

# EXTERNAL TRADE OF THE MAŁOPOLSKA REGION (POLAND) 2011-2013

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## Abstract

*This paper investigates the results of several researches conducted between 2011 and 2014 within the Małopolska Economic Observatory (MOE), a research project held by the regional authorities in the Małopolska (Krakow) Region in the southern part of Poland. The researches concentrated on trade exchange between 16 Polish regions and countries all over the world with special attention to the position of the Małopolska Region shown from different points of view. The analysis are based on statistical data from the Polish Customs Chamber and own researches of the MOE team. The paper concentrates on the most important results of the researches and experiences gathered during the 3 selected years with occasional extension to data for years 2005-2010.*

*The analysis constitutes diagnosis of the external trade of Poland and the Małopolska Region in years 2011 to 2013, although the reports on that topic were prepared since 2007. As the public statistics presents data about external trade on the national level only, the added value of the reports prepared by the MOE project is to give analysis on the regional level what can be used for realization of regional strategies and development policies.*

**Keywords:** international trade, export, import, Małopolska, Krakow

## Introduction and Literature Review

International trade results from international allocation of work. In a structure of international trade three basic forms can be assign: export, import and transit trade<sup>1</sup>.

Export can be defined as selling goods or services abroad. It is result of either permanent or temporary possessing of goods which are not present abroad, of developmental or technological advantage which allows to produce those goods cheaper than abroad or of necessity to meet foreign demand for those goods or services. Export can be divided into two categories: direct (it gives better contact with a foreign partner and allows to better adjust goods to the needs of a receiver but also requires larger involvement and knowledge of foreign market)<sup>2</sup> or indirect (which is made by a broker or an agent).

Import can be defined as buying goods or services from abroad. There are three basic reasons of importing goods: permanent or temporary lack of goods on a domestic market, comparative advantages (theory of comparative advantage assumes that international trade is profitable even if one country produces everything at a higher price than the other one)<sup>3</sup> and meeting different demands and needs of domestic consumers. Import also can be direct and indirect.

Transit trade concerns only goods and is not made directly between exporter in one country and importer in the other one, but by an agent or a broker from the third country<sup>4</sup>. In other words trade arises from the passage of goods through one country or region to another.

In summary, external or foreign trade can be defined as an exchange of capital, goods and services across international borders or territories. It covers national regulations of a trade from the perspective of one country, its interests, obligations and regulations<sup>5</sup>.

International trade can be treated as a tool of stabilizing economical conjuncture – an external balance is reached when co-operation with foreign countries does not negatively affect internal situation of the country. In other words when there is no external deficit of a state.

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<sup>1</sup> Nowak, Koziol 2011, p. 12

<sup>2</sup> Białecki 1997, p. 49

<sup>3</sup> Ludwikowski 2006, p. 1

<sup>4</sup> Rymarczyk 2002, p. 22

<sup>5</sup> Ludwikowski 2006, p. XV

In practice focusing on external balance of payments can influence state's internal stability. This is because external trade policy focusing on improvement of state's balance of payments positively influences labor market (employment) and a Gross National Product but in the same time causes increase in an average level of prices<sup>6</sup>. This means also influencing long-term economic growth<sup>7</sup>. Relationship between conjuncture cycle and external trade is mutual as on one hand conjuncture determines structure of export and import of a country and on the other hand changes of balance and structure of external trade determine economic conjuncture of a country<sup>8</sup>.

By changing structure of goods and services international trade allows to better fulfill consumers' needs as import reduces gap in the supply of goods which are not produced in a state but also in seasonal goods and goods with individualized attributes. It significantly influences the level of internal prices<sup>9</sup>.

Thus, maintaining external imbalances means use of external trade as a factor of economic growth by transforming structure of national incomes. This is because external trade deficit finances economic growth. When there is a deficit of external trade, additional foreign savings occur as a result of a surplus of import over export and become an additional source of financing. Those foreign savings are savings of other countries, exceeding their developmental and current needs. Those savings are used as external sources of financing economic development in countries which offer attractive conditions for investments. They can be transferred to credits or direct foreign investments<sup>10</sup> or even a foreign economic support<sup>11</sup>.

State's or region's external potential consists of conditions which all together determine their position on the worldwide market as a source of goods and services as well as of capital, labor force and information. That potential is determined by the level of their economic development. In other words an external potential is determined by state's political and economic rules, its socio-economic infrastructure (education, science, information, industry, agriculture, transportation etc.), international competitiveness and efficiency of investments<sup>12</sup>.

External potential can be enhanced by a state's or region's support in a form of a pro-export policy. That policy can be defined as a set of short-term activities in opposite to a pro-export strategy which is a set of mid- and long-term activities. But both policy and strategy focus on accelerating and tightening relationship of national economy with worldwide markets<sup>13</sup>.

### Research methodology

In the year 2007 Małopolska Province, a region placed in the southern Poland with its capital in the city of Krakow, started to prepare reports entitled "Foreign trade in Poland and in the Małopolska Region". Since 2011 the reports have been prepared by the Małopolska Economic Observatory, the research project held by regional authorities and partly financed by EU funds. The first report prepared in the MEO project concerned years 2009-2010. The reports present selected aspects of foreign trade in the Region in comparison to other Polish regions with an in-depth analysis of the regional trade.

A number of research methods were used whilst preparing the reports. As part of desk-research analysis a selection of data for exports and imports on the national and regional level was analyzed. The data came from customs chambers, Polish Central Statistical Office and the database of the UN Comtrade. Additionally, in 2011 and 2014 quantity researches among export enterprises were carried out. They aimed at obtaining knowledge about situation of Polish exporters, their predictions of export development, barriers for development of export activities, expected forms of support of export activities, as well as opinions of exporters concerning programs of the Polish economy's promotion in the international context. In 2010 a quality research was also carried out among institutions supporting exports' development about exporters' condition and predictions, factors and barriers influencing export development, both on the national and regional levels.

