

CHINA

TAIWAN

NO RELIEF AS EXPORTS FEEL PAIN IN GLOOM

Island's economic struggles continue for eighth straight month as markets in the US and Europe battle inflation, interest rates and recession fears

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Taiwan has reported an eighth straight monthly drop in exports amid weak global demand, and external trade for the Asian hi-tech manufacturing hub is expected to hold in a near-term slump despite a milder rate of decline compared with previous months.

The value of exports lost 13.3 per cent last month compared with April last year, for a total of US\$35.96 billion, the Ministry of Finance said. The year-on-year drop in March was 25.7 per cent.

Shipments of electronic components, including semiconductor chips, lost 8.6 per cent last month compared with a year earlier – also milder than the drop in March. That export category

gear to work and study online. Device replacement is currently at a low point, according to analysts.

“Now it seems that people are not upgrading,” said Iris Pang, chief Greater China economist with ING. “It means they don’t have the capability to upgrade. This is going to be like this for another few quarters.”

Taiwan Semiconductor Manufacturing, the world’s largest contract chip maker, has yet to disclose its revenue for last month, but fellow Taiwanese chip maker United Microelectronics on Friday announced a 19 per cent revenue decrease last month compared to a year ago.

The island’s chief export markets continue to struggle with inflation, interest rates and fears of recession.

In the European Union, a major destination for Taiwanese electronics, the economy is projected to expand by a mere 0.7 per cent this year, according to the International Monetary Fund. The United States economy should contract by 0.3 percentage points from a first-quarter peak toward a trough in the July-September period, S&P said.

Last month, the island’s shipments to the mainland and Hong Kong – together Taiwan’s largest export market – fell by 22 per cent year on year, according to ministry data. US-bound shipments fell by 10.3 per cent, while exports to Europe lost 3.6 per cent. Exports to Japan, however, rose by 19.8 per cent.

Pang noted how Taiwan’s exports tended to track with the global economy, mostly end-user demand in the US.

Few signs point to any quick turnaround.

In late April, Taiwan’s National Development Council issued its seventh straight monthly “blue light” – the dimmest possible economic forecast for the next half year. Taiwan’s manufacturing PMI index, a measure of confidence among industry leaders, fell by 4.5 percentage points from March to April to 42.8 per cent.

Imports of semiconductor production equipment also “slowed” last month by 20.2 per cent, year on year, the ministry said.

“Another month of weak semiconductor equipment imports kind of continues to lead us to expect we’re not likely to see a near-term sign of the semiconductor downside [easing],” said Tony Phoo, an economist with Standard Chartered Bank in Taipei.

Shipments of parts needed to make the next iPhone model, due later this year, might explain the relatively mild data for last month from Taiwan, Pang said.



There are not many signs of a fast recovery in exports for Taiwan.



was Taiwan’s largest in April, at US\$15.74 billion. Meanwhile, exports of audiovisual and communications devices rose by 5.4 per cent last month, year on year, bouncing back from a 15.8 decline in March.

“Although communication products rebounded, demand for integrated circuits, which are a driving force, has remained weak,” the ministry said.

Taiwan supplies some 60 per cent of the world’s semiconductors, including the most technologically advanced. Overall, tech accounts for about 30 per cent of the island’s roughly US\$800 billion economy.

Exports from Taiwan have slumped since late last year because of declining global demand for PCs, phones and other consumer electronics.

Demand had risen around the peak of the pandemic, when people stuck at home ordered new