



Overseas Development
Institute

The impact of the Global Financial Crisis on light manufacturing industries in Asia....

The evidence from Cambodia, Bangladesh and Vietnam

Jodie Keane, Research Officer, Trade,
IEDG

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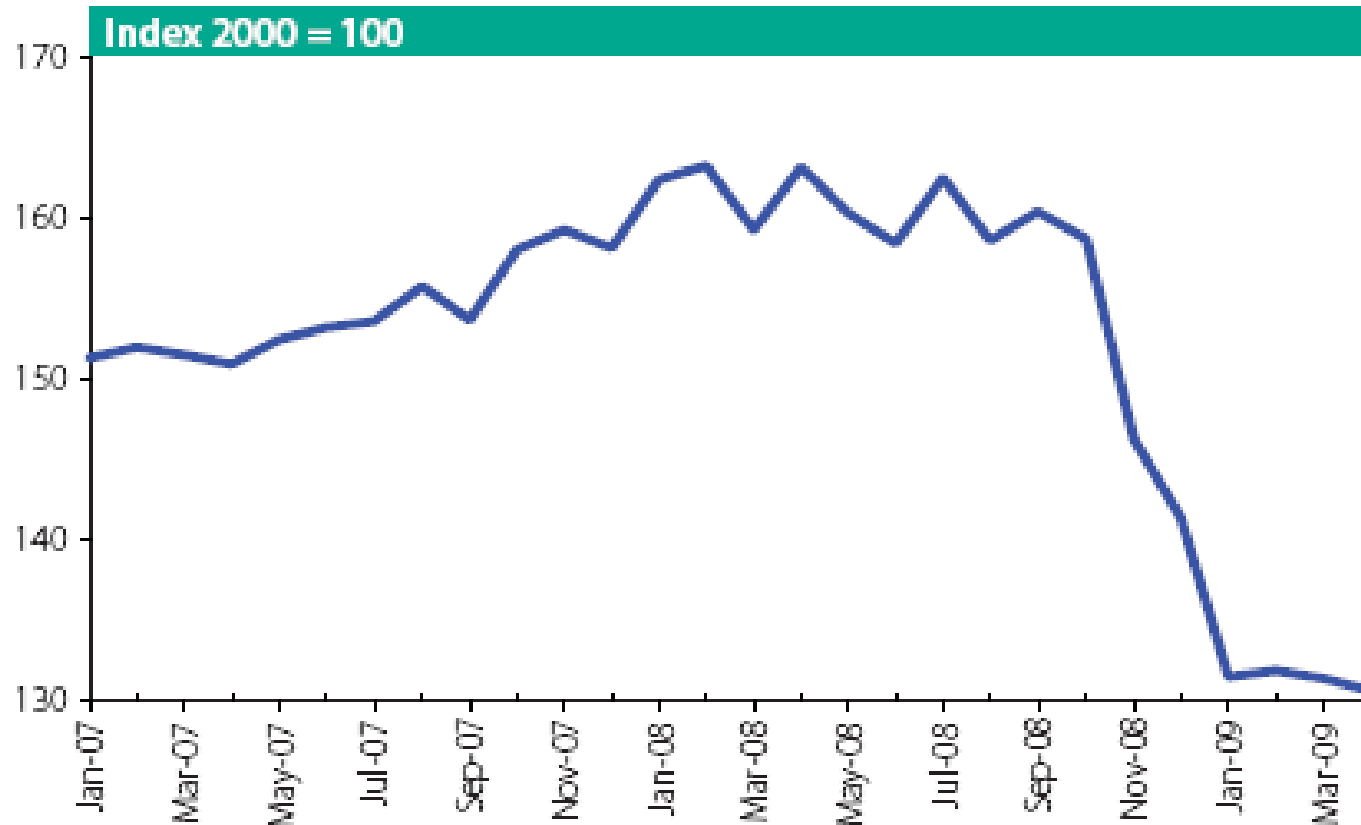
Structure of presentation

.....The trade transmission mechanism

1. Headline figures and posited reasons: trade finance and reduced demand.
2. Falls in commodity and manufactured exports across regions to the US and EU.
3. Specific manufactured goods: Cambodia, Bangladesh and Vietnam.

World Trade has collapsed

Figure 1: World Trade Volume



Source: CPB Netherlands Bureau for Economic Policy Analysis.

