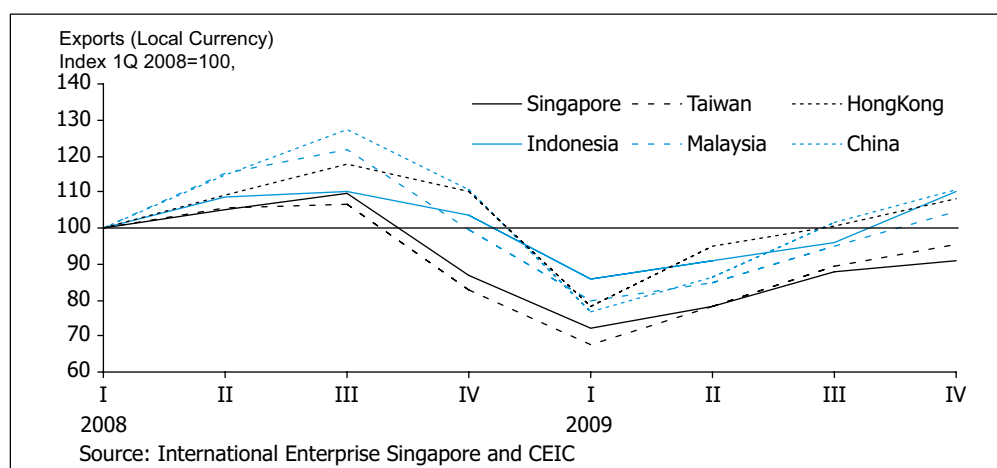


### Box 6.1: Singapore's Export Performance

Global trade collapsed in 2009, on the back of a synchronised and protracted fall in global demand. For the year as a whole, the International Monetary Fund (IMF) has estimated that the volume of world trade contracted by 12 per cent, the first decline since records started in 1986. As key exporters to the world, Asian economies were not unscathed. Exports from the NIEs and developing Asia fell by 7.1 per cent and 8.1 per cent in 2009, compared to growth of 3.0 per cent and 6.5 per cent respectively in 2008.

However, the headline figures mask the very large swing in export performance between the first and second half of 2009. Exports plunged by unprecedented rates in the first quarter of 2009, but started picking up by the second and third quarters of the year. By the fourth quarter of 2009, exports from Hong Kong, Indonesia and Malaysia had already returned to or exceeded pre-crisis levels in the first quarter of 2008 ([Exhibit 1](#)). In terms of growth rates, exports from a number of Asian economies experienced strong recovery in the fourth quarter of 2009. For example, Taiwan's and Indonesia's exports grew by 15 per cent and 6.3 per cent respectively year-on-year. Singapore's export recovery has in fact lagged the other East Asian economies, growing by just 4.9 per cent year-on-year in the fourth quarter of 2009, after four consecutive periods of double-digit declines.

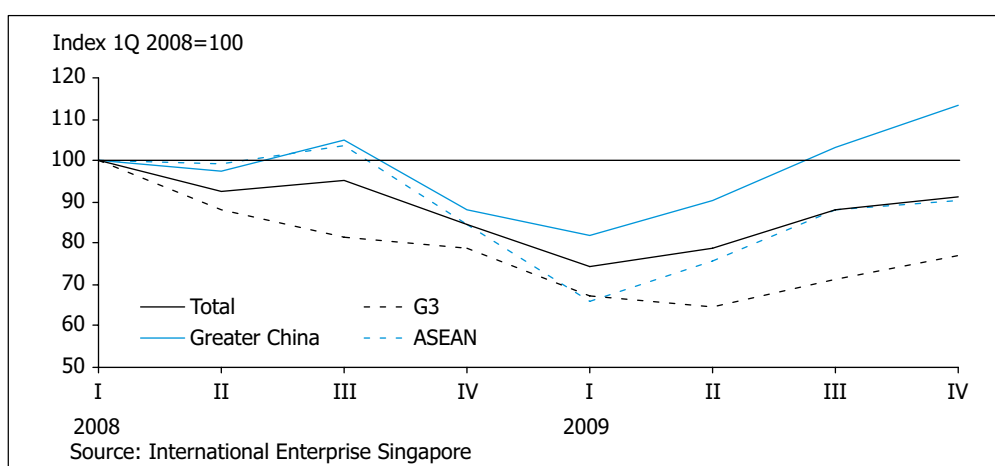
**Exhibit 1: Exports of Asian Economies**



#### ***The recovery in Singapore's non-oil domestic exports was largely due to increased demand from Greater China...***

