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External trade



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EUROPEAN UNION TRADE AND INVESTMENT WITH CENTRAL AND EASTERN EUROPEAN COUNTRIES - Results from 1995 to June 1997 -

Summary

The countries of Central and Eastern Europe (CEEC)¹ are becoming important partners for the EU in all economic areas. In 1996, they accounted for 8.5 % of the extra-EU imports in goods and 11.1% of the extra-EU exports in goods. Both the EU imports and exports from/to the CEEC were concentrated in Manufactured products. In comparison to the total extra-EU imports, imports from the CEEC were more concentrated in Manufactured products classified by material and Miscellaneous manufactured products. The trade balance in goods was strongly positive in favour of the EU.

The CEEC were responsible for 4.5% of the exports and 4.9% of the imports of the total extra-EU trade in services in 1995. Austria showed the highest values in exports (1995: 2.9 Bn ECU) while recording a positive trade balance. Germany came second in exports (1.9 Bn ECU) and first in imports (3.3 Bn ECU) resulting in a negative trade balance in services with the CEEC. The EU trade in services with the CEEC was concentrated in Transportation, Travel and Other business services.

In 1995, the CEEC were also an important target for the EU direct investment (12.6% of extra-EU outflows). Germany was the main investor, followed by the Netherlands and France. Austria's outflows to the CEEC represented 89% of its total outflows to the world and Germany's 21%. FDI inflows from the CEEC economies to the EU were modest.

Basic economic indicators between the EU and the CEEC



	1994	1995	1996
CEEC			
GDP total in ECU ²	210.99	239.07	254.22
GDP total in PPS (in Bn)	529.73	568.87	611.79
GDP per head in PPS (in 1000)	5 025	5 402	5 819
Exports of goods* to the CEEC	48.01	58.68	70.75
Imports of goods* from the CEEC	38.94	47.16	50.01
Exports of services to the CEEC (credit)	8.12	8.10	n.a.
Imports of services from the CEEC (debit)	7.98	8.54	n.a.
FDI outflows from the EU to the CEEC	2.87	5.59	n.a.
FDI inflows from the CEEC to the EU	- 0.14	0.14	n.a.

¹ CEEC: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Albania, Croatia, Bosnia-Herzegovina and FYROM (Former Yugoslav Republic of Macedonia).

² GDP figures do not include Albania, Croatia, Bosnia-Herzegovina and FYROM.

Sources: National Accounts statistics and BOP statistics; * COMEXT

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I: Imports from the CEEC by product groups

EU imports from the CEEC increased from 47.1 to 49.5 Bn ECU between 1995 and 1996 (i.e. 5.1%). This increase was lower compared to the increase in the total extra-EU imports (+6.6 %). During the first six months of 1997, EU imports from the CEEC registered 27.9 Bn ECU, an increase of 16.1% compared to the same period of 1996 (24.1 Bn ECU). The share of the CEEC in the total extra-EU imports initially declined slightly from 8.6% in 1995 to 8.5% in 1996, to increase later in the first half of 1997 to 8.6%.

EU imports from the CEEC increased mainly due to the Manufactured products which went from 38.1 Bn ECU in 1995 to 40.7 Bn ECU in 1996 (20.0 Bn ECU to 23.4 Bn ECU between the first half of 1996 and the corresponding period of 1997). These increases were higher than that in total imports from the CEEC. The sub-groups of the Manufactured products had, however, very different developments. EU imports of Machinery and transport equipment from the CEEC displayed a remarkable increase of 23.6% between 1995 and 1996 and of 26.5% for the first half of the year 1997 compared to the same period of 1996. Also the imports of Miscellaneous manufactured products increased during the first six months of 1996 and of 1997 (+13.7%) but less than the Manufactured products. Even if both the Chemicals and the Manufactured products classified chiefly by material decreased between 1995 and 1996, they recovered again in the first six months of 1997 compared to the first semester of 1996.

Raw materials (-2.8%) declined slightly (from 8.4 to 8.1 Bn ECU) between 1995 and 1996, but recovered with an increase of 13.1% during the first six months of 1997 compared with the

corresponding period of 1996. Within Raw materials, the Crude materials except fuels were the most volatile over time.

