CIS) by: 1 p.p. to 7.6% and by 1.1 p.p. to 6.7%, respectively.

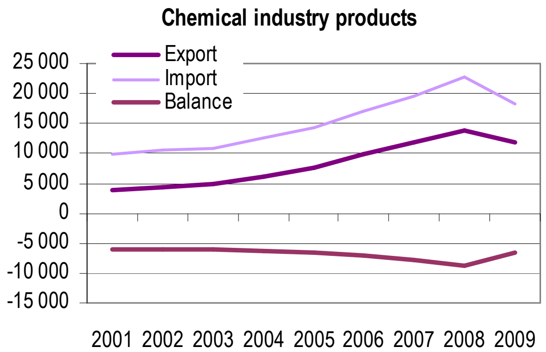
The years 2000-2009 saw significant changes in the commodity structure of the Polish export – specifically, an increased share of relatively highly processed products. In 2000, electromechanical products accounted for about 35% of the overall export, while in 2009 their share grew to almost 45%. The case was similar with products of the chemical industry, whose share in the total export from Poland rose from almost 10% in 2000 to over 12% in 2009. Compared to other commodities groups, the export of agricultural and food products also underwent a positive change, as its share grew by 3.4 p.p. reaching the level of 11.8% in 2009. The years 2000-2009 saw a decrease of share of the light industry products in the Polish export, by 5.8 percent, to 3.8%, and the wood and paper products reduced their share by 1.6 p.p. to 5.3% in 2009.

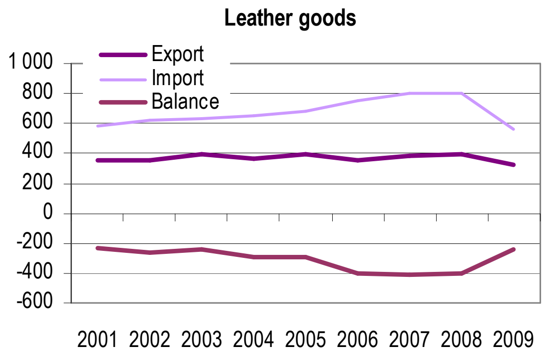
In import, the most significant change over the years 2000-2009 was the higher share of agriculture and food products by 2.2 p.p. to 8.7%, and reduced share of mineral products and light industry products, by 2 p.p. to 10% and by 1.6 p.p. to 5.4%, respectively.

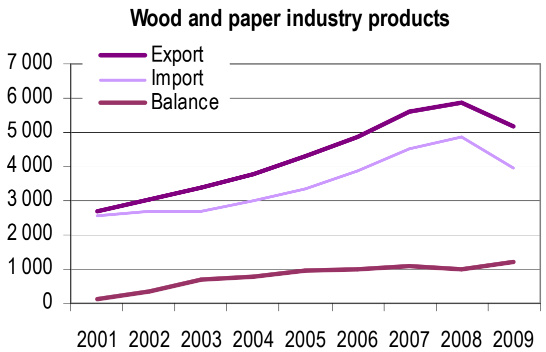
Chart 8 Changes in exchange of commodities, aggregated in 10 commodities groups, measured in EUR million

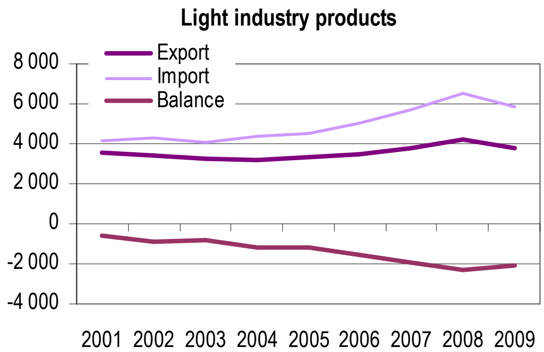


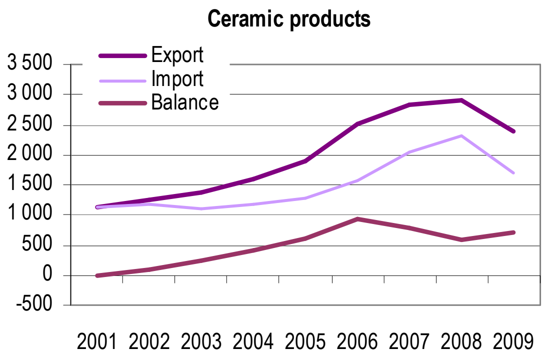


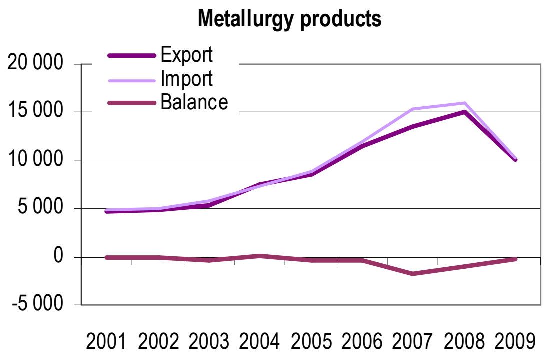


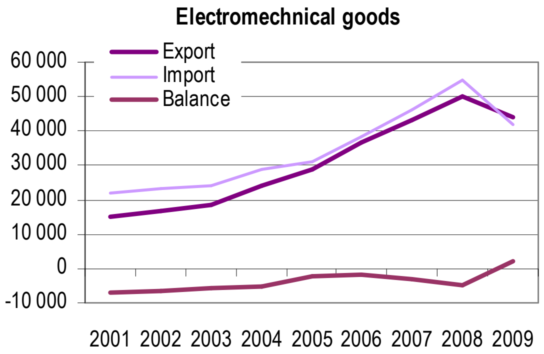


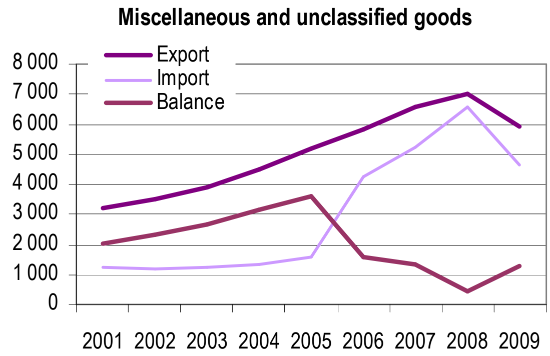












Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

2.2.2 Changes in turnover volume

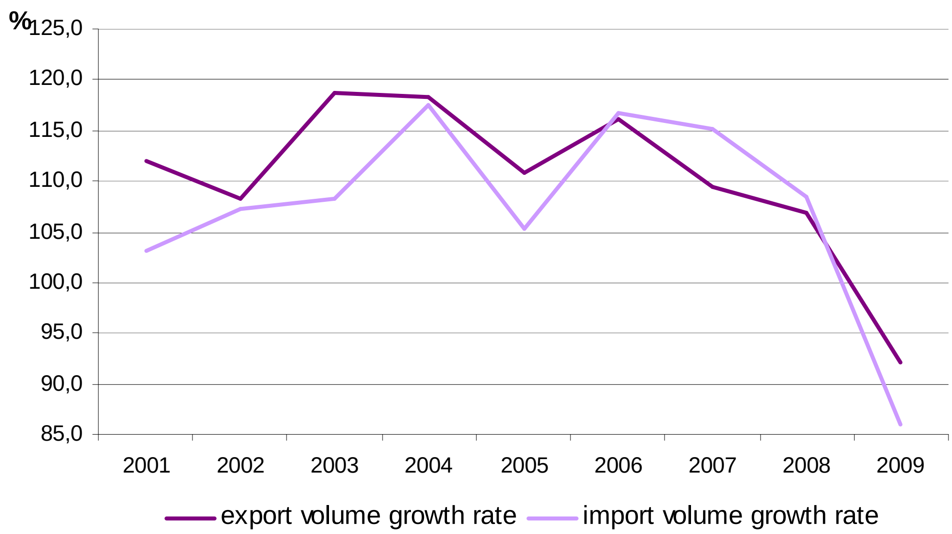
In the years 2001-2009, the volume of turnover was growing at a slower rate than its value. During that period export volume was growing by 10.3% annually, while import volume increased by 7.5%. The value of commodities exchange, expressed in Polish zloty, was growing annually by 13.6% and 9.5%, on the average.

During these years, three periods can be identified, during which the tendencies of growth rate of the commodities exchange volume underwent significant changes. The first period were the years 2001-2005, when the average annual export volume growth reached 13.6%, exceeding the average annual import volume growth (8.3%).

The second one were the years 2006-2008, when the average annual export volume growth reached 10.8%, while import volume was growing 2.7 p.p. faster, by 13.5%.

In 2009, export volume dropped by 7.8%, and the volume of import fell much faster, by 13.9%. In terms of Polish zloty-denominated value, export rose by 4.5% while import fell by 6.8%.

Chart 9 Changes in the commodities turnover volume in the years 2001-2009



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Given the decrease of transaction prices during Q1 of 2010 - by 7.1% in export and by 5% in import, it is estimated that during that period export volume rose by 12.4%, and import volume by 8.9%. This means that both in terms of value and volume, export grows much faster than import since the beginning of 2010.

3 SIGNIFICANT TURNOVER CHANGES IN 2009

The collapse of Poland's commodities turnover caused by the crisis in 2009 reached 15.5% in export and 24.5% in import. The value of Polish export exceeded the level of EUR 100 billion for the first time in 2007, reaching EUR 116.2 billion in 2008. In 2009, it dropped below EUR 100 billion, amounting to EUR 98.3 billion. The value of import in 2009 was also lower than in the years 2007-2008, but it was higher by about EUR 10.3 billion compared to 2006.

Reduction of the Polish foreign commerce streams was seen already during the last two months of 2008, with decrease of export preceding that of import. However, January 2009 saw a reversal of that tendency and the **deeper reduction of import allowed to halt the tendency of dynamic increase of trade deficit, noted for the last years, and next to clearly reduce it. In 2009, the negative balance of commodities exchange was reduced 3-fold, by almost EUR 17 billion, to the level of EUR 9.3 billion.**

The primary buyer of Polish goods are the **developed countries**, with share of total export at 85.6% in 2009, which was 2.6 p.p. more than in 2008. In 2009, export to this group of countries was reduced by 12.8%, which coupled with the decrease of import by 24.7% led to transformation of trade deficit of over EUR 2.2 billion into a surplus of more than EUR 9.8 billion. This was the best trade balance reached since Poland's accession to the EU, and much better than in 2003, when the trade deficit amounted to EUR 5.1 billion.

The share of **EU countries**, dominating this group, fell in the years 2003-2009 by 2.4 p.p., to 79.7%. At the same time, the balance of commodities exchange with these markets improved significantly. The deficit of EUR -3 billion, noted in 2003, turned into a surplus of EUR 11.8 billion in 2009. The positive changes in trade balance in 2009 were attributed also to the much deeper breakdown of import (by 24.5%) than of export (by 13.5%).

A positive change was seen in turnover with Poland's most important trade partner - **Germany**, where the 2008 deficit of over EUR 3.6 billion turned into a surplus of almost EUR 1.6 billion.

In 2009, the scope of overall deficit in Polish trade (EUR 9.3 billion) was traditionally determined by the **deeply negative balance of trade with developing countries**, despite the fact that it was reduced from almost EUR 24 billion in 2008 to EUR 19.1 billion. Deficit of exchange with these markets was determined by the negative balance of trade with **China** (more than EUR 8.9 billion) and **Russia** (almost EUR 5.6 billion). Deficit of exchange with these markets remained relatively high, but in fact it dropped significantly in comparison to the previous year - in trade with China, by almost EUR 1.7 billion, and with Russia, by over EUR 2.2 billion. It is worth noting that in the case of Russia this is caused primarily by the significant reduction of import from that market (by almost EUR 4.7 billion), caused by decline in crude materials prices, especially energy crude materials.

Import form the whole **CIS** decreased significantly, by almost EUR 6.7 billion (to the level of EUR 11 billion), which combined with the decrease of export by almost EUR 4.6 billion (to the level of EUR 7.5 billion) caused a reduction of deficit by about EUR 2 billion. Polish export to Ukraine, which is the second largest market of the CIS, was rising dynamically during the previous years. In 2009, it noted a decrease by almost 1.8 times (to the total level of about EUR 2.4 billion).

After a few years of deepening deficit in exchange with **North American** markets, 2009 saw a reversal of that trend and the negative trade balance was reduced by almost EUR 0.9 billion (to under EUR 0.5 billion).

In 2009, all commodities groups were affected by a breakdown of exchange. The deepest decreases were seen in the export of low-processed goods (mineral products, crude materials and metallurgy products), while the high-processed goods, primarily electromechanical goods, turned out to be relatively crisis-resistant.

The export of **electromechanical goods** (including goods from sections XVI-XVIII) fell by 11.8%, which was 3.7 p.p. slower than the total Polish export. As a result, these products strengthened their dominant position in export, growing their share by 1.9 p.p. to 44.8%. A much deeper decrease was seen in the import of these products (by 23.2%), which caused the deficit of 2008, of EUR 4.8 billion, into a surplus of EUR 2 billion.

Changes in the trade of **chemical products** (goods from sections VI and VII) had a significant influence on the balance of Polish commodities exchange. They are the second largest commodities groups in total Polish export. Export of these products dropped in 2009 by 14.9%, which coupled with a reduction of their import by 19.2% allowed to reduce the traditionally high exchange balance by EUR 2.3 billion, to the level of EUR 6.6 billion.

The situation in trade of **food and agriculture products** (sections I-IV) was favorable – compared to the overall exchange decreases, this group turned out to be crisis-resistant. In 2009, their export dropped by only 1.2%, which was 14.3 p.p. slower than the global Polish export, and import was reduced by 9.5%. In consequence, the surplus in exchange of these commodities grew by almost EUR 840 million, reaching the level of almost EUR 2.3 billion. It is worth noting that positive dynamics of export in 2009 was seen in the case of products of plant origin (section II). Their export rose by 8.8%, which coupled with decrease of import by 22% led to a significant reduction of their exchange deficit – by about EUR 0.9 billion, to about EUR 150 million. The export of prepared food products also rose – by 2.1%, while their import fell by 3.7%.

The largest decreases of turnover were seen in **mineral products**, whose export dropped by 39.1%, and import by 38.7%. The deep decline of import of these products led to a significant reduction of the very high deficit, which in 2008 amounted to almost EUR 12.4 billion, to the level of EUR 7.6 billion in 2009. The significant reduction of mineral products' import was due primarily to the large decrease of crude energy materials’ prices, compared to their record levels of 2008. The volume of their import fell only slightly.

Relatively deep declines were noted also in the exchange of **metallurgy products** – by 33.1% in export and by 35.7% in import. Their exchange deficit was also reduced, by about EUR 740 million, to the level of about EUR -230 million.

