

National Economic and Development Authority

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**MANUFACTURES BUOY EXPORTS REBOUND
IN AUGUST WITH 4.9 PERCENT M-O-M GROWTH**

Merchandise exports in August 2009 rebounded with a 4.9-percent month-on-month growth after contracting by 2.8 percent in the previous month. The increase was buoyed by the strong recovery of manufactures.

“The increased outbound shipments of manufactured products supported the month-on-month growth of exports. This brought total exports receipts to increase from US\$3.3 billion in the previous month to US\$3.5 billion in August,” Acting Socioeconomic Planning Secretary and NEDA Director General Augusto B. Santos said. He added that the Philippines along with Taiwan, Hong Kong, Thailand and Indonesia posted positive growth in their respective exports while other Asian neighbors such as Japan, China, Korea, Singapore, Malaysia and Vietnam suffered month-on-month drops in exports in August.

In his memorandum to the President, Santos reported that exports of manufactured goods grew by 8.4 percent from the previous month, owing to the positive performances of total electronic products (8.1%), chemicals (67.4%), wood manufactures (76.3%), and garments (9.9%).

“The growth in the country’s electronic exports reflects the developments in the international markets,” he said. He also cited a report from the Semiconductor Industry Association (SIA) saying that the global sales of electronics increased by 5.0 percent in August. He added that the industry group identified the recovery of consumer spending as a main reason for the continuing rebound of semiconductor sales since the start of the second quarter.

Further, Santos said that locally, the Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI) earlier expressed optimism on the third quarter of 2009 due to the expected restocking of inventories for the holiday season.

In the same memorandum, Santos said that exports dropped by 21.0 percent in August on a year-on-year basis, marking the eleventh month of consecutive declines.

“On the positive light, the registered contraction in August 2009 is so far the smallest since November 2008,” he related adding that for the first eight months of 2009, export

receipts amounted to US\$24.0 billion, 30.3 percent lower than the same period a year ago.

Meanwhile, other commodity groups likewise posted positive growth.

Forest products grew significantly by 54.2 percent due to increases in the shipments of lumber (31.5%), plywood (65.8%), and other forest products (44.8%). Santos said the increase may be attributed to higher volume of forest products shipped abroad, particularly to Japan which increased its orders by 61.3 percent in volume terms.

Mineral products also rose by 2.1 percent due to month-on-month improvements in the exports of chromium ore (1,621.5%), copper metal (30.9%), iron ore (2.2%), and other mineral exports (6.2%).

On the other hand, exports of agro-based and petroleum products contracted in August this year.

Agro-based products decreased by 26.8 percent following the 23.6 percent growth posted in July due to contractions in exports of coconut products (-35.1%), sugar products (-94.0%), fruits and vegetables (-24.3%), and other agro-based exports (-2.5%).

Petroleum exports, likewise, dropped by 70.7 percent in value terms due to the 72.3-percent decline in the volume of shipments in August.

Santos said that on a year-on-year basis, only forest products sustained the positive growth posted in July as it further expanded by 140.3 percent in August. The rest of the major commodity groups posted negative year-on-year growth rates: total agro-based products (-19.3%), mineral products (-52.4), petroleum products (-96.1%), manufactures (-16.5%).

Moreover, the US remained the biggest export destination with an 18.1-percent share in the total export earnings in August. On a year-on-year basis, exports to the US dropped by 3.9 percent in August, significantly better than the 17.6 percent contraction recorded in July 2009.

Japan followed in second place with a 15.9-percent share. Other major export destinations in August 2009 were the Netherlands (10.4%), Hong Kong (8.4%), and Singapore (7.3%).

The aggregated shipments to China, Hong Kong, and Taiwan covered 18.4 percent of the total value of outward cargo. Exports to the rest of ASEAN attributed for 16.3 percent of the total merchandise exports in August.

Total electronic products, garments, and wood manufactures were the top shipments to the five biggest foreign markets in August, covering 81.3 percent of the value of exports in the said month.

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