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<sup>6</sup> Domiter 2008, p. 65

<sup>7</sup> Olszewski 2000, pp. 180-185

<sup>8</sup> Domiter 2008, p. 66

<sup>9</sup> Nakonieczna-Kisiel 1996, p. 14

<sup>10</sup> Since 2009 Małopolska Economic Observatory publishes reports about direct foreign investments in the Region. The newest one with a summary in English can be found on the project's web page: <http://mog.Małopolska.pl>

<sup>11</sup> Domiter 2008, p. 59

<sup>12</sup> Felbur, Uplawa, Wierzbowski, 1994, p. 10

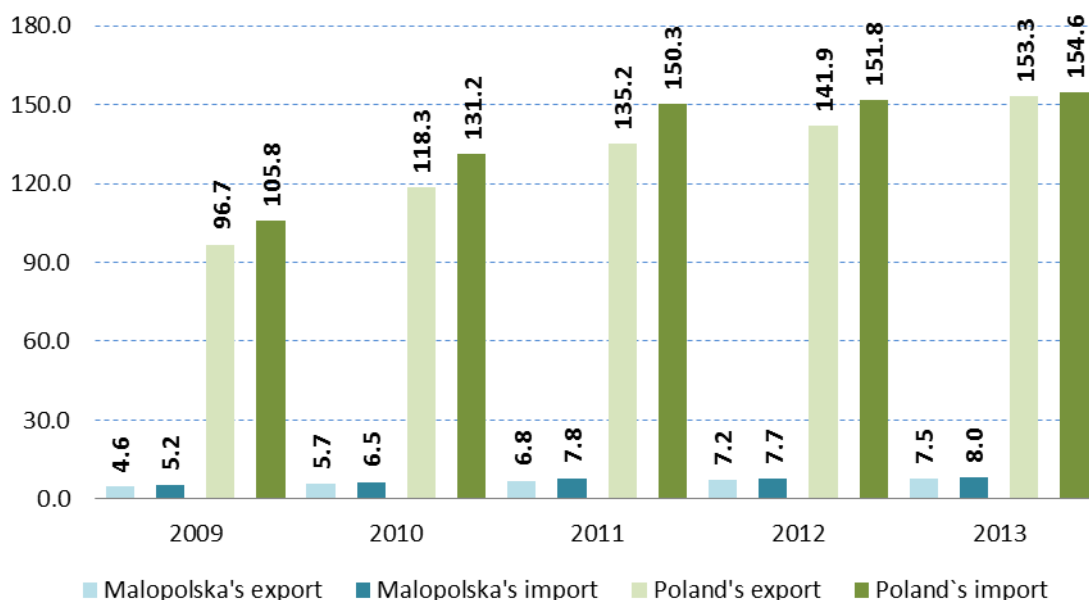
<sup>13</sup> Domiter 2008, p. 73

## Research results

In the years 2005-2010 important changes characterized commercial contacts between Poland and abroad. Whilst there were a significant increase in trade value between 2005-2008, in 2009 exports and imports decreased significantly. Decrease in export value resulted from lower demand from the main recipients of Polish exported products, especially from the “old” EU countries<sup>14</sup>. Also the appreciation of PLN (Polish zloty), the national currency, took place in comparison to other currencies which further influenced diminishing attractiveness of Polish exports. As a consequence, Polish export decreased from euro 114 billion in 2008 to euro 97 billion in 2009, nevertheless in 2010 grew back to euro 118 billion. In the next years there was continuous increase in the export value and 15 out of 16 Polish regions increased their exports in the years 2008-2011. In 2011 the value of Polish exports was euro 135 billion (increase by 14.2% comparing to the year 2010), in 2012 it was euro 142 billion (increase by 5% comparing to the previous year) and in 2013 it was euro 153 billion.

As it can be seen, the value of the national export rises systematically since 2009. There were a 5-year constant rising trend and it was just opposite to the collapse of the external trade of 2008 according to worldwide recession. The season of 2008/2009 was the last one when value of export in Poland and in the Małopolska Region was lower than previously.

**Figure 1. Export and import values in Poland and in the Małopolska Region in the years 2009-2013 (billion euro).**



Source: *Foreign trade in Poland and in the Małopolska Region 2013*.

The Polish foreign trade is expected to attain the following level and dynamics in 2014:

- a 9% increase in export, to a level of approximately euro 168.9 billion,
- a 8% increase in import, to a level of approximately euro 169.5 billion, and

as a consequence – the further reduction of the deficit in foreign trade to euro 0.6 billion<sup>15</sup>.

