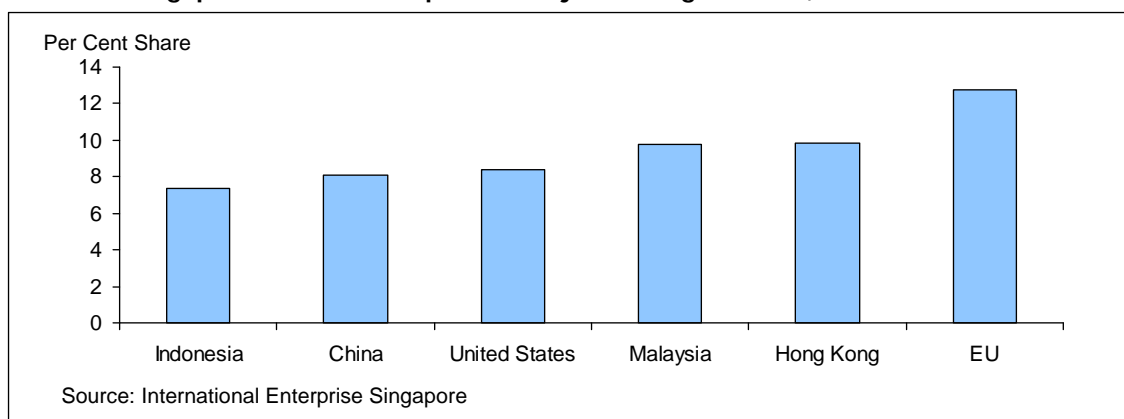


### Box 1.1: Singapore's Recent Exports: The Bright Spots

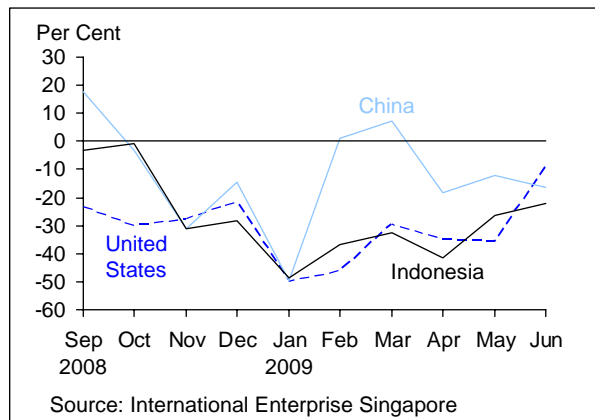
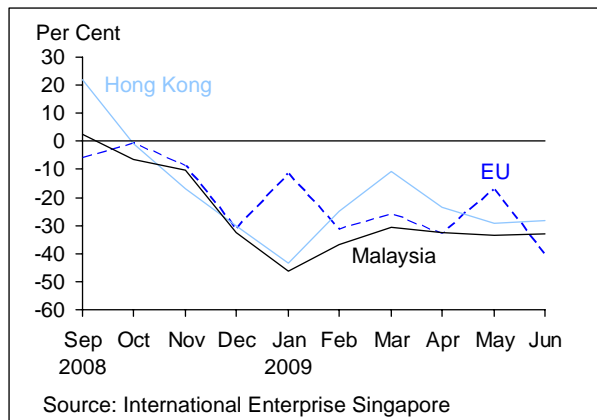
*The global economic crisis has caused large contractions in Singapore's domestic exports to almost every market...*

Singapore's exports are diversified across many markets, including both developed and developing economies ([Exhibit 1](#)). However, with the synchronous collapse of global trade arising from the current global economic crisis, Singapore's domestic exports to all of her key trading partners have, at some point, contracted by at least 30 per cent in year-on-year terms ([Exhibit 2](#)).

