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SYNTHESIS

Year 2014 brought stabilised increase of the global product at relatively high level 3.4%. The volume of global trade in goods and services grew at similar rate (3.2%), while acceleration of growth in the volume of world imports from 2.1% in 2013 to 3.3% in 2014 occurred only in mature economies, whereas slowdown of the increase in import capacity from 5.2% in 2013 to 3.4% in 2014 was recorded in emerging and developing economies.

Given that EU Member States and in particular mature economies from the eurozone are the key areas of export markets for Poland, it may be estimated that general favourable business conditions on these markets in 2014 were decisive for the growth of Polish export. This applies in particular to German market, crucial for Poland, which experiences the effects of unfavourable turbulence and uncertainty about the future of Greece and other peripheral countries. Economic growth accelerated from 0.2% in 2013 to 1.6% in 2014 and the import volume of goods and services was constantly increasing to the level of over 3%. Significant improvement of business situation occurred also in two further export markets which are also important for Poland, i.e. in the Czech Republic where after a decline in GDP by 0.7% in 2013, in 2014 it rose by 2% and increase in import volume accelerated from 0.3% in 2013 to 9.6% in 2014, and in United Kingdom, where GDP growth accelerated from 1.7% in 2013 to 2.8% in 2014 and import volume increased from 1.4% to 2.2% respectively. The effects of improving business situation on the developed markets, in particular on the majority of EU markets, compensated even more for negative implications of slowing economic growth and import on emerging and developing markets.

Progressing slowdown of economic growth and import has been recently observed in China where the rate of GDP growth decreased from 10.6% in 2010 to 7.4% in 2014, whereas rate of increase in import volume declined from the level of almost 21% to almost 7%. Year 2014 brought clear a clear slowdown in GDP growth of the Russian Federation progressing for a few years, from 3.4% in 2012 to 0.6% in 2014, as well as drop in the rate of import volume increase from the increase by over 20% in 2011 and by 8.7% in 2012 to serious decline by almost 8% in 2014.

Indicated business conditions have translated correspondingly into high export growth rate reaching almost 10% on developed markets which prevail in Polish turnover (they absorb over 84% of export and participate in 2/3 overall import of goods). This provided relatively dynamic average overall export growth reaching 7% despite drop in export to emerging, developing and other less developed markets.

Total value of Polish export of goods in 2014 amounted to approx. EUR 165.8 billion and was 7% higher when compared to the previous year. Import increased 0.3 p.p. faster, to the level of EUR 168.4 billion and consequently the deficit of almost EUR 2 billion recorded in 2013 rose to the level of approx. EUR 2.7 billion in 2014. In 2014, Polish export to developed markets reached the value of EUR 139.4 billion, 9.8% higher compared to the previous year. On the other hand, import grew by 7.3% to the level of approx. EUR 111 billion. Consequently, substantial surplus in trade in goods with these markets recorded in 2013, which amounted to EUR 23.4 billion, increased by further EUR 5 billion in 2014. EU markets were prevailing among developed markets. In 2014, their share reached 77.5% in Polish export and 59% in import. Export to these markets increased by 10.4% in 2014 and its value amounted to approx. EUR 128.4 billion. The growth in import to the level of approx. EUR 99.5 billion was slower by over 2 p.p. which caused increase in surplus in Polish trade with these markets in 2014 by over EUR 4.4 billion to the level of almost EUR 29 billion.

Among EU markets, similar to the previous years, leading place (26.3% of overall Polish export and 22% of import) was occupied by Germany. Polish export to this market increased in 2014 by 12.2% to the level of EUR 43.6 billion which with import increase slower by over 3 p.p. resulted in surplus in amount of EUR 6.5 billion, i.e. EUR 1.6 billion higher than in the previous year.

In 2014, second place in terms of turnover with trade partners of Poland was taken by the Czech Republic which surpassed United Kingdom holding this position for several recent years. Polish export to this market increased in 2014 by 11.7% to the level of EUR 10.7 billion, whereas import from this market rose almost 6.5 p.p. slower to the level of over EUR 6 billion. As a result, surplus in turnover with Czech market enlarged in 2014 by approx. EUR 0.9 billion to the level of almost EUR 4.7 billion. Such a substantial surplus discussed in relation to the export scale places Czech Republic on the second place among markets with relatively most favourable balance of trade in goods.

United Kingdom was the third foreign market in terms of commodity turnover. Polish export there has been constantly increasing in recent years and has been faster than the import growth. In 2014, export went up by 4.8% to almost EUR 10.6 billion, whereas import from this market rose by 6.1% to EUR 4.4 billion. Consequently, in terms of relationship between surplus in turnover and export, British market maintained and even strengthened its leading position kept for many years among foreign markets of Polish trade.

Favourable outcomes in net export to the vast majority of demanding developed markets may indicate relatively high competitiveness of Polish goods on international market in terms of quality, price and cost. Beneficial balance of exchange within the European Community at the level of approx. EUR 29 billion was, however, totally diminished by deficit in exchange with other emerging and less developed markets reaching over EUR 31 billion.

Leading markets with balance negative for Poland include China, where traditionally for years import to Poland has exceeded Polish export to this market over ten times. In 2014, Polish export to China amounted to nearly EUR 1.7 billion, whereas import from China reached the value of EUR 17.6 billion. Consequently, deficit in exchange with this market amounted to almost EUR 16 billion, i.e. half of the overall deficit in the group of all less developed markets. Second position on the list of the most deficit markets is taken, similar to the previous year, by Russian Federation. Economic slowdown in Russia, which was visible already in 2013, deteriorated due to conflict with Ukraine and Russian embargo on import from EU caused decline of Polish export to Russia in 2014 by 14% to the level of approx. EUR 7 billion. At the same time, due to drop in oil prices from approx. USD 114 per barrel in the first half of 2014 to the value slightly above USD 60 at the end of 2014, Polish import from Russia decreased by almost 9% to the level of approx. EUR 17.4 billion; as a result, deficit in exchange with this country lowered by over EUR 0.5 billion in comparison to 2013 and by EUR 3.5 billion in relation to 2012.

Substantial deficit in exchange with those two large developing markets is of structural nature, i.e. it is only slightly dependent on the global economic situation. In the case of China, this is high competitiveness of Chinese goods in terms of price and costs resulting from significant resources of cheap labour force in this country. In the case of Russia, large surplus of Polish import when compared to export results from dependency of our economy from Russian energy supplies, in particular of natural gas.

As far as commodity structure of Polish exports in 2014 is concerned, the most significant achievements include: maintaining relatively high rate of growth in export of electromechanical products, i.e. in the largest and relatively most modern commodity group. The rate of export growth in the entire commodity group was 1 p.p. faster than average rate of overall export growth, to the level of EUR 41 billion which was determined by relatively high increase in export of machinery and equipment. In contrast, growth in exports of vehicles to the level of EUR 22.8 billion, reached only 1.1%.

Other significant commodity groups include agri-food products, whose exports grew at a slightly higher rate than the average (i.e. by 7.1%) to the level of nearly EUR 22 billion. The export growth rate in this group was about half slower than in the previous year which was largely a result of the Russian embargo. In this context, it is worth to note that surplus in exchange of agri-food products recorded in 2013 at the level of EUR 6.1 billion increased in 2014 by over EUR 0.6 billion. In turn, exports of miscellaneous items (Section XX), where the most important are furniture, bedding, mattresses and lighting products, increased by 16% to over EUR 11 billion and a positive balance of their exchange went up by over EUR 0.6 billion.

In several other commodity groups, further increase in deficit was noted. This applies mainly to chemical products and plastics, and light industry products, mainly clothing and footwear.

In the list of 50 largest commodity items (aggregated at the 4-digit CN codes) representing more than half of Polish exports in 2014, two leading places are taken by car parts and accessories (nearly EUR 8 billion) and passenger cars (approx. EUR 5 billion) and further trucks (nearly EUR 1.5 billion) as well as buses and microbuses (almost EUR 1 billion). Export of four listed positions amounted to approx. EUR 15.5 billion, of which over EUR 4.7 billion, i.e. more than 30%, was constituted by net export. It is worth to mention that furniture occupying further two leading positions with total value of approx. EUR 7.5 billion resulted in net export of over EUR 6.2 billion, i.e. over 82%.

Another important item in the ranking are machines and household appliances, including washing machines, dishwashers, refrigerators, freezers, heating and ventilation devices, and hydraulic fittings of total export value of over EUR 5.2 billion and EUR 1.8 billion of surplus, i.e. approx. 35%. The following items are also important in Polish export: television, telephone and telegraph equipment, computer equipment, other electrical equipment as well as magnetic tapes and discs (export value of approx. EUR 12 billion, surpluses of EUR 3.3 billion, i.e. 27.5%) and compression-ignition engines and their parts, and jet engines (EUR 4.6 billion and EUR 1.9 billion respectively, i.e. over 40%). Other significant export items from the list include some chemical products, namely drugs, tires and other rubber products, plastic products, washing and cosmetic preparations with total value of nearly EUR 9 billion, only approx. EUR 1.9 billion, i.e. 21%, of which accounted for net export.

When compared to significant part of industrial products included in the list of 50 largest export items, group of agri-food commodities contained therein positively stands out. In export of the largest items from this commodity group implemented in 2014 in the amount of approx. EUR 6.7 billion, surplus in turnover constituted EUR 5.7 billion, i.e. over 85%.

It is worth noticing that overall export of 50 largest (4-digit) commodity items in the value of approx. EUR 83.5 billion was over EUR 36.5 billion higher than overall import of these items. When deficit in amount of almost EUR 2.7 billion was recorded in overall turnover, it means that remaining part of the turnover, i.e. in disproportionately more numerous items but with lower unit volume of export, there was a substantial deficit which amounted to almost EUR 39.2 billion. This means that in Polish foreign trade in 2014, there were two parts similar in terms of export scale with differently balanced two opposite turnover streams.

As a result, balance indicators for commodity turnover (understood as relationship between balance and export or in other works share of net export in overall export) in discussed two almost equal parts (in terms of export scale) were different and amounted to (+)43.7% and (-)47.6% respectively. It is worth to mention that in the previous year similar relationship were (+)41.1% and (-)43.9% respectively and in the first half of 2015 (acc. to preliminary data of the Central Statistical Office of Poland) - (+)43.2% and (-)37.8%.

The above-mentioned division of Polish turnover into two parts with extremely different balance state is visible also in geographical cross-section in terms of two substantial markets, namely EU markets and remaining ones. As far as trade with the first one is concerted, export reached almost EUR 128.4 billion, i.e. 77.5% of overall export, surplus of over EUR 28.9 billion was reached and thus turnover balance indicator with this area amounted to (+)22.5%, whereas in the case of turnover with other markets, export of EUR 37.4 billion was EUR 31.6 billion lower from import and thus turnover balance indicator in this area turned out to be strongly negative and amounted to PLN (-)84.5%.Such negative value reflects import from China and Russian Federation which is almost traditionally higher from export.

As a consequence, general balance indicator of overall Polish commodity turnover in the past two years remained at (-)1.3% and (-)1.6%, i.e. it was close to balance. It is worth noting that in the first half of 2015 this indicator significantly improved to the level of (+)3.3%. It indicates relative stabilisation and even some signs of improved balance of Polish commodity turnover.

Similar to 2013, price and cost conditions of Polish commodity turnover with foreign countries in 2014 were relatively neutral. They were synthetically reflected by changes in transaction prices as parameters constituting the product of the nominal exchange rate of Polish zloty against basket of basic currencies and currency prices in export and import. After a period of substantial increase of these prices in 2011 and 2012 (by 7.4% and 4.4% respectively - in export and clearly faster, i.e. by 9.5% and 5.6%, in import), in two previous years they stabilised in export and moderately declined in import (by 1.7% and 2.7%, respectively). As a result, after three years of decline in terms of trade index in 2010-2012, it clearly improved in two following years (by 2.5% and 2.8%). This was influenced by global drop in raw materials' prices, including energy raw materials.

According to the estimates presented in recent years by the Ministry of Economy and various analytical centres, entities with partial and total foreign capital have a substantial share in Polish export which amounts to over 60%. Their participation is especially high in export of goods having leading position in Polish export which are relatively very modern and have decisive contribution to the creation of trade surplus. Further progress in this field is, however, conditioned not only by growing inflow of foreign direct investments but primarily by increase in their technological innovativeness.

1. CHANGES IN EXTERNAL AND INTERNAL CONDITIONS

1.1 External conditions

1.1.1 Situation in global economy and major markets in 2014

In 2014, for the third time, global economic growth amounted to 3.4%. In the first half, it was slower than expected at the beginning of the year.

The following factors had decisive impact on GDP in the first half of 2014: slower than expected growth in the USA and Japan; weakening of economic activity in Russia and other CIS countries; slowdown in economic growth in Latin America, especially in Brazil; low level of economic growth in the euro zone (decline in Italy, stagnation in France and surprisingly slow growth in Germany in Q2); as well as weaker economic activity in China at the beginning of the year.

In the second half, the situation in the global economy was developing in accordance with the autumn forecasts of the IMF, but there were also certain unexpected discrepancies between the development scenarios of main world economies, in particular between recovery in the US economy which was the stronger than initially projected and weaker than expected activity in the majority of other leading economies. The main economic growth driver in the USA was high consumption resulting from continuous growth of employment and income, lower oil prices and growing consumer confidence. In Japan, on the other hand, after a weak second half of the previous year, the annual GDP growth index fluctuated at around zero due to weak consumption and decline in investments.

In the eurozone, economic activity in the 2nd half of 2014 proved weaker than the projections made in the middle of the year, but showed certain signs and precursors of recovery in Q4 and at the beginning of 2015 due to growth in consumption supported by lower oil prices and net export growth. Despite the above, economic growth remained at a relatively low level. The low economic growth was the consequence of many factors, among which it is necessary to distinguish the continued strict credit policy and measures aimed at the reduction of high public debt. The high unemployment rate has persisted, in particular among young people entering the labour market. At the same time, the above elements also contributed to reduced inflation pressure, as a result of which consumption prices in 2014 grew by 0.4%, i.e. below the inflation target of the European Central Bank (ECB).

The economic activity in China was, in general, at a level similar to the one projected, but in the 2nd half of the year investments experienced a slowdown due to limited activity and perspectives of a further decline in the real estate sector. The Chinese authorities adopted a number of solutions to maintain stable growth, *inter alia*, by increasing infrastructural investments and social housing. However, the share of investments in the GDP has been declining for the past several years - in 2014 they constituted smaller part than consumption. While the increased credit supply and favourable fiscal policy have resulted in an economic growth recovery in the second half of 2014, the GDP growth rate remained below the average values from previous years for the third consecutive year.

Table 1 Growth rate of GDP in constant prices in the years 2013-2016

	2013	2014	2015****	2016****
World	**3.4**	**3.4**	**3.3**	**3.8**
Advanced economies	1.4	1.8	2.1	2.4
United States	2.2	2.4	2.5	3.0
Euro Area*	-0.4	0.8	1.5	1.7
Germany	0.2	1.6	1.6	1.7
Japan	1.6	-0.1	0.8	1.2
Emerging market and developing economies	5.0	4.6	4.2	4.7
Commonwealth of Independent States	2.2	1.0	-2.2	1.2
Russia	1.3	0.6	-3.4	0.2
Middle East and North Africa**	2.4	2.7	2.6	3.8
Sub-Saharan Africa	5.2	5.0	4.4	5.1
Latin America and Caribbean	2.9	1.3	0.5	1.7
Emerging and developing Asia	7.0	6.8	6.6	6.4
China	7.7	7.4	6.8	6.3
India	6.9	7.3	7.5	7.5
ASEAN-5***	5.1	4.6	4.7	5.1

** including Lithuania; ** including Afghanistan and Pakistan; *** Indonesia, Malaysia, Philippines, Thailand, Vietnam;**** forecast; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of IMF data from July 2015.*

The economic standing of Russia was slightly better than projected, but the increased geopolitical tensions (which lower confidence) and the repercussions of a drop in oil prices are a sign of a further worsening of the crisis in all CIS economies. The downward trend with regard to economic growth in CIS countries, observed in previous years, persisted also in 2014. While the economies of CIS countries grew at the rate of 4.8% in 2012 and 2.2% in 2013, their GDP increased in 2014 only by 1%, whereas Russian GDP grew by 0.6%. The Ukrainian economy, on the other hand, recorded a GDP decline by as much as 6.8%, following the stagnation in 2013. Belarus experienced economic growth at the level of 1.6% in 2014, i.e. 0.6 p.p. higher than in 2013.

Growth in Latin America in the 2nd half of the year was moderate. This was due to the relatively weak economic activity in the region's largest economy, i.e. Brazil (increase only by 0.1%). Furthermore, the moderate growth of GDP in Latin America was influenced by lower than projected growth in Mexico and other countries of the region.

Acceleration of economic growth in most of the major Polish trade partners resulted from further recovery of domestic demand and maintained low interest rates. Increased activity in the markets which are the most strongly connected with Polish economy had direct effect on driving the economic situation in Poland, i.a. through development of foreign trade.

In all quarters of 2014, upward trend in domestic demand was maintained in most markets of the European Union, including the euro zone, where it increased by 0.9% on an annual scale. There is no doubt that i.a. drop in prices of crude oil and mineral resources as well as increase in export had substantial impact on the growth in demand of our main trading partner.

In Germany, which has a leading role in Polish trade turnover, domestic demand increased by 1.5% in analysed period in comparison to 0.6% in 2013 and its growth by 2.2% in this year and 2.3% in 2016 is still projected. In turn, in the UK economy over twofold increase of domestic demand was noted in 2014 (by 3.3%) as compared to increase by 1.6% in 2013. Furthermore, it is expected that in 2015 the growth will decelerate and fluctuate at a level of 2.7% and in the next year it will increase by 2.4%. After a significant drop in demand in 2013 and by 2.8% in 2014, according to OECD data, in Italy annual demand decreased by 0.5% which should be considered as positive deceleration of downward trend and in 2015 it should result in increase in demand by approx. 0.4%, first since four years. In France after slowdown in demand growth to 0.1% in Q1 of 2014, upward trend was noted in the following periods (in the last quarter, domestic demand grew by 0.7%), which in turn translated into an increase of 0.5% throughout the year. On the other EU foreign markets important for Polish foreign trade, recovery of domestic demand was observed in analysed period, after its drop in 2013, including in:

– The Czech Republic - an increase by 2.4%, as compared to the 0.5% decrease in 2013;
– Spain - an increase by 2.1%, as compared to the 2.7% decrease in 2013 and
– The Netherlands - an increase by 0.6%, as compared to the 1.5% decrease in 2013.

Table 2 Changes in domestic demand in major markets in the years 2013-2016

	2013	2014	2015*	2016*
Euro Area	-0.7	0.9	1.6	1.7
Germany	0.6	1.5	2.2	2.3
France	0.6	0.5	1.1	1.4
Italy	-2.8	-0.5	0.4	0.8
United Kingdom	1.6	3.3	2.7	2.4
Netherlands	-1.5	0.6	2.0	1.4
Spain	-2.7	2.1	3.1	2.8
Sweden	1.1	3.1	2.9	2.9
Austria	-0.3	0.4	0.2	1.4
Czech Republic	-0.5	2.4	2.6	2.5
Slovakia	-0.6	3.2	3.1	2.7
Hungary	1.6	3.6	3.0	1.4
POLAND	1.2	4.1	3.9	3.8
Norway	2.7	1.5	0.4	1.4
USA	1.9	2.5	2.7	3.2

** forecast; Source: Strategy and Analyses Department of the Ministry of Economy on the basis OECD data from July 2015.*

1.1.2 Changes in world prices and exchange rates

The fall in crude oil prices played a key role in the global decline in the prices of commodities in 2014. The average price of crude oil, which remained at a level of approx. USD 104 per barrel since the beginning of 2011, dropped by more than 40% in the period from September 2014 to March 2015. The fall in prices resulted from increased production and supply potential of this raw material in countries outside OPEC, mainly in the United States, faster than projected economic recovery and higher oil production in OPEC countries affected by internal conflicts (Iraq, Syria, Libya) and, in particular, the OPEC decision of November 2014 on maintaining the current level of oil production despite the sharp fall in its prices. The decreased demand for this raw material due to its efficient and rational consumption as well as geopolitical considerations related to the conflict between Russia and Ukraine also contributed to the decline in prices.

A substantial decrease in the prices of commodities was observed from March to October 2014. Leading position among such declines was occupied by food commodities, the prices of which dropped by 9% mainly as a consequence of promising perspectives for the harvest of cereals and oilseeds. From September 2014, the prices of commodities dropped by 28% primarily due to a substantial decrease in energy prices (down by 38%) which, in turn, were lower due to the 43%

decline in crude oil prices. The prices of gas and coal dropped at a slower rate, partially due to the postponed indexation in relation to lower oil prices.

The prices of commodities not dependent on oil prices, i.e. industrial metals as well as agricultural and food commodities, decreased as well (by approx. 15% and approx. 6%, respectively). The commodities whose prices increased include meat (where prices increased due to the swine flu epidemic which decimated the stock in the United States) and arabica coffee beans (the plantations of which were affected by a prolonged draught).

As regards processed industrial products, the decrease in prices in global trade in the past two years was relatively small, amounting to 1.4% in 2013 and 0.8% in 2014. Oil prices in annual average terms dropped by approx. 9%, but their level dropped by more than 40% from June until the end of 2014. The prices of basic commodities, excluding crude oil, dropped by 4%. The prices of food commodities fell by 4.2%. Following a substantial decrease in the last two years, the prices of beverages experienced a dynamic growth by more than 20%. The prices of basic agricultural products also rose but to a smaller extent (up by nearly 2%). The global prices of metals fell for the third consecutive year (by more than 10%). In the case of raw materials and other industrial commodities, including industrial metals, the decline in prices was chiefly caused by lower demand resulting from slower economic activity, in particular in main emerging economies, especially in China.

The decreases in global prices of basic raw materials and industrial commodities (especially metals) observed for the last three years, amplified by a sudden and sharp drop in the prices of crude oil and other petroleum derivative energy resources, proved favourable for highly developed economies producing and exporting highly processed and technologically advanced commodities, but disadvantageous for less-developed economies whose development is based on exporting oil and other raw materials as well as low processed and less technologically advanced semi-finished products. This is reflected in changes in the Terms of Trade (ToT) indices for major groups on global markets in 2014. The ToT index in global trade in goods and services for developed countries improved by 0.3% in 2014, while in emerging and developing economies this index declined by 0.6%.

In 2014, countries exporting crude oil and petroleum-based fuels recorded a significant decrease in the ToT index (down by 4.1%), while in countries which do not export those commodities this index improved by nearly 2%.

In 2014, the American dollar appreciated in relation to currencies of major emerging economies due to disturbances observed at the beginning of the year on their financial markets and the resulting weaker medium-term development perspectives in comparison to highly-developed economies. In general, exchange rate variations occurring in those economies in 2014 were convergent with the general trend of devaluation of real effective exchange rates of local currencies. The pace of accumulation of foreign exchange reserves slowed down in Latin America as well as in emerging and developing European economies, as reflected by lower capital inflows to those economies and a decrease in foreign exchange reserves due to exchange rate interventions. On the other hand, the above-mentioned pace of accumulation of reserves remained at a high level in the oil economies of the Middle East and accelerated at the end of the year in emerging Asian economies.

At the end of 2014 and beginning of 2015, exchange rate variations accelerated in a – probably slightly delayed – response to changes in expectations related to economic growth and monetary policy in leading economies as well as substantial drops in oil prices. Among the exchange rate variations of the most important currencies, the substantial appreciation of American dollar was the most distinguishable, as the real effective exchange rate in February 2015 increased by about 10%

in relation to October 2014, with a particularly substantial appreciation (by about 14%) against currencies of major highly-developed economies. The exchange rate of Chinese Yuan (Renminbi), which remained at a stable level throughout 2014, appreciated by 11% in real terms in February 2015.

Among major world currencies, both Euro and Yen depreciated by approx. 7%. In addition, ever since Switzerland withdrew from anchoring the franc to the euro on 15 January 2015, the Swiss currency has significantly strengthened its position. Until February 2015, the currency of main exporters of crude oil with a floating exchange rate was experiencing a depreciation. The depreciation was particularly substantial in the case of Russian ruble, the real exchange rate of which declined by 30%. As regards the currencies of developed economies, it is necessary to point out the depreciation of the Canadian dollar (by 8%) and Norwegian krone (by 7%). Among main emerging markets, India – as a major importer of oil – appreciated its currency by nearly 10% in real terms, while the Brazilian real depreciated by 9%. In general, variations in the real effective exchange rates observed in recent months reflected the growth forecasts for specific economies in the context of their dependency on the decline of crude oil prices.

1.1.3 Situation in global trade

1.1.3.1 Commodities turnover volume in 2014

In 2014, world economic growth remained at the level similar to the previous year, i.e. it increased by 3.4%. According to the IMF, stable economic growth was not able to reduce the effects of economic sanctions imposed by developed countries against Russia, as a result of which there was a slight slowdown of global volume of trade in goods and services to 3.2% in comparison to 3.3% in 2013.

Table 3 Changes in global goods and services trade in 2013-2016

	Changes of volume			
	2013	**2014**	**2015***	**2016***
World	**3.3**	**3.2**	**4.1**	**4.4**
Exports				
Advanced economies	3.1	3.3	3.2	4.1
Emerging and developing economies	4.6	3.4	5.3	5.7
Imports				
Advanced economies	2.1	3.3	4.5	4.5
Emerging and developing economies	5.2	3.4	3.6	4.7

** forecast; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of IMF data from April and July 2015.*

Similarly as in the previous years, higher trade growth rate was observed in developing countries rather than on developed markets; however, the former recorded a slowdown, while the latter an acceleration.

Developed markets experience a much faster recovery with respect to import, which grew by 3.3% in 2014 compared to 2.1% in 2013. Export in this group of countries grew at the same rate (i.e. by 3.3%), but that meant an acceleration by only 0.2 p.p. compared to 2013.

The volume of export from developing markets grew by 3.4%, i.e. 1.2 p.p. slower than in the previous year. An even higher slowdown was observed as regards imports to this group, which grew by 3.4% in 2014 (compared to 5.2% in 2013).
According to the data provided by the World Trade Organization, the global commodities trade volume increased by 2.8%. However, this growth was well below the average of 5.1% calculated for the period from 1990 and below the average prior to the crisis (6.0%), but above the average for the last three years (2.4%). It is worth noting that growth in the export volume in the first half of the year amounted to only 1.9%, but was significantly higher in the second half of the year (up by 3.7%).

Table 4 Changes in global volume of trade in goods in the years 2011-2016

	2011	2012	2013	2014	2015*	2016*
Global volume of trade in goods	**5.4**	**2.2**	**2.4**	**2.8**	**3.3**	**4.0**
Exports						
Advanced economies	5.2	1.1	1.6	2.2	3.2	4.4
Emerging and developing countries	5.8	3.7	3.9	3.3	3.6	4.1
North America	6.6	4.5	2.8	4.3	4.5	4.9
South and Central America	6.6	0.8	1.5	-2.5	0.2	1.6
Europe	5.6	0.8	1.6	1.9	3.0	3.7
Asia	6.4	2.7	5.0	4.9	5.0	5.4
Diffrent regions**	2.0	4.0	0.7	0.1	-0.6	0.3
Imports						
Advanced economies	3.4	-0.1	-0.2	3.2	3.2	3.5
Emerging and developing countries	7.8	4.9	5.3	2.0	3.7	5.0
North America	4.4	3.2	1.1	4.4	4.9	5.1
South and Central America	12.6	2.3	3.2	-3.0	-0.5	3.1
Europe	3.2	-1.8	-0.3	2.8	2.7	3.1
Asia	6.5	3.6	4.8	3.6	5.1	5.1
Diffrent regions**	7.9	9.9	3.9	0.0	-2.4	1.0

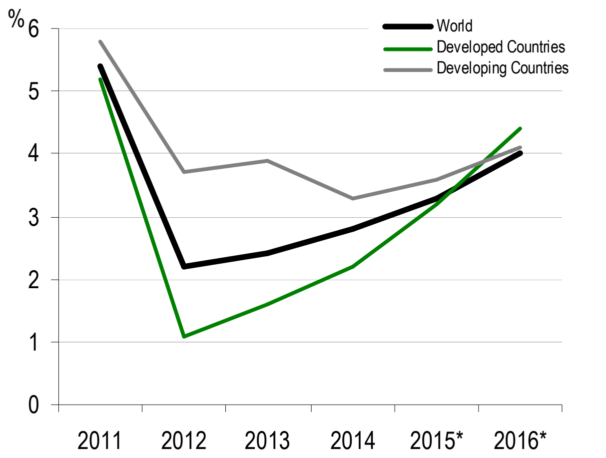
** forecast; **Africa, Middle East, Commonwealth of Independent States; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from April 2015.*

The volume of goods export of developed countries increased by 2.2% in 2014 (including by 1.8% in the first half and by 2.5% in the second half) which means acceleration by 0.6 p.p. in comparison to the previous year. The import volume of those countries grew definitely faster, i.e. after drop by 0.2% recorded in 2013 it increased by 3.2% in 2014.

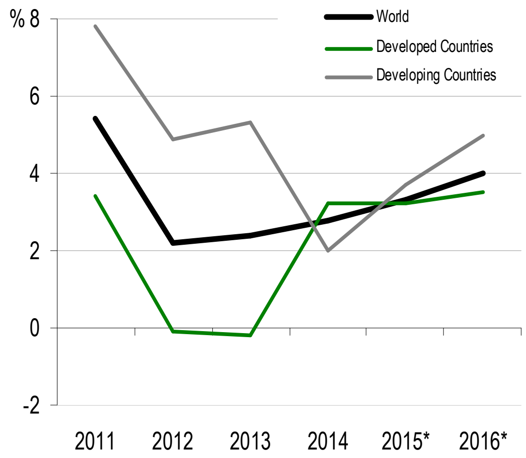
On the other hand, the trade exchange growth rate in developing countries decreased in 2014. The volume of exports of these markets increased by 3.3%, i.e. compared to the previous year it slowed down by 0.6 p.p. This also means a decrease of clear disproportion between export growth rate of less developed countries and developed countries occurring in two previous years. In 2012, volume growth rate to this first group of markets was 3.4 times higher, 2.4 times higher in 2013, but in 2014 it was only 1.5 times higher. The pace of growth in the imports volume of this group of countries slowed down even more clearly, i.e. from 5.3% in 2013 to 2% in 2014. Consequently, a trend for faster growth of import volume to less developed countries than to economically developed markets present in the previous years reversed in 2014.

Chart 1 Changes in the volume of trade in goods in selected countries and groups of countries in the years 2011-2016*

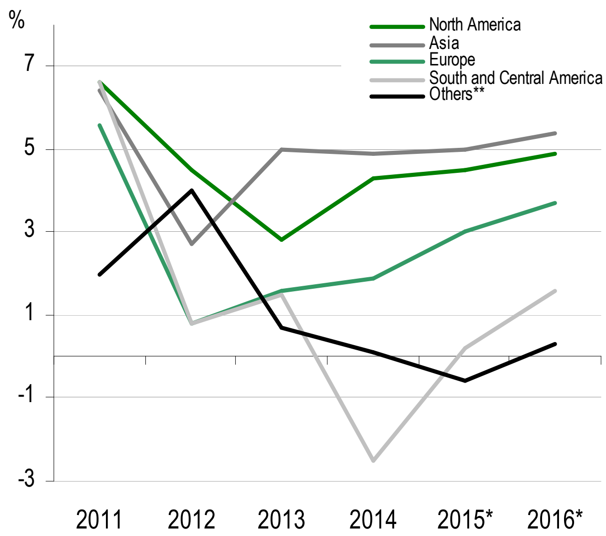
Changes in the volume of exports



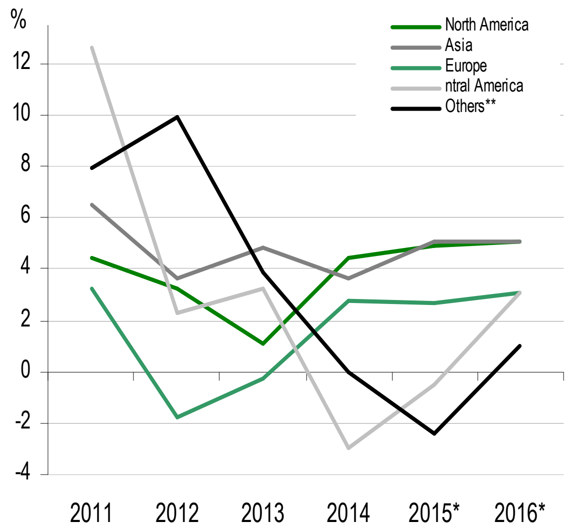
Changes in the voume of imports



Changes in the volume of exports



Changes in the voume of imports



**Forecast; **Africa, Middle East, Commonwealth of Independent States ; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from April 2015.*

In geographical terms, the fastest growth in the export volume of goods in 2014 was observed in Asia and North America, i.e. by 4.9% and 4.3%, respectively. In the case of Asian continent, the growth was slightly lower (by 0.1 p.p.) compared to the previous year. In turn, acceleration of export of goods by 1.5 p.p. was observed in North America in comparison to 2013. Certain acceleration was also recorded in Europe, up to 1.9% growth against 1.6% in 2013. Decrease in the exports volume has occurred only in the region of Central and South America (2.5%), while nearly stagnation, i.e. increase by 0.1%, was recorded in Africa, the Middle East and the Commonwealth of Independent States which reflected price instability on the markets of crude oil and other natural raw materials directly affecting export from those regions.

Similarly to the export, the fastest growth rate of import volume was noted in North America and Asia - by 4.4% and 3.6%, respectively. It is worth to mention that in the case of American continent this growth was 4 times higher than a year ago, whereas in Asia it was 1.2 p.p. lower.

In 2014, there was a recovery of import in Europe where after its drop of 0.3% in 2013, the following year resulted in an increase by 2.8%. Stagnation was noted in Africa, the Middle East and CIS countries, while import volume to this region in total increased by 3.9% a year ago. The only region in which declines in import in 2014 were noted includes countries of Central and South America, i.e. by 3% against an increase by 3.2% in 2013.

