

Seminar

“How Did China's WTO Entry Benefit US Consumers” (in English)



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Biography:

Mi Dai is currently an assistant professor in economics at Beijing Normal University. He received his Ph.D from Peking University in 2013. His research interests cover firms in trade, trade and labor market, exchange rates and trade, as well as the welfare impacts of trade. He has published in international journals such as Journal of Development Economics and The World Economy, as well as many leading journals in Chinese.

Date: 27 April 2017 (Thursday)

Time: 4:00pm – 5:30pm

Venue: WYL106, 1/F, Dorothy Y. L. Wong Building

Abstract:

China's rapid rise in the global economy following its 2001 WTO entry has raised questions about its economic impact on the rest of the world. In this paper, we focus on the U.S. market and potential consumer benefits. We find that the China trade shock reduced the U.S. manufacturing price index by 6.4 percent between 2000 and 2006. In principle, this consumer welfare gain could be driven by two distinct policy changes that occurred with WTO entry. The first, which has received much attention in the literature, is the U.S. granting permanent normal trade relations (PNTR) to China, effectively removing the threat of China facing very high tariffs on its exports to the U.S. A second, new channel we identify is China reducing its own input tariffs. Our results show that China's lower input tariffs increased its imported inputs, boosting Chinese firm's productivity and their export values and varieties. Lower input tariffs also reduced Chinese export prices to the U.S. market. In contrast, PNTR only increased Chinese exports to the U.S. through its effect on new entry, but had no effect on Chinese productivity nor export prices. We find that at least 60% of the China WTO effect on U.S. price indexes was through China lowering its own tariffs on intermediate inputs.

All Are Welcome

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