

EXPANDING EU TRADE WITH POLAND

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About 61% of total Polish imports originated from the EU, and about 70% of Polish exports were destined for the EU. Over the past 6 years, these trade-ratios have remained stable, although Polish trade has increased more than twofold over the same period. Poland remained the EU's 4th biggest export market while the EU, and in particular Germany, were Poland's main trading partners.

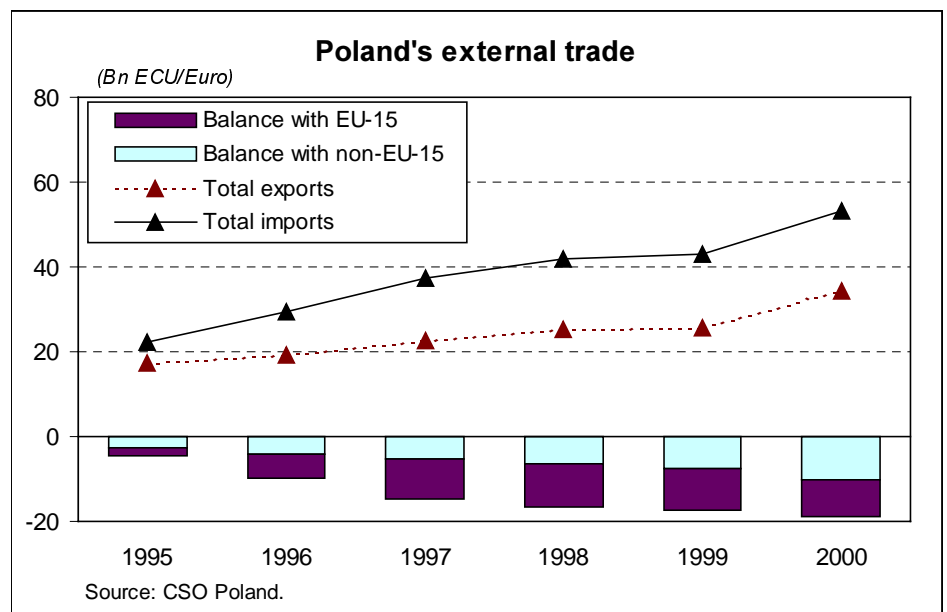
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EXTERNAL TRADE

THEME 6 – 9/2001

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Trade integration between EU and Poland on a high level

The trade integration between Poland and the EU has stabilised at a high level. Poland's imports from the EU increased more than twofold since 1995, while exports to the EU almost doubled over the same period. However, while Poland's exports to the EU grew at the same pace as total exports, imports from the EU grew at a slower pace than total imports.

Poland experienced an increasing trade deficit over the past six years (see figure). After being more or less evenly balanced between EU and non-EU countries before 1995, the EU played an increasing prominent role in Poland's trade deficit up until 1999. In 2000 the situation changed in so far as 55% of the deficit (around 10 bn euro) resulted from trade with non-EU countries. Poland imported goods worth 53 bn euro and exported goods worth 34 bn euro in 2000. This represented around one percent of world trade (imports 1.0% and exports 0.6% respectively).

Trade deficit on energy

Poland's trade deficit was 18.7 bn euro in 2000, a deterioration over 1999, despite the fact that the vast majority of product groups actually improved (see table 1). The trade balance for "machinery, equipment" which was by far most important product group (i.e. adding up the overall value of exports and imports) showed a deficit of 8.2 bn euro which nonetheless was an improvement of 0.3 bn euro. "Wood, stone and metal-products" also showed an improvement of 0.4 bn euro compared to 1999.



The deterioration of the trade-balance was mainly due to substantial increases in oil prices during 2000, which resulted in dearer imports of energy. Although "Mineral products & fuel" only constituted about 12% of total imports in 2000, an increase of nearly 80% in this product group was the main single reason behind the 23% increase in imports and a deteriorating trade balance. Polish exports increased by about a third in 2000, and the two major product groups "wood, stones and metal-product" and "machinery, equipment", contributed to this by rising 30% and 55% respectively.

By ranking the sections of product that have contributed to the highest trade surpluses and trade deficits in recent time, table 2 indicates that Poland is a net importer of capital equipment with higher value added (machine and electrical engineering goods) goods. If this is linked to a pickup in investment and to industrial restructuring, it can be expected to lead to a greater export capacity in the medium term.