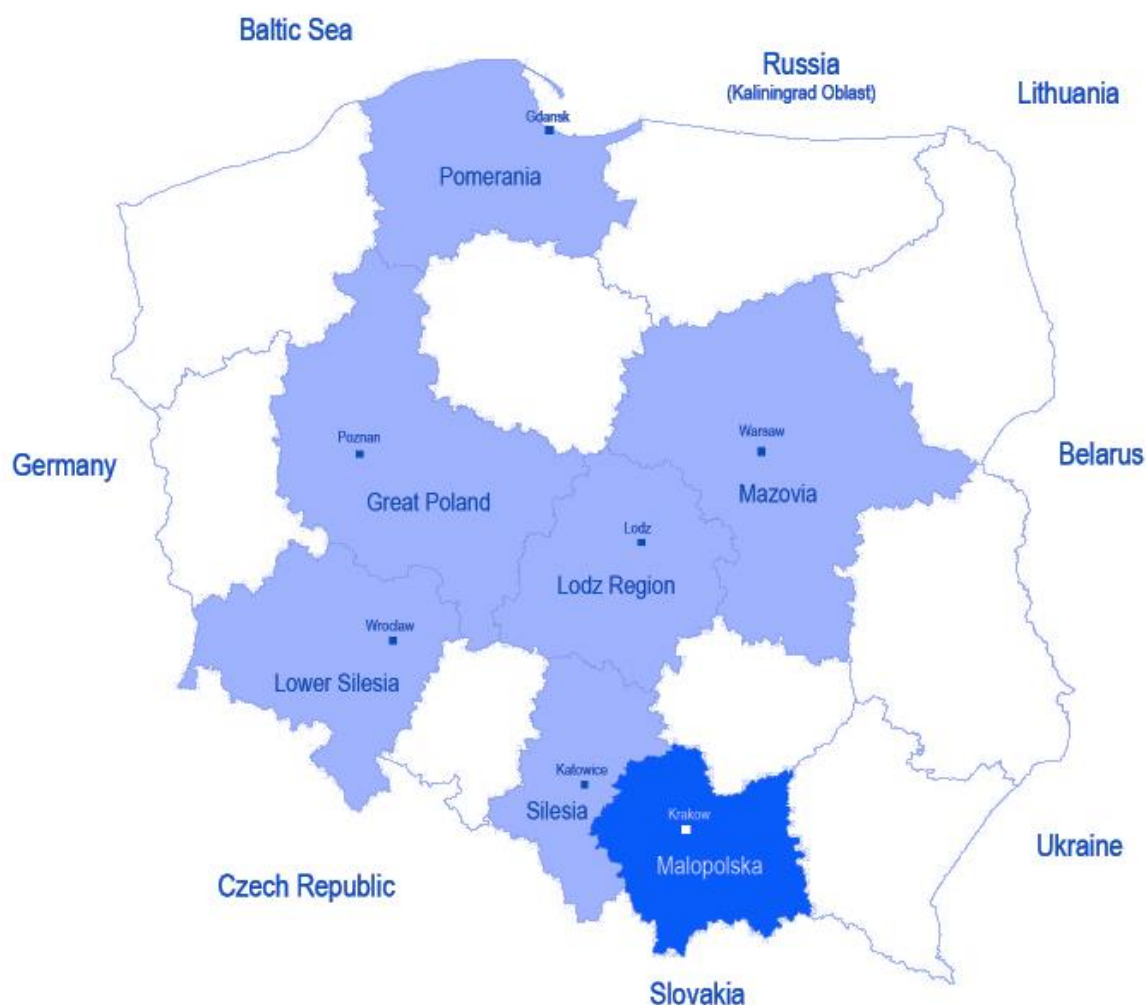
Polish exports are based mainly on four regions (out of 16 Polish provinces): Silesia (an industrial region in the southern Poland with its main city of Katowice), Mazovia (a capital region around the city of Warsaw), Lower Silesia (in a south-western part of Poland near the city of Wroclaw) and Great Poland (Polish name Wielkopolska; region located in a western part of the country with its capital in the city of Poznan). Those four regions are responsible for over a half of the Polish exports. In each of those four regions export value in 2013 exceeded euro 16 billion but the difference between the first capital region and the fourth Great Poland was euro 7.7 billion (in Silesia and Mazovia it exceeded euro 21 billion; in 2012 for the first time since 2006 the value of exports of Mazovia was higher than that of Silesia being for several years on the first place).

<sup>14</sup> Those are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden and the UK.

<sup>15</sup> *Poland 2014. Report on Foreign Trade 2014*, p. 94

Next to them there are regions with a medium export power – including Pomerania (northern part of the country with its capital in the city of Gdansk) or Małopolska regions – and other regions characterized by small export value.

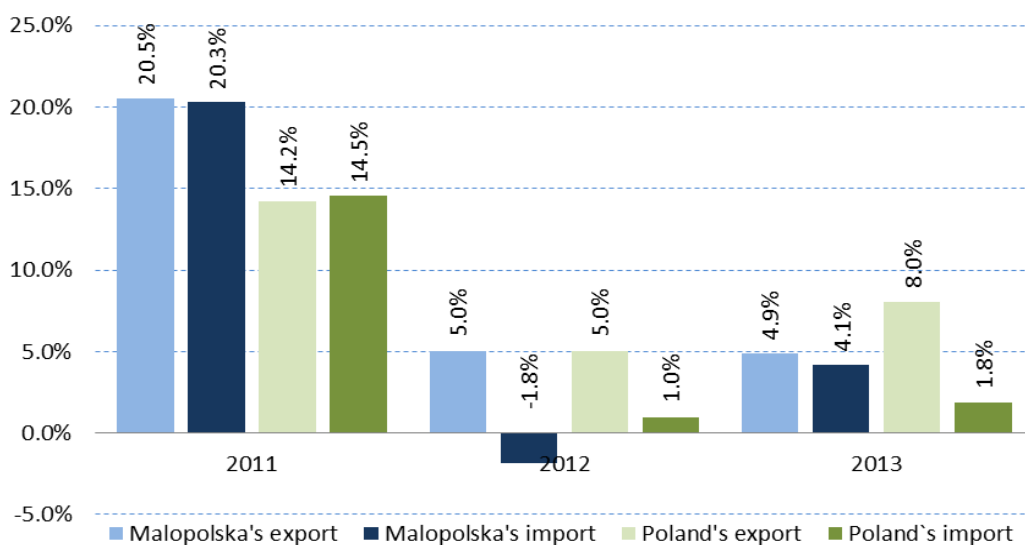
**Figure 2. Selected Polish regions and their capital cities.**



