

STUDIES ON THE CHINESE ECONOMY

General Editors: Peter Nolan, Sinyi Professor of Chinese Management, Judge Institute of Management Studies, University of Cambridge, and Fellow of Jesus College, Cambridge, England; and Dong Fureng, Professor, Chinese Academy of Social Sciences, Beijing, China

This series analyses issues in China's current economic development, and sheds light upon that process by examining China's economic history. It contains a wide range of books on the Chinese economy past and present, and includes not only studies written by leading Western authorities, but also translations of the most important works on the Chinese economy produced within China. It intends to make a major contribution towards understanding this immensely important part of the world economy.

Titles include:

Thomas Chan, Noel Tracy and Zhu Wenhui
CHINA'S EXPORT MIRACLE

Xu Dixin and Wu Chengming (*editors*)
CHINESE CAPITALISM, 1522–1840

Christopher Findlay and Andrew Watson (*editors*)
FOOD SECURITY AND ECONOMIC REFORM

Samuel P. S. Ho and Y. Y. Kueh
SUSTAINABLE ECONOMIC DEVELOPMENT IN SOUTH CHINA

Kali P. Kalirajan and Yanrui Wu (*editors*)
PRODUCTIVITY AND GROWTH IN CHINESE AGRICULTURE

Bozhong Li
AGRICULTURAL DEVELOPMENT IN JIANGNAN, 1620–1850

Alfred H. Y. Lin
THE RURAL ECONOMY OF GUANGDONG, 1870–1937

Dic Lo
MARKET AND INSTITUTIONAL REGULATION IN CHINESE
INDUSTRIALIZATION

Jun Ma
THE CHINESE ECONOMY IN THE 1990s

Guo Rongxing
HOW THE CHINESE ECONOMY WORKS

Sally Sargeson
REWORKING CHINA'S PROLETARIAT

Ng Sek Hong and Malcolm Warner
CHINA'S TRADE UNIONS AND MANAGEMENT

Michael Twohey
AUTHORITY AND WELFARE IN CHINA

Wang Xiao-qiang
CHINA'S PRICE AND ENTERPRISE REFORM

Xiaoping Xu
CHINA'S FINANCIAL SYSTEM UNDER TRANSITION

Yanni Yan
INTERNATIONAL JOINT VENTURES IN CHINA

Xiao-guang Zhang
CHINA'S TRADE PATTERNS AND INTERNATIONAL COMPARATIVE
ADVANTAGE

Studies on the Chinese Economy
Series Standing Order ISBN 978-0-333-71502-4
(*outside North America only*)

You can receive future titles in this series as they are published by placing a standing order. Please contact your bookseller or, in case of difficulty, write to us at the address below with your name and address, the title of the series and the ISBN quoted above.

Customer Services Department, Macmillan Distribution Ltd
Houndmills, Basingstoke, Hampshire RG21 6XS, England

China's Export Miracle

Origins, Results and Prospects

Thomas Chan

*Head of the China Business Centre
Hong Kong Polytechnic University
Hong Kong*

Noel Tracy

*Director of the Masters Programme in International Relations and
Political Economy
Flinders University of South Australia
Adelaide*

and

Zhu Wenhui

*Research Associate
China Business Centre
Hong Kong Polytechnic University
Hong Kong*





First published in Great Britain 1999 by
MACMILLAN PRESS LTD
Houndmills, Basingstoke, Hampshire RG21 6XS and London
Companies and representatives throughout the world

A catalogue record for this book is available from the British Library.

ISBN 978-1-349-14883-7 ISBN 978-1-349-14881-3 (eBook)
DOI 10.1007/978-1-349-14881-3



First published in the United States of America 1999 by

ST. MARTIN'S PRESS, INC.,
Scholarly and Reference Division,
175 Fifth Avenue, New York, N.Y. 10010

ISBN 978-0-312-22136-2

Library of Congress Cataloging-in-Publication Data

Ch'en, Wen-hung.

China's export miracle : origins, results and prospects / Thomas

Chan, Noel Tracy, and Zhu Wenhui.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-312-22136-2 (cloth)

1. China—Commerce. 2. Foreign trade promotion—China. 3. China—
—Commercial policy. 4. Exports—China. 5. China—Foreign economic
relations—Japan. 6. Japan—Foreign economic relations—China.

7. China—Foreign economic relations—United States. 8. United

States—Foreign economic relations—China. I. Tracy, Noel.

II. Chu, Wen-hui. III. Title.

HF3836.5.C4517 1999

382'.6'0951—dc21

98-54942

CIP

© Thomas Chan, Noel Tracy and Zhu Wenhui 1999

Softcover reprint of the hardcover 1st edition 1999

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No paragraph of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, 90 Tottenham Court Road, London W1P 9HE.

