RENMIN BUSINESS SCHOOL | Expert in Chinese Management

Accounting for Openness Dynamics in China's Industrial Shifts

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Accounting for Openness Dynamics in China's Industrial Shifts

China's exposure to ROW: A Striking Episode from the globalization

The Demand condition for industrial shifts: Evidence from Economy-LEVEL

Another side of Shinohara Criteria: The Changes in Comparative Advantage

GVC perspectives

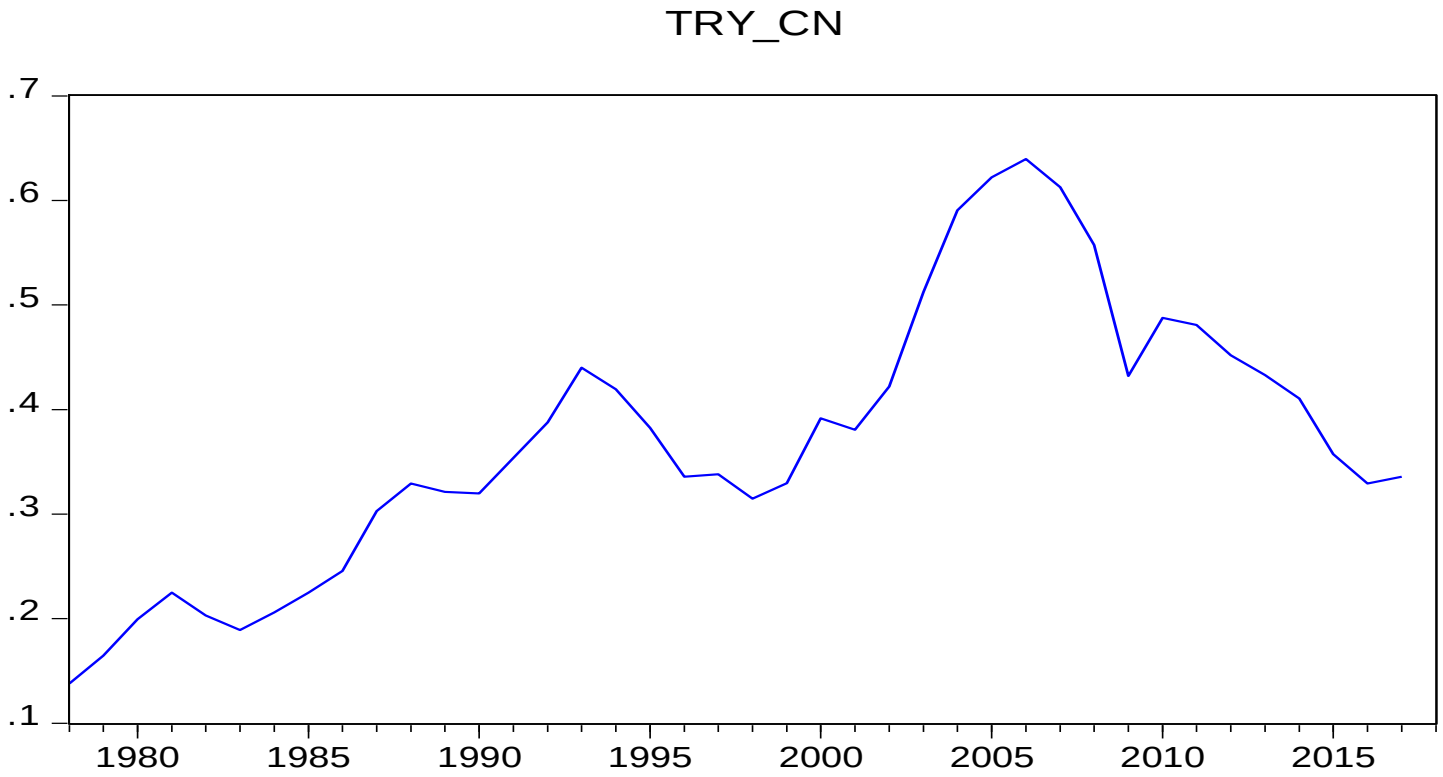
The tide is turning

China's exposure to ROW: A Striking Episode from the globalization

China's openness policy specific to export led growth in retrospect

Policy implications of openness practice on China's industrial shifts

The changes in China as trade powerhouses



Fundamentals learning from Alessandria-Choi Formula

THE ongoing decomposition of Trade Balance.

See, Alessandria, G., *et al*, The dynamics of the U.S. Trade Balance and Real Exchange Rate: the J Curve and Trade Cost? NBER WORKING PAPER 25563

$$TBY = \frac{X+M}{Y}\frac{X-M}{X+M} = TRY \cdot TBTR$$

The my decomposition specific to TRY due to mathematic wisdom

Elasticity of *TRY (TBTR, ALSO)* to *TBY*=UNITARY

$$\ln TBY = \ln TRY + \ln TBTR$$

$$\partial \ln TBY / \partial TBY = \partial \ln TRY / \partial TRY + \partial \ln TBTR / \partial TBTR$$