1.1.3.2 Global trade in goods at current dollar prices

Global foreign trade turnover expressed in dollars increased by approx. 1% both in the case of export and import. As a result, they amounted to USD 18,427 billion in export and USD 18,574 billion in import. The growth in global exports in terms of value was significantly slower than in terms of volume (up by 2.8%), resulting from a substantial decline in the prices of raw materials, including energy raw materials. In relation to the above, the characteristic of global trade was the decline of export in regions based on the production of raw materials, including, crude oil and other hydrocarbons. Export of South America, the Middle East, Africa and CIS countries dropped by 6%, 4%, 6% and 8%, respectively. Taking into account the individual regions of the world, Europe and Asia continue to account for the most significant part of the trading volume. The contribution of European and Asian markets to both the global export and import in 2014 amounted to 36.6% and 36.2%, respectively, while the share of Asian market represented 32.1% and 31.6%, respectively.

The value of European export of goods increased by 1% to the level of USD 6.74 trillion, while import increased by 2%, reaching the level of USD 6.72 trillion. EU exports have increased at an identical rate (i.e. 1%), attaining the value of USD 6.16 trillion. The export growth rate of the German economy – the biggest economy in the region – grew at the fastest rate (4%) and attained the value of USD 1.51 trillion. As regards export volumes in other key EU economies, only Italy recorded growth by 2% (attaining the value of USD 529 billion), France (USD 583 billion) and the Netherlands (USD 672 billion) maintained the level from 2013, while United Kingdom experienced a decrease by 6% (to USD 507 billion). Imports of the EU as a whole increased by 2% (reaching the level of USD 6.13 trillion), with imports of Germany increasing by 2% (to USD 1.22 trillion) and imports of United Kingdom increasing by 4% (to USD 683 billion). Import to France (USD 679 billion) and the Netherlands (USD 587 billion) remained virtually unchanged, while imports to Italy decreased by 2% (reaching the value of USD 472 billion).

In Asia – the world's second-largest contributor to the volume of trade in goods – exports increased by 2%, attaining the value of USD 5.92 trillion. Meanwhile, import volumes remained at a level similar to the previous year and amounted to USD 5.87 trillion. The relatively slow growth of exports in this part of the world has been, to a large extent, the result of the further decline in Japanese exports (down by 10% in 2013, to a level of USD 684 billion) as well as of the fact that the exports in newly-industrialized Asian economies grew by a mere 1% (attaining the level of USD 1.31 trillion). Against this background, Chinese exports have experienced a dynamic growth (up by 6% to USD 2.34 trillion). In 2014, only the Chinese economy and newly industrialised Asian economies have seen a growth in import (in both cases by 1% to approximately USD 1.96 trillion and USD 1.32 trillion), which contrasted with the decline in imports in other main economies of the region in question, i.e. Japan (down by 1% to USD 822 billion) and India (down by 1% to USD 460 billion).

Table 5 Changes in merchandise trade by region and selected economies in the years 2005-2014 (in USD terms)

	Exports					Imports				
	2014	2005-2014	2012	2013	2014	2014	2005-2014	2012	2013	2014
	USD bn	in %				USD bn	in %			
World	18,427	7	0	2	1	18,574	6	0	1	1
North America	2,495	6	4	2	3	3,297	4	3	0	3
United States	1,623	7	4	2	3	2,409	4	3	0	3
Canada	474	3	1	1	3	475	4	2	0	0
Mexico	398	7	6	3	5	412	7	5	3	5
South and Central America	695	7	-1	-2	-6	742	10	3	3	-4
Brazil	225	7	-5	0	-7	239	13	-2	7	-5
Other	470	7	1	-3	-5	503	9	5	0	-4
Europe	6,736	5	-4	4	1	6,717	4	-6	1	2
European Union	6,161	5	-5	5	1	6,129	4	-6	1	2
Germany	1,511	5	-5	3	4	1,217	5	-7	2	2
France	583	3	-5	2	0	679	3	-6	1	0
Netherlands	672	6	-2	2	0	587	5	-2	0	0
United Kingdom	507	3	-7	14	-6	683	3	2	-5	4
Italy	529	4	-4	3	2	472	2	-13	-2	-2
CIS	735	9	2	-2	-6	506	10	6	0	-12
Russia	497	8	1	-1	-5	308	10	4	2	-10
Africa	557	7	5	-6	-8	647	11	9	3	2
South Africa	91	7	-8	-4	-5	122	8	2	-1	-3
Other	466	7	8	-6	-8	525	12	11	4	3
Oil exporters*	286	5	12	-11	-13	206	13	10	10	3
Other	180	9	1	3	1	320	11	11	0	4
Middle East	1,293	10	6	0	-4	790	10	8	6	1
Asia**	5,916	9	2	2	2	5,874	9	4	1	0
China	2,343	13	8	8	6	1,960	13	4	7	1
Japan	684	2	-3	-10	-4	822	5	4	-6	-1
India	317	14	-2	6	1	460	14	5	-5	-1
Newly industrialized Asian economies***	1,312	7	-1	1	1	1,316	7	0	0	1

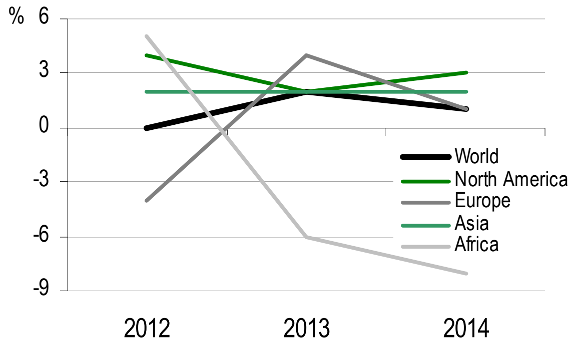
*Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan; ** Asia includes also Australia and Oceania; *** Hong Kong, South Korea, Singapore and Taiwan; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from April 2015.*

The third most significant region in terms of the contribution to global trade is North America, accounting for 13.5% of exports and 17.8% of imports in 2014. The export volume of this region amounted to USD 2.5 trillion, i.e. was 3% higher than in the previous year, while imports amounted to USD 3.3 trillion, which means that imports grew at the same rate. The figures recorded for the United States were identical to those of the entire region, i.e. a 3% increase in export (up to USD 1.62 trillion) and import (up to USD 2.41 trillion). Canadian exports experienced a similar growth (reaching the value of USD 474 billion), while imports remained unchanged compared to the previous year (USD 475 billion). The trade volume of Mexico, on the other hand, increased at a faster pace, rising by 5% both in terms of exports (attaining the level of USD 398 billion) and imports (USD 412 billion).

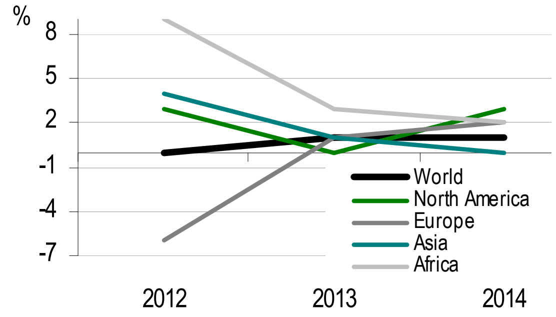
In 2014, the value of exports from South and Central America amounted to USD 695 billion, decreasing by 6% compared to the results for the previous year, while imports to this region fell by 4% to USD 742 billion. The export of goods in the biggest economy in this part of the world – Brazil – attained the value of USD 225 billion and was 7% lower than in 2013. Brazilian imports, on the other hand, fell by 5%, attaining the value of USD 239 billion. The contribution of South and Central America to the global trade in goods amounted to 3.8% on the side of exports and 4% in terms of imports.

Chart 2 Changes in trade in selected groups and countries in years 2012-2014 (in USD terms)

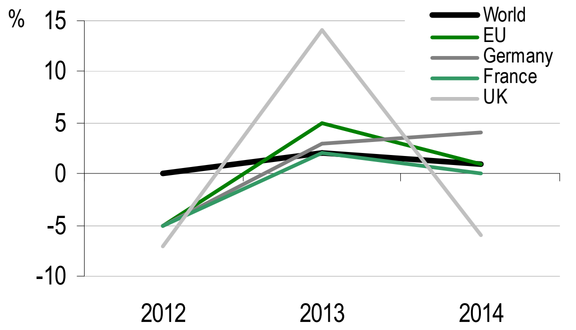
Changes in exports per continent



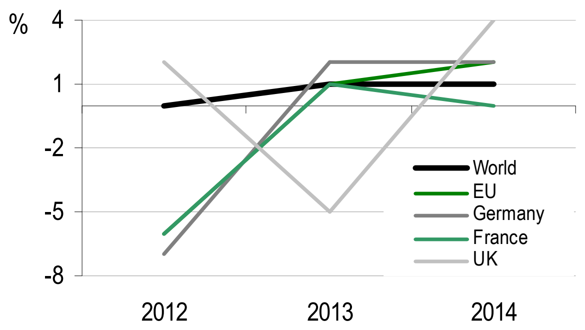
Changes in imports per continent



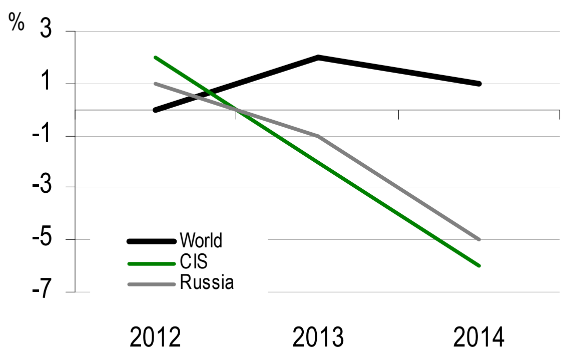
Changes in exports in the EU



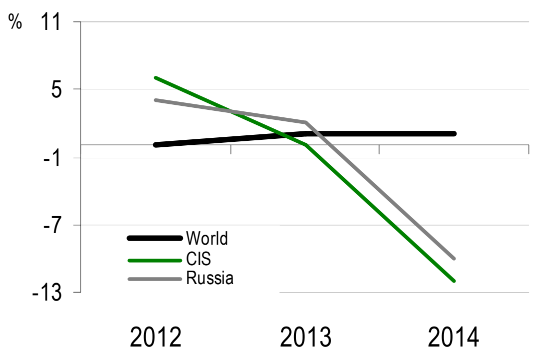
Changes in imports in the EU



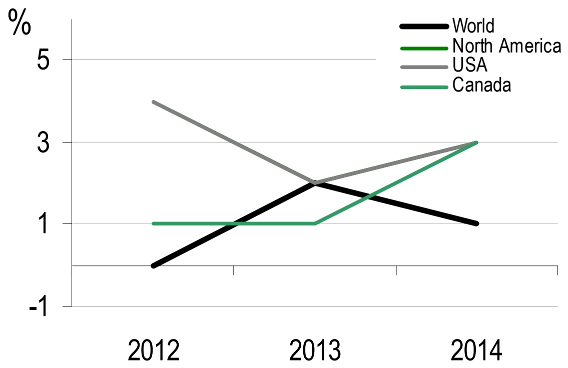
Changes in exports in the CIS



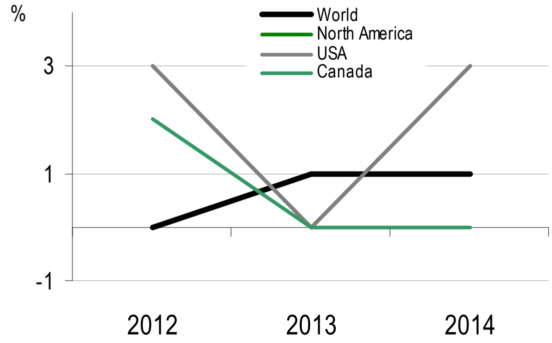
Changes in imports in the CIS



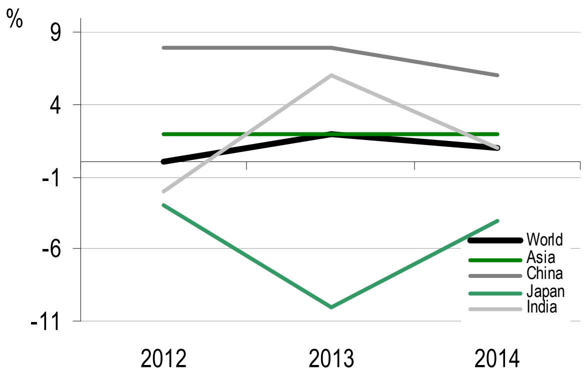
Changes in exports in North America



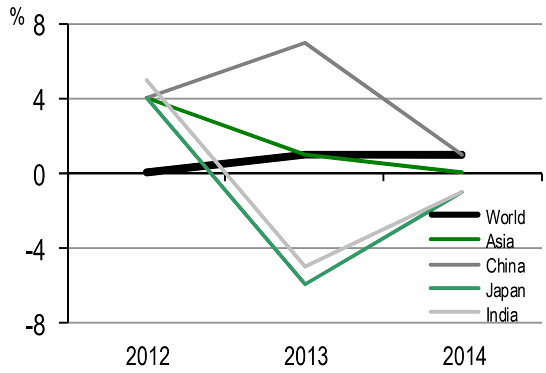
Changes in imports in the North America



Changes in exports in Asia



Changes in imports in Asia



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from April 2015.

The Commonwealth of Independent States also experienced a decline in exports in 2014; during that year, this region accounted for 4% of global export and 2.7% of global import. The total value of export from the CIS amounted to USD 735 billion and was 6% lowered compared to the previous year. Imports to this group of countries, on the other hand, declined by 12%, attaining the level of USD 506 billion. The export decline experienced by the Russian economy – the dominant economy in the region – was slightly milder; Russian exports fell by 5% (down to USD 497 billion), while imports decreased by 10% (attaining the value of USD 308 billion).

The most considerable decline was recorded in Africa (down by 8% to a level of USD 557 billion). The overall result depended primarily on the situation in crude oil exporting countries, whose exports declined by 13% (to USD 286 billion). African imports, on the other hand, rose by 2% (to USD 647 billion); the group of crude oil exporting countries referred to above recorded an increase of 3% (to USD 206 billion), while to other countries – except for South Africa – by 4% (to USD 320 billion).

The Middle East accounted for 7% of the global export of goods and 4.3% of the global import in 2014; the value of export in this region amounted to USD 1.29 trillion and was 4% lower compared to the previous year, while imports rose by 1%, attaining the value of USD 790 billion.

The world's largest exporter of goods was China, which holds this position for the fifth year in a row, systematically reinforcing its position as leader. In 2014, the share of this market in global exports amounted to 12.4%, compared to 11.8% recorded in 2013 and 11.2% in 2012. The subsequent positions, as far as global export of goods is concerned, have been occupied – as was the case in the previous year – by the United States and Germany which accounted for 8.6% and 8.0% of global exports, respectively, i.e. 0.2 p.p. and 0.3 p.p. more than in the previous year. On the other hand, due to the aforementioned 4% decline in exports, the contribution of Japan to global exports fell from 3.8% to 3.6%; in spite of this, Japan has managed to remain the fourth largest global exporter of goods. It is worth to note Italy's ascent to the eighth spot (with a 2.8% share in global exports), compared to the eleventh position in 2013 with a similar share.

As far as the 2014 list of the world's leading importers of goods is concerned, the top spots are held – as has been the case in the previous years – by the United States (12.7%), China (10.3%) and Germany (6.4%). Poland maintained the 26th position on the list of global exporters of goods with a share of 1.1% (USD 217 billion). As regards imports, Poland has managed to move up one spot, taking the 24th position with a 1.1% share in global imports (USD 218 billion).

Table 6 World's leading exporters and importers of goods in 2014

	Exporters	Value	Share	Annual change		Importers	Value	Share	Annual change
		USD bn	in %				USD bn	in %	
1	China	2,343	12.4	6	1	United States	2,409	12.7	3
2	United States	1,623	8.6	3	2	China	1,960	10.3	1
3	Germany	1,511	8.0	4	3	Germany	1,217	6.4	2
4	Japan	684	3.6	-4	4	Japan	822	4.3	-1
5	Netherlands	672	3.6	0	5	United Kingdom	683	3.6	4
6	France	583	3.1	0	6	France	679	3.6	0
7	Republic of Korea	573	3.0	2	7	Hong Kong	601	3.2	-3
8	Italy	529	2.8	2	8	Netherlands	587	3.1	0
9	Hong Kong	524	2.8	-2	9	Republic of Korea	526	2.8	2
10	United Kingdom	507	2.7	-6	10	Canada	475	2.5	0
11	Russia	497	2.6	-5	11	Italy	472	2.5	-2
12	Canada	474	2.5	3	12	India	460	2.4	-1
13	Belgium	469	2.5	0	13	Belgium	451	2.4	0
14	Singapore	410	2.2	0	14	Mexico	412	2.2	5
15	Mexico	398	2.1	5	15	Singapore	366	1.9	-2
16	United Arab Emirates	359	1.9	-5	16	Spain	356	1.9	5
17	Saudi Arabia	354	1.9	-6	17	Russia	308	1.6	-10
18	Spain	323	1.7	2	18	Taipei	274	1.4	2
19	India	317	1.7	1	19	United Arab Emirates	262	1.4	4
20	Taipei	314	1.7	3	20	Turkey	242	1.3	-4
21	Australia	240	1.3	-5	21	Brazil	239	1.3	-5
22	Switzerland	239	1.3	4	22	Australia	238	1.2	-2
23	Malaysia	234	1.2	3	23	Thailand	228	1.2	-9
24	Thailand	228	1.2	0	24	Poland	218	1.1	5
25	Brazil	225	1.2	-7	25	Malaysia	209	1.1	1
26	Poland	217	1.1	6	26	Switzerland	203	1.1	1
27	Austria	177	0.9	1	27	Austria	182	1.0	-1
28	Indonesia	176	0.9	-3	28	Indonesia	178	0.9	-5
29	Czech Republic	174	0.9	7	29	Saudi Arabia	163	0.9	-3
30	Sweden	165	0.9	-2	30	Sweden	161	0.8	1
	Total of above	**15,537**	**82.1**	**-**		Total of above	**15,581**	**81.9**	**-**
	World*	**18,935**	**100.0**	**1**		World*	**19,024**	**100.0**	**1**

* *the data include the value of re-exports and imports for re-exports; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of WTO data from April 2015.*

The value of global export of services increased by 4% in 2014, reaching the level of USD 4.9 trillion. Services accounted for nearly 21% of total global trade in goods and services. In terms of types of services involved, the export of tourism services experienced the most dynamic increase, rising by 7% to a level of nearly USD 1.8 trillion and accounting for more than one fourth of the entire global services export volume. On the other hand, the export of transport services – which account for nearly 20% of the entire volume of global services exports – grew by a mere 2% to a level of USD 900 billion.

The group of the so-called miscellaneous commercial services (including financial and accounting services) accounted for approximately 52% of the global services export volume; the export of the services in question increased by 5% to a level of USD 2.7 trillion. The weakest component of services were production services related to the processing of goods, which declined by 3%.

Europe accounted for nearly half of the entire global services export volume (48.3%) in 2014, with the volume of such exports increasing by 5% to a level of USD 2.35 trillion. At the same time, this region also accounted for 42% of the services import volume, experiencing a 5% increase in imports (up to USD 2.0 trillion). The export of services in the European Union rose by 5% (to USD 2.15 trillion), while import also increased by 5% (to USD 1.81 trillion). The best results among the main European economies were recorded in Germany (USD 267 billion), United Kingdom (USD 329 billion), France (USD 263 billion), the Netherlands (USD 156 billion) and Ireland (USD 133 billion).

The share of Asian countries in the services trade amounted to 25.4% in terms of export and 28.5% in terms of import. The value of Asian export of services increased by 5%, attaining the level of USD 1.24 trillion, while the value of import rose by 6%, reaching the value of USD 1.35 trillion. The most dynamic growth in the volume of trade in services was observed in Japan – with an increase in exports by 19% (to USD 158 billion) and imports by 12% (to USD 190 billion), and in China – with an increase in exports by 8% (to USD 222 billion) and imports by 16% (to USD 382 billion).

North America accounted for 16.3% of the global export and 12.5% of the global import of services in 2014. The export of services in this region increased by 3% (to USD 793 billion), with imports also rising by 3% (to USD 593 billion). In the case of the biggest economy in the region – the United States – exports increased by 3% compared to the previous year (to USD 686 billion), while imports rose by 4% compared to the previous year (to USD 454 billion).

The United States remains the leader of the global services trade – both in terms of export (with a share amounting to 14.1%) and import (9.6%). As has been the case in the previous years, the second and third positions in terms of the export of services were taken by the United Kingdom (6.8%) and Germany (5.5%). As far as the import of services is concerned, the second position was occupied by China (with a share of 8.1%), while third position was held by Germany (6.9%).

In 2014, Poland took the 29th spot on the list of the world's biggest exporters of services (0.9% share in global export, down by one position compared to the previous year), which resulted from a 2% increase in the export of services (to USD 46 billion). In terms of import, on the other hand, Poland took the 33rd spot – the same as last year – with a share amounting to 0.7%, i.e. USD 35 billion.

1.1.4 Current situation and development prospects for global economy and selected markets

As it was previously mentioned, in the entire 2014 global economy grew at the pace of 3.4%, including economically developed countries at a pace of 1.8%, whereas less developed countries of 4.6%.

Inflation in developed economies remained, in general, below targets set by central banks, which indicates that many of those economies had a substantial product gap. In the eurozone, inflation persisted below the projected level and was still dropping to 0.4% in August (YoY). A moderate deflation in consumer prices persisted in several economies of the eurozone in which unemployment was higher than the average value for the entire zone. In the last months of the 1st half of 2015, the USA experienced a moderate increase in inflation, but it still remained below the long-term target of 2%, set by the Federal Reserve. In Japan, overall inflation and core inflation (without fuels and food products) grew in July 2014 by 1.3% and 0.6%, respectively, while in emerging economies those inflation rate remained at a generally stable level since spring 2014.

In 2014, the monetary policy in developed economies was, in principle, flexible and adjusted itself to current needs and trends, while in emerging economies it was, in general, invariable. The ECB announced a number of projects aimed at maintaining low inflation in the eurozone, enabling the introduction of measures facilitating access to loans and improving financial liquidity. Geopolitical tensions between Russian and Ukraine as well as in the Middle East increased in 2014. However, so far the impact of those tensions on economic activity was, in principle, limited to countries directly involved in conflicts and to their closest trade partners. The response of financial markets to those events was moderate.

Since April 2014, the conditions for financing business activity have improved. This pertains, in particular, to the drop in long-term interest rate in developed economies. Prices of raising capital generally increased, whereas risk premiums have fallen, both in developed and emerging economies. The inflow of capital to the latter one maintained at a relatively high level, their exchange rates stabilised and, in certain cases, even grew.

IMF analysts forecast that in 2015 global economy will grow at the pace of 3.3% which constitutes *in minus* adjustment (by 0.2 p.p.) in relation to April forecast. Similarly as in previous years, faster growth rate was to be indicated by less developed countries (4.2%) than developed countries (2.1%); however in the case of the first group it meant a slowdown in relation to the previous year and in the latter certain recovery.

Unlike in previous years, the IMF analysts expect that in 2015 the pace of growth in the volume of world goods and services will be higher than GDP and it will amount 4.1%. This constitutes at the same time *in plus* adjustment in comparison with April forecasts (by 0.4 p.p.).

Despite a low share in Polish trade turnover, as a leading participant in global economy, the **United States** play a key role in shaping the condition of world economy and, therefore, have a both a direct and indirect impact on the condition of Polish economy, including its production and export capacity.

As a result of the distinct recovery experienced in the 2nd and 3rd quarter, the average annual GDP growth rate of American economy in 2014 proved to be relatively high compared to other highly developed economies and amounted to 2.4%. The GDP was generated solely by domestic demand (up by 2.5% to USD 17.7 trillion), with a drop in net export (by 0.2% to approximately USD 507 billion). The dominant element in domestic demand was private consumption (up by 2.5% to nearly USD 11.8 trillion). Investments in gross fixed assets grew in 2014 by 3.9% (to nearly USD 3.3 trillion). The export of goods and services (in market prices) grew in 2014 by 3.2% (to over USD 2.3 trillion), while import increased by 4%, reaching the level of nearly USD 2.9 trillion. Although the economic recovery in the USA was substantially slowed down due to the appreciation of American dollar and an exceptionally harsh winter at the beginning of 2015, IMF analysts expect that GDP growth in the US economy will accelerate to 2.5% in the entire 2015 and to 3% in 2016.

The last drops in oil prices weakened engagement and capital expenditure in the extractive sector. The perspectives of recovery in investments in the residential construction sector also remain uncertain, partially due to ambiguous long-term demographic forecasts and related demand projections. The low level of public and private capital investments contributed to the decline in efficiency and lowered production capacities. The situation on the labour market systematically improved due to growing employment in the private sector and lower unemployment rate. The support measures applied in the field of monetary policy and lower energy prices translated into aggregate demand growth as well as increasing growth of consumer expenditures and prosperity of households.

In accordance with earlier forecasts by OECD, **Japanese economy** experienced a GDP decline in 2014 by 0.1% compared to the previous year. This was caused by further implementation of reforms – the so-called "Abenomics" (named after the Japanese Prime Minister – Shinzō Abe). Following the utilisation of stimuli as well as monetary and fiscal policy instruments and, thus, implementation of two out of three main pillars of this plan, the government consistently implemented the assumptions of the so-called three-pronged strategy to restore Japan's economy, i.e. to support the household sector and businesses alike and increase their trust towards the state - the last part of the programme. The most important reform, introduced in April 2014, was the increase of the tax on consumption from 5% to 8% (for the first time since 1997). As a result, in effect of a natural phenomenon preceding the announced tax increase Japan recorded an anticipatory economic growth of 2.3% in Q1 of 2014 compared to the corresponding period of the previous year, resulting mainly from increased private consumption and increased investments made by enterprises. However, in the quarters following the introduction of the tax reform recession was noted by 0.4%, 1.4% and 0.8%, respectively, compared to corresponding periods of 2013. Initially, it was assumed that the tax on consumption was to be increased once again in 2015, but after the substantial slowdown of the economy the Japanese government decided to introduce the reform at a later time – in 2017. In the last quarter of 2014, economic recession was directly caused by export growth and indirectly by decline in the value of Yen and prices of mineral resources imported by Japan.

In the experts' opinion, the “quantitative and qualitative easing” program introduced by the Bank of Japan should be continued until the designated inflation target (2%) is achieved and maintained in a manner ensuring a definitive emergence from deflation. The priority task was still considered to be the reduction of public debt which reached the level of approx. 230% of the GDP in 2014 and the achievement of a budget surplus by 2020. In addition, the effects of a stricter fiscal policy in the form of raising the tax on consumption is to be eased by the planned reduction of the corporate income tax (CIT) which, as stipulated, will stimulate corporate investments, viewed as the key to increasing labour efficiency persisting at a level significantly below the OECD average.

Analysts expect slight economic recovery of Japan which will not exceed 1% in 2015 and 1.2% in 2016.

In 2014, including, in particular, the second half of the year, the economic activity in most countries of the **eurozone** was showing signs of recovery as a result of the progressing decrease in oil prices, the depreciation of EUR, fiscal policy easing and slower fiscal consolidation. Despite the above, economic growth remained at a relatively low level. The low economic growth was the consequence of many factors, among which it is necessary to distinguish the continued strict credit policy and measures aimed at the reduction of high public debt. The high unemployment rate has persisted, in particular among young people entering the labour market. At the same time, the above elements also contributed to reduced inflation pressure, as a result of which consumption prices in 2014 grew by 0.4%, i.e. below the inflation target of the European Central Bank (ECB).

The fiscal consolidation rate clearly declined despite the constant high level of debt in many countries, thus limiting one of the main barriers of economic growth. Despite the implementation of the most important reforms related to fiscal policy in eurozone economies in 2014, the reduction of public debt is a long-term process. The depreciation of the common currency in the analysed period reflected the expectations related to pursuing a more strict monetary policy in the United States than in the eurozone. On the other hand, the disinflationary pressure resulted in measures easing the monetary policy pursued by the ECB, which was directly related to dropping crude oil prices and increased internal demand.

An important factor having an impact on the improvement of economic condition in the eurozone was the continuation of the process of creating the banking union, which is to help rebuild trust in the banking system and strengthen its security and stability.

Germany, the biggest EU economy and the main trade partner of Poland, recorded an economic growth of 1.6% in 2014, compared to a slight growth – bordering on stagnation – in the previous year. The economic recovery resulted i.a. from increased gross fixed capital formation and, to a lesser extent, increased net value of export.

A slight decline in industrial output was observed in the third quarter of 2014, caused mainly by low economic growth and strict credit policy in eurozone economies recovering from the economic crisis (decline on those markets for investment goods in the production of which the German industry specializes). The rapid decline of export to Russia also translated into a decrease in investments in Germany.

On the other hand, the increase in private consumption as well as low unemployment rate and growth in real wages stimulated the recovery of the services sector. The unemployment rate was still subject to a slow downward trend (from 5.2% in 2013 to 5.0% in 2014), while the growth index of consumer price amounted to 0.8%, reflecting the dropping prices of energy and import from other eurozone economies.

It is expected that in 2015 German economy will develop in the same pace as in 2014, i.e. 1.6%.

Against the background of the whole group of economically developed markets, **British economy** developed relatively fast in 2014, i.e. at average rate of 2.8% in comparison to 1.7% in 2013. It was driven by recovery of private consumption.

In the event of a deflationary stagnation in 2014, United Kingdom undertook measures aimed at gradual recovery of inflationary pressure. As part of this strategy, it was assumed that the monetary policy will be pursued so that the situation begins to evolve towards moderate inflation in the middle of 2015. This forecast assumed that the government would continue to implement its medium-term consolidation plan. In combination with economic recovery, higher interest rate were to support stronger growth in efficiency by encouraging the selection of more viable projects and the restructuring of enterprises generating losses. Labour efficiency was also to be improved by further structural reforms aimed at the improvement of access to loans, limiting labour market disturbances and further improvement of infrastructure.

Perspectives for the growth of British GDP will, for the most part, be dependent on export growth, which in turn will be strongly conditioned upon the economic situation in the eurozone. Nevertheless, analysts expect economic growth for this market amounting to 2.4% in 2015 and 2.2% in 2016.

In 2014, the pace of economic growth slowed down to 4.6% in developing and emerging markets. Among the most important countries in this group, the following economies have significantly decreased: of Brazil (from GDP growth by 2.7% in 2013 to 0.1% in 2014) as well as of Russia (from 1.3% to 0.6%). **China** has also recorded slower economic growth, i.e. it amounted to 7.4%. It resulted from lower demand in manufacturing and distinctively weaker economic situation on the real estate market, where drops were recorded both in the sales and prices of apartments. The Chinese authorities adopted a number of solutions to maintain stable growth, *inter alia*, by increasing infrastructural investments and social housing. However, the share of investments in the GDP has been declining for the past several years - in 2014 they constituted smaller part than consumption. While the increased credit supply and more favourable fiscal policy have resulted in an economic growth recovery in the second half of 2014, the GDP growth rate remained below the average values from previous years for the third consecutive year. In the analysed period, inflation amounted to 2.1% as a consequence of the increase in the prices of industrial products, while the prices of food products remained at a stable level. Low inflation, which coincided with distinct economic growth slowdown, proved conducive to the relaxation of the monetary policy, while the application of existing and introduction of new measures necessary to maintain financial stability continued; however, it is assessed that the fiscal policy of the authorities is largely of post-development nature.

India recorded faster GDP growth than a year ago, i.e. by 7.3%, and thus in 2014 they became one of the quickest growing economies in the world. Acceleration in India mainly resulted from: stable growth of both public and private consumption; relatively dynamic growth in investment in the first half of a year and increased output of the manufacturing industry, which for several previous quarters was systematically shrinking.

At the same time, the inflation rate substantially decreased to 7.2% in 2014, whereas in previous years it remained at relatively high level of approx. 10%. In accordance with the forecasts of OECD, despite slowing down the fast increase in inflation, the Reserve Bank of India (RBI) should continue to maintain interest rates at their present level until it will be possible to achieve the downward trend in the long term. On the one hand, further tightening of the fiscal policy and a new road map for fiscal consolidation constituted an important objective of the economic policy in 2014. On the other, the economic growth was maintained at a stable level through the introduction of structural reforms by the government, including: harmonisation of the labour law and tax law, and increasing public investments in infrastructure.

In 2014, economic growth in Latin America and the Caribbean countries slowed down by over a half, i.e. to 1.3%. This was especially as effects of slowdown of GDP growth in **Brazil** - from 2.7% in 2013 to 0.1% which mainly resulted from tightening monetary and fiscal policy, weakening external demand and low investment level. Furthermore, its economy struggled with high inflation (of 6.3%, i.e. exceeding determined inflation target by 1.8 p.p.) and rapidly increasing public debt which amounted to over 60% of GDP. An attempt to stop the above-mentioned phenomena was undertaken by tightening the fiscal policy – among others by restoring the previously lowered tax rates, and monetary policy – by continuing to increase interest rates.

The downward trend with regard to economic growth in **CIS** countries, observed in previous years, persisted also in 2014. In 2014, GDP of these countries increased only by 1% compared to 2.2% in 2013 and 4.8% in 2012. Particularly unfavourable outcomes were noted by Ukraine, where after stagnation in 2013 the following year brought recession at a level of 6.8%. Russian economy developed at a pace of 0.6%, i.e. over half slower than a year ago.

On the other hand, in 2014 economic growth faster than in the previous year was recorded by Belarus (1.6%), Georgia (4.4%), Turkmenistan (10.3%) and Uzbekistan (8.1%). Other economies in this region developed at a slower rate, but none of them suffered a recession.

