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Demand for electronics 'to hold up'

By Robin Chan (The Straits Times), SG Electronics – 22 August 2008
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DON'T write off Singapore's once-dominant electronics sector just yet.

It may have been hit by falling demand in the West, but there is still healthy demand from the rest of the world for new consumer electronics, a panel of analysts said yesterday.

Citing balanced global demand, driven primarily by robust growth in emerging markets, Mr David Cohen, the director of Asian economic forecasting at Action Economics, said world growth in the electronics sector had been 'better than feared'.

He said revenue from consumer electronics around the world is expected to reach US\$700 billion (S\$987.8 billion) this year, up 10 per cent from last year. He was citing numbers released by the Consumer Electronics Association (CEA), an international trade body.

Growth in the sector is expected to continue despite the economic slump in the United States, which has clouded the outlook for the world.

Some analysts have suggested that there has been an economic decoupling from the US - in other words, a recession there might not bring down the rest of the world. But that idea has been called into question because there continues to be a clear correlation between the US and global demand.

Nevertheless, so far, world growth figures have held up. Mr Cohen attributes this to the steady growth in Brazil, Russia, India and China. The CEA estimates that China will account for up to 15 per cent of total consumer revenue in the electronics sector this year.

Mr Cohen said that although growth in Asia has slowed since last year, he still expects to see growth this year. This is because Asian banks have been less exposed

to the credit crisis-related write-downs so prominent in the US, while oil prices seem to have peaked for now.

Mr Christopher Fussner, president of TransTechnology, a distributor of electronic components across Asia, expressed similar sentiments, noting that client demand was strong in India. But he tempered expectations by comparing the electronics sector to a roller-coaster.

Dr Albert Lu, a senior scientist at the Singapore Institute of Manufacturing Technology (SIMTech), said consumer demand will be driven mainly by mobile phones, cars and televisions, and by an emerging market in printed electronics, a technology that enables electronic chips to be printed on paper or plastic.

The analysts were speaking at a roundtable discussion organised by Reed Exhibitions ahead of the biannual electronics manufacturing trade show, GlobalTRONICS 2008, to be held here on Sept 9-12.