

Concern raised over peso's rise

EXPORTERS who have only recently begun enjoying the global economic pickup are now grappling with a strengthening peso, which they fear will make their prices unattractive to foreign buyers.

Industry groups yesterday sounded off their concern, saying merchandise with high local content will particularly be hard hit.

Sales growth forecasts for the year, however, will be maintained for now as exporters look to capacity building programs and other means to improve competitiveness.

"With the peso appreciating, some exporters will operate at a loss and we expect small firms to stop receiving orders," Philippine Exporters Confederation President Sergio R. Ortiz-Luis, Jr. said in a telephone interview yesterday.

The sector is generally more comfortable when the US dollar costs P46-46.50, otherwise their merchandise becomes too pricey for buyers, he said.

The peso closed at P45.01 versus the greenback yesterday, appreciating by 16 centavos from last Wednesday, the last trading day before markets took a break for a Holy week holiday.

"Those with a lot of local value-added will be hurt the most like food, consumer manufacturers like accessories and furniture," Bureau of Export

Concern

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"It is really a big concern, especially for small firms who don't have [the financial] facilities," he added.

Despite this threat, export sales forecasts for 2010 will be kept for now.

"I'd like to keep it where we had it before: a low double-digit growth," Mr. Perlada said, noting robust demand for electronics which accounts for the bulk of the country's total export sales.

There are other ways to improve competitiveness, he added, noting existing capacity-building programs for exporters.

Arthur J. Young, Jr., chairman of the Semiconductor and Electronics Industry in the Philippines Inc. (SEIPI) likewise said yesterday that while the currency's rise "takes away from some of the industry's competitiveness," the

group is maintaining its conservative 15-20% sales growth projection.

Mr. Ortiz-Luis also said his group was keeping its 10% growth outlook for total merchandise export sales this year.

University of the Philippines economist Benjamin E. Diokno, for his part, said in a text message that the standing government projection of a 7-9% export growth remained "reachable."

But Mr. Ortiz-Luis warned that rosy forecasts may not reflect the increased difficulties faced by small exporters.

"We are not calling for the pegging of the currency, but we just want to note that the central bank's policies are contradicting what they're saying, that they are supportive of exporters," he said.