EU main partner

Most of Poland's trade is carried out with the EU: around 61% of all imports originated from and around 70% of all exports were destined for the EU market (see table 3). When ranked in importance as trading partners (i.e. adding up the overall values of all exports and imports), three EU Member states (Germany, Italy and France) took places one, two and four. In this manner, Russia ranked third with respectively ten and three percent of imports and exports. The significant higher imports from Russia are mainly due to a 115% increase in energy imports. Nearly 90% of total Polish imports from Russia were in "mineral and fuel" in 2000. The US ranked seventh (before the Czech Republic).

Table 1 - Poland's external trade: major product groups over the past years

Product groups (HS)	Imports		Exports		Average annual variation 00/95	
	1999	2000	1999	2000	Imports	Exports
	(Bn Euro)				(%)	
Total	43.05	53.08	25.67	34.37	23.3	14.5
G1 Agricultural products	3.16	3.45	2.50	2.89	8.7	8.6
G2 Mineral products, fuels	3.55	6.36	1.46	1.92	21.0	1.9
G3 Chemicals, plastics	7.52	9.08	2.38	3.39	17.8	14.2
G4 Leather, textile	3.73	4.19	3.25	3.56	11.0	7.1
G5 Wood, stones, metal products	6.55	7.96	5.89	7.74	19.5	11.7
G6 Machinery, equipment	13.14	15.35	4.64	7.17	20.9	27.9
G7 Vehicles	4.36	5.51	3.36	4.92	34.2	22.8
G8 Other manufactured articles	1.04	1.19	2.18	2.79	18.6	17.7

Sources: CSO Poland, United Nations.

Table 2 - Poland's balance of trade by main product section

HS section	1995	1997	1998	1999	2000
	(Bn ECU/Euro)				
Largest surpluses					
Misc. manufactured articles	0.78	1.09	1.11	1.22	1.69
Wood, wood articles (except furnitures)	0.59	0.56	0.62	0.70	0.79
Live animals, animal products	0.22	0.20	0.19	0.21	0.21
Largest deficits					
Machinery, electrical equipment	-3.34	-6.55	-7.67	-7.71	-7.25
Mineral products	-0.70	-2.07	-1.62	-2.09	-4.44
Chemical products	-1.29	-2.27	-2.81	-3.23	-3.58
Plastics, articles thereof	-0.95	-1.61	-1.77	-1.91	-2.10

Sources: CSO Poland, United Nations.

Table 3 - Poland's trade with the main geographical areas, 2000

Partners	Rank as a trading partner	Imports			Exports			Balance Value (Mio Euro)
		Value	Share	00/99	Value	Share	00/99	
		(Mio Euro)	(%)		(Mio Euro)	(%)		
Total		53 085	100	23.3	34 373	100	33.9	-18 711
EU-15		32 459	61.1	16.1	24 018	69.9	32.8	-8 441
Germany	1	12 698	23.9	16.4	11 978	34.8	29.3	-720
Italy	2	4 405	8.3	9.4	2 167	6.3	29.1	-2 238
France	4	3 411	6.4	18.0	1 784	5.2	43.2	-1 627
CIS		5 861	11.0	88.9	2 292	6.7	33.8	-3 568
Russia	3	5 019	9.5	99.5	943	2.7	41.2	-4 077
Ukraine	16	513	1.0	60.7	871	2.5	31.8	358
CEC		4 202	7.9	32.0	3 993	11.6	37.6	-208
Czech Rep.	8	1 698	3.2	22.7	1 304	3.8	33.9	-394
Hungary	15	837	1.6	42.7	707	2.1	40.0	-130
US	7	2 370	4.5	52.8	1 092	3.2	53.6	-1 278
EFTA		1 162	2.2	8.2	661	1.9	26.2	-502
Others		7 031	13.2	13.9	2 317	6.7	33.8	-4 714
China	14	1 500	2.8	31.4	107	0.3	-13.0	-1 393
Japan	19	1 139	2.1	31.0	67	0.2	67.3	-1 071
Rep. of S. Korea	22	802	1.5	-27.7	37	0.1	-27.6	-766

Source: CSO Poland.

Germany focal point

Germany, the single most important trading partner for Poland (absorbing roughly half of Polish exports into the EU and making 43% of EU exports), was followed in importance by Italy and France (see table 4). All EU Member states except Greece and Portugal had a positive trade balance vis-à-vis Poland, but data show that most members of the EU have lost ground in comparison to 1999. Only the Netherlands, Ireland and Spain and to a lesser extent, Luxembourg and Austria have improved their trade balance vis-à-vis Poland since 1999.