The economic situation in Russia deteriorated, *inter alia*, due to failure to introduce necessary reforms, decline in investments, lower internal consumption caused by reduced growth rate of real income of the population and budget expenditures in this area. In 2014, these long-term circumstances of structural nature began to overlap with the effects of sanctions imposed on Russia in relation to the events in Ukraine. In addition, at the end of 2014, the above-mentioned factors were further enhanced by the decline in the prices of crude oil, Russia's main export product. In recent weeks, they decreased to USD 50-60 per barrel, periodically dropping even below USD 50, whereas in June last year they reached USD 115 per barrel. Russia's decisions related to imposing an embargo on the import of certain food products from the EU, USA, Norway, Canada and Australia also began to have a negative effect due to Russia's significant dependency on import. As a consequence of restricting import, inflation grew to 11.4%, including to 15.7% on the food market (compared to the expected level of 5-5.5% at the end of 2014). A relevant factor having a negative impact on inflation was the fast progressing depreciation of RUB. Despite the large scale actions undertaken by the Central Bank of Russia, including direct and very costly interventions (more than USD 87 billion expended for this purpose in the entire 2014, including approx. USD 30 billion in October alone), RUB reached record low levels in relation to both USD and EUR. In the entire 2014, RUB depreciated by 71.9% in nominal terms against USD (at the beginning of January, USD 1 = RUB 32.73, while at the end of December – USD 1 = RUB 56.26), and by 52% against EUR (EUR 1 = RUB 44.97 and EUR 1 = RUB 68.34, respectively). The condition of Russian economy had a direct bearing on the economic condition of other CIS markets.

Sanctions imposed on Russian deteriorate its economic situation and indirectly affect other CIS countries. It is estimated that CIS will record a GDP decline of 2.2% in 2015 and many countries may experience a double-digit inflation rate. High economic growth which characterised the Caucasus and Central Asia regions will also slow down – from 5.3% in 2014 to 3.2% in 2015. As regards countries with strong economic ties to Russia, such as Belarus and Armenia, it is estimated that those countries will also suffer a recession at the level of 2% and 1%, respectively, in 2015.

The biggest threat to the improvement of economic situation in the CIS countries is the uncertainty regarding the development of the situation in Ukraine (in which GDP is expected to decline in 2015 by 5.5%). Further escalation of adverse events with the direct or indirect involvement of Russia will result in further sanctions that will, in turn, weaken its economy. This situation will have an impact on the condition of other countries in this region, including, in particular, Kazakhstan and Belarus, which comprise a customs union with Russia.

1.2 Internal conditions – general situation of Polish economy

In 2014, situation of the eurozone countries improved and after two-year drop in GDP (by -0.8% and -0.3% YoY in 2012 and 2013, respectively) they recorded its slight increase of 0.9%. In the entire European Union, the GDP was 1.3% higher. The condition of EU economy was, however, still weaker than before 2008 which was reflected in unfavourable situation on labour market. In the countries of southern Europe, the unemployment rate exceeded 20%, while this rate among young people fluctuated at around 50%.

The difficulties of European economies and conflict between Russia and Ukraine growing throughout the entire 2014 did not create an environment conducive to economic growth in Poland. Despite unfavourable situation abroad, in the following quarters of 2014, GDP increased above 3% which in the entire year allowed to obtain growth at the level of 3.4%. Thus, Polish economy grew significantly faster than other EU economies (4^{th} result in EU, after Ireland, Hungary and Malta which achieved respectively 4.8%, 3.6% and 3.5% GDP growth).

In 2014, there was an increase of gross fixed capital formation, in contrast to 2013, when investment decisions were postponed due to economic slowdown. In the first two quarters of 2014, investments grew by 11.4% and 8.4% respectively so that they increased in Q3 by 9.2% and then by 8.6% in Q4. This allowed to achieve an annual increase in investment of 9.2%. In comparison with the previous years, the contribution of this category in GDP creation has clearly grew (1.7 p.p. in 2014 against 0.2 p.p. in 2013 and -0.3 p.p. in 2012).

In 2014, the dynamics of individual consumption were higher than a year before. The result consisted of lower price growth and improvement of the situation on the labour market - decrease in the unemployment rate from 13.4% to 11.5% at the end of the year and employment in the enterprise sector which was slightly higher than in 2013 (by 0.6%) with 3.7% growth of real remuneration in conditions of low inflation. Consequently, the role of domestic demand in creating economic growth was substantially higher compared to previous years. Domestic demand has replaced foreign demand as a growth driver. Slower growth of export than of import made contribution of net export in the entire 2014 negative and it amounted to -1.4 p.p.

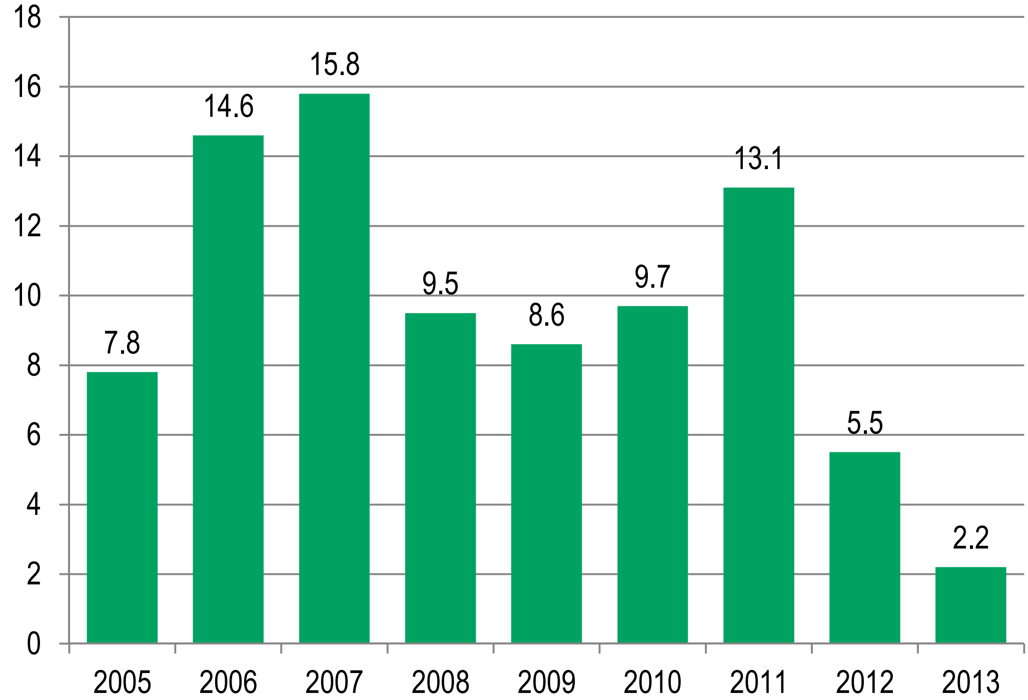
The increase in thee economic activity in the country was reflected by growth of sector indicators. In 2014, increase in sold industrial output by 3.1% was recorded and construction output grew by 2.6%.

Changes in the structure of domestic and foreign demand are strictly related to the role played by particular sectors of the economy in the economic growth over the years. In 2014, the service sector, which had been developing for a couple of years, maintained its positive contribution to the creation of value added. After the period of economic downturn, the impact of industry on GDP growth became positive again.

In 2013, Poland received approx. EUR 2.2 billion due to FDI. In comparison of previous years, such a low FDI inflow in 2013 resulted from the outflow of the so-called capital in transit (financial flows, which do not influence employment and production) in amount of approx. EUR 2.8 billion. Preliminary data for 2014 indicate that it was definitely more favourable in this respect, whereas the value of the Polish FDI inflow was several times higher than in 2013.

High investment attractiveness of Poland is reflected in international rankings and analyses. According to *World Investment Report 2014,* Poland will be one of the most attractive economies for foreign investors in 2014-2016 (13th place). Among 20 countries recognized as the best locations for FDI, there were only 5 countries from Europe included and Poland was the only representative of Central-Eastern Europe. The high attractiveness of Poland is indicated also by the results of a survey conducted by the consulting company Ernst & Young. Ernst & Young report entitled *European Investment Attractiveness 2015* revealed that Poland was the first in the Central-Eastern Europe in terms of investment attractiveness. With 132 investment projects implemented in 2014 (23% more than in 2013), Poland took 1st place in the region. Poland was second in terms of number of workplaces created due to FDI (15,485 workplaces, 12% more than a year before).

Chart 3 Inflow of foreign direct investments to Poland in the years 2005-2013 (in EUR billion)



Source: Strategy and Analyses Department of the Ministry of Economy on the basis of quarterly National Polish Bank (NBP) data.

The highest investments were made i.a. in the following manufacturing sectors: sectors producing refined petroleum products, chemicals, pharmaceutical products, rubber and plastic products, food industry, manufacturing of machinery and metal products, as well as the production of automotive equipment. Nowadays, services become more and more important in sectoral structure of investments. New business process outsourcing centres (BPO), shared service centres (SSC), as well as research and development centres (R&D) are upgraded and opened with participation of experienced personnel. According to the Association of Business Service Sector Leaders, over 470 services centres existing in Poland are owned by 325 from 28 countries. They i.a. include: Shell, HP, IBM, Capgemini, PwC, Samsung, GE and BNY Mellon.

Trend of weakening zloty in relation to the major settlement currency in the Polish trade in goods, i.e. euro, which lasted for three previous years, was reversed in 2014. Q2 and Q3 of 2014 were decisive, as the euro in zlotys weakened respectively by: 0.8% and 1.7%. Although in Q4 common currency started to rise (by 0.7%), the average exchange rate of the euro was lower against the zloty by 0.3% on an annual scale.

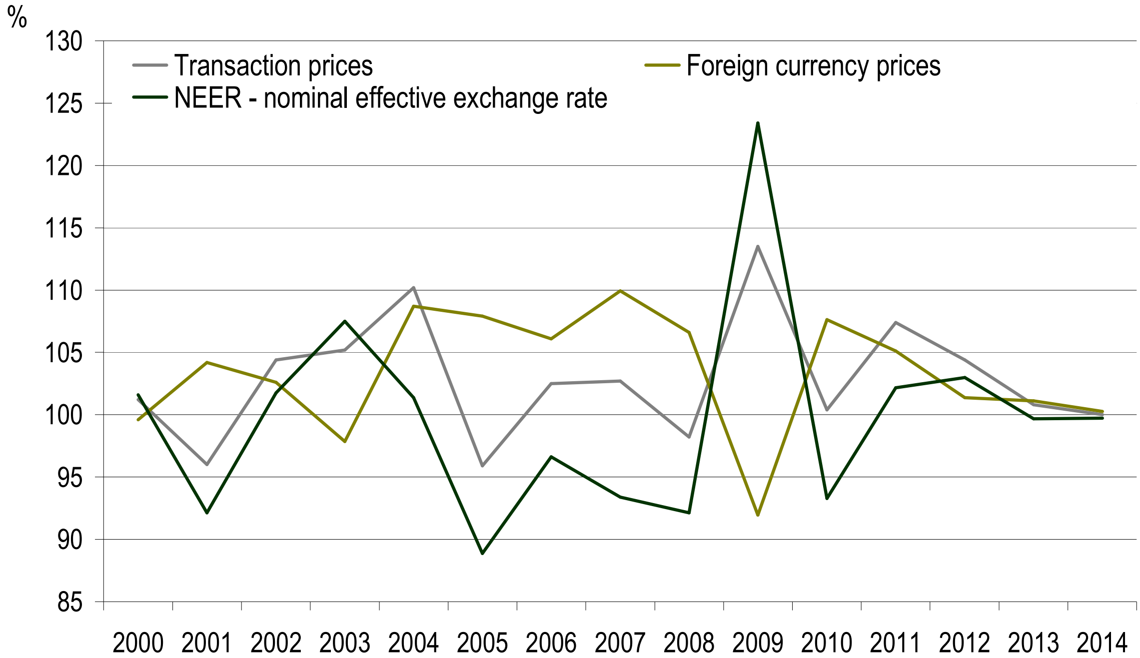
Fluctuations of the US dollar were more definite (currency in which over 20% of settlements in Polish export are made). Its exchange rate increased from PLN 3.0650 in January to PLN 3.4287 in

December, i.e. by approx. 12%, whereas in the period from February to July its value was below the one from January and in the last 4 months of 2014 it started to rise. As a result, the exchange rate of US dollar expressed in zloty was lower by 0.2%.

Relatively slight changes of nominal exchange rate of Polish zloty against two major currencies (euro and USD) considered in relation to 2013 as well as very moderate changes of currency prices of exported goods resulted in stabilisation of average transaction prices in Polish export in 2014. After slight increase in these prices in 2013 (by 0.8%), they stabilised in 2014. On the other hand, after drop by 1.7% in 2013 transaction prices in import fell by further 2.7% in 2014 which with neutral impact of changes in effective nominal exchange rate of Polish zloty against major currencies was mainly caused by lower prices of imported crude oil.

As a result of these changes in transaction prices, the year 2014 resulted in substantial improvement of the price relations (terms of trade) of Polish trade turnover in their both streams. After increase by 2.5% in 2013, the ToT index rose in 2014 by 2.8%.

Chart 4 Changes in pace of growth in transaction, foreign currency and NEER prices in exports in the years 2000-2014 (yoy)



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

2 LONG-TERM CHANGES IN THE COMMODITY TURNOVER

2.1 Changes during the transformation period and after the accession to the EU

The characteristic of transformation and success factor in this process included opening of Polish economy to the world since the beginning, through i.a. dynamic growth of trade, which was particularly evident in the second decade of economic change. Export of goods from Poland has increased since 1991 almost 15 times to attain the level of USD 222.3 billion in 2014. In turn, import has also risen almost over 14.5 times to achieve the level of USD 225.9 billion. The deficit in the trade in goods, which was equal to slightly more than USD 0.6 billion in 1991, systematically increased in the first decade of the transformation. In the following years its level fluctuated and in 2008 it reached record level of USD 38.6 billion. In 2013, it was reduced to USD 2.6 billion, i.e. to the lowest level since 1991 and in 2014 it rose again to achieve the value of USD 3.6 billion.

Table 7 Polish foreign trade in the years 1991-2014 according to the CSO data

	bn USD			previous year = 100		EUR million			previous year= 100	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
1991	14,903	15,522	**-619**	104.1	162.9	-	-	**-**	-	-
1992	13,187	15,913	**-2,726**	88.5	102.5	-	-	**-**	-	-
1993	14,143	18,834	**-4,691**	107.2	118.4	-	-	**-**	-	-
1994	17,240	21,596	**-4,356**	121.9	114.7	-	-	**-**	-	-
1995	22,895	29,050	**-6,155**	132.8	134.5	-	-	**-**	-	-
1996	24,440	37,137	**-12,697**	106.7	127.8	-	-	**-**	-	-
1997	25,751	42,307	**-16,556**	105.4	113.9	-	-	**-**	-	-
1998	28,229	47,054	**-18,825**	109.6	111.2	-	-	**-**	-	-
1999	27,407	45,911	**-18,504**	97.1	97.6	25,670	43,050	**-17,381**	-	-
2000	31,596	48,859	**-17,263**	115.5	106.6	34,322	53,034	**-18,712**	133.9	123.3
2001	36,040	50,191	**-14,151**	114.1	102.7	40,316	56,129	**-15,813**	117.5	105.8
2002	40,943	55,023	**-14,079**	113.6	109.6	43,330	58,212	**-14,882**	107.5	103.7
2003	53,450	67,886	**-14,435**	130.5	123.4	47,399	60,183	**-12,784**	109.4	103.4
2004	73,781	88,156	**-14,375**	138.0	129.9	59,698	71,354	**-11,656**	125.9	118.6
2005	89,378	101,539	**-12,161**	121.1	115.2	71,423	81,170	**-9,746**	119.6	113.8
2006	109,584	125,645	**-16,061**	122.6	123.7	87,926	100,784	**-12,858**	123.1	124.2
2007	138,785	164,172	**-25,387**	126.6	130.7	101,839	120,389	**-18,551**	115.8	119.5
2008	171,860	210,479	**-38,619**	123.8	128.2	116,244	142,448	**-26,204**	114.1	118.3
2009	136,641	149,570	**-12,929**	79.5	71.1	98,218	107,529	**-9,311**	84.5	75.5
2010	159,758	178,063	**-18,305**	116.9	119.1	120,373	134,188	**-13,815**	122.6	124.8
2011	190,247	212,331	**-22,083**	119.1	119.2	136,694	152,568	**-15,875**	113.6	113.7
2012	184,661	198,463	**-13,803**	97.1	93.5	143,456	154,040	**-10,584**	104.9	101.0
2013	206,138	208,780	**-2,642**	111.6	105.2	154,994	156,978	**-1,984**	108.0	101.9
2014	222, 339	225,898	**-3,559**	107.9	108.2	165,774	168,432	**-2,658**	107.0	107.3

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

Definite rise of the export role in Polish economy and its dynamic growth in the transformation period was reflected in increasing contribution of Poland in global commodity export from approx. 0.4% at the beginning of the 90. and 0.5% in 2000 to over 1.1% in 2014.

Over the last two decades, the value of exports dynamically increased, in particular in the years 2000-2008, when the annual average growth amounted to 22.9% (in dollar terms), while in the years 1991-1999 it increased on average by 8.1% a year. As far as the average growth in imports is concerned, it was faster in the first decade of the transformation (in the years 1991-1999, 20.4%) than in the years 2000-2008 (18.9%). Just as in 2000-2008, after collapse of turnover in 2009, years 2010-2014 brought faster average increase of export (by 9.9%) in comparison to import (by 8.2%).

The pace of export growth clearly preceded GDP growth in the entire analysed period, including especially in years 2000-2014. GDP increased in that time 2.2 times (from EUR 186 billion to EUR 413 billion), whereas export value became almost 4.9 times higher (from EUR 34 billion to EUR 165.8 billion). In 2014, relationship between commodity turnover and GDP rose to approx. 80% from approx. 47% in 2000. This steady trend indicates that Polish economy and products manufactured in Poland have become increasingly competitive on the international market.

Poland's economic growth, including growth in exports – like in the case of the majority of economies undergoing transformation process in the Central and Eastern Europe – is highly dependent on the inflow of foreign investments, which are usually vehicles for innovation and technology and, at the same time, generate investment and supply imports (which currently constitute about 80% of overall import to Poland). The said imports directly influence the development of production potential and the modernisation of the economy. At the same time, they have a crucial impact on the scale of the trade deficit. It is therefore possible to state that an increase in imports – particularly fast at the beginning of transformation – is an integral and natural part of the development of the Polish economy.

Additionally, it is important to highlight that an inflow of foreign investments resulting in a growth in imports generates, after some time, also an increase in exports due to engagement of the foreign entities in export activity. After the interest of foreign investors in expansion to receptive internal market prevailing in the first years of transformation, together with increased FDI inflow, the last decade brought dynamic growth of export orientation among foreign investors. It is estimated that the share of entities with foreign capital in Polish export in goods currently amounts to approx. 60%.

The high growth rate of exports in the past decade also results from the modernisation of its structure which largely stems from pro-export orientation of FDIs implemented in Poland. While in the first decade of transportation, Polish export was mainly oriented at traditional industries, such as textiles, metal, wood and mining industry, the following decade brought significant changes in export specialisation - substantial transformation from traditional model to more developmental one. Share of electromechanical products, i.e. the most modern ones, rose by almost 40.0% in 2014, i.e. doubled in comparison to beginning of the 90. The role of chemical industry products in export was also strengthened - from approx. 8% to 14.0%. Agri-foods sector achieved unquestionable success as its export has been very dynamically growing in the recent years. In 2014, sale of food products abroad amounted to EUR 21.9 billion, whereas surplus generated in turnover of these goods reached EUR 6.7 billion.

In the analysed period, the share of light industry products in Polish exports was dramatically reduced - while at the beginning of the 90. they constituted approx. 15% of our sales abroad, in 2014 it was only 3.8%. The role of mineral and metallurgical products, i.e. those very low processed, has also significantly decreased. At the beginning of transformation period, they constituted in total almost 30% of Polish export, whereas their share in 2014 was reduced by more than a half, i.e. to less than 15.0%.

High competitiveness level of Polish export offer and of the entire economy may be indicated by dominant share of developed countries, i.e. the most demanding ones, in our export, especially of EU markets, which constitute more than ¾ of Polish export and for years Germany has been the most important trade partner of Poland (they receive over ¼ of Polish sales abroad). EU markets has established their leading role in Polish trade exchange with foreign countries after Poland's accession to the EU in 2004.

The value of the export of goods in 2014 which amounted to EUR 165.8 billion was 3.5 times higher than in 2003, in which it was equal to EUR 47.4 billion. The value of import to Poland increased 2.8 times, i.e. to EUR 168.4 billion in comparison to EUR 60.2 billion obtained in 2003.

In 2014, Polish exports to EU countries amounted to EUR 128.4 billion and in comparison to the condition before Poland's accession to EU, i.e. with 2003, it increased 3.8 times. While sales to the countries of "old EU" rose 3.6 times (to over EUR 99.2 billion), the export to new Member States (9+3) increased over 5.3 times (up to EUR 29.2 billion). It may therefore be assumed that while trade exchange with EU-15 was relatively well developed prior to the accession, first joint decade in the EU structures allowed to significantly tighten the trade cooperation of Poland with new Member States. This translated into an increase in the share of EU-12 in Polish export from 13.3% to 17.6% with simultaneous decrease in the share of EU-15 by 7.5 p.p. to 59.8%.

Tightening of cooperation with the Visegrád Group countries is particularly evident in i.a. their growing role in Polish trade. The Czech market has become our second partner in exports (after Germany and before the United Kingdom, which until recently was our second partner) with share of 6.5% in 2014, whereas in 2003 it was fifth (with share of 4.1%). Even greater rise was noted in the case of Slovakia which in 2004 was 16th (with share of 1.6%) and in 2014 it was 10th (with share of 2.5%). In turn, Hungary was right before Slovakia in 2014, on 9th spot (with share of 2.6%), i.e. two positions higher than in 2003. In 2014, Poland sold goods worth over EUR 19.3 billion to Czech, Slovakian and Hungarian market, which constituted 11.5% of our export. At the same time, their share in import to Poland amounted to 7.0%, i.e. approx. EUR 11.8 billion.

Higher dynamics of export to EU during Polish membership resulted in transformation of the deficit at the level of almost EUR 3 billion in 2003 into a surplus which is systematically rising to EUR 28.9 billion in 2014. Such beneficial change of balance in trade with EU markets allows to substantially compensate for deficit due to import of energy raw materials (Russia) and structurally conditioned high deficit in exchange with Asian markets (especially with China and the Republic of Korea). Deficit in turnover with a broad group of developing and emerging markets has widened in the analysed period from almost EUR 9.0 billion to EUR 31.1 billion.

Table 8 Changes in the geographical structure of trade in goods (in EUR million)

	2014					2004				
	EUR million			share (%) in:		EUR million			share (%) in:	
	Exports	Imports	Balance	exports	imports	Eksport	Imports	Balance	eksports	imports
Poland, total	**165,774**	**168,432**	**-2,658**	**100.0**	**100.0**	**59,698**	**71,354**	**-11,656**	**100.0**	**100.0**
Developed economies	**139,384**	**110,986**	**28,398**	**84.1**	**65.9**	**51,790**	**54,642**	**-2,852**	**86.8**	**76.6**
EU	**128,398**	**99,457**	**28,941**	**77.5**	**58.5**	**48,165**	**49,158**	**-993**	**80.7**	**59.0**
Germany	43,619	37,099	6,520	26.3	22.0	17,909	17,397	512	30.0	24.4
Czech Republic	10,719	6,063	4,656	6.5	3.6	2,581	2,582	-1	4.3	3.6
United Kingdom	10,567	4,361	6,206	6.4	2.6	3,229	2,368	861	5.4	3.3
France	9,273	6,304	2,969	5.6	3.7	3,603	4,795	-1,192	6.0	6.7
Italy	7,523	9,503	-1,980	4.5	5.6	3,647	5,619	-1,972	6.1	7.9
Netherlands	6,904	6,362	542	4.2	3.8	2,564	2,486	78	4.3	3.5
Sweden	4,709	3,049	1,660	2.8	1.8	2,087	1,929	159	3.5	2.7
Slovakia	4,204	3,123	1,081	2.5	1.9	1,066	1,175	-109	1.8	1.6
Hungary	4,361	2,661	1,700	2.6	1.6	1,533	1,346	186	2.6	1.9
Spain	4,054	3,395	659	2.4	2.0	1,462	1,902	-440	2.4	2.7
EFTA	**4,252**	**3,759**	**493**	**2.6**	**2.2**	**1,510**	**1,869**	**-359**	**2.5**	**2.6**
Norway	2,781	2,309	472	1.7	1.4	1,064	1,027	37	1.8	1.4
Non-EU developed economies	**6,733**	**7,770**	**-1,037**	**4.1**	**4.6**	**2,115**	**3,615**	**-1,501**	**3.5**	**5.1**
USA	3,627	4,103	-476	2.2	2.4	1,437	1,713	-276	2.4	2.4
Canada	947	310	637	0.6	0.2	214	198	16	0.4	0.3
Japan	492	2,442	-1,950	0.3	1.4	138	1,386	-1,247	0.2	1.9
Developing economies	**26,390**	**57,447**	**-31,057**	**15.9**	**34.1**	**7,794**	**16,689**	**-8,895**	**13.1**	**23.4**
CIS	**12,761**	**21,173**	**-8,412**	**7.7**	**12.6**	**4,677**	**7,115**	**-2,438**	**7.8**	**10.0**
Russia	7,009	17,393	-10,384	4.2	10.3	2,299	5,166	-2,866	3.9	7.2
Ukraine	3,141	1,697	1,444	1.9	1.0	1,640	840	800	2.7	1.2
Belarus	1,604	635	969	1.0	0.4	457	564	-107	0.8	0.8
Other developing economies	**13,629**	**36,273**	**-22,644**	**8.2**	**21.5**	**3,117**	**9,575**	**-6,458**	**5.2**	**13.4**
Turkey	2,337	2,018	319	1.4	1.2	731	899	-168	1.2	1.3
China	1,684	17,560	-15,876	1.0	10.4	449	3,287	-2,838	0.8	4.6

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

The second decade of economic transformation, including the period of EU membership, is a time of transformation of Polish exports into more modern and processed products. Being of relatively high quality, Polish products remain affordable which is appreciated also on many developing and emerging markets. This is indicated by the results achieved in exports to this group of countries, which have grown 3.4 times since 2004 (reaching the value of EUR 26.4 billion). In turn, it resulted in increase of their contribution in Polish export by 2.7 p.p. to 15.9% in 2014.

Among this group of recipients of Polish export, important place is taken by the markets of the Commonwealth of Independent States (7.7% of overall export in 2014), including mainly Russia, Ukraine and Belarus. Until the end of 2013, sales to this group increased faster than usually, i.e. approx. 3.3 times, exceeding the value of EUR 15.3 billion. Sales of Polish goods to Russia in 2004-2013 has increased over 3.5 times (to over EUR 8.1 billion), while sales to Ukraine was 2.6 times higher (to EUR 4.3 billion) and to Belarus 4 times higher (to over EUR 1.8 billion). Eastern markets have been perceived for many years as prospective for Polish export. They however suffered from worse economic situation in Russia and in the Ukraine since the beginning of 2014 which resulted in substantial, almost 17% drop in Polish export to these markets, including to Russia by 14%, to Ukraine by 27.1% and to Belarus by 12.0%.

Export to the remaining group of developing markets (other than CIS) was 4.3 higher, reaching the level of EUR 13.6 billion in 2014 and enlarging its contribution in Polish export from 5.2% to 8.2% in 2004. In these countries, sales to the following markets has increased: to the Middle East markets: they were 3 times higher to Turkey (up to EUR 2.3 billion), 11 times higher to the United Arab Emirates (up to approx. EUR 840 million), 5.5 times higher to Saudi Arabia (up to EUR 520 million) as well as to selected markets in the Far East, such as China (3.7 times higher, up to EUR 1.7 billion), Singapore (13.5 times higher, up to EUR 621 million) and India (6 times higher, up to EUR 413 million).

In 2004-2014, the structure of products present in trade turnover with foreign countries was subject to changes.

Table 9 Changes in exchange of commodities aggregated in 10 commodity groups (in EUR million)

	2014					2004				
	EUR million			share (%) in:		EUR million			share (%) in:	
	Exports	Imports	Balance	exports	imports	Exports	Imports	Balance	exports	imports
Poland, total	**165,774**	**168,432**	**-2,658**	**100.0**	**100.0**	**59,698**	**71,354**	**-11,656**	**100.0**	**100.0**
Agricultural and food products	21,877	15,135	6,742	13.2	9.0	5,242	4,406	836	8.8	6.2
Mineral products	7,129	19,056	-11,927	4.3	11.3	3,427	7,435	-4,008	5.7	10.4
Products of the chemical industry	23,023	29,552	-6,528	13.9	17.6	6,095	12,454	-6,359	10.2	17.5
Leathers and leathers products	914	1,117	-203	0.6	0.7	365	654	-290	0.6	0.9
Wood and paper industry products	7,736	5,818	1,918	4.7	3.5	3,778	2,979	799	6.3	4.2
Light industry products	6,332	9,052	-2,720	3.8	5.4	3,197	4,406	-1,209	5.4	6.2
Ceramic products	4,211	2,233	1,978	2.5	1.3	1,592	1,186	406	2.7	1.7
Metallurgical products	17,509	17,700	-191	10.6	10.5	7,501	7,402	99	12.6	10.4
Products of the electromechanical industry	65,813	61,876	3,937	39.7	36.7	23,991	29,096	-5,105	40.2	40.8
Miscellaneous and other	11,231	6,891	4,340	6.8	4.1	4,511	1,335	3,176	7.6	1.9

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

Leading role in Polish export is played by electromechanical products, considered to be the most processed and most modern, whose contribution in export amounted in 2014 to 39.7% and its increase (2.5 times) in period discussed was slightly slower than usually. At the same, import of these products became 2 times higher in that period which resulted in substantial qualitative change in trade in electromechanical industry products. Serious deficit of EUR 5.1 billion recorded in the accession year transformed into growing surplus which in 2014 reached the value of EUR 3.9 billion.

Since Poland is present in the EU, the role of agri-food products and chemical industry products in Polish export has increased. The latter one is on second place in Polish trade with foreign countries in terms of value - in 2014, it constituted 13.9% of overall export, i.e. 3.7 p.p. more than in 2004 which resulted from faster than usually growth in their sales - it was 3.7 times higher, up to EUR 23.0 billion. Despite slower increase in import in this period (2.3 times), it was not possible to reduce high turnover deficit which in 2014 amounted to EUR 6.5 billion.

On the other hand, in export of agri-food sector Poland has noted unquestionable success which is confirmed by its 4-fold growth since the accession, to the level of almost EUR 21.9 billion, and its contribution in overall export increased from 8.8% to 13.2%. High quality and appreciation of Polish food products are proven by the fact that over 80% of export goes to more demanding foreign consumers in economically developed countries. It is also worth to emphasise that as far as trade in agri-food products is concerned Poland records systematically growing surplus which in 2014 reached EUR 6.7 billion in comparison to slightly more than EUR 0.8 billion in 2004.

Favourable results of exports resulting in substantial improvement of turnover balance in dominant product groups allow to substantially compensate for traditionally high deficit in trade in mineral products. In 2014, it reached EUR 11.9 billion in comparison to EUR 4 billion recorded in the accession year.

2.2 Changes after the crisis of 2008/2009

The crisis of 2008/2009 has stopped long-term trend in fast increase of foreign trade turnover, including in particular export, which lasted from 1993 (with slight adjustment in 1999).

Table 10 Polish foreign trade in the years 2008-2014

	EUR million			previous year= 100	
	Exports	**Imports**	**Balance**	**Exports**	**Imports**
2008	116,244	142,448	**-26,204**	114.1	118.3
2009	98,218	107,529	**-9,311**	84.5	75.5
2010	120,373	134,188	**-13,815**	122.6	124.8
2011	136,694	152,568	**-15,875**	113.6	113.7
2012	143,456	154,040	**-10,584**	104.9	101.0
2013	154,994	156,978	**-1,984**	108.0	101.9
2014	165,774	168,432	**-2,658**	107.0	107.3
2014/2009	168.8	156.6	**-**	-	-

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

As a result of the crisis, Polish export decreased in 2009 by 15.5% and import fell by 24.5% in relation to the level achieved in 2008. In the following years, dynamic reconstruction process of foreign trade turnover has begun. As far as the export is concerned, pre-crisis level was exceeded already in 2010. As for the import, this required two years. Balance has significantly improved due to larger dynamics of export which increased in recent five years, i.e. in the period of 2010-2014, by 68.8% in comparison to 56.6% import growth. Balance fell from over EUR 26.2 billion deficit in 2008 and EUR 9.3 billion in 2009 to almost EUR 2 billion in 2013 and EUR 2.7 billion in 2014.

The pace of turnover reconstruction after crisis of 2008/2009 was closely connected with scale of decline in 2009. Turnover with EU countries dropped by 14.5% in export and 24.5% in import. Significantly higher collapse occurred in trade with the CIS countries. Polish exports to the countries of this region decreased in 2009 by 38.1%, whereas import decreased by 37.7%. These values related to Russia dropped by 40.6% and 33.7%, respectively and related to Ukraine by 43.3% and 48.4%, respectively.

In recent five years 2010-2014, commodity turnover of Polish trade with foreign countries were characterised by constant and rapid growth, especially of the export. As a result, Polish export at the end of 2014 is 68.8% higher than in crisis year 2009 and 42.6% higher than in pre-crisis year 2008. Export to EU countries was rebuilt fast and it compensated for previous losses. It was 64.0% higher in 2014 in comparison with 2009 and 41.9% higher than in 2008. The role of Polish export to German market was in particular clearly improved as growths by 69.8% and 49.8% respectively were noted.

Different situation occurred in Polish export to CIS countries. After four years of rapid growth in 2010-2013, it again decreased in 2014. Consequently, despite over 70% growth as at the end of 2014 (as at the end of 2013 it amounted to 104.3%) in comparison to the level of 2009, its value was only 4.9% higher than in pre-crisis year 2008. As far as Russia is concerned, these values amount respectively to 94.9% (in 2013 by 126.6%) and 15.9%. This phenomenon is even more evident in the case of Ukraine. Although Polish export to this country in 2014 was 27.5% higher than in 2009 (in 2013 by 74.9%), in comparison with 2008 it declined by 27.7%.

