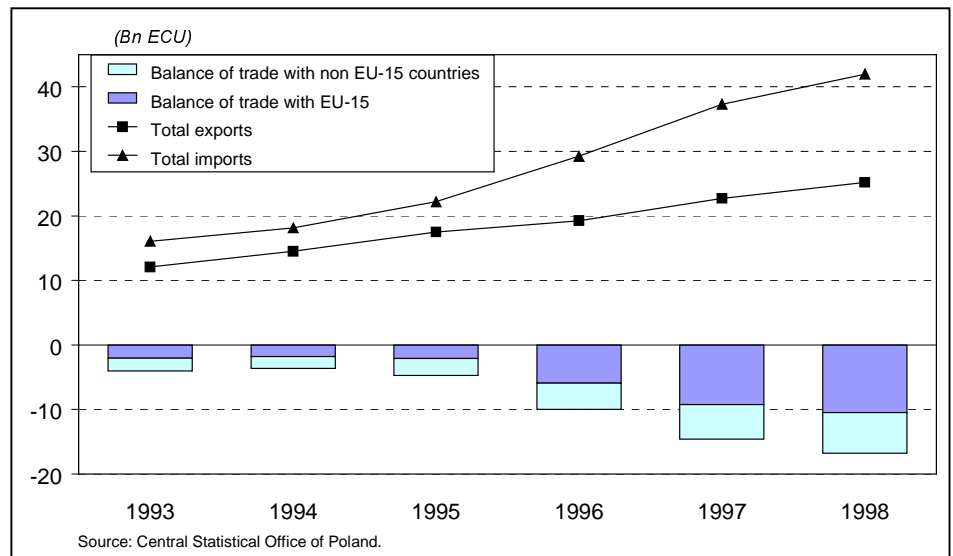


EXPANDING EU TRADE WITH POLAND

Tim Allen

Over the past 6 years, Poland imported more than it exported, but import growth slowed somewhat in 1998 in comparison to the year before. The latest EU data for the period January-July 1999 seem to confirm this trend. Poland remained the EU's 4th biggest export market while the EU and in particular Germany were Poland's main trading partners. Amongst EU Member states, Poland's trade figures compare to those of Portugal.

Fig. 1: Poland's foreign trade



Poland EU's 4th biggest export market

Convergence towards a free-trade area as a forerunner to Poland's EU accession has helped to fuel expanding trade with the European Community. Overall, Poland's imports increased more than 2 ½-fold since 1993, while exports roughly doubled over the same period. However, Poland's import growth slowed somewhat in 1998 in comparison to the year before, while exports expanded at a steady pace. The latest EU data (EU trade with Poland Jan-July 1999, EU exports to Poland down by 2% and EU imports from Poland up by 7%)¹ seem to confirm this trend. Nevertheless, Poland experienced an increasing trade deficit over the past years (see figure 1). This deficit was more or less evenly balanced between EU and non EU countries from 1993 to 1995. From 1996 onwards, trade with the EU started playing an increasingly prominent role in Poland's trade balance: in 1998, roughly two thirds of the balance (amounting to around ECU 17 bn) resulted from trade with EU countries, while its sharpest increase was recorded in 1996.

Close to one fifth of Poland's exports and imports in 1998 were in primary materials, while manufactured articles represented the bulk of the trade with roughly four fifths of exports and imports (see table 2). Also, growth in imports of primary materials was very marginal between 1997 and 1998, while it increased annually by around 11% since 1994. However, imports in manufactured articles grew more than twice as fast over the same period, while exports of manufactured articles grew almost three times as fast as those of primary materials over the past few years.

¹ See Eurostat News Release 111/99, 29 October 1999.

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EXTERNAL TRADE

THEME 6 – 3/1999

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Overall, Poland imported goods worth ECU 42 bn while it exported roughly ECU 25 bn worth in 1998. This contributed to around one percent of world trade (imports 1.0% and exports 0.7% respectively) and to around a fourth of overall CEC trade (see table 1). Also, this established Poland as the EU's 4th biggest export market (as in 1996) after coming a close 5th to Russia in 1997.

