

Specialization and its changes in Chinese Provinces: Is the international integration still matters?

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It has been widely recognized that China's regional specializations are characterized by unbalanced coastal and inland distributions due to the different international integration level. It was wondering if this has already changed after three decades' development. This paper investigated the factors underpinning changes in regional specialization of the Chinese manufactures over the period 1997-2007. Based on a unique panel data set of Chinese regional input-output tables during 1997-2007, we estimate the model of production location across Chinese provinces combines factor endowments and geographical considerations, that are previously identified in the regional literature. Results emphasize that the forces of the new geographic economy are at work in Chinese provinces. In addition, we estimate our model on two different sub-samples of provinces corresponding to coastal and inland provinces, paying particular attention to the role of international integration. The results show that the international integration still matters, however, with much less importance on the location of economic activities in Chinese provinces.