Table 11 Changes in the geographical structure of trade in goods in the years 2009-2014

		EUR million							Share %		2014/ 2009
		2008	2009	2010	2011	2012	2013	2014	2009	2014	
Exports	**In total**	**116,244**	**98,218**	**120,378**	**136,694**	**143456**	**154,994**	**165,774**	**100.0**	**100.0**	**168.8**
	EU	**90,457**	**78,288**	**95,286**	**106,620**	**109,385**	**116,293**	**128,398**	**79.7**	**77.5**	**164.0**
	Germany	29,124	25,686	31,427	35,664	36,057	38,888	43,619	26.2	26.3	169.8
	UK	6,700	6300	7,558	8,805	9,708	10,079	10,567	6.4	6.4	167.7
	Czech Republic	6,631	5,746	7,202	8,534	9,067	9,596	10,719	5.9	6.5	186.5
	France	7,210	6,826	8,156	8,371	8,404	8,703	9,273	6.9	5.6	135.8
	Italy	6,943	6,741	7,141	7,294	6,951	6,691	7,523	6.9	4.5	111.6
	CIS	**12,156**	**7,502**	**9,894**	**11,635**	**14,232**	**15,329**	**12,761**	**7.6**	**7.7**	**170.1**
	Russia	6,050	3,596	5,031	6,139	7,678	8,147	7,009	3.7	4.2	194.9
	Ukraine	4,345	2,463	2,980	3,377	4,097	4,307	3,141	2.5	1.9	127.5
	Belarus	1,094	871	1,222	1,340	1,563	1,821	1,604	0.9	1.0	184.2
Imports	**In total**	**142,448**	**107,529**	**134,188**	**152,568**	**154,040**	**156,978**	**168,432**	**100.0**	**100.0**	**156.6**
	EU	**88,171**	**66,531**	**79,849**	**93,043**	**88,667**	**91,803**	**99,457**	**61.9**	**59**	**149.5**
	Germany	32,755	24,053	29,362	34,042	32,836	34,006	37,099	22.4	22	154.2
	UK	4,041	3,178	3,669	4,006	3,763	4,109	4,361	3.0	2.6	137.2
	Czech Republic	5,074	3,882	5,074	5,682	5,656	5,755	6,063	3.6	3.6	156.2
	France	6,723	4,956	5,797	6,374	6,010	5,991	6,304	4.6	3.7	127.2
	Italy	9,261	7,337	7,646	8,235	8,080	8,356	9,503	6.8	5.6	129.5
	CIS	**17,715**	**11,026**	**16,164**	**21,838**	**24,772**	**21,862**	**21,173**	**10.3**	**12.8**	**192.0**
	Russia	13,877	9,206	13,730	18,380	21,629	19,047	17,393	8.6	10.3	188.9
	Ukraine	1,583	817	1,384	2,012	1,979	1,670	1,699	0.8	1.0	208.0
	Belarus	884	587	632	973	768	587	635	0.5	0.4	108.2

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

Similar phenomena, through less intense, affected Polish import, especially in relation to EU markets. Dynamics of import growth, which is lower than of export growth, resulted in the above-mentioned significant improvement of commodity turnover balance in relation to all major EU markets. In the case of CIS countries, including in particular Russia, import dynamics is mainly a derivative of economic and price conditions on the international market of fuels and energy, i.e. of increase/decline in prices, mainly of crude oil and natural gas.

3 SCALE AND DYNAMICS OF TRADE IN 2014

3.1 Turnover according to data of the NBP

In 2014, export of goods from Poland went up by 5.6% (up to EUR 157.2 billion), that is at pace resembling the one achieved in 2013. In contrast, import rose by 7.2% (up to EUR 158.9 billion) compared to 0.2% a year ago. A marked acceleration of import resulted in worsening of trade balance - surplus noted a year ago in amount of EUR 635 million was transformed into deficit of EUR 1,629 million.

Table 12 Polish trade in goods in the years 2013-2014 (in EUR million)

Months	2014			dynamics in % same period of past year = 100		2013			dynamics in % same period of past year = 100	
	exports	imports	balance	exports	Imports	exports	imports	balance	exports	imports
January	12,720	12,781	-61	108.2	107.0	11,761	11,949	-188	106.4	101.2
February	12,385	12,604	-219	107.2	108.0	11,558	11,672	-114	102.4	94.9
March	13,457	13,558	-101	109.3	105.8	12,309	12,817	-508	100.3	98.0
Q1	**38,562**	**38,943**	**-381**	108.2	106.9	**35,628**	**36,438**	**-810**	**102.9**	**98.0**
April	13,278	13,346	-68	104.7	109.4	12,681	12,200	481	111.2	102.3
May	12,876	13,182	-306	110.0	112.7	11,710	11,701	9	101.5	93.8
June	12,855	12,913	-58	105.3	108.4	12,209	11,916	293	106.4	99.3
Q2	**39,009**	**39,441**	**-432**	106.6	110.1	**36,600**	**35,817**	**783**	**106.3**	**98.4**
1st half of the year	**77,571**	**78,384**	**-813**	107.4	108.5	**72,228**	**72,255**	**-27**	**104.6**	**98.2**
July	13,406	13,676	-270	106.4	107.7	12,603	12,700	-96	108.6	104.6
August	11,626	11,841	-215	98.8	100.7	11,766	11,753	13	104.0	99.9
September	14,288	13,796	492	105.8	107.0	13,503	12,894	609	109.9	105.2
Q3	**39,320**	**39,313**	**7**	103.8	105.3	**37,872**	**37,347**	**526**	**107.6**	**103.3**
after 3 quarters	**116,891**	**117,697**	**-806**	106.2	107.4	**110,100**	**109,602**	**499**	**105.6**	**99.9**
October	14,943	14,985	-42	104.7	105.6	14,271	14,191	80	104.3	103.7
November	13,707	13,697	10	103.5	105.0	13,245	13,039	206	103	98.3
December	11,708	12,500	-792	104.3	109.8	11,230	11,380	-150	111.6	100.7
Q4	**40,358**	**41,182**	**-824**	104.2	106.7	**38,746**	**38,610**	**136**	**105.9**	**100.9**
YEAR	**157,249**	**158,879**	**-1,629**	105.6	107.2	**148,846**	**148,212**	**635**	**105.7**	**100.2**
Monthly average	**13,104**	**13,240**	**-136**	.	.	**12,404**	**12,351**	**53**		

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

In 2014, export of services from Poland increased - after a growth by 5.5% in 2013, in the following year their sales rose by 7.3% to almost EUR 36.3 billion. Thereby, revenues from services accounted for nearly 19% of total Polish exports. Recovery of import was also noted, as in 2014 it increased by 5.1% (up to EUR 27.2 billion) in comparison to 0.3% in 2013. In the case of foreign trade in services, Poland notes a surplus which, in 2014, achieved the value of nearly EUR 9.1 billion and was EUR 1.2 billion higher than in 2013.

Table 13 Trade in goods and services as well as balance on current account and their relations per capita and against GDP in the years 2009-2014

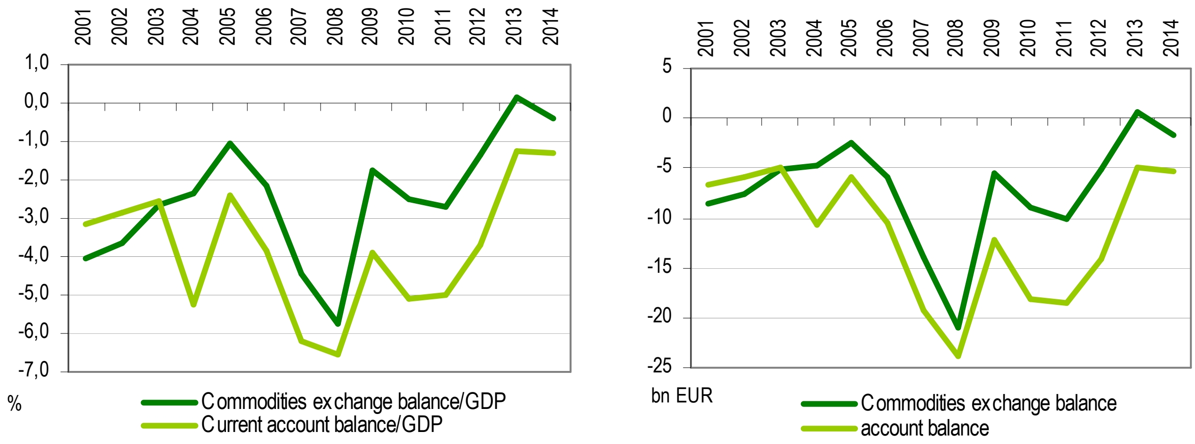
Ratio/data	2009	2010	2011	2012	2013	2014
PLN billion						
GDP	1,361.9	1,437.4	1,553.6	1,615.9	1,662.7	1,728.7
Exports of goods	411.9	471.1	544.8	589.2	624.9	658.1
Imports of goods	443.4	512.6	596.2	619.2	622.1	664.9
Balance of commodities exchange	-31.4	-41.5	-51.3	-30.0	2.7	-6.8
Exports of services	97.0	106.7	121.0	133.9	141.9	151.8
Imports of services	75.2	93.4	99.9	107.9	108.7	113.8
Balance of services	21.8	13.3	21.2	26.0	33.2	37.9
Exports of goods and services	508.9	577.8	665.8	723.1	766.7	809.9
Imports of goods and services	518.5	606.0	696.0	727.1	730.8	778.7
Balance of goods and services	-9.6	-28.2	-30.2	-4.0	35.9	31.2
Current account balance	-52.4	-79.1	-77.9	-55.3	-21.6	-22.0
Relation in GDP in %						
Exports of goods / GDP	30.2	32.8	35.1	36.5	37.6	38.1
Exports of goods and services / GDP	37.4	40.2	42.9	44.7	46.1	46.8
Imports of goods / GDP	32.6	35.7	38.4	38.3	37.4	38.5
Imports of goods and services / GDP	38.1	42.2	44.8	45.0	44.0	45.0
Balance of trade in goods / GDP	-2.3	-2.9	-3.3	-1.9	0.2	-0.4
Balance of goods and services / GDP	-0.7	-2.0	-1.9	-0.2	2.2	1.8
Current account balance / GDP	-3.8	-5.5	-5.0	-3.4	-1.3	-1.3
Per capita in PLN thousand						
Exports of goods *per capita*	10.8	12.3	14.1	15.3	16.2	17.1
Imports of goods *per capita*	11.6	13.4	15.5	16.1	16.2	17.3
Exports of goods and services *per capita*	13.3	15.1	17.3	18.8	19.9	21.0
Imports of goods and services *per capita*	13.6	15.9	18.1	18.9	19.0	20.2
Current account balance *per capita*	-1.4	-2.1	-2.0	-1.4	-0.6	-0.6
EUR billion						
GDP	314.7	359.8	377.0	386.1	396.1	413.1
Exports of goods	95.3	117.9	132.3	140.8	148.9	157.2
Imports of goods	102.6	128.3	144.7	148.0	148.2	158.9
Balance of commodities exchange	-7.3	-10.4	-12.5	-7.1	0.6	-1.6
Exports of services	22.5	26.7	29.3	32.0	33.8	36.3
Imports of services	17.4	23.4	24.2	25.8	25.9	27.2
Balance of services	5.0	3.3	5.2	6.2	7.9	9.1
Exports of goods and services	117.8	144.7	161.6	172.8	182.6	193.5
Imports of goods and services	120.0	151.7	168.9	173.8	174.1	186.1
Balance of goods and services	-2.3	-7.1	-7.3	-0.9	8.5	7.4
Current account balance	-12.2	-19.8	-18.8	-13.2	-5.1	-5.3
Relation in GDP per capita %						
Exports of goods / GDP	30.3	32.8	35.1	36.5	37.6	38.1
Exports of goods and services / GDP	37.4	40.2	42.9	44.8	46.1	46.8
Imports of goods / GDP	32.6	35.7	38.4	38.3	37.4	38.5
Imports of goods and services / GDP	38.1	42.2	44.8	45.0	44.0	45.0
Balance of trade in goods / GDP	-2.3	-2.9	-3.3	-1.9	0.2	-0.4
Balance of goods and services / GDP	-0.7	-2.0	-1.9	-0.2	2.2	1.8
Current account balance / GDP	-3.9	-5.5	-5.0	-3.4	-1.3	-1.3
Per capita in EUR thousand						
Exports of goods *per capita*	2.5	3.1	3.4	3.7	3.9	4.1
Imports of goods *per capita*	2.7	3.4	3.8	3.8	3.9	4.1
Exports of goods and services *per capita*	3.1	3.8	4.2	4.5	4.7	5.0
Imports of goods and services *per capita*	3.1	4.0	4.4	4.5	4.5	4.8
Current account balance *per capita*	-0.3	-0.5	-0.5	-0.3	-0.1	-0.1

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

The current account deficit reached almost EUR 5.3 billion, i.e. it increased in relation to the level one year ago by approx. EUR 0.2 billion. It resulted only from deterioration of trade balance, because its improvement was noted in another items, including in services by almost EUR 1.2 billion and in primary income by almost EUR 1 billion.

Relation of the current account balance to the GDP amounted in 2014 to approx. -1.3%, similar as a year ago.

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



Source: Strategy and Analyses Departament of Ministra of Economy on the basis of NBP and Eurostat data.

3.2 Turnover according to the data of the Central Statistical Office of Poland (CSO)

In 2014, export of goods from Poland increased by 7.0%, reaching the value of EUR 165.8 billion. In contrast, import amounted to EUR 168.4 billion and was 7.3% higher than in 2013. Consequently, turnover deficit reached almost EUR 2.7 billion in comparison to EUR 2 billion a year ago.

Turnover expressed in Polish zloty increased in 2014 at similar rate, as the export rose by 7.0% (to PLN 693.5 billion) and import grew by 7.4% (to PLN 704.6 billion). The trade deficit amounted to PLN 11.1 billion against PLN 8.2 billion a year before.

Turnover expressed in dollars increased in 2014 at the quickest rate, i.e. the value of export and import grew by 7.9% (to USD 222.3 billion) and by 8.2% (to USD 225.9 billion), respectively. This resulted in decrease of the negative exchange balance by over USD 0.9 billion, to almost USD 3.6 billion.

In contrast, export volume grew in 2014 by 7.0% and import volume increased by 10.4% in comparison to growths of 6.5% and 3% respectively achieved a year ago.

Table 14 Commodities turnover in the years 2013-2014 according to the CSO data

period	EUR million			dynamics in % same period of past year =100		USD million			dynamics in % same period of past year =100	
	exports	imports	balance	exports	Imports	exports	imports	balance	exports	imports
January	12,324	12,706	-383	112.1	105.0	16,352	16,842	-490	113.1	105.9
February	12,320	12,212	108	111.3	98.8	16,425	16,279	146	114.7	101.2
March	12,707	13,543	-835	102.3	101.1	17,052	18,169	-1,117	103.8	102.5
Q1	***37,351***	***38,461***	***-1,110***	***108.3***	***101.6***	***49,828***	***51,290***	***-1,461***	***110.2***	***103.2***
April	13,143	12,831	313	112.2	101.2	16,974	16,584	390	109.2	98.6
May	12,413	12,677	-264	102.1	93.9	16,371	16,712	-341	103.5	95.0
June	13,034	12,792	242	112.3	103.1	16,862	16,557	306	114.9	105.6
Q2	***38,590***	***38,299***	***291***	***108.8***	***99.3***	***50,207***	***49,852***	***355***	***109.0***	***99.5***
1st half of the year	***75,941***	***76,760***	***-819***	***108.5***	***100.4***	***100,035***	***101,142***	***-1,107***	***109.6***	***101.3***
July	13,052	13,291	-239	110.1	105.5	17,333	17,627	-294	115.1	110.2
August	12,366	12,470	-104	105.8	103.1	16,365	16,491	-126	114.0	111.0
September	13,924	13,528	395	109.3	103.3	18,641	18,109	532	117.3	110.8
Q3	***39,342***	***39,290***	***52***	***108.4***	***104.0***	***52,340***	***52,228***	***112***	***115.5***	***110.7***
after 3 quarters	***115,282***	***116,050***	***-768***	***108.5***	***101.6***	***152,375***	***153,370***	***-995***	***111.6***	***104.3***
October	14,631	14,862	-230	103.9	104.1	19,532	19,840	-308	106.5	106.6
November	13,603	13,984	-381	104.6	101.2	18,710	19,224	-514	111.3	107.6
December	11,477	12,083	-605	113.3	103.0	15,522	16,347	-825	119.9	109.1
Q4	***39,712***	***40,928***	***-1,216***	***106.7***	***102.8***	***53,763***	***55,411***	***-1,648***	***111.8***	***107.7***
YEAR 2013	***154,994***	***156,978***	***-1,984***	***108***	***101.9***	***206,138***	***208,780***	***-2,642***	***111.6***	***105.2***
Monthly average	***12,916***	***13,081***	***-165***			***17,178***	***17,398***	***-220***		
January	13,404	13,505	-101	108.8	106.3	18,434	18,566	-131	112.7	110.2
February	13,068	13,204	-136	106.1	108.1	17,703	17,892	-189	107.8	109.9
March	14,145	14,392	-247	111.3	106.3	19,446	19,780	-334	114.0	108.9
Q1	***40,618***	***41,101***	***-483***	***108.7***	***106.9***	***55,584***	***56,238***	***-654***	***111.6***	***109.6***
April	14,033	13,878	155	106.8	108.2	19,517	19,297	220	115.0	116.4
May	13,578	14,082	-504	109.4	111.1	18,799	19,499	-700	114.8	116.7
June	13,494	13,632	-138	103.5	106.6	18,508	18,701	-193	109.8	112.9
Q2	***41,105***	***41,593***	***-487***	***106.5***	***108.6***	***56,824***	***57,496***	***-672***	***113.2***	***115.3***
1st half of the year	***81,723***	***82,694***	***-971***	***107.6***	***107.7***	***112,407***	***113,734***	***-1,327***	***112.4***	***112.4***
July	13,841	14,353	-512	106.0	108.0	18,762	19,460	-698	108.2	110.4
August	12,245	12,683	-439	99.0	101.7	16,491	17,083	-593	100.8	103.6
September	14,932	14,724	207	107.2	108.8	19,852	19,580	272	106.5	108.1
Q3	***41,018***	***41,761***	***-744***	***104.3***	***106.3***	***55,104***	***56,123***	***-1,018***	***105.3***	***107.5***
after 3 quarters	***122,741***	***124,455***	***-1,714***	***106.5***	***107.2***	***167,512***	***169,857***	***-2,345***	***109.9***	***110.7***
October	15,646	15,835	-189	106.9	106.5	20,277	20,531	-254	103.8	103.5
November	14,510	14,695	-184	106.7	105.1	18,416	18,656	-241	98.4	97.0
December	12,876	13,447	-571	112.2	111.3	16,135	16,854	-720	103.9	103.1
Q4	***43,033***	***43,977***	***-945***	***108.4***	***107.4***	***54,827***	***56,042***	***-1,214***	***102.0***	***101.1***
YEAR 2014	***165,774***	***168,432***	***-2,659***	***107.0***	***107.3***	***222,339***	***225,898***	***-3,559***	***107.9***	***108.2***
Monthly average	***13,814***	***14,036***				***18,528***	***18,825***			

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

4 CHANGES IN THE GEOGRAPHICAL STRUCTURE OF TRADE IN GOODS

4.1 Changes seen from the continental perspective

Europe has for years remained the major recipient of Polish goods sold abroad. In 2014, export to European countries increased by 7.1% reaching the value of EUR 145.9 billion which constituted 88% of overall Polish export. Import from those markets was increasing at a slower pace in that time, i.e. by 4.7% to almost EUR 123.4 billion, which corresponded to 73.3% of overall import to Poland. These results translated into clear increase of surplus in commodity turnover by almost EUR 4.1 billion to EUR 22.5 billion.

The second region in the world which contributes the most in Polish commodity exchange is Asia, from which definitely more products comes than is sent to. In 2014, sales to Asia increased by 5.3% (to EUR 10.3 billion), whereas import by 18.8%, reaching the value of EUR 34.8 billion. Thus, in 2014 Asian markets accounted for 6.2% of overall export of goods from Poland and for 20.6% of import. Clear advantage of import noted increased already significant deficit with Asia by almost EUR 5 billion, to EUR 24.5 billion in 2014.

Third place in terms of trading volume was taken by America, but clear slowdown of export to countries from this continent was recorded. After dynamic increase in sales by 21.6% in 2013, 3% growth to EUR 6.4 billion was noted in the following year. Export, in turn, grew in 2014 slightly faster than import from this continent, i.e. by 3.8% to EUR 7.6 billion. Among countries from this region, the ones from North America play the most crucial role in exchange with Poland. As far as the first group is concerned, in 2014 export increased by 3.9% (to EUR 4.6 billion, which constituted 2.8% of overall export from Poland) and import declined by 1.3% (to EUR 4.4 billion, i.e. 2.6% of overall import) which resulted in transformation of deficit of EUR 77 million recorded one year ago into surplus of approx. EUR 150 million. In that period, export to countries of Central and South America increased by 1.2% (to EUR 1.8 billion), whereas import rose by 11.9% (to almost EUR 3.2 billion) which resulted in growth of exchange balance by over EUR 0.3 billion to almost EUR 1.4 billion. Consequently, Polish deficit with American countries reached in total EUR 1.2 billion.

Similarly to the previous year, export to Africa increased, but its growth rate (14.5%) was over 2 times slower than in 2013. In terms of value, sales to countries from this continent amounted almost to EUR 2.3 billion, which constituted 1.4% of our overall export. In turn, import from Africa dropped by 4.2% to EUR 1.3 billion which corresponded to 0.8% of overall import to Poland. Trade with African markets recorded in 2014 translated into increase of positive exchange balance by approx. EUR 350 million to EUR 920 million.

Distant markets of Australia and Oceania are of little significant in Polish commodity turnover. In 2014, they received only 0.5% of overall Polish export (EUR 785 million) and 0.3% of import (almost EUR 500 million).

4.2 Changes among main groups of countries

Unlike in the past few years, in 2014 definitely better results were obtained in export to economically developed countries than to less developed ones.

In 2014, sales to developed markets increased by 9.8% (to almost EUR 139.4 billion), i.e. it was 2.4 p.p. higher than one year ago. This resulted at the same time in increase of contribution of those countries in overall export from Poland to 84.1%. In turn, import from those markets rose at pace similar to average, i.e. by 7.2% (to almost EUR 111 billion) which means acceleration by 3.1 p.p. in comparison to 2013. In 2014, developed markets accounted for approx. 66% of overall Polish import, just like one year ago. In exchange with these countries, Poland records surplus which in 2014 amounted to EUR 28.4 billion, i.e. increased in relation to the level achieved one year ago by approx. EUR 5 billion.

The situation observed in the case of trade with the numerous group of developed markets was quite diversified and additionally different than in the previous year. While export to non-EU developed markets rose very fast in 2013 (by over 20%) and to EU countries by 6.3%, year 2014 brought a slowdown in sales to the first group (increase by 2.7% to approx. EUR 11 billion) and acceleration to EU countries (by 10.4% to EUR 128.4 billion). Similarly as in export, greater dynamics was noted in the case of import with EU countries than other developed ones. After 3.5% increase in 2013, import from EU rose by 8.3% to almost EUR 99.5 billion in the following year. In contrast, import from non-EU developed countries dropped by 2% (to approx. EUR 11.5 billion), whereas one year ago it increased by 8.4%. The outcomes translated into improvement of exchange balance both with EU, where the surplus increased by almost EUR 4.5 billion to EUR 28.9 billion and with non-EU developed countries where deficit was reduced by almost a half to approx. EUR 0.5 billion.

Favourable results in trade with economically developed countries are in contrast with those with less economically developed markets, where export dropped by 5.8% (to EUR 26.4 billion), while its dynamic growth of 11.2% was noted a year ago. On the other hand, import from such countries clearly increased (by 7.6%, to EUR 57.4 billion) in comparison to 2% decline in 2013. Thus, importance of this group of markets in our export decreased by 2.2 p.p. to 15.9%, whereas in the case of import it remained at level close to the one recorded one year ago (34.1%). Deficit in exchange with less developed countries amounted almost to EUR 31.1 billion in 2014 in comparison to EUR 25.4 billion in 2013.

Drop in sales to less developed countries noted in 2014 resulted only from unfavourable changes in export to CIS countries, because export to other countries from this group has increased relatively fast.

Table 15 Changes in the geographical structure of Polish trade in goods and their impact on the trade balance (in EUR million)

	2014			2013			Changes 2014/2013		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
Poland, total	165,774	168,432	-2,659	154,994	156,978	-1,984	10,780	-11,454	-675
previous year = 100	107.0	107.3		108.0	101.9				
Developed countries	139,384	110,986	28,398	126,989	103,568	23,421	12,395	-7,417	4,977
previous year = 100	109.8	107.2		107.4	104.1				
share	84.1	65.9		81.9	66				
including:									
EU	128,398	99,457	28,941	116,293	91,803	24,489	12,106	-7,654	4,452
previous year = 100	110.4	108.3		106.3	103.5				
share	77.5	59.0		75.0	58.5				
including:									
Germany	43,619	37,099	6,520	38,888	34,006	4,882	4,731	-3,093	1,639
previous year = 100	112.2	109.1		107.8	103.6				
share	26.3	22		25.1	21.7				
Czech Republic	10,719	6,063	4,656	9,596	5,755	3,841	1,123	-308	815
previous year = 100	111.7	105.3		105.8	101.8				
share	6.5	3.6		6.2	3.7				
United Kingdom	10,567	4,361	6,207	10,079	4,109	5,970	489	-251	237
previous year = 100	104.8	106.1		103.8	109.2				
share	6.4	2.6		6.5	2.6				
France	9,273	6,304	2,969	8,703	5,991	2,712	570	-314	257
previous year = 100	106.6	105.2		103.6	99.7				
share	5.6	3.7		5.6	3.8				
Italy	7,523	9,503	-1,980	6,691	8,356	-1,665	832	-1,147	-315
previous year = 100	112.4	113.7		96.3	103.4				
share	4.5	5.6		4.3	5.3				
Other developed countries	10,985	11,528	-543	10,696	11,765	-1,069	289	236	525
previous year = 100	102.7	98.0		120.3	108.4				
share	6.6	6.8		6.9	7.5				
including:									
USA	3,627	4,103	-476	3,643	4,172	-529	-17	70	53
previous year = 100	99.5	98.3		130.3	105.8				
share	2.2	2.4		2.4	2.7				
EFTA	4,252	3,759	494	4,409	4,296	113	-157	537	380
previous year = 100	96.4	87.5		117.2	121.3				
share	2.6	2.2		2.8	2.7				
Developing countries	26,390	57,447	-31,057	28,005	53,410	-25,405	-1,615	-4,037	-5,652
previous year = 100	94.2	107.6		111.2	98.0				
share	15.9	34.1		18.1	34.0				
including:									
CIS	12,761	21,173	-8,412	15,329	21,862	-6,533	-2,568	689	-1,879
previous year = 100	83.2	96.8		107.7	88.3				
share	7.7	12.6		9.9	13.9				
including:									
Russia	7,009	17,393	-10,384	8,147	19,047	-10,901	-1,138	1,654	517
previous year = 100	86.0	91.3		106.1	88.1				
share	4.2	10.3		5.3	12.1				
Other countries	13,629	36,274	-22,645	12,676	31,547	-18,872	953	-4,726	-3,773
previous year = 100	107.5	115.0		115.8	106.1				
share	8.2	21.5		8.2	20.1				
including:									
China	1,684	17,560	-15,876	1,594	14,623	-13,029	89	-2,937	-2,848
previous year= 100	105.6	120.1		117.4	106.8				
share	1.0	10.4		1.0	9.3				

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

4.2.1 The European Union

As far as EU countries are concerned, trend for rapid growth of export of goods to EU markets outside eurozone than to euroland was reversed. In 2014, export to the eurozone went up by 11.5% (to EUR 89.1 billion), whereas export to market outside eurozone rose by 8% to EUR 39.3 billion.

Among the most significant EU markets, export to the following countries has increased the most rapidly:
- Latvia - by 24.8% (by EUR 0.3 billion), to EUR 1.6 billion;
- Spain - by 17.6% (by over EUR 0.6 billion), to almost EUR 4.1 billion;
- Romania - by 12.6% (by almost EUR 0.3 billion), to almost EUR 2.6 billion;
- Italy - by 12.4% (by over EUR 0.8 billion), to EUR 7.5 billion;
- The Netherlands - by 12.3% (by almost EUR 0.8 billion), to EUR 6.9 billion;
- our major trade partner Germany - by 12.2% (by EUR 4.7 billion), to EUR 43.6 billion;
- Sweden - by 11.9% (by EUR 0.5 billion), to almost EUR 4.7 billion;
- The Czech Republic - by 11.7% (i.e. by EUR 1.1 billion), to EUR 10.7 billion;
- Hungary - by 10.5% (by over EUR 0.4 billion), to almost EUR 4.4 billion.

As far as EU countries are concerned, drop in export was recorded only in the case of Bulgaria – by 2.8% to EUR 730 million.

Import from EU rose by 8.3% (to almost EUR 99.5 billion), whereas - as in the case of export - its growth was faster in eurozone markets (by 8.9%, to EUR 78.2 billion) than in other EU markets (by 6.2%, to EUR 21.2 billion).

Increase in import was recorded in all EU markets and the fastest one was noted in:
- Italy - by 13.7% (by over EUR 1.1 billion), to EUR 9.5 billion;
- Belgium - by 12% (i.e. by approx. EUR 0.43 billion), to nearly EUR 4.1 billion;
- Denmark - by 10% (by approx. EUR 190 million), to EUR 2.1 billion and
- Germany - by 9.1% (by EUR 3.1 billion), to EUR 37.1 billion.

Clear advantage of export noted in 2014 was decisive for increase of surplus in exchange with EU by nearly EUR 4.5 billion (to EUR 28.9 billion), including with eurozone markets by EUR 2.8 billion (to EUR 10.9 billion) and other EU countries by almost EUR 1.7 billion (to EUR 18 billion). Improvement of balance with EU was generated due to favourable changes in exchange balance with 17 markets, including in particular with:
- Germany, where the surplus increased by EUR 1.6 billion to EUR 6.5 billion;
- The Czech Republic, in the exchange with positive balance increased by EUR 0.8 billion to nearly EUR 4.7 billion;
- Spain, where positive turnover balance rose by approx. EUR 580 million, to approx. EUR 660 million;
- The Netherlands, where surplus in turnover increased by approx. EUR 470 million to approx. EUR 540 million;
- Sweden, where positive balance increased by EUR 0.4 billion to nearly EUR 1.7 billion.

Export to EU countries is dominated by electromechanical products, which in 2014 accounted for 38% (EUR 48.8 billion) of overall export from Poland to EU. The following ones include:
- chemicals – 13.9%, i.e. EUR 17.8 billion;
- agricultural and food products - 13.6%, i.e. EUR 17.4 billion and
- metallurgical products - 10.9%, i.e. nearly EUR 14 billion.

In 2014, export of light industry products increased the fastest, i.e. by 17.9%, to nearly EUR 5.3 billion. This resulted in increase of their contribution in Polish export to 4.1% in 2014. The most significant products of this group in export were apparel and clothing accessories not knitted or crocheted, whose sales increased by 20.7% to nearly EUR 1.8 billion (1.4% of share) and apparel and clothing accessories knitted or crocheted which export rose by 18.7% to nearly EUR 1.3 billion (1% of share). In exchange of light industry products with EU countries, Poland records surplus which in 2014 amounted to EUR 1.6 billion, i.e. increased in relation to the level one year ago by approx. EUR 0.5 billion.

Export of electromechanical products rose relatively fast in analysed period, i.e. by 13.5% (to EUR 48.8 billion). It resulted from high increase in sales of the electrical machinery, equipment and their parts which are most important in this group (by 20.5%, to EUR 15.9 billion), boilers, machinery and mechanical appliances and their parts (by 11.2%, to EUR 15.1 billion) as well as vehicles other than railway and their parts and accessories (by 9%, to EUR 14.6 billion) which constituted 12.4%, 11.8% and 11.4%, respectively, of overall Polish export to EU. Dynamic increase of sales of electromechanical products resulted at the same time in rise of positive balance by EUR 2.1 billion to nearly EUR 12.3 billion in 2014.

Sales of wood and paper products as well as leather to entire EU increased faster than on average. It accounted for 5% and 0.4% of overall export to EU markets. As far as the first group is concerned, sales growth reached 11.6% (to nearly EUR 6.5 billion), including sales of the most important products i.e. wood, wood products and charcoal which amounted to 11.5% (to EUR 3 billion, i.e. 2.3% of the share) and sales of paper, cardboard and products made of paper pulp was equal to 7.1% (to EUR 2.6 billion, i.e. 2.1% of share). Surplus in turnover of wood and paper products amounted almost to EUR 1.6 billion in 2014 in comparison to EUR 1.3 billion in 2003.

On the other hand, growth in export of agri-food products and chemical products slowed down in 2014. While in 2013 food products constituted a group of goods with highest growth rate of 15.7%, in the following year their sales grew by 8.7% (to EUR 17.4 billion). This resulted i.a. from the drop in export of preparations of vegetables, fruit, nuts or other parts of plants (by 11.3%, to nearly EUR 0.8 billion), cereals (by 3.8%, to slightly over EUR 0.6 billion) and from slowdown in sales of dairy products, eggs, natural honey and other natural products of animal origin (increase only by 0.1% to nearly EUR 1.5 billion). As far as sales of goods prevailing among agri-food products is concerned, sales of meat and edible offal as well as sales of tobacco and manufactured tobacco substitutes increased relatively fast (by 13%, to EUR 2.9 billion and by 27.7%, to nearly EUR 1.8 billion, respectively). At the same time, these two positions noted the greatest exchange surplus corresponding to a total of 45% of positive balance in exchange of food products.

In the case of chemical products, export increased by 8% in comparison to 10.4% in the previous year. The slowdown was caused by decline in sales of rubber and rubber products (by 0.3%, to EUR 3.2 billion) and relatively slow increase in export of essential oils, resinoids and perfumery preparations (by 5.9%, to nearly EUR 1.5 billion). In contrast, export of pharmaceutical products rose very fast (by 19.1%, to approx. EUR 2 billion). Chemical products are the only group of products involved in trade with EU, in the case of which Poland records a deficit. In 2014, it amounted to EUR 5 billion and it was the most serious in items plastics and plastic articles (EUR 2.4 billion) and pharmaceutical products (nearly EUR 1.6 billion).

Sales of metallurgical products grew in 2014 slower than usual, i.e. by 5.3%. As far as the most important goods in this group are concerned, on one hand fast increase of export of aluminum and aluminum products (by 15.3%, to EUR 1.8 billion) and of cast iron and steel articles (by 11.1%, to nearly

EUR 4.5 billion) was noted, but on the other hand export of copper and copper products and of iron, cast iron and steel (by 10.3%, to EUR 2.3 billion and by 5.4%, to EUR 3.1 billion, respectively). In 2014, positive balance of trade in metallurgical products amounted to EUR 0.8 billion, that is to the level similar to the one noted in the previous year.