**Exhibit 1: Singapore's Domestic Exports to Major Trading Partners, 2008**



**Exhibit 2: Changes in Singapore's Domestic Exports to Major Trading Partners**



*Nevertheless, domestic exports of furniture, fashion, food, and transport equipment have held up...*

While exports have declined across markets, exports of some products have actually increased. [Exhibit 3](#) compares product categories whose exports have increased the most<sup>1</sup> in the first half of 2009 (January to June) compared to the same period in 2008. They include exports of furniture materials, fashion, food, and transport equipment.

<sup>1</sup> Only product categories with domestic export values exceeding \$20 million over January to June 2009 are included.

**Exhibit 3: Product categories whose exports have held up during the current recession**

Rank	Product	% Change
1	Ships Boats & Floating Structures	104.1
2	Aircraft Spacecraft & Parts	33.4
3	Preparations Of Cereals Flour Milk Etc	13.0
4	Wood & Articles Thereof	8.6
5	Natural Pearl Precious Stones & Metals Etc	8.1
6	Essential Oils Perfumery Cosmetic Etc	7.1
7	Residues & Waste From Food Industries	5.2
8	Articles Of Leather Travel Goods Etc	4.4
9	Articles Of Apparel & Accessories Not Knitted Etc	2.8
10	Cocoa & Cocoa Preparations	1.8

% Change refers to change in domestic exports between January to June 2009 compared with January to June 2008.  
Source: International Enterprise Singapore.

*Exports of transport equipment reflect recent robust performance of the transport engineering cluster...*

Exports of sea and air transport equipment appear in the top 10 spots. This reflects the recent robust performance of the transport engineering cluster, which has done relatively well<sup>2</sup> in the first half of 2009.

The continued growth in exports in the transport engineering sector can be attributed to the long time periods required to manufacture transport equipment. Hence, current exports may be the result of orders placed before the onset of the current recession. With the global economic downturn resulting in cancellations and a slump of new orders for transport equipment, exports of transport equipment are likely to contract in the months ahead.

*Export growth of furniture materials and fashion products may reflect the increasing attractiveness of made-in-Singapore products ...*

Exports of furniture materials (wood) and fashion products (cosmetics, leather & apparel) have similarly increased in recent months. Anecdotally, industry feedback from the furniture sector suggest that pre-crisis, consumers had been switching from Western to made-in-Singapore products, which while cheaper still retain a quality assurance. This trend may have continued over the past year.

*Demand for food necessities sustained...*

Exports in some food categories (diary products & cocoa) also grew. Trade in non-durable consumer necessities is supported by a basic level of demand, which persists regardless of economic conditions. The World Bank (2009) similarly found<sup>3</sup> that trade in various food items were up in 2009.

In particular, Singapore's exports of diary products to China have increased by 61 per cent compared to a year ago. This may be due to product switching by Chinese consumers to foreign dairy products after food safety concerns. New Zealand's Fonterra Co-operative Group, which exports 95 per cent of the country's dairy products, has similarly reported an increase in diary exports to China in 2009.

<sup>2</sup> According to EDB, output in the transport engineering cluster rose 1.9 per cent for the first six months of 2009 compared to the same period in 2008. This is second only to the biomedical manufacturing cluster which rose by 5.5 per cent.

<sup>3</sup> Based on US' and Japan's February 2009 import data, the World Bank found necessities and innovations to be two categories that were thriving in the crisis. Our exercise is inspired by this World Bank (2009) article.

*Local firms dominate the sectors producing these exports...*

The production of these exports is classified under the transport engineering and general manufacturing clusters of the economy. In these two clusters, local enterprises account for a bigger share of VA generated compared to foreign enterprises. The resilience of exports in these sectors provides an additional perspective to the oft-mentioned observation that local firms have not been as badly hit as foreign firms during the current downturn.

*Contributed by:*

Ms Yap Zhi Jia  
Economist  
Foreign Economic Policy Unit  
Ministry of Trade and Industry

**References**

Caroline Freund, "Searching for Bright Spots in Trade", The World Bank Crisis Talk, 10 April 2009.

Fran O'Sullivan, "Fonterra's dairy exports to China set to treble", The New Zealand Herald, 20 April 2009.