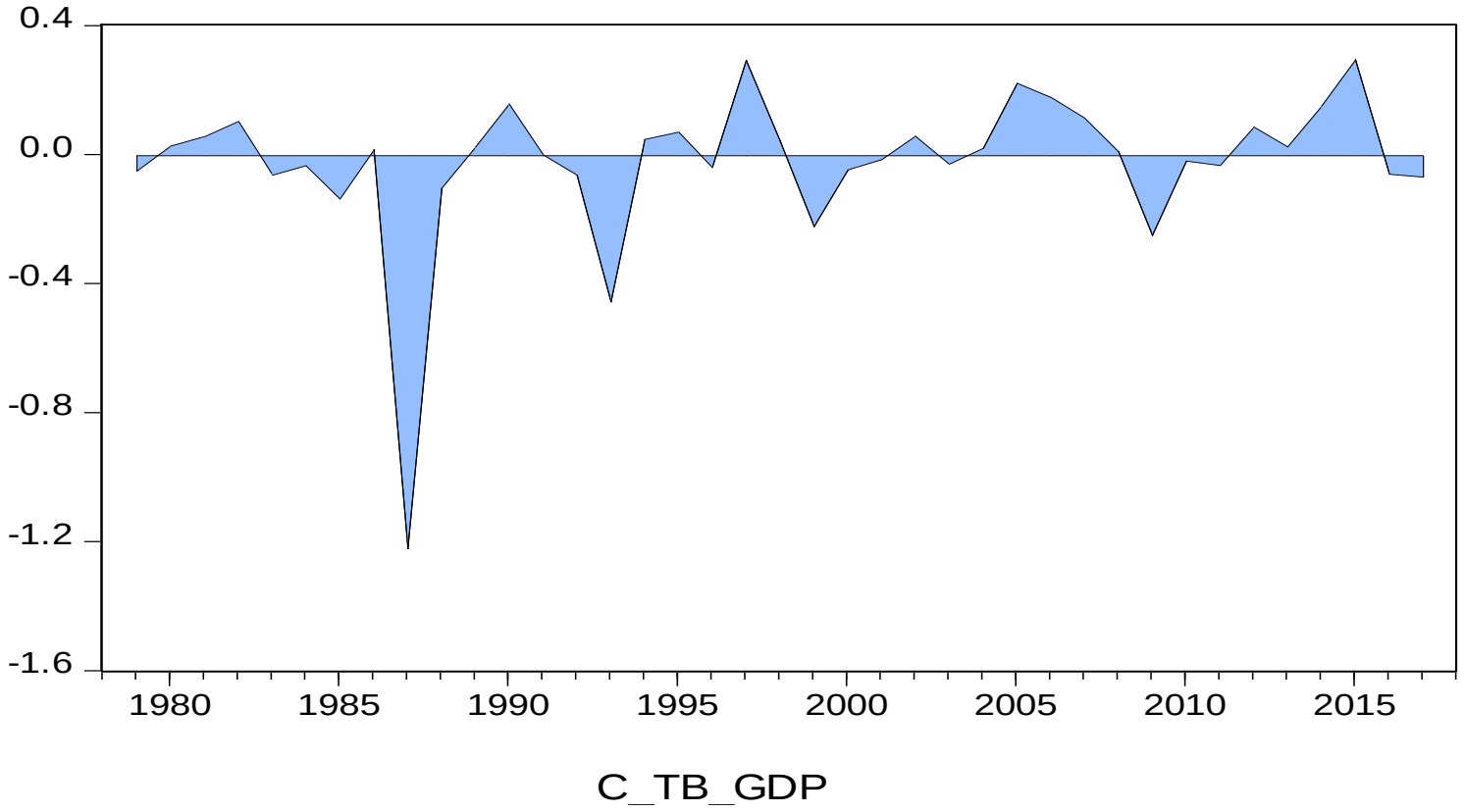
Decomposition specific to TRY due to mathematic wisdom: a Test from US data

Dependent Variable: LOG(TBY_US_M)
Method: Least Squares
Date: 03/24/19 Time: 16:32
Sample (adjusted): 1978 2017
Included observations: 40 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.53E-14	1.22E-14	6.180226	0.0000
LOG(TRY_US)	1.000000	8.59E-15	1.16E+14	0.0000
LOG(TBTR_US_M)	1.000000	2.52E-15	3.96E+14	0.0000

R-squared	1.000000	Mean dependent var	-3.904040
Adjusted R-squared	1.000000	S.D. dependent var	0.748420
S.E. of regression	9.68E-15	Sum squared resid	3.47E-27
F-statistic	1.17E+29	Durbin-Watson stat	0.095971
Prob(F-statistic)	0.000000		