Exchange of Poland with EU is intra-industrial, therefore electromechanical products and chemical products are the most important in import from these markets similar to export (nearly EUR 36.6 billion, i.e. 36.8% and EUR 22.9 billion, i.e. 23%, respectively). The following spots are held by metallurgic products (EUR 13.2 billion, 13.2%) and agri-food products (EUR 10.5 billion, i.e. 10.6%).

4.2.2 Non-EU developed markets

Outcomes of trade with non-EU economically developed markets stand in contrast to a relatively fast increase in trade with EU, as the export grew by 2.7% there (to approx. EUR 11 billion), that is over 2.5 times slower than in general scale and at the same time 7.5 slower than in 2013, whereas import declined by 2% (to EUR 11.5 billion), while a year ago it grew by 8.4%.

Clear slowdown in export to these countries recorded in 2014 resulted from its decrease to EFTA countries (by 3.6%, to nearly EUR 4.3 billion), including to Norway by 9.7% to EUR 2.8 billion. In Norwegian market, it stemmed from decline in sales in the most important products in export, i.e. ships, boats and floating structures (21%), vehicles other than railway and their parts and accessories (by 9.2%) as well as boilers, machinery and mechanical appliances and their parts (by 20.8%). On the other hand, among EFTA countries, export i.a. to Switzerland increased relatively fast, i.e. by 9.1%, to EUR 1.4 billion.

Export to other developed markets was definitely better than to EFTA countries (increase by 7.1%, to EUR 6.7 billion). It mainly resulted from dynamic increase in sales of goods to:

- Canada (by nearly 25%, to approx. EUR 950 million), including of electromechanical products (by nearly 20%, to EUR 0.5 billion) and leathers (by 56%, to EUR 240 million) prevailing in export. It is worth to mention that in 2014 Canada received over 25% of overall import of leathers from Poland;
- Australia, i.e. by 24.2%, to approx. EUR 480 million and
- Republic of South Africa, i.e. by 10.8%, to over EUR 510 million.

These results managed to offset the decline in exports to:

- The USA - by 0.5% (to EUR 3.6 billion) which resulted from decline in sales of electromechanical products prevailing in mutual trade (by 2.8%, to approx. EUR 2 billion) and
- Japan - by 3.2%, to approx. EUR 490 million. This was caused by drop in sales of agri-food products (by 65%, to approx. EUR 35 million) and of metallurgical products (by 10.7%, to EUR 57 million) which could not be offset by dynamic increase in export of electromechanical products (by 27%, to approx. EUR 265 million).

Import from the entire group of non-EU developed markets decreased in 2014 by 2% which resulted from its substantial drop from EFTA countries (by 12.5%, to nearly EUR 3.8 billion), since import from remaining developed markets increased by 4%, to EUR 7.8 billion.

Trade with the entire group of developed (non-EU) countries noted in 2014 translated into reduction of deficit noted in 2013 by EUR 525 million, to approx. EUR 545 million. It involved on one hand increase of surplus in exchange with EFTA countries by EUR 380 million (to approx. EUR 495 million) and on the other decrease of negative balance of turnover with other developed countries (by EUR 145 million, to EUR 1,040 million).

As far as the most important countries from the group comprising non-EU developed markets, the most substantial improvement of balance was noted in exchange with:
- Norway, where definitely greater decline in import (by 21.2%) than in export resulted in increase of surplus by EUR 325 million, to EUR 470 million;
- Canada, where due to dynamic export growth and slow rise in import (by 2.7%), positive balance increased by EUR 180 million, to EUR 640 million;
- The United States, where larger decline in import (1.7%) than in export (by 0.5%) was noted which resulted in reduction of deficit by EUR 55 million, to EUR 475 million.

Therefore, it was possible to offset for deterioration of exchange i.a. with Japan, where decline in export by 3.2% and fast increase in import resulted in growth of negative balance by EUR 0.3 billion, to over EUR 1.9 billion.

4.2.3 Commonwealth of Independent States

Unfavourable results in turnover with CIS were recorded in 2014. After increase in export to these countries in 2013 by 7.7%, the following year brought its drop by 16.8%, to nearly EUR 12.8 billion. Consequently, contribution of CIS in overall export from Poland decreased in 2014 by over 2 p.p. to 7.7%. Import from this region declined over 5 times slower in 2014 than export, i.e. by 3.2% (to EUR 21.2 billion) which translated into increase in already substantial deficit in exchange by nearly EUR 1.9 billion to EUR 8.4 billion.

Among CIS markets, there has been a decline in export to seven of them, including to our major trade partners from this region, i.e. Russia by 14% (to EUR 7 billion), Ukraine by 27% (to EUR 3.1 billion) and Belarus by 12% (to EUR 1.6 billion).

As far as export to Russia is concerned, decline occurred in all commodity groups (apart from insignificant leathers), including agri-food products (by 30%, i.e. by nearly EUR 0.4 billion) and electromechanical products (by approx. 15%, i.e. by nearly EUR 0.5 billion).

As far as Ukraine is concerned, there has been a collapse of export of: vehicles other than railway, their parts and accessories (by over a half); machinery, electrical equipment and their parts (by approx. 30%); various industrial products (by approx. 30%); boilers, machinery and mechanical appliances and their parts (by 24%).

In turn, decrease in import from these markets was caused by drop in import from Russia (by 8.7%, to EUR 17.4 billion), because there was an increase import from other CIS countries, including from Belarus by 8.1% and from Ukraine by 1.6%.

Decline in import from Russia resulted from drop by over 9% in import of mineral products. One should also not forget that import of these products is generated by necessary import of energy raw materials and as volume of their import has been relatively stable for years, its scale in terms of value depends directly on global prices which dropped sharply in 2014 to the lowest level since 2010. In 2014, the average monthly price of crude oil amounted USD 99 per barrel, i.e. it decreased by approx. 9% in relation to 2013.

The deterioration of the balance of trade with the CIS (by almost EUR 1.9 billion) resulted from unfavourable changes in the trade balance i.a. with:

– Ukraine, where surplus decreased by approx. EUR 1.2 billion, to EUR 1.4 billion;
– Kazakhstan, where small surplus present in the previous year turned into a deficit of EUR 860 million in 2014 and
– Belarus, whose positive balance was reduced by EUR 265 million, to EUR 970 million.

In contrast, in 2014 balance of trade with Russia improved as deficit present in the previous year was reduced by approx. EUR 515 million, to approx. EUR 10.4 billion. It resulted from reduction of negative balance for mineral products (by nearly EUR 1.3 billion) which managed to offset for worse balance of exchange with electromechanical products (by EUR 515 million) and agri-food products (by approx. EUR 450 million).

Changes in balance in turnover with the most important CIS countries recorded in 2014 resulted on one side in 4th spot of Russia (behind Germany, Czech Republic and Spain) among countries with the greatest improvement of balance recorded by Poland and on the other hand in 2nd and 3rd spots of Ukraine and Kazakhstan, respectively (right behind China) on the list of countries whose balance deteriorated the most.

4.2.4 Other developing countries (except for CIS)

Export to other developing (non-CIS) countries increased in 2014 faster than in general scale, i.e. by 7.5%, to EUR 13.6 billion. However, the growth was two times slower than in the previous year. On the other hand, already large import from these countries significantly increased, i.e. by 15% (to nearly EUR 36.3 billion) in comparison to growth by 6.1% in 2013. As a result, negative balance of exchange with these markets grew by EUR 3.8 billion to approx. EUR 22.6 billion.

As far as trade in goods with this group of markets is concerned, the most important are electromechanical products which, in 2014, accounted for 51% of overall export to these markets and 52.2% of import. Export of these products to less developed non-CIS markets increased in 2014 by 6.1% which resulted from slow growth in sales of boilers, machinery and mechanical appliances (by 2.7%) and decline in export of ships, boats and floating structures (by 1.1%) and of vehicles other than railway and their parts and accessories (by 1.7%). On the other hand, export of machinery, electrical equipment and their parts increased quickly (by 17%). Import of electromechanical products increased faster than export (i.e. by 9.9%). It was also incomparably higher in value terms (nearly EUR 18.9 billion). This resulted in increase of negative balance of trade in electromechanical products by EUR 1.3 billion, to nearly EUR 12 billion.

Agri-food products were second exported products in 2014 (15.1% of share) which means that they moved by two positions upwards in relation to 2013. Increased meaning of food products resulted from dynamic growth of their sales (by 38.2%, to nearly EUR 2.1 billion), including products prevailing in export such as dairy products, eggs, natural honey, other edible products of animal origin and cereals which export was almost two times higher.

Important role in export to less developed non-CIS markets is played by chemical products (11.9%) and metallurgical products (10.7%) which sales in 2014 increased by 1.9% (to EUR 1.6 billion) and decreased by 4.3% (to nearly EUR 1.5 billion), respectively. The most significant products in the first group included: rubber and rubber products (2.7% of share), plastics and plastic products (2%) and essential oils, resinoids, perfumery, cosmetic and toilet preparations (1.9%). On the other hand, copper and copper products were prevailing in export of metallurgic products (5.2% of share).

Apart from electromechanical products, import of light industry products (14.2%), chemical products (9.4%) and agri-food products (7.9%) played substantial role in import from these countries.

In geographical structure of Polish export to less developed non-CIS countries, the most important ones include Turkey and China, who in 2014 received in total 30% (i.e. EUR 4 billion) of overall export to these markets. In turn, the most commodities from this region came from China (nearly 50%) and Korea (9%) with which Poland generates also the largest deficit in turnover.

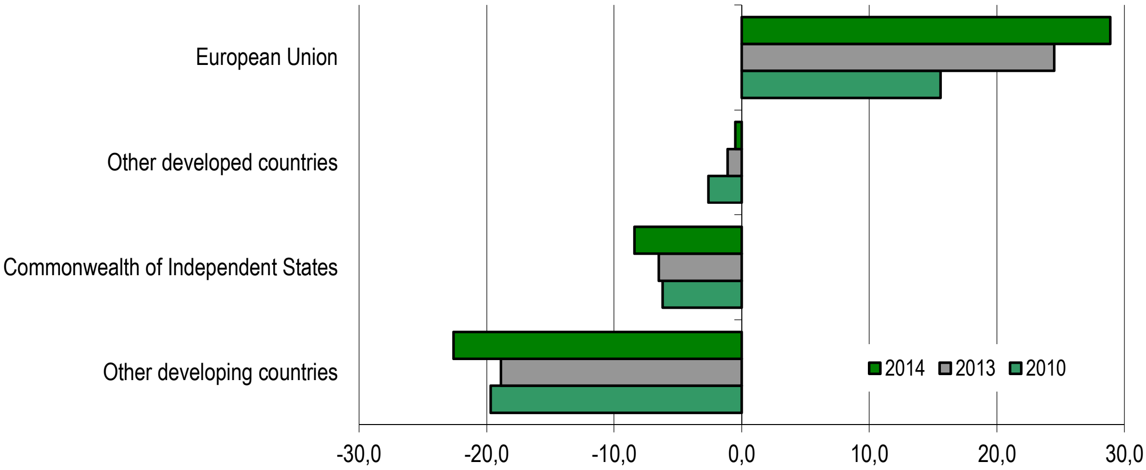
In 2014, balance of trade with less developed non-CIS countries deteriorated by EUR 3.8 billion which resulted from unfavourable changes in exchange i.a. with:

- China, where dynamic acceleration of substantial import (by 20.1%, to nearly EUR 17.6 billion) with much smaller growth in export (by 5.6%, to approx. EUR 1.7 billion) resulted in increase in negative exchange balance by EUR 2.8 billion, to EUR 15.9 billion;
- The Republic of Korea, where substantial decrease in export (by 30%, to approx. EUR 380 million) and rise in import by 4.1% (to nearly EUR 3.3 billion) were recorded which in turn resulted in increase in deficit by EUR 0.3 billion, to EUR 2.9 billion;
- Brazil, where due to drop in export (by 9.5%, to EUR 395 million) and with simultaneous dynamic increase in import (by 24.6%, to EUR 865 million), deficit in exchange grew by approx. EUR 215 million, to EUR 470 million;
- Turkey, from which import increased by 10.9% (to EUR 2 billion) and export rose only by 1.9% (to EUR 2.3 billion) and consequently positive balance declined by EUR 155 million, to approx. EUR 320 million;
- India, where export increased by 11.7% (to approx. EUR 415 million) and import went up by 16.2% (to nearly EUR 1.3 billion), whereas deficit in exchange grew by approx. EUR 135 million, to EUR 870 million.

The above-mentioned negative changes were not offset by improved balance of exchange with the following countries:

- The United Arab Emirates, where due to larger increase of export (by 48%, to approx. EUR 840 million) than of import (by 42.3%, to approx. EUR 120 million), the surplus rose by approx. EUR 235 million, to EUR 720 million;
- Algeria, where due to dynamic increase in export (nearly 2-fold, to approx. EUR 0.5 billion) and definitely slower increase in import (by 22%, to approx. EUR 43 million), the positive balance rose by approx. EUR 235 million, to approx. EUR 460 million;
- Saudi Arabia, where the sales increased by 36.5% (to approx. EUR 520 million) and import sharply dropped (by approx. 40%, to approx. EUR 45 million), which resulted in increase in surplus by EUR 170 million, to approx. EUR 475 million and
- Singapore, where increase in export by approx. 12.1% (to approx. EUR 620 million) and decrease in import by 3.9% (to EUR 685 million) resulted in reduction of deficit by EUR 95 million, to EUR 63 million.

Chart 6 Geographic structure of the balance of Polish foreign trade in goods in 2014, compared to 2013 and 2010 (in EUR billion)



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

5 CHANGES IN THE COMMODITY STRUCTURE OF TRADE IN GOODS

In 2014, export of the following commodity groups increased faster than average:
- light industry products - by 12.9% (to EUR 6.3 billion);
- wood and paper products - by 8.7% (to EUR 7.7 billion);
- electromechanical products prevailing in Polish turnover - by 8% (to EUR 65.8 billion),
- agri-food products - by 7.1% (to EUR 21.9 billion),

as well as less significant leathers (0.6% share in export) - by 23.9% (to EUR 915 million).

High growth in export of **light industry products** (constituting 3.8% of overall export) was due to a large extent, to high growth in export of *apparel and clothing accessories* (by 15.6%, to EUR 3.4 billion). Definitely faster growth in import of light industry products (by 18.6%, to nearly EUR 9.1 billion) resulted in an increase of the deficit in trade with this group by EUR 0.7 billion, to EUR 2.7 billion.

Export of **wood and paper products** (accounting for 4.7% of overall export) reached EUR 7.7 billion. In this group of products, export of *wood and wood products, charcoal* rapidly increased by 9.8%, to EUR 3.4 billion (i.e. 2.1% of overall export from Poland). Import of wood and paper products increased, in turn, by 9.7%, to EUR 5.8 billion which constituted 3.5% of overall import. It resulted in slight increase of surplus in turnover in this group to approx. EUR 1.9 billion.

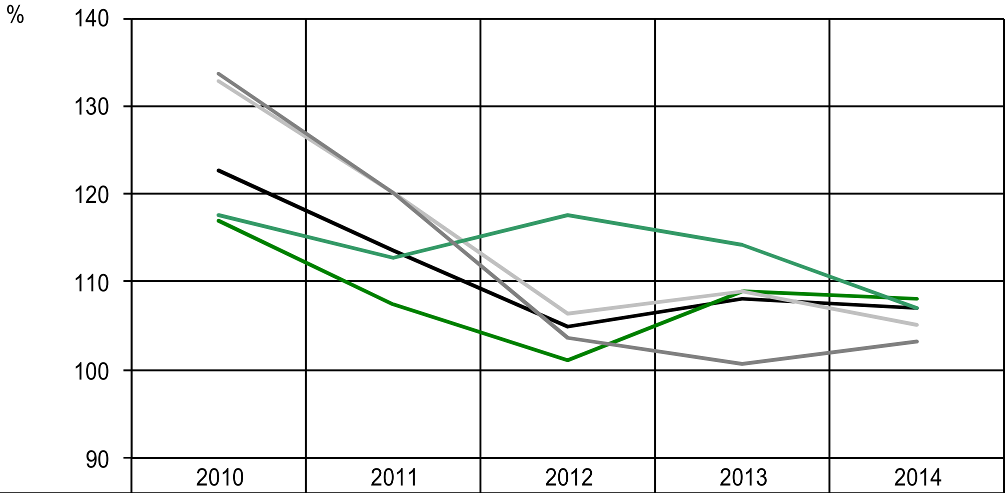
The most substantial contribution in Polish commodity turnover with foreign countries, both in terms of export and import, is made by **electromechanical products**. In 2014, they constituted 39.7% of export and 36.7% in import. Export of these products increased by 8% (to EUR 65.8 billion), including *machinery, electrical equipment and their parts,* the most significant in terms of sales,by 16% (to EUR 19.8 billion) and *boilers, machinery, mechanical appliances and their parts* by 8.3% (to EUR 21.1 billion). In contrast, export of *vehicles, their parts and accessories* slowed down (increase by 2.6%, to EUR 17.1 billion).

At that time, import of electromechanical products increased by 9.4%, reaching the level of approx. EUR 61.9 billion. Similar to export, the most significant products in this group of commodities include *boilers, machinery, mechanical appliances and their parts, electrical equipment and their parts* as well as *vehicles, their parts and accessories* which import increased by: 9.3% (to EUR 20.9 billion), 13% (to EUR 19.4 billion) and 9% (to EUR 13.4 billion), respectively.

Results obtained in trade in electromechanical products translated into a decrease of positive balance of turnover by EUR 0.45 billion, to approx. EUR 3.9 billion. In this group of products, the most substantial surplus was generated by *vehicles and their accessories* (EUR 3.6 billion) and *ships, boats and floating structures* (EUR 1.2 billion) which managed to even more than compensate for large deficit in item *instruments, tools, optical and medical cameras, and their parts* (EUR 1.5 billion).

EU countries receive nearly 3/4 of export of electromechanical products from Poland (i.e. EUR 48.8 billion). Sales of this commodity group to other aggregation of markets was as follows: non-EU developed ones - 8.6%, CIS - 6.7%, other developing markets - 10.6%. Import of these products was shaped differently in terms of geographical structure. EU countries accounted for 59% of import of these goods (EUR 36.6 billion), non-EU developed for 9.7%, whereas non-CIS developing countries provided 31% of import of electromechanical products to Poland (i.e. EUR 18.9 billion). This had effect on the balance structure, as positive trade balance with EU (EUR 12.3 billion) and CIS countries (over EUR 4 billion) with surplus compensated for high deficit recorded in trade with other developing countries (nearly EUR 12 billion).

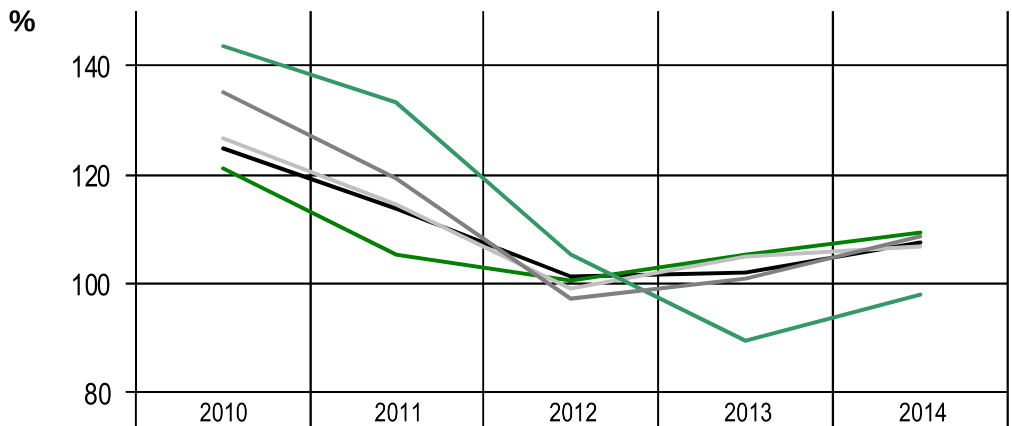
Chart 7 Changes in Polish exports of main commodity groups in the years 2010-2014 (in EUR, previous year=100)



	2010	2011	2012	2013	2014
Total	122.60	113.60	104.90	108.00	107.00
electromechanical	117.00	107.50	101.10	108.90	108.00
chemical	132.80	120.20	106.30	109.00	105.10
agricultural	117.50	112.70	117.50	114.20	107.10
metallurgical	133.70	120.20	103.60	100.80	103.30

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

Chart 8 Changes in Polish imports of main commodity groups in the years 2010-2014 (in EUR, previous year=100)



	2010	2011	2012	2013	2014
Total	124.79	113.70	101.00	101.90	107.30
electromechanical	121.03	105.10	100.40	105.40	109.40
chemical	126.67	114.60	98.80	104.70	106.90
mineral	143.75	133.30	105.10	89.50	97.90
metallurgical	135.07	119.30	97.30	100.70	108.70

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

Export of agri-food products increased slightly faster than on average, i.e. by 7.1% (to EUR 21.9 billion). As far as foodstuffs are concerned, the highest growth was obtained in export of prepared foodstuffs, i.e. by 10.4%, to over EUR 10 billion constituting 6.1% of overall export from Poland. Among them, the most crucial role was played by export of:

- *tobacco and manufactured tobacco substitutes* which increased by 27% (to over EUR 1.9 billion) and their contribution in overall export constituted 1.2%;
- *preparations of cereals, flour or milk* which increased by 23.1%, to EUR 1.4 billion (i.e. 0.9% of overall export).

Export of products of animal origin and of plant origin also increased slower than usually (by 4.8%, to nearly EUR 7 billion and by 4%, to approx. EUR 4.3 billion, respectively) which share in overall export from Poland amounted to 4.2% and 2.6%, respectively.

In the first group, the largest share is attributable to the export of *meat and edible offal*, which exports increased by 1.1% to EUR 3.4 billion and of *dairy, bird eggs, natural honey, etc.* which rose by 10.3% to nearly EUR 2.1 billion.

In turn, as far as products of animal origin are concerned, export of *coffee, tea, spices* increased the fastest by 36.9% (to EUR 580 million) and of *cereals* by 21.9% to over EUR 1 billion. Significant part also falls on the export of *fruits* (over EUR 1 billion) and *vegetables* (EUR 942 million), but in 2014 there was a decrease of: 9.9% and 1.1%.

In geographical terms, growth in export of agri-food products obtained in 2014 (by EUR 1.4 billion) resulted mainly from increase of their sales to: France (by approx. EUR 300 million), Germany (by EUR 245 million), Italy (by EUR 156 million), United Kingdom (by EUR 147 million), Algeria (by EUR 134 million), Czech Republic (by EUR 122 million) and Saudi Arabia (by EUR 112 million).

In contrast, the greatest declines in export of food products were recorded to Russian market (by 30%, i.e. by approx. EUR 380 million) and Ukraine (by 21.8%, i.e. by approx. EUR 100 million). At the same time, it translated into drop of Russia on the list of our most important recipients of agri-food products. While in 2013 Russia was on 3rd place (right behind Germany and United Kingdom), with share of 6.2%, in 2014 it moved to 7th place with share of 4%.

A clear decline in sales of food products to the Russian market was the result of a significant decrease in export of the products covered by the embargo (by nearly 47%, i.e. by approx. EUR 0.4 billion).

It should be noted that in the case of goods covered by embargo unimplemented export to Russia was, even with surplus, compensated on other markets, including EU ones and African and Asian ones which have not been so far so used and recognised.

It was possible to transfer export of i.a. the following food products covered by the embargo:

- *selected vegetables, fresh or chilled* (their sales has dynamically increased i.a. to Germany, Belarus and Italy);
- *frozen meat of bovine animals* (i.a. to France, Germany, Hong Kong, Italy and Bulgaria);
- *condensed milk and cream* (i.a. to Algeria, China, Italy, Cuba, Nigeria and Mexico) and
- *meat and edible poultry offal* (i.a. to Germany, United Kingdom, Czech Republic, France, the Netherlands, Benin and Belgium).

This, however, does not change the fact that several groups of agri-food products, in particular of fruits and vegetables, for which Russia is a leading foreign recipient, were severely affected by Russian embargo which resulted in lower incomes of Polish producers and exporters who in relatively short time could not efficiently reallocate their export.

The list of goods which export could not possible be redirected to other markets includes primarily **apples.** In entire year 2014, export of Polish applied to Russian market decreased by as much as approx. 46%. Despite acceleration of their sales i.a. to Belarus, Kazakhstan and Romania, their export decreased by approx. 22% on general scale.

Recorded increase in import of agri-food products amounted to 5.7% (to EUR 15.1 billion). It was thus slower than in their export which allowed to increase surplus in turnover of food products by over EUR 0.6 billion, to EUR 6.7 billion. It mainly resulted from an increase in surplus in exchange of *finished food products* - by EUR 0.5 billion, to EUR 3.9 billion.

Export of the second group in terms of value in Polish turnover - **chemical products** - increased slower than in general scale, i.e. by 5.1%, to EUR 23 billion (which constituted 13.9% of overall Polish export in 2014). Export of *plastics and plastic articles* rose slightly faster than on average, i.e. by 5.5%, to approx. EUR 7.5 billion. However, relatively slow increase in export of this group was mainly the result of slowing sales growth of *essential oils, resinoids and perfumery, cosmetic and toilet preparations* (by 3.7%, to EUR 2.2 billion) and of decline in export of *rubber and rubber products* (by 1.5%, to EUR 3.9 billion) and *organic chemicals* (by 3%, to approx. EUR 1.3 billion).

As far as import of chemicals is concerned, a decline by 6.9% (to EUR 29.6 billion) was recorded. The largest part of export was constituted by *plastics and plastic articles* and *pharmaceutical products* which import increased by 8.8% (to over EUR 10 billion) and 4% (to approx. EUR 4.5 billion) respectively and their share in import in total amounted to 6% and 2.7%, respectively.

The deficit in trade in the group of chemical products was increased by EUR 0.8 billion, to the level of EUR 6.5 billion. To the greatest extent, this contributed to deterioration of the balance in the following positions:

– *plastics and plastic articles* where deficit increased by over EUR 0.4 billion, to EUR 2.5 billion;
– *organic chemicals* - deficit increased by approx. EUR 0.4 million, to over EUR 1.9 billion.

Balance in position *pharmaceutical products* improved - deficit was reduced by EUR 0.2 billion, to EUR 1.7 billion.

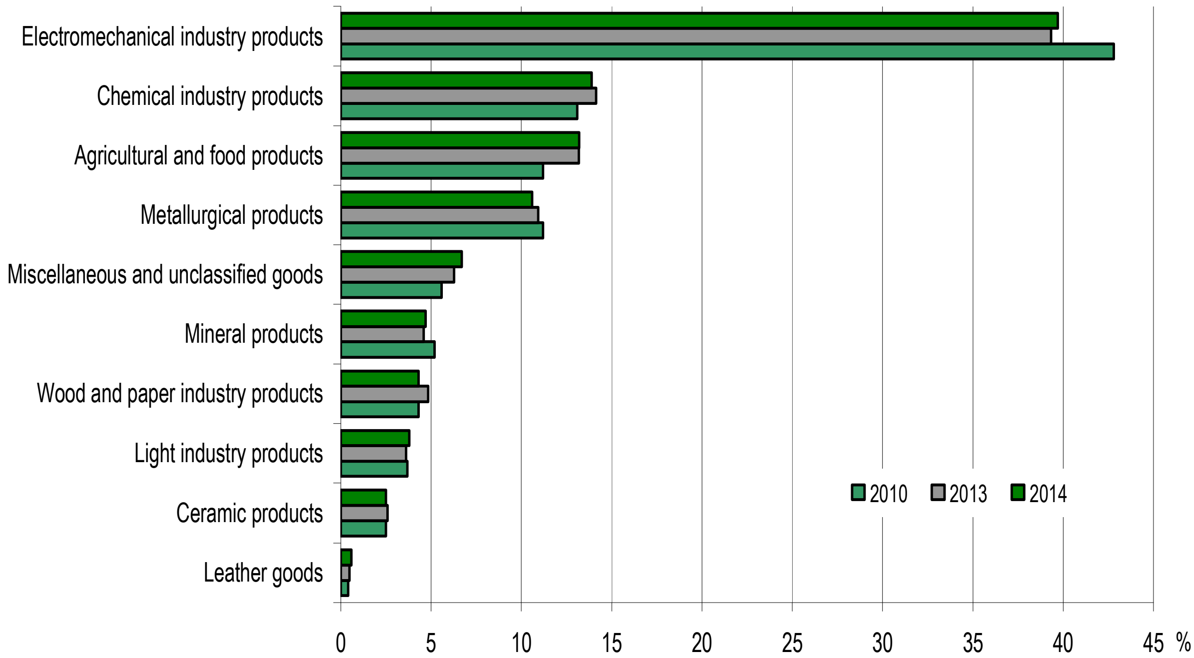
In the case of **ceramic products** (constituting 2.5% of overall export), there was an increase in export of 4.6% (to EUR 4.2 billion) and in import by 9.9% (to EUR 2.2 billion). The surplus in exchange amounted to approx. EUR 2 billion, i.e. to the level similar to the one achieved in the previous year.

The export of **metallurgical products** accounting for 10.6% of Polish export reached the level of EUR 17.5 billion and was 3.3% higher in comparison to the previous year. In the case of *cast iron and steel articles* and *aluminum and aluminum products* which play the greatest role in this group, there was an increase of 8.8% (to EUR 5.6 billion) and of 11.8% (to EUR 2.1 billion), respectively. In contrast, export of other two significant goods from this group, i.e. *iron, cast iron and steel* (by 5.5%, to EUR 3.5 billion) and *copper and copper products* (by 9.8%, to EUR 3.1 billion), declined.

Import of metallurgical products increased 2.5 times faster than export, i.e. by 8.7%, to EUR 17.7 billion, which caused deterioration of turnover balance - surplus of approx. EUR 650 million recorded in 2013 was turned into deficit of approx. EUR 190 million.

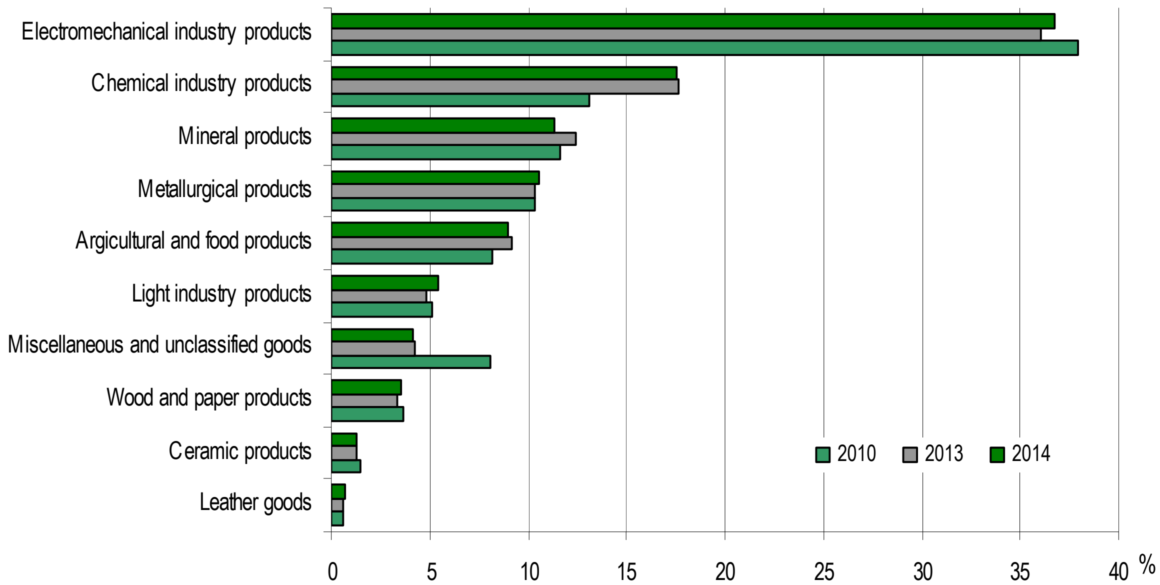
In 2014, only one out of ten conventionally aggregated commodity groups which export declined was **mineral products** (accounting for 4.3% of overall export) - by 5.1%, to EUR 7.1 billion. The decrease in this group was slightly smaller - it amounted 2.1% (to EUR 19.1 billion), whereas substantial deficit in exchange remained at the level similar to the one recorded in 2013 (EUR 11.9 billion).

Chart 9 Commodity structure of Polish exports in 2014, compared to 2013 and 2010 (in %)



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

Chart 10 Commodity structure of Polish imports in 2014, compared to 2013 and 2010 (in %)

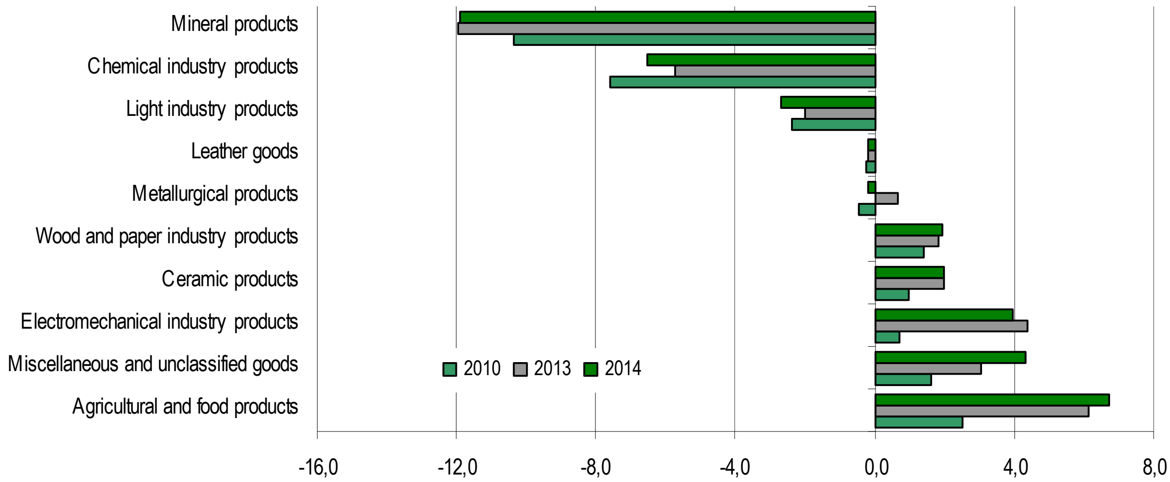


Source: Strategy and Analyses Department of the Ministry of Economy on the basis of CSO data.