Dramatic reduction in shipping/freight costs

26/06/06 — 25/06/09



Value of Trade Finance Transactions

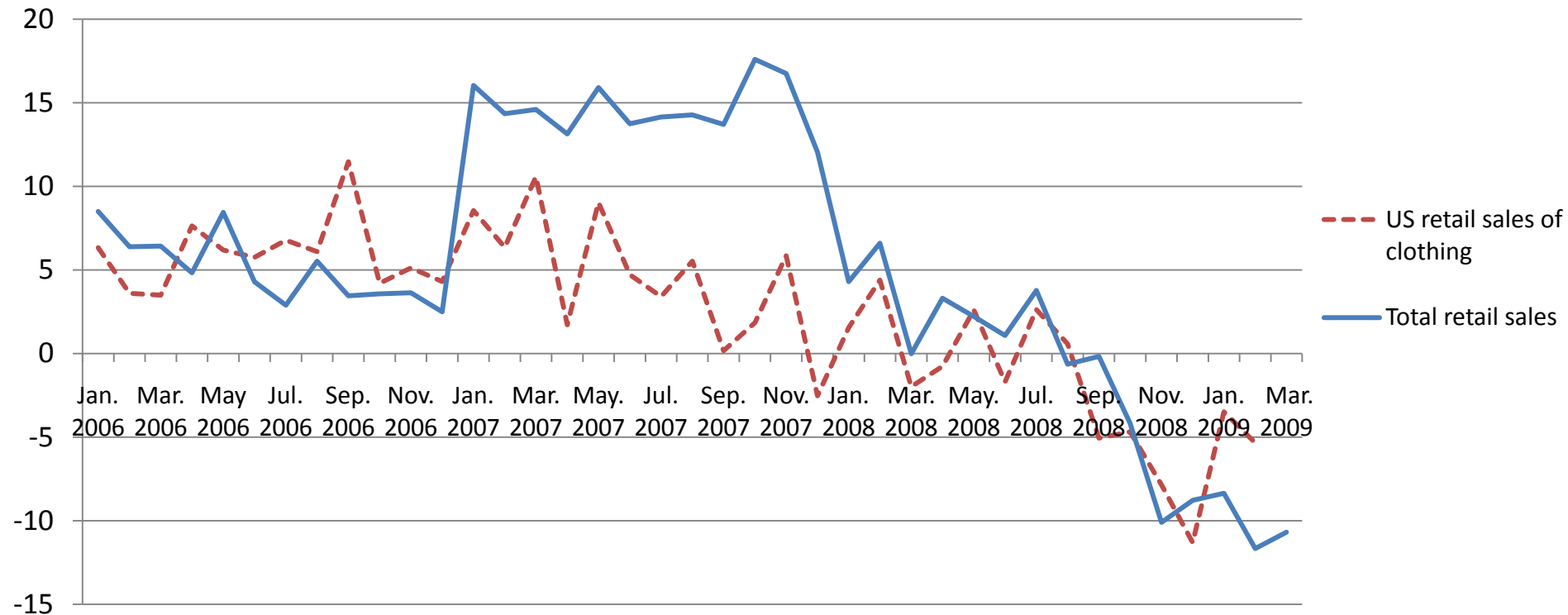
Percent change, January 2009 vs. October 2008

	<u>Trade Finance</u>	<u>Exports</u> ¹
Industrialized	- 9	- 26
Latin America	- 9	- 45
Central Europe	- 11	- 40
Eastern Europe	- 13	- 55
Middle East/Maghreb	- 5	- 26
Emerging East Asia	- 10	- 37
South Asia	- 9	- 13
Sub-Saharan Africa	- 8	...

¹Export values for larger countries in the region for which data are available (Argentina, Brazil, and Chile for Latin America; Czech Rep., Poland, and Romania for Central Europe; and Russia for Eastern Europe; Jordan for Middle East; China, **Indonesia**, Korea, Singapore, and Thailand for Emerging East Asia; and **Bangladesh**, India, and Pakistan for South Asia)

US retail have sales collapsed

US retail sales % change yoy



Source: US Census Bureau, February and March data are projections. Retail sales data for clothing is available until February 2009 only.