The list of the 30 most important commodities of the Polish export (aggregated on the level of 4-digit CN codes), which constitute 45.7% of total export – similarly as during the last few years - was dominated by cars, car parts and accessories, which accounted for 12% of total Polish export.

4 SCALE AND DYNAMICS OF COMMODITIES TURNOVER IN 2009

4.1 Commodities turnover according to NBP data

In 2009, export[1] dropped by 17.1%, to the total level of EUR 100.2 billion and import by 25.4% to the level of EUR 103.4 billion. As a result, trade deficit went down to its lowest-ever level of EUR 3.2 billion. Thus, its level was the lowest since 2005, when it amounted to EUR 2.2 billion, and was also lower by EUR 14.5 billion than a year earlier.

Table 9 Poland's commodities turnover in the years 2008-2009, in EUR million

Months	2009			same period of past year = 100		2008			same period of past year = 100	
	Export	Import	Balance	Export	Import	Export	Import	Balance	Export	Import
January	7,388	7,871	-483	75.7	73.8	9,761	10,667	-906	123.4	122.6
February	7,608	7,675	-67	73.7	67.3	10,324	11,406	-1,082	130.7	135.7
March	8,483	8,697	-214	83.4	74.1	10,169	11,741	-1,572	112.3	115.8
Q1	**23,479**	**24,243**	**-764**	**77.6**	**71.7**	**30,254**	**33,814**	**-3,560**	**121.7**	**124.1**
April	8,016	8,221	-205	71.1	64.9	11,278	12,660	-1,382	135.5	136.6
May	7,939	7,965	-26	79.4	69.3	10,001	11,500	-1,499	113.9	117.7
June	8,284	8,563	-279	78.7	69.4	10,529	12,335	-1,806	120.3	124.7
Q2	**24,239**	**24,749**	**-510**	**76.2**	**67.8**	**31,808**	**36,495**	**-4,687**	**123.0**	**126.2**
1st half of the year	**47,718**	**48,992**	**-1,274**	**76.9**	**69.7**	**62,062**	**70,309**	**-8,247**	**122.4**	**125.2**
July	8,398	8,843	-445	77.2	70.7	10,878	12,507	-1,629	125.4	124.5
August	7,685	8,105	-420	79.4	73.0	9,684	11,101	-1,417	112.2	121.4
September	9,428	9,369	59	83.0	73.2	11,353	12,803	-1,450	123.3	125.3
Q3	**25,511**	**26,317**	**-806**	**79.9**	**72.3**	**31,915**	**36,411**	**-4,496**	**120.4**	**123.8**
YTD after 3 quarters	**73,229**	**75,309**	**-2,080**	**77.9**	**70.6**	**93,977**	**106,720**	**-12,743**	**121.7**	**124.7**
October	9,685	9,885	-200	89.1	79.2	10,873	12,484	-1,611	103.0	108.0
November	9,217	9,508	-291	101.0	89.0	9,129	10,682	-1,553	91.9	94.8
December	8,000	8,627	-627	112.6	96.7	7,103	8,922	-1,819	87.4	90.8
Q4	**26,902**	**28,020**	**-1,118**	**99.3**	**87.3**	**27,105**	**32,088**	**-4,983**	**94.7**	**98.3**
Year	**100,131**	**103,329**	**-3,198**	**82.7**	**74.4**	**121,082**	**138,808**	**-17,726**	**114.4**	**117.4**
Monthly average	**8,344**	**8,611**	**-267**			**10,090**	**11,567**	**-1,477**		

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

[1] Data of the NBP; the difference between annual data presented in the text and the sum of values of monthly commodities turnover (presented in table 10) results from the fact that calculation was made with other exchange rates – that is, monthly average for monthly data, and quarterly for annual data.

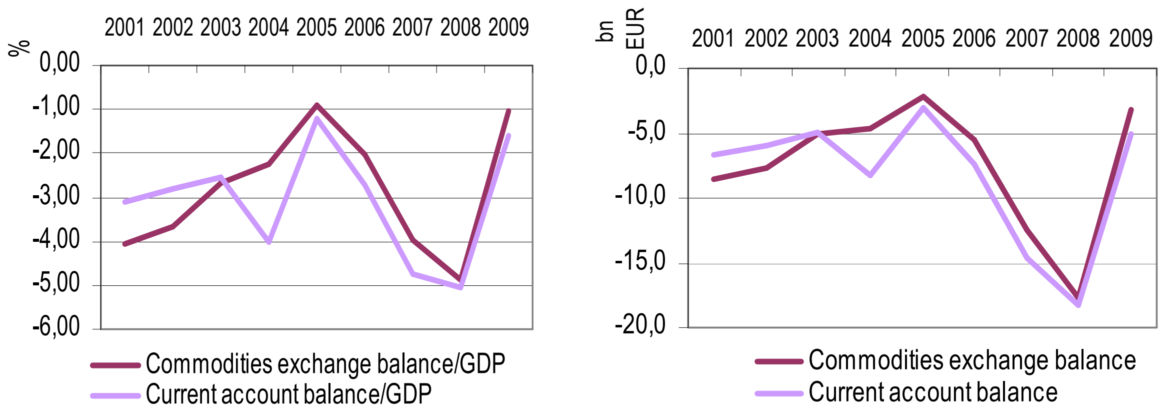
Table 10 Turnover in goods and services and the current account balance, as well as their value *per capita* and in proportion to the GDP in the years 2002-2009

Ratio/ data	2002	2003	2004	2005	2006	2007	2008	2009
in billion PLN								
GDP	808.6	843.2	924.5	983.3	1 060.0	1 176.7	1 275.4	1 344.0
Export of goods	190.5	237.3	297.7	312.0	363.8	400.2	423.7	433.1
Import of goods	220.1	259.5	318.4	321.0	385.4	446.8	486.1	446.8
Balance of commodities exchange	-29.5	-22.3	-20.8	-9.0	-21.6	-46.6	-62.4	-13.7
Export of services	40.9	43.5	48.7	52.7	63.7	79.3	85.0	89.3
Import of services	37.8	42.5	48.7	50.4	61.5	66.4	72.6	74.4
Balance of services	3.1	0.9	0.0	2.4	2.2	12.9	12.4	15.0
Export of goods and services	231.4	280.7	346.4	364.7	427.5	479.2	508.7	522.5
Import of goods and services	257.5	302.1	367.1	371.3	446.8	513.0	558.7	521.2
Balance of goods and services	-26.1	-21.3	-20.7	-6.7	-19.3	-33.8	-50.0	1.3
Current account balance	-22.5	-21.3	-37.4	-12.1	-28.9	-55.0	-64.5	-21.2
Proportion to GDP in %								
Export of goods / GDP	23.6	28.1	32.2	31.7	34.3	34.0	33.2	32.2
Export of goods and services / GDP	28.6	33.3	37.5	37.1	40.3	40.7	39.9	38.9
Import of goods / GDP	27.2	30.8	34.4	32.6	36.4	38.0	38.1	33.2
Import of goods and services / GDP	31.8	35.8	39.7	37.8	42.2	43.6	43.8	38.8
Balance of commodities exchange/ GDP	-3.6	-2.6	-2.2	-0.9	-2.0	-4.0	-4.9	-1.0
Balance of goods and services / GDP	-3.2	-2.5	-2.2	-0.7	-1.8	-2.9	-3.9	0.1
Current account balance/ GDP	-2.8	-2.5	-4.0	-1.2	-2.7	-4.7	-5.1	-1.6
per capita in thousand PLN								
Export of goods per capita	5.0	6.2	7.8	8.2	9.5	10.5	11.0	11.3
Import of goods per capita	5.8	6.8	8.3	8.4	10.1	11.7	12.6	11.7
Export of goods and services per capita	6.1	7.3	9.1	9.6	11.2	12.6	13.3	13.7
Import of goods and services per capita	6.7	7.9	9.6	9.7	11.7	13.5	14.5	13.7
Current accounts balance per capita	-0.5	-0.5	-1.0	-0.3	-0.8	-1.4	-1.8	-0.6
in EUR billion								
GDP	209.7	191.6	204.2	244.4	272.1	311.0	362.4	310.1
Export of goods	49.3	53.8	65.8	77.6	93.4	105.9	120.9	100.2
Import of goods	57.0	58.9	70.4	79.8	98.9	118.3	138.6	103.4
Balance of commodities exchange	-7.7	-5.1	-4.6	-2.2	-5.5	-12.4	-17.7	-3.2
Export of services	10.5	9.9	10.8	13.1	16.4	21.0	24.2	20.7
Import of services	9.8	9.7	10.8	12.5	15.8	17.6	20.7	17.2
Balance of services	0.8	0.2	0.0	0.6	0.6	3.4	3.5	3.5
Export of goods and services	59.8	63.7	76.6	90.7	109.8	126.9	145.1	120.9
Import of goods and services	66.8	68.6	81.2	92.3	114.7	135.9	159.3	120.6
Balance of goods and services	-6.9	-4.9	-4.6	-1.6	-4.9	-9.0	-14.2	0.3
Current account balance	-5.9	-4.9	-8.2	-3.0	-7.4	-14.7	-18.3	-5.0
Proportion to GDP in %								
Export of goods / GDP	23.5	28.1	32.2	31.8	34.3	34.1	33.4	32.3
Export of goods and services / GDP	28.5	33.2	37.5	37.1	40.3	40.8	40.0	39.0
Import of goods / GDP	27.2	30.7	34.5	32.7	36.3	38.0	38.2	33.3
Import of goods and services / GDP	31.8	35.8	39.8	37.8	42.1	43.7	44.0	38.9
Balance of commodities exchange/ GDP	-3.7	-2.7	-2.3	-0.9	-2.0	-4.0	-4.9	-1.0
Balance of goods and services / GDP	-3.3	-2.6	-2.2	-0.7	-1.8	-2.9	-3.9	0.1
Current account balance/ GDP	-2.8	-2.5	-4.0	-1.2	-2.7	-4.7	-5.1	-1.6
per capita in thousand EUR								
Export of goods per capita	1.3	1.4	1.7	2.0	2.4	2.8	3.1	2.6
Import of goods per capita	1.5	1.5	1.8	2.1	2.6	3.1	3.6	2.7
Export of goods and services per capita	1.6	1.7	2.0	2.4	2.9	3.3	3.8	3.2
Import of goods and services per capita	1.7	1.8	2.1	2.4	3.0	3.6	4.1	3.2
Current accounts balance per capita	-0.1	-0.1	-0.2	-0.1	-0.2	-0.4	-0.5	-0.1

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

A significant reduction of the negative trade balance had a positive influence on the current account balance, whose deficit was reduced from EUR 18.3 billion to EUR 5 billion in 2009.

Chart 10 Proportion of the current account balance to the GDP in %



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

4.2 Commodities turnover according to CSO data

In 2009, the Polish **export** of goods was reduced by 15.5%, to the total level of EUR 98.3 billion. Decrease of export was observed already in the last two months of 2008, which caused a decrease of its growth rate in the whole 2008 to the level of 14.1%, compared to 15.8% in 2007. The collapse of **import** of goods to Poland in 2009 reached 24.5%, to the level of EUR 107.5 billion, and was deeper by 9 p.p. than in export. In 2008, the import growth rate slowed down to 18.3%, compared to 19.4% a year earlier. As the result of a significant import drop, both in absolute terms and compared to export decline, the **deficit of commodities exchange was reduced 3 times**, from the level of EUR 26.2 billion in 2008 to under EUR 9.3 billion in 2009.

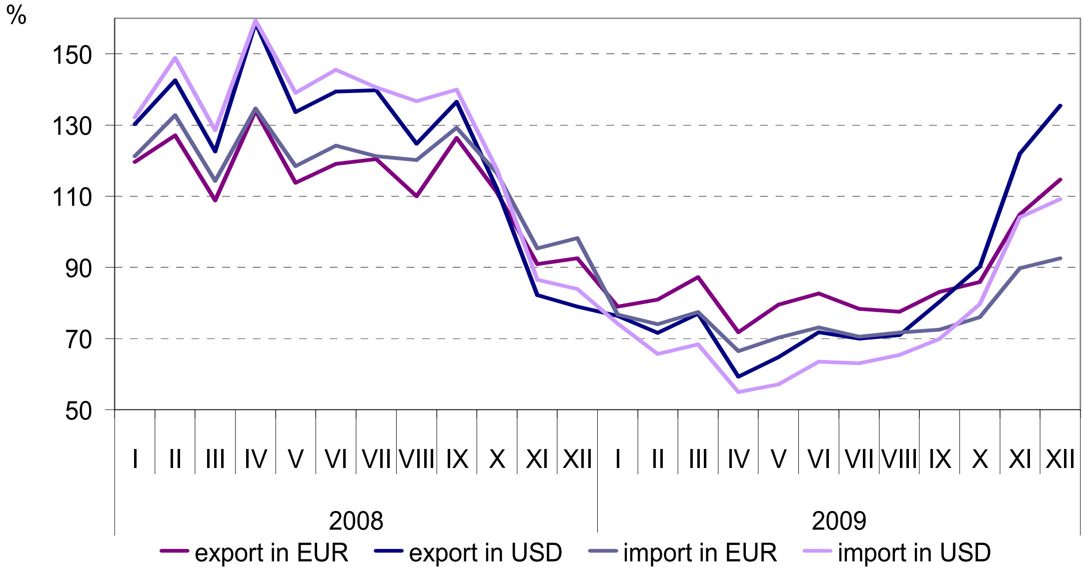
Commodities exchange measured in US dollars was falling at a quicker pace - the decline reached 20.4% in export and 28.9% in import. **Export denominated in US dollars** reached the level of $136.7 billion and turned out to be lower by $35.1 billion than in 2008. **Import denominated in US dollars** in 2009 amounted to $149.6 billion and was smaller than a year ago by $60.9 billion. **Deficit of commodities exchange, measured in US dollars,** amounted to $12.8 billion in 2009 which was 3 times ($25.8 billion) less than in 2008.