Leading **commodity items** prevailing in Polish export (aggregated at the level of 4-digit CN codes) included for another year *car parts and accessories* and *passenger cars*, which in total accounted for nearly 8% of overall export. Similar to the previous year, sales of the first group increased faster than on average, i.e. by 9.8% (to nearly EUR 8 billion), whereas of the latter one decreased, i.e. by 4.7%, to nearly EUR 5 billion.

In 2014, the list of commodity items which export value was higher than EUR 1 billion expanded to 27 items in comparison to 23 ones in 2013. Apart from *passenger cars and their parts and accessories,* this group included also i.a. *furniture, reception apparatus for television, machines and automatic data processing machines, apparatus for line telephony or line telegraphy, various boats, drugs, motors, tobacco products, freight transport vehicles, meat and poultry offal* and some *mineral products*.

Chart 11 Commodity structure of Polish foreign trade balance in 2014, compared to 2013 and 2010 (in EUR billion)



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

Table 16 Commodity structure of Polish trade during 2013-2014 and its impact on the trade balance (in EUR million)

		2014			2013			Changes 2014/2013		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
I	Live animals	6,960	4,533	2,427	6,643	4,312	2,331	317	-221	96
II	Plant products	4,298	3,732	566	4,135	3,566	569	163	-166	-3
III	Fats, oils	579	753	-174	560	766	-206	19	13	32
IV	Prepared foodstuffs	10,039	6,117	3,922	9,090	5,668	3,421	949	-449	501
(I-IV)	Agricultural and food products	21,877	15,134	6,743	20,427	14,313	6,114	1,450	-821	629
V	Mineral products	7,129	19,056	-11,927	7,515	19,463	-11,949	-386	407	22
VI	Products of the chemical industry	11,569	16,664	-5,095	10,779	15,549	-4,771	790	-1,115	-324
VII	Plastics	11,454	12,888	-1,434	11,123	12,094	-970	331	-794	-464
(VI-VII)	Products of the chemical industry	23,023	29,552	-6,529	21,902	27,643	-5,741	1,121	-1,909	-788
VIII	Leathers and leather products	914	1,117	-203	738	942	-205	176	-175	2
IX	Wood and wood products	3,442	1,361	2,081	3,138	1,139	2,000	304	-222	81
X	Wood pulp	4,294	4,457	-163	3,976	4,165	-188	318	-292	25
(IX-X)	Wood and paper industry products	7,736	5,818	1,918	7,115	5,303	1,812	621	-515	106
XI	Textiles and textile products	5,430	7,728	-2,298	4,777	6,537	-1,761	653	-1,191	-537
XII	Footwear, headgear	902	1,324	-422	833	1,095	-263	69	-229	-159
(XI-XII)	Light industry products	6,332	9,052	-2,720	5,609	7,633	-2,023	723	-1,419	-697
XIII	Products of stone, gypsum, cement …	3,205	1,884	1,321	2,943	1,696	1,247	262	-188	74
XIV	Pearls, metals and stones	1,006	349	657	1,084	335	749	-78	-14	-92
(XIII-XIV)	Ceramic products	4,211	2,233	1,978	4,027	2,031	1,996	184	-202	-18
XV	Products of non-precious metals	17,509	17,700	-191	16,941	16,290	651	568	-1,410	-842
XVI	Mechanical and electrical equipment	40,907	40,377	530	36,574	36,360	214	4,333	-4,017	316
XVII	Vehicles	22,818	17,748	5,070	22,567	16,845	5,722	251	-903	-652
XVIII	Optical devices and apparatuses, etc.	2,089	3,752	-1,663	1,818	3,365	-1,546	271	-387	-117
(XVI-XVIII)	Products of the electromechanical industry	65,813	61,876	3,937	60,959	56,570	4,389	4,854	-5,306	-452
XIX	Weapons and ammunition	51	96	-45	32	84	-52	19	-12	7
XX	Various products	11,045	3,763	7,282	9,534	2,872	6,663	1,511	-891	619
XXI	Works of art	17	20	-3	13	18	-5	4	-2	2
(XIX-XXI)	Miscellaneous	11,113	3,879	7,234	9,579	2,974	6,605	1,534	-905	629
XXII	Other	118	3,012	-2,894	183	3,804	-3,621	-65	792	727
	TOTAL	165,774	168,432	-2,659	154,994	156,978	-1,984	10,780	-11,454	-675

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

Table 17 Changes in Polish foreign trade per commodity groups, sections and subsections as well as their impact on the trade balance (in EUR million)

	Group/section/subsection	2014 Exports	2014 Imports	2014 Balance	2013 Exports	2013 Imports	2013 Balance	Change 2014/2013 Exports growth (+) decline (-)	Change 2014/2013 Imports growth (-) decline (+)	Change 2014/2013 Balance impr. (+) wors. (-)
	Total	165,774	168,432	-2,659	154,994	156,978	-1,984	10,780	-11,454	-675
I	**LIVE ANIMALS, ANIMAL PRODUCTS**	**6,960**	**4,533**	**2,427**	**6,643**	**4,312**	**2,331**	**317**	**-221**	**96**
1	Live animals	165	635	-469	187	610	-423	-22	-25	-47
2	Meat and edible variety meats	3,402	1,405	1,997	3,366	1,429	1,937	36	24	60
3	Fish and crustaceans, mollusks and other water invertebrates	1,080	1,468	-389	968	1,342	-374	112	-126	-14
4	Dairy products, eggs, natural honey	2,099	823	1,275	1,903	728	1,175	196	-95	101
5	Animal products n.e.c.	214	202	12	219	203	16	-5	1	-4
II	**PLANT PRODUCTS**	**4,298**	**3,732**	**566**	**4,135**	**3,566**	**569**	**163**	**-166**	**-3**
6	Live trees and other plants; bulbs …	128	276	-149	141	257	-116	-13	-19	-32
7	Vegetables, certain edible roots and bulbs	942	615	327	952	571	381	-10	-44	-54
8	Fruit and edible nuts, zests and skins of citrus fruits or melons	1,045	1,258	-213	1,161	1,176	-15	-116	-82	-198
9	Coffee, tea, Paraguay tea and spices	579	483	96	423	491	-68	156	8	164
10	Cereals	1,025	357	669	841	338	503	184	-19	165
11	Products of the milling industry; malt; starch; inulin; wheat gluten	160	165	-5	175	171	4	-15	6	-7
12	Seeds of oil-bearing fruit ..	404	393	11	426	398	28	-22	5	-17
13	Shellac; rubbers; resins and other plant juices and extracts	11	86	-74	13	83	-70	-2	-3	-5
14	Plant materials for weaving …	3	99	-96	3	80	-77	0	-19	-19
III	**PLANT AND ANIMAL FATS AND OILS; PRODUCTS OF THEIR PROCESSING**	**579**	**753**	**-174**	**560**	**766**	**-206**	**19**	**13**	**32**

	Group/section/subsection	2014 Exports	2014 Imports	2014 Balance	2013 Exports	2013 Imports	2013 Balance	Changes 2014/2013 Exports growth (+) decline (-)	Changes 2014/2013 Imports growth (-) decline (+)	Changes 2014/2013 Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-11,454**	**-675**
15	Animal fats and oils ...	579	753	-174	560	766	-206	19	13	32
IV	PREPARED FOODSTUFFS; NON-ALCOHOLIC AND ALCOHOLIC BEVERAGES , VINEGAR; TOBACCO	**10,039**	**6,117**	**3,922**	**9,090**	**5,668**	**3,421**	**949**	**-448**	**501**
16	Processed meat, fish, crustaceans, mollusks and other water invertebrates	1,093	215	878	1,059	226	833	34	11	45
17	Sugar and sugar products	549	392	157	591	405	186	-42	13	-28
18	Cocoa and cocoa products	1,240	819	421	1,130	692	438	110	-127	-17
19	Products of cereals, flour, starch or milk; confectionery products	1,424	606	818	1,157	586	570	267	-20	247
20	Processed vegetables, fruit, nuts or other plant parts	1,029	598	431	1,106	579	527	-77	-19	-98
21	Various prepared foodstuffs	1,399	828	571	1,291	781	510	108	-47	61
22	Non-alcoholic and alcoholic beverages , vinegar	654	607	47	562	610	-48	91	3	94
23	Remains and waste of the food industry; ready fodder for animals	703	1,483	-780	661	1,315	-654	42	-168	-126
24	Tobacco and processed tobacco substitutes	1,948	569	1,379	1,534	475	1,059	414	-94	320
(I-IV)	Agricultural and food products	**21,876**	**15,134**	**6,742**	**20,427**	**14,313**	**6,114**	**1,449**	**-821**	**628**
V	MINERAL PRODUCTS	**7,129**	**19,056**	**-11,927**	**7,515**	**19,463**	**-11,948**	-386	407	21
25	Salt; sulfur; soil and stones; gypsum materials; lime and cement	235	541	-306	237	513	-276	**-2**	**-27**	**-29**
26	Metal ores; slag and ash	81	857	-776	45	850	-804	36	-7	29
27	Mineral fuels, mineral oils and products of their distillation; bitumen substances; mineral waxes	6,812	17,658	-10,845	7,232	18,100	-10,868	-420	442	22
(V)	Mineral products	**7,129**	**19,056**	**-11,927**	**7,515**	**19,463**	**-11,949**	**-386**	**407**	**21**

	Group/section/subsection	2014			2013			Changes 2014/2013		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-11,454**	**-675**
VI	**PRODUCTS OF THE CHEMICAL INDUSTRY AND RELATED INDUSTRIES**	**11,569**	**16,664**	**-5,095**	**10,779**	**15,549**	**-4,771**	**790**	**-1,115**	**-325**
28	Inorganic chemicals; organic or inorganic compounds of precious metals …	750	1,055	-305	757	1,006	-249	-7	-49	-56
29	Organic chemicals	1,318	3,266	-1,948	1,358	2,893	-1,534	-40	-373	-414
30	Pharmaceutical products	2,742	4,464	-1,722	2,374	4,292	-1,918	368	-172	198
31	Fertilizers	636	700	-64	589	687	-98	47	-13	34
32	Tanning agents, dyes, pigments, paints, lacquers, putty, sealants, inks ..	760	1,386	-626	708	1,325	-617	52	-61	-9
33	Essential oils, resinoids; perfumes, cosmetics and toiletries	2,244	1,650	594	2,163	1,578	585	81	-72	9
34	Soaps and laundry products …	1,556	912	644	1,444	838	607	112	-74	38
35	Protein substances; modified starches; glues, enzymes …	180	544	-366	185	522	-337	-5	-22	-27
36	Explosives; pyrotechnical and flammable materials; matches …	47	45	2	40	33	7	7	12	-5
37	Photographic and cinematographic materials	24	107	-83	27	102	-75	-2	-5	-7
38	Various chemical products	1,311	2,534	-1,223	1,134	2,273	-1,139	177	-261	-84
VII	**PLASTICS AND PLASTIC PRODUCTS CAUTCHOUC AND CAUTCHOUC PRODUCTS**	**11,454**	**12,888**	**-1,434**	**11,123**	**12,094**	**-970**	**331**	**-794**	**-463**
39	Plastics and plastic products	7,515	10,017	-2,502	7,124	9,203	-2,079	391	-814	-423
40	Cautchouc and cautchouc products	3,939	2,871	1,068	4,000	2,891	1,109	-61	20	-41
(VI-VII)	**Products of the chemical industry**	**23,023**	**29,552**	**-6,529**	**21,902**	**27,643**	**-5,741**	**1,121**	**-1,909**	**-788**
VIII	**LEATHERS AND LEATHER PRODUCTS**	**914**	**1,117**	**-203**	**738**	**942**	**-205**	**176**	**-175**	**1**
41	Untanned leathers (with the exception of furs), and tanned leathers	226	498	-272	227	443	-216	-1	-55	-56
42	Leather products …	285	546	-261	224	440	-216	**61**	**-106**	**-45**

	Group/section/subsection	2014 Exports	2014 Imports	2014 Balance	2013 Exports	2013 Imports	2013 Balance	Changes 2014/2013 Exports growth (+) decline (-)	Changes 2014/2013 Imports growth (-) decline (+)	Changes 2014/2013 Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-11,454**	**-675**
43	Furs and artificial furs, and their products	402	72	330	286	60	226	118	-12	106
(VIII)	**Leathers and leather goods**	**914**	**1,117**	**-202**	**738**	**942**	**-206**	**177**	**-175**	**1**
IX	WOOD AND WOOD PRODUCTS	3,441	1,361	2,080	3,138	1,139	1,999	303	-222	81
44	Wood and wood products; charcoal	3,408	1,331	2,077	3,103	1,111	1,992	305	-220	85
45	Cork and cork products	5	9	-4	6	9	-3	-1	0	-1
46	Goods made of straw, esparto etc.; basketry products and wicker goods	28	22	6	30	19	11	-2	-3	-5
X	WOOD PULP OR PULP OF OTHER FIBROUS PLANTS	4,294	4,457	-163	3,976	4,165	-189	318	-292	26
47	Wood pulp	178	528	-350	128	494	-366	50	-34	16
48	Paper, cardboard, products of paper mass, paper and cardboard	3,306	3,643	-337	3,166	3,441	-275	140	-202	-62
49	Books, newspapers, pictures, manuscripts …	810	286	524	682	230	452	128	-56	72
(IX-X)	**Products of the wood and paper industry**	**7,736**	**5,818**	**1,918**	**7,115**	**5,303**	**1,812**	**621**	**-515**	**106**
XI	**TEXTILES AND TEXTILE PRODUCTS**	**5,430**	**7,728**	**-2,298**	**4,777**	**6,537**	**-1,760**	**653**	**-1,191**	**-538**
50	Silk	1	9	-8	1	8	-7	0	-1	-1
51	Wool, thin or thick animal hair …	99	151	-52	97	147	-50	2	-4	-2
52	Cotton	40	383	-343	42	374	-332	-2	-9	-11
53	Other plant textile products	30	29	1	22	24	-2	8	-5	3
54	Continuous chemical fibers	174	590	-416	168	541	-373	6	-49	-43
55	Cut chemical fibers	80	458	-378	72	419	-347	8	-39	-31
56	Cotton wool, felt and unwoven fabrics; special fibers...	270	496	-226	240	472	-232	30	-24	6
57	Carpets and other textile floor carpeting	220	213	7	186	192	-6	34	-21	13
58	Special textiles, notions, embroidery …	43	185	-142	46	175	-129	-3	-10	-13
59	Impregnated fabrics …	238	480	-242	218	455	-237	20	-25	-5
60	Knitted fabrics	92	201	-109	84	186	-102	8	-15	-7

	Group/section/subsection	2014			2013			Changes 2014/2013		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-11,454**	**-675**
61	**Clothes and clothing accessories of knitted fabrics**	1,416	1,823	-407	1,257	1,416	-159	159	-407	-248
62	**Clothes and clothing accessories, other than of knitted fabrics**	1,953	1,995	-42	1,657	1,534	123	296	-461	-165
63	**Other packaged textile products; sets; used clothes; rags**	777	716	61	686	593	93	91	-123	-32
XII	**FOOTWEAR, HEADGEAR, UMBRELLAS …**	902	1,324	-422	833	1,095	-263	69	-229	-160
64	**Footwear, gaiters and similar products, parts thereof**	786	1,174	-388	723	971	-247	63	-203	-140
65	**Headgear and parts thereof**	80	73	7	77	63	14	3	-10	-7
66	**Umbrellas, sun umbrellas, walking sticks, walking sticks with seats, whips, horsewhips and parts thereof**	28	24	4	24	18	6	4	-6	-2
67	**Prepared feathers and down, products of feathers and down …**	9	53	-45	8	44	-36	1	-9	-8
(XI-XII)	**Light industry products**	**6,332**	**9,052**	**-2,720**	**5,610**	**7,633**	**-2,023**	**722**	**-1,419**	**-697**
XIII	**PRODUCTS OF STONE, GYPSUM …**	**3,205**	**1,884**	**1,321**	**2,943**	**1,696**	**1,247**	**262**	**-189**	**73**
68	**Products of stone, gypsum, cement, asbestos, mica and similar materials**	840	516	324	775	449	326	**65**	**-67**	**-2**
69	**Ceramic products**	884	448	436	855	403	452	29	-45	-16
70	**Glass and glass products**	1,482	920	562	1,314	844	470	168	-76	92
XIV	**PEARLS; PRECIOUS AND SEMI-PRECIOUS METALS AND STONES; COSTUME JEWELRY**	**1,006**	**349**	**657**	**1,084**	**335**	**749**	**-78**	**-14**	**-92**
71	**Pearls; precious and semi-precious stones, precious metals**	1,006	349	657	1,084	335	749	-78	-14	-92
(XIII-XIV)	**Ceramic products**	**4,211**	**2,233**	**1,978**	**4,027**	**2,031**	**1,996**	**184**	**-202**	**-18**
XV	**BASE METALS AND PRODUCTS THEREOF**	**17,509**	**17,700**	**-191**	**16,941**	**16,290**	**651**	**568**	**-1,410**	**-842**
72	**Iron, cast iron and steel**	3,479	6,382	-2,903	3,682	5,826	-2,144	-203	-556	-759
73	**Products of cast iron and steel**	5,612	4,103	1,509	5,158	3,747	1,411	454	-356	98
74	**Copper and copper products**	3,114	1,347	1,767	3,452	1,338	2,114	-338	-9	-347

	Group/section/subsection	2014			2013			Changes 2014/2013		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-11,454**	**-675**
75	Nickel and nickel products	112	146	-34	77	127	-50	35	-19	16
76	Aluminum and aluminum products	2,086	2,941	-855	1,865	2,699	-834	221	-242	-21
78	Lead and lead products	187	132	55	133	108	25	54	-24	30
79	Zinc and zinc products	454	181	273	255	154	101	200	-27	173
80	Tin and tin products	77	67	10	65	67	-2	12	0	12
81	Other base metals, ceramic metals, products thereof	26	72	-46	31	68	-37	-5	-4	-9
82	Tools, instruments, knives, spoons, forks etc. cutlery of base metals .	1,252	1,014	238	1,179	954	225	73	-60	13
83	Various products of base metals	1,110	1,316	-206	1,044	1,202	-158	66	-113	-47
(XV)	Metallurgical products	**17,509**	**17,700**	**-191**	**16,941**	**16,290**	**651**	**568**	**-1,410**	**-842**
XVI	MECHANICAL AND ELECTRICAL EQUIPMENT	**40,907**	**40,377**	**530**	**36,574**	**36,360**	**214**	4,333	-4,016	317
84	Nuclear reactors, boilers, machinery and mechanical equipment and parts thereof	21,122	20,943	179	19,512	19,155	357	1,610	-1,788	-178
85	Electrical machines and equipment	19,785	19,434	351	17,062	17,205	-143	2,723	-2,229	494
XVII	VEHICLES, AIRCRAFT, VESSELS …	**22,818**	**17,748**	**5,070**	**22,567**	**16,845**	**5,722**	**251**	**-903**	**-652**
86	Locomotives, rolling stock; track equipment; signaling devices	828	780	48	749	316	433	79	-464	-385
87	Non-rail vehicles, parts and accessories	17,077	13,437	3,640	16,639	12,330	4,309	**438**	**-1,107**	**-669**
88	Aircraft, space craft and their parts	729	573	156	1,073	863	210	-344	290	-54
89	Vessels, boats and floating constructions	4,184	2,957	1,227	4,105	3,336	769	**79**	**379**	**300**
XVIII	OPTICAL EQUIPMENT AND APPARATUSES	**2,089**	**3,752**	**-1,663**	**1,818**	**3,365**	**-1,546**	**271**	**-387**	**-116**
90	Optical equipment, tools, apparatuses, photo cameras, measuring and medical equipment, parts thereof	2,038	3,587	-1,549	1,780	3,231	-1,451	258	-356	-97
91	Clocks and watches, and parts thereof	31	124	-93	23	97	-74	8	-27	-19

	Group/section/subsection	2014 Exports	2014 Imports	2014 Balance	2013 Exports	2013 Imports	2013 Balance	Changes 2014/2013 Exports growth (+) decline (-)	Changes 2014/2013 Imports growth (-) decline (+)	Changes 2014/2013 Balance impr. (+) wors. (-)
	TOTAL	**165,774**	**168,432**	**-2,659**	**154,994**	**156,978**	**-1,984**	**10,780**	**-,11,454**	**-675**
92	**Musical instruments, parts and accessories**	19	41	-22	15	36	-21	4	-5	-1
(XVI-XVIII)	**Electromechanical products**	**65,813**	**61,876**	**3,937**	**60,959**	**56,570**	**4,389**	**4,854**	**-5,306**	**-452**
XIX	**WEAPONS AND AMMUNITION; PARTS AND ACCESSORIES**	**51**	**96**	**-45**	**32**	**84**	**-52**	**19**	**-12**	**7**
93	**Weapons and ammunition, parts and accessories**	51	96	-45	32	84	-52	19	-12	7
XX	**VARIOUS PRODUCTS**	**11,045**	**3,763**	**7,282**	**9,534**	**2,872**	**6,662**	**1,511**	**-891**	**620**
94	**Furniture, bedclothes, mattresses etc., lamps, light advertising etc.**	9,206	2,060	7,146	8,057	1,611	6,446	1,149	-449	700
95	**Toys, games, sports goods, parts and accessories**	689	1,189	-500	396	804	-408	293	-385	-92
96	**Various manufactured products**	1,151	514	637	1,082	456	625	69	-58	11
XXI	**WORKS OF ART., COLLECTIBLES**	17	20	-3	13	18	-5	4	-2	2
97	**Works of art, collectibles and antiques**	17	20	-3	13	18	-5	4	-2	2
XXII	**OTHER**	**118**	**3,012**	**-2,894**	**183**	**3,804**	**-3,621**	**-65**	**792**	**727**
98	**Special classification – deliveries**	1	24	-22	0	64	-64	1	40	41
99	**Special commercial transactions**	116	2,988	-2,872	183	3,740	-3,558	-67	752	685

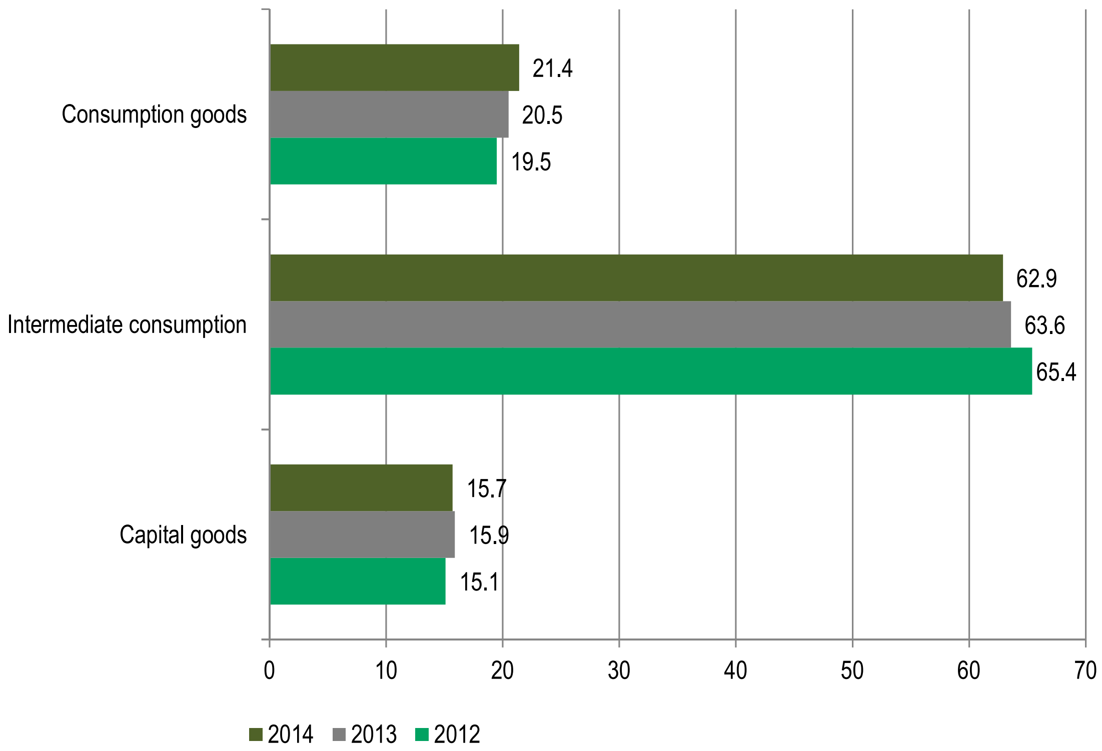
Source: Strategy and Analyses Department of the Ministry of Economy on the basis of CSO data.

6 DIRECTIONS OF IMPORT

In 2014 there were no significant changes in the structure of imports in terms of their designation. The largest part of imports, similarly as in previous years, accounted goods for intermediate consumption. Similarly to the previous year, their share in imports dropped, to 62.9%. Slightly decrease was also observed in share of capital goods, to 15.7%. As a result the share of pro-development imports (i.e. investment and supplies imports) reached 78.6% in 2014, i.e. the level by 0.9 p.p. lower compared to the previous year.

On the other hand, increase of importance in imports was noticed in consumption goods. In 2014 they were responsible for 21.4% of total imports against 20.5% in 2013.

Chart 12 Structure of imports distribution in the years 2012-2014 (share in %)



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

Imports of goods designated for intermediate consumption increased in 2014 by 6.2% (in euro terms), compared to a decline by 0.8% in the previous year. Among the goods in this category substantial growth were recorded with respect to: the most important, *processed industrial supplies* - by 9.2%; *parts and accessories for capital goods (except transport equipment)* – by 12.3% and *processed fuels and lubricants (other than motor spirit)* - by 14.8%. Their share in consumption goods imports was 48.2%, 15.4% and 3.5% respectively. On the other hand, relatively slow increase was noticed in imports of *primary industrial supplies* (by 5.2%) and the decline in the position of *primary fuels and lubricants* (by 9%).

Similarly to the previous year, in 2014 the fastest increase in import was recorded for consumption goods - by 11.8%. It was mainly the consequence of dynamic growth of *semi-durable consumer goods* (by 26.8%) and *durable consumer goods* (by 9%). Together they accounted for 35.8% of imports in this category. A high pace of growth was also observed for *passenger motor* cars (by 14.9%), which share was 12.6%. In turn, slower than the average growth was in the dominant group in this category, i.e. *non-durable consumer goods* (by 6.8%), as well as in *processed foods and beverages, mainly for household consumption* (3.7%).

In 2014 the slowest increase was observed for capital goods – by 6%. In this group of product, on the one hand, imports of *industrial transport equipmen*t declined by 3.7%, and on the other hand imports of *other capital goods* noticed high growth – by 9.3%. These products were representing respectively 23.4% and 76.6% imports of this category.

7 SERVICES IN POLISH FOREIGN TRADE

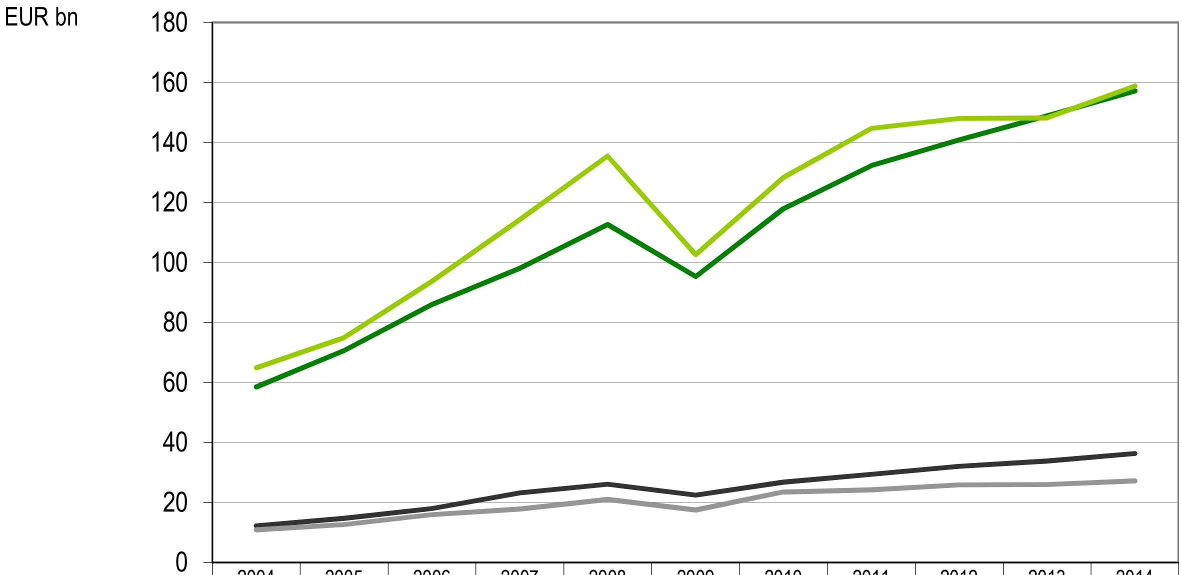
Services perform an important role in Polish foreign trade and surplus in their turnover recorded in past several years mitigated deficit in Polish foreign trade and thus the scale of the deficit on the current account.

In 2014, revenues from services amounted nearly to EUR 36.3 billion, i.e. were 7.3% higher (by nearly EUR 2.5 billion) than in the previous year. Similar to previous years, expenses incurred due to their import grew slower, i.e. by 5.1% (by EUR 1.3 billion), to EUR 27.2 billion. Thus, export of services increased faster in 2014 than the one of goods, whereas import increased slower.

This resulted, at the same time, in increased importance of export of services in overall foreign trade turnover to 18.7% in 2014 and slight decrease in their contribution in import to 14.6%.

In 2014, positive balance of services at the level of nearly EUR 9.1 billion in 2014 (i.e. almost EUR 1.2 billion higher than one year ago) allowed to compensate with surplus for deficit in commodity turnover (EUR 1.6 billion). Thus in 2014, similar to 2013, balance of commodity and services exchange was in total positive and amounted to EUR 7.4 billion.

Chart 13 Polish foreign trade in goods and services in the years 2004-2014 (in EUR billion)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
exports in goods	58.49	70.56	85.97	98.08	112.69	95.31	117.94	132.28	140.81	148.86	157.24
imports in goods	64.93	74.87	93.68	114.25	135.54	102.61	128.33	144.73	147.96	148.22	158.87
exports in services	12.18	14.61	17.91	23.09	26.02	22.45	26.71	29.34	32.02	33.79	36.26
imports in services	10.79	12.62	15.86	17.73	20.92	17.41	23.39	24.15	25.81	25.88	27.19

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

7.1 Services turnover seen from geographical perspective

Similar to commodity turnover, Polish services turnover is predominated by EU markets which in 2014 accounted for more than 70% of total revenues from services (i.e. EUR 25.4 billion) and for 78.1% of expenses (EUR 21.2 billion). The eurozone constitutes 52.6% (EUR 19.1 billion) and 57.1% (EUR 15.5 billion), respectively. In 2014, revenues from services to EU increased faster than on average, i.e. by 8%, including in the most significant services in import such as *transport services* by 10%, *foreign travel* by 3.8% and *professional services and management services* by 13.2%. In turn, import of services from EU increased by 5.1% and was predominated by the same categories as in export. Positive balance of services exchange with EU amounted to nearly EUR 4.2 billion, whereas with the eurozone to approx. EUR 3.5 billion.

Among EU markets, our most important partner in exchange of services is Germany which in 2014 accounted for 24% of overall Polish revenues and for 22% of overall expenses. In 2014, overall export to this market went up by 6.4% to EUR 8.7 billion, whereas import from this market rose slightly slower, i.e. by 5.6% (to approx. EUR 6 billion). Thus, surplus in services turnover with Germany amounted to EUR 2.7 billion. The structure of services turnover with Germany is similar to exchange in general scale. The largest part of revenues from services exported to this market falls on *foreign travel* (33.2%, i.e. EUR 2.9 billion) and *transport services* (29.7%, i.e. EUR 2.6 billion). In turn, revenues from export of *refining services* constituted 8.5% (EUR 0.74 billion), whereas *services related to trade, technical and other business services* and *professional services and management services* amounted to: 8.1% (EUR 0.7 billion) and 6.2% (EUR 0.54 billion), respectively. The latter ones were at the same time included in group of services which revenue in 2014 increased the fastest (by 19.7%).

Against the background of relatively fast growth of export of services to the entire EU, its results to our southern neighbours are not so favourable. In the case of Czech Republic, their export slightly increased by 1.1%, to EUR 1.3 billion, which constituted 3.7% of their share in 2014. It mainly resulted from decrease of revenue from export of *services related to trade, technical and other business services* by 12.7% (to EUR 0.1 billion, i.e. 8.2% of share) and slight increase of export of *foreign travel* by 2.4% (to approx. EUR 0.65 billion constituting nearly half of overall services export to this market). On the other hand, import of services from Czech Republic dynamically increased in 2014, i.e. by 12.3%, to EUR 1.4 billion (5.3% of share), including *foreign travel* by 23.6% (to EUR 0.84 billion, which accounted for 58% of overall import of services from this market). In 2014, there was a deficit in exchange of services with Czech Republic in amount of EUR 0.1 billion.

Importance of Slovakia in Polish exchange of services decreased in 2014 to 1.8% in the case of export and 2.3% in the case of import. This mainly resulted from over 14% decline in revenues from export of services (to approx. EUR 645 million) and nearly 11% drop of import expenses (to EUR 635 million). A decrease in export was caused by decline of revenue from two major categories of services: *foreign travel* by 19% (to approx. EUR 410 million, i.e. approx. 64% of share) and *transport services* by 6.8% (to nearly EUR 130 million, i.e. approx. 20%). Small surplus amounting to approx. EUR 10 million in 2014 was noted in Poland's services turnover with Slovakia.

