

## CHAPTER 6

## EXTERNAL TRADE

## OVERVIEW

Singapore's external trade contracted by 9.6 per cent in the fourth quarter of 2008, compared to growth of 16 per cent in the preceding quarter. Total trade in the fourth quarter reached \$203 billion, lower than the \$253 billion in the preceding quarter. In volume terms, total trade declined by 3.5 per cent in the fourth quarter, compared to an increase of 7.6 per cent in the third quarter.

For the whole of 2008, Singapore's total trade rose by 9.6 per cent. The level of total trade reached \$928 billion in 2008, compared to the previous year's \$847 billion. Growth of external trade remained robust due to increases in the oil trade which was strengthened by the oil price hikes in the first three quarters of the year. Exports and imports grew by 5.8 and 14 per cent respectively in 2008, contributing to the increase in external trade.

## EXPORTS

Total exports declined by 12 per cent in the fourth quarter, reversing the 11 per cent increase in the preceding quarter (Exhibit 6.1). This was attributed to lower domestic exports and re-exports. Domestic exports contracted by 15 per cent in the fourth quarter, compared to the 15 per cent expansion in the third quarter. At the same time, re-exports decreased by 8.1 per cent, compared to a 8.1 per cent increase in the preceding quarter.

For the whole of 2008, total exports increased by 5.8 per cent, higher than the 4.4 per cent rise in the previous year. Stronger growth in domestic exports and re-exports, boosted primarily by high oil prices in the first three quarters of 2008, contributed towards this increase.

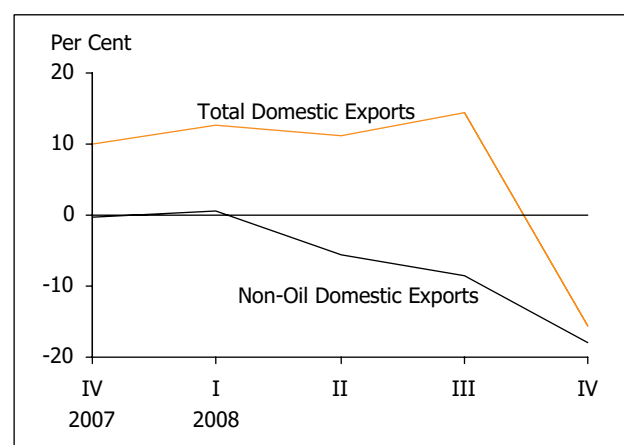
## Non-Oil Domestic Exports

Non-oil domestic exports (NODX) contracted by 18 per cent in the fourth quarter, following an 8.6 per cent decrease in the preceding quarter (Exhibit 6.2). The decline in NODX reflected lower electronics and non-electronics NODX.

**Exhibit 6.1: Growth Rates of Trade, Exports and Imports (In Nominal Terms)**

	2007	2008			2008
		II	III	IV	
<b>Total Trade</b>	4.5	17.1	16.4	-9.6	<b>9.6</b>
<b>Exports</b>	4.4	13.2	11.4	-12.0	<b>5.8</b>
<b>Domestic Exports</b>	3.3	11.2	14.5	-15.5	<b>5.4</b>
Oil	6.2	53.4	77.4	-10.0	<b>41.5</b>
Non-Oil	2.3	-5.5	-8.6	-17.8	<b>-7.9</b>
<b>Re-Exports</b>	5.7	15.5	8.1	-8.1	<b>6.2</b>
<b>Imports</b>	4.5	21.4	22.2	-7.1	<b>13.9</b>
Oil	11.7	69.4	87.5	0.7	<b>54.5</b>
Non-Oil	2.7	8.0	5.6	-9.4	<b>3.0</b>