Table 11 Commodities turnover according to CSO data in the years 2008-2009

period	million EUR			Dynamics in % same period of past year = 100		million USD			Dynamics in % same period of past year = 100	
	Export	Import	Balance	Export	Import	Export	Import	Balance	Export	Import
January	9,280	10,941	-1,662	119.6	121.2	13,363	15,764	-2,401	130.3	132.1
February	9,758	11,472	-1,714	127.1	132.7	14,239	16,736	-2,497	142.6	148.9
March	9,575	11,827	-2,252	108.9	114.3	14,171	17,484	-3,313	122.6	128.6
Q1	**28,613**	**34,240**	**-5,627**	**118.1**	**122.2**	**41,772**	**49,984**	**-8,212**	**131.3**	**135.9**
April	10,601	12,589	-1,987	134.0	134.7	16,708	19,817	-3,109	158.8	159.4
May	9,590	11,749	-2,159	113.8	118.5	15,311	18,754	-3,443	133.7	139.1
June	10,095	12,594	-2,499	119.1	124.2	15,871	19,809	-3,938	139.5	145.5
Q2	**30,286**	**36,931**	**-6,646**	**122.1**	**125.6**	**47,891**	**58,380**	**-10,490**	**143.6**	**147.7**
1st half of the year	**58,898**	**71,171**	**-12,273**	**120.1**	**124.0**	**89,663**	**108,364**	**-18,701**	**137.6**	**142.0**
July	10,027	12,391	-2,365	120.5	121.3	15,615	19,278	-3,663	139.8	140.6
August	9,268	11,390	-2,123	110.0	120.2	14,490	17,873	-3,383	124.8	136.8
September	11,105	13,349	-2,244	126.4	129.2	16,219	19,554	-3,335	136.6	140.0
Q3	**30,399**	**37,130**	**-6,731**	**119.1**	**123.7**	**46,323**	**56,704**	**-10,381**	**133.7**	**139.2**
3 quarters	**89,298**	**108,301**	**-19,004**	**119.8**	**123.8**	**135,986**	**165,069**	**-29,082**	**136.2**	**141.0**
October	11,170	13,543	-2,373	111.1	116.5	15,746	19,084	-3,338	112.1	117.5
November	8,738	10,942	-2,204	90.9	95.4	11,237	14,110	-2,872	82.2	86.5
December	7,038	9,662	-2,624	92.6	98.2	8,891	12,216	-3,326	79.0	83.9
Q4	**26,946**	**34,147**	**-7,201**	**98.8**	**103.7**	**35,874**	**45,410**	**-9,536**	**92.1**	**96.4**
year 2008	**116,244**	**142,448**	**-26,204**	**114.1**	**118.3**	**171,860**	**210,479**	**-38,619**	**123.8**	**128.2**
Monthly average	**9,687**	**11,871**	**-2,184**			**14,322**	**17,540**	**-3,218**		
January	7,332	8,397	-1,066	79.0	76.7	10,208	11,695	-1,487	76.4	74.2
February	7,899	8,499	-600	81.0	74.1	10,197	10,984	-787	71.6	65.6
March	8,356	9,159	-804	87.3	77.4	10,910	11,959	-1,049	77.0	68.4
Q1	**23,587**	**26,056**	**-2,469**	**82.4**	**76.1**	**31,315**	**34,638**	**-3,323**	**75.0**	**69.3**
April	7,607	8,366	-759	71.8	66.5	9,910	10,894	-984	59.3	55.0
May	7,625	8,251	-625	79.5	70.2	9,919	10,719	-800	64.8	57.2
June	8,343	9,211	-868	82.6	73.1	11,394	12,581	-1,187	71.8	63.5
Q2	**23,576**	**25,828**	**-2,252**	**77.8**	**69.9**	**31,223**	**34,194**	**-2,971**	**65.2**	**58.6**
1st half of the year	**47,163**	**51,884**	**-4,721**	**80.1**	**72.9**	**62,537**	**68,832**	**-6,294**	**69.7**	**63.5**
July	7,855	8,736	-881	78.3	70.5	10,933	12,151	-1,219	70.0	63.0
August	7,191	8,164	-973	77.6	71.7	10,288	11,681	-1,393	71.0	65.4
September	9,232	9,685	-453	83.1	72.6	13,021	13,667	-646	80.3	69.9
Q3	**24,278**	**26,585**	**-2,306**	**79.9**	**71.6**	**34,242**	**37,499**	**-3,257**	**73.9**	**66.1**
3 quarters	**71,441**	**78,468**	**-7,027**	**80.0**	**72.5**	**96,780**	**106,331**	**-9,552**	**71.2**	**64.4**
October	9,599	10,290	-691	85.9	76.0	14,197	15,212	-1,015	90.2	79.7
November	9,166	9,825	-658	104.9	89.8	13,703	14,688	-984	121.9	104.1
December	8,068	8,945	-877	114.6	92.6	12,040	13,338	-1,298	135.4	109.2
Q4	**26,834**	**29,061**	**-2,227**	**99.6**	**85.1**	**39,941**	**43,238**	**-3,298**	**111.3**	**95.2**
year 2009	**98,274**	**107,529**	**-9,254**	**84.5**	**75.5**	**136,720**	**149,570**	**-12,849**	**79.6**	**71.1**
Monthly average	**8,190**	**8,961**	**-771**			**11,393**	**12,464**	**-1,071**		

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 11 Dynamics of export and import measured in EUR and US dollar in the years 2008-2009 (in % compared to the same month of the previous year)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

In the years 2000-2005, the export growth rate was stronger than import growth rate (both in US dollars and the Euro), and the trend reversed in 2006. At the end of 2008, the dynamics of turnover commenced its fall, and in the last two months of 2008, decreases were larger in export. From January 2009, the declines were deeper on the import side. It should also be noted that the decline of turnover rate, measured in US dollars, turned out to be larger than measured in EUR. From the moment the foreign commercial exchange picked up in Q4 of 2009, we observe a renewed tendency for the US dollar-denominated turnover to grow quicker than the EUR-denominated turnover.

5 CHANGES IN THE GEOGRAPHICAL STRUCTURE OF COMMODITIES EXCHANGE

5.1 Changes seen from the continental perspective

In 2009, Poland's primary commercial partner in export were still European countries. However, their share in the overall export dropped from 91.1% in 2008 to 90.2% in 2009. This was due to the fall of Polish export to this region – by 16.3%, or 0.8 p.p. faster than in the case of total Polish export. A reduction of share was recorded also in the case of countries of Central and South America.

The following groups of countries increased their share in the total Polish export: North America (by 0.4 p.p., to 2.3%), Africa (by 0.3 p.p., to 1.2%), and Asia (by 0.7 p.p., to 5.4%). In the case of the first two regions, this was due to the growth of Polish export, by 4% and by 9.2%, respectively. In the case of the third region, a decrease of export was noted (by 2.5%), which was 13 p.p. less severe than the total export decline.

The geographical structure of Polish import – similarly as export - is dominated by European countries, but their share dropped from 76% in 2008 to 74.2% in 2009. This was the consequence of the 26.3% decrease of import from these countries - 1.8 p.p. deeper than of the overall Polish import. The second largest supplier of goods to Poland are Asian countries. Import from this region fell during that period (by 18%) by 6.5 p.p. slower than the total Polish import, which led to an increase of their share in the total Polish import from 18.2% to 19.8%. In 2009, the third place in import to Poland belonged to countries from North America, with a share of about 2.5%, which was similar to 2008 result. The fourth largest group are countries of Central and South America, with a share of 1.9%, compared to 1.7% in 2008.

These trends led to significant changes in geographical structure of the commodities exchange balance. In turnover with European countries – as the result of import falling by 10 p.p. faster than export – the deficit of EUR -2.4 billion from 2008 turned into a surplus of EUR 8.8 billion in 2009. In turnover with Asian countries – as the result of import falling over 7 times faster than export – the negative trade balance was reduced from EUR 20.5 billion in 2008 to EUR 16 billion in 2009. The year 2009 saw also a significant reduction of the negative trade balance with North America (from EUR 1.3 billion to EUR 0.4 billion).

Table 12 Changes in the geographical structure of Poland's commodities exchange (in EUR million)

	2009			2008			Changes 2009/2008		
	Export	Import	Balance	Export	Import	Balance	Export growth (+) decline (-)	Import growth (+) decline (-)	Balance improved (+) worsened (-)
Poland, total	98,274	107,529	-9,254	116,244	142,448	-26,204	-17,970	34,919	16,950
previous year = 100	84.5	75.5		114.1	118.3				
Developed countries	84,160	74,317	9,843	96,485	98,721	-2,236	-12,325	24,404	12,079
previous year = 100	87.2	75.3		112.7	115.4				
share	85.6	69.1		83.0	69.3				
including:									
EU	78,288	66,531	11,756	90,457	88,171	2,286	-12,169	21,640	9,470
previous year = 100	86.5	75.5		112.6	114.2				
share	79.7	61.9		77.8	61.9				
including:									
Germany	25,686	24,053	1,632	29,124	32,755	-3,631	-3,438	8,702	5,263
previous year = 100	88.2	73.4		110.4	113.2				
share	26.1	22.4		25.1	23.0				
France	6,826	4,956	1,870	7210	6723	487	-384	1,767	1,383
previous year = 100	94.7	73.7		116.2	109.3				
share	7.0	4.6		6.2	4.7				
Italy	6,741	7,337	-596	6,943	9,261	-2,318	-202	1,924	1,722
previous year = 100	97.1	79.2		103.3	112.2				
share	6.9	6.8		6.0	6.5				
United Kingdom	6,300	3,178	3,123	6,700	4,041	2,660	-400	863	464
previous year = 100	94.0	78.6		110.7	107.8				
share	6.4	3.0		5.8	2.8				
Czech Republic	5,746	3,882	1,863	6,631	5,074	1,557	-885	1,192	306
previous year = 100	86.6	76.5		117.5	121.8				
share	5.9	3.6		5.7	3.6				
Other developed countries	5,873	7,786	-1,913	6,028	10,550	-4,522	-155	2,764	2,609
previous year = 100	97.4	73.8		114.0	126.7				
share	6.0	7.2		5.2	7.4				
including:									
USA	1,771	2,482	-711	1,689	3,135	-1,446	82	653	735
previous year = 100	104.9	79.2		112.0	123.6				
share	1.8	2.3		1.5	2.2				
EFTA	2,698	2,427	270	2891	3392	-500	-193	965	770
previous year = 100	93.3	71.6		109.2	133.7				
share	2.8	2.3		2.5	2.4				
Developing countries	14,114	33,212	-19,097	19,759	43,727	-23,968	-5,645	10,515	4,871
previous year = 100	71.4	76.0		121.7	125.6				
share	14.4	30.9		17.0	30.7				
including:									
Countries of the CIS	7,502	11,026	-3,524	12,156	17,715	-5,559	-4,654	6,689	2,035
previous year = 100	61.9	62.3		118.9	131.3				
share	7.6	10.3		10.5	12.4				
including:									
Russia	3,596	9,206	-5,610	6,050	13,877	-7,828	-2,454	4,671	2,218
previous year = 100	59.4	66.3		128.5	132.2				
share	3.7	8.6		5.2	9.7				
Other countries	6,612	22,185	-15,573	7,603	26,012	-18,409	-991	3,827	2,836
previous year = 100	86.6	85.3		126.5	122.0				
share	6.7	20.6		6.5	18.3				
including:									
China	1,051	9,983	-8,933	867	11,466	-10,599	185	1,483	1,666
previous year = 100	121.3	87.1		120.1	133.3				
share	1.1	9.3		0.7	8.0				

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

5.2 Changes among the main groups of countries

The Polish export is dominated by markets of developed countries. Their share in Poland's export rose from 83% in 2008 to 85,6% in 2009. From among this group of countries, the largest portion of Polish export is taken up by the European Union, whose share rose by 1.9 p.p., to 79.7%.

In 2009, in the trade with developed countries – similarly as in the case of total turnover – the decrease of import turned out to be larger than of export. **As a result, the EUR 2.2 billion deficit of exchange with these countries from 2008 turned into a surplus of EUR 9.8 billion in 2009.** This was largely due to the improved balance of exchange with countries of the Eurozone (by EUR 10.4 billion) and with the group of other developed markets (with the exception of EFTA countries), where deficit was reduced by EUR 1.8 billion, to EUR 2.2 billion; and especially with the United States (reduction of deficit by EUR 0.7 billion, to EUR 0.7 billion) and with Japan (reduction of deficit by EUR 0.8 billion, to EUR 1.9 billion).

In the turnover with the USA, improved exchange balance was seen in almost all groups of commodities, and the largest improvement is seen in the trade of electromechanical products – deficit was reduced by EUR 0.6 billion, to EUR 0.3 billion.

The case was similar in the case of Japan, where the reduction of negative balance was attributed primarily to reduced deficit in the trade of electromechanical products (by EUR 0.7 billion, to about EUR 1.7 billion).

In 2009, deep decrease of turnover with **countries of the CIS** was recorded, **reaching 38.1% in export and 37.7% in import. This resulted in a decline of the CIS's share in the total Poland's export - from 10.4% in 2008 to 7.6% in 2009, and in import - from 12.4% to 10.3%.** In exchange with this group of markets, deficit was reduced by about EUR 2 billion, to the level of EUR 3.5 billion. This was largely **determined by the reduction of trade deficit in mineral products, by about EUR 4.2 billion.**

The negative trade balance with **developing countries** had a decisive influence on the total deficit of Polish foreign trade. However, deficit measured in absolute values was reduced, compared to 2008, by EUR 4.8 billion, to the total level of EUR 19.1 billion. Among this group of markets, an especially deep exchange deficit was seen with the non-CIS developing countries, which was reduced by EUR 2.8 billion, to EUR 15.6 billion. The reduction of deficit in trade with China (by about EUR 1.7 billion, to EUR 8.9 billion) and with the Republic of Korea (by almost EUR 0.3 billion, to near EUR 3.1 billion) had the largest influence on the improvement of the trade balance with the developing countries.

5.3 The European Union

Among the developed countries, the largest buyer of Polish goods is the European Union, which in 2009 consumed 79.7% (EUR 78.3 billion) of total Polish export - 1.9 p.p. more than in 2008.

Among all EU members, countries of the Eurozone have an almost twice as high share in the Polish export as the other ones. The share of the first ones rose in 2009 by 2.7 p.p., to 56.3%, while of the latter ones dropped by 0.8 p.p., to 23.4%. In 2009, Germany increased its share in the Polish export the most – by 1.0 p.p. to 26.1%, next came Italy – by 0.9 p.p., to 6.9%. On the other side of the spectrum, Lithuania's share shrank the most – by 0.4 p.p., to 1.2% in 2009.

The European Union dominates also Polish import, controlling 61.9% in 2009 (EUR 66.5 billion), which was almost the same level as in 2008. In 2009, import from countries of the Eurozone constituted 48.8% of total Polish import (in 2008 – 49%), and from other EU countries 13.1% (12.9% in 2008). In 2009, Germany's share in the Polish import shrank the most – by 0.6 p.p., to 22.4%. Italy and the Netherlands increased their shares, by 0.3 p.p. to 6.8%, and by 0.2 p.p. to 3.6%, respectively.

Among the 15 countries which are the largest recipients of Polish export, 12 are EU members. In import, 10 of the largest sellers to Poland come from the EU.

The largest decreases of export to the EU market, measured in absolute terms, were seen in the exchange with the following countries:

- Germany by EUR 3.4 billion (11.8%),
- Sweden by EUR 1 billion (28.6%),
- Czech Republic by EUR 0.9 billion (13.4%),
- Lithuania by EUR 0.7 billion (36.4%),
- Slovakia by EUR 0.6 billion (21.3%),

Among products which experienced the largest decrease of export to the EU, the most important ones were:

- metallurgy products by EUR 4.2 billion (35%),
- products of the electromechanical industry by EUR 2.8 billion (7.4%),
- mineral products by EUR 1.7 billion (38%),
- products of the chemical industry by EUR 1.5 billion (15%).