EU Retail sales have fallen

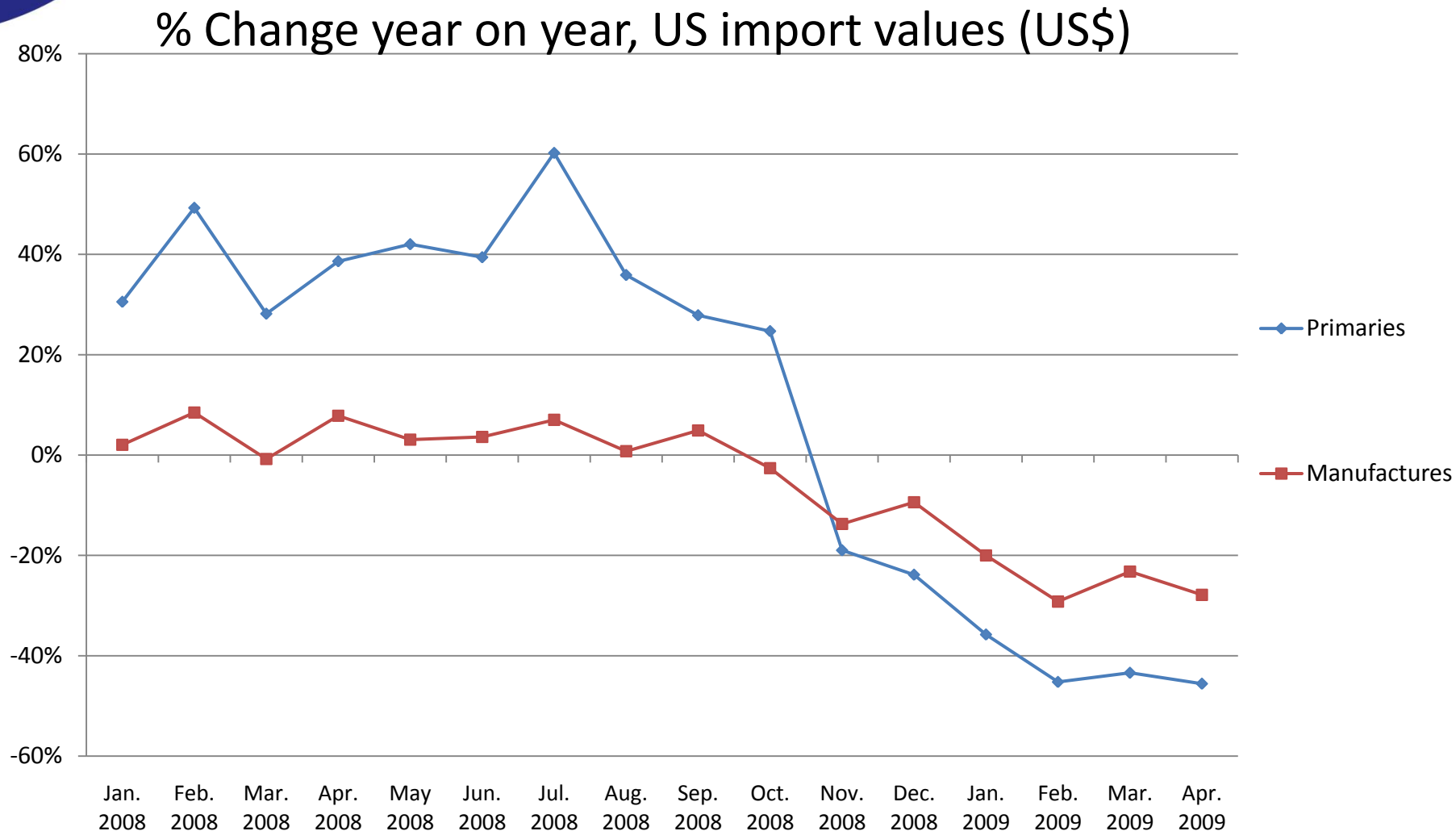
European Retail Sales

Year	Total Turnover Index, deflated, Retail trade (except motor vehicles, motorcycles, unspecified)	Retail sale of food, beverages and tobacco, unspecified	Non food products, unspecified	Textiles, clothing, footwear & leather goods, unspecified	Household equipment, unspecified
2008Dec	106.55	103.35	107.72	106.25	105.75
2008Nov	106.86	103.7	108.18	106.89	105.13
2008Oct	107.05	103.76	108.56	107.52	106.2
2008Sep	108.08	104.54	109.73	110.97	106.79
2008Aug	107.83	104.19	109.5	108.2	107.53
2008Jul	107.78	103.83	109.65	110.15	107.86
2008Jun	107.54	104.06	109.11	107.77	106.77
2008May	108.41	104.73	110.06	110.93	108.64
2008Apr	107.83	104.65	109.14	104.68	108.52
2008Mar	108.02	105.15	109.07	105.39	107.76
2008Feb	109.17	105.59	110.73	112.42	110.08
2008Jan	109.42	105.47	111.23	110.87	110.34

Note: Euro area 15 (fixed composition), Working day and seasonally adjusted; Index year is 2000 (2000=100)

Source: ECB (<http://sdw.ecb.europa.eu/browse.do?node=2120800>)