The EU imports from the CEEC were more heavily concentrated in Manufactured products (around 84%) than the extra-EU imports (whose share was about 70%). In 1996, the Machinery and transport equipment was the most important product group both in the EU imports from the CEEC (30.0%) and in the extra-EU imports (32.3%). Further, imports from the CEEC countries were more heavily concentrated in Manufactured goods classified chiefly by material (23.5%) and in Miscellaneous manufactured goods (23.7%) than the extra-EU imports (with shares of 13.0% and 16.2% respectively).

Import structure of the EU with the CEEC and the extra-EU



TRADE BY PRODUCTS SITC Rev. 3	Imports from CEEC %			Extra- EU imports %
	1995	1996	1997 I - II	1996
Raw materials	17.8	16.4	15.1	28.1
Food, beverage, tobacco	5.6	5.4	4.3	7.9
Crude materials ex. fuels	7.0	6.0	6.2	6.5
Mineral fuels	5.2	5.0	4.7	13.8
Manufactured products	80.9	82.3	83.7	69.2
Chemicals	7.2	6.6	6.5	7.7
Manuf. goods (by material)	26.8	23.7	23.5	13.0
Mach. & transport equip.	23.0	27.1	30.0	32.3
Misc. manufact. articles	23.9	24.9	23.7	16.2
Other not classif. goods	1.3	1.3	1.2	2.7
TOTAL	100.0	100.0	100.0	100.0

EU imports from the CEEC by main products



TRADE BY PRODUCTS SITC Rev. 3 ¹	1995	1996	1996 I - II	1997 I - II	96/95	97/96 I - II
	Bn ECU				% - var *	
Raw materials (0 - 4)	8.4	8.1	3.7	4.2	- 2.8	13.1
Food, beverage & tobacco (0+1)	2.6	2.7	1.1	1.2	0.7	4.3
Crude materials except fuels (2+4)	3.3	3.0	1.5	1.7	- 9.5	18.1
Mineral fuels (3)	2.4	2.5	1.1	1.3	2.5	15.6
Manufactured products (5-8)	38.1	40.7	20.0	23.4	6.8	16.8
Chemicals (5)	3.4	3.3	1.7	1.8	- 3.7	7.7
Manufact. goods class. chiefly by material (6)	12.6	11.7	5.9	6.6	- 7.2	11.7
Mach. & transport equipment (7)	10.8	13.4	6.6	8.4	23.6	26.5
Misc. manufact. articles (8)	11.3	12.3	5.8	6.6	9.6	13.7
Other not classified goods (9)	0.6	0.6	0.3	0.3	2.9	2.2
TOTAL (0-9)	47.1	49.5	24.1	27.9	5.1	16.1
MEMORANDUM ITEMS						
Extra-EU	544.8	580.8	289.4	318.7	6.6	10.1
CEEC as % of Extra-EU	8.6	8.5	8.3	8.6	-	-

¹The Standard International Trade Classification is an analytical nomenclature introduced by the United Nations for economic analysis. In this document, the third revision of the nomenclature (SITC Rev. 3) introduced in 1988 is used.

* All figures in ECU have been rounded, but the % variation has been calculated using the full figures.

II: Exports to the CEEC by product groups

EU exports to the CEEC increased from 58.5 to 69.5 Bn ECU between 1995 and 1996, which means a remarkable growth of 18.8%. In the first six months of 1997, the rise was even higher (+20.7%) in comparison to the same period of 1996. The increases in both periods were much higher than the growth registered by extra-EU exports (+9.0% and +12.2% respectively). As a consequence, the share of EU exports to the CEEC in the extra-EU exports increased to 11.1% in 1996 and to 11.8% in the first two quarters of 1997.

The exports of Manufactured products to the CEEC went up from 50.1 Bn ECU in 1995 to 59.9 Bn ECU in 1996, and from 28.3 Bn ECU in the first half year of 1996 to 34.5 Bn ECU in the corresponding period of 1997. In both periods, the increases (+19.6% and +21.8% respectively) were higher than in total exports (SITC 0-9) to the CEEC.