EU main partner

In 1998, much of Poland's trade was carried out with the EU: around 66% of all imports originated from and around 68% of all exports were destined for the EU market (see table 1). When ranked in importance as trading partners (i.e. adding up the overall values of all exports and imports), three EU Member states (namely Germany, Italy and France) took places one to three (while ten EU Member states were among the top fifteen). In this manner, Russia ranked fourth in importance as a trading partner for Poland with between five and six percent of imports and exports. However, trade relations with Russia were on the decline in comparison to the year before. Interestingly, the US ranked seventh (before the Czech Republic) while both the Republic of Korea and China clocked in higher than Japan.

Similar to Portugal

How would Poland's external trade statistics feature amongst those of EU Member states? For example (see ratios in figure 2), Poland imported almost as much as Denmark (EU intra + extra imports) in 1998 and more than Ireland, Portugal, Finland and Greece. Its exporting capacity was slightly above that of Portugal (again EU intra + extra exports) and substantially higher than that of Greece. Also, its ratio of imports to exports in 1998 came close to Portugal's ratio. Thus among EU Member states, Poland's trade figures in 1998 compared to those of Portugal.

Tab. 1: **Poland's trade with the main geographical areas¹, 1998**

| Partners | Rank as a trading partner | Imports | | | Exports | | | Balance |
|---------------|---------------------------|---------------|--------------|-------------|---------------|--------------|-------------|----------------|
| | | Value | Share | 98/97 | Value | Share | 98/97 | Value |
| | | (Mio ECU) | (%) | | (Mio ECU) | (%) | | (Mio ECU) |
| Total | | 41 970 | 100.0 | 12.5 | 25 180 | 100.0 | 10.9 | -16 791 |
| EU-15 | | 27 676 | 65.9 | 16.3 | 17 188 | 68.3 | 17.9 | -10 488 |
| Germany | 1 | 11 097 | 26.4 | 23.6 | 9 128 | 36.3 | 22.0 | -1 969 |
| Italy | 2 | 3 928 | 9.4 | 6.5 | 1 477 | 5.9 | 10.7 | -2 451 |
| France | 3 | 2 706 | 6.4 | 22.6 | 1 183 | 4.7 | 18.3 | -1 523 |
| NIS | | 2 725 | 6.5 | -11.2 | 2 853 | 11.3 | -17.9 | 128 |
| Russia | 4 | 2 116 | 5.0 | -10.6 | 1 425 | 5.7 | -25.0 | -691 |
| Ukraine | 13 | 336 | 0.8 | -8.2 | 969 | 3.8 | -8.9 | 633 |
| CEC | | 2 935 | 7.0 | 13.9 | 2 597 | 10.3 | 22.0 | -338 |
| Czech Rep. | 8 | 1 304 | 3.1 | 12.2 | 912 | 3.6 | 13.4 | -392 |
| Slovakia | 20 | 526 | 1.3 | 14.8 | 301 | 1.2 | 8.7 | -225 |
| US | 7 | 1 575 | 3.8 | -6.1 | 674 | 2.7 | 15.3 | -901 |
| EFTA | | 938 | 2.2 | 1.8 | 417 | 1.7 | 19.7 | -520 |
| Others | | 6 122 | 14.6 | 16.5 | 1 450 | 5.8 | -9.3 | -4 672 |
| Rep. of Korea | 15 | 1 146 | 2.7 | 20.9 | 12 | 0.0 | -85.7 | -1 134 |
| China | 16 | 1 044 | 2.5 | 30.3 | 30 | 0.2 | 112.0 | -1 014 |
| Japan | 19 | 808 | 1.9 | 24.7 | 41 | 0.2 | -20.0 | -767 |

| For comparison (%) | | | | | | | | |
|--------------------------|------|---------------|------|-------|---------|------|-------|---------|
| | | Imports | | | Exports | | | Balance |
| | | Share | | 98/97 | Share | | 98/97 | Share |
| | | <i>in GDP</i> | 29.8 | - | 1.0 | 17.9 | - | -0.5 |
| <i>in trade of CEC's</i> | 26.5 | - | -2.3 | 23.4 | - | 1.6 | - | |
| <i>in trade of world</i> | 1.0 | - | 6.3 | 0.7 | - | 6.5 | - | |

¹ See definitions of EU-15, NIS, CEC and EFTA's aggregates on page 3.