The China's Contribution Share of Trade Balance to Growth

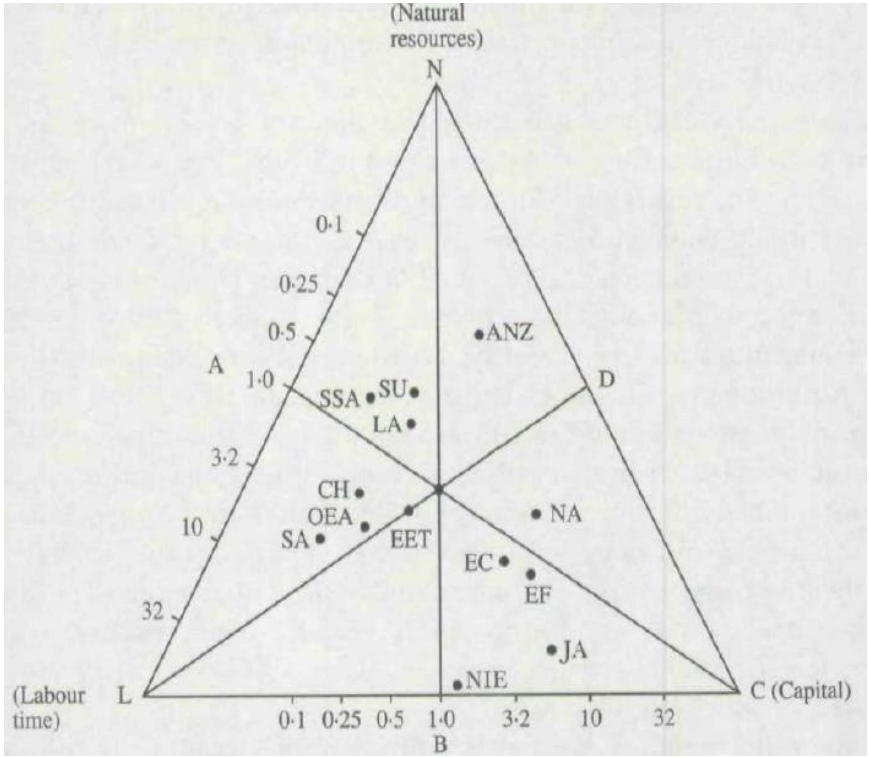


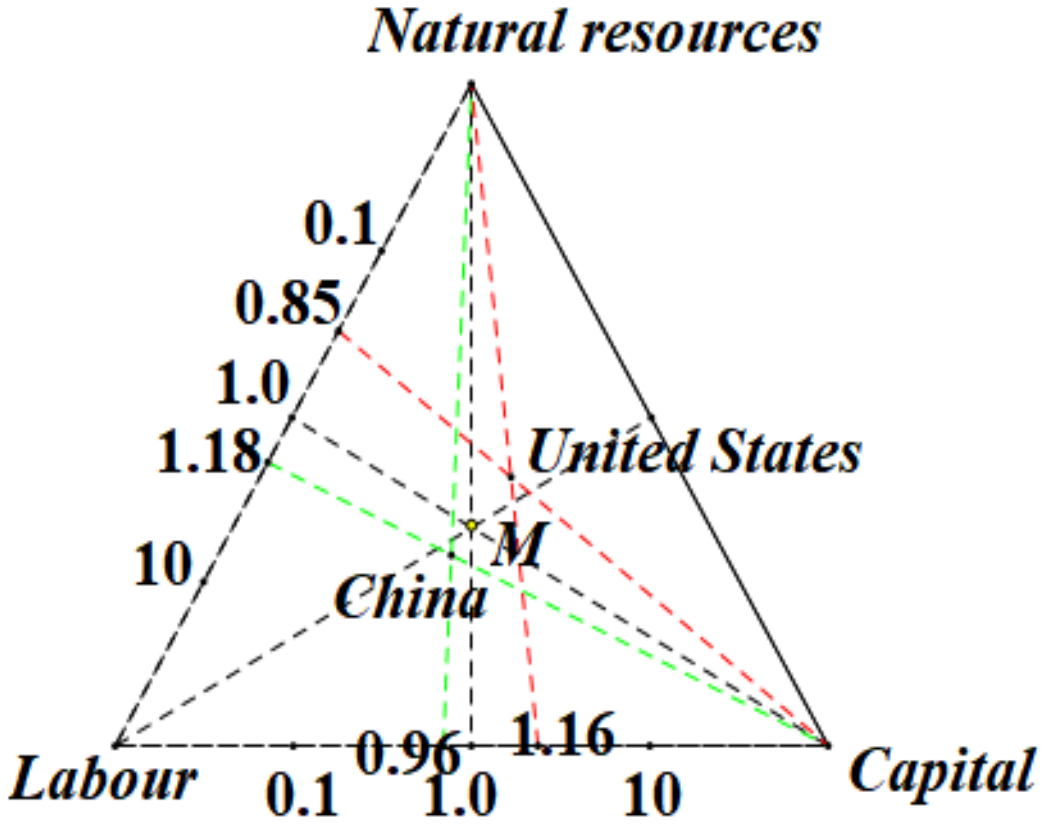
Another side of Shinohara Criteria: The Changes in Comparative Advantage

