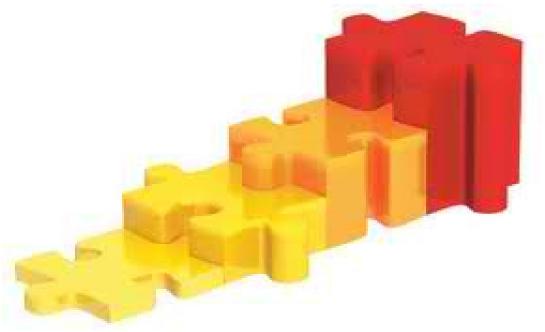
Re-examination of the Contribution of Net-exports to GDP Growth (1960-2000)

Kristine Joy C. Martin University of Asia & the Pacific SGRA 17th Sustainable Shared Growth Seminar February 11, 2014 College of Engineering University of the Philippines, Diliman

OUTLINE



Tracing the Development of the Philippine Export Basket (1960-2000)



Development of the PH Export Basket

- Export-Orientation
- Changing views on the importance of international trade and export as engines to economic growth

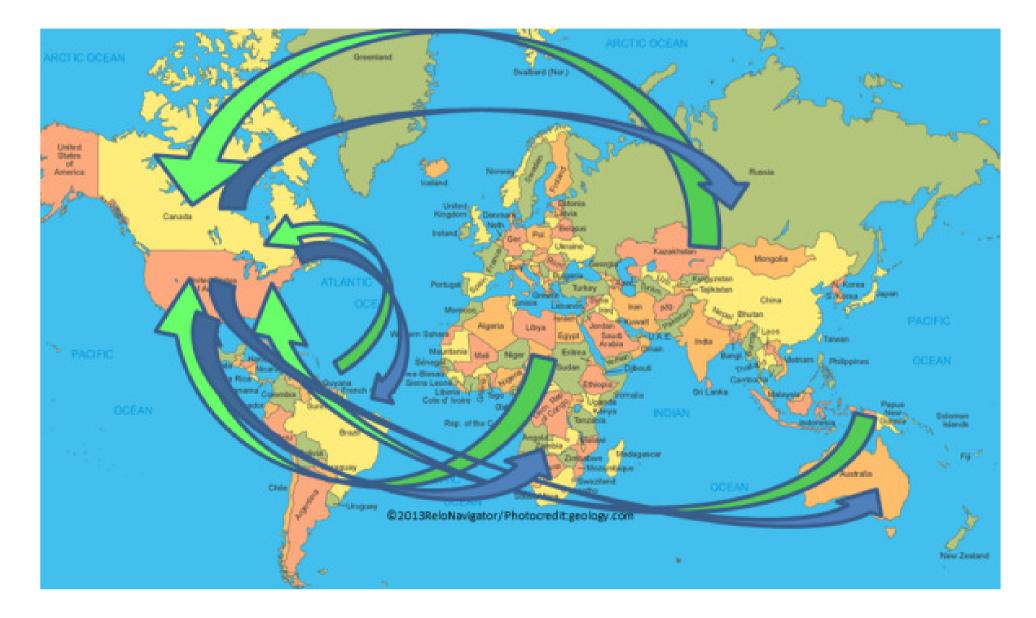


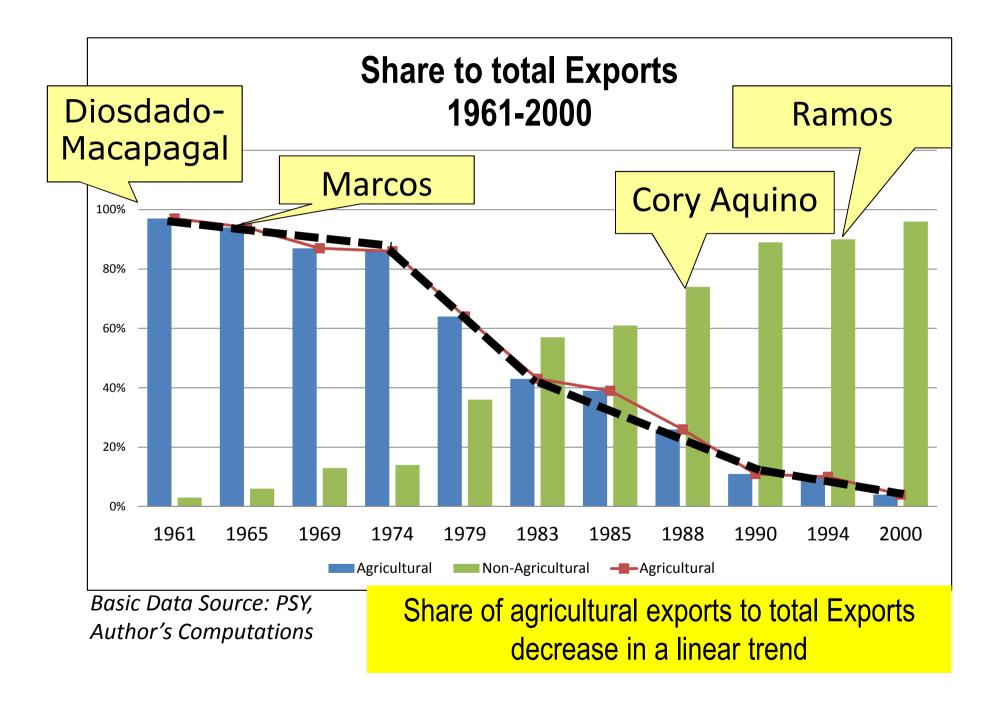
