

**PERFORMANCE OF TRADITIONAL AND NON-TRADITIONAL  
EXPORTS, PHILIPPINES, 1983-2012**

**THESIS**

**ARIANNE JOY A. BAYETA**

**College of Economics, Management  
and Development Studies**

**CAVITE STATE UNIVERSITY**

**Indang, Cavite**

Cavite State University (Main Library)



**T5617**

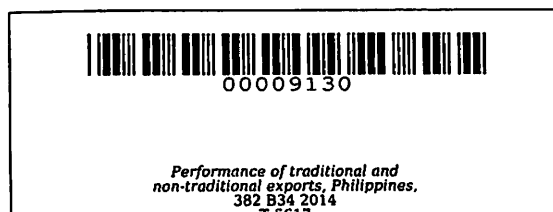
THESIS/SP 382 B34 2014

**October 2014**

2  
✓  
**PERFORMANCE OF TRADITIONAL AND NON-TRADITIONAL EXPORTS,  
PHILIPPINES, 1983-2012**

Undergraduate Thesis  
Submitted to the Faculty of the  
College of Economics, Management, and Development Studies  
Cavite State University  
Indang, Cavite

In partial fulfillment  
of the requirements for the degree  
Bachelor of Science in Economics



**ARIANNE JOY A. BAYETA**  
October 2014 ✓

## **ABSTRACT**

**BAYETA, ARIANNE JOY A. “Performance of Traditional and Non-Traditional Exports, Philippines, 1983-2012”.** Undergraduate Thesis. Bachelor of Science in Economics. Cavite State University, Indang, Cavite. October 2014. Adviser: Dr. Luzviminda A. Rodrin.

The study was conducted to determine the performance of Philippines’ traditional exports; identify the factors affecting the value of traditional exports and the selected variable which are the foreign exchange rate, consumer price index, and the income of importing countries; determine the performance of Philippines’ non-traditional exports; identify the factors affecting the value of non-traditional exports and the selected variable which are the foreign exchange rate, consumer price index, and the income of importing countries; and identify the export markets for traditional and non-traditional exports of the Philippines. Data were obtained from the Bangko Sentral ng Pilipinas (BSP), Philippine Statistical Authority (PSA), and the University Library.

Data were analyzed using descriptive analysis and the multiple linear regression with the aid of Econometric Views (EViews).

Results of trend analysis showed that the traditional exports exhibited a decreasing trend from 1983-2012 which resulted from soft demand and lower prices of traditional products in the international market. On the other hand, the non-traditional exports showed an increasing trend. This excellent performance was due to higher demand and higher prices in the world market which greatly helped boost the export sector. Hence, this showed that although the country is considered an agricultural nation, the value of non-traditional

exports that consists mostly of manufactured products registered as the highest contributor in the country's income in terms of its export value.

The result of the multiple regression in the value of traditional exports showed that it is significantly affected by the foreign exchange rate and the gross national income of importing countries while the consumer price index did not. On the other hand, the result of multiple regression in the value of non-traditional showed that it is significantly affected by the foreign exchange rate and consumer price index while the gross national income of importing countries did not.

A huge amount of exports were from Asia with 52.28 percent share to total exports during the period of observation having Japan as the primary importing country. North America ranked as the second primary export market (26.87%) of the country with United States of America as the primary importing country. The third largest export market is the continent of Europe (18.84%) with Netherlands registered as the primary importing country. Fourth in rank is Oceania (1.33%) with Australia as the primary importer; South America with Brazil as the primary importing country ranked fifth; and Africa with South Africa ranked sixth.

Government and private organizations must conduct trainings and seminars for the agricultural growers and also for those employed in manufacturing industry for product development. Close coordination between the government agencies and the private sector should also be maintained in developing and implementing marketing programs for exports and in providing regular updates in international diversification. Furthermore, negotiation of quotas from major quota markets should be given support.