Productivity driving

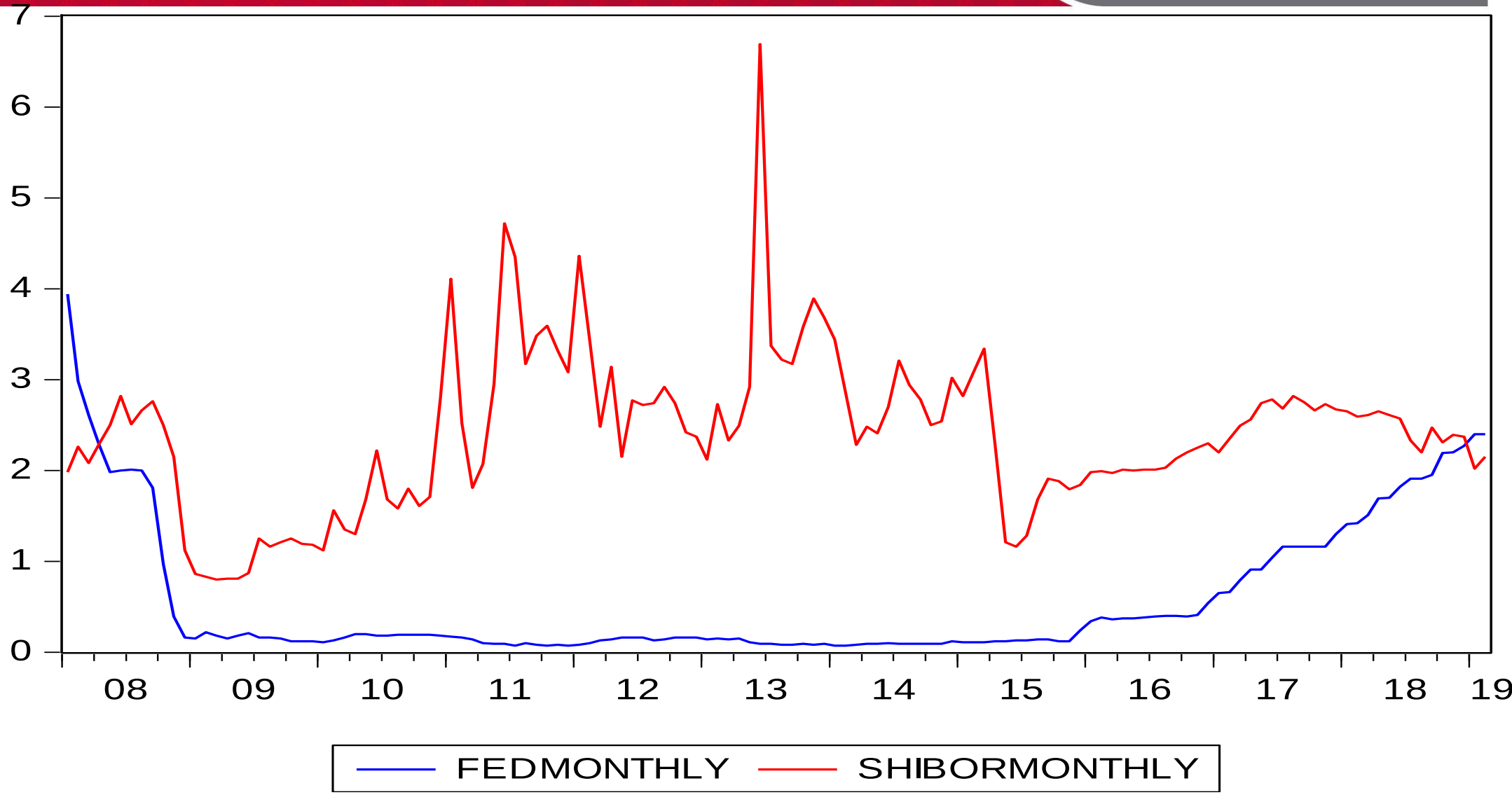
Cost driving

Leamer's Triangle： Anderson' s Perspective in 1989 vs. Gu's in 2017