US Market: Declines in import values across manufactures and commodities

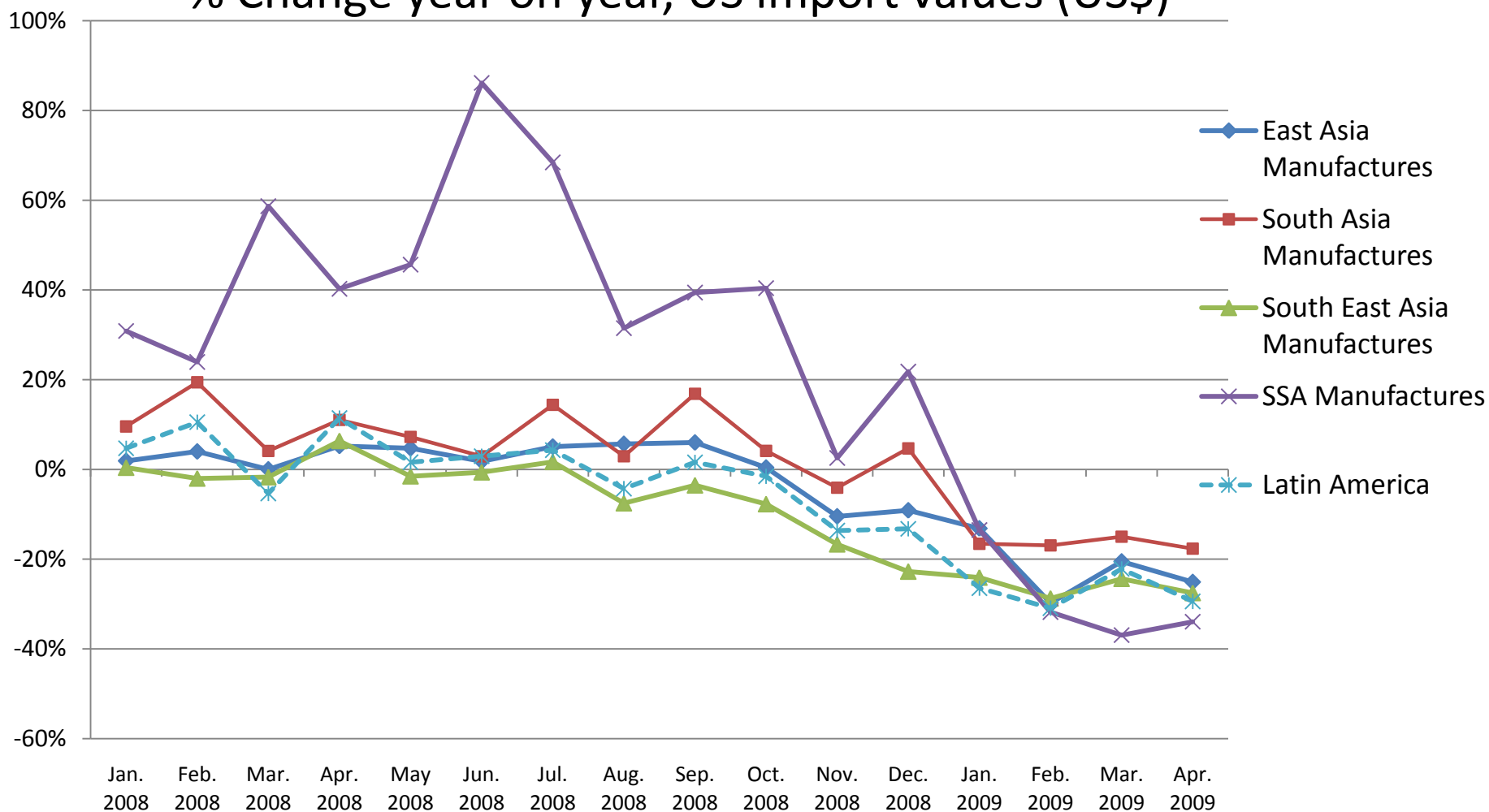


Note: Spilt between manufactured and commodities calculated on the basis of Mayer and Wood (1998)

Source: USITC

Declines in manufactured exports to the US across regions

% Change year on year, US import values (US\$)

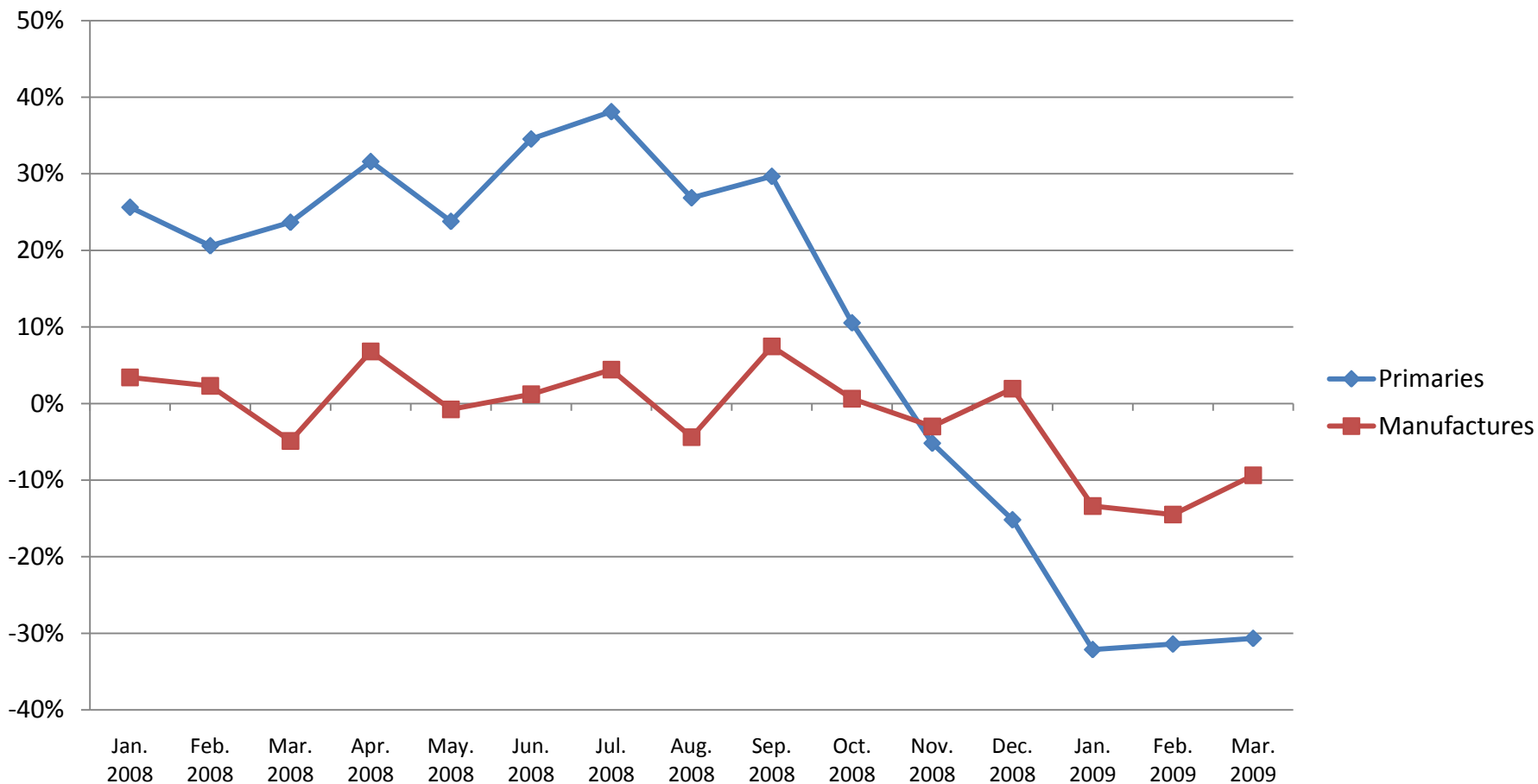


Note: Spilt between manufactured and commodities calculated on the basis of Mayer and Wood (1998)