The exports of Machinery and transport equipment increased from 22.6 Bn ECU in 1995 to 28.1 Bn ECU in 1996 and from 13.2 Bn ECU in the first half of 1996 to 16.4 Bn ECU in that of 1997. These increases displayed the highest growths (+24.3% and +24.6%) among the Manufactured products. Chemicals, Manufactured goods classified chiefly by material and Miscellaneous manufactured goods also experienced very high increases both between 1995 and 1996 (+16.5%, +14.7% and +16.9% respectively) and between the half year of 1996 and that of 1997 (+21.0%, +18.8% and +18.9% respectively).

EU exports of Raw materials increased from 7.2 Bn ECU in 1995 to 8.0 Bn ECU in 1996 (from 3.8 Bn ECU in the first semester of 1996 to 4.3 Bn ECU in that of 1997). They increased by 11.6% and 12.1% in the respective periods, which however were significantly below the increases in the total

exports. The largest growths (+23.3% and +32.2%) were registered by Mineral fuels; they were however at a very low absolute level.

EU exports to the CEEC and the extra-EU exports were concentrated in the Manufactured products. In both cases, Manufactured goods registered shares of more than 86% each. In 1996, the Machinery and transport equipment was the most important product group in the EU exports to the CEEC (40.4%). Its relative importance is, however, slightly lower than in the total extra-EU exports (45.3%). Within the group Manufactured products, the EU exports to the CEEC were more concentrated in Manufactured goods classified by material (around 22%) than the extra-EU exports (16.6%).

Export structure of the EU with the CEEC and the extra-EU



TRADE BY PRODUCTS SITC Rev. 3	Exports to the CEEC %			Extra-EU exports %
	1995	1996	1997 I - II	1996
Raw materials	12.3	11.6	10.8	11.2
Food, beverage, tobacco	7.2	6.7	6.1	6.6
Crude materials ex. fuels	2.9	2.6	2.3	2.2
Mineral fuels	2.2	2.2	2.3	2.5
Manufactured products	85.7	86.2	86.9	87.5
Chemicals	12.0	11.7	12.0	12.9
Manuf. goods (by material)	22.5	21.7	21.6	16.6
Mach. & transport equip.	38.6	40.4	41.4	45.3
Misc. manufact. articles	12.6	12.3	11.8	12.7
Other not classif. goods	2.0	2.3	2.4	1.3
TOTAL	100.0	100.0	100.0	100.0

EU exports to the CEEC by main products



TRADE BY PRODUCTS SITC Rev. 3	1995	1996	1996 I - II	1997 I - II	96/95	97/96
	Bn ECU				% - var *	
Raw materials (0 - 4)	7.2	8.0	3.8	4.3	11.6	12.1
Food, beverage & tobacco (0+1)	4.2	4.7	2.3	2.4	10.5	8.1
Crude materials except fuels (2+4)	1.7	1.8	0.9	0.9	5.7	6.7
Mineral fuels (3)	1.3	1.6	0.7	0.9	23.3	32.2
Manufactured products (5-8)	50.1	59.9	28.3	34.5	19.6	21.8
Chemicals (5)	7.0	8.1	3.9	4.8	16.5	21.0
Manufact. goods class. chiefly by material (6)	13.2	15.1	7.2	8.6	14.7	18.8
Machinery and transport equip. (7)	22.6	28.1	13.2	16.4	24.3	24.6
Miscellaneous manufactured articles (8)	7.3	8.6	3.9	4.7	16.9	18.9
Other not classified goods (9)	1.2	1.6	0.8	0.9	31.7	22.0
TOTAL (0-9)	58.5	69.5	32.9	39.7	18.8	20.7
MEMORANDUM ITEMS						
Extra-EU	572.2	623.9	299.3	335.9	9.0	12.2
CEEC as % of Extra-EU	10.2	11.1	11.0	11.8	-	-

* All figures in ECU have been rounded, but the % variation has been calculated using the full figures.