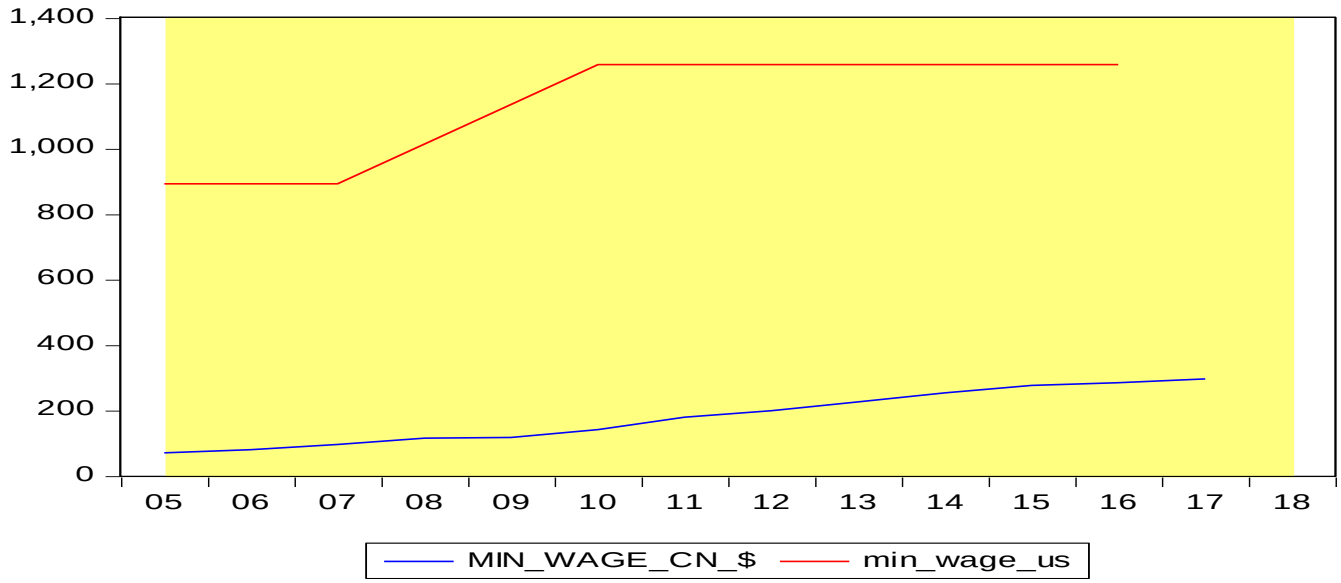




Intuitively, Fed Fund Rate versus Shibor



Difference in minimum wage