## TABLE OF CONTENTS

	Page
<b>BIOGRAPHICAL DATA .....</b>	<b>iii</b>
<b>ACKNOWLEDGMENT .....</b>	<b>iv</b>
<b>ABSTRACT .....</b>	<b>vi</b>
<b>LIST OF APPENDIX TABLES .....</b>	<b>x</b>
<b>LIST OF TABLES .....</b>	<b>xi</b>
<b>LIST OF FIGURES.....</b>	<b>xii</b>
<b>INTRODUCTION .....</b>	<b>1</b>
Statement of the Problem .....	3
Significance of the Study .....	3
Hypotheses .....	4
Objectives of the Study .....	4
Scope and Limitation of the Study .....	5
Theoretical/ Conceptual Framework.....	5
Definition of Terms .....	7
<b>REVIEW OF RELATED LITERATURE .....</b>	<b>10</b>
<b>METHODOLOGY .....</b>	<b>17</b>
Research Design .....	17
Sources of Data .....	17
Collection of Data .....	18
Method of Analysis .....	18

	<b>Page</b>
Level of Significance .....	19
<b>RESULTS AND DISCUSSION</b> .....	20
Performance of Traditional Exports .....	20
Factors Affecting the Value of Traditional Exports .....	33
Performance of Non-Traditional Exports .....	36
Factors Affecting the Value of Non-Traditional Exports .....	42
Export Markets for Traditional and Non-Traditional Exports .....	45
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS</b> .....	51
Summary .....	51
Conclusion .....	52
Recommendations .....	53
<b>REFERENCES</b> .....	55
<b>APPENDICES</b> .....	57

## LIST OF APPENDIX TABLES

Table	Page
1      FOB values in million U.S. dollars and volume in '000 MT of the Philippine traditional exports, 1983-2012 .....	58
2      Percentage distribution of Philippines traditional and non-traditional exports, 1983-2012.....	62
3      Consumer price index, 1983-2012, (2006=100) .....	76
4      Foreign exchange rate, 1983-2012.....	77
5      FOB values in million U.S. dollars and volume in '000 MT of the Philippine non-traditional exports, 1983-2012.....	78
6      Values of export of importing countries, 1983-2012.....	83

## LIST OF TABLES

Table	Page <sup>a</sup>
1      FOB values in million U.S. dollars and volume in '000 MT of the Philippine traditional exports, 1983-2012 .....	21    2
2      Growth rate of the export value of the Philippine traditional exports, 1983-2012.....	27
3      Export value response of traditional exports using full model regression .....	33
4      Export value of traditional exports (Model 2).....	35
5      FOB values in million U.S. dollars and volume in '000 MT of the Philippine non-traditional exports, 1983-2012... ..	37
6      Growth rate of the export value of Philippine non-traditional exports, 1983-2012.....	40
7      Export value response of non-traditional exports using full model regression.....	43
8      Export value response of non-traditional exports using stepwise regression method.....	44
9      FOB values of export by continent in U.S. dollars, 1983-2012.....	46
10     Percentage distribution of export markets to total value of exports of the Philippines, by continent, 1983-2012 .....	49



# **PERFORMANCE OF TRADITIONAL AND NON-TRADITIONAL EXPORTS, PHILIPPINES, 1983-2012**

**Arianne Joy Acuba Bayeta**

---

A thesis manuscript submitted to the faculty of the Department of Economics, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfillment of the requirements for the degree of Bachelor of Science in Economics, major in Business Economics with Contribution No. T-2014-ECON-0346. Prepared under the supervision of Dr. Luzviminda A. Rodrin.

---

## **INTRODUCTION**

The Philippines is a newly industrialized emerging market economy, with exports as its key driver of growth. Its 1.5 trillion gross domestic product (GDP), the fourth largest in Southeast Asia, is accounted for by the service sector (50%), industry sector (33%), and agriculture sector (17%). Key economic activities include business process outsourcing (BPO), food processing, textiles and garments, and assembly operations in the manufacturing of electronics and high-tech components (Philippine Exporters Confederation Inc., 2012).

In the 2011 International Institute Management for Development World Competitiveness Survey, Philippines' quality of workforce serves as an attractive competitiveness factor, assisting business to flourish.

The Philippines is one of the very few economies with positive economic growth during the 2008-2009 global recessions. In 2010, the economy registered a record high growth, with the stock market breaking one record over another, making it one of the best-