III: Trade in goods between the EU Member States and the CEEC

EU trade with the CEEC by EU Member State



	Exports					Imports					Trade balance		
	1996 %	1995 Bn ECU	1996 I - II	1996 I - II	1997 I - II	1996 %	1995 Bn ECU	1996 I - II	1996 I - II	1997 I - II	1995 Bn ECU	1996 I - II	1997 I - II
BLEU	3.8	2.1	2.7	1.3	1.6	3.3	1.6	1.6	0.8	1.0	0.5	1.0	0.6
Denmark	2.0	1.1	1.4	0.6	0.7	2.1	1.0	1.0	0.5	0.6	0.2	0.4	0.1
Germany	41.2	24.7	28.7	13.5	16.3	46.7	22.6	23.1	11.1	12.9	2.1	5.5	3.4
Greece	1.4	0.9	1.0	0.5	0.5	1.5	0.7	0.8	0.4	0.4	0.2	0.2	0.1
Spain	2.0	1.0	1.4	0.7	0.9	1.9	1.0	0.9	0.5	0.6	0.1	0.5	0.3
France	7.4	4.1	5.2	2.5	3.1	6.8	3.1	3.4	1.8	1.8	1.0	1.8	1.3
Ireland	0.6	0.3	0.4	0.2	0.2	0.3	0.1	0.2	0.1	0.1	0.2	0.3	0.1
Italy	16.1	9.1	11.2	5.4	6.0	13.1	6.4	6.5	3.4	3.9	2.7	4.7	2.2
Netherlands	4.5	3.0	3.2	1.5	1.7	5.3	2.5	2.6	1.3	1.3	0.5	0.5	0.4
Austria	8.8	5.5	6.1	2.8	3.7	8.9	3.4	4.4	1.9	2.4	2.0	1.7	1.2
Portugal	0.2	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Finland	3.1	1.7	2.2	1.0	1.3	1.6	0.8	0.8	0.4	0.4	0.9	1.4	0.8
Sweden	3.1	1.8	2.2	1.0	1.3	2.7	1.3	1.3	0.6	0.8	0.4	0.8	0.5
United Kingdom	5.6	3.1	3.9	1.8	2.3	5.6	2.6	2.8	1.3	1.7	0.5	1.1	0.6
EU-15	100.0	58.5	69.5	32.9	39.7	100.0	47.1	49.5	24.1	27.9	11.4	20.0	11.7

Source : COMEXT

The main player in the EU-CEEC trade was Germany, exporting 28.7 Bn ECU and importing 23.1 Bn ECU in 1996 (exports 16.3 Bn ECU and imports 12.9 Bn ECU during the first semester of 1997). The second largest trader with the CEEC was Italy (6.0 Bn ECU in exports and 3.9 Bn ECU in imports during the first six months of 1997). Austria came third in 1996, registering much lower absolute levels both in exports and imports (6.1 Bn ECU in exports and 4.4 Bn ECU in imports). All other EU Member States displayed exports and imports at far lower absolute levels.

The export increases between 1995 and 1996 were quite high for Germany with 16.2% and for Italy with 23.1%, whereby Austria recorded only 10.9%. On the import side, however, Austria showed a very high increase (+29.4%) compared to Germany (+2.3%) and Italy (+1.6%). Like Germany, Italy and

Austria, all other EU member countries also recorded a positive trade balance with the CEEC.

Poland, the Czech Republic and Hungary made out together 63.0% of the EU exports to the CEEC and 62.2% of the EU imports from the CEEC in 1996. Poland was the most important export market for the EU with 19.8 Bn ECU in 1996 and already 11.7 Bn ECU in the first half of 1997. The increase of the EU exports between 1995 and 1996 was - with 29.4% - quite remarkable. EU imports from Poland amounted to 12.2 Bn ECU, recording however a small decrease (-0.8%) in comparison to 1995. In 1996, both the Czech and Hungarian exports to the EU increased, recording +19.6% and +14.9% respectively. The increases of the imports from these two countries between 1995 and 1996 amounted to 8.9% for the Czech Republic and 15.8% for Hungary.

