

Study on import price transmission with time lag based on non-competitive input-output model

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Abstract: With the deepening of China's integration into the global value chain, the transmission of price fluctuation of imported products has become an important part of the industrial economic research, while traditional research methods cannot reflect the time lag in price transmission. This paper established a non-competitive input-output price model and measured the biggest potential impact of price changes of imported products on the prices of various departments in China based on the Chinese input-output table of 2012. Furthermore, by introducing the factor of production time lag, this paper gave the discrete state iterative equation of import price transmission. Results show that the import prices of mining and electrical and electronic departments have the highest influence on the domestic market, and the degree of influence is distributed on the timeline. Also, some policy suggestions were discussed accordingly.

Keywords: price transmission, non-competitive input-output model, time lag