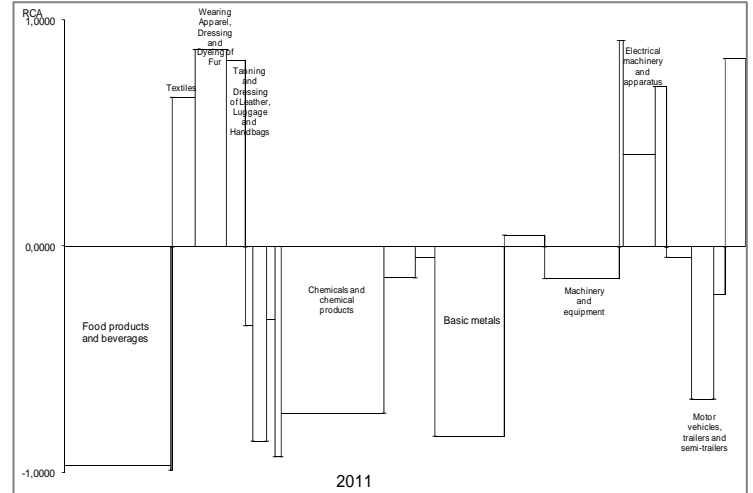
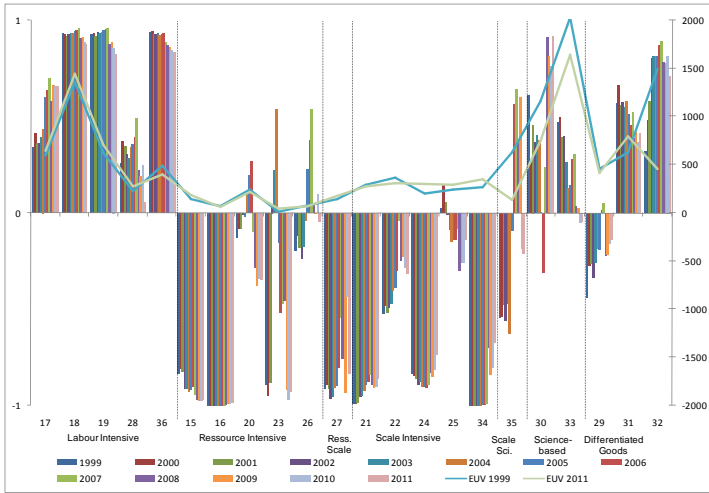




EIIW News RCA Bulletin 2011 China



RCA Analysis:

The position of the Chinese economy in the EU 27 market is clear on two points. China reports positive comparative advantages in the low quality field of labour intensive goods and the higher quality field of differentiated goods like electrical machinery (31) or ICT equipment (32). The sectors of transport equipment (35) as well as the sector of non-metallic mineral products (26) report a significantly rising indicator value. While no sector shows tendencies of remarkable setbacks, it is worth mentioning that the textiles (17) sector and the sector of wood products (20) are constantly gaining international advantages.

EUV Analysis:

Adding the results from the EUV analysis to the RCA analysis it can be seen that while China rises its competitiveness in some high technology sectors its export unit values are declining over time except for the sector of electrical machinery. This might be an indicator that either the quality of the goods that enter the European market from China is consistently declining or more efficient manufacturing processes are applied in China.

Vol RCA Analysis:

Comparing the export shares of the Chinese economy with its comparative advantages in the European market, it can be seen that China focuses mostly on sectors where it has no high comparative advantages like food products, chemicals, basic metals and machinery. Furthermore, the sectors China reports high advantages like textiles or textile related fields only make up a small part of its overall exports, which might be due to EU anti-dumping regulations taking hold. Only in electrical machinery can China report a significant positive statistic in both aspects.

Definition RCA:

(Revealed Comparative Advantage / country c, sector s)

$$RCA_{c,s} = \text{tanh} \left(\ln \left(\frac{\text{Exports}_{c,s}}{\sum_{s=1}^n \text{Exports}_{c,s}} \right) - \ln \left(\frac{\text{Exports}_{Ref,s}}{\sum_{s=1}^n \text{Exports}_{Ref,s}} \right) \right)$$

Definition Vol RCA:

(Volume Weighted RCA)

$$\text{Vol RCA}_{c,s} = \frac{\text{Exports}_s}{\text{Total Exports}_c} RCA_{c,s}$$

Definition EUV:

(Export Unit Value)

$$EUV_{c,s} = \frac{\text{Exports}_{c,s} \text{ (in Euro)}}{\text{Exports}_{c,s} \text{ (in kg)}}$$