EU trade with the CEEC by CEEC countries



	Exports					Imports					Trade balance		
	1996 %	1995 Bn ECU	1996 I - II	1996 I - II	1997 I - II	1996 %	1995 Bn ECU	1996 I - II	1996 I - II	1997 I - II	1995 Bn ECU	1996 I - II	1997 I - II
Estonia	2.4	1.3	1.7	0.8	1.0	2.2	0.9	1.1	0.5	0.7	0.5	0.6	0.3
Latvia	1.6	0.9	1.1	0.5	0.7	2.3	1.1	1.1	0.5	0.7	-0.2	0.0	0.0
Lithuania	2.1	1.0	1.5	0.6	0.9	2.2	1.0	1.1	0.5	0.6	0.0	0.4	0.3
Poland	28.5	15.3	19.8	9.2	11.7	24.7	12.3	12.2	6.0	6.8	3.0	7.6	4.9
Czech Republic	20.1	11.7	14.0	6.7	7.7	19.7	9.0	9.8	4.8	5.4	2.7	4.2	2.2
Slovakia	5.7	3.2	4.0	1.9	2.3	6.9	3.1	3.4	1.7	1.9	0.1	0.6	0.4
Hungary	14.4	8.7	10.0	4.7	6.1	17.8	7.6	8.8	4.2	5.3	1.1	1.2	0.8
Romania	6.4	3.8	4.4	2.1	2.3	7.2	3.4	3.6	1.7	2.0	0.4	0.8	0.3
Bulgaria	2.4	2.1	1.7	0.9	0.8	3.4	1.8	1.7	0.9	1.0	0.2	0.0	-0.2
Slovenia	7.7	5.2	5.4	2.7	3.0	8.6	4.2	4.3	2.1	2.3	0.9	1.1	0.8
Albania	1.1	0.5	0.7	0.3	0.2	0.4	0.2	0.2	0.1	0.1	0.4	0.5	0.1
Croatia	5.6	3.7	3.9	1.8	2.1	3.5	1.9	1.7	0.9	0.9	1.8	2.1	1.3
Bosnia-Herzegovina	0.8	0.2	0.5	0.2	0.3	0.1	0.0	0.1	0.0	0.1	0.1	0.5	0.3
FYROM	1.2	0.9	0.8	0.4	0.4	0.9	0.7	0.4	0.2	0.2	0.2	0.4	0.1
EU-15	100.0	58.5	69.5	32.9	39.7	100.0	47.1	49.5	24.1	27.9	11.4	20.0	11.7

Source : COMEXT

IV: EU-CEEC trade balance by product groups

EU-CEEC trade balance



TRADE BY PRODUCTS SITC Rev. 3	1995	1996	1996	1997	1995	1996	1996	1997
	Bn ECU				cover ratio=[(exp/imp)*100]			
			I - II	I - II			I - II	I - II
Raw materials (0-4)	- 1.2	- 0.1	0.1	0.0	86	99	102	101
Food, beverage and tobacco (0+1)	1.6	2.0	1.1	1.2	161	177	197	204
Crude materials except fuels (2+4)	- 1.6	- 1.2	- 0.6	- 0.8	52	60	59	54
Mineral fuels (3)	- 1.2	- 0.9	- 0.4	- 0.4	52	62	61	70
Manufactured products (5-8)	12.0	19.2	8.3	11.1	131	147	141	147
Chemicals (5)	3.6	4.9	2.3	3.0	206	249	235	264
Manufact. goods by material (6)	0.5	3.4	1.3	2.0	104	129	122	130
Machinery and transport equip. (7)	11.8	14.7	6.6	8.1	208	209	199	196
Misc. manufact. articles (8)	- 3.9	- 3.8	- 1.9	- 1.9	65	69	68	71
Other not classified goods (9)	0.6	0.9	0.4	0.6	190	243	235	281
TOTAL	11.4	20.0	8.8	11.7	124	140	137	142
MEMORANDUM ITEM								
Extra-EU	27.4	43.1	9.9	17.2	105	107	103	105

The EU trade balance with the CEEC registered permanently a surplus since 1995. It increased from 11.4 Bn ECU in 1995 to 20.0 Bn ECU in 1996 and from 8.8 Bn ECU to 11.7 Bn ECU between the first two quarters of 1996 and of 1997. The surpluses were the result of a higher increase in exports than in imports which in turn raised the EU cover ratio (export/import) from 124 in 1995 to 140 in 1996 and from 137 to 142 between the first half of 1996 and the same period of 1997. The cover ratio with extra-EU increased only slightly.