EU trade with Poland

At the Harmonised System (HS) two-digit level, the main group of products purchased by the EU from Poland was made up of "road vehicles" followed by "machinery and mechanical appliances" and "electrical machinery and equipment, each accounting for roughly one tenth of EU imports (table 5). Conversely, exports to Poland comprised largely "machinery and mechanical appliances" (20%) and "electrical machinery and equipment" (11%). The exports of "Data processing machines" (HS 8471) have surged during recent years and account for about 10% of the exports of "Machinery and mechanical appliances". Also, "Road vehicles" have featured as one of the most important exports and imports product throughout the nineties, in particular "motor cars and other vehicles" (HS 8703) and "motor parts and accessories" (HS 8708) which in total amounted to about 5 % of overall EU exports and imports to Poland.

Table 4 - EU trade with Poland by Member States, 2000

Reporter	Imports from Poland			Exports to Poland			Balance	
	Value	Share	Variation 00/99	Value	Share	Variation 00/99	2000	Variation 00/99
	(Mio Euro)	(%)		(Mio Euro)	(%)		(Mio Euro)	
EU-15	23 179	100.0	31.8	33 716	100.0	16.4	10 537	-856
B	1 004	4.3	45.2	1 553	4.6	9.8	549	-174
DK	879	3.8	18.7	897	2.7	8.7	18	-67
D	11 759	50.7	29.4	14 504	43.0	17.6	2 744	-508
EL	201	0.9	112.3	121	0.4	52.4	-80	-65
E	506	2.2	35.7	988	2.9	23.8	482	56
F	1 672	7.2	37.3	3 095	9.2	14.2	1 423	-69
IRL	94	0.4	17.8	368	1.1	39.8	274	91
I	2 089	9.0	25.5	3 845	11.4	11.3	1 756	-34
L	20	0.1	2.9	90	0.3	21.7	70	15
NL	1 345	5.8	17.9	2 523	7.5	23.2	1 178	271
A	721	3.1	33.4	1 146	3.4	19.5	424	7
P	207	0.9	426.6	105	0.3	42.4	-102	-136
FIN	282	1.2	41.8	799	2.4	10.9	517	-4
S	944	4.1	40.8	1 569	4.7	8.8	624	-147
UK	1 455	6.3	42.0	2 115	6.3	19.2	659	-90

Source: Eurostat.

Table 5 - EU trade with Poland by main product, 2000

HS code	Description	Value	Share	Variation 00/99
		(Mio Euro)	(%)	
Main imports				
87	Road vehicles, tractors, cycles	2 666	11.5	49.5
84	Machinery and mechanical appliances	2 573	11.1	121.3
85	Electrical machinery and equipment	2 451	10.6	19.5
94	Furnitures	2 107	9.1	25.7
62	Articles of apparels, clothing accessories	1 424	6.1	0.0
Main exports				
84	Machinery and mechanical appliances	6 570	19.5	15.9
85	Electrical machinery and equipment	3 792	11.2	13.1
87	Road vehicles, tractors, cycles	3 761	11.2	15.2
39	Plastics and plastic products	2 269	6.7	19.7
48	Paper and paperboard	1 228	3.6	20.2

Source: Eurostat.

□ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The country aggregates: EU: EU-15. CIS (Commonwealth of Independent States): Countries of the former USSR. CECs (Central European Countries): Albania, Bulgaria, Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia, Slovenia; Czech Republic, Slovakia, Serbia Montenegro and the Former Yugoslav Republic of Macedonia. EFTA: Switzerland, Iceland, Liechtenstein,

Norway.

Data sources: Customs sources. System: Special trade. Statistical values: CIF values for imports and FOB values for exports.

Classification: the product groups have been defined according to the sections of the Harmonised System as follows: G1: I-IV; G2: V; G3: VI-VII; G4: VIII, XI, XII; G5: IX, X, XIII, XIV, XV; G6: XVI, XVIII; G7: XVII; G8: XIX, XX, XXI.

In this report, 1 Bn = 1000 million

Basic figures for 2000

	Poland	EU-15
Population (Mio)	38.6	374.8 *
GDP/capita (in PPS)	8 800	22 500
Unemployment rate	16.1%	8.2%
Inflation rate	10.2%	2.1%

* 1998

Further information:

➤ Reference publications

Title External and intra-EU trade - monthly statistics
 Catalogue No KS-AR-01-010-EN-C Price EUR 20

➤ Databases

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