Any person who does any unauthorised act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The authors have asserted their rights to be identified as the authors of this work in accordance with the Copyright, Designs and Patents Act 1988.

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

10 9 8 7 6 5 4 3 2 1
08 07 06 05 04 03 02 01 00 99

Contents

<i>List of Tables</i>	vi
<i>Preface</i>	viii
Introduction	1
1 The Export Miracle	7
2 Explanations	35
3 The Rise of Guangdong	73
4 Are There New Resources to Continue China's Export Boom?	104
5 Destinations	127
6 The Future of China's Exports in the World Market	148
<i>Notes</i>	164
<i>Bibliography</i>	172
<i>Index</i>	175

List of Tables

Table 1.1	China: Growth of exports 1978–95	8
Table 1.2	China: Exports to GDP ratio 1978–94	8
Table 1.3	China: International trade to GNP ratio 1978–94	9
Table 1.4	Export growth of developing East Asian economies 1980–94	13
Table 1.5	Ratio of exports to GDP in developing East Asian economies	13
Table 1.6	China: Structure of exports	15
Table 1.7	Structure of machinery, electrical and electronic equipment exports 1995	17
Table 1.8	China: Sources of exports by province 1985–95	20
Table 1.9	Share of domestic firms and foreign-invested enterprises in exports 1980–95	25
Table 1.10	China: Share in exports by FIEs by region 1990–95	28
Table 1.11	China: Share of FIEs in increase in exports since 1992	31
Table 2.1	Direction of Japanese investment in China 1991–93	68
Table 3.1	Guangdong: Exports to GDP ratio 1980–94	79
Table 3.2	China: Ratio of exports to GDP in selective provinces and regions 1994	80

List of Tables

vii

Table 3.3	Ratio of exports to industrial production 1995	82
Table 3.4a	Guangdong: Exports 1979–94 and proportion from Shenzhen	84
Table 3.4b	Fujian: Exports 1979–96 (selected years) and proportion from Xiamen SEZ	85
Table 3.5	Guangdong: Changes in structure of export commodities 1986–94	87
Table 4.1	China: Regional sources of exports 1992–96	106
Table 4.2	Distribution of foreign capital by province as at 31 December 1994	115
Table 5.1	China: Proportion of exports re-exported through Hong Kong 1985–94	130
Table 5.2	China: Direction of exports 1985–95	133
Table 5.3	Japan: Share of imports from China in import market, 1990 and 1993	142
Table 5.4	United States: Share of imports from China in import market, 1990 and 1993	143
Table 5.5	EU: Share of imports from China in import market, 1990 and 1993	144
Table 6.1(a–d)	US–China trade: US statistics; US–China trade: Chinese statistics; Proportion of China’s trade surplus with US accruing to Hong Kong entrepreneurs 1994–95; Proportion of China’s trade resulting from displacement of trade from NIEs, 1987–95	151
Table 6.2	China: Sources of Imports 1993–97	153
Table 6.3	Hong Kong: Destination of Reexports from China 1996–97	162

Preface

This book is the result of a cooperative effort at the China Business Centre at Hong Kong Polytechnic University. In setting out on this task we were concerned above all with two factors: first, explaining China's remarkable rise as an international trader in little more than 15 years; and second, the enormous unevenness in the contribution of different parts of China's economy, whether measured by industry or region, to this achievement. Trade statistics, prepared on a country by country basis, have always hidden even more than they revealed and this is increasingly so as the process of globalization gathers pace. We were also very aware, from our vantage point in Hong Kong, of the very important role the city and its business community had played in this process. This again is something the raw trade statistics have substantially hidden and while the importance of Hong Kong in the process is well known there and in the immediate region, it is much less well understood in the United States, as this book will make clear, and in Europe.

The manuscript was completed at roughly the same time as the regional financial crash of 1997 struck. The initial impulse was to hastily add another section and qualify a few of the findings of the study. In the end, after much soul searching, we resisted this as it would have amounted to making predictions about the outcome of a major crisis the full impact of which was unknowable. This then remains a precrash analysis. We remain convinced, however, that the broad outlines of our predictions will remain valid when the dust has settled and recovery is underway.

Thanks must go to a number of people who assisted us throughout. To the administrative staff at the China Business Centre, particularly Laura Lo, Beanka Lee and Van Szeto, who were always uncomplaining when we were preoccupied with writing, and always willing to provide assistance when requested. Vincent, the technical officer, solved many computer problems that threatened to undermine us. Thanks must also go to the Flinders University of South Australia for providing me with three months study leave to complete the manuscript.

Noel Tracy
Hong Kong