

Ústav zemědělské ekonomiky a informací

**ROČENKA AGRÁRNÍHO ZAHRANIČNÍHO OBCHODU ČR
ZA ROK 2009**

AGRARIAN FOREIGN TRADE YEARBOOK 2009

(informační studie)

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Executive Summary

In 2009, as a result of higher participation within the intra-EU trade (i. e. EU-27 export and import to/from the EU single market), the Czech share within the total EU-27 agrarian imports and exports increased in comparison to the period of 2005-08. On the other hand, the Czech share in extra-EU 27 trade (i. e. EU 27 export and import to/from the third countries) decreased slightly.

The Czech participation within the total EU-12 agrarian imports and exports increased in the monitored period, but in this case, only as a result of the higher Czech share in the trade of the EU-12 with other EU countries. The Czech participation within the trade of the EU-12 with the third countries dropped in the same period.

Turnover of the Czech agrarian trade rose in 2009 in comparison to the period of 2005-08 by 28.5 billion CZK (i. e. by 13.5 %) of which the Czech agrarian imports increased by 14 billion CZK (i. e. by 11.7 %) and the Czech agrarian exports increased by 14.5 billion CZK (i. e. by 15.9 %). It is necessary to add, that Czech agrarian exports decreased slightly by 1.3 % in 2009 against 2008, and that this happened for the first time since the Czech accession to the EU.

Balance deficit of the Czech agrarian trade decreased by 579.1 million CZK to 27.5 billion CZK. The coverage of agrarian imports by exports improved by 2.9 p. p. to 79.3 % in 2009 as compared with the period of 2005-08 as a result of more dynamic growth of exports than imports. The Czech balance deficit fluctuated substantially (between 23 billion and 34 billion CZK in both directions) in the monitored period and therefore it is difficult to evaluate any possible trend.

The Czech agrarian trade is increasingly concentrated on EU-27 countries. In 2009, the EU-27 participation in the Czech agrarian exports was 92.6 % (by 2.7 p. p. more than in the period of 2005-08). The EU-27 share in the Czech agrarian imports was 93.4 % (e. g. by 1.5 p. p. higher than in the period of 2005-08) if the EU-27 countries were countries of delivery, and 85.7 % (e. g. by 2 p. p. higher than in the period of 2005-08) if the EU-27 countries were countries of origin. On the side of Czech agrarian exports, the EU-15 participation increased by 3.8 p. p. to 48.1 % whereas the EU-12 share decreased by 1.1 p. p. to 44.6 % in 2009 as compared to the period of 2005-08. On the side of Czech agrarian imports, both EU-15 and EU-12 shares rose (by 6.7 p. p. to 63.9 % and by 0.8 p. p. to 29.5 %, respectively).

The most important buyers of agrarian products from the Czech Republic in the long run are Slovakia, Germany, Poland, Hungary and due to the growing exports of cigarettes also Italy. The share of these countries amounted to three quarters of the value of Czech agrarian export in 2009. The biggest sellers of agrarian products to the Czech Republic remain

Germany, Poland, Netherlands, Slovakia, Austria and Italy whose share in total is around 70%.

Within the third countries, Commonwealth of Independent States (CIS), developing countries (which, however, lost their dominant position in the monitored period) and Other Developed Market Economies (OTME) have the biggest share in Czech agrarian exports. Developing countries and OTME participated also at a largest degree in Czech agrarian imports. From the viewpoint of individual countries, the Czech Republic exported agrarian products especially to Russia, Croatia, Japan and Ukraine in 2009. China, the United States, Brazil and Turkey were the main sellers of agrarian products to the Czech Republic.

In 2009, as compared with the period of 2005-08, balance of the Czech agrarian trade worsened mainly in relation to Poland, Netherlands, Germany, Portugal and Spain (as a result of net import increase related to these countries), and as for the third countries, balance with Russia worsened as well (as a result of net export decrease), while trade balance with Italy, Slovakia, the United Kingdom, Sweden and Romania improved during the same time. Growths of net exports have been registered by countries mentioned above with the exception of Italy where balance deficit changed to balance surplus. The balance improvements in case of Italy and the United Kingdom were caused by higher exports of Czech cigarettes to these countries.

“Cigarettes“, “wheat“, “not concentrated milk and cream“, “beer“, “rape seed“, “other food preparations” (CN 2106), “bread, pastry, cakes, biscuits and other bakers’ wares“, “chocolate and other food preparations containing cocoa“, “sweetened or flavoured waters including mineral and aerated waters“, “sugar confectionery not containing cocoa“, “preparations used in animal feeding“, “sauces, mixed condiments and seasonings, mustard“, “malt“, “live bovine animals“, “fermented or acidified milk products” and “sugar” were the main Czech agrarian export products. It can be seen that a significant part of the products mentioned are commodities with low value added.