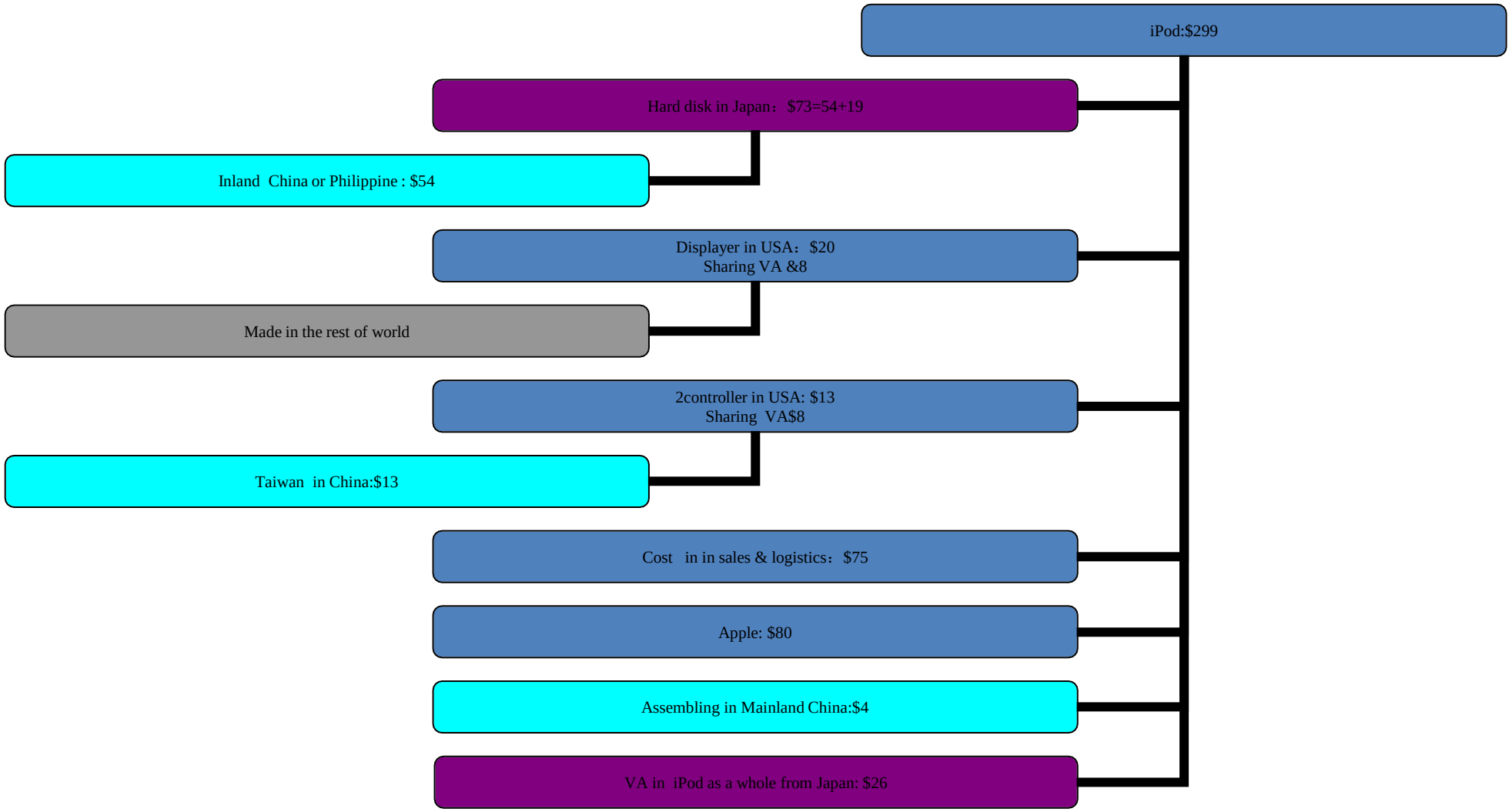


GVC perspectives

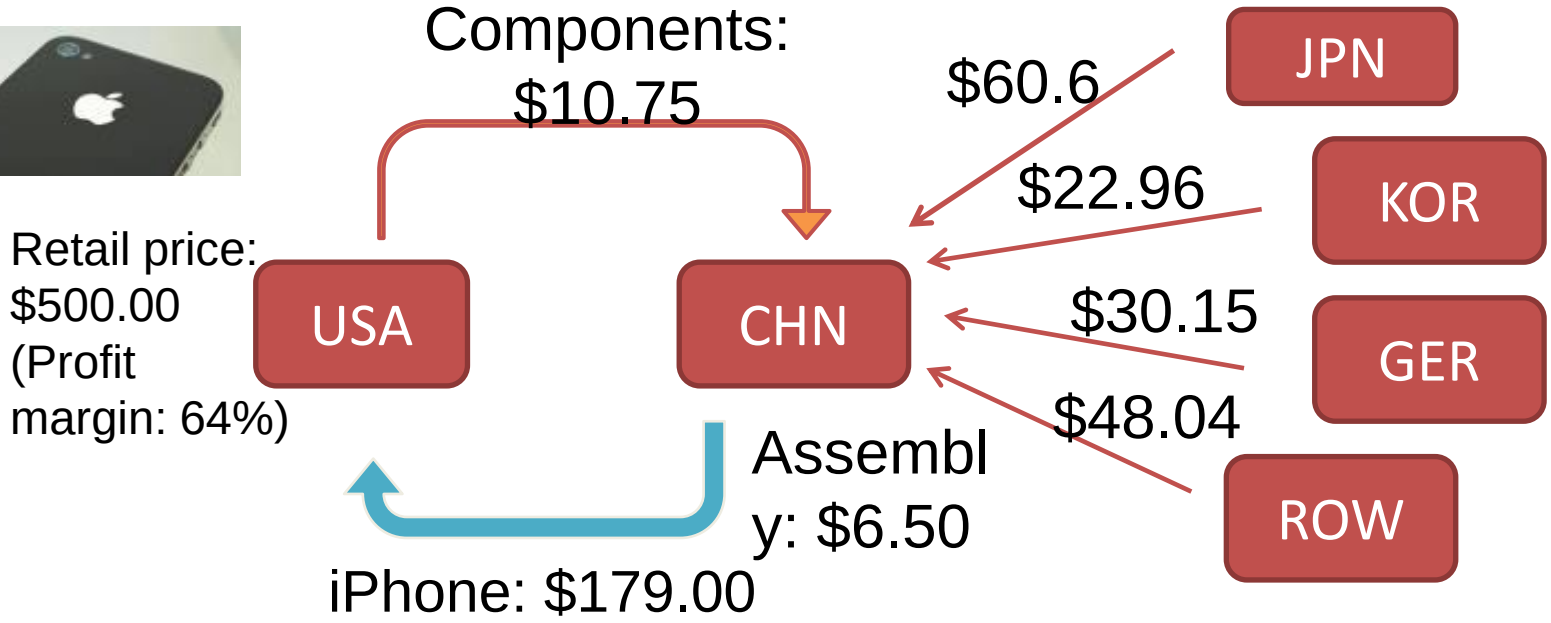
Popularity of GVC as surging in inbound FDI around China

