

GPN@NUS SEMINAR SERIES

Topic: Rising Wages, Yuan's Appreciation and China's Processing Exports

ABSTRACT

This paper investigates impacts of rising wage and the Yuan's appreciation on the structure of China's exports. It classifies China's exports into three categories: ordinary exports (OE), and two distinctive groups of processing exports--pure assembly exports (PAE) and mixed assembly exports (MAE). The empirical analysis of the paper is based on panel data covering China's bilateral PAE and MAE with more than 100 trading partners from 1993–2013. Estimates of fixed effect models show that, the wage increase and the Yuan's appreciation reduced the intensity of assembly exports in China's bilateral exports. Specifically, for a 1% increase of Chinese manufacturing wage, the share of PAE in China's bilateral exports is expected to fall 1.6 percentage point and that of MAE to decrease 1.1 percentage point; and a 1% nominal appreciation of the Yuan against the US dollar is expected to lower 2.4 and 2.1 percentage point of PAE and MAE respectively. The empirical results imply that rising wage and cumulative appreciation of the Yuan have eroded China's comparative advantage in assembling products for international markets, thus resulting in substantial contraction of processing exports. The analysis provides a supply-side explanation of the fall of China's export growth.

Yuqing Xing is visiting the Global Production Networks Centre (GPN@NUS) and Department of Economics, as Visiting Professor from 13 April to 14 May 2016.



SPEAKER:

[Professor Yuqing Xing](#)

Professor of Economics
Director of Asian Economic Policy,
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CHAIR:

Professor Henry Yeung
Department of Geography
National University of Singapore

DATE:

Tuesday, 3 May 2016

TIME:

3.30pm – 5pm

VENUE:

Seminar Room 06–42
The Shaw Foundation Building,
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Yuqing Xing

Dr. Yuqing Xing is a Professor of Economics of the National Graduate Institute for Policy Studies (GRIPS) in Tokyo. He served as the Director of the Capacity Building and Training Department of the Asian Development Bank Institute from 2011 to 2014. He also held positions of Sabbatical Fellow at World Institute for Development Economics Research and Visiting Professor of Institute of Advanced Studies, both at the United Nations University; Visiting Research Fellow of the Bank of Finland, and Visiting Research Professor of East Asian Institute at the National University of Singapore. He provided consulting services to Asian Development Bank, the International Monetary Fund and Japan International Cooperation Agency.

Dr. Xing's research focuses on international trade, FDI, exchange rates, and global value chains. He is a leading expert on global value chains. His research on the iPhone and the Sino-US trade balance has been discussed widely in the global mainstream media, challenging conventional views on bilateral trade statistics and instigating a reform of trade statistics.

Dr. Xing received his bachelor's and master's degrees from Peking University and a Ph.D. in Economics from the University of Illinois at Urbana-Champaign.