The processed products which have high share in Czech agrarian exports belong mostly within the main Czech import items, too. These are frequently traded products (and semi-finished products) of large multinational firms which have their own trade objectives and strategies.

“Meat of swine“, “bread, pastry, cakes, biscuits and other bakers’ wares“, “other food preparations“, “chocolate and other food preparations containing cocoa“, “cheese“, “preparations used in animal feeding“, “soya bean oilcakes“, “poultry meat and edible offal“, “vine“, “coffee“, “cigars and cigarettes“, “citrus fruit“, “bananas” and “tomatoes” are the most frequently imported products. These are often products with higher value added. It is necessary to remark that a significant part of import products comprised from uncompetitive products.

From the territorial point of view, Germany is the main seller of “*meat of swine*”, “*soya bean oilcakes*”, dairy products as “*cheese*”, “*butter*” and “*fermented milk products*”, processed products as “*chocolate and other food preparations containing cocoa*”, “*bread, pastry, cakes, biscuits and other bakers' wares*”, “*preparations used in animal feeding*” and of “*other food preparations*”. Poland exports to the Czech Republic especially meat (mainly “*poultry meat and offal*”), “*cheese*” and, like Germany, “*bread, pastry, cakes, biscuits and other bakers' wares*”, “*chocolate and other food preparations containing cocoa*” and “*other food preparations*”. The last three items mentioned are also the main agrarian items imported from Slovakia. The Czech Republic imports from Slovakia also “*not concentrated milk and cream*” and “*cheese*”, within beverages and spirits “*sweetened or flavoured waters including mineral and aerated waters*” and “*wine*”, and within meat products “*poultry meat and offal*” (the importance of “*meat of swine*” imports is gradually increasing). Netherlands is main seller of “*cut flowers and flower buds*”, “*other plants, cuttings and slips*”, “*meat of swine*”, “*poultry meat and offal*”, vegetables (mainly “*tomatoes*” and “*paprika*”), fruit (especially “*citrus fruit*” and “*grapes*”) and “*other food preparations*”.

Slovakia is the most important buyer of “*cigarettes*”, “*sweetened or flavoured waters including mineral and aerated waters*”, “*bread, pastry, cakes, biscuits and other bakers' wares*”, “*preparations used in animal feeding*” “*chocolate and other food preparations containing cocoa*” and “*other food preparations*”. “*Sausages*”, “*other prepared or preserved meat, meat offal or blood*”, “*not concentrated milk and cream*” and other dairy products have also the significant share in Czech agrarian export to Slovakia. With the exception of “*beer*” most products which are exported from the Czech Republic to Germany are products with lower value added as “*not concentrated milk*”, “*wheat*”, “*rape seed*” (but also “*rape seed oil*” and “*rape seed oilcakes*”) and “*live poultry*”. The main Czech agrarian products exported to Poland are “*malt*”, “*wheat*”, “*corn*”, “*preparations used in animal feeding*”, “*sweetened or flavoured waters including mineral and aerated waters*”, “*chocolate and other food preparations containing cocoa*”, “*rape seed*” (“*poppy seed*” exports are also significant) and “*live poultry*”.

The most important Czech agrarian net export commodity aggregate is CN 24 “*Tobacco and manufactured tobacco substitutes*”. Its balance deficit changed to surplus by 3.3 billion CZK in 2009 as compared to the period of 2005-08 and as such it represents the biggest balance change among all 24 chapters of CN. Although the balance surplus of this chapter decreased between 2009 and 2008 owing to lower exports and higher imports, it remained distinctively high. The total Czech agrarian trade balance deficit was to a high degree influenced by this chapter namely.

The main Czech agrarian net import chapters are CN 02 “*Meat and edible meat offal*” (in the first position since 2007), CN 07 “*Vegetables and certain roots and tubers*”, CN 23 “*Residues and waste from the food industry, prepared animal fodder*” and CN 20

“Preparations of vegetables, fruit, nuts or other parts of plants”. Logically, these chapters have also the lowest coverage of imports by exports. This is caused by uncompetitive character of the commodities (tropical and subtropical fruit, soya bean oilcakes) but in case of *“meat and offal”* the main reason of increasing exports is the falling competitiveness of Czech animal products.

In addition to the aforementioned chapter *CN 24*, an improvement of the Czech agrarian trade balance in 2009 (as compared with the period of 2005-08) has been registered also within the most important net export chapters *CN 10 “Cereals”* (balance surplus increased by 2.8 billion CZK) and *CN “Oilseeds and oleaginous fruit”* (balance surplus increased by 1.6 billion CZK).