Impact on China's shifts in Industries

What is reality in the process of iPod



The iPhone example (Xing and Detert, 2010)



Apple sold 11.3 million iPhones in the US in 2009

2009 US trade balance in iPhones (mio USD)	CHN	JPN	KOR	GER	ROW	World
Gross	-1,901.2	0	0	0	0	-1,901.2
Value added	48.1	-684.8	-259.4	-340.7	-542.9	-1,901.2

Heterogeneity of impact of net export on economic growth: regional evidence

Aggregate Impact of Net Export on China's Growth

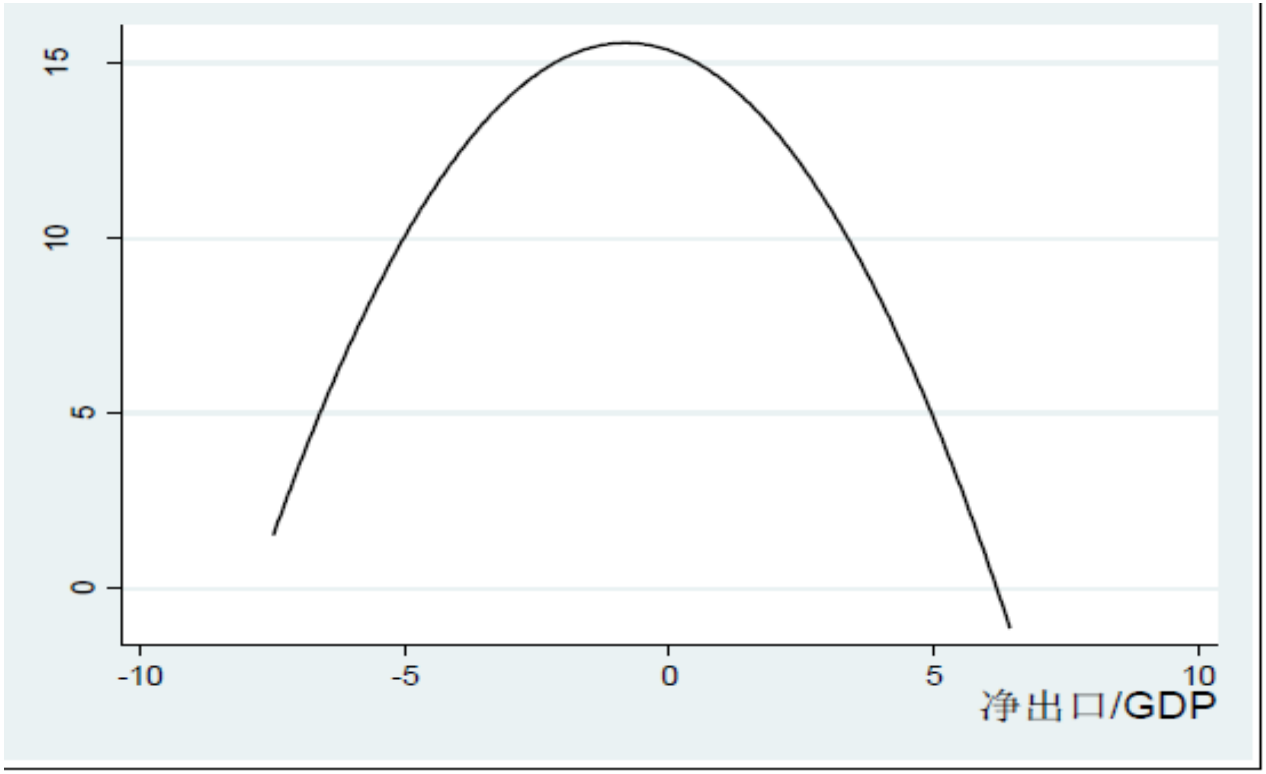
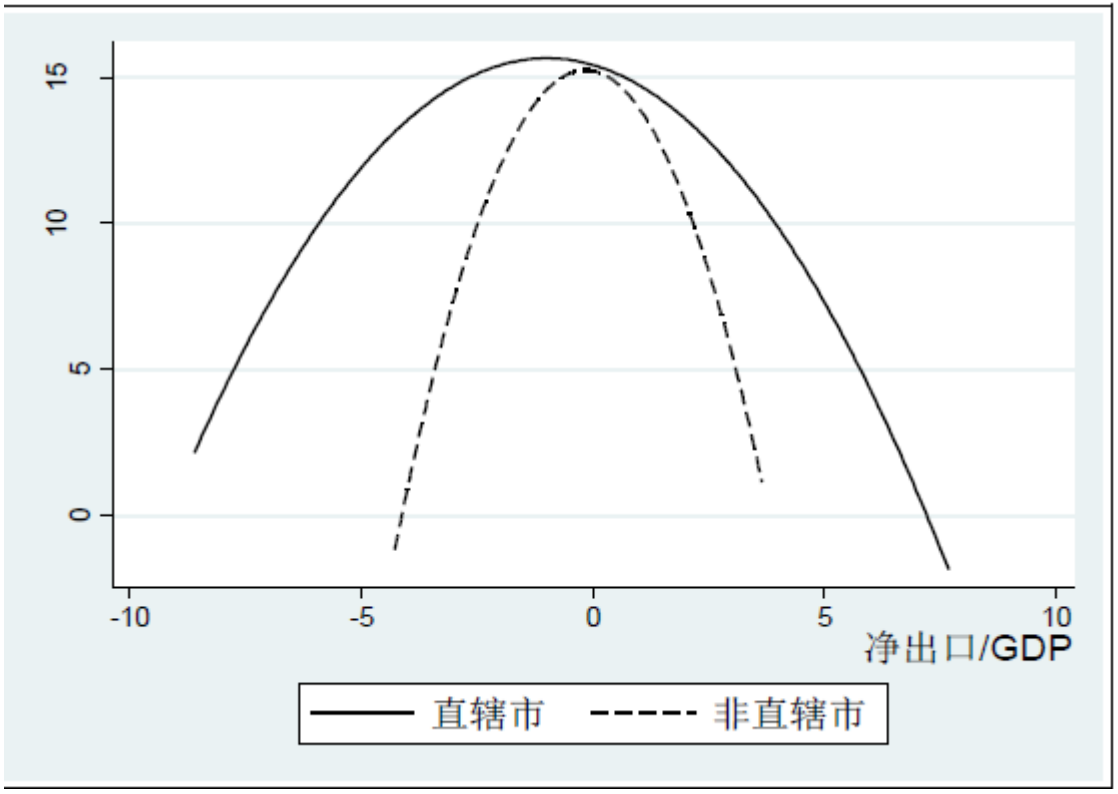


