

Japanese firms' innovation responses to Chinese import competition

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China's Growing Share in World Exports



China's competitive shock in the world economy: Big policy discussions both developed and developing countries



Question and Motivations

Data

Empirical approach

Results

What is the impact of an expansion of Chinese import competition on technical change in developed countries? (1)

- Substantial evidence suggest the Chinese import competition leading to skill-biased technological changes (Autor et al. 2013, Autor et al. 2014, Ashournia et al. 2013, Hummels et al. 2013)
 - Creating a loss in employment and wage for unskilled workers
- Import competition shifts labour demand **in favour of skilled and technical workers.**
- Creating a wage gap between skilled and unskilled workers (**skill upgrading**)
- China has been a culprit for the above in developed countries

What is the impact of an expansion of Chinese import competition on technical change in developed countries? (2)

- Limited more direct evidence on the effects of Chinese import competition on firm-level innovation because of....
 - Chinese import competition on the labour-intensive products (less competitive pressures on technology and innovation) in developed countries.
 - partly due to a lack of micro data on innovation (extremely difficult to match firm-level accounting data to patent statistics)

What is the impact of an expansion of Chinese import competition on technical change in developed countries? (3)

- Theoretical literature remains inconclusive (e.g. ambiguous effects of competition on innovation & technology adoption)
 - **Competition and innovation of incumbent firms** (Aghion et al. 2004; 2005)
 - “U-shaped” relationship
 - Usually assuming that competition bring new technology
 - The escape effects and the discouragement effects
 - **Trapped factor model of innovation** (Bloom, Romer and Van Reenen, 2010)

https://www.yunbaogao.cn/report/index/report?reportId=5_2218

预览已结束，完整报告链接和二维码如下：

2015) study the impact of Chinese technology in Europe

n ~90,000 firms & establishments in 1990s & countries. **Bloom, Draca and Van Reenen**
higher threat of Chinese imports leads to:

counts” for: $\approx 15\%$ of increase in IT, patents &
(TFP) 2000-2007