**Exhibit 6.2: Changes in Domestic Exports**

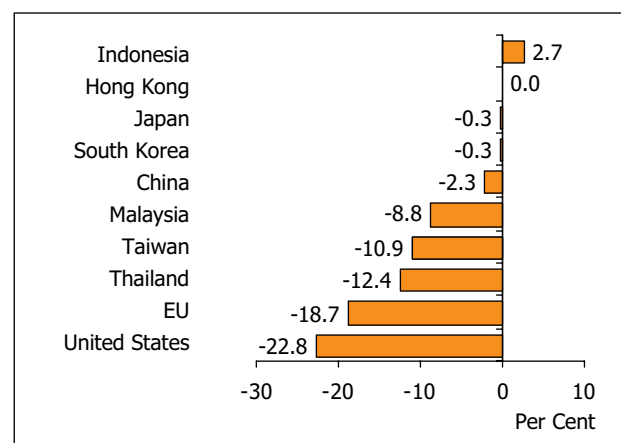


Electronics NODX contracted by 19 per cent in the fourth quarter, following a 15 per cent decline in the preceding quarter. The contraction in electronics NODX was largely led by lower domestic exports of parts of Integrated Circuits (ICs), consumer electronics, telecommunications equipment and parts of Personal Computers (PCs). Similarly, non-electronics NODX decreased by 17 per cent in the fourth quarter, following a 3.9 per cent decline in the third quarter. The decline in non-electronics NODX was due to lower shipments of pharmaceuticals, petrochemicals and primary chemicals.

For the full year, NODX declined by 7.9 per cent, compared to a 2.3 per cent increase in the preceding year. The decline was due to lower electronics and non-electronics NODX, which contracted by 12 per cent and 5.2 per cent respectively.

The top ten NODX markets accounted for 81 per cent of Singapore's total NODX in the 2008. NODX to these top ten markets contracted in 2008, except for Indonesia and Hong Kong (Exhibit 6.3). The biggest contributors to the NODX decline were the US, the EU and Malaysia. The decrease in sales of pharmaceuticals, consumer electronics and parts of PCs led to lower NODX to the US. The decline in NODX to the EU was mainly due to lower domestic exports of pharmaceuticals, printing and bookbinding machinery, and parts of ICs, while lower domestic exports of ICs, capacitors and bare Printed Circuit Boards (PCBs) resulted in a contraction in NODX to Malaysia.

**Exhibit 6.3: Changes in Top Ten Non-Oil Domestic Export Markets in 2008**



## Oil Domestic Exports

Oil domestic exports contracted by 10 per cent in the fourth quarter, compared to a 77 per cent increase in the preceding quarter. The contraction could be attributed to sharply lower oil prices during the quarter. In terms of markets, the decline in oil domestic exports in the quarter was led by lower sales to Indonesia, Hong Kong and Australia. In volume terms, oil domestic exports rose by 19 per cent in the fourth quarter, following a 16 per cent expansion in the third quarter.

For the full year, oil domestic exports increased by 41 per cent, more than the 6.2 per cent rise in 2007. The continued expansion of oil domestic exports in 2008 was driven mainly by oil sales to the EU, Panama and Hong Kong. In volume terms, oil domestic exports expanded by 8.5 per cent in 2008, after registering a decline of 1.2 per cent in 2007.

## Non-Oil Re-Exports

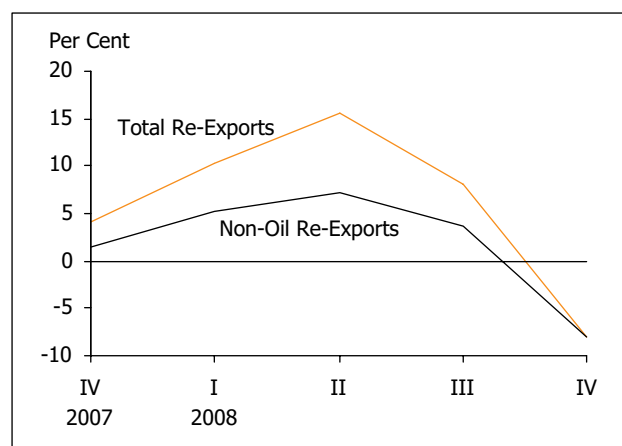
Non-oil re-exports (NORX) declined by 8.0 per cent in the fourth quarter, compared to a 3.7 per cent rise in the preceding quarter ([Exhibit 6.4](#)). Electronics re-exports decreased by 16 per cent, compared to a 2.1 per cent rise in the third quarter. The fall in electronics re-exports was driven by ICs and telecommunications equipments. In contrast, non-electronics NORX rose by 3.4 per cent, following a 5.9 per cent increase in the preceding quarter, mainly because of higher exports of piston engines, non-electric engines and motors, and non-monetary gold.

