

Beijing Forum 2019 China's Economic Development in the Reconstruction of Globalization (I) (Group B)

At 9:30 on November 2th, the panel “China’s Economic Development in the Reconstruction of Globalization”, the Economy sub-forum of Beijing Forum 2019, was inaugurated in the Friends of Beida Auditorium, Peking University Education Foundation. The sub-forum was hosted by National School of Development at Peking University, and the deputy dean, Professor Yu Miaojie, gave a welcome speech on behalf of the school. The session was divided into 2 parts, and chaired respectively by Professor Daniel Trebler from Toronto University and Professor Yao Yang from National School of Development at Peking University. Altogether, five speakers gave talks in this session, including Professor Daniel Trebler from Toronto University, Professor Larry Dongxiao Qiu from Hong Kong University, Professor Deborah Swenson from University of California at Davis, Professor Sai Ding from Glasgow University, and Professor Yu Miaojie from Peking University.

Professor Daniel Trebler from Toronto University delivered the speech, “Is the WTO Dead? And What to Do About It”. First, the speech talked about the conflict between China and America from the perspective of harmony and diversity. Trebler analyzed the current problems of the United States and China, and the impact of these issues on the WTO. On the US side, under Trump's unilateralism, the abuse of the 232 and 301 clauses by the United States led to the inability of the WTO to be the holder of the trade order. On the Chinese side, China's subsidies, competition policies and intellectual property issues also had some problems. In the end, Trebler’s speech proposed to increase communication between the parties and try to resolve trade disputes.

Professor Larry Dongxiao Qiu from Hong Kong University gave a talk on “What You Import Matters: Capital Versus Intermediate Goods”. The literature showed the importance of input import (international sourcing) for productivity growth from the aspect of variety, quality, price and embedded technology. This paper identified (through a structural model) and quantified (using Chinese data) the distinct impacts of importing capital and intermediate goods, including immediate productivity effect, dynamic productivity effect and R&D-inducing effect. Main findings showed that: (1) Considering the immediate effects, importing capital alone promoted the productivity

by 2.3%, and importing intermediate alone promoted the productivity by 1.8%, while importing both made the productivity increase even more. (2) Considering the dynamic productivity effects, capital import had the effect by 0.6% while the effect of intermediate import was insignificant. (3) Considering the R&D-inducing effects, capital import increased the R&D probability by 2.5% while intermediate import had no effect.

Professor Deborah Swenson from University of California at Davis delivered her speech on “Policy Uncertainty: Trade and Supply Chain Responses”. This speech used evidence on the effects of Bilateral Investment Treaties on value-added trade to measure the effects of policy uncertainty reductions on GVC trade, and evaluated whether the measured effects were related to sector characteristics which represent aspects that benefit from certainty, and whether measured effects depended on country characteristics. Finally, by the regression of BITs and FTAs data, the conclusions showed bilateral investment treaties increased growth of GVC trade beyond the levels supported by free trade agreements, BITs are particularly helpful in industries that have higher contracting needs, and for lower income exporters in GVC pairs, and GVC growth occurs over time following the formation of BITs, rather than in an immediate change.

Professor Sai Ding from Glasgow University gave a talk on “Internationalization of Chinese Banks: A Network Approach”. Based on the phenomenon that Chinese banks have actively gone abroad in recent years, she analyzed the motives and strategies for Chinese banks’ overseas expansion and whether they mainly determined by national interests (policy-driven) or banks’ own strategic decisions (market-oriented)? Through constructing the binomial probit model and multinomial probit model, she found some interesting features of Chinese banks’ global expansion process, such as the path-dependent nature within their own networks, the positive spillover effect from their peer banks, the spatial concentration towards international financial centres and the positive effect of economic linkages among destination countries. In the end, her speech suggested Chinese banks should emphasize quality rather than quantity to enhance the overall competitiveness of Chinese banks.

Professor Yu Miaojie from Peking University delivered a speech on “China’s Foreign Trade Miracle: Performance, Driving Force & Challenges”. The key points of the speech were the dynamic path of China’s opening-up, the driving force of China’s growing role of foreign trade and the main challenges since now. The discussion found that the history of China's opening up has experienced

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three stages: wide marginal opening to intensive marginal opening to all-around opening up, and the driving force of China's trade has changed from the original cost advantage to the current market size. What's more, the main challenges since now are increasing labor cost and de-globalization. Finally, the presentation recommended an import-driven development strategy, promoting regional trade agreements and accelerating innovation to create new comparative advantages.