Source: USITC

EU Market: Declines in import values across manufactures and commodities

% Change year on year, EU import values (Euro)

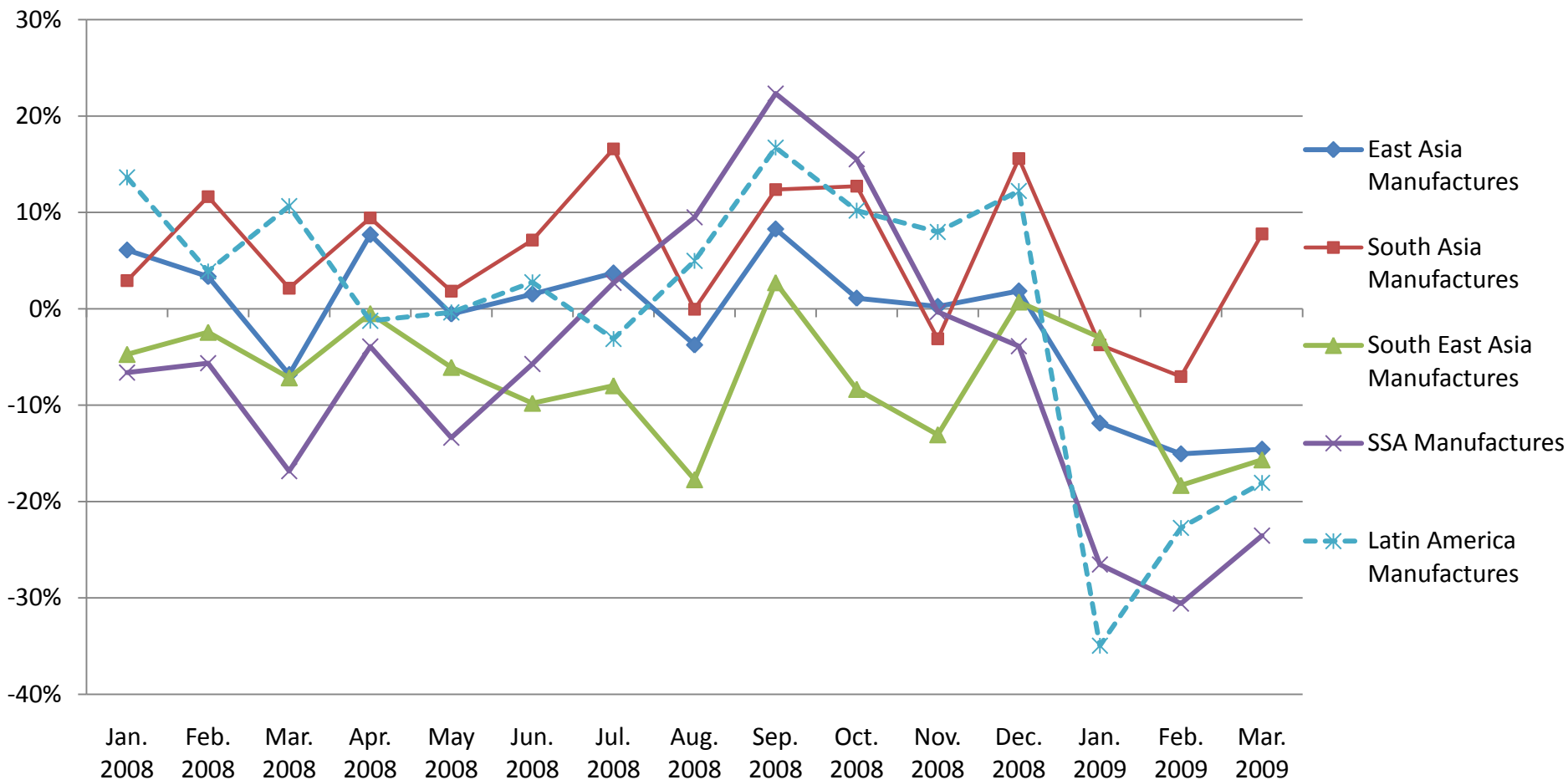


Note: Spilt between manufactured and commodities calculated on the basis of Mayer and Wood (1998)

Source: EUComext

EU Market: Declines in imports of manufactures

% Change year on year, EU import values (Euro)