For the whole of 2008, NORX expanded by 2.0 per cent, after increasing by 3.1 per cent in 2007. The expansion was mainly supported by the 8.0 per cent increase in non-electronics NORX, which outweighed the 2.5 per cent decline in electronics NORX.

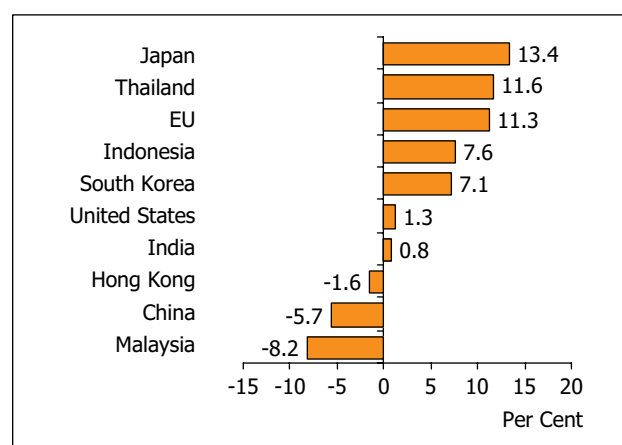
NORX to the top ten NORX markets expanded in 2008, with the exception of Malaysia, China and Hong Kong ([Exhibit 6.5](#)). The EU, Indonesia and Japan made the largest contributions to the increase in NORX. NORX to the EU expanded by 11 per cent on stronger re-exports of ICs, parts of PCs and, diodes and transistors. Higher shipments of steel flat-rolled products, civil engineering equipment parts and goods transporting motor vehicles supported the 7.6 per cent rise in NORX to Indonesia. NORX to Japan rose by 13 per cent in the year, mainly because of higher sales of ICs, parts of PCs and aircraft parts.

On the other hand, NORX to Malaysia declined by 8.2 per cent on lower re-exports of ICs, telecommunications equipments and parts of PCs. NORX to China contracted by 5.7 per cent in the year, mainly attributed to ICs, parts of ICs and disk drives. Lower shipments of ICs, telecommunications equipments and aircraft parts led to the 1.6 per cent decrease in NORX to Hong Kong.

**Exhibit 6.4: Changes in Re-Exports**



**Exhibit 6.5: Changes in Top Ten Non-Oil Re-Export Markets in 2008**



## IMPORTS

Non-oil imports (excluding aircraft and ships) contracted by 8.1 per cent in the fourth quarter, compared to an increase of 5.0 per cent in the preceding quarter. The decline in non-oil imports was led by decreases in electronics and non-electronics imports. Fewer purchases of specialised machinery, primary chemicals, copper and pharmaceuticals, contributed to the marginal 0.8 per cent decrease in non-electronics imports. Electronic imports contracted by 17 per cent as imports of ICs, telecommunications equipment and consumer electronics decreased.

Oil imports increased by a marginal 0.7 per cent in the fourth quarter, following an 87 per cent expansion in the preceding quarter (Exhibit 6.6). The slowdown in the growth of oil imports could be attributed to the sharp drop in oil prices during the fourth quarter. In volume terms, oil imports rose by 48 per cent, following a 27 per cent gain in the preceding quarter.

Non-oil imports (excluding aircraft and ships) rose by 1.8 per cent in 2008, lower than the 2.1 per cent rise in 2007. Oil imports increased by 54 per cent in 2008, compared to a 12 per cent gain in 2007.

**Exhibit 6.6: Changes in Imports**

