

Glimmer Of Hope For Increasing Malaysia's Exports To The USA
Bernama
January 8, 2012
By Manik Mehta

NEW YORK, Jan 8 (Bernama) -- Malaysia's most important export market in the developed world, the United States of America, which buys a wide range of Malaysian products, is showing signs that its economic recovery process is finally stabilising, as economic pundits say.

The most comforting and visible sign of a spark that could stabilise the economic recovery process, is provided by the latest unemployment report which shows that the nation's jobless rate fell to a three-year low as some 200,000 Americans could successfully find jobs.

Consumer spending is the backbone of the economic drive in the nation; consumer spending can increase or decrease depending on the income earning of the American.

In the past three years, unemployment rate in the USA has been stubbornly high, a situation that has baffled and confounded most experts, some of whom, at one point last year, even predicted a double-dip recession.

When there is high unemployment, consumers tend to spend less. This, in turn, has a strong inhibiting effect on economic growth, while importers tend to be wary of ordering merchandise from their overseas suppliers, fearing they will not be able to dispose off the inventory.

The Malaysia External Trade Development Corporation (Matrade) promotion offices in the United States have been closely monitoring the economic developments, keeping a close eye on the unemployment levels which continued to remain high even though the recession had, technically speaking, ended in summer 2009.

Rising employment also means more cash for the average American family which, usually, engages in purchases that can be easily transacted through the credit card facility. But in the last three years, many American families went through a nightmarish situation as their homes and properties were seized by banks to recover their loans as more and more Americans failed to pay their mortgages in the quagmire of what infamously became known as the subprime crisis.

But there is what one Wall Street financial expert calls a "ray of hope" peeping through the still dark economic skies. Companies hired over 200,000 workers in December 2011, bringing down the unemployment rate from 8.7 per cent in November to 8.5 per cent in December, according to US Bureau of Labor.

The strength of hiring in the last four weeks of 2011 even surprised some pessimists.

According to Kevin Logan, an economist with the HSBC in New York, the Labor Bureau's report suggested that many industries were catching up on hiring which had been delayed for much of 2011.

Though Matrade offices in the United States are taking a "wait-and-watch" approach, the decline in unemployment level portends some good signs for exports. With more and more Americans expected to move into new homes, there will be demand for a host of products, ranging from steel through construction materials to electronic and electrical parts, components and other products.

There is also, of course, the prospect that American consumers may buy new cars, giving rise to demand for automotive parts and components, products that Malaysia traditionally manufactures and supplies to several developed markets of the world.

With economic growth accelerating in the final quarter of last year, experts hope that the brightening employment picture will create a positive link between consumer spending and companies' appetite for hiring.

Some important trade fairs held in the United States, which are considered to be a barometer of the respective industry they are dedicated to, also showed signs of bullishness reflected in the orders placed during the last quarter of 2011, with many Asian participating exhibitors speaking of "signs of a visible economic recovery".

Malaysian government representatives in the USA agree that Malaysia will need to work hard and position itself as a key supplier of a large range of products that have traditionally sold well in the United States.

"This is no time for complacency. We have to work hard to sell our products," Malaysia's consul general in New York, Syed Mohamed Bakri Syed Abdul Rahman, told Bernama.

Like his counterparts elsewhere, the Malaysian consul general in New York is also playing an active role - and flanking the efforts of other Malaysian government agencies such as Matrade - to promote Malaysia's exports to the United States.

While representatives of the Obama administration rubbed their hands in glee over declining unemployment level, skeptics cautioned against any hasty rejoicing, saying that it was "too soon" to assume that the labour market had indeed turned around.

Some attribute the job creation to seasonal demand before and during the Christmas season, particularly in the retail sector which quickly lays off newly recruited workers once the season is over. They reminded that even though the economy had created an estimated 1.64 million jobs, these were less than a fifth of the nine million jobs lost in the recession.

Bill Dudley, the head of the New York Federal Bank and a close ally of chairman Ben Bernanke, said that because the unemployment rate remains "unacceptably high" further measures to help the economy should still be considered.

It is too early to tell whether this is the beginning of a trend or another false start. But many exporters from Asian countries, including Malaysia, hope that the declining unemployment rates are the beginning of a strong economic recovery.

---BERNAMA

Copyright © 2012 BERNAMA

Source: <http://www.bernama.com/bernama/v6/newsindex.php?id=638619>