Polish export to the EU markets, measured in EUR, shrank by 13.5% in 2009, versus its growth by 12.6% in 2008. Import from the EU was reduced by 24.5%, while in 2008 it noted growth by 14.2%. Decreases in export to the countries of the EU was slightly smaller than the decrease of total Polish export.

Due to the fact the decrease of import was larger than of export, the surplus in commodities exchange with the European Union increased by EUR 9.5 billion, to EUR 11.8 billion. This was the result of significant improvement of balance of trade exchange with countries of the Eurozone, by EUR 10.4 billion, to almost EUR 2.9 billion. In turnover with the remaining EU markets, surplus was reduced by EUR 0.9 billion, to EUR 8.9 billion in 2009.

The overall result of exchange with countries of the European Union was determined by the worsening economic situation of Poland's most important economic partners, and especially Germany. In 2008, export to this market still rose by 10.4%, but in 2009 it dropped by 11.8%. Import from this market dropped by 26.6% in 2009, as opposed to its 13.2% growth in 2008. Measured in absolute terms, import from Germany decreased (by EUR 8.7 billion) much more than export (by EUR 3.4 billion), which caused the trade deficit of EUR 3.6 billion to change into a surplus of EUR 1.6 billion.

Among countries of the EU, a significant improvement in exchange balance was seen in the trade with Germany, Italy (reduction of deficit by EUR 1.7 billion to EUR -0.6 billion), France (increase of trade surplus by EUR 1.4 billion, to EUR 1.9 billion) and Finland (reduction of deficit by EUR 0.5 billion, to EUR 0.6 billion). A worsening of trade balance occurred in exchange e.g. with Lithuania (reduction of surplus by EUR 0.5 billion, to EUR 0.6 billion) and Romania (reduction of surplus by EUR 0.4 billion, to EUR 0.7 billion).

5.4 Commonwealth of Independent States

In 2009, deep decrease of turnover with **countries of the CIS was recorded, reaching 38.1% in export and 37.7% in import. This resulted in a decline of the CIS's share in the total Poland's export - from 10.4% in 2008 to 7.6% in 2009, and in import - from 12.4% to 10.3%** In exchange with this group of markets, deficit was reduced by about EUR 2 billion, to the level of EUR 3.5 billion in 2009. This was largely determined by the **reduction of trade deficit in mineral products, by about EUR 4.2 billion.**

From among the CIS countries, Russia, Ukraine and Belarus hold the largest share of import into Poland. In 2009, their total share in Polish import from the CIS reached 96.2% (of which Russia – 83.5%, Ukraine – 7.4% and Belarus – 5.3%). Their share in the Polish export to the CIS was a little lower, reaching 92.4% (of which Russia accounted for about 48%, Ukraine almost 33%, and Belarus 11.6%).

In 2009, export to Russia fell by 40.6%, which was much faster than overall Polish export, and than import from that market (which dropped by 33.7%). At the same time, the balance of trade exchange with Russia improved significantly. The trade deficit of 2008, amounting to EUR 7.8 billion, was reduced by EUR 2.2 billion, to EUR 5.6 billion in 2009. This was largely due to the reduction, by EUR 3.8 billion, of the deficit in exchange of mineral products, while balance of trade in electromechanical products worsen by EUR 1.6 billion.

Import from Russia was traditionally dominated by mineral products, even though their share dropped from 74.1% in 2008 to almost 70% in 2009. In the case of metallurgy products, the decrease of import share amounted to 1.9 p.p., to the level of 2% in 2009.

Polish export to the Russian market was dominated by products of the electromechanical industry, whose share dropped from 44.3% in 2008 to 29.4% in 2009. An increase of share was seen in the case of chemical, agriculture and food products: by 5.4 p.p. to 24.1% and by 7.6 p.p. to 15.6%, respectively. It is worth noting that despite the fact that deficit of trade exchange with Russia fell by EUR 2.2 billion in comparison with 2008, to EUR 5.6 billion in 2009, it still has a significant share of the total Polish foreign trade deficit.

An even deeper decrease was seen in the trade with Ukraine, reaching 43.3% in export and 48.4% in import. As the result, this market's share in total Polish export was reduced from 3.7% in 2008 to 2.5% in 2009, and in import, from 1.1% to 0.8%. This translated into a reduction of surplus in trade with this market, by EUR 1.1 billion, to EUR 1.6 billion in 2009.

From among all commodities groups traded with Ukraine, the balance was the worst in the dominant import of metallurgy products – decrease of surplus by almost EUR 0.9 billion, to EUR 475 million in 2009. In the trade of mineral and metallurgy products, the trade balance improved. In the case of the first group, deficit was reduced by EUR 62 billion, to EUR 92.6 billion, and in the case of the second group, trade surplus grew by EUR 97 million, to EUR 110 million.

5.5 China and the Republic of Korea

The negative trade balance with **Asian countries** had a decisive influence on the total deficit of Polish foreign trade in 2009 – despite the fact that in absolute terms, this deficit was reduced, compared to 2008, by EUR 4.5 billion, to the total level of EUR 16 billion. The largest part of this deficit was attributed to exchange with China, Republic of Korea and Japan.

In 2009, import from China fell by 12.9% to EUR 10 billion, which was 11.6 p.p. slower than total import to Poland, while export grew by 21.3%, to over EUR 1 billion. As a result, this market's share in the total Polish import rose by 1.2 p.p., to 9.3%, and its share in export grew by 0.4 p.p., to 1.1%. In the trade exchange with China, an improvement of balance was seen in almost all commodities groups, and especially in the trade of electromechanical products – reduction of deficit by almost EUR 0.8 billion, to EUR 5.5 billion, and metallurgy products – reduction of deficit by almost EUR 0.5 billion, to about EUR 140 million. In the case of the first group of commodities, this was due to a decrease of their import by 10.3%, coupled with growth of export by about 35%. The better balance in trade of metallurgy products was due to a deep decline of their import - by 41.9%, which was 3.5 times faster than import from China. This led to a decrease of their share in import from China by 2.7 p.p., to 5.5% in 2009.

In 2009, the balance of trade with the Republic of Korea also improved. The trade deficit with this market, which in 2008 amounted to EUR 3.3 billion, was reduced to almost EUR 3.1 billion. The share of Korea in the total Polish export remained on a level similar to 2008 and amounted to about 0.2%, while in import it grew by 0.5 p.p., to 3%.

6 CHANGES IN THE COMMODITY STRUCTURE OF COMMERCIAL EXCHANGE

In 2009, the commodity structure of the Polish foreign trade underwent certain changes, which resulted from the various levels of resistance of the individual groups of commodities to the recession.

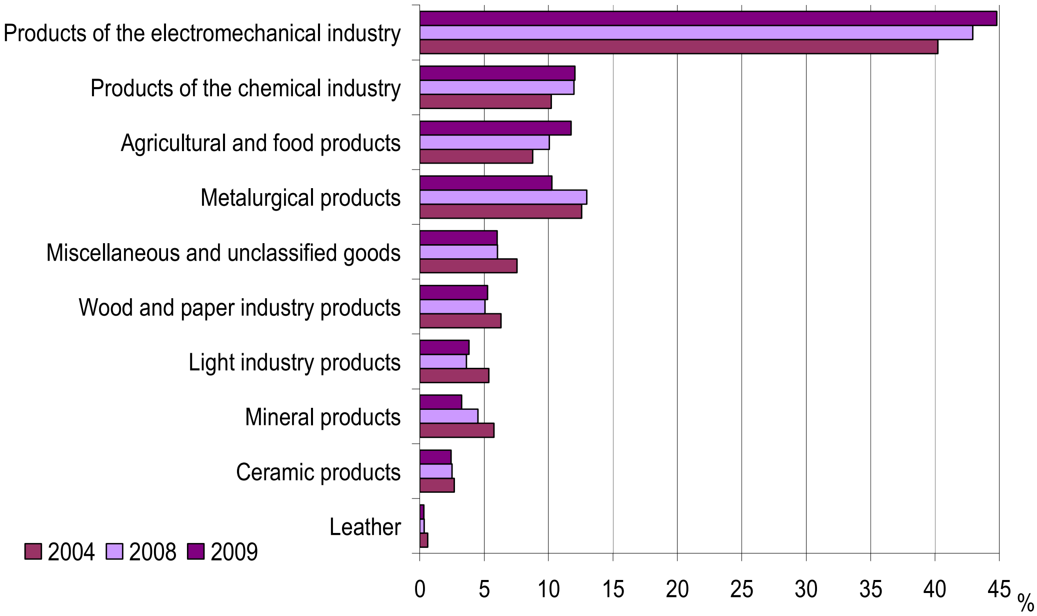
Relatively smaller decreases were seen in the export of highly processed foods and characterized by relatively higher technological advancement – they were less susceptible to changes in the economic situation, than low-processed goods and crude materials.

In 2009, the electromechanical goods reinforced their dominant position in the Polish export, accounting for 44.8% of total export – this was 1.9 p.p. more than during the previous year. During the same period, agriculture and food products increased their share in Polish export - by 1.7 p.p. to 11.8%.

Decreases in the total Polish export were seen in the case of low-processed products, such as metallurgy products by 2.7 p.p. to 10.3%, and mineral products – by 1.3 p.p., to 3.3%.

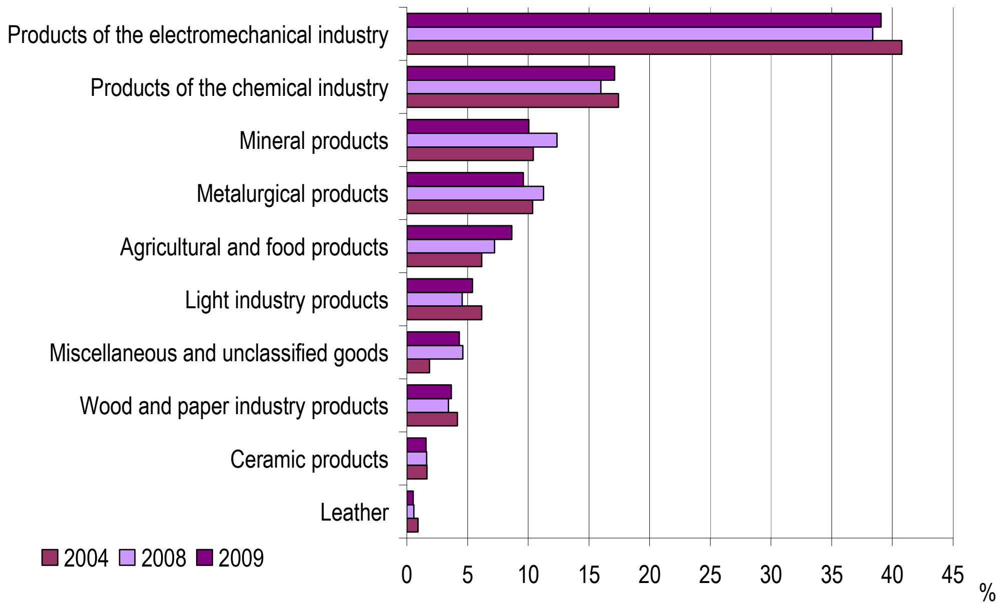
Due to the crisis, import of low-processed products also dropped, which caused a reduction of their share in the total import. In 2009, mineral products accounted for 10.1% of total import to Poland, which was 2.3 p.p. less than a year earlier. In the case of metallurgy products, their share in import dropped by 1.7 p.p., to 9.6%.

Chart 12 Commodity structure of the Polish export in 2009, compared to 2008 and 2004 (in %)



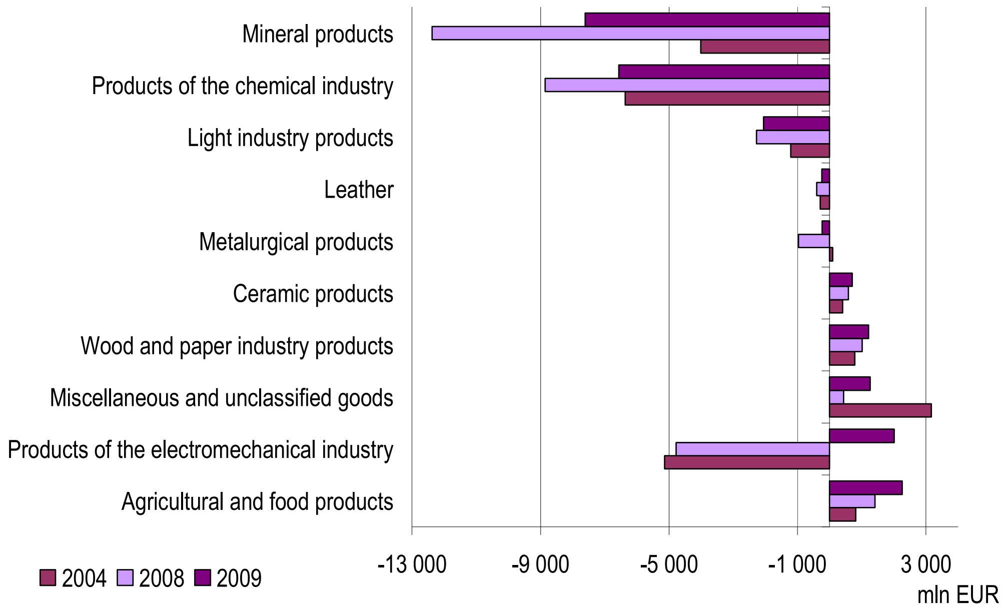
Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 13 Commodity structure of the Polish import in 2009, compared to 2008 and 2004 (in %)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 14 Commodity structure of the Polish foreign trade balance in 2009, compared to 2008 and 2004 (in EUR million)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Table 13 Commodity structure of Poland's trade turnover in the years 2008-2009, in EUR million