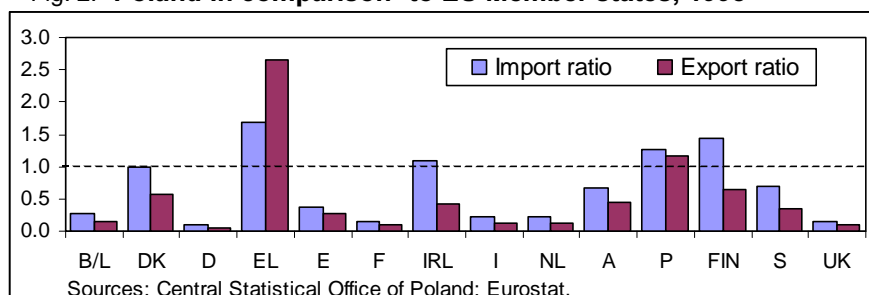
Sources: Central Statistical Office of Poland; IMF.

Tab. 2: **Major product groups over the past years** (%)

| Product groups (SITC-Rev-3) | Imports | | | Exports | | |
|----------------------------------|--------------------------|------------------|-------------|--------------------------|------------------|-------------|
| | Share in total imp. 1998 | Annual variation | | Share in total exp. 1998 | Annual variation | |
| | | 98/97 | 98/94 | | 98/97 | 98/94 |
| 0-4 Primary materials | 17.4 | 0.3 | 11.3 | 18.8 | -4.2 | 6.3 |
| 0-1 Food products | 6.9 | 2.2 | 13.6 | 10.4 | -6.4 | 11.8 |
| 2+4 Crude materials | 4.1 | -3.2 | 12.5 | 3.0 | -2.5 | 1.5 |
| 3 Energy | 6.3 | 0.7 | 8.4 | 5.5 | -0.7 | 0.9 |
| 5-8 Manufactured articles | 81.6 | 15.3 | 26.2 | 81.0 | 14.3 | 16.9 |
| 5 Chemicals | 13.6 | 9.6 | 20.7 | 6.7 | -6.5 | 14.4 |
| 6+8 Misc. manufactured articles | 30.0 | 15.4 | 23.0 | 45.9 | 4.3 | 13.2 |
| 7 Machinery, transport equipment | 38.0 | 17.3 | 31.7 | 28.4 | 44.3 | 25.3 |

Source: Central Statistical Office of Poland.

Fig. 2: **Poland in comparison¹ to EU Member states, 1998**



Sources: Central Statistical Office of Poland; Eurostat.

¹ The import ratios above are calculated by dividing the value of Poland's total imports by the value of total imports of each Member state - hence a ratio close to one implies that total import values are very similar. Export ratios are calculated accordingly.

Germany focal point

As mentioned above, external trade relations with the EU were of considerable importance to both Poland and the EU Member states. In particular Germany was the single most important trading partner (absorbing roughly half of Polish imports into the EU and making around 45% of EU exports), followed by Italy and France (see table 3). All EU Member states bar Greece had a positive trade balance vis-à-vis Poland, but the latest data show that Sweden, the UK, Austria and Denmark have lost some ground in comparison to 1997.

Road vehicles dominate

At the SITC two-digit level, the main group of products purchased by the EU from Poland was made up of clothing and clothing accessories followed by road vehicles and furniture and bedding (see table 4), each accounting for roughly one tenth of EU imports. Conversely, exports to Poland comprised largely road vehicles and general industry machinery. Also, the item "road vehicles" featured as one of the most important export and import product throughout the nineties. In particular motor parts and accessories were imported in 1998 into Poland (SITC 7843, 4.6% of total exports). In return the EU bought in from Poland a relatively large percentage of small cars (SITC 7812, 4.7% of total imports, mostly cylinder capacity smaller than or equal to 1000 CC).

