Exports as an Engine of Economic Growth: A Comparative Analysis by mean IOA between China and Mexico

Topic: Vertical specialization and outsourcing 1
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The paradox of strong manufacturing export dynamism and the slow growth of the Mexican economy has succinctly great interest which has not yet been resolved. This paper aims to contribute to explain why the growing exports of medium and high technology products has weakly driven Mexico's economic growth and the strongly in the Chinese economy. From a set similar features of the Chinese economy and Mexican a comparative analysis is performed in order to establish why the Chinese manufacturing exports have become an engine of economic growth, however, in the Mexican economy is not the case. Our point of departure is that exports constitute an engine of economic growth if they fulfill two conditions: a) the productive integration/ articulation between the export sectors and the rest of the economy, b) the country's participation in the global production network in the stages of production which add more domestic value added.

These two aspects are analyzed from two different but complementary theoretical and methodological approaches for the study of the fragmentation of production: Vertical Specialization and Average Propagation Lengths. Its approaches we analyze the international fragmentation of production, which will allows us to establish the capacity to push and analysis of the "linkages" and the distances between sectors. On the other hand, trough vertical specialization we analyze the value added content of exports derived from the participation of China and Mexico and their positions in the global value chains.

The main conclusions highlight that China exhibits strong linkages and Mexico weak linkages between exports and the rest of the economy because a high import content of exports. China moving up the global value chains and Mexico is not the case. The data are from the OECD-Input-Output tables.