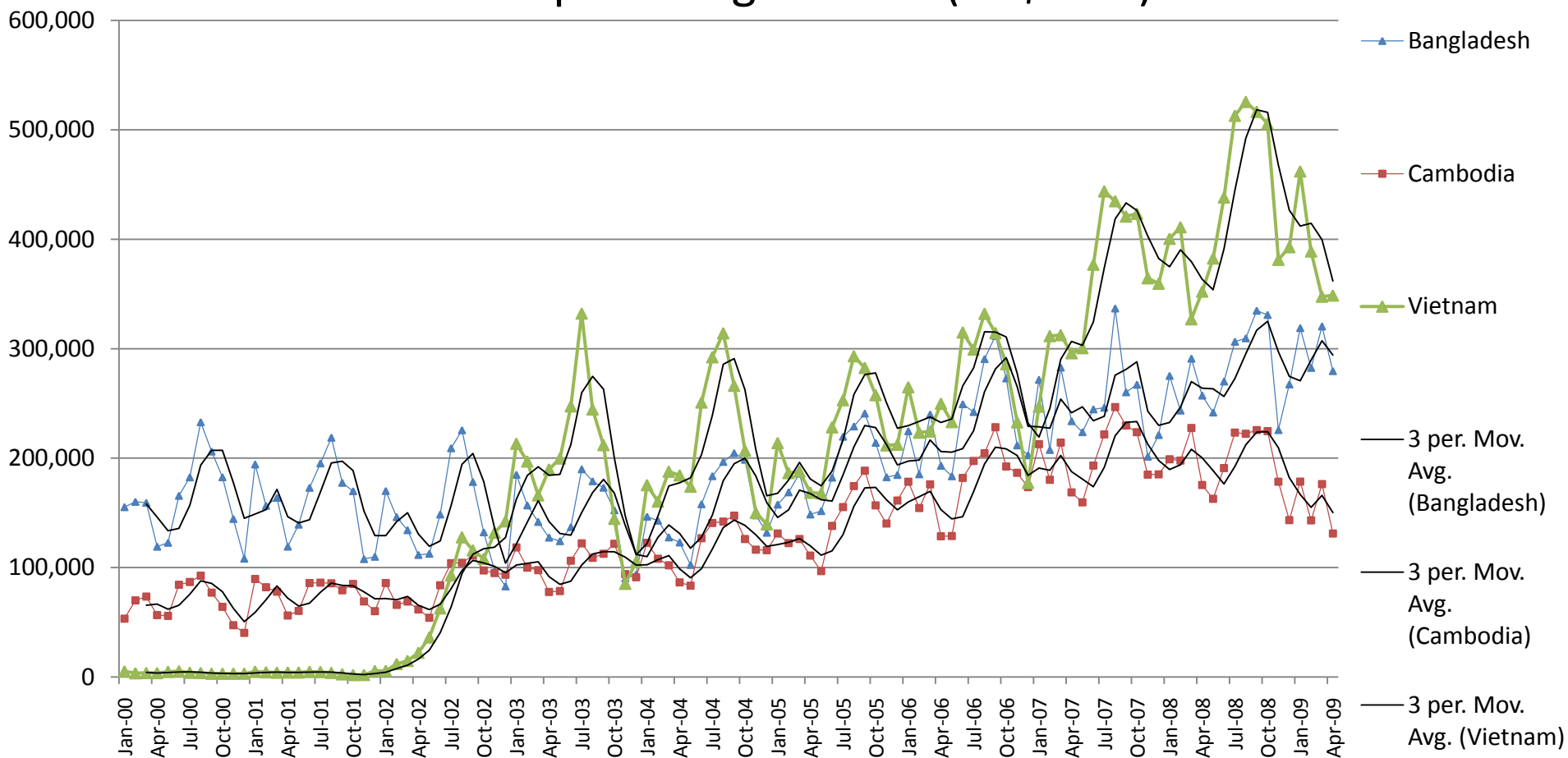


Note: Spilt between manufactured and commodities calculated on the basis of Mayer and Wood (1998)

Source: EUComext

US Market: Declines in garment exports are apparent

US Imports of garments (US\$'000)