The trade balances by product group showed that Manufactured products, with the exception of Miscellaneous manufactured goods, were the main reason for the surplus in the first semester of 1997.

Manufactured goods recorded values of 19.2 Bn ECU in 1996 and already 11.1 Bn ECU in the first semester of 1997. Chemicals and Manufactured goods classified by material recorded faster growing exports than imports which were reflected in an increasing cover ratio. On the contrary, Miscellaneous manufactured products recorded a negative trade balance, implying a low cover ratio during the analyzed period.

After having registered a deficit in 1995 and 1996, the trade balance in Raws materials turned into the black in the first half of 1997. This was due to the surplus in Food, beverage and tobacco (1.2 Bn ECU) that more than compensated the deficits recorded by Crude materials except fuels and Mineral fuels.

V: Intra-industry trade index with the CEEC by EU Member State

The Grubel-Lloyd (GL) intra-industry trade index (see next page) for the trade between the EU and a selection of CEEC shows a value of 60. Trade is thus rather intra-industry specialized (exchange of goods within the same industry). The comparison of the indices by Member State shows large differences. Obviously, Finland and Ireland are more inter-industry specialized than Austria, while Denmark and France showed a stronger intra-industry specialization with the total CEEC. On the other hand, the GL-indices of the EU with respect to the selected CEEC countries reveal that the trade with Estonia and Poland is rather inter-industry specialized.

The values of the GL-indices reflect differing patterns of specialization in the trade between each EU country and the CEEC. Only Austria, Germany, France and Italy have high GL-indices with some CEEC. The trade of Austria, Germany and France with the Czech Republic, Hungary and Slovakia is thus significantly intra-industry specialized. For Italy, only the trade with Slovenia is of this type.

All other EU Member States have an inter-industry specialized trade with the selected CEEC. However, the degree of this specialization varies strongly by partner. For example, Greece, Ireland and Spain have extremely low GL-indices with Estonia.

Grubel-Lloyd intra-industry trade index*, 1996



	CEEC TOTAL	Czech Republic	Estonia	Hungary	Poland	Slovakia	Slovenia
BLEU	47	51	15	40	35	45	30
Denmark	45	41	28	41	35	26	42
Germany	56	68	22	63	44	63	52
Greece	45	15	1	29	17	10	7
Spain	44	38	8	24	38	20	16
France	56	56	10	53	37	48	67
Ireland	22	25	1	21	13	18	15
Italy	54	44	32	49	44	47	58
Netherlands	47	55	10	50	43	44	41
Austria	60	55	21	63	28	56	61
Portugal	53	32	41	17	34	16	9
Finland	35	24	39	29	21	22	27
Sweden	48	44	42	44	42	41	38
United Kingdom	48	52	12	50	38	23	44
EU-15	60	66	48	66	48	61	70

* The Grubel-Lloyd intra-industry trade index is calculated using the SITC divisions from 00 to 97.

The Grubel-Lloyd intra-industry trade index

The intra-industry trade index shows whether the trade between partners is specialized in different industries (inter-industry specialization) or within the same industry (intra-industry specialization). A value near 100 means that the trade between two partners is taking place within one industry. A value near zero indicates a strong inter-industry specialization. The index has, however, geographical and sectoral biases if the underlying data is insufficiently disaggregated. Geographical bias arises when several partner countries are aggregated; therefore a bilateral analysis is preferred. The sectoral bias arises when an industry is considered as a whole, because different types of goods (intermediate and final goods) are aggregated. The Grubel-Lloyd intra-industry trade index can be downward biased if the global trade balance is in disequilibrium (surplus or deficit).