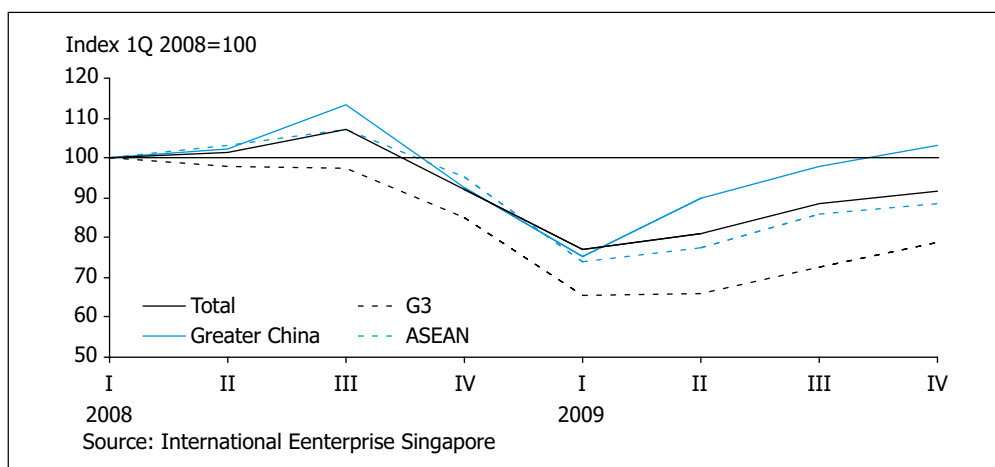
The headline numbers for Singapore's export performance also mask the considerable variation in the geographical drivers of the export recovery ([Exhibit 2](#)). In particular, non-oil domestic exports (NODX) to China, Taiwan and Hong Kong have shown the strongest recovery following the sharp decline during the crisis. By the end of 2009, Singapore's exports to these economies had bounced back and in fact were 13 per cent above pre-crisis levels, with year-on-year growth of 28 per cent in the fourth quarter of 2009. Although Singapore's NODX to the ASEAN economies have remained below pre-crisis levels, they rose by 6.7 per cent in the fourth quarter of 2009, compared to a 15 per cent decline in the preceding quarter.

Singapore's NODX to the G3, on the other hand, fell the sharpest in the recession, and by the end of 2009 were still around 23 per cent below the level in the first quarter of 2008. This reflects the relatively weak recovery in G3 final demand, as tight labour and credit markets weighed on consumer spending and firm investment. In year-on-year terms, NODX to the G3 fell by 2.0 per cent in the fourth quarter of 2009, although this was the smallest rate of decline since the fourth quarter of 2007.

**Exhibit 2: Singapore's NODX to Selected Region**

### ***Similar trends can be observed for non-oil re-exports...***

The performance of Singapore's non-oil re-exports (NORX) also reflects these variations. NORX to Greater China saw the sharpest rebound and had exceeded pre-crisis levels by the end of 2009 (Exhibit 3). In contrast, NORX to the ASEAN and the G3 economies remained below pre-crisis levels. In the fourth quarter of 2009, NORX to Greater China rose by 11 per cent year-on-year, while NORX to the ASEAN and the G3 shrank by 7.1 per cent and 7.2 per cent respectively.

**Exhibit 3: Singapore's NORX to Selected Region**

### ***Resilient domestic demand in China has boosted exports...***

Resilient domestic demand, bolstered by government fiscal stimulus measures, was the key factor supporting the strong export growth to China. Singapore's electronics NODX and NORX to Greater China rose by 40 per cent and 12 per cent respectively in the fourth quarter of 2009. Singapore's chemicals NODX and NORX to Greater China both rose by around 40 per cent over the same period. The stronger performance can be attributed to China's massive fiscal stimulus measures which boosted demand for electronics components as well as chemicals and other raw materials for infrastructure projects. For example, despite the severe contraction in global demand, China's demand for plastics and other construction chemical products from Singapore increased in 2009 in part due to the construction boom in China.

**Greater China's market share rose in 2009...**

Because of these trends, Greater China has become a larger export market for Singapore. In 2009, Greater China accounted for 24 per cent and 27 per cent of Singapore's total NODX and NORX respectively in 2009, up from 21 per cent and 25 per cent respectively in 2008 (Exhibit 4). Correspondingly, the share accounted for by the G3 economies and ASEAN economies fell in 2009, with a larger drop seen for the G3.

Nevertheless, the G3 remains the largest market for Singapore's NODX. At the same time, it is uncertain if the growth in NODX and NORX to China can be sustained at the current pace, since much of China's import demand has been fuelled by its economic stimulus measures, which may start to wane in the later half of 2010. Hence, a recovery in final demand in the G3 is necessary in order for Singapore to see a sustained and stable recovery in exports.

**Exhibit 4: Share of Singapore's NODX and NORX by Export Destinations**

Per Cent

	NODX		NORX	
	2008	2009	2008	2009
G3	34.8	31.3	19.5	17.2
Greater China	21.2	23.6	25.1	26.7
ASEAN	25.1	23.2	36.3	34.6

Source: International Enterprise Singapore

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