Among developed non-EU countries, Switzerland and the United States are important partners in trade in services. In 2014, sales of services to Switzerland increased by 21.7%, to EUR 3.1 billion, which constituted 8.6% of overall revenues from their overall export (in comparison to 7.6% recorded in the previous year). Import of services increased at similar pace, i.e. by 20.8%, to EUR 1.4 billion which resulted in an increase of this market in total expenses for services to 5.2%. The largest revenues from export of services to Switzerland were obtained in 2014 by *refining services* (30.2%, i.e. EUR 940 million), *professional services and management services* (23.8%, i.e. EUR 740 million), *transport* *services* (18.3%, i.e. approx. EUR 570 million) and *IT and information and telecommunications services* (13.2%, i.e. approx. EUR 410 million).

In turn, the United States constituted 5.3% of Polish export of services and 5.4% of their import. Revenues from export of services to this market increased in 2014 by 14.8% reaching the value of nearly EUR 1.9 billion, whereas import revenues were 6.3% higher than a year ago and amounted to nearly EUR 1.5 billion. Good outcome in export of services to the US was obtained due to rapid increase of revenues from the following categories: *research and development services* (by 25.5%, to EUR 245 million), *professional services and management services* (by 23.7%, to EUR 345 million) and *IT services* (by 21%, to approx. EUR 350 million).

Table 18 The geographical structure of the foreign trade in services in the years 2013-2014 (in EUR million)

		2014	2013	Dynamics	Change of balance	Share	
		EUR million				2014	2013
Total	**credit**	**36,258**	**33,791**	**107.3**		**100.0**	**100.0**
	debit	**27,193**	**25,886**	**105.1**		**100.0**	**100.0**
	balance	**9,064**	**7,905**		**1,160**		
EU, including:	credit	25,390	23,516	108.0		70.0	69.6
	debit	21,240	20,207	105.1		78.1	78.1
	balance	4,150	3,309		841		
Euro Area	credit	19,071	17,888	106.6		52.6	52.9
	debit	15,530	14,988	103.6		57.1	57.9
	balance	3,542	2,900		642		
Germany	credit	8,711	8,186	106.4		24.0	24.2
	debit	5,981	5,663	105.6		22.0	21.9
	balance	2,731	2,524		207		
Chech Republic	credit	1,342	1,327	101.1		3.7	3.9
	debit	1,443	1,286	112.3		5.3	5.0
	balance	-101	42		-143		
Slovakia	credit	644	751	85.8		1.8	2.2
	debit	635	713	89.2		2.3	2.8
	balance	9	38		-29		
Switzerland	credit	3,116	2,561	121.7		8.6	7.6
	debit	1,406	1,164	120.8		5.2	4.5
	balance	1,710	1,396		313		
USA	credit	1,933	1,683	114.8		5.3	5.0
	debit	1,457	1,371	106.3		5.4	5.3
	balance	476	312		164		
Russia	credit	1,161	1,241	93.6		3.2	3.7
	debit	492	509	96.6		1.8	2.0
	balance	669	731		-63		
Ukraine	credit	1,116	1,508	74.0		3.1	4.5
	debit	216	301	71.6		0.8	1.2
	balance	901	1,207		-306		

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

As far as eastern markets are concerned, it is worth to pay attention to Ukraine and Russia, although in 2014 they become less important in Polish trade in services.

In the case of Russia, in 2014 there was a decrease in revenues from export of services by 6.4%, to nearly EUR 1.2 billion (which constituted 3.2% of contribution in their overall export from Poland in comparison to 3.7% recorded a year ago) and a decline in expenses by 3.4%, to nearly EUR 0.5 billion (1.8% of share). Approx. 43% of revenues from export of services to the Russian market were constituted by *transport services* (i.e. EUR 0.5 billion). *Foreign travel* were second with share of 35% (i.e. EUR 0.4 billion). Surplus achieved in trade in services with Russia amounted to EUR 0.67 billion in 2014.

In the same year, Polish export of services to Ukraine clearly declined, i.e. by 26%, to EUR 1.1 billion which resulted in decreased share of this market in overall revenue from 4.5% in 2013 to 3.1%. Import expenses became lower even faster, i.e. by 28.4%, to EUR 215 million. *Foreign travel* prevails in services turnover with Ukraine accounting in 2014 for 87% (i.e. EUR 975 million) of export revenue and for 37% (i.e. EUR 80 million) of import expenses.

7.2 Services turnover in terms of types of services

The most substantial revenue from export of services was generated by *transport services* and *services for foreign travellers* which in 2014 constituted 28.8% and 22.7% of overall export, respectively.

In 2014, export of transport services increased by 10.6% (to EUR 10.4 billion), i.e. faster than in two previous years. At that time, expenses for import of this category increased 2.5 times, i.e. by 4%, to approx. EUR 5.6 billion, which constituted 20.6% of overall expenses for services. Such results caused an increase of surplus in turnover of *transport services* by approx. EUR 790 million to approx. EUR 4,830 million.

Revenues from export of services related to *foreign travel* declined for the second following year (by 3.5%, to EUR 8.2 billion in 2014). In turn, import of such services slightly increased, i.e. by 0.4%, to nearly EUR 6.7 billion (24.5% of share in overall import). It resulted in a decline of positive balance of turnover by approx. EUR 320 million, to approx. EUR 1,550 million.

In 2014, exchange of *various business services* clearly increased and this category constituted 22.7% of overall revenue from services and 24.4% of expenses. After drop of revenues from export of this aggregation by 3.3% recorded in 2013, the following year brought its increase by 11.2%, to EUR 8.2 billion. In turn, its import rose by 6.5% (to EUR 6.6 billion), i.e. nearly 3 times faster than in the previous year. It resulted in increase of surplus in exchange by approx. EUR 0.43 billion, to nearly EUR 1.6 billion.

Telecommunications, IT and information services are an important part of Polish turnover in services - 8.8% of share in export and 8.2% in import. It is worth noting that their exports has been dynamically growing for several years (including by 24.1%, to EUR 3.2 billion in 2014) which simultaneously translates into systematic increase in their importance. Import of these services rises definitely slower, by 4.8% in 2014 (to EUR 2.2 billion) which results in constant (since 2011) improvement of balance of these services to approx. EUR 950 million in 2014.

Turnover in *refining* dynamically growing in recent two years also deserves particular attention. In 2014, revenues from their export increased by 11.9% (to EUR 2.8 billion) which accounted for 7.7% of share in overall revenues from services. Import of these services rose in turn by 15.3%, however its scale remains small (approx. EUR 220 million). Persisting relatively high revenues from export of these services against nearly 13-fold lower expenses on their import result in high surplus which in 2014 amounted to EUR 2.6 billion.

In turn, *construction services* accounted for 3.5% of overall revenue from export of services and for 2.2% of expenses. In 2014, their export declined by 0.5%, to nearly EUR 1.3 billion, whereas their import decreased by 4.5%, to EUR 0.6 billion. As a result, the surplus in this position has slightly increased to approx. EUR 0.67 billion.

There was also a drop in revenues from *repairs* by 1.8% to approx. EUR 775 million. At that time, expenses for import of these services dynamically increased by 25.7% to approx. EUR 760 million. Thus, the importance of *repairs* in overall export of services lowered to 2.1% of share and increased to 2.8% of share in import. Small surplus amounting to EUR 16 million in 2014 was noted in Poland's turnover of these services in contrast to EUR 185 million in 2013.

Turnover of *finance services* grew in 2014 slower than on average, i.e. by 6.7%, to approx. EUR 590 million in terms of revenue and by 4.7%, to approx. EUR 930 million in terms of expenses. They constituted 1.6% of share in overall export of services and 3.4% of share in import. Poland recorded a deficit in this position which in 2014 amounted to EUR 340 million.

High deficit is generated in item *fees for the use of intellectual property.* In 2014, there was a negative balance of EUR 2 billion in trade of such services in comparison to EUR 1.8 billion in 2013. It resulted from rapid growth of expenses for their import (by 10.9%, to over EUR 2.2 billion) with increase of export revenues only by 2.1% to an incomparably lower level, i.e. to EUR 0.24 billion.

Table 19 Polish trade in services in the years 2013-2014 (in EUR million) – service type structure

Type of service	2014			2013			Dynamics		Share	
	credit	debit	balance	credit	debit	balance	credit	debit	credit	debit
Total	36,255	27,191	9,064	33,792	25,882	7,910	107.3	105.1	100.0	100.0
Transport services	10,425	5,598	4,827	9,422	5,381	4,041	110.6	104.0	28.8	20.6
Foreign trade	8,218	6,672	1,546	8,513	6,646	1,867	96.5	100.4	22.7	24.5
Refining	2,807	219	2,588	2,508	190	2,318	111.9	115.3	7.7	0.8
Repairing	774	758	16	788	603	185	98.2	125.7	2.1	2.8
Other services, indluding:	14,031	13,944	87	12,561	13,062	-501	111.7	106.8	38.7	51.3
Construction services	*1,268*	*595*	*673*	*1,275*	*624*	*651*	*99.5*	*95.4*	*3.5*	*2.2*
Insurance services	*189*	*648*	*-459*	*252*	*540*	*-288*	*75.0*	*120.0*	*0.5*	*2.4*
Financial services	*592*	*932*	*-340*	*555*	*890*	*-335*	*106.7*	*104.7*	*1.6*	*3.4*
Patents and licencies	*238*	*2,245*	*-2,007*	*233*	*2,024*	*-1,791*	*102.1*	*110.9*	*0.7*	*8.3*
Computer and information services	*3,193*	*2,241*	*952*	*2,572*	*2,138*	*434*	*124.1*	*104.8*	*8.8*	*8.2*
Other business services	*8,216*	*6,638*	*1,578*	*7,386*	*6,232*	*1,154*	*111.2*	*106.5*	*22.7*	*24.4*
Government, audiovisual, cultural and recreational services	*332*	*547*	*-215*	*288*	*515*	*-227*	*115.3*	*106.2*	*0.9*	*2.0*

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

8 FOREIGN TRADE IN THE FIRST HALF OF 2015

The year 2015 brought further improvement in turnover balance. According to preliminary data of the Central Statistical Office of Poland, in the first half of 2015, export of goods reached the value of EUR 87.2 billion and it was 6.7% higher than in the corresponding period of the previous year. With an increase in imports by 1.9% to EUR 84.3 billion, it translated into transformation of trade deficit of approx. EUR 1 billion recorded in the previous year into a surplus of nearly EUR 2.9 billion.

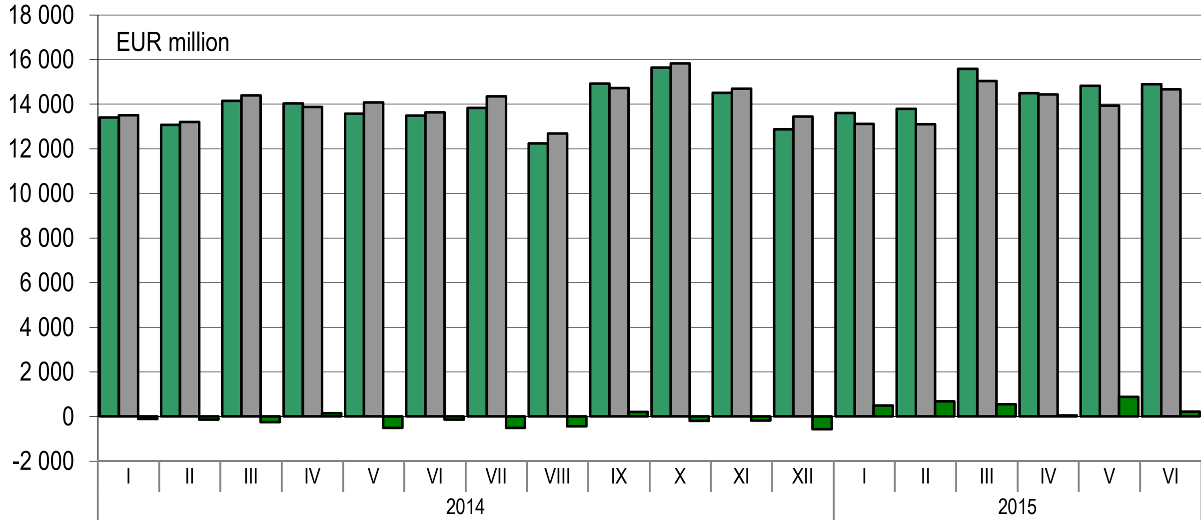
Table 20 Polish trade in goods during the period from January 2014 to June 2015

Period	In EUR million			Dynamics in % same period of past year=100	
	Exports	Imports	Balance	Exports	Imports
January 2014	13,404	13,505	-101	108.8	106.3
February	13,068	13,204	-136	106.1	108.1
March	14,145	14,392	-247	111.3	106.3
Q1	40,618	41,101	-483	108.7	106.9
April	14,033	13,878	155	106.8	108.2
May	13,578	14,082	-504	109.4	111.1
June	13,494	13,632	-138	103.5	106.6
Q2	41,105	41,593	-487	106.5	108.6
1st half of the year	81,723	82,694	-971	107.6	107.7
July	13,841	14,353	-512	106.0	108.0
August	12,245	12,683	-439	99.0	101.7
September	14,932	14,724	207	107.2	108.8
Q3	41,018	41,761	-744	104.3	106.3
October	15,646	15,835	-189	106.9	106.5
November	14,510	14,695	-184	106.7	105.1
December	12,876	13,447	-571	112.2	111.3
Q4	43,033	43,977	-945	108.4	107.4
2014	165,774	168,432	-2,659	107.0	107.3
January 2015	13,605	13,117	488	101.5	97.1
February	13,785	13,101	685	105.5	99.2
March	15,579	15,033	546	110.1	104.4
Q1	42,969	41,251	1,718	105.8	100.0
April	14,495	14,441	54	103.3	104.1
May	14,823	13,937	886	109.2	98.9
June	14,889	14,669	220	110.3	107.6
Q2	44,207	43,047	1,159	107.5	103.4
1st half of the year	87,175	84,298	2,878	106.7	101.9

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

The average monthly value of Polish export from January to June 2015 amounted to EUR 14.5 billion, i.e. it was EUR 0.7 billion higher than its average value in the entire year 2014. The average level of import was, in turn, equal to EUR 14 billion and was close to the average from 2014.

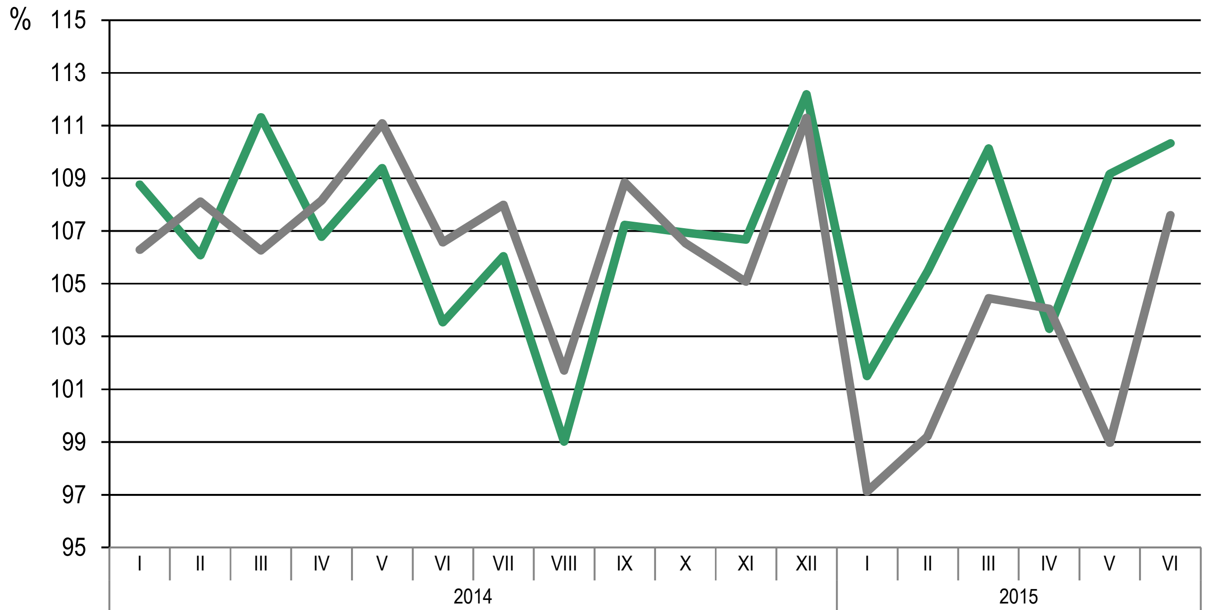
Chart 14 Poland's trade in goods during the period from January 2014 to June 2015



	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
exports	13 404	13 068	14 145	14 033	13 578	13 494	13 841	12 245	14 932	15 646	14 510	12 876	13 605	13 785	15 579	14 495	14 823	14 889
imports	13 505	13 204	14 392	13 878	14 082	13 632	14 353	12 683	14 724	15 835	14 695	13 447	13 117	13 101	15 033	14 441	13 937	14 669
balance	-101	-136	-247	155	-504	-138	-512	-439	207	-189	-184	-571	488	684	546	54	886	220

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

Chart 15 Monthly export and import dynamics during the period from January 2014 to June 2015 (yoy)



	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
exports	108.77	106.07	111.32	106.77	109.38	103.53	106.05	99.02	107.24	106.94	106.67	112.19	101.50	105.48	110.14	103.29	109.17	110.33
imports	106.29	108.12	106.27	108.16	111.08	106.57	107.99	101.71	108.84	106.55	105.08	111.29	97.12	99.22	104.46	104.05	98.97	107.60

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

Table 21 Changes in the geographical structure of Polish foreign trade after the 1st half of 2015 and their impact on the balance of exchange (in EUR million)

	1st half of 2015			1st half of 2014			Changes		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
Poland,total	**87,175**	**84,298**	**2,878**	**81,723**	**82,694**	**-971**	**5,452**	**-1,604**	**3,062**
previous year = 100	106.7	101.9		107.6	107.7				
Developed countries	**74,826**	**56,312**	**18,514**	**68,646**	**54,339**	**14,307**	**6,180**	**-1,974**	**4,207**
previous year = 100	109	103.6		109.9	106.8				
Share Including:	85.6	66.8		84.0	65.7				
EU	**69,257**	**50,625**	**18,632**	**62,944**	**48,877**	**14,067**	**6,313**	**-1,748**	**4,565**
Previous year = 100	110	103.6		110.2	108.8				
Share including:	77.0	60.1		77.0	59.1				
Germany	23,512	19,183	4,329	21,332	17,977	3,355	2,180	-1,206	974
previous year= 100	110.2	106.7		112.0	108.6				
share	27.0	22.8		26.1	21.7				
United Kingdom	5,764	2,206	3,559	5,114	2,177	2,937	650	-28	621
previous year = 100	112.7	101.3		105.5	111.3				
share	6.6	2.6		6.3	2.6				
Czeh Republic	5,684	3,039	2,646	5,031	2,851	2,180	653	-188	465
Previous year= 100	113.0	106.6		107.7	100.9				
share	6.5	3.6		6.2	3.4				
France	4,970	3,342	1,628	4,675	3,246	1,429	296	-96	199
previous year = 100	106.3	103		105.3	108.8				
share	5.7	4.0		5.7	3.9				
Italy	4,286	4,430	-144	3,837	4,620	-783	449	191	640
previous year = 100	111.7	95.9		110.9	114.1				
share	4.9	5.3		4.7	5.6				
Other developed countries	**3,607**	**4,042**	**-435**	**3,360**	**3,690**	**-330**	**247**	**-352**	**-105**
previous year = 100	107.4	109.5		113.1	98.3				
share including:	4.1	4.8		4.1	4.5				
USA	1,977	2,306	-330	1,683	1,987	-304	293	-319	-26
previous year.= 100	117.4	116.1		87.6	91.7				
share	2.3	2.7		2.1	2.4				
EFTA	1,962	1,645	317	2,341	1,771	570	-380	126	-253
previous year = 100	83.8	92.9		98.2	79.4				
share	2.3	2.0		2.9	2.1				
Oher countries excluding developed	**12,350**	**27,986**	**-15,636**	**13,078**	**28,356**	**-15,278**	**-728**	**370**	**-358**
previous year= 100	94.4	98.7		97.0	109.6				
share including:	14.2	33.2		16.0	34.3				
Countries of the CIS:	**4,743**	**8,172**	**-3,429**	**6,312**	**11,232**	**-4,920**	**-1,569**	**3,060**	**1,491**
previous year= 100	75.2	72.8		88	104.2				
share including:	5.4	9.7		7.7	13.6				
Russia	2,473	6,581	-4,108	3,508	9,256	-5,748	-1,035	2,675	1,640
previous year = 100	70.5	71.1							
share	2.8	7.8		4.3	11.2				
Other countries	**7,606**	**19,814**	**-12,207**	**6,766**	**17,124**	**-10,358**	**840**	**-2,690**	**-1,850**
previous years= 100	112.4	115.7		107.2	113.6				
Share including:	8.7	23.5		8.3	20.7				
China	874	9,435	-8,561	762	7,959	-7,197	112	-1,475	-1,364
previous year = 100	114.6	118.5		99.6	115.8				
share	1.0	11.2	.	0.9	9.6	.	.	.	.

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

In the first half of 2015, faster growth of export to developed countries continued and the export increased by 9% to over EUR 74.8 billion. In turn, import amounted to approx. EUR 56.3 billion and was 3.6% higher than in the previous year. As a result, these outcomes translated into further growth of surplus in turnover with this group of markets by EUR 4.2 billion, to over EUR 15.8 billion.

In the period of January-June 2015, the rate of sales to the EU markets amounted to 10% (to EUR 69.3 billion) and was nearly the same both in the case of eurozone countries (increase by 10%, to EUR 49.6 billion) and of other EU countries (10.2%, to EUR 19.6 billion). Import from EU countries clearly slowed down. After its growth by approx. 8% in 2014, in first 6 months of 2015, it increased by 3.6% (to EUR 50.6 billion), including by 3.3% from the eurozone and by 4.6% from other EU countries. It resulted in growth of surplus in exchange with EU by EUR 4.6 billion, to EUR 18.6 billion.

Export to German market, i.e. to our major trade partner, rose by 10.2% (to EUR 23.5 billion) which allowed for an increase in positive balance of turnover with this market to approx. EUR 4.3 billion. Sales to the markets of two subsequent partners, i.e. to United Kingdom and Czech Republic in the first half of 2015 increased respectively by 12.7%, to EUR 5.8 billion, and 13%, to EUR 5.7 billion. Furthermore, among the most significant EU countries, there was a growth of export to the Netherlands (by 21.2%, to nearly EUR 4 billion), Spain (by 16.1%, to over EUR 2.3 billion), Italy (by 11.7%, to approx. EUR 4.3 billion) and to Slovakia (by 9.7%, to EUR 2.3 billion).

Similar to the entire year 2014, export to the wide group of developing and less developed countries decreased in the first half of 2015 decreased by 5.6%, to EUR 12.3 billion. It was primarily caused by lowering the export to the Commonwealth of Independent States (as much as by 24.8%, to approx. EUR 4.7 billion), including mainly to Russia (by 29.5%, to nearly EUR 2.5 billion) and to Ukraine (by 11.4%, to approx. EUR 1.1 billion) as well as to Belarus, the third market most important to Poland (by 31.8%, to EUR 564 million). A similar at this time fall in import from CIS, i.e. by 27.2% (to approx. EUR 8.2 billion) led to a decrease in trade deficit by nearly EUR 1.5 billion (to over EUR 3.4 billion).

On the other hand, sales to non-CIS developing countries reached the value of over EUR 7.6 billion and was 12.4% higher than in the previous year. However, with faster growth of import from these countries (15.7%, to EUR 19.8 billion), there was an increase of deficit in exchange by over EUR 1.8 billion, to approx. EUR 12.2 billion. In this group of markets one should pay attention to the fast growing export to Turkey (by 41.6%, to over EUR 1.5 billion), China (by 14.6%, to approx. EUR 874 million), Saudi Arabia (by 35.6%, to EUR 312 million) and Mexico (by 64.3%, to approx. EUR 295 million). At the same time, there was a decline in sales to Algeria (by 48.4%, to EUR 155 million) and Singapore (64.7%, to EUR 134 million).

As far as types of goods are concerned, the fastest growth was recorded in export of wood and paper products (by 10.6%, to approx. EUR 4.2 billion), light industry products (by 10%, to approx. EUR 3.4 billion) and electromechanical products prevailing in Polish exchange with foreign countries (by 8.2%, to over EUR 35.5 billion).

In the group of electromechanical products (representing 38.9% in Poland's export and 35.9% in import), the highest increased were recorded in items including *boilers, machinery and mechanical appliances and their parts* (by 8.6%, to over EUR 11.3 billion) and *machinery and electrical equipment and their parts* (by 10.8%, to nearly EUR 10.3 billion) which constituted 12.9% and 11.8%, respectively, of overall Polish export in the first half of 2015. At the same time, import grew faster than export, i.e. by 10.2%, to approx. EUR 32.8 billion, and thus the surplus in trade turnover of this group decreased by EUR 354 million, to approx. EUR 2.7 billion.

Table 22 Changes in the commodity structure of Polish foreign trade after the 1st half of 2015 and their impact on the balance of exchange (in EUR million)

Section/commodity group		1st half of 2015			1st half of 2014			Change		
		Exports	Imports	Balance	Exports	Imports	Balance	Exports growth (+) decline (-)	Imports growth (-) decline (+)	Balance impr. (+) wors. (-)
	TOTAL	**87,175**	**84,298**	**2,878**	**81,723**	**82,694**	**-971**	**5,452**	**-1,604**	**3,848**
I	Live animals	3,428	2,141	1,288	3,447	2,236	1,211	-19	95	77
II	Plant products	2,199	2,039	160	2,053	1,982	72	146	-57	88
III	Fats, oils	290	329	-39	288	366	-79	3	37	40
IV	Prepared foodstuffs	5,247	3,110	2,137	4,701	2,894	1,807	546	-216	329
(I-IV)	Agricultural and food products	**11,165**	**7,619**	**3,545**	**10,489**	**7,478**	**3,012**	**675**	-142	534
V	Mineral products	**3,169**	**7,124**	**-3,956**	**3,574**	**9,657**	**-6,083**	**-406**	**2,533**	**2,127**
VI	Products of the chemical industry	5,754	8,473	-2,718	5,693	8,530	-2,837	61	58	119
VII	Plastics	6,102	6,406	-304	5,706	6,425	-719	396	19	415
(VI-VII)	Products of the chemical industry	**11,856**	**14,879**	**-3,023**	**11,399**	**14,955**	**-3,556**	**457**	**76**	**534**
VIII	Leathers and leather products	617	565	51	556	550	6	61	-16	45
IX	Wood and wood products	1,897	671	1,225	1,792	674	1,118	105	3	107
X	Wood pulp	2,321	2,353	-33	2,041	2,167	-126	280	-187	93
(IX-X)	Wood and paper industry products	4,217	3,025	1,192	3,832	2,841	991	385	-184	201
XI	Textiles and textile products	2,924	3,913	-989	2,642	3,643	-1,002	282	-270	12
XII	Footwear, headgear	486	758	-272	442	631	-190	45	-127	-82
(XI-XII)	Light industry products	**3,410**	**4,671**	**-1,261**	**3,083**	**4,275**	**-1,191**	**327**	**-396**	**-70**
XIII	Products of stone, gypsum, cement …	1,694	926	768	1,579	911	668	**115**	-15	100
XIV	Pearls, metals and stones	487	194	293	457	158	300	**29**	**-36**	**-7**
(XIII-XIV)	Ceramic products	**2,180**	**1,120**	**1,061**	**2,036**	**1,068**	**968**	**144**	**-52**	**93**
XV	Products of non-precious metals	**9,085**	**9,133**	**-48**	**8,610**	**8,819**	**-209**	**475**	**-314**	**161**
XVI	Mechanical and electrical equipment	21,582	21,383	199	19,681	18,870	811	1,901	-2,513	-612
XVII	Vehicles	12,720	9,384	3,335	12,114	9,137	2,977	606	-248	358
XVIII	Optical devices and apparatuses, etc.	1,188	1,994	-806	1,011	1,717	-706	177	-277	-100
(XVI-XVIII)	Products of the electromechanical industry	**35,490**	**32,762**	**2,728**	**32,805**	**29,724**	**3,082**	**2,684**	**-3,038**	**-354**
XIX	Weapons and ammunition	46	53	-7	15	24	-8	31	-29	2
XX	Various products	5,884	1,910	3,974	5,255	1,642	3,613	629	-268	362
XXI	Works of art	15	9	6	10	10	-1	5	1	7
XXII	Other	44	1,429	-1,385	59	1,650	-1,591	-15	221	206

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

Balance deteriorated the most in the following groups of electromechanical products: *machinery and electrical appliances and their parts* and *ships, boats and floating structures* in which the surplus decreased by approx. EUR 0.5 billion and nearly EUR 0.4 billion, respectively. It was not possible to compensate for it with clear improvement of exchange balance in item *vehicles other than railway and* *their parts and accessories* in which due to dynamic increase in export (by 11.4%) with significantly slower growth of import (by 3.1%), positive balance rose by nearly EUR 0.8 billion.

In the first half of 2015, agri-food products constituted 12.8% of Polish sales to foreign markets. Its value increased by 6.4%, to approx. EUR 11.2 billion. The export of prepared foodstuffs (by 11.6%, to over EUR 5.2 billion) and of products of animal origin (by 7.1%, to nearly EUR 2.2 billion) increased the most in this group. There was a slight decline in export of products of animal origin (by 0.5%, to over EUR 3.4 billion). At that time, agri-food import increased by 1.9% (to over EUR 7.6 billion), i.e. almost 3.5 times slower than their export which resulted in growth of surplus in turnover of this commodity group by approx. EUR 534 million, to over EUR 3.5 billion. The largest positive balance was developed in trade in prepared foodstuffs (EUR 2.1 billion) and products of animal origin (nearly EUR 1.3 billion).

Export of chemical products, which are the second group in terms of turnover value in Polish foreign trade, increased slower than on average (13.6% in export and 17.7% in import). In the first half of 2015, their export amounted to nearly EUR 11.9 billion, i.e. value 4% higher than in the previous year. Import of these products declined, in turn, by 0.5%, to EUR 14.9 billion which lead to reduction of deficit by approx. EUR 535 million to EUR 3 billion.

A decrease of trade turnover both in terms of export and import was recorded only in the group of mineral products, i.e. export dropped by 11.4%, to approx. EUR 3.2 billion, and import by 26.2%, to EUR 7.1 billion. It resulted in a decline of usually high deficit in turnover with such goods by EUR 2.1 billion, to approx. EUR 4 billion.

9 FORECASTS FOR 2015

The world economy in the first quarter of 2015 years grew slower than expected in the spring forecasts of the IMF and other major analytical centres. Global GDP increased in the first quarter by 2.2%, i.e. 0.8 p.p. slower than anticipated in April. It primarily resulted from unexpected slowdown of economic growth in the US, mainly due to harsh winter and reduction of capital expenditure in the fuel sector. It negatively affected economic growth in Canada and Mexico. These negative conditions were however temporary whereas factors accelerating growth of consumption and investment, i.e. increase of wages, improvement of the situation in the labour market, easier access to financing, reduction of fuel prices, enhancement of the housing market, will be conducive for further development of the economic situation in the United States.

According to the IMF's analytics, economic recovery in the eurozone becomes generally permanent which seems to be confirmed by growth of domestic demand and first signs of price increases. April projections of economic growth for many countries in the zone have been revised upwards, although serious area of uncertainty and risks are generated by political and economic turbulence in Greece related to adoption and implementation of the aid programme for this country and its further membership in the eurozone.

Compared with the baseline scenario from April 2015, little real weakening of the dollar (by approx. 2%) with slight appreciation of the euro (1%) were recorded on the currency markets. However, in comparison to the average exchange rates in 2014, euro and yen exchange rates remain at the lower level which will still foster economic recovery in eurozone and in Japan in 2015-2016.

Economic growth in Japan in the Q1 of 2015 turned out to be stronger than as primarily expected which will continue to be conducive to economic recovery in the euro zone and Japan in the years 2015-2016. And still the consumption growth was slow and over half of quarterly increase was due to changes in inventory levels.

Currently, it is anticipated that growth in mature economies will accelerate from 1.8% in 2014 to 2.1% in 2015 and to 2.4% in 2016. In contrast, growth in emerging and developing economies will slow down from 4.6% in 2014 to 4.2% in 2015. This slowdown reflects the effect of drop in prices of fuels and other raw materials, stricter conditions of external financing, the implications of adjustment processes and systemic reforms in China as well as of geopolitical conflicts in the CIS, the Middle East and North Africa.

Due to these conditions, the most recent projection of the IMF for major economic groups and more significant economies modified in July 2015 anticipate that primary (April) projections of economic growth for some global markets important for Poland will generally slightly decrease in 2015.