VI: Trade in services between the EU and the CEEC
Exports, imports and trade balance in services


(Mio ECU)

	EXPORTS			IMPORTS			BALANCE		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
BLEU	111	132	102	147	211	189	- 36	- 79	- 87
Denmark	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Germany	1 287	1 430	1 924	2 503	2 856	3 274	-1 216	-1 426	-1 349
Greece	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Spain	0	121	142	0	99	159	0	22	- 17
France	680	423	427	482	413	591	198	9	- 164
Ireland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Italy	540	439	525	375	410	462	165	30	63
Netherlands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Austria	2 531	2 896	2 888	1 055	1 321	1 371	1 476	1 575	1 517
Portugal	11	2	3	5	7	6	6	- 5	- 4
Finland	0	158	241	0	197	290	0	- 38	- 49
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
United Kingdom	500	677	620	551	635	548	- 51	41	72
EU-15	7 242	8 122	8 096	6 747	7 981	8 539	495	141	- 443

Source: New Cronos, BOP-ITS statistics. Figures are calculated according to an harmonized methodology.

In 1995, flows of services (credit + debit) between the EU and the CEEC accounted for 4.5% in exports and 4.9% in imports of the total extra-EU services flows. However, the following

country analysis will be done without the figures of Netherlands, Ireland, Denmark, Greece and Sweden which are not yet available.

Considering the exports of services between 1993 and 1995, Austria showed the highest values with 2.7 Bn ECU in average. Germany followed with an average of 1.5 Bn ECU (its highest value was registered in 1996 with 1.9 Bn ECU). The other Member States (France, Italy, Spain, UK, Finland and BLEU) followed far behind Austria and Germany when measured in ECU. However, the increase in the Finnish exports was - starting at a low absolute level - considerable with 52.5% between 1994 and 1995.

On the import side, however, Germany was the largest importer with 3.3 Bn ECU in 1995. Therefore, Germany also recorded a negative trade balance in services with the CEEC. The opposite is true for Austria which imports were remarkably lower than its exports. Austria's positive trade balance shows even an increasing trend in 1993-1995. The imports of the other Member States from the CEEC are considerably lower. However, for some countries like France and Finland, the increases were high between 1994 and 1995 (respectively +43.1% and +47.3%).

In 1995, exports of EU services to the CEEC accounted for 8.1 Bn ECU which were mainly concentrated in Other services (56,7%) within which the Other business services made the bulk with 66.5%. Also Transportation (22.8%) and Travel services (19.8%) are important EU service exports to the CEEC. The EU imports of services from the CEEC (8.5 Bn ECU in 1995) distributed more equally with 32.2% for Transport, 32.6% for Travel services and finally 34.9% for Other services.

The Czech Republic covered 23.4% of the EU exports of services to the CEEC, accounting for 1.8 Bn ECU in 1995. Poland took a share of 22.5% and Hungary of 19.3%. In the EU imports by CEEC partners, Poland took a share of 22.3% of the total EU imports from the CEEC (1.9 Bn ECU) while the Czech Republic and Hungary took 20% each.

EU trade in services with the CEEC by selected CEE countries, 1995



(Mio ECU)

Products	EXPORTS				IMPORTS			
	CEEC	Czech Republic	Hungary	Poland	CEEC	Czech Republic	Hungary	Poland
Services	8 096	1 896	1 563	1 819	8 539	1 754	1 765	1 902
Transportation	1 847	352	277	414	2 734	467	414	840
Sea transport	400	42	34	130	695	122	52	206
Air transport	624	114	139	106	714	168	281	92
Other transport	823	197	104	178	1 325	177	81	543
Travel	1 601	335	178	412	2 784	689	574	380
Other services	4 588	1 197	1 101	975	2 984	595	772	670
Communications services	178	23	39	46	273	36	32	73
Construction services	511	149	142	109	684	105	197	173
Insurance services	188	34	40	73	61	8	15	13
Financial services	96	13	29	15	67	8	11	9
Computer and information services	191	56	48	25	77	18	24	10
Royalties and license fees	189	23	49	75	32	7	9	9
Other business services	3 050	872	698	578	1 354	328	283	323
Pers., cultural & recreational services	80	13	22	19	196	24	114	24
Government services n.i.e.	106	14	33	34	239	60	88	36
Services not allocated	60	13	8	18	37	4	5	12