Tab. 3: EU trade with Poland by Member States, 1998

| Reporter | Imports from Poland | | | Exports to Poland | | | Balance | |
|--------------|---------------------|--------------|-----------------|-------------------|--------------|-----------------|---------------|-----------------|
| | Value | Share | Variation 98/97 | Value | Share | Variation 98/97 | 1998 | Variation 98/97 |
| | (Mio ECU) | (%) | | (Mio ECU) | (%) | | (Mio ECU) | |
| EU-15 | 16 161 | 100.0 | 13.6 | 28 146 | 100.0 | 12.2 | 11 985 | 1 132 |
| B/L | 655 | 4.1 | 38.1 | 1 419 | 5.0 | 15.4 | 764 | 146 |
| DK | 709 | 4.4 | 6.6 | 837 | 3.0 | 6.8 | 128 | -16 |
| D | 8 219 | 50.9 | 14.0 | 12 245 | 43.5 | 16.4 | 4 026 | 717 |
| EL | 87 | 0.5 | 14.0 | 85 | 0.3 | 4.0 | -2 | 6 |
| E | 333 | 2.1 | 21.4 | 802 | 2.9 | 12.4 | 470 | 30 |
| F | 1 110 | 6.9 | 7.8 | 2 473 | 8.8 | 19.7 | 1 363 | 327 |
| IRL | 64 | 0.4 | -3.8 | 244 | 0.9 | 36.4 | 179 | 54 |
| I | 1 506 | 9.3 | 11.5 | 3 455 | 12.3 | 5.0 | 1 949 | 10 |
| NL | 1 067 | 6.6 | 22.2 | 1 958 | 7.0 | 25.1 | 892 | 200 |
| A | 519 | 3.2 | 15.4 | 898 | 3.2 | 3.3 | 379 | -52 |
| P | 39 | 0.2 | 34.5 | 62 | 0.2 | 50.3 | 23 | 11 |
| FIN | 240 | 1.5 | -19.1 | 693 | 2.5 | 7.9 | 453 | 107 |
| S | 646 | 4.0 | 14.3 | 1 196 | 4.3 | 2.2 | 550 | -156 |
| UK | 967 | 6.0 | 11.2 | 1 778 | 6.3 | -8.0 | 811 | -252 |

Source: Eurostat.

Tab. 4: EU trade with Poland by main products, 1998

| SITC Rev-3 | Description | Value | Share | Variation 98/97 |
|---------------------|-----------------------------------|---------------|--------------|-----------------|
| | | (Mio ECU) | (%) | |
| Main imports | | | | |
| Total | | 16 161 | 100.0 | 13.6 |
| 84 | Clothing and clothing accessories | 1 869 | 11.6 | 12.1 |
| 78 | Road vehicles | 1 536 | 9.5 | 19.4 |
| 82 | Furniture and bedding | 1 322 | 8.2 | 17.4 |
| 77 | Electrical machinery | 1 174 | 7.3 | 26.7 |
| 69 | Manufactures of metals | 847 | 5.2 | 18.0 |
| Main exports | | | | |
| Total | | 28 146 | 100.0 | 12.2 |
| 78 | Road vehicles | 3 220 | 11.4 | 5.0 |
| 74 | General industry machinery | 2 190 | 7.8 | 17.2 |
| 77 | Electrical machinery | 1 933 | 6.9 | 19.2 |
| 65 | Textile yarn, fabrics | 1 871 | 6.6 | 10.2 |
| 72 | Machinery specialised | 1 826 | 6.5 | 15.8 |

Source: Eurostat.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The country aggregates: EU: EU-15. NIS (Newly Independent States): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, Tajikistan, Turkmenistan, Ukraine.

CECs (Central European Countries): Albania, Bulgaria, Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; Czech Republic, Slovakia, Serbia Montenegro and the Former Yugoslav Republic of Macedonia.

EFTA (Countries of the European Free Trade Agreement): Switzerland, Iceland,

Liechtenstein, Norway.

Data sources: Customs sources. Eurostat Comext database: Phare domain for Poland's trade with the rest of the world; EEC special trade domain for bilateral trade between the EU and Poland. Divergences between the two sources on figures concerning bilateral trade can be partly explained by the use of different methodologies and concepts.

System: Special trade.

Classification: Third revision of the Standard International Trade Classification (SITC). This was set up by the United Nations for the

purposes of economic analysis.

Statistical values: EU: CIF values for imports and FOB values for exports; Poland: CIF/FOB.

In this report, 1 Bn ECU= 1000 million ECU

See also "Eurostat Statistics in focus, External trade, no 6/98, Poland's foreign trade" which you can order.

Please consult <http://europa.eu.int/eurostat.html> for further information.

Further information:

➤ Reference publications

Title External and intra-European Union trade – monthly statistics
 Catalogue No CA-AR-99-010-EN-S Price EUR 20

➤ Data bases

Comext - date of extraction: 13/09/99
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For information on methodology:

Tim ALLEN, Eurostat/C4, L-2920 Luxembourg, Tel: (352) 4301 35098, Fax: (352) 4301 34339, Email timothy.allen@cec.eu.int

Eurostat thanks Andreas Petermann for his collaboration on this report.

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