Development of the PH Export Basket

• The pursuit for outward orientation led to a rapid spread in international production networks

Global Production Fragmentation

Global Product Fragmentation



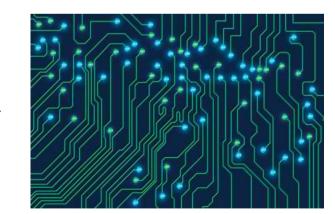


Development of the PH Export Basket

- Philippines participation
 - Country's export basket gradually changed



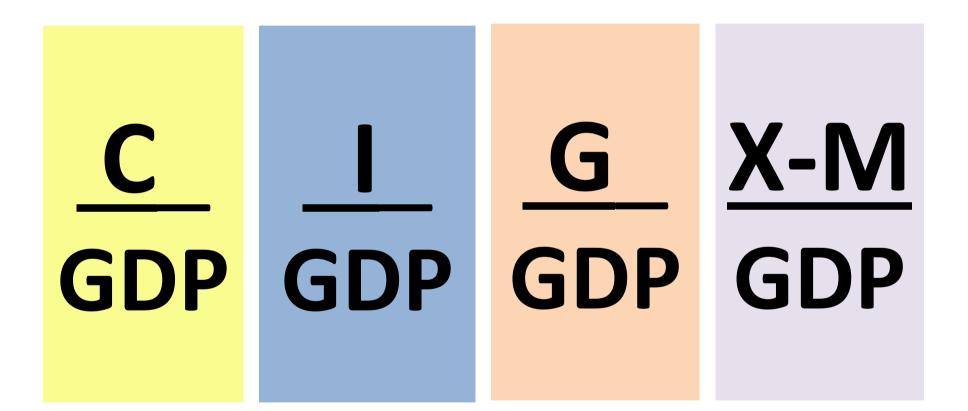
Agro-based commodities (1960s)



Import-intensive manufactures (1990s)

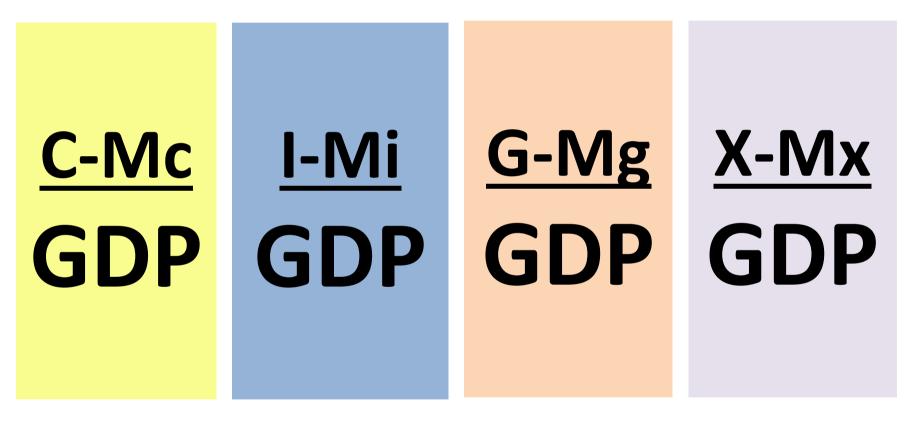
Re-examination of the Contribution of the Net-exports to GDP Growth (1961-2000)