Source : New Cronos, BOP-ITS statistics

VII: Foreign Direct Investment between the EU and the CEEC

The EU FDI outflows to the CEEC accounted for 5.6 Bn ECU in 1995, representing a share of 12.6 % of the extra-EU outflows. Therefore, the CEEC are today an important target for the EU FDI outflows. On the other hand, the EU FDI inflows originating from the CEEC were

very small, recording 144 Mio ECU in 1995, i.e. a share of 0.04% on the total extra-EU inflows. Even if the FDI inflows are expected to be low from the CEEC, one has to keep in mind that the poorly available statistics underestimate the actual amounts.

An analysis of FDI outflows to the CEEC by Member State reveals that in 1995, Germany had the highest volume of transactions with 2.1 Bn ECU. Germany's share in the total EU FDI outflows to the CEEC was 38.2% in 1995. Germany was followed by France (1.0 Bn ECU), the Netherlands (932 Mio ECU) and Austria (475 Mio ECU), whose respective shares in the extra-EU outflows were 17.9%, 16.7% and 8.5% respectively. These five countries make out 81.6% of the EU outflows to the CEEC.

Although the CEEC are an important investment target for the EU, there are also big differences among the EU Member States. For Germany,

the CEEC made out around 21% of its extra-EU investment in 1995 and in 1996. The shares for France and Netherland amounted also near 20% (18.9% and 19.2%) but decreased considerably in 1996. For Austria, however, the CEEC were the main target area of the extra-EU FDI outflows, with a share of 89.1% in 1995 and of 38.0% in 1996.

EU Member States FDI inflows from the CEEC were low. France, Italy, Spain and Austria received modest inflows from the CEEC in 1995 and 1996. Only the BLEU registered a higher inflow of 108 Mio ECU in 1995, which nevertheless fell again in 1996.

FDI flows between the EU and the CEEC


eurostat
(Mio ECU)

	OUTWARD FLOWS*						INWARD FLOWS*					
	EXTRA-EU			CEEC			EXTRA-EU			CEEC		
	1995	1996	96/95 av.	1995	1996	96/95 av.	1995	1996	96/95 av.	1995	1996	96/95 av.
BLEU	2 555	3 783	3 169	167	116	142	1 894	2 053	1 974	108	- 6	51
Denmark	1 345	371	858	171	227	199	609	397	503	0	4	2
Germany	10 512	10 450	10 481	2 134	2 210	2 172	4 887	- 145	2 371	6	- 6	0
Greece	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Spain	2 091	2 303	2 197	18	8	13	978	1 359	1 169	11	9	10
France	5 379	11 197	8 288	1 000	543	772	7 013	5 011	6 012	15	19	17
Ireland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Italy	783	932	858	85	77	81	1 112	515	814	3	5	4
Netherlands	4 847	9 089	6 968	932	686	809	3 891	2 988	3 440	0	6	3
Austria**	533	756	645	475	287	381	194	133	164	9	15	12
Portugal	115	417	266	0	3	2	117	- 54	32	0	0	0
Finland	369	636	503	48	n.a.	n.a.	152	- 222	- 35	- 6	n.a.	n.a.
Sweden	3 388	- 429	1 480	172	40	106	8 354	1 258	4 806	0	8	4
UK	9 948	n.a.	n.a.	236	n.a.	n.a.	8 762	n.a.	n.a.	0	n.a.	n.a.
EU-15	44 472	48 168	46 320	5 590	n.a.	n.a.	37 706	26 339	32 023	144	n.a.	n.a.

Source : New Cronos - BOP-Foreign Direct Investment statistics.

* Figures do not include reinvested earnings.

** Austria's figures include only equity capital.

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