		2009 Export	2009 Import	2009 Balance	2008 Export	2008 Import	2008 Balance	Changes 2009/2008 Export growth (+) decline (-)	Changes 2009/2008 Import growth (-) decline (+)	Changes 2009/2008 Balance improved (+) worsened (-)
I	Live animals	3,692	2,563	1,129	4,075	2,527	1,548	-383	36	-419
II	Plant products	2,337	2,488	-151	2,149	3,190	-1,041	189	-701	890
III	Fats, oils	257	408	-151	305	575	-270	-48	-167	119
IV	Prepared foodstuffs	5,269	3,839	1,430	5,163	3,985	1,178	106	-146	252
(I-IV)	**Agricultural and food products**	**11,556**	**9,299**	**2,257**	**11,692**	**10,277**	**1,415**	**-137**	**-978**	**842**
V	Mineral products	**3,199**	**10,806**	**-7,606**	**5,256**	**17,625**	**-12,369**	**-2,057**	**-6,819**	**4,762**
VI	Products of the chemical industry	5,886	10,827	-4,942	6,834	13,234	-6,399	-948	-2,406	1,458
VII	Plastics	5,955	7,575	-1,620	7,073	9,531	-2,458	-1,118	-1,956	838
(VI-VII)	**Products of the chemical industry**	**11,841**	**18,403**	**-6,561**	**13,907**	**22,764**	**-8,857**	**-2,066**	**-4,362**	**2,295**
VIII	Leathers and leather products	323	565	-243	396	801	-406	-73	-236	163
IX	Wood and wood products	2,067	901	1,166	2,572	1,329	1,243	-504	-427	-77
X	Wood pulp	3,105	3,061	44	3,310	3,539	-229	-205	-478	274
(IX-X)	**Wood and paper industry products**	**5,172**	**3,962**	**1,210**	**5,881**	**4,867**	**1,014**	**-709**	**-905**	**196**
XI	Textiles and textile products	3,403	5,158	-1,755	3,814	5,772	-1,957	-411	-614	202
XII	Footwear, headgear	355	659	-304	397	721	-324	-42	-62	20
(XI-XII)	**Light industry products**	**3,758**	**5,816**	**-2,059**	**4,212**	**6,493**	**-2,281**	**-454**	**-676**	**222**
XIII	Products of stone, gypsum, cement …	1,865	1,441	424	2,345	1,987	358	-480	-546	66
XIV	Pearls, metals and stones	531	253	277	555	329	225	-24	-76	52
(XIII-XIV)	**Ceramic products**	**2,396**	**1,694**	**701**	**2,899**	**2,316**	**583**	**-504**	**-622**	**118**
XV	Products of non-precious metals	10,089	10,318	-230	15,082	16,049	-967	-4,993	-5,731	737
XVI	Mechanical and electrical equipment	25,360	27,445	-2,085	28,718	34,353	-5,636	-3,357	-6,909	3,551
XVII	Vehicles	17,765	11,094	6,672	20,176	16,566	3,610	-2,411	-5,472	3,061
XVIII	Optical devices and apparatuses, etc.	904	3,481	-2,577	1,009	3,758	-2,749	-105	-278	172
(XVI-XVIII)	**Products of the electromechanical industry**	**44,029**	**42,019**	**2,010**	**49,902**	**54,677**	**-4,775**	**-5,873**	**-12,658**	**6,785**
XIX	Weapons and ammunition	37	66	-28	30	97	-68	8	-32	39
XX	Various products	5,832	2,022	3,809	6,934	2,558	4,376	-1,102	-536	-567
XXI	Works of art	10	8	2	9	11	-2	1	-3	4
(XIX-XXI)	**Miscellaneous**	**5,879**	**2,096**	**3,783**	**6,973**	**2,666**	**4,307**	**-1,094**	**-570**	**-524**
XXII	Other	33	2,495	-2,461	43	3,288	-3,245	-9	-793	784
	Unknown or erroneous	0	56	-56	0	624	-624	0	-568	568
	TOTAL:	**98,274**	**107,529**	**-9,254**	**116,244**	**142,448**	**-26,204**	**-17,969**	**-34,919**	**16,950**

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

6.1 Changes in the commodity structure of trade in 2009 and their influence on trade balance

The deep breakdown of import, in relation to export, led to a significant reduction of deficit in the Polish turnover of commodities. In 2009, the negative balance of commodities exchange amounted to almost EUR 9.3 billion, and turned out to be almost three times smaller than in 2008. This was attributed primarily to positive changes in turnover balance in the following groups of commodities:

– electromechanical products (sections XVI, XVII and XVIII), where the improvement of exchange balance exceeded EUR 6.8 billion – in 2008, deficit of almost EUR 4.8 billion was noted, which in 2009 turned into a surplus of EUR 2 billion,
– mineral products (section V), where the negative balance was reduced by as much as EUR 4.8 billion, to under EUR -7.6 billion,
– products of the chemical industry (sections VI and VII), where the traditionally high deficit was cut by EUR 2.3 billion, to almost EUR -6.6 billion,
– metallurgy products (section XV), where the negative balance was reduced by about EUR 740 billion, to about EUR 230 million,
– agricultural and food products (sections I, II, III and IV), where the trade surplus grew by about EUR 840 million, to almost EUR 2.3 billion.

The Polish foreign trade is dominated by **electromechanical products**, which in 2009 accounted for 44.8% of export and 39.1% of import. Their export dropped by 11.8%, which was 3.7 p.p. slower than the global Polish export. In import, a deeper decline was seen, amounting to 23.2%. As a result, the 2008 deficit of almost EUR -4.8 billion turned in 2009 into a surplus of EUR 2 billion. This improvement was influenced by the following positive changes:

– reduction of negative exchange balance in section XVI – mechanical and electrical appliances – by almost EUR 3.6 billion, to less than EUR -2.1 billion. This was influenced by the reduction of deficit in trade with boilers, machines, mechanical devices and their parts (CN 48) by over EUR 2.9 billion, to almost EUR 2.1 billion,
– increase of surplus in section XVII – vehicles, aircraft and vessels – by almost EUR 3.1 billion, to under EUR 6.7 billion, which was caused primarily to increase of surplus in the non-rail vehicles, their parts and accessories (CN 87) by almost EUR 3.4 billion, to EUR 5.7 billion.

The second largest group in Poland's foreign trade are the **chemical products**, which in 2008 accounted for 12.1% of export and 11.7% of import. During that period, export of these goods was reduced by 14.9%, while their import fell by 19.2%. The decrease by EUR 2.3 billion of deficit in trade of this group, to the level of almost EUR -6.6 billion, was caused by reduction of the negative trade balance in the following groups of commodities:

– in the trade of products of the chemical industry and related industries (section VI), deficit was reduced by almost EUR 1.5 billion, to about EUR -4.9 billion. Here the largest influence was exerted by reduction of negative balance in the trade of pharmaceuticals (CN 30), by about EUR 740 million, to the level of about EUR 2.4 billion.
– deficit in trade of goods from section VII, that is plastics and plastic products, rubber and rubber products, dropped by over EUR 0.8 billion (to EUR -1.6 billion). This was caused primarily by the reduction of negative balance in the trade of plastics and plastic products (CN 39) – by EUR 0.7 billion, to EUR -2 billion.

Compared to the overall decrease of Polish foreign trade in 2009, the **food and agriculture products** stood out due to their resistance to crisis. Their export dropped by only 1.2%, and import by 9.5%. As a result, the trade surplus of that group rose in 2009 by over EUR 0.8 billion, to almost EUR 2.3 billion. Positive dynamics of export in that group was displayed by products of plant origin (8.8%), which coupled with decrease of import by 22% led to a significant reduction of their exchange deficit – by about EUR 0.9 billion, to about EUR 150 million. Situation in prepared foodstuffs (section IV) was also positive – their export grew by 2.1%, and import dropped by 3.7%.

Deep declines were noted in the exchange of **crude materials and metallurgy products** (section XV) and in **mineral products** (section V).

In the case of the first group, export dropped by 33.1% (17.6 p.p. faster than the total Polish export), and import by as much as 35.7% (11.2 p.p. faster than the overall decrease of import), which led to a decrease of trade deficit in this section by about EUR 740 million, to about EUR 230 million. That change was influenced the most by the reduction of deficit in the trade of iron, cast iron and steel (CN 72) – by almost EUR 0.7 billion, to under EUR 1.6 billion.

Export of mineral products dropped in 2009 by 39.1%, which was 23.6% faster than total export. Import of these goods was reduced by 38.7% (by EUR 6.8 billion). In consequence, the record-high deficit of 2008 was reduced in 2009 by EUR 4.8 billion, to EUR 7.6 billion. This resulted mainly from the reduction of deficit in trade of mineral fuels, mineral oils and products of their distillation, bitumen substances etc. (CN 27) by EUR 4 billion, to EUR 7.1 billion. Reduction of the negative balance was caused primarily by the significantly dropping prices of petroleum oil and natural gas in the global markets. At the same time, the reduced import volume of these crude materials had much smaller influence on the decrease of the value of their import[2].

[2] Detailed information on changes in the import of petroleum oil and natural gas follows in further sections of the report.

Table 14 Changes in the Polish foreign trade turnover per commodities groups and sections, in EUR million

	Group / section / subsection	2009			2008			Changes		
		Export	Import	Balance	Export	Import	Balance	Export growth + decline -	Import growth + decline -	Balance improved + worsened -
	TOTAL	**98,274**	**107,529**	**-9,254**	**116,244**	**142,448**	**-26,204**	**-17,969**	**-34,919**	**16,950**
I	**LIVE ANIMALS, ANIMAL PRODUCTS**	**3,692**	**2,563**	**1,129**	**4,075**	**2,527**	**1,548**	**-383**	**36**	**-419**
1	Live animals	324	211	113	231	170	61	93	41	53
2	Meat and edible variety meats	1,656	1,071	585	1,861	1,052	808	-204	19	-223
3	Fish and crustaceans, mollusks and other water invertebrates	531	758	-227	537	765	-227	-6	-7	1
4	Dairy products, eggs, natural honey	1,057	321	737	1,315	318	998	-258	3	-261
5	Animal products n.e.c.	124	203	-80	131	223	-92	-8	-20	12
II	**PLANT PRODUCTS**	**2,337**	**2,488**	**-151**	**2,149**	**3,190**	**-1,041**	**189**	**-701**	**890**
6	Live trees and other plants; bulbs …	104	214	-110	115	249	-134	-11	-35	24
7	Vegetables, certain edible roots and bulbs	641	372	269	749	413	335	-108	-41	-67
8	Fruit and edible nuts, zests and skins of citrus fruits or melons	664	809	-145	707	1,036	-329	-43	-227	184
9	Coffee, tea, Paraguay tea and spices	209	357	-148	147	296	-150	62	60	2
10	Cereals	423	210	213	129	563	-435	295	-353	648
11	Products of the milling industry; malt; starch; inulin; wheat gluten	113	168	-55	93	198	-105	20	-30	50
12	Seeds of oil-bearing fruit ..	170	275	-105	198	358	-160	-29	-84	55
13	Shellac; rubbers; resins and other plant juices and extracts	9	69	-59	7	71	-63	2	-2	4
14	Plant materials for weaving …	4	16	-11	5	5	-1	0	10	-11
III	**PLANT AND ANIMAL FATS AND OILS; PRODUCTS OF THEIR PROCESSING**	**257**	**408**	**-151**	**305**	**575**	**-270**	**-48**	**-167**	**119**
15	Animal fats and oils …	257	408	-151	305	575	-270	-48	-167	119
IV	**PREPARED FOODSTUFFS; NON-ALCOHOLIC AND ALCOHOLIC BEVERAGES , VINEGAR; TOBACCO**	**5,269**	**3,839**	**1,430**	**5,163**	**3,985**	**1,178**	**106**	**-146**	**252**
16	Processed meat, fish, crustaceans, mollusks and other water invertebrates	570	146	424	576	154	422	-6	-8	2
17	Sugar and sugar products	314	298	15	397	235	161	-83	63	-146
18	Cocoa and cocoa products	543	440	103	476	467	9	68	-27	94
19	Products of cereals, flour, starch or milk; confectionery products	688	376	312	787	401	386	-99	-25	-74
20	Processed vegetables, fruit, nuts or other plant parts	658	373	285	830	409	422	-172	-36	-136
21	Various prepared foodstuffs	764	620	144	743	648	95	21	-28	49
22	Non-alcoholic and alcoholic beverages , vinegar	367	427	-60	357	515	-158	10	-88	98
23	Remains and waste of the food industry; ready	298	844	-546	284	877	-594	15	-33	48

	Group / section / subsection	2009			2008			Changes		
		Export	Import	Balance	Export	Import	Balance	Export growth + decline -	Import growth + decline -	Balance improved + worsened -
	fodder for animals									
24	Tobacco and processed tobacco substitutes	1,066	315	751	714	279	435	352	36	316
(I-IV)	**Agricultural and food products**	**11,556**	**9,299**	**2,257**	**11,692**	**10,277**	**1,415**	**-137**	**-978**	**842**
V	**MINERAL PRODUCTS**	**3,199**	**10,806**	**-7,606**	**5,256**	**17,625**	**-12,369**	**-2,057**	**-6,819**	**4,762**
25	Salt; sulfur; soil and stones; gypsum materials; lime and cement	142	391	-250	248	747	-499	-106	-355	249
26	Metal ores; slag and ash	48	321	-273	79	813	-734	-32	-492	461
27	Mineral fuels, mineral oils and products of their distillation; bitumen substances; mineral waxes	3,010	10,094	-7,084	4,928	16,065	-11,137	-1,919	-5,971	4,053
(V)	**Mineral products**	**3,199**	**10,806**	**-7,606**	**5,256**	**17,625**	**-12,369**	**-2,057**	**-6,819**	**4,762**
VI	**PRODUCTS OF THE CHEMICAL INDUSTRY AND RELATED INDUSTRIES**	**5,886**	**10,827**	**-4,942**	**6,834**	**13,234**	**-6,399**	**-948**	**-2,406**	**1,458**
28	Inorganic chemicals; organic or inorganic compounds of precious metals …	382	556	-174	570	734	-163	-188	-178	-10
29	Organic chemicals	701	1,661	-960	991	2,158	-1,167	-290	-497	207
30	Pharmaceutical products	1,209	3,598	-2,389	1,135	4,261	-3,127	75	-663	738
31	Fertilizers	284	301	-17	780	568	212	-496	-266	-230
32	Tanning agents, dyes, pigments, paints, lacquers, putty, sealants, inks ..	376	1,013	-637	465	1,220	-755	-90	-207	118
33	Essential oils, resinoids; perfumes, cosmetics and toiletries	1,552	1,109	443	1,548	1,197	351	4	-87	91
34	Soaps and laundry products …	872	573	300	838	676	162	34	-104	138
35	Protein substances; modified starches; glues, enzymes …	127	378	-251	151	413	-262	-25	-35	11
36	Explosives; pyrotechnical and flammable materials; matches …	37	21	16	32	30	1	5	-10	14
37	Photographic and cinematographic materials	12	90	-79	13	125	-113	-1	-35	34
38	Various chemical products	334	1,527	-1,193	311	1,851	-1,540	23	-324	347
VII	**PLASTICS AND PLASTIC PRODUCTS CAUTCHOUC AND CAUTCHOUC PRODUCTS**	**5,955**	**7,575**	**-1,620**	**7,073**	**9,531**	**-2,458**	**-1,118**	**-1,956**	**838**
39	Plastics and plastic products	3,870	5,885	-2,015	4,692	7,399	-2,708	-821	-1,514	693
40	Cautchouc and cautchouc products	2,085	1,690	395	2,381	2,131	250	-296	-441	145
(VI-VII)	**Products of the chemical industry**	**11,841**	**18,403**	**-6,561**	**13,907**	**22,764**	**-8,857**	**-2,066**	**-4,362**	**2,295**
VIII	**LEATHERS AND LEATHER PRODUCTS**	**323**	**565**	**-243**	**396**	**801**	**-406**	-73	-236	163
41	Untanned leathers (with the exception of furs), and tanned leathers	97	265	-168	136	393	-256	-40	-128	88
42	Leather products …	127	280	-153	166	356	-191	-39	-77	38
43	Furs and artificial furs, and their products	99	20	78	94	52	41	5	-32	37
(VIII)	**Leathers and leather goods**	**323**	**565**	**-243**	**396**	**801**	**-406**	**-73**	**-236**	**163**