*Source: Own elaboration*

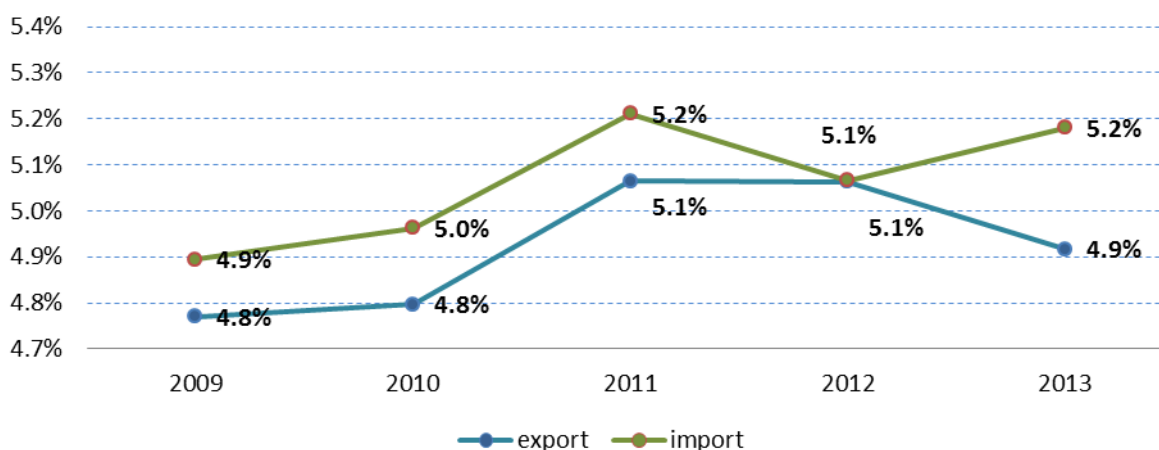
The Małopolska Region achieved the sixth place with the export value of euro 7.5 billion which was lower by euro 3.6 billion that in the case of the fifth region – Pomerania. The next one Lodz Region (located in a central part Poland) achieved euro 2.2 billion less than Małopolska did. The Małopolska Region can be named as one of two leaders of the mid-strength regions as regards export value, with the stable position in the ranking. It will be hard to reach higher export value than the regions from the first five places did but also a following region will not easily bit the result of the sixth place.

In the analysis of the export values occurs an interesting question of a rising value of export which cannot be classified as belonging to a certain region. In 2013 it reached euro 22.1 billion and was higher than in the previous year by euro 2.2 billion. It is a result of activity of companies operating in Poland on the above-regional level. As it is impossible to assign which part of that value belongs to which region, it results in the uncertainty of the real share of the market each region achieves. Thus it is essential to assume that export value of all the regions is somehow higher than it is presented based on the data.

**Figure 3. Changes of Poland's and Malopolska's export and import values in the years 2011-2013 (in %).**

Source: *Foreign trade in Poland and in the Malopolska Region 2013*.

Małopolska does not fully use its export potential. Currently<sup>16</sup> the Region's exports constitute 4.9% of the national exports. Similarly to what happened in the whole country, in 2009 Region's exports collapsed – but in case of Małopolska the collapse was significantly deeper. In 2010 Region's export value reached euro 5.7 billion – and it was still lower by 10% than the 2008 value. In 2011 export value, after four year of decrease, rised to euro 6.8 billion, which was by 20.5% more than in 2010 and by 8% more than in 2008. The Region reached share of 5.1% in the national exports. In 2012 Małopolska's export value was euro 7.2 billion (increase by 5% comparing to the previous year) and in 2013 it was euro 7.5 billion. Thus the similar rising trend can be seen for both the national and regional value of export.

**Figure 4. Share of the Malopolska Region in exports and imports of Poland in the years 2009-2013 (in %).**

Source: *Foreign trade in Poland and in the Malopolska Region 2013*.

The average dynamics of the accrual of export value in Poland was 8.0% and was by 3 percentage points higher than in 2012. The Małopolska Region achieved only 13<sup>th</sup> place out of 16 regions. There was only one region with negative dynamics of the accrual of export value (Lower Silesia, -0.6%). Three Polish regions diverted the negative trend from the year 2012.

<sup>16</sup> As it takes about 8 months to collect data for the previous year, report published at the end of 2014 is based on data for 2013 which were most up-to-date when writing that paper.

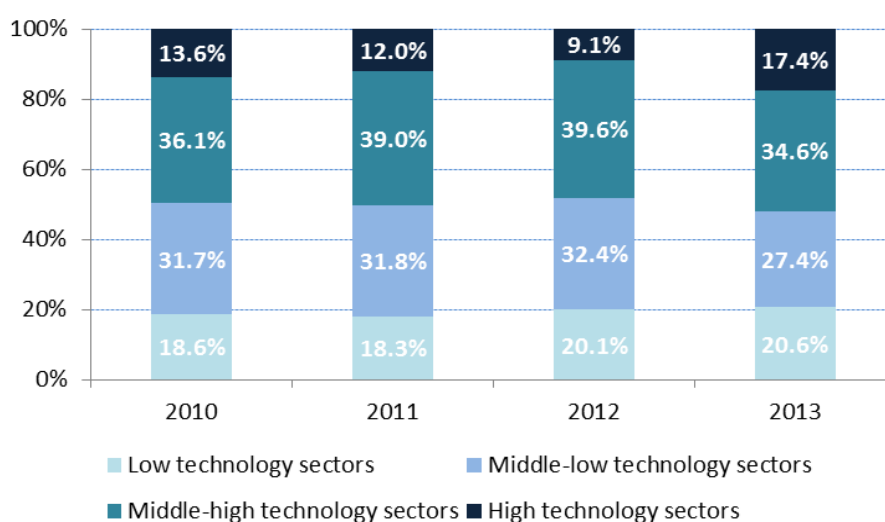
The average export value per capita for Poland in 2013 was about euro 4 thousand. The best region was Lower Silesia with euro 5.7 thousand per capita. The capital region of Mazovia was on the fifth position with euro 4.5 thousand per head. On the positions two to four were respectively regions of Pomerania, Great Poland and Silesia. All the first five regions in the ranking reached export value per capita higher than the average for the country. The Małopolska Region was on the 10<sup>th</sup> place with the value per capita of euro 2.2 thousand (which was about euro 100 higher than in 2012). Almost all the regions in 2013, with exception of the best one and the last one in the ranking, increased export value per capita in comparison to the year 2012. The higher accrual was in the Pomerania Region – higher by euro 700 per citizen.