Net-export Method



Net-Import Adjusted Method

Final Demand Component – Import Content



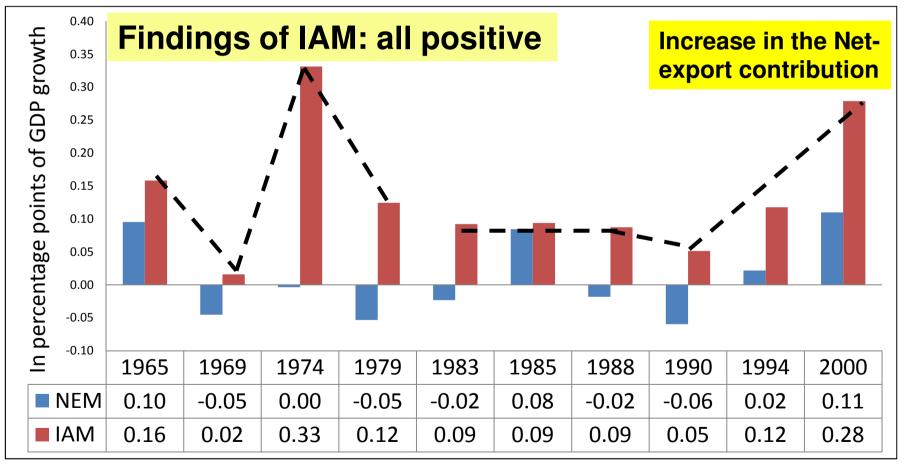
Source: Kranendonk and Verbruggen, 2008

IAM vs NEM

Findings of IAM > NEM

Contribution of Net-Exports to GDP growth (in percentage points of GDP growth)

Correlation coefficient: 0.58



Author's Computations

Development of the Export Manufactures (1961-2000)

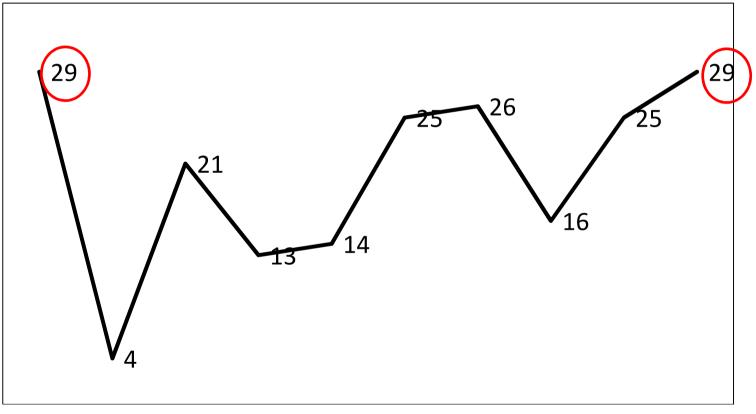
Import Multipliers

- Import multipliers denote how much import is needed to produce one peso worth of exports.
- The larger the import multiplier is, the more imports are used in producing the export

		1990		2000
1.18		1.45		1.18
1.18		1.54		1.14
1.24		1.46		1.26
1.00		1.20		1.15
	1.18 1.24	1.18	1.18 1.54 1.24 1.46	1.18 1.54 1.24 1.46

Author's Computations

Domestic Value-Added of Exports (as % of GDP)



1961-1965 1965-1969 1969-1974 1974-1979 1979-1983 1983-1985 1985-1988 1988-1990 1990-1994 1994-2000 Author's Computations

The **magnitude** of the domestic value-added of exports in 1994-2000 is the **same** with that of 1961-1965

Decrease in the import content of exports

- Such decrease in the use of imports in 1990 to 2000 is due to the increase in Foreign Direct Investments directed towards electronics and machineries
- Success in the Medium Term Philippine Development Plan in 1993-1998:
 Increasing the limited and low value-added of export products such as electrical machinery, transport and equipment and steel and iron

Implications: Towards a Sustainable Growth in the Manufacturing Sector

Implications

- Increase domestic production base
- Increase domestic value-added through attraction of Foreign Direct Investments
- Improvement of trade facilitation measures
- Lower transaction costs and improve logistics
- Cooperation between public and private sector

THANK YOU!



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