

## **Cross-regional spillover of economic growth: The territorial impact of global manufacturing in China**

Topic: Regional input-output modeling 5

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In 2010, China became the second-largest economy in the world, surpassing Japan in terms of the nominal Gross Domestic Product. As is generally known, China has achieved a rapid economic growth since the launch of the Reform and Open-door policy in 1978. In spite of the occasional slowdowns caused by accidental factors, the country has registered a high level of economic development in the last 30 years or so.

China's development strategy is based on the "unbalanced" growth model of Albert Hirschman, which asserts that "an economy, to lift itself to higher income levels, must and will first develop within itself one or several regional centres of economic strength". The objective of this paper is to show how initially export-led growth strategy, focused on the coastal regions, eventually trickled-down to the rest of the country and contributed to the territorial development of inland provinces, using the dataset of inter-regional input-output tables of China. The paper finds out that:

- The coastal regions of China, in particular the East Coast and the South Coast, have demonstrated outstanding growth as a result of preferential development policies strongly orientated towards exports.
- These two coastal regions have made a significant contribution to regional development elsewhere, although other regions also played different and specific parts in transferring growth momentum from one to the other.
- The "unbalanced growth" strategy has fostered regional disparities, which have gradually pushed the government to look for more stable and sustainable development models.