In 2013 in Poland there were 43 169 companies which exported their goods and services. It was more by 2 119 (5%) than in 2012. The highest number of such companies operated in Mazovia (8 882) but the number of such companies rises in all of the regions. In Małopolska there were 3 506 firms (comparing to 3 262 in 2012). The ranking of the most strong export regions is almost similar to the ranking of the regions with the highest number of export companies. It is interesting that the Małopolska Region was on the fourth position whilst Lower Silesia only on the sixth place. That means that in Lower Silesia statistically much higher export value went into one export company than in other Polish regions.

A majority of Małopolska's exports comes from sales of manufacturing sector products (81.5% in 2013, i.e. euro 6.1 billion) and from retail and wholesale trade activities (14.9% in 2013, i.e. euro 1.1 billion). In case of manufacturing sector Małopolska can seek advantages in production and industrial treatment of products of stone, weapons, ceramics, glass, leather, base metals – in these sectors the strong position is clearly visible already – as well as in the production based on plastics. Directions of specialization can also be sought in niche areas: information and communication sector, activities related to the sector of public goods and services (providing water, managing sludge and waste) and in the professional, scientific and technical activities. These possibilities of developing exports are in line with some of the sectors defined as those of a key importance to the Region's development, namely: education, higher education and science, R&D sector and non-productive services for the companies.

A decrease in participation of the high-technology sectors in Małopolska's exports and practically constant participation of technologically non-developed or low-developed sectors since 2007 was worrying but fortunately in the year 2013 high technology sectors reached higher share (17.4%). Still the share of low-developed sectors is above 20%. Such profile of the Region exposes exporters to significant vulnerability to prices of products (especially in the situation of economic turbulences) and significant inconstancy in demand (as there are numerous similar suppliers of products with a low degree of processing).

**Figure 5. Participation of the high-technology, non-developed technology and low-developed technology in Małopolska's exports in the years 2010-2013.**



*Source: Foreign trade in Poland and in the Małopolska Region 2013.*

In 2013 the share of Germany in the Poland's whole export value was 25%, i.e. euro 38.2 billion. The increase could be seen in the case of export value to the five biggest Poland's partners: Germany, Great Britain, Czech Republic, France and Russia.



**Table 1. Poland's exports value to the 10 most important destinations in 2012 and 2013 (million euro).**

No.	Country	2012	2013	Share in 2013	Increase/Decrease
1	Germany	35 496.8	38 276.4	25.0%	↑ +2 779.6
2	UK	9 643.2	10 001.7	6.5%	↑ +358.5
3	Czech Republic	8 875.3	9 410.6	6.1%	↑ +535.4
4	France	8 320.1	8 604.6	5.6%	↑ +284.5
5	Russia	7 677.8	8 146.8	5.3%	↑ +468.9
6	Italy	6 898.7	6 626.2	4.3%	↓ -272.5
7	Netherlands	6 331.7	6 058.5	4.0%	↓ -273.3
8	Ukraine	4 096.9	4 307.3	2.8%	↑ +210.5
9	Sweden	3 796.3	4 156.1	2.7%	↑ +359.8
10	Slovakia	3 638.3	3 987.7	2.6%	↑ +349.3

Source: Foreign trade in Poland and in the Małopolska Region 2013.

Over 80% of exports of Małopolska concerns the intra-EU trade. In 2011 it was 90%. Germany is the most important economic partner of the Region (24.3%). Relatively big part of Małopolska's exports reaches the markets of new member states (17.4% in 2013), mainly our southern neighbors (Czech Republic and Slovakia) and Hungary. There are less intensive contacts between Małopolska and Russia, Ukraine and Belarus comparing to the national level and previous years. It could be an impact of political situation in the Eastern Europe at the end of 2013 (in 2014 Russia introduced an embargo banning imports of most of Polish agriculture products). The eastern direction ceased to be safe also because of currencies fluctuations.

**Table 2. Małopolska's exports value to the 10 most important destinations in 2012 and 2013 (million euro).**

No.	Country	2012	2013	Share in 2013	Increase/Decrease
1	Germany	1 699.0	1 829.6	24.3%	↑ 130.6
2	Czech Republic	582.7	620.6	8.2%	↑ 37.9
3	France	532.2	558.5	7.4%	↑ 26.3
4	Slovakia	499.4	513.8	6.8%	↑ 14.5
5	UK	380.9	397.4	5.3%	↑ 16.4
6	Italy	309.7	332.3	4.4%	↑ 22.7
7	Netherlands	221.7	262.2	3.5%	↑ 40.5
8	Austria	185.3	244.1	3.2%	↑ 58.8
9	Ukraine	248.1	237.6	3.2%	↓ -10.5
10	Romania	193.7	229.0	3.0%	↑ 35.4

Source: Foreign trade in Poland and in the Małopolska Region 2013.

**Figure 6. Poland's and Małopolska's export value in 2013.**

Source: *Foreign trade in Poland and in the Małopolska Region 2013*.

Following strong decrease of international trade in the year 2009, next two years – 2010 and 2011 – were a period of increase of both Poland's export and **import**. Although in 2011, in comparison to 2010, the dynamics of increase was slightly lower (but still it was 14.5%), but the value of import was much bigger (euro 150.3 billion). In 2012 it was euro 151.8 billion (bigger by 1% in comparison to 2011). In 2013 import value for Poland was euro 154.6 billion. As it can be seen on the Chart 1, import value for Poland rises systematically since 2009.

In 2011 Małopolska's import was euro 7.8 billion and was 20.2% bigger than in 2010 and 3.7% bigger than in 2008 (previous best value). In 2012 was the first time when an increase in export (5%) was accompanied by a 2% decrease of import to euro 7.7 billion. In 2013 import value to the Małopolska Region was euro 8.0 billion. Import value for Poland rises systematically since 2009. For the Małopolska Region in 2012 value of import was by euro 0.1 billion lower than in 2012.