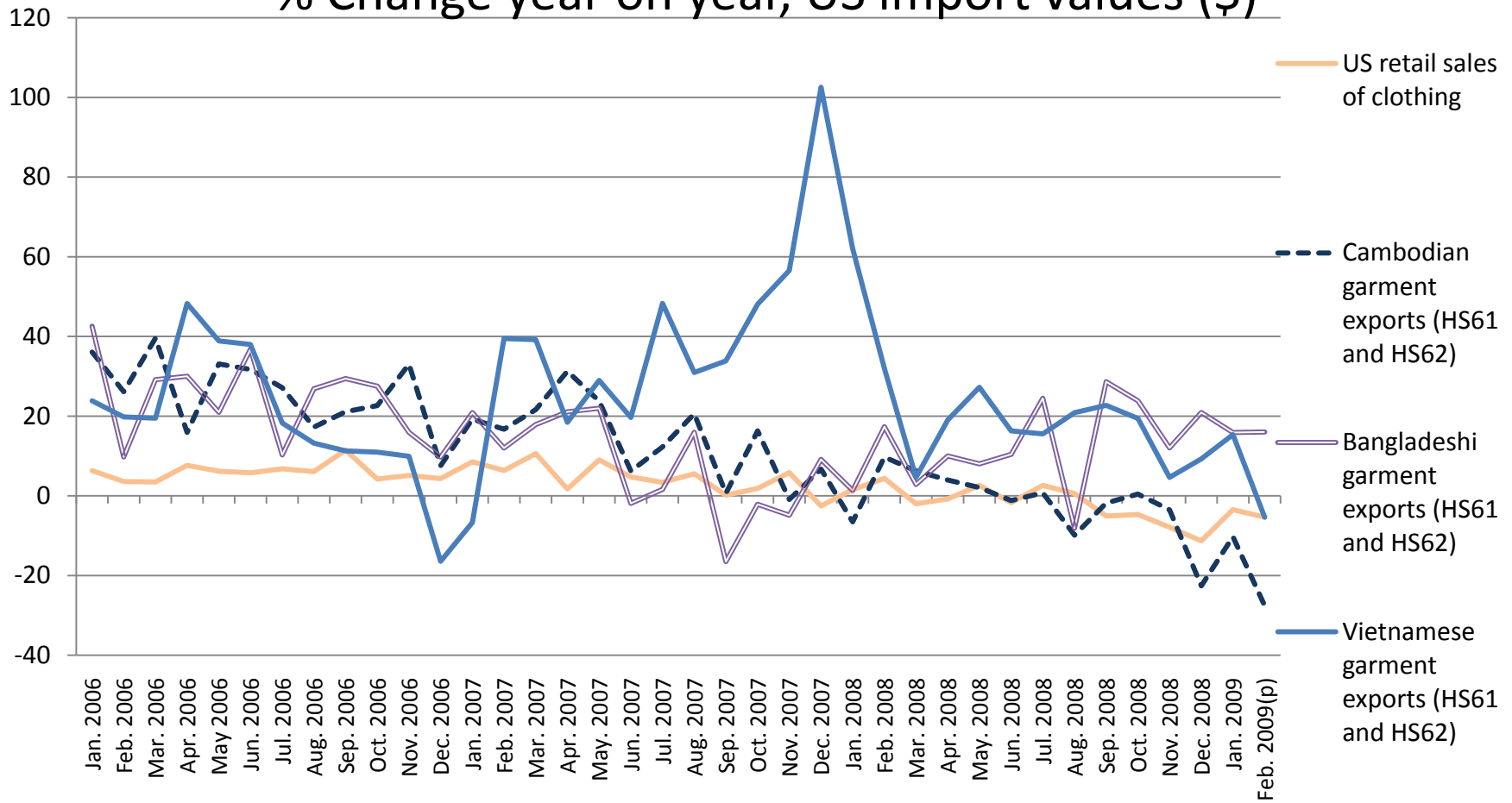


Note: Calculated on the basis of HS61 and HS62

Source: USITC

...some producers more affected than others

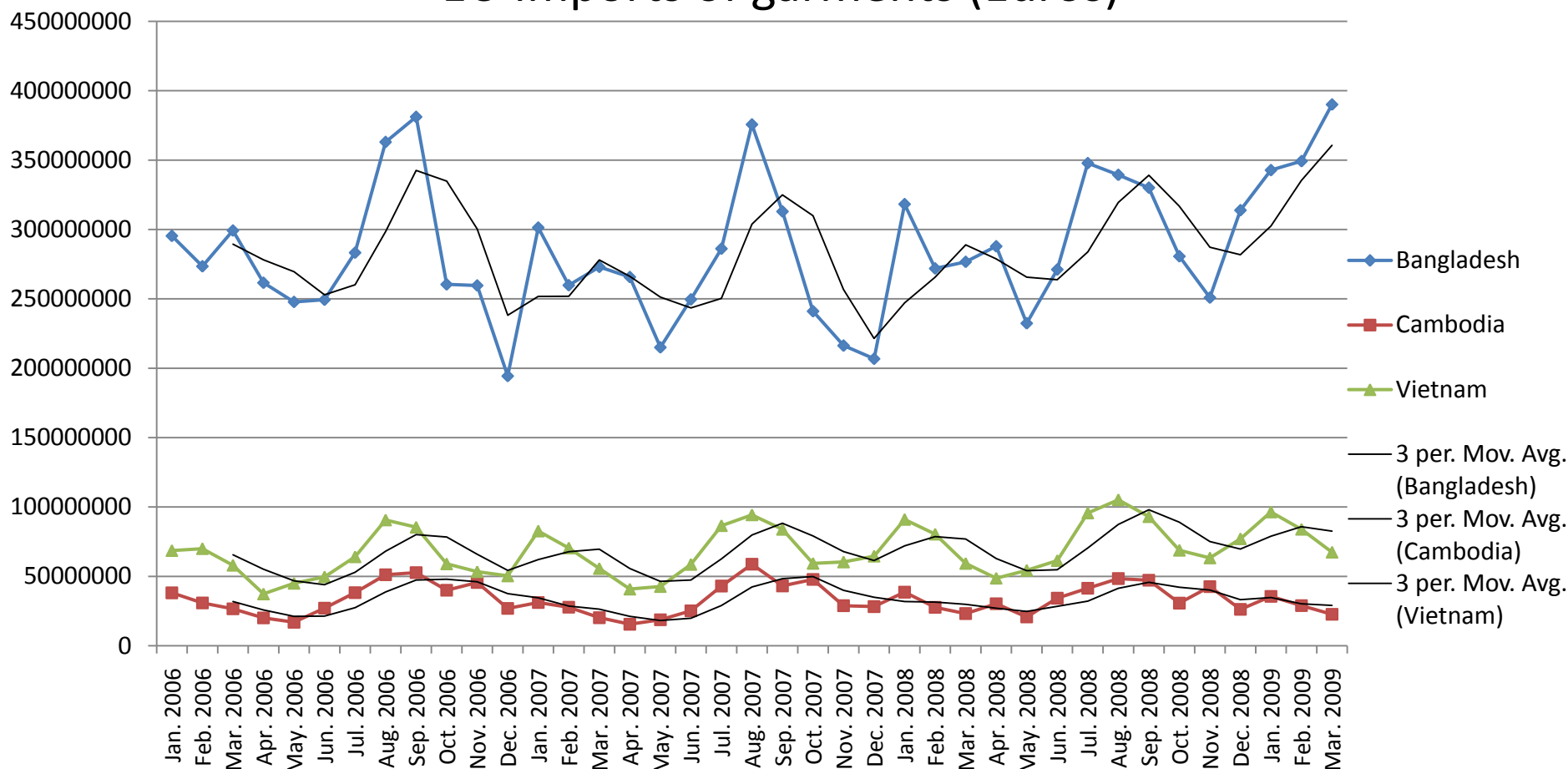
% Change year on year, US import values (\$)