Table 23 Changes in forecast of IMF from July 2015 compared to IMF data from April 2015

			Data from July 2015		Changes in comparison to data from April	
Changes in GDP in constant prices	2013	2014	2015*	2016*	**2015***	**2016***
World	**3.4**	**3.4**	**3.3**	**3.8**	**-0.2**	**0.0**
Advanced countries	1.4	1.8	2.1	2.4	**-0.3**	**0.0**
United States	2.2	2.4	2.5	3.0	**-0.6**	**-0.1**
Euro Area**	-0.5	0.9	1.5	1.7	**0.0**	**0.1**
Germany	0.2	1.6	1.6	1.7	**0.0**	**0.0**
France	0.7	0.2	1.2	1.5	**0.0**	**0.0**
Italy	-1.7	-0.4	0.7	1.2	**0.2**	**0.1**
Spain	-1.2	1.4	3.1	2.5	**0.6**	**0.5**
Japan	1.6	-0.1	0.8	1.2	**-0.2**	**0.0**
United Kingdom	1.7	2.9	2.4	2.2	**-0.3**	**-0.1**
Canada	2.0	2.4	1.5	2.1	**-0.7**	**0.1**
Other developed countries***	2.2	2.8	2.7	3.1	**-0.1**	**0.0**
Developing and emerging countries	5.0	4.6	4.2	4.7	**-0.1**	**0.0**
CIS	2.2	1.0	-2.2	1.2	**0.4**	**0.9**
Russia	1.3	0.6	-3.4	0.2	**0.4**	**1.3**
Excluding Russia	4.2	1.9	0.7	3.3	**0.3**	**0.1**
Middle East and North Africa*****	2.4	2.7	2.6	3.8	**-0.3**	**0.0**
Sub-Saharan Africa	5.2	5.0	4.4	5.1	**-0.1**	**0.0**
Latin America and Caribbean	2.9	1.3	0.5	1.7	**-0.4**	**-0.3**
Emerging and developing Asia	7.0	6.8	6.6	6.4	**0.0**	**0.0**
China	7.7	7.4	6.8	6.3	**0.0**	**0.0**
India	6.9	7.3	7.5	7.5	**0.0**	**0.0**
ASEAN-5******	5.2	4.6	4.7	5.1	**-0.5**	**-0.2**
Volume of global trade in goods and services	2013	2014	2015*	2016*	**2015***	**2016***
Imports						
Advanced countries	2.1	3.3	4.5	4.5	**1.2**	**0.2**
Developing and emerging countries	5.2	3.4	3.6	4.7	**0.1**	**-0.8**
Prices of goods (in USD terms) changes in %	2013	2014	2015*	2016*	**2015***	**2016***
Crude oil*******	-0.9	-7.5	-38.8	9.1	**0.8**	**-3.8**
Others	-4.0	-4.0	-15.6	-1.7	**-1.5**	**-0.7**

**forecast; **including Lithuania; ***excluding G7 (France, Japan, Canada, Germany, United States, United Kingdom, Italy) and Euro Area; ****including Afghanistan and Pakistan; *****Philippines, Indonesia, Malaysia, Thailand, Vietnam; ******Average price of crude oil: U.K Brent, Dubai Fateh, West Texas Intermediate.*

According to WTO estimates, the volume of global trade in goods will increase by 3.3% in 2015 and by another 4% in 2016. At the same time, WTO analysts emphasise that those forecasts carry the risk connected with persisting geopolitical tensions and weak economic growth which is of key importance for trade.

According to WTO estimates, the disproportion between the pace of growth of export volume in developed countries (growth of 3.2%) and developing countries (3.6%) will become even smaller in 2015. It is estimated that export in the former market group will grow in 2016 at a faster rate (4.4%), which will mean a reversal of the trend of faster export growth in less-developed countries (the growth of export in those countries is estimated at the level of 4.1%).

Import in those market groups is projected to grow at a similar rate to export in 2015, i.e. by 3.2% for economically developed countries and by 3.7% for less-developed countries. As regards the former group, it means that the growth rate will remain at the level from the previous year, whereas in reference to less-developed countries – that the export growth rate will be 1.7 p.p. higher.

In geographic terms, WTO experts estimate that the fastest export growth rate will be observed –as was the case in the previous year – in Asia (up by 5%), followed by North America (up by 4.5%). The growth rate of European export will be slightly slower (3%), but exports will grow at a faster pace than in 2014 (1.9%). A slight growth in exports (by 0.2%) is projected for South and Central Africa. It is estimated that the group of markets including Africa, the CIS and the Middle East will experience a decline in exports (down by 0.6%).

Asia and North America are also estimated to be the leaders with respect to the growth of import, which is predicted to increase by 5.1% and 4.9%, respectively, in 2015. In Europe, import is projected to grow by 2.7%.

The achievement of the global trade turnover level projected by WTO experts is subject to certain risks, as the still volatile global economy and unstable geopolitical situation may reverse the trend of gradual recover in trade. Among the factors which may influence trade growth in 2015 include, *inter alia*, the conflict in the Middle East, Ebola epidemic, oil price fluctuations, as well as the degree and nature of economic recovery in specific regions, including in the most important global economies, such as the United States and China.

OECD analysts, on the other hand, estimate that the global trade volume will grow by 3.9% in 2015, i.e. the growth of global trade volume will be 0.7 p.p. faster than in 2014. As regards Poland, OECD estimates further recovery in the export of goods and services, the volume of which is projected to grow by 6% (compared to 5.6% in 2014). The growth rate of Polish imports is expected to slow down from 8.7% to 7.6% in 2015 due to the lower internal demand compared to the previous year, projected for Poland. The faster pace of growth in the volume of Polish export of goods and services will be dependent primarily on the relatively high growth rate of imports projected for our main trade partners, including Germany (5.4%), France (5.5%) and the Czech Republic (8.5%).

Considering the above relatively favourable economic conditions on the key markets, it is anticipated that in 2015:

- **export will increase by 8% to attain the level of approx. EUR 179.1 billion,**
- **import will grow by 6.5% to attain the level of approx. EUR 179.3 billion**

and consequently deficit in commodity turnover will be reduced by EUR 2.5 billion, to approx. EUR 0.2 billion.

ANNEX NO. 1
THE EFFECT OF IMPORT OF ENERGY RAW MATERIALS ON POLISH IMPORT EXPENSES IN YEARS 2003-2014

1. The international energy market

After the collapse of the global energy market in the 90s of the last century, when during the second half of this period oil prices were periodically falling even below USD 10 per barrel, expectations of producers, including also of OPEC official bodies, focused on prices of crude oil of USD 21-22 per barrel as desired and stable for a longer period of time. Prices of crude oil and consequently prices of natural gas have begun to raise fast at the beginning of the first decade of 21 c. This process accelerated in 2004 when a 5-year period of rapid growth of oil prices began on the global market. In 2003-2008, they became nearly 5 times higher in comparison to 2002, increasing in relation to the previous year by almost 30% in 2004, nearly 50% in 2005, 25% in 2006, 13% in 2007 and further 45% in 2008. While assessing the causes of such rapid price growth, the analysis agree that this process resulted in no more than 60% from supply-demand conditions in the international market of fuels and raw materials and in remaining part from the activities of speculative capital. This applies in particular to 2007, 2008 and the following years when speculative capital flew through international commodity markets, including in particular through fuel and energy market, from real estate market which was at the time in crisis.

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

Years	Urals crude oil USD/bar.*	Natural gas USD/1000 m^3
2001	21.4	98.3
2002	22.2	85.7
2003	24.9	105.5
2004	31.8	109.1
2005	47.1	151.4
2006	58.8	216.0
2007	66.4	233.7
2008	95.3	353.7
2009	57.5	249.3
2010	76.2	268.5
2011	107.3	338.9
2012	109.7	348.3
2013	106.9	342.3
2014	99.9	317.0

**prices of crude oil exported to the countries, which don't belong to CIS. Source: CBR (Central Bank of Russia); Ministry of Economic Development of the Russian Federation.*

The situation on the international fuel market can be illustrated by the example of the raw materials exported by Russia - a leading player in the international energy market. Before economic crisis of 2008/2009, the average annual prices of Urals crude oil exported by Russia had grown from USD 21.4 per barrel in 2001 to USD 95.3 per barrel in 2008, i.e. nearly 4.5 times. The highest level in history of oil prices were recorded on 11 July 2008 when prices at the New York Stock Exchange reached USD 147.27 per barrel. On that day, also Russian Urals brand oil achieved its maximum price, reaching the level of USD 139.87 per barrel.

After a decline in 2009 by nearly 40% to USD 57.5 per barrel, the average annual prices of Russian crude oil exceeded in 2011-2013 the record level of over USD 100 per barrel, while in 2012 they approached the level of USD 110 per barrel. High level of prices was maintained also in 2014, in which they were at the level of USD 106.7 per barrel in Q1, USD 106.7 per barrel in Q2 and USD 103.1 per barrel in Q3. Although the signs of price lowering emerged already in Q3 of 2014, their fast decline begun in the second half of September with fast acceleration bearing the features of market collapse in Q4 in 2014. These trends exacerbated in the first months of 2015. As a result, prices of crude oil which in the half of June 2014 amounted to approx. USD 115 per barrel (USD 114.83 per barrel on 19 June 2014), were quoted at the end of this year at the level of USD 57.55 per barrel and below the level of USD 50 per barrel since 12 January 2015. After a slight rebound in February and March, in Q1 of 2015 the average prices amounted to USD 54.4 per barrel, i.e. were nearly half lower than in Q1 of 2014. In the entire analysed period, the prices of Urals crude oil increased nearly 5-fold in 2013 in comparison to 2002 and 4.5-fold taking into account slight decline in 2014. Prices of natural gas followed with 6-9 delay the crude oil prices. In Russian export, they increased from USD 98.3 per 1000 m^3 in 2001 to USD 353.7 per 1000 m^3 in 2008, i.e. nearly 4-fold. After a collapse in 2009, this record level has not yet been exceeded. In 2002-2013, prices in Russian export of natural gas became over 4 times higher and nearly 3.7 times in 2014.

2. Poland on international oil and gas market

Poland is a significant importer of energy resources. In recent years, import of crude oil covers approx. 95.5-97% of domestic demand for this fuel. As far as natural gas is concerned, share of import supplies amounts to approx. 70%. Import of crude oil increased by more than 1/3, from 17.7 million tonnes in 2002 to 23.7 million tonnes in 2014 (in 2013, it amounted to 23.3 million tonnes). In reference to natural gas, this growth in period of 2002-2014 equalled 44%, reaching the level of 11,182 million m^3 in 2014 in comparison with 7,775 million m^3 in 2002.

Table 2. Polish import of crude oil and natural gas during 2002-2014

Years	Crude oil			Natural gas		
	thousand tons	EUR million	average price EUR/ton	million m^3	EUR million	average price EUR/1000 m^3
2002	17,717	3,154	178	7,775	879	113
2003	17,028	2,895	170	8,721	1,029	118
2004	17,316	3,377	195	9,445	1,058	112
2005	17,912	5,230	292	9,919	1,557	157
2006	19,813	6,954	351	10,354	2,205	213
2007	20,885	7,602	364	9,598	2,044	213
2008	20,787	9,541	459	10,619	3,356	316
2009	20,098	6,271	312	9,435	2,588	269
2010	22,688	9,710	428	10,325	2,850	276
2011	23,792	13,657	574	11,174	3,620	324
2012	24,633	15,223	618	11,605	4,283	391
2013	23,346	13,704	587	11,818	4,030	341
2014	23,713	12,426	524	11,182	3,545	317
2013/2002	1.32	4.34	3.30	1.52	4.58	3.02
2014/2002	1.34	3.94	2.94	1.44	4.03	2.81

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

Table 3. Import of crude oil by country of origin

	2011		2012		2013		2014	
	thousand tons	%	thousand tons	%	thousand tons	%	thousand tons	%
Russia	21,853	91.9	23,518	95.5	22,270	95.4	22,140	93.4
Norway	1,337	5.6	828	3.4	757	3.2	518	2.2
United Kingdom	477	2.0	0	0.0	246	1.1	158	0.7
Other	125	0.5	287	1.1	73	0.3	897	3.7
TOTAL	23,792	100.0	24,633	100.0	23,346	100.0	23,713	100.0

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

With respect to crude oil, Russia's position, with share of more than 90% in Polish import of this raw material, is not threatened. The Friendship pipeline remains the basic supply route.

Table 4. Import of natural gas by country of origin

	2011		2012		2013		2014	
	million m^3	%	million m^3	%	million m^3	%	million m^3	%
Russia	9,549	85.5	9,261	79.8	9,115	77.1	8,471	75.8
Germany	1,625	14.5	1,788	15.4	2,150	18.2	2,319	20.7
Czech Republic	0	0.0	556	4.8	553	4.7	392	4.5
TOTAL	11,174	100.0	11,605	100.0	11,818	100.0	11,818	100.0

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

Russian position on Polish import market of natural gas was recently diminished. As a result of commissioning and development of interconnectors with Germany (Lasowo crossing point) and the Czech Republic (Cieszyn crossing point), participation of Gazprom in gas supplies to Polish market has been systematically decreasing. In 2014, it amounted to 75.8% in comparison to 85.5% in 2011. This does not mean lowering of the contribution of Russian gas in Polish import purchases, because all or a substantial part of the deliveries by both interconnectors may constitute gas previously supplied by Gazprom to German market and markets of other EU countries.

3. The effects of rising prices of crude oil and natural gas on import expenses

In the period 2003-2014, the total value of Polish imports increased almost 3-fold, i.e. it rose from EUR 55.1 billion in 2002 to EUR 168.4 billion in 2014. In terms of value, in the same period, import of crude oil increased nearly 4-fold, import of natural gas became 4 times higher (from EUR 3.2 billion in 2002 to EUR 12.4 billion in 2014 and EUR 0.9 billion to EUR 3.5 billion, respectively). With such a growth ratio, share of both raw materials in the entire Polish import significantly rose from 7.3% in 2002 to 9.5% in 2014 (11.9% in 2013).

On cumulated account, in the entire period of 2003-2014, additional expenses for purchase of crude oil and natural gas in Polish import amounted to EUR 89.7 billion in relation to 2002, EUR 67.8 billion (77.3%) of which falls for crude oil and EUR 21.8 billion (22.7%) for natural gas.

Table 5. Increase in accumulated import expenditure on the purchase of crude oil and gas in years 2003-2014 (base year 2002)

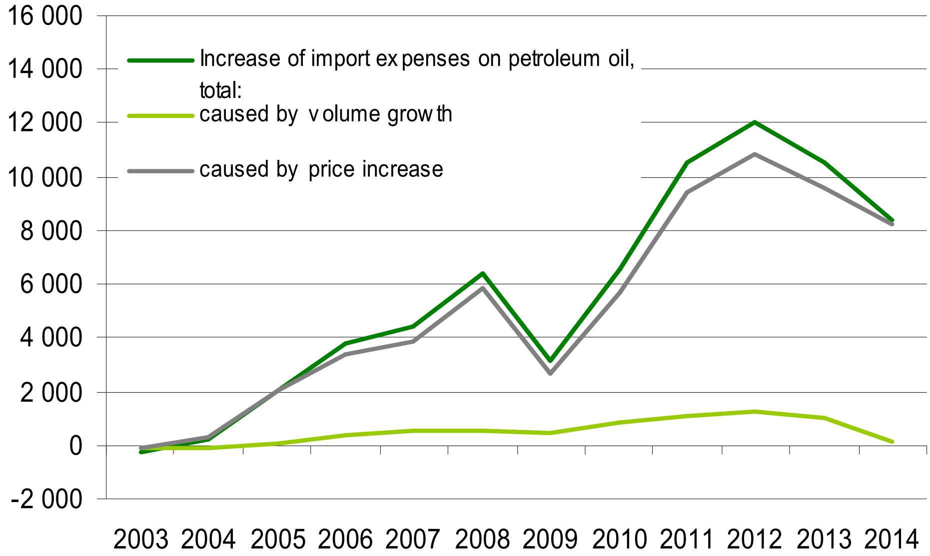
	Crude oil		Natural gas		Oil+gas	
	EUR million	**%**	**EUR million**	**%**	**EUR million**	**%**
Overall increase of import expenses, of this:	67,846	100.0	21,826	100.0	89,672	100.0
caused by volume growth	6,113	9.0	3,491	16.1	9,604	10.7
caused by price increase	61,733	91.0	18,335	83.9	80,068	89.3

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

Rapidly increasing prices had major impact on growth of expenses. Their share in the process amounted to 89.3%. Share of volume growth in increased import expenses was at level of 10.7%. Particularly high contribution of prices as causative factor of increased import expenses in analysed period occurred in the case of crude oil (91%) with small share of volume increase (9%). As far as natural gas is concerned, these proportions were as follows: 83.9% for the prices and 16.1% for the volume.

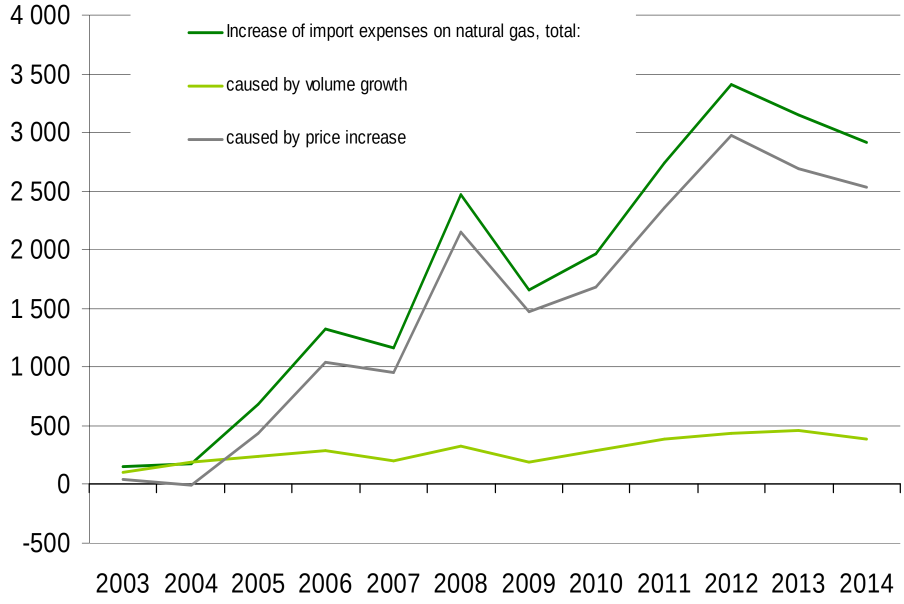
Crisis of 2008/2009 and related collapse of prices only briefly stopped increase of Polish expenses associated with purchase of crude oil and natural gas. Prices of the first raw material declined in 2009 by 22%, whereas prices of gas dropped by 14.9% in comparison to 2008. In the following years, there was a rapid increase once again, although their pre-crisis level from 2008 was not exceed until 2011. In 2010-2012, prices of crude oil in Polish import rose by more than 98%, whereas prices of gas increased by over 37%. In 2013, there was a decline in prices of both raw materials, i.e. crude oil by 5%, gas by 12.8% and further 10.7% and 7% in 2014.

Chart 1. Increase in expenditure on crude oil in imports due to growing volumes and Rusing proces in years 2003-2014 (base year 2002)



Note: (1) increase in expenditure due to growing volumes = growth of volumes in a given year in relation to 2002 x average price in 2002; (2) increase in expenditure due to rising prices = imports volumes in the given year x increase in price in a given year in relation to 2002; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO and the ARE.

Chart 2. Increase in expenditure on natural gas imports due to growing volumes and rising prices in years 2003-2014 (base year 2002).



Note: (1) increase in expenditure due to growing volumes = growth of volumes in a given year in relation to 2002 x average price in 2002; (2) increase in expenditure due to rising prices = imports volumes in the given year x increase in price in a given year in relation to 2002; Source: Strategy and Analyses Department of the Ministry of Economy on the basis of data of the CSO and the ARE.

Table 6 Impact of the increase of the prices of energy raw materials since 2003 on the import-related expenditure in the years 2003-2014 (base year 2002)

No.	Description		2002	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
					Crude oil								
1	**Imports volume**	**thous. tons**	17,717	17,912	19,813	20,885	20,787	20,098	22,688	23,792	24,633	23,346	23,713
2	**Average imports price of 1 ton of petroleum oil**	**EUR**	178	292	351	364	459	312	428	574	618	587	524
3	**Import expenses**	**EUR mn**	3,153	5,230	6,954	7,602	9,541	6,270	9,710	13,657	15,223	13,704	12,426
4	**Volume growth compared to 2002**	**thous. tons**	-	195	2,096	3,168	3,070	2,381	4,971	6,075	6,916	5,629	5,996
5	**Price increase compared to 2002**	**EUR**	-	114	173	186	281	134	250	396	440	409	346
6	**Overall increase of import expenses, of this:**	**EUR mn**	-	2,076	3,800	4,448	6,387	3,116	6,556	10,503	12,069	10,551	9,272
6.1	**caused by volume growth**	**EUR mn**	-	35	373	564	546	424	884	1,081	1,231	1,002	1,067
6.2	**caused by price increase**	**EUR mn**	-	2,041	3,427	3,884	5,841	2,693	5,672	9,422	10,838	9,549	8,205
					Natural gas								
7	**Imports volume**	**mln m³**	7,775	9,919	10,354	9,598	10,619	9,435	10,325	11,174	11,605	11,818	11,182
8	**Average imports price per 1 thous. m³ of gas**	**EUR**	113	157	213	213	316	269	276	324	391	341	317
9	**Import expenses**	**EUR mn**	879	1,557	2,205	2,044	3,356	2,538	2,850	3,620	4,538	4,030	3,545
10	**Volume growth compared to 2002**	**mn m³**	-	2,144	2,579	1,823	2,844	1,660	2,550	3,399	3,830	4,043	3,407
11	**Price increase compared to 2002**	**EUR**	-	44	100	100	203	156	163	211	278	228	204
12	**Overall increase of import expenses, of this:**	**EUR mn**	-	679	1,327	1,166	2,477	1,659	1,971	2,741	3,659	3,151	2,666
12.1	**caused by volume growth**	**EUR mn**	-	242	291	206	321	188	288	384	433	457	385
12.2	**caused by price increase**	**EUR mn**	-	436	1,035	960	2,156	1,472	1,683	2,357	3,226	2,694	2,281
					Crude oil and natural gas, total								
13	**Overall increase of import expenses, of this:**	**EUR mn**	-	2,755	5,128	5,614	8,865	4,776	8,527	13,244	15,728	13,702	11,938
13.1	**caused by volume growth**	EUR mn	-	277	665	770	868	611	1,172	1,465	1,664	1,459	1,452
13.2	**caused by price increase**	EUR mn	-	2,478	4,463	4,844	7,997	4,165	7,355	11,779	14,064	12,243	10,486

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

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

ANNEX NO. 2
CONDITIONS AND PERSPECTIVES OF POLISH EXPORT TO RUSSIA IN THE VIEW OF ECONOMIC CRISIS

1. Determinants of export to Russia

In recent years, the trend started before the crisis 2008/2009 to rise a number of imbalances was continued in Russian economy. The most critical ones include disproportion between rapidly increasing demand and supply of national goods and services which is not keeping up. This phenomenon is confirmed by trends in the growth of real wages of the population creating consumer demand and of investment dynamics which in turn create investment demand. In 2010-2013, wages increased by 22.9% and investments by 25.5%. A small propensity to save and increasing scale of loans made consumption demand increase at a pace even exceeding dynamics of wages and real incomes of the population. This is illustrated by the dynamics of retail trade turnover, which in 2010-2013 increased by 26.0%.

At the same time, as far as supply is concerned, industrial production grew only by 17.0%, agricultural production by 10.3% and the supply of services to the population by 10.6%.

The result of the gap which formed between rapidly growing demand supply which could not keep up was a dynamic increase in import (the imbalance creased also certain inflation pressure). **In 2010-2013, Russian import increased by 85.6%, whereas in the same period Russian GDP grew by 14.2%.**

Apart from listed inertia of domestic production, which has not been able to use the effect of the fast growing demand on the Russian market stimulated mainly by budgetary resources, **import was strongly driven by appreciation of the ruble** (in real terms by 10.5% in 2010-2013) and high inflation (31.1% in the period 2010-2013), which deteriorated the competitiveness of national goods against those coming from import.

Cumulated effect of all those factors resulted in the fact that in recent years 70-80% of the demand growth were caught by import which therefore was one of the most rapidly growth macroeconomic values in Russia.

The outcome of Polish export to Russia indicates that Polish exporters participated in active and effective way in Russian import boom. In recent years, Russia is 5th-6th Polish export market. After a collapse in crisis year 2009, when Polish export to this market lowered by nearly 41%, **in the following years it dynamically recovered.** In recent years, Polish exporters have strengthened their competitive positions in the Russian market, often at the expense of competitors from other countries of the European Union and third countries. The effectiveness of the measures in this regard is proven by high dynamics of Polish export to Russia in 2010-2013, exceeding average rates for the other partners of the country. Outcomes of our export in 2012 and 2013 are worth emphasising as it was the time when dynamics of the entire Russian import and import from EU dynamically lowered.

Table 1 Russian import in the years 2010-2013

	Russian import (previous year = 100)				**Russian Import**	
	2010	**2011**	**2012**	**2013**	**2013/2009**	**2013/2010**
Total import	136.8	133.4	102.2	100.2	188.2	136.6
Import from UE	126.8	133.5	103.8	101.3	178.1	140.4
Import from Poland	138.3	114.2	112.3	111.5	197.7	143.0

Source: data based on statistics of Russian customs office.

High dynamics of Polish exports to Russia is also confirmed by data of the Central Statistical Office of Poland, according to which Russian market was classified to the group with the highest dynamics of Polish export. **Polish export to Russia in 2013 was 61.9% higher than in 2010.** Thus, the entire Polish export increased by 26.9%.

2. Polish export to Russia in 2014

Together with growing crisis, **factors driving the rapid growth of import to Russia have disappeared** in recent years, i.e. rapidly growing domestic demand, both investment and consumption, related to associated with an increase in wages and real incomes, boosted further by the strong appreciation of the ruble. Reverse trend occurred in 2014. Decline of domestic demand (drop in investments by 2.5%, in real income by 1.0%) was additionally enhanced by strongly acting anti-import stimuli created by lowering ruble exchange rate (real depreciation of 27.5%). A significant barrier to imports, which appeared in conditions of economic crisis is a barrier hindering access to loans. Banks have significantly reduced financing of real economy in terms of both investment loans and working capital (basic interest rate of the Central Bank of Russia and consequently interest rates on loans increased from 5.5% in March to 17.0% in December 2014). It decreased also possibilities of implementing orders by Russian importers.

The falling trend of the economic activity in recent years with its final effect, i.e. entering in economic crisis at the end of 2014, **strongly affected Russian import.** Its growth slowed down already before from 36.8% in 2010 and 33.4% in 2011 to 2.2% in 2012 and only to 0.2% in 2013. In the following years, **Russian import** absolutely **decreased**. According to data of Russian customs statistics, it decreased **in 2014 by 9.2%, including 11.7% from EU,** with the intensification of this process in the last months of last year, when the scale of the decline significantly exceeded the level of 20.0%.

Due to deteriorating economic situation in Russia affected in recent months by sanctions and contra-sanctions related to engagement of Russia in the events in Ukraine, Polish commodity exchange with this country was significantly limited. **At the end of 2014, Polish export** (according to Polish customs statistics) **reached the value of EUR 7,004.6 million, i.e. was 14.0% lower** in comparison to 2013 (by 15.0% according to Russian statistics). **Overall export to the Russian Federation amounted in 2014 to EUR 1,142.2 million, including a decline in commodity items covered by embargo by over EUR 394 million.**

This means that approx. **2/3 drop in Polish export to the Russian Federation in 2014 was caused by structural determinants** of the Russian economy, i.e. significant slowdown of its growth lasting for last four years, which transformed in the last months of 2014 from stagnation to recession and in **1/3 by the embargo implemented.**

Decrease of export to Russia in 2014 due to embargo (of EUR 394 billion) constituted 4.8% of overall export from Poland to the Russian federation in 2013 and 0.25% of overall export from Poland in that year.

Regardless of goods covered by embargo, the most substantial decline in export to Russia in 2014 in absolute terms reaching over EUR 300 million occurred in the group of electromechanical products, while the vast part of the decrease fell on motor vehicles and their parts and accessories whose export decreased by over EUR 230 million. Significant declines of export were recorded also in the group of chemical products and in particular of organic chemicals and pharmaceutical products.

Export of agri-food products to Russia lowered from EUR 1,258 million in 2013 to EUR 882 million in 2014, i.e. by nearly 30% and share of Russian market in overall export of these goods decreased by 6.2% and 4.1%, respectively.

3. Forecasts for Polish export to Russia in 2015

According to general assessments, year 2015 is a culmination of economic crisis in Russia along with GDP drop by 3-7.0% and significant deterioration of all other macroeconomic parameters. The summary result of economic downturn, sanctions and contra-sanctions involves collapse of Russian import (signs occurred already in the last months of 2014, when there was a decline in import by 12.5% in October, by 22.5% in November and by 24.6% in December). With a significant decrease in investments (13.7-19.0%), wages and real income (6.0-10.0%), devaluation of the ruble, limiting of loans by banks for households and businesses, it is anticipated, according to various assumptions that after a decline by nearly 10% in 2014 **import from Russia may lower by further 35-40% in the ongoing year.**

Table 2 Russian import in the years 2013-2015

	2013		2014		**2015***	
	USD bn	100=previous year.	USD bn	100=previous year.	USD bn	100= previous year.
Russian Ministry of Finance	341.3	101.7	308.0	90.2	**182.3****	**59.2**
Ministry of Economic Development of the Russian Federation	341.3	101.7	308.0	90.2	**196.9**	**63.9**
Gajdar's Institute	341.3	101.7	308.0	90.2	**182.1**	**59.1**

** forecast; **In the budget's version from 1st December 2014 import was estimated at the amount of 299,2 USD bn (decrease by 2,9%). In the ruling amendment of the budget for 2015 from 20th April 2015 import is predicted at the amount of 182,3 USD bn (decrease by 4,8% compared to 2014).*

Source: Strategy and Analyses Department of the Ministry of Economy on the basis of the Ministry of Finance of Russian Federation, the Ministry of Economic Development of Russian Federation and Gajdar's Institute data.

After first five months of this year, the outcomes seem to confirm these assumptions when according to Russian customs statistics **import decreased by 39.2%, including by 45.9% from EU.**

Taking into consideration the above-mentioned forecast of decline in Russian import in 2015 and current trends in accordance to which:

- during periods of growth of Russian import, import from Poland increases faster than overall import and faster than overall import from EU;
- in the periods of collapse of Russian import, drop in import from Poland is larger than decline in overall import from Russia and EU (in 2009, a decrease in import from Poland amounted to 40.3% in comparison with 37.3% drop in overall Russian import and 35.3% drop in import from EU. In 2014, these declines amounted to 15.0%, 9.2% and 11.7%, respectively.

It should be anticipated that **Polish export to Russian market in the ongoing year may reduce by at least 36.1-40.9%, to the level of EUR 4.1-4.5 billion.** This would be the level lower than the one recorded in 2007 when Polish export to Russia exceeded EUR 4.7 billion. According to Russian statistics, **after five months of this year** import from Poland **decreased by 45.2%** in comparison to the same period in the previous year.

4. Polish export to Russia in comparison to their competitors

According to Russian customs statistics, **Russian import decreased in 2014 by 9.2% and by 39.2% in the period of January and May of this year.** The growing scale of the decline is the cumulative effect of factors acting in one direction, i.e. both collapse of investment and consumption demand on the Russian market and depreciation of ruble. This process is also affected by embargo on some agri-food products.

Russian import from EU countries declines much faster than overall import. This applies both to 2014 and to first months of the ongoing year. **In the previous year, the decline amounted to 11.7%, while in the current one it was 45.9%.**

Russian **import from Poland decreased in 2014 by 15.0%,** recording a more substantial drop than the average for the entire import and Russian import from EU. **In January-May of the ongoing year, it fell by 45.2%.**

The outcomes of Russian import in 2014 and in the first months of ongoing year indicate lack of direct link **between the present position in the context of the conflict in the Eastern Ukraine and Russia's propensity to purchase goods from these markets.** Taking into consideration decline in import from Poland as a reference point:
- decrease in import from Slovakia whose policy towards Russia's actions (next to the Czech Republic, Hungary and Austria) is seen as liberal, was significantly more substantial both in 2014 and in 2015 (by 19% and 48.1%, respectively) than in the case of Poland;
- decline in import from United Kingdom, very active in the discussions on sanctions was in 2014, was insignificant (3.7%), whereas the one from Italy (16.6%) and Greece (18.6%) considered as moderate in this regard was significantly higher than in the case of Poland;
- import from the US considered by Russia as leaders of ‘sanction policy’ increased in 2014 (by 12.1%) and in the ongoing year it is falling (by 28.0%) significantly slower than the one of other countries;
- decrease in import from CIS countries (by 17%) in 2014, including in particular from Belarus (by 15.6%), listed by Russia as the major direction to compensate for losses in import related to embargo, was more substantial than in the case of Poland;
- in January-May of the ongoing year, decline in Russian import from the majority of countries, including from Czech, Slovakia, France, Denmark, Finland, Lithuania, Sweden, is more substantial than in the case of Poland.

Table 3 Russian import in 2014 and in the period from January to May 2015

	Russian import	
	2014*	**2015 (I-V)***
	(+) growth (-) decline	(+) growth (-) decline
	in %	
TOTAL	-9.2	-39.2
European Union	-11.7	-45.9
Poland	-15.0	-45.2
Austria	-10.6	-45.1
Czech Republic	-7.9	-45.7
Denmark	-26.3	-46.1
Estonia	104.8	-54.9
Finland	-15.3	-50.7
France	-17.4	-54.4
Greece	-18.6	-40.6
Lithuania	-10.0	-53.8
Latvia	-18.9	-33.7
Germany	-13.1	-44.5
Slovakia	-19.0	-48.1
Sweden	-17.3	-50.4
Hungary	-8.9	-42.5
Italy	-16.6	-39.1
United Kigdom	-3.7	-46.1
Australia	-17.4	-21.4
Norway	-34.4	-65.1
USA	12.1	-28.0
Israel	-23.5	-27.6
CIS	-17.0	-42.2
Belarus	-15.6	-37.0
Ukraine	-31.9	-57.1
Kazakhstan	21.6	-27.2

** Percentile decline (-), growth (+) compared to same period of the previous year; Growth/decline is caused by USD terms, which is used in the Russian customs statistics of commodities turnover.*
Source: Strategy and Analyses Department of the Ministry of Economy on the basis Russian customs statistics of commodities turnover.

Outcomes in foreign trade result not only from *ad hoc* policy but they also reflect more persistent trends determining the structure of exchange, demand conditions and agreements between the different entities.

5. Conclusions

1. According to common assessments, in 2015 Russia will experience culmination of economic collapse. All basic macroeconomic parameters are significantly deteriorating. In particular, substantial decrease of 35-40% may occur in Russian import.
2. Decline of Polish export to Russia may be expected on a similar scale. It may reach the level of EUR 4.1-4.5 billion in 2015 in comparison to EUR 7.0 billion in 2014.
3. Agri-food products covered by Russian embargo will constitute approx. EUR 450.0 million, i.e. 15.5-18.0% of the decrease of Polish export to Russia in the ongoing year, i.e. by EUR 2.5-2.9 billion.
4. Any reduction or withdrawal from sanctions and contra-sanctions (Russian embargo on import of agri-food products) does not guarantee limiting the collapse of Russian import.
5. Economic recession in Russia has structural conditions of an internal nature. Sanctions, dropping prices of crude oil (and consequently of natural gas), depreciation of ruble have become substantial elements accelerating this process.

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