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TITLE: EXPORT TAXES POLICY AND INDUSTRY GROWTH: CHINESE STEEL IN 1990S AND 2000S

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ABSTRACT:

This paper presents an overview of the development of Chinese steel industry. Chinese steel sector has made impressive progress both in quantity and quality in the past three decades. Many researchers have speculated the reasons for this miracle. Many of them thought that the rapid economic development, the process of industrialization and urbanization, and the increase in fixed asset investment are important success factors contributing to this miracle. However, considerable debate still exists as to whether export-promoting policies were another key driving force behind the miracle. This article develops a dynamic computable general equilibrium model to simulate the effect of export taxes policy on Chinese economics and industries especially steel industry. The simulation results indicate that the effect of canceling export rebates on steel export performance is not obvious while imposing export tariff on steel products, the growth rate of steel products export will decline significantly, and the influence of imposing export tariff on primary steel products is much more than on finished steel products. This shows that Chinese government could gain different short-run results on balancing steel trade surplus by canceling export rebates and imposing export tariff, the effect of the latter one is more obvious than the former