Almost 30% of euro 154.6 billion of the Polish import in 2013 was generated by the companies from the capital region of Mazovia. The second region in the ranking (Great Poland) generated euro 31.2 billion less than Mazovia. Next places in the ranking are Silesia, Pomerania and Lower Silesia regions with very similar values to the value gained by Great Poland. All the first five regions overreached import value of euro 10 billion. The Małopolska Region was on the sixth place with import value lower by euro 4.3 billion than that of Lower Silesia and by euro 1.4 billion higher than the Lodz Region (which was on the seventh place). In the remaining regions import value was lower than euro 4 billion (the region on the last place generated import value of euro 1 billion). In that ranking typical is the very high share of Mazovia (whilst for exports the difference between the first and the second regions was much lower). Similarly as in case of export, every year rises the value of import that cannot be classified as belonging to specific regions (in 2013 it was euro 17.9 billion). Fortunately it is lower than for export and its accrual is less significant (euro 0.4 billion comparing to the data for 2012).

Małopolska has an average power in this aspect. Until 2008 imports were increasing at a faster pace than exports, thus deepening the deficit of the foreign trade. In 2009 there was a sharp decline in its value, only partially made up for in 2010. In 2010 the import value reached euro 6.5 billion and the deficit reached euro 830 million. Share of negative balance of the foreign trade of Małopolska in national deficit was systematically increasing: over 5 years it has grown from 2% to 6%. The Region's share in the national import was 5.2% in 2010 and 6% in 2011. In 2012, both export and import of Małopolska constituted 5.1% of values on national level. In 2013 the share of the Małopolska Region in the international trade of the country was lower by 0.2 percentage points than in the year 2012 when it was on the level of 5.1%. In the years before 2012 the contribution of the Małopolska Region was systematically rising. As regards value of import, it was by 0.1 percentage points higher in the year 2012. In 2013 the share of Małopolska in national imports was 5.2% (and it was the sixth import region in the country).

Similarly to the exports value, Poland imports the most from Germany (in 2013 euro 40.4 billion, which is 26.2% of Poland's imports). The next most important partner was Russia with euro 18.8 billion (12.2% of national imports).

**Table 3. Value of Poland's import from the 10 most important destinations in the years 2012 and 2013 (million euro).**

No.	Country	2012	2013	Share in 2013	Increase/Decrease
1	Germany	39 499.7	40 436.3	26.2%	↑ +936.6
2	Russia	21 346.9	18 789.4	12.2%	↓ -2 557.5
3	Netherlands	8 541.6	8 850.0	5.7%	↑ +308.4
4	Italy	7 623.1	7 856.6	5.1%	↑ +233.6
5	China	7 312.2	7 768.6	5.0%	↑ +456.3
6	Czech Republic	6 191.0	6 321.6	4.1%	↑ +130.6
7	France	6 027.9	6 285.4	4.1%	↑ +257.5
8	Belgium	4 780.3	4 968.8	3.2%	↑ +188.5
9	Slovakia	4 309.9	4 508.2	2.9%	↑ +198.3
10	UK	3 910.2	4 236.6	2.7%	↑ +326.4

Source: *Foreign trade in Poland and in the Małopolska Region 2013*.

Germany is also the most important partner for the Małopolska Region. Imports value from Germany to Małopolska was more than euro 2.1 billion in 2013 (i.e. 26.7% of Małopolska's imports). Next most important country was Slovakia (euro 780 million, i.e. 9.7% of Małopolska's imports). For both Poland and Małopolska China becomes more important country for importing goods and services (but for Małopolska Chinese import value in 2013 was almost the same as in 2012). It is interesting that the value of imports decreased for most of countries – four of them were among the top-six countries.



**Table 4. Value of Małopolska's import from the 10 most important destinations in the years 2012 and 2013 (million euro).**

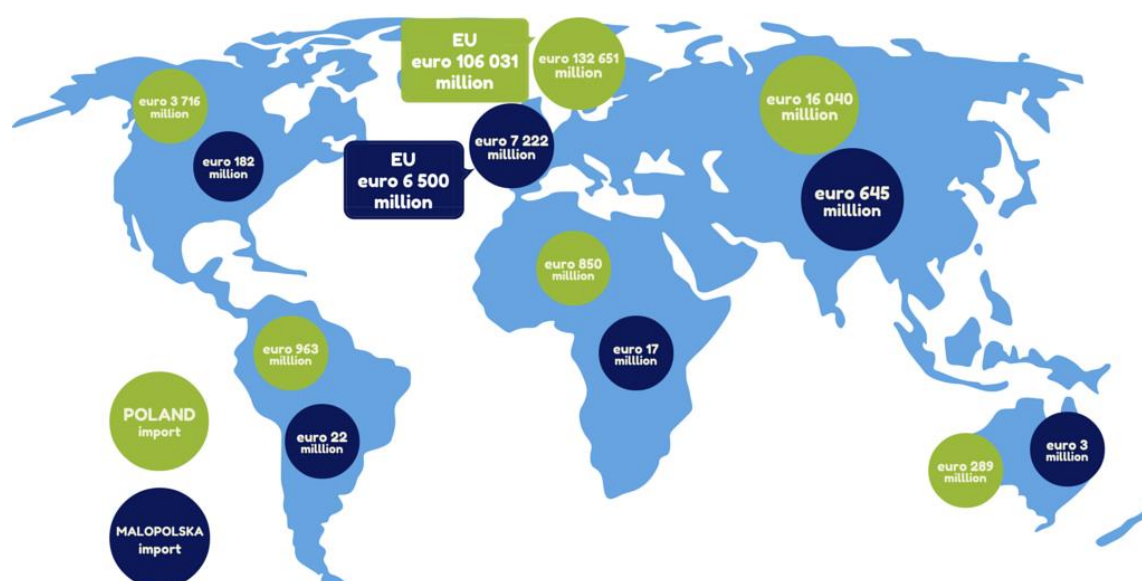
No.	Country	2012	2013	Share in 2013	Increase/Decrease
1	Germany	1 975.2	2 138.7	26.7%	↑ +163.5
2	Slovakia	844.8	779.1	9.7%	↓ -65.6
3	Netherlands	516.8	499.7	6.2%	↓ -17.1
4	Italy	476.5	482.2	6.0%	↑ +5.7
5	Czech Republic	431.1	421.9	5.3%	↓ -9.2
6	Russia	386.1	385.3	4.8%	↓ -0.9
7	Austria	327.3	377.3	4.7%	↑ -49.9
8	China	344.0	345.3	4.3%	↑ +1.3
9	France	318.0	344.6	4.3%	↑ +26.6
10	Belgium	297.8	313.7	3.9%	↑ +15.9