On the contrary, the main worsening of trade balance has been remarked within the net import commodity aggregate *CN 02 “Meat and edible meat offal”* (by 3.6 billion CZK) especially as a result of increasing imports of *“meat of swine”*, and within *CN 15 “Animal or vegetable fats and oils”* (by 1.3 billion CZK) mainly due to the shift to balance deficit within *“rape seed oil”*. A decrease of the active balance of the chapter *CN 04 “Dairy produce, eggs, natural honey”* (by 1.7 billion CZK) was caused, firstly, by the enormous decrease of net exports of *“not concentrated milk and cream”*, and, secondly, by higher net imports of *“butter”* (which was a predominant export commodity till 2009). The only balance surplus which improved markedly was in *“fermented or acidified milk products”*.

Within the chapter *CN 01 “Live animals”* the balance surplus decreased in 2009 for the first time since the accession of the Czech Republic to the EU in 2005. Although the Czech net exports of *“live bovine animals”* increased, the more considerable decline of balance deficit of *“live swine”* influenced the chapter’s balance total. This negative development in *“live swine”* was caused by the increasing value of imported *“live swine weighing less than 50 kg”* (predominantly piglets) from Denmark and *“live swine weighing 50 kg or more”* from Germany.

“Sugar reform” adopted in 2005 aimed at the substantial reduction of sugar production in the whole EU. That’s why Czech sugar exports and net exports decreased, too (by 1.2 billion CZK in 2009 as compared with the period of 2005-08). Czech sugar exports to the third countries began to fall immediately after the accession of the Czech Republic to the EU whereas exports to the EU countries (from the point of view of value) increased noticeably (in 2006, however, they decreased again). The growth of Czech sugar exports to the third countries (in 2009 as compared with 2008), mainly as a result of higher exports to Russia and other countries of CIS, was caused by the exceptional situation on the sugar market when average price on the EU single market dropped below the world price. Later on, the remarkably higher volumes of Czech sugar exports to the EU were decreasing gradually till 2009.

Within the Czech agrarian extra-EU trade, exports of “*malt*” and “*hops*” (directed mainly to Japan) increased while total Czech exports of these commodities decreased in 2009 (in comparison to 2008).

Exports of “*concentrated milk and cream*”, “*butter*”, “*poppy seed*” and “*beer*” to the third countries declined in 2009 (in comparison to 2008) and this has resulted, like in the previous four years, to further decrease of total Czech agrarian exports outside the EU.

On the basis of the indexes RCA-1 and RCA-2 (Revealed Competitive Advantage) we have identified several commodities able to compete. These are especially the traditional Czech export products as “*malt*”, “*beer*” and “*hops*” which are successfully placed on the EU single market as well as on the third countries’ markets. Also, “*rape seed*”, “*rape seed oilcakes*”, “*poppy seed*”, “*wheat*” and other cereals of temperate zone have positive values of RCA indexes. With the exception of “*poppy seed*” and “*oat*”, these commodities are exported to the EU only (mostly to Germany). “*Live bovine animals*” within all destinations, “*live poultry*” and “*not concentrated milk and cream*” within the intra-EU trade, and “*concentrated milk and cream*” within the extra-EU trade (despite a slight worsening) have proved as being able to compete (RCA indexes don’t regard special circumstances as export subsidies and other types of supports which distort results). “*Fermented or acidified milk products*” have proved to have a good level of index RCA-1 but not so good level of index RCA-2.

Among processed products, the results of “*sausages*” (exported mostly to Slovakia), “*sugar confectionery not containing cocoa*”, “*essences and concentrates of coffee, tea etc.*”, “*sauces, mixed condiments and seasonings, mustard*”, “*soups, broths and preparations therefore, homogenised composite food preparations*”, “*vegetable saps and extracts, pectinates and pectates, agar-agar etc.*” and “*cigarettes*” are worth mentioning. Index RCA-1 has indicated that “*rape seed oil*” is able to compete on the EU single market, but index RCA-2 for 2009 states the opposite.

On the other hand, uncompetitive products like “*soya bean oilcakes*” or “*tobacco*”, all kind of meat, “*live swine*”, most of vegetables and fruit (also conserved ones), “*fruit and vegetable juices*”, “*wine*”, “*wheat flour*” (and other products of milling industry), “*starches*”, “*other sugars*” (CN 1702), “*malt extract and food preparations of flour, groats, meal etc.*” and “*pasta*” have shown unsatisfactory RCA-1 and RCA-2 indexes recently.