	Group / section / subsection	2009			2008			Changes		
		Export	Import	Balance	Export	Import	Balance	Export growth + decline -	Import growth + decline -	Balance improved + worsened -
IX	**WOOD AND WOOD PRODUCTS**	**2,067**	**901**	**1,166**	**2,572**	**1,329**	**1,243**	**-504**	**-427**	**-77**
44	**Wood and wood products; charcoal**	2,043	875	1,168	2,540	1,297	1,243	-497	-422	-75
45	**Cork and cork products**	3	7	-5	4	10	-5	-2	-2	1
46	**Goods made of straw, esparto etc.; basketry products and wicker goods**	22	19	3	28	22	5	-6	-3	-3
X	**WOOD PULP OR PULP OF OTHER FIBROUS PLANTS**	**3,105**	**3,061**	**44**	**3,310**	**3,539**	**-229**	**-205**	**-478**	**274**
47	**Wood pulp**	42	261	-219	79	328	-248	-37	-66	30
48	**Paper, cardboard, products of paper mass, paper and cardboard**	2,570	2,576	-6	2,678	2,935	-256	-108	-359	251
49	**Books, newspapers, pictures, manuscripts …**	492	224	269	552	277	275	-59	-53	-7
(IX-X)	**Products of the wood and paper industry**	**5,172**	**3,962**	**1,210**	**5,881**	**4,867**	**1,014**	**-709**	**-905**	**196**
XI	**TEXTILES AND TEXTILE PRODUCTS**	**3,403**	**5,158**	**-1,755**	**3,814**	**5,772**	**-1,957**	**-411**	**-614**	**202**
50	**Silk**	3	13	-10	4	19	-15	-1	-6	5
51	**Wool, thin or thick animal hair …**	85	126	-40	111	181	-70	-26	-56	30
52	**Cotton**	33	338	-305	50	435	-385	-17	-97	80
53	**Other plant textile products**	15	20	-5	29	28	1	-14	-9	-6
54	**Continuous chemical fibers**	134	464	-329	195	589	-394	-60	-125	65
55	**Cut chemical fibers**	45	309	-264	60	406	-346	-15	-97	82
56	**Cotton wool, felt and unwoven fabrics; special fibers …**	114	304	-190	144	353	-209	-30	-50	20
57	**Carpets and other textile floor carpeting**	99	161	-62	136	219	-83	-36	-58	22
58	**Special textiles, notions, embroidery …**	36	165	-128	49	231	-182	-13	-67	54
59	**Impregnated fabrics …**	134	349	-215	168	448	-280	-34	-99	66
60	**Knitted fabrics**	59	157	-98	77	200	-123	-18	-43	25
61	**Clothes and clothing accessories of knitted fabrics**	873	1,126	-253	799	1,058	-259	74	69	5
62	**Clothes and clothing accessories, other than of knitted fabrics**	1,283	1,207	76	1,422	1,139	284	-140	68	-208
63	**Other packaged textile products; sets; used clothes; rags**	488	420	68	571	465	106	-83	-45	-38
XII	**FOOTWEAR, HEADGEAR, UMBRELLAS …**	**355**	**659**	**-304**	**397**	**721**	**-324**	**-42**	**-62**	**20**
64	**Footwear, gaiters and similar products, parts thereof**	289	564	-275	315	612	-296	-27	-48	21
65	**Headgear and parts thereof**	46	45	2	57	51	6	-11	-6	-5
66	**Umbrellas, sun umbrellas, walking sticks, walking sticks with seats, whips, horsewhips and parts thereof**	14	13	1	18	17	1	-4	-4	0
67	**Prepared feathers and down, products of**	6	37	-31	6	41	-35	-1	-4	4

	Group / section / subsection	2009 Export	2009 Import	2009 Balance	2008 Export	2008 Import	2008 Balance	Changes Export growth + decline -	Changes Import growth + decline -	Changes Balance improved + worsened -
	feathers and down …									
(XI-XII)	**Light industry products**	**3,758**	**5,816**	**-2,059**	**4,212**	**6,493**	**-2,281**	**-454**	**-676**	**222**
XIII	**PRODUCTS OF STONE, GYPSUM …**	**1,865**	**1,441**	**424**	**2,345**	**1,987**	**358**	**-480**	**-546**	**66**
68	Products of stone, gypsum, cement, asbestos, mica and similar materials	477	334	143	573	493	80	-96	-159	63
69	Ceramic products	575	375	201	729	504	225	-153	-129	-24
70	Glass and glass products	812	732	80	1,043	990	53	-231	-258	27
XIV	**PEARLS; PRECIOUS AND SEMI-PRECIOUS METALS AND STONES; COSTUME JEWELRY**	**531**	**253**	**277**	**555**	**329**	**225**	**-24**	**-76**	**52**
71	Pearls; precious and semi-precious stones, precious metals	531	253	277	555	329	225	-24	-76	52
(XIII-XIV)	**Ceramic products**	**2,396**	**1,694**	**701**	**2,899**	**2,316**	**583**	**-504**	**-622**	**118**
XV	**BASE METALS AND PRODUCTS THEREOF**	**10,089**	**10,318**	**-230**	**15,082**	**16,049**	**-967**	**-4,993**	**-5,731**	**737**
72	Iron, cast iron and steel	2,035	3,593	-1,558	4,318	6,559	-2,242	-2,283	-2,966	683
73	Products of cast iron and steel	3,457	2,846	611	5,020	4,151	869	-1,563	-1,305	-257
74	Copper and copper products	2,024	759	1,265	2,319	1,068	1,251	-295	-309	14
75	Nickel and nickel products	41	105	-64	17	121	-104	24	-16	40
76	Aluminum and aluminum products	1,123	1,533	-410	1,520	2,165	-645	-398	-632	235
78	Lead and lead products	75	49	26	90	69	21	-15	-20	5
79	Zinc and zinc products	126	77	49	143	113	29	-17	-36	19
80	Tin and tin products	17	25	-7	16	37	-21	1	-13	13
81	Other base metals, ceramic metals, products thereof	11	42	-31	14	63	-50	-2	-21	18
82	Tools, instruments, knives, spoons, forks etc. cutlery of base metals .	631	457	173	881	649	232	-250	-192	-58
83	Various products of base metals	548	831	-283	744	1,052	-308	-196	-221	25
(XV)	**Metallurgy products**	**10,089**	**10,318**	**-230**	**15,082**	**16,049**	**-967**	**-4,993**	**-5,731**	**737**
XVI	**MECHANICAL AND ELECTRICAL EQUIPMENT**	**25,360**	**27,445**	**-2,085**	**28,718**	**34,353**	**-5,636**	**-3,357**	**-6,909**	**3,551**
84	Nuclear reactors, boilers, machinery and mechanical equipment and parts thereof	12,699	14,763	-2,064	14,286	19,263	-4,977	-1,587	-4,500	2,913
85	Electrical machines and equipment	12,661	12,682	-21	14,431	15,090	-659	-1,770	-2,408	638
XVII	**VEHICLES, AIRCRAFT, VESSELS …**	**17,765**	**11,094**	**6,672**	**20,176**	**16,566**	**3,610**	**-2,411**	**-5,472**	**3,061**
86	Locomotives, rolling stock; track equipment; signaling devices	431	199	232	520	326	194	-89	-127	38
87	Non-rail vehicles, parts and accessories	14,610	8,939	5,671	16,770	14,464	2,306	**-2,160**	**-5,525**	**3,365**
88	Aircraft, space craft and their parts	233	285	-52	242	193	49	-9	92	-101
89	Vessels, boats and floating constructions	2,491	1,671	820	2,644	1,583	1,061	-153	88	-241
XVIII	**OPTICAL EQUIPMENT AND APPARATUSES**	**904**	**3,481**	**-2,577**	**1,009**	**3,758**	**-2,749**	**-105**	**-278**	**172**
90	Optical equipment, tools, apparatuses, photo	864	3,372	-2,508	968	3,621	-2,653	-105	-249	145

	Group / section / subsection	2009			2008			Changes		
		Export	Import	Balance	Export	Import	Balance	Export growth + decline -	Import growth + decline -	Balance improved + worsened -
	cameras, measuring and medical equipment, parts thereof									
91	Clocks and watches, and parts thereof	27	84	-57	22	103	-81	6	-19	24
92	Musical instruments, parts and accessories	13	25	-12	19	35	-16	-6	-10	3
(XVI-XVIII)	**Electromechanical products**	**44,029**	**42,019**	**2,010**	**49,902**	**54,677**	**-4,775**	**-5,873**	**-12,658**	**6,785**
XIX	**WEAPONS AND AMMUNITION; PARTS AND ACCESSORIES**	**37**	**66**	**-28**	**30**	**97**	**-68**	**8**	**-32**	**39**
93	Weapons and ammunition, parts and accessories	37	66	-28	30	97	-68	8	-32	39
XX	**VARIOUS PRODUCTS**	**5,832**	**2,022**	**3,809**	**6,934**	**2,558**	**4,376**	**-1,102**	**-536**	**-567**
94	Furniture, bedclothes, mattresses etc., lamps, light advertising etc.	5,566	1,261	4,305	6,614	1,690	4,924	-1,049	-430	-619
95	Toys, games, sports goods, parts and accessories	165	533	-368	195	597	-402	-30	-64	33
96	Various manufactured products	101	228	-127	124	271	-146	-23	-42	19
XXI	**WORKS OF ART., COLLECTIBLES**	**10**	**8**	**2**	**9**	**11**	**-2**	**1**	**-3**	**4**
97	Works of art, collectibles and antiques	10	8	2	9	11	-2	1	-3	4
XXII	**OTHER**	**33**	**2,550**	**-2,517**	**43**	**3,912**	**-3,869**	**-9**	**-1,362**	**1,352**
98	Special classification – deliveries	**33**	**2,495**	**-2,461**	**43**	**3,288**	**-3,245**	**-9**	**-793**	**784**
99	Special commercial transactions	0	0	0	0	27	-27	0	-27	27
	PCN UNKNOWN OR ERRONEOUS	33	2,494	-2,461	43	3,261	-3,218	-9	-766	757

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

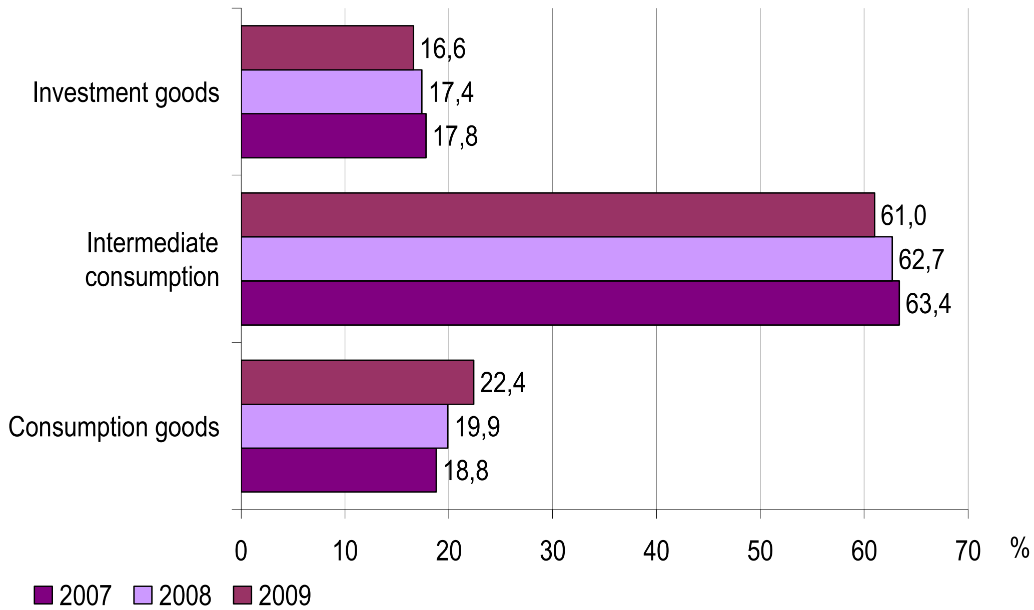
7 DESIGNATION OF IMPORTED GOODS

7.1 Distribution of import

On the basis of the available CSO data on the execution of foreign trade turnover per the base economic categories (BEC) it is estimated that the structure of import distribution underwent significant changes in 2009. The share of investment goods and goods for intermediate use was reduced. The share of investment goods dropped from 17.4% in 2008 to 16.6% in 2009. The share of goods designated for indirect consumption was reduced from 62.7% to 61%. As a result, the total share of the **pro-development import stream** (investment and supplies) in the total Polish import reached the level of 77.6% in 2009, while during the previous years it exceeded 80%.

On the other hand, the share of consumption goods stream in the total import grew significantly, from 19.9% in 2008 to 22.4% in the last year.

Chart 15 Structure of import distribution in the years 2007-2009 (share in %)



Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Import of **investment goods**[3] dropped by 27.9% in 2009, which was 3.4 p.p. deeper than the total Polish import. This was due primarily by the reduced – by 42.2% - import of industrial transportation means. Import of **goods designated for intermediate consumption** was reduced by 26.6% in 2009, which was 2.1 p.p. more than the total Polish import. This was largely due by the decrease of import of processed and unprocessed fuels and greases, by 35.8% and 35%, respectively.

[3] Changes are presented in EUR.

The increase of consumption goods stream in the total import was the result of much smaller reduction in the import of these goods (by 15.1%) versus the decrease of total import (by 24.5%). This resulted from the relatively small reduction of import of processed foodstuffs and beverages for households (by 3.9%) and the semi-durable consumer goods (by 8.8%). In this category of goods, the largest collapse was seen in the import of cars, which was reduced by 31.7%.

7.2 Influence of the import of crude energy materials on the total Polish import

The years 2003-2008 saw a rapid increase of import expenses for the purchase of main crude energy materials (petroleum oil and natural gas), which then fell significantly in 2009. This decrease was attributed primarily to the significant decrease of the prices caused by the economic crisis.