Source: Foreign trade in Poland and in the Małopolska Region 2013.

Imports of Małopolska concern above all products of processing industry (51.5% of Małopolska's imports in 2013) and products offered by retail and wholesale trade (32.9%) – together their value makes 84.4% of the whole imports. Over the last few years the hotel and gastronomy sector as well as education activities distinguish in the structure of imports of Małopolska in comparison to national average. Above average demand for imports was also observed in case of professional, scientific and technical activities. The structure of technological advancement of sectors, which the imported goods come from, is similar to exports – there is relatively low share of products from the high-technology sector. More than 80% of imports concern the intra-EU trade. Germany is the main source of imports. Definitely more often than the country's average Małopolska imports goods from the new EU member states, on the other hand there are less contacts with the countries from across the eastern border.

Import value per capita in Poland in 2013 was about euro 4 thousand; the highest value was in Mazovia (euro 8.7 thousand per capita), on the next positions were regions of Pomerania, Great Poland, Lower Silesia and Silesia. The Małopolska Region was in the middle of the ranking, reaching 8<sup>th</sup> place with euro 2.4 thousand per capita. It was higher by euro 100 than in 2012. The accrual of import value per capita was typical for most of the regions in 2013 – only three regions had lower value than in the previous year.

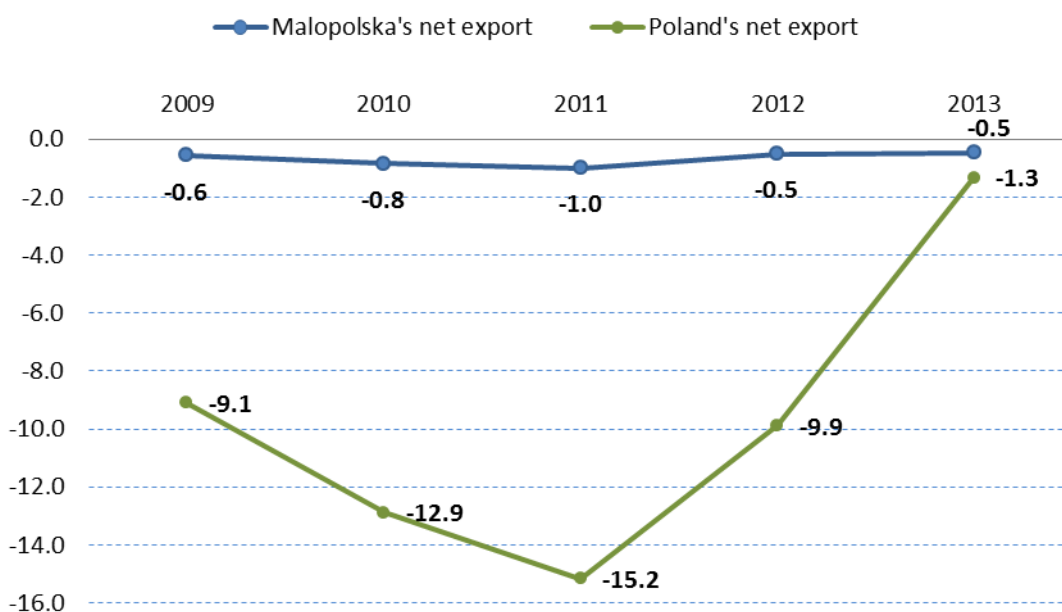
In 2013 in Poland there were 46 611 companies that imported goods and services, which was more by 1 749 than in 2012 (increase by 3.8%). The highest number of importing companies was in Mazovia (12 090), in the Małopolska Region there were 3 832 such firms (fourth place in the ranking) comparing to 3 676 in 2012. In the capital region there were more than twice as many companies as in the next in the ranking region of Silesia.

**Figure 7. Poland's and Małopolska's import value in 2013.**

Source: *Foreign trade in Poland and in the Malopolska Region 2013.*

The negative **balance of international trade** is characteristic symptom of both Polish and Małopolska's economy. In the years 2009-2011 negative balance of Polish international trade deepened by euro 6 billion to minus euro 15.2 billion. The next two years – 2012 and 2013 – were much better and in 2013 the net value of exports was minus euro 1.3 billion. It was one of the best three results of the last few years. In case of the Małopolska Region there was a decrease in the years 2009-2011 and an increase in the years 2011-2013 as well but the balance in 2013 remained on the same level of minus euro 0.5 billion as in 2012.