Source: US Census Bureau, February and March data are projections. Retail sales data for clothing is available until February 2009 only.

EU Market: Declines in garment exports are apparent for some producers

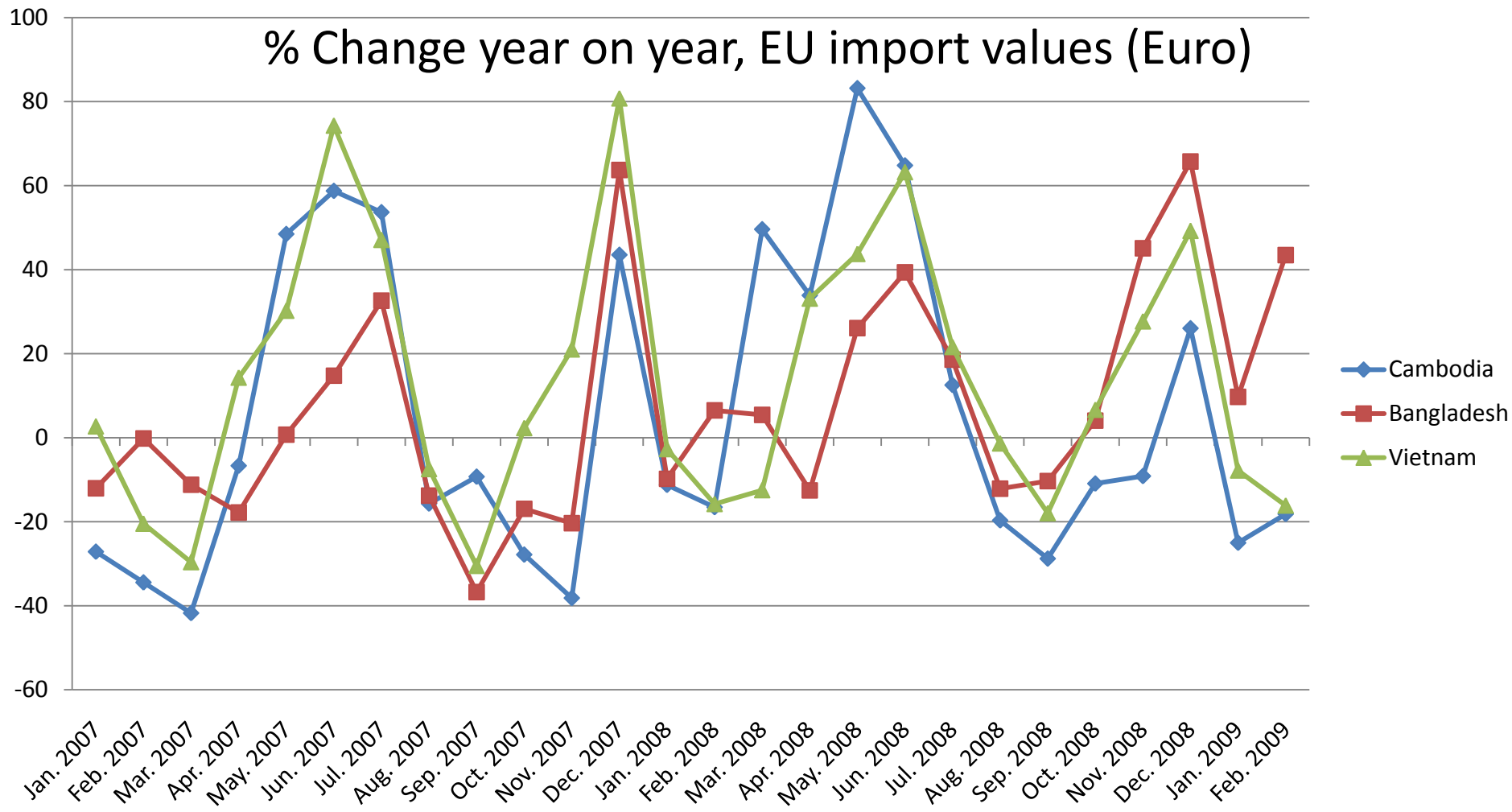
EU Imports of garments (Euros)



Note: Calculated on the basis of HS61 and HS62

Source: EUComext

...some producers more affected than others



Note: Calculated on the basis of HS61 and HS62

Source: EUComext

The Impact on the crisis on Asian Manufacturers

- Product and market specific
...some products and market niches likely to be more affected than others.
- Revised global and OECD growth projections
...elasticity of trade to income across goods.
- Direct impacts on suppliers are apparent
...some of which are now taking their own actions (measures to increase competitiveness).