In 2008, the level of import expenses for the purchase of petroleum oil and natural gas was record-high: it amounted to almost EUR 13 billion, which was almost 34% more than in 2007, and 3.2 times more than in 2002. Expenses for the import of petroleum oil amounted to about EUR 9,5 billion in 2008 (almost EUR 1.9 billion more than a year earlier), and for the import of natural gas by almost EUR 3.4 billion (EUR 1.3 billion more than in 2007). The increased expenses for purchase of these crude materials were significant at that time, but were caused primarily by the dynamic increase of their prices, not by the growing import volume.

As the result of global recession, prices of crude materials started falling significantly already at the end of 2008. This trend continued in early 2009. Afterwards, the price decline halted, and next the prices started a slow upward climb, but during the whole 2009 they remained on a level lower than a year earlier.

In 2009, Polish import expenses for the purchase of petroleum oil fell by about 34%, to under EUR 6.3 billion. This was caused by the significant price reduction – from EUR 459/ton in 2008 to EUR 312/ton in 2009. During the same period, import volume fell only by 3.3%, to the level of 20.1 million tons.

Decreases of natural gas prices turned out to be slightly smaller than in the case of petroleum oil, but they also had a significant influence on reduction of expenses tied to import of this crude material. In 2009, the price for 1,000 m^3 of gas was EUR 312, almost 15% less than a year earlier. The volume of natural gas import fell by about 11%, to about 9.4 billion m^3, and thus the decrease was larger than decrease of petroleum oil import.

The total increase of costs of import of crude energy materials (calculated in relation to year 2002) amounted to under EUR 4.8 billion. It turned out to be lower than during the years 2006-2008, when a significant increase of these prices was seen. In relation to 2002, the import of petroleum oil and natural gas in 2006 rose by EUR 5.1 billion, in 2007 by EUR 5.6 billion, and in 2008 by almost EUR 8.9 billion.

Decrease of the value of import of petroleum oil and natural gas in 2009 significantly contributed to the reduction of deficit in Polish trade turnover. Import expenses for purchase of these crude energy materials almost automatically translate into the level of balance of commodities exchange with Russia, which is the almost exclusive supplier of petroleum oil and natural gas to Poland.

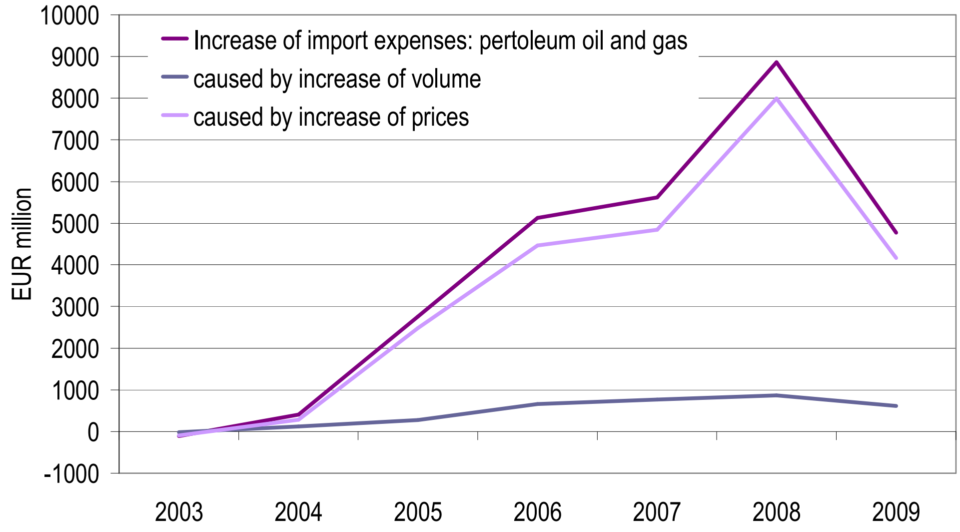
Table 15 The influence of rising prices of crude energy materials on the import expenses in the years 2003-2009 (base year – 2002)

No	Description	unit of measure	2002	2003	2004	2005	2006	2007	2008	2009
				Petroleum oil						
1	Import volume	thousand tons	17,717	17,028	17,316	17,912	19,813	20,885	20,787	20,098
2	Average annual import price per 1 ton of petroleum oil	EUR	178	170	195	292	351	364	459	312
3	Import expenses	million EUR	3,154	2,895	3,377	5,230	6,954	7,602	9,541	6,271
4	Volume growth compared to 2002	thousand tons	-	-689	-401	195	2,096	3,168	3,070	2,381
5	Price increase compared to 2002	EUR	-	-8	17	114	173	186	281	134
6	Overall increase of import expenses, of this:	million EUR	-	-259	223	2,077	3,801	4,449	6,388	3,117
6.1	caused by volume growth	million EUR	-	-123	-71	35	373	564	546	424
6.2	caused by price increase	million EUR	-	-136	294	2,042	3,428	3,885	5,841	2,693
				Natural gas						
7	Import volume	million cubic meters	7,775	8,721	9,445	9,919	10,354	9,598	10,619	9,435
8	Average annual import price per 1K m^3 of gas	EUR	113	118	112	157	213	213	316	269
9	Import expenses	million EUR	879	1,029	1,058	1,557	2,205	2,044	3,356	2,538
10	Volume growth compared to 2002	million cubic meters	-	946	1,670	2,144	2,579	1,823	2,844	1,660
11	Price increase compared to 2002	EUR	-	5	-1	44	100	100	203	156
12	Overall increase of import expenses, of this	million EUR	-	151	179	679	1,327	1,166	2,477	1,659
12.1	caused by volume growth	million EUR	-	107	189	242	291	206	321	188
12.2	caused by price increase	million EUR	-	44	-9	436	1,035	960	2,156	1,472
				Petroleum oil and natural gas, total						
13	Overall increase of import expenses, of this	million EUR	-	-108	402	2,755	5,128	5,614	8,865	4,776
13.1	caused by volume growth	million EUR	-	-16	117	277	665	770	868	611
13.2	caused by price increase	million EUR	-	-93	285	2,478	4,463	4,844	7,997	4,165

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 expenses caused by price increase = import volume during the given year x price increase in the given year, compared to 2002

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

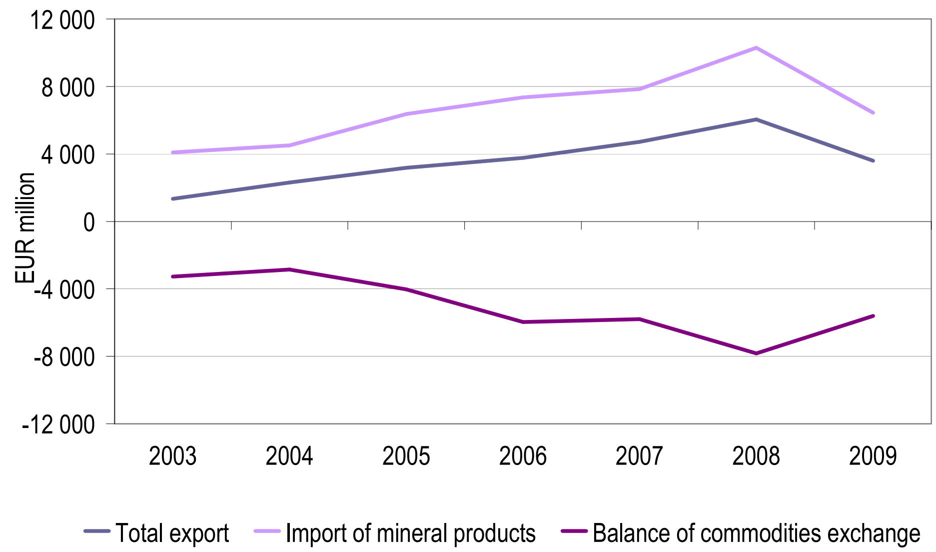
Chart 16 The influence of rising prices of crude energy materials on the import expenses in the years 2003-2009 (base year – 2002)



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

In 2009, the import of mineral products from Russia dropped by 37.4% (EUR 3.8 billion), to the level of EUR 6.4 billion. As mineral crude materials account for about three-fourths of import from the Russian market (70% in 2009, compared to 74.2% in 2008), the decrease of their import led to reduction of the total deficit in commodities exchange with Russia by more than EUR 2.2 billion, to almost EUR 5.6 billion.

Chart 17 Balance of commodities exchange with Russia in the years 2003-2009, compared to the import of mineral products from this market, and export to Russia, in EUR millions



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

8 FOREIGN TRADE IN THE FIRST MONTHS OF 2010

After a severe slump in the Polish commodity trade in 2009, a recovery was recorded in the first half of 2010. Exports increased by 19.2% and imports grew by 17.6%. This relatively high increase in trade was to a large extent the result of a low reference basis in the period between January and June 2009. After six months of 2010, the average monthly value of exports exceeded EUR 9.4 billion, i.e. it was EUR 1.5 billion higher than in the correcponding period of the previous year. The average monthly value of imports exceeded EUR 10.2 billion, i.e. was over EUR 1.5 billion higher than a year ago. Although those increases point to an improvement in the Polish foreign trade, the average monthly value of trade after six months of 2010 was lower than in the correcponding period of 2008 (before the crisis) by EUR 0.5 billion in terms of exports and by EUR 1.7 billion in terms of imports.

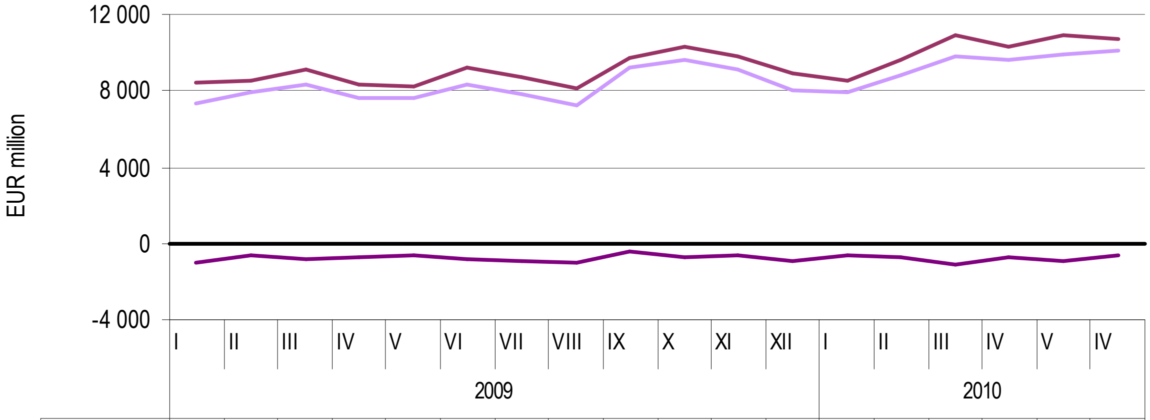
The foreign trade deficit after the period between January and June 2010 was similar to the deficit in the previous year and exceeded EUR 4.8 billion.

Table 16 Polish foreign trade turnover during the period January 2009 – June 2010

	in EUR million			Dynamics in % same period of past year =100	
	Export	**Import**	**Balance**	**Export**	**Import**
January 2009	7,332	8,397	-1,066	79.0	76.7
February	7,899	8,499	-600	81.0	74.1
March	8,356	9,159	-804	87.3	77.4
Q1	***23,587***	***26,056***	***-2,469***	***82.4***	***76.1***
April	7,607	8,366	-759	71.8	66.5
May	7,625	8,251	-625	79.5	70.2
June	8,343	9,211	-868	82.6	73.1
Q2	***23,576***	***25,828***	***-2,252***	***77.8***	***69.9***
July	7,855	8,736	-881	78.3	70.5
August	7,191	8,164	-973	77.6	71.7
September	9,232	9,685	-453	83.1	72.6
Q3	***24,278***	***26,585***	***-2,306***	***79.9***	***71.6***
October	9,599	10,290	-691	85.9	76.0
November	9,166	9,825	-658	104.9	89.8
December	8,068	8,945	-877	114.6	92.6
Q4	***26,834***	***29,061***	***-2,227***	***99.6***	***85.1***
Year 2009	**98,274**	**107,529**	**-9,254**	**84.5**	**75.5**
January 2010	7,904	8,551	-647	107.8	101.8
February	8,858	9,610	-753	112.1	113.1
March	9,862	10,930	-1,069	118.0	119.3
Q1	***26,623***	***29,091***	***-2,468***	***112.9***	***111.6***
April	9,575	10,272	-697	125.9	122.8
May	9,939	10,896	-957	130.3	132.1
June	10,083	10,736	-653	120.8	116.6
Q2	***29,596***	***31,904***	***-2,307***	***125.5***	***123.5***

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

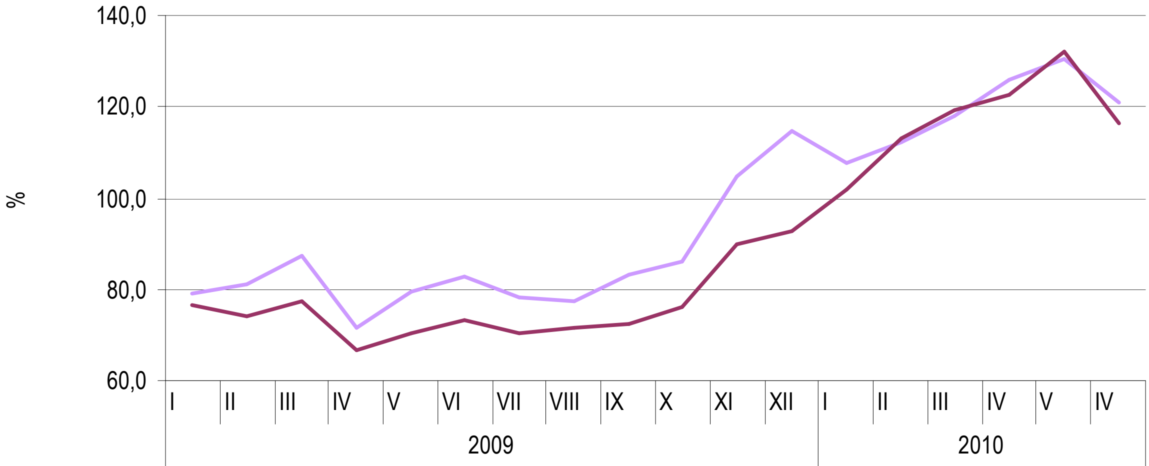
Chart 18 Polish foreign trade turnover during the period January 2009 – June 2010, in EUR million



	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	IV
export	7 332	7 899	8 356	7 607	7 625	8 343	7 855	7 191	9 232	9 599	9 166	8 068	7 904	8 858	9 862	9 575	9 939	10 083
import	8 397	8 499	9 159	8 366	8 251	9 211	8 736	8 164	9 685	10 290	9 825	8 945	8 551	9 610	10 930	10 272	10 896	10 736
balance	-1 066	-600	-804	-759	-625	-868	-881	-973	-453	-691	-658	-877	-647	-753	-1 069	-697	-957	-653

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

Chart 19 Polish foreign trade turnover during the period January 2009 – June 2010, dynamics in %



	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	IV
export	79,0	81,0	87,3	71,8	79,5	82,6	78,3	77,6	83,1	85,9	104,9	114,6	107,8	112,1	118,0	125,9	130,3	120,8
import	76,7	74,1	77,4	66,5	70,2	73,1	70,5	71,7	72,6	76,0	89,8	92,6	101,8	113,1	119,3	122,8	132,1	116,6

Source: Analyses and Forecasting Department of the Ministry of Economy, on the basis of data of the CSO.