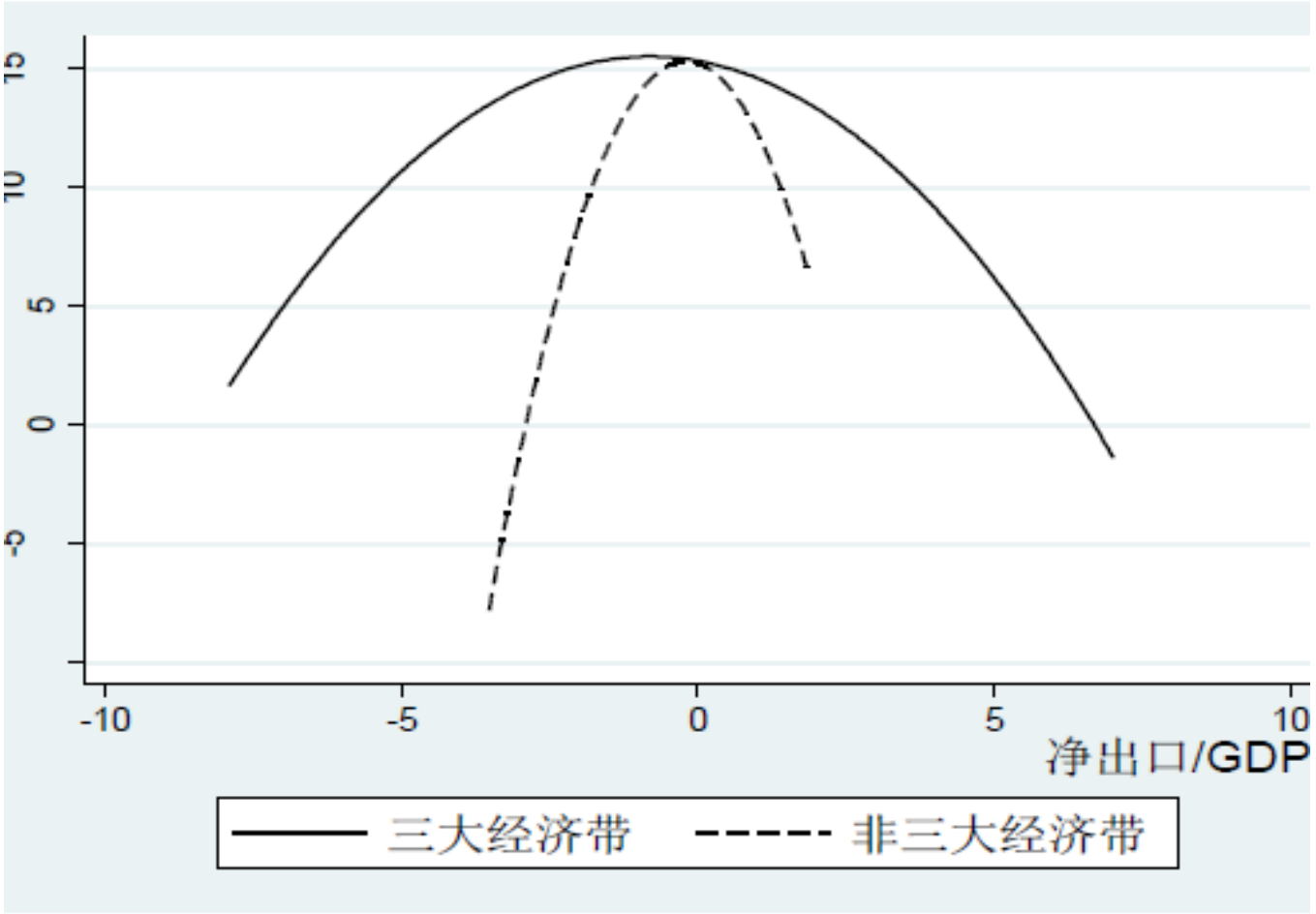
图 1 总体净出口对经济增长的影响（模型 3）

Aggregate Impact of Net Export on China's Growth

Analysis of Heterogeneity : Municipalities under the Central Government vs The Rest of China

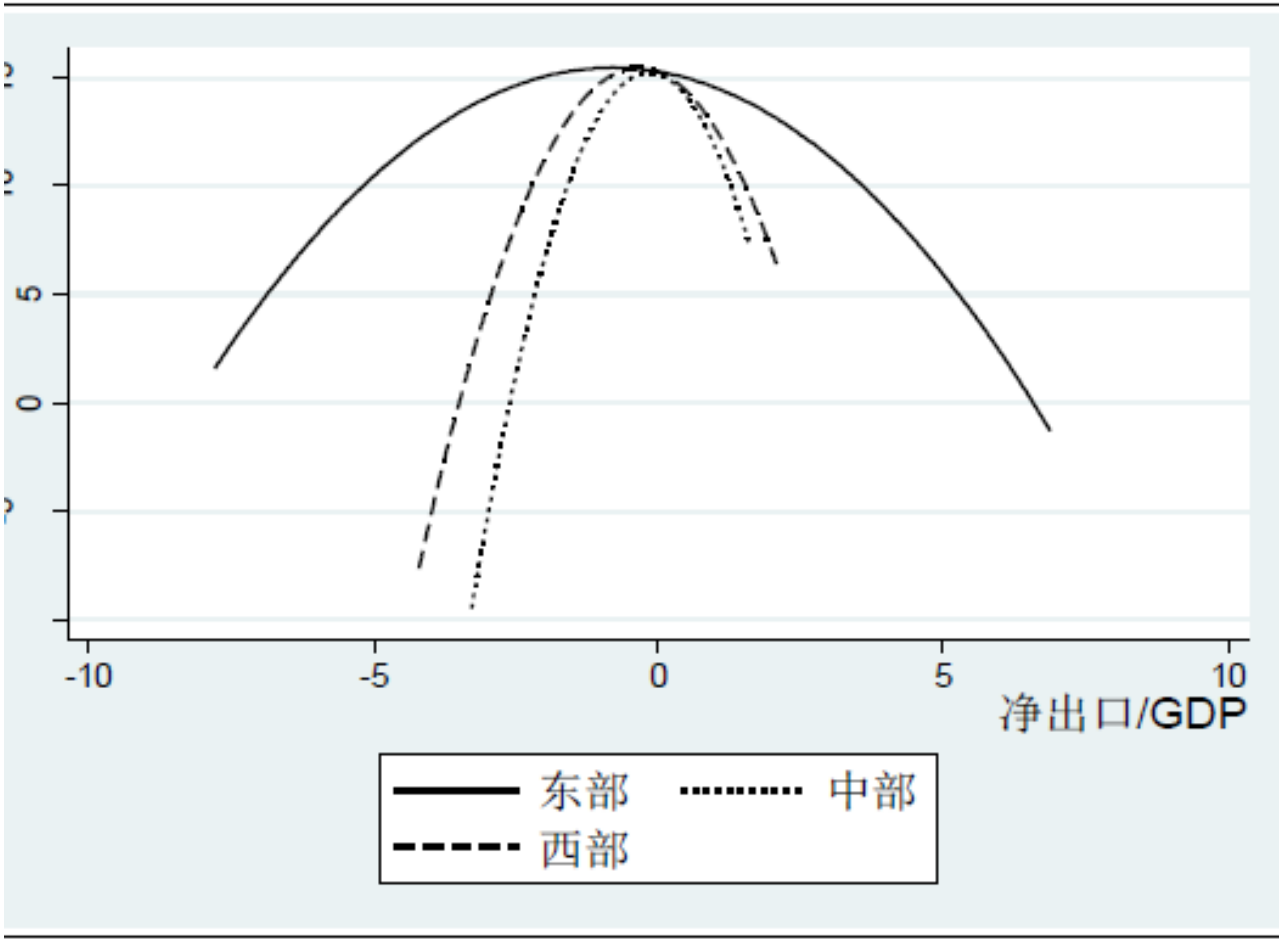


Analysis of Heterogeneity :
3 Economic Belts vs The Rest of China



三大经济带vs非三大经济带

Analysis of Heterogeneity : Cross Eastern, Central and Western Area



区域异质性分析：东、中、西部

The Tide is Turning

The turning factor intensity

The Decreased role of China as an trade powerhouse

The changes in circumstance

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