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TRADE

Taiwanese exports to HK and mainland fall again

Orders down by 26.7pc last month year on year amid multiple headwinds

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Export orders from Taiwan to its biggest market – the mainland and Hong Kong – fell for a seventh straight month last month, according to data released yesterday, with analysts pointing to rising levels of inflation and coronavirus-induced weak overseas demand and supply chain disruptions.

Orders to be shipped from Taiwan to the mainland and Hong Kong reached just US\$10.5 billion last month, down by 26.7 per cent year on year, according to Taipei's Ministry of Economic Affairs.

Taiwan's orders from the mainland and Hong Kong had already fallen by 27.9 per cent year

on year in September to US\$11.55 billion.

"The orders from [the] mainland ... dropped due to their slowing economic situation ... hence weak domestic demand," said Hu Jin-li, a professor at the Institute of Business and Management at National Yang Ming Chiao Tung University in Taipei.

Mainland manufacturers traditionally buy Taiwan's exports, such as components for personal computers and smartphones, for final factory assembly and re-export, with the mainland the destination for 28.21 per cent of the island's total exports last year.

The drop in orders from the mainland and Hong Kong contributed to Taiwan's overall global export orders to considerably miss expectations for a fall of

about 1 per cent, instead tumbling by 6.3 per cent to US\$55.4 billion last month compared to a year earlier.

Global export orders had reached US\$60.93 billion in September, which was still down by 3.1 per cent from a year earlier, but up 11.6 per cent from August.

Actual exports from Taiwan totalled US\$39.93 billion last month, down by 0.5 per cent year on year, according to data released earlier this month.

Last month, shipments to the mainland and Hong Kong declined by 9.2 per cent year on year to US\$14.72 billion, the earlier data showed.

The production value of Taiwan's manufacturing sector probably rose by about 3.7 per cent year on year last month

on demand for new consumer electronics, the ministry told the Central News Agency in Taipei.

But Moody's Analytics expects industrial production to have fallen by 4 per cent year on year last month.

"Weakening global demand conditions, as a result of the rises in global inflation and interest rates, is likely to further weigh on Taiwan's trade data [in the fourth quarter]," said Ma Tieying, an economist with DBS Bank in Singapore.

"Weakening demand is likely to be more broad based in the fourth quarter, not only from [the mainland], but also the major developed markets like Europe and the US."

Orders for Taiwan's consumer electronics – the staple of a roughly US\$850 billion economy – rose by 9.6 per cent last month

year on year, up from 5 per cent growth in September but down from the 15.4 per cent expansion in August.

But orders for optical equipment, which includes phone camera lenses, fell by 43.4 per cent year on year, while plastics and basic metals sustained losses of more than 35 per cent, respectively.

"Tech exports have been doing better than non-tech exports so far, but downside risks is likely to increase in the fourth quarter due to demand softening, supply glut and rising pressure of destocking in the global semiconductor sector," Ma added.

Orders from Taiwan – for the likes of personal computers, servers and smartphones – are seen as a bellwether for the health of other Asian exporters and an indicator of global consumption trends.