After six months of 2010, an increase was recorded in trade with almost all major markets. Exports to the European Union grew by 17.8% (i.e. by 6.2 p.p. faster than imports from that group), with exports to the Eurozone countries increasing by 16.4% and to other EU states by 21.2%. Also in the case of imports, the increase was faster in the case of other EU states (by 17.2%) than the Eurozone countries (by 10.2%). Exports to the markets of the main recipients of Polish commodities, i.e. Germany, France and the United Kingdom grew by 14.7%, 23.4% and 25.6%, respectively.

Table 17 Changes in the commodity structure of the Polish foreign trade, EUR million

	6 months of 2010			6 months of 2009			Changes		
	Export	Import	Balance	Export	Import	Balance	Export growth (+) decline (-)	Import growth (-) decline (+)	Balance impr. (+) wors. (-)
Poland, total	56 219	60 995	-4 776	47 163	51 884	-4 721	9 057	-9 111	-55
previous year = 100	119,2	117,6		80,1	72,9				
Developed countries	48 030	40 734	7 296	40 610	36 088	4 523	7 419	-4 646	2 773
previous year = 100	118,3	112,9		82,3	72,0				
share	85,4	66,8		86,1	69,6				
including:									
EU	44 540	35 887	8 654	37 822	32 149	5 673	6 718	-3 737	2 981
previous year = 100	117,8	111,6		81,6	71,2				
share	79,2	58,8		80,2	62,0				
including:									
Germany	14,382	13,193	1,189	12,535	11,668	867	1,847	-1,525	322
previous year = 100	114,7	113,1		84,7	69,1				
share	25.6	21.6		26.6	22.5				
France	4,072	2,775	1,297	3,300	2,393	907	771	-381	390
previous year = 100	123.4	115.9		85.8	67.0				
share	7.2	4.6		7.0	4.6				
Italy	3,604	3,407	197	3,472	3,714	-242	132	307	439
previous year = 100	103.8	91.7		92.7	77.9				
share	6.4	5.6		7.4	7.2				
United Kingdom	3,681	1,665	2,016	2,930	1,563	1,368	751	-103	648
previous year = 100	125.6	106.6		87.6	77.0				
share	6.6	2.7		6.2	3.0				
Czech Republic	3,340	2,250	1,090	2,666	1,822	843	674	-428	246
previous year = 100	125.3	123.5		81.4	69.7				
share	5.9	3.7		5.7	3.5				
Rother developed countries	3,490	4,847	-1,358	2,788	3,938	-1,150	701	-909	-208
previous year = 100	125.1	123.1		94.3	80.0				
share	6.2	7.9		5.9	7.6				
including:									
USA	1,091	1,612	-522	734	1,317	-582	356	-296	60
previous year = 100	148.5	122.5		94.6	90.9				
share	1.9	2.6		1.6	2.5				
EFTA	1,349	1,393	-45	1,426	1,204	221	-77	-189	-266
previous year = 100	94.6	115.7		95.2	80.6				
share	2.4	2.3		3.0	2.3				
Developing countries	8,190	20,261	-12,072	6,552	15,796	-9,244	1,637	-4,465	-2,828
previous year = 100	125.0	128.3		68.5	75.0				
share	14.6	33.2		13.9	30.5				
including:									
Countries of the CIS	4,164	7,543	-3,379	3,441	5,111	-1,671	723	-2,432	-1,708
previous year = 100	121.0	147.6		59.0	58.8				
share	7.4	12.4		7.3	9.9				
including:									
Russia	2,106	6,452	-4,345	1,644	4,377	-2,734	463	-2,074	-1,612
previous year = 100	128.2	147.4		56.2	64.1				
share	3.8	10.6		3.5	8.4				
Other countries	4,025	12,718	-8,693	3,112	10,685	-7,573	914	-2,033	-1,119
previous year = 100	129.4	119.0		83.2	86.3				
share	7.2	20.9		6.6	20.6				
including:									
China	629	5,775	-5,146	456	4,774	-4,318	173	-1,001	-828
previous year = 100	138.0	121.0		97.0	92.4				
share	1.1	9.5		1.0	9.2				

Source: Analyses and Forecasting Department of the Ministry of Economy. on the basis of data of the CSO.

A relatively dynamic growth of turnover. particularly on the part of imports. was recorded in trade with the CIS markets. Imports from that region increased by 47.6%. whereas exports by 21%. Such a dynamic increase in imports from that group of countries was mainly due to the increased imports from Russia (by 47.4%). stemming largely from growing prices of energy resources imported from that market. Exports to the second largest CIS market. i.e. Ukraine. grew by 12.1% within that period. while imports from Ukraine increased by 87.1%. Fast growth of imports from CIS resulted in the deepening of the deficit in trade with this group of markets by almost EUR 1.7 billion to EUR 3.4 billion.

A reverse situation occurred in trade with other developing countries where exports grew faster than imports (by 29.4% and 19%. respectively). The trade between Poland and China recorded a significant growth within than group (with exports increasing by 38% and imports by 21%).

After six months of 2010. an increase in trade was observed in all commodity groups. In the case of electric machinery products dominating the Polish foreign trade. increases in exports (17%) and imports (13%) proved to be slower than the growth of total Polish trade. In the second largest commodity group. i.e. chemical industry products. exports grew by 25.8% and imports by 23%.

A relatively large acceleration in trade was recorded in the case of metallurgical products and mineral products. i.e. the products which suffered the most severe decreases in 2009 and proved to be the least resistant to the crisis. In the case of the first ones. exports grew by 33.7% and in the case of the latter by 52.5%. Imports of mineral products increased by 55.6% within that period. which resulted in the growth of deficit in the trade in these products by EUR 1.7 billion to almost EUR 4.8 billion.

Table 18 Changes in the Polish foreign trade turnover per commodities groups and sections, in EUR million

Commodities groups/sections		6 months of 2010			6 months of 2009			Changes		
		Export	Import	Balance	Export	Import	Balance	Export growth (+) decline (-)	Import growth (-) decline (+)	Balance impr. (+) wors. (-)
	TOTAL	**56,219**	**60,995**	**-4,776**	**47,163**	**51,884**	**-4,721**	**9,057**	**9,111**	**-55**
I	Live animals	1,987	1,352	634	1,777	1,192	585	210	160	49
II	Plant products	1,115	1,363	-247	1,217	1,320	-103	-102	43	-144
III	Fats. oils	155	212	-57	121	204	-83	34	8	26
IV	Prepared foodstuffs	2,935	1,995	940	2,579	1,865	714	357	130	226
(I-IV)	**Agricultural and food products**	**6,192**	**4,922**	**1,270**	**5,693**	**4,581**	**1,113**	**499**	**342**	**157**
V	**Mineral products**	**2,128**	**6,897**	**-4,769**	**1,395**	**4,431**	**-3,036**	**732**	**2,466**	**-1,733**
VI	Products of the chemical industry	3,557	6,480	-2,923	2,827	5,227	-2,400	730	1,254	-523
VII	Plastics	3,487	4,399	-912	2,771	3,619	-848	716	780	-64
(VI-VII)	**Products of the chemical industry**	**7,044**	**10,879**	**-3,835**	**5,598**	**8,846**	**-3,247**	**1,446**	**2,033**	**-587**
VIII	**Leathers and leather products**	**248**	**338**	**-91**	**151**	**281**	**-130**	**96**	**57**	**40**
IX	Wood and wood products	1,244	491	752	1,042	434	608	201	57	145
X	Wood pulp	1,674	1,711	-37	1,488	1,450	38	186	262	-75
(IX-X)	**Wood and paper industry products**	**2,918**	**2,203**	**715**	**2,530**	**1,884**	**646**	**388**	**319**	**69**
XI	Textiles and textile products	1,737	2,726	-990	1,696	2,499	-803	41	227	-186
XII	Footwear. headgear	207	364	-158	181	349	-168	25	15	10
(XI-XII)	**Light industry products**	**1,944**	**3,091**	**-1,147**	**1,877**	**2,848**	**-971**	**66**	**242**	**-176**
XIII	Products of stone. gypsum. cement …	1,046	784	262	850	689	160	197	94	102
XIV	Pearls. metals and stones	321	121	200	275	135	140	46	-14	60
(XIII-XIV)	**Ceramic products**	**1,367**	**905**	**462**	**1,125**	**824**	**300**	**242**	**81**	**162**
XV	**Products of non-precious metals**	**6,172**	**6,164**	**8**	**4,618**	**5,004**	**-387**	**1,554**	**1,159**	**395**
XVI	Mechanical and electrical equipment	14,812	14,785	26	11,836	13,313	-1,478	2,976	1,472	1,504
XVII	Vehicles	9,593	6,436	3,157	9,033	5,504	3,529	560	932	-372
XVIII	Optical devices and apparatuses. etc.	538	1,867	-1,329	441	1,621	-1,180	97	247	-149
(XVI-XVIII)	**Products of the electromechanical industry**	**24,943**	**23,089**	**1,854**	**21,310**	**20,438**	**871**	**3,633**	**2,651**	**982**
XIX	Weapons and ammunition	8	38	-29	29	32	-3	-21	5	-27
XX	Various products	3,227	978	2,250	2,817	1,016	1,801	410	-38	449
XXI	Works of art	8	3	5	2	5	-3	6	-2	8
XXII	Miscellaneous	21	1,441	-1,420	16	1,670	-1,654	4	-229	233
	Other	0	48	-48	0	22	-22	0	26	-26
	Unknown or erroneous	**3,264**	**2,508**	**757**	**2,865**	**2,745**	**120**	**399**	**-238**	**637**

Source: Analyses and Forecasting Department of the Ministry of Economy. on the basis of data of the CSO.

9 FORECAST FOR 2010

Situation in the global economy in 2009 was defined by the global financial crisis. which was reflected also in the real sphere of the global economy. Expectations of the global analytic institutions. regarding the overcoming of the crisis from autumn of 2009 onwards were increasingly optimistic. in comparison to earlier forecasts. The prevailing opinion is that. despite still large uncertainties. the revival seen in the USA and in most EU countries in the second half of 2009. could foretell the beginning of slow process of overcoming the crisis and of rebuilding the mutual trust between the financial sector and the sphere of real economy.

These evaluations were reflected in the latest forecasts of the basic macroeconomic indicators for 2010 and 2011. presented by the International Monetary Fund and the OECD. Experts of the IMF estimate that in 2010 the global GDP would grow by 4.2%. contrary to its decrease by 0.6% in 2009. A slower rate of revival is expected in the European economies – according to projections. the GDP of the European Union would grow by 1% in 2010. The expected growth of the GDP and of import demand in the markets of the primary Polish trade partners are one of the most important factors determining the revival of Polish export. and of import.

According to forecasts. growth of the GDP in 2010 shall be slower in developed countries than in the developing ones. In the Asian developing countries. the growth of GDP. which in 2009 slowed down to 6.6%. shall reach 8.7% in 2010. In China. economic growth is expected to reach 10%. compared to 8.7% in 2009.

Optimistic forecasts for economic revival. especially with respect to the Eurozone. could be verified due to the serious debt problems of Greece. and the uncertain situation in Spain. Portugal and Ireland. It can however be expected that the rescue actions undertaken in early 2010 – mainly by the wealthiest countries of the Eurozone. that is. Germany and France – would lead to gradual stabilization of situation in these countries.

The dramatic worsening of economic situation in second half of 2008 and in 2009 caused a deep collapse in the global trade turnover. According to preliminary estimates of the WTO. the export volume in 2009 shrank by 12.2%. and of import by 12.9%. The largest drops in turnover occurred in developed countries and in the CIS. while relatively smaller ones were registered in countries of Asia. Africa and the Middle East (see table 2).

The latest forecasts of the OECD suggest that the global trade volume would grow by 10.6% in 2010. According to prognoses. this would be due mostly to the revival of trade in developing. non-OECD countries. including China other Asian countries and Russia. The factor which is expected to cause a significant improvement in international trade is to be the relatively rapid growth of consumer and investment demand in developing Asian countries. OECD suggests that in 2010 the developing countries shall be the growth driver for global turnover. but in 2011 the growth should be more balanced.

The foreseen growth rate for export and import in selected countries is presented in the table below.

Table 19 Forecast for the growth of foreign trade turnover in the years 2009-2011

	2009		2010*		2011*	
	Export	Import	Export	Import	Export	Import
Germany	-14.2	-8.9	10.0	8.2	8.8	6.7
France	-10.9	-9.9	7.8	5.5	7.2	6.9
Italy	-19.1	-14.8	2.5	2.7	3.6	3.0
United Kingdom	-10.6	-11.9	6.6	6.9	8.0	5.2
the Netherlands	-8.2	-8.7	9.6	9.0	7.0	6.9
Poland	**-9.6**	**-13.5**	**5.9**	**5.6**	**6.8**	**8.9**
United States	-9.6	-13.9	9.4	10.0	7.9	8.4
Japan	-24.0	-17.0	17.8	8.3	7.8	8.2
Russia	-4.7	-30.4	13.2	25.3	4.3	13.8
China	-10.1	4.7	22.7	28.4	13.5	9.9
India	-9.7	-6.4	13.1	10.4	11.2	13.1

** forecast*

Source: Analyses and Forecasting Department of the Ministry of Economy. on the basis of data of the OECD from May 2010

The dynamic growth of Polish trade. seen during the last years. slowed down in Q4 of 2008 due to the spreading global economic crisis. During that time. export from Poland dropped by 1.2%. and import rose by only 4.7%. From the early 2009. the decreases of turnover were deeper. especially in import. During the whole 2009. export dropped by 15.5%. and import by 24.5%. After I half of 2010. the Polish foreign trade experienced growth. of 19.2% in export and 17.6% in import. This proves a revival of Polish trade turnover is observed. however. it is worth noting that the relatively high growth rate of turnover is largely due to the effect of low reference values from the same period of the previous year.

Assuming that:

- the revival of demand in the main markets. especially in the EU. would remain stable.
- the situation of public finance stabilizes.
- the average annual exchange rate would reach PLN 3.8/EUR 1 and PLN 2.9/$1.

it is foreseen that in 2010 the commodities turnover would grow:

- **by 18.4% in export. to a total of EUR 116.4 billion.**
- **by 19.4% in import. to a total of EUR 128.4 billion. and as the result:**
- **deficit would be at the level of EUR 12 billion.**

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