

## **Country's exports returning to pre-crisis levels**

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SINCE the second quarter of last year, merchandise exports have been on the rise amid an appreciating baht, providing an important impetus to the country's economic recovery.

In January of this year, exports grew 31.4 per cent from a low base, but also from strengthened demand from our trading partners. The export revival has also been broad-based, extending across products and markets.

While exports have yet to reach their pre-crisis level, there are signs that some industries have recovered nicely in that they have come close to or have even passed their peak.

**Agricultural and fishery products:** The revival of exports in this group has been attributed to both price and quantity, especially for rubber and tapioca products that experienced strong demand from China. Shrimp exports showed robust growth last year, especially to the United States, despite fierce competition from Vietnam and the imposition of antidumping taxes.

**Labour-intensive products:** This sector's exports are largely determined by unwrought gold, whose price soared last year.

Exports of other major labor-intensive products, such as garments, footwear and toys, are on a downward trend as a result of greater competition from Vietnam and China.

Nevertheless, the export future of some products seems brighter than for others, and these goods include sportswear, brassieres and home and automobile textiles, as their producers have kept making adjustments and thus have remained competitive to the present.

Exports of hi-tech products, including electronic goods and electric appliances, accounting for more than 20 per cent of total exports, took a major hit during the crisis, as final demand was largely dependent on the G3 countries.

Today, this sector appears to be on its way to recovery, as it is rapidly returning to its pre-crisis export level.

Exports of vehicles, accounting for 8-9 per cent of total exports, have not yet recovered to the pre-crisis level, though exports to major markets like Australia are coming close to their historic peak.

Exports of chemical products, accounting for 2-3 per cent of total exports, have already outdone their pre-crisis level, thanks to the revival in demand mainly due to the economic recoveries of China and India.

Resource-based products: Non-canned, prepared foodstuffs and rubber products are mainly exported to the G3 countries, and these exports have approached their pre-crisis levels. Sugar exports received a boost from India, as this major producer has experienced a drought.

However, the furniture and furnishing items industry has recovered slowly and may see lower exports going forward due to greater competition from Vietnam.

Nevertheless, here too, there are some outperformers that can adapt to the increasingly competitive environment.

Overall, exports have been increasing due to the economic recovery of our trading partners since the second quarter of 2009.

This upward trend seems to reaffirm that exports will continue to be an important engine of growth for the economy this year.

This is indeed a welcome development, as Thailand can reap the benefits of the overall global recovery that is expected to firm up this year.

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**(The views expressed are the author's own.)**

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