
Macroeconomic indicators - S Korea posts trade deficit in 2008

Monday, 05 Jan, 2009

Yonhap reported that South Korea posted its first trade deficit in more than a decade in 2008 due to the worldwide economic slump and a surge in energy prices.

Ministry of Knowledge Economy said that the trade deficit reached USD 12.9 billion in 2008 as compared with a surplus of USD 14.6 billion the year before. It was the first trade deficit since the USD 8.4 billion shortfall in 1997.

The ministry said that in December, South Korea recorded a trade surplus of USD 670 million, with exports falling 17.4% annually to USD 27.3 billion and imports sinking 21.5% to USD 26.6 billion. It was the third consecutive monthly trade surplus. Annual exports rose by 13.7% YoY to a record high of USD 422.4 billion, with imports shooting up by 22% to USD 435.4 billion.

Mr Kang Myung soo head of the ministry's export import division said that "Global hikes in crude oil and other raw material prices were the main contributor to the annual deficit, with exports being led by ships that surpassed the USD 40 billion mark for the first time this year."

According to the preliminary report, crude oil imports soared by 42.3% during the year, with gas and coal also shooting up by 55.9% and 99.6% respectively. Outbound shipments led by solid market gains into developing economies rose by 22.6% in the first 9 months of 2008, but fell by 9.5% in the fourth quarter as the financial crisis in the United States rocked world markets and caused a drying up of consumer demand and business investments.

The ministry said that petroleum products, ships, steel, general machinery, telecommunications, auto parts, petrochemical and displays reported double digit gains last year vis a vis 2007, while textiles, autos, consumer electronics, semiconductors and computers all posted loses compared to 2007. Exports to the Middle East, Oceania, Latin America and the Association of Southeast Asian Nations rose between 27% and 35% annually last year, while those for Japan and the European Union gained 8% and 5% each. Exports to the United States only rose by 1% as compared to the year before.

(Sourced from Yonhap)

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