

Provincial/Regional Disparities in Foreign Trade in China

Abstract

In this study, I show that behind the impressive growth in China's foreign trade at the national level are disparities in regional/provincial foreign trade. Historical, geographical, and policy-related factors are responsible for the rise of such disparities. Using panel data and the logit model, I find that decentralization, inter-provincial cooperation, and local governments' dedication to human capital all have positive effects on promoting the convergence of provincial foreign trade. They can be proper policy options for the central and local governments to consider. The empirical results also reveal the important role played by infrastructure, transportation, and communication in promoting the convergence of provincial foreign trade. Therefore, in addition to the policy-related issues, the central and local governments should also pay close attention to improving the quality of rural employment, infrastructure, transportation, and communication in order to reduce regional/provincial foreign trade disparities.