**Figure 8. Balance of international trade in Poland and Małopolska in the years 2009-2013 (billion euro).**

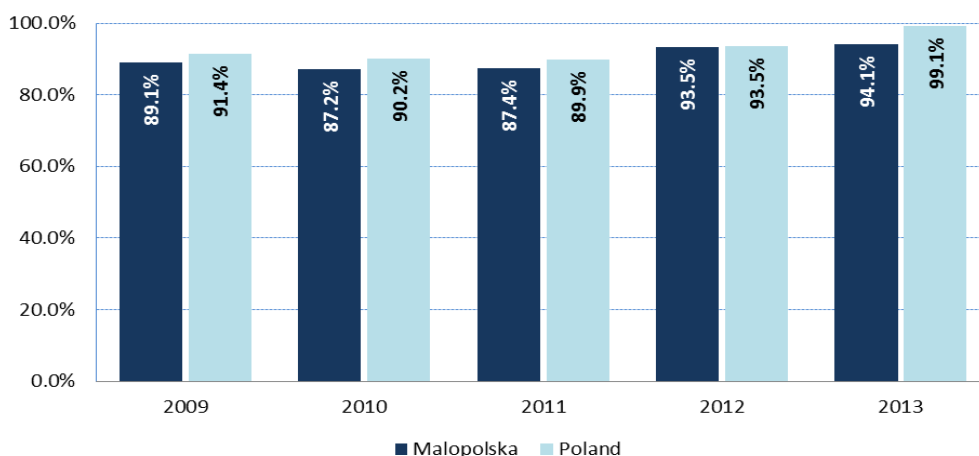


Source: *Foreign trade in Poland and in the Malopolska Region 2013.*

Małopolska has a negative balance in foreign trade in majority of the sectors. Exceptions include processing industry and smaller sectors, such as water provision and waste management, mining, agriculture as well as administration activities. Negative balance is growing in retail and wholesale trade.

An **import-export coverage ratio** confirms negative balance of international trade of both Poland and Małopolska. In both cases the ratio was under 90% in 2011 which means that economy focused more on importing goods and services and the export strength of companies was contested. In 2013 the ratio for Poland was close to 100% which shows that import and export almost balanced. In case of Małopolska import-export coverage ratio of 94.1% in 2013 confirms a positive tendency from the years 2011-2013.

**Figure 9. Import-export coverage ratio for Poland and Małopolska in the years 2009-2013.**



Source: *Foreign trade in Poland and in the Malopolska Region 2013.*

Amongst all the countries Great Britain in 2013 was the most favorable as regards international trade balance with both Poland and Małopolska. Both Poland and Małopolska export much more than import also from Czech Republic, Ukraine, France and Romania (although the rank is different for Poland and for the Region). Poland has definitely the worst balance of international trade with Russia (net export value was more than minus euro 10 billion). On the next places with negative balance are China, the Netherlands and Germany. Also Germany is the country with the most negative balance of international trade for Małopolska and the next countries in the ranking are the Netherlands, China and Russia.

**Table 5. Balance of international trade of Poland and the Małopolska Region with partner countries in 2013 (million euro).**

Poland		Małopolska	
Country	Balance	Country	Balance
UK	5 765.0	UK	243.1
Czech Republic	3 089.0	France	213.9
Ukraine	2 622.2	Czech Republic	198.7
France	2 319.2	Romania	139.1
Romania	1 305.1	Ukraine	130.1
Belarus	1 209.6	Lithuania	112.8
Lithuania	1 171.2	USA	71.3
Hungary	1 074.8	Latvia	56.4
Latvia	992.8	Brazil	53.8
Turkey	946.5	Denmark	30.4
USA	606.8	India	28.2
Norway	533.5	Norway	12.9
Denmark	510.5	Hungary	2.4
Sweden	390.6	Finland	-4.4
Switzerland	197.9	Sweden	-11.2
Spain	47.4	Turkey	-23.5
Finland	-20.7	Spain	-121.5
Slovakia	-520.5	Austria	-133.1
Austria	-785.5	Belgium	-148.0
Italy	-1 230.4	Italy	-149.9
Belgium	-1 591.3	Russia	-173.6
Germany	-2 159.9	China	-231.9
Netherlands	-2 791.5	Netherlands	-237.5
China	-6 174.1	Slovakia	-265.3
Russia	-10 642.7	Germany	-309.1

Source: Foreign trade in Poland and in the Małopolska Region 2013.

**Quantity researches** among export enterprises carried out in 2011 and 2014 indicated that majority of Małopolska entrepreneurs trade with the EU countries. As the main problem of developing exports to those countries entrepreneurs indicate high level of competition on the EU markets. Polish exporters feel the strongest competition from companies within the EU but also from Polish and Chinese companies.

Among factors which may increase attractiveness of their export offer entrepreneurs indicate: fulfilling quality requirements of the recipient country, improving quality, gaining new credible contractors and concentrating on the up-to-now carried out activities. With relatively lowest intensity companies decide to delegate work to subcontractors and to intensify research and development activities. These are activities concerning co-operation with other companies and in this sense the activity of companies both in Poland and in the Małopolska Region is limited. So the efforts should be made to increase awareness of entrepreneurs concerning benefits resulting from joining enterprise networks (such as export consortia or clusters) and carrying out together activities concerning sales and promotion. Majority of enterprises exports directly to final recipients. Companies usually sell their products under their own brand although in case of Małopolska the percentage of the companies selling under their own brand is slightly lower than in case of the whole country.

While entering new markets, especially those more distant ones, assistance from authorities, both on regional and national level, is crucial for entrepreneurs. From authorities entrepreneurs expect mainly information about foreign markets, presentation of their offer at fairs and exhibitions abroad and promotion of companies and their products abroad. Economic missions constitute an effective tool for developing exports, especially on the new markets. Therefore, while formulating pro-export policy on the regional level, efforts should be made to directly provide the enterprises with possibilities of co-financing participation in fairs, exhibitions and missions abroad, especially on the emerging markets. In the Małopolska Region there are dedicated organizations which help companies in such activities.

### Conclusions

The survey of external trade in the Małopolska Region is an example of a regional study focused on a specific component of regional economy. Information about the regional value of international trade, its share in the national exchange value and possibility to compare results of the Region with results of other Polish provinces are an unquestionable asset of this research. As the research has been continued for the last several years it offers good basis for showing trends in external trade of the Region in the background of other regions and of the whole country. Quantity researches among export enterprises give additional information about condition of exporters and some recommendations concerning carrying out activities supporting exports in the Małopolska Region.

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