

Trade-led Growth in Times of Crisis

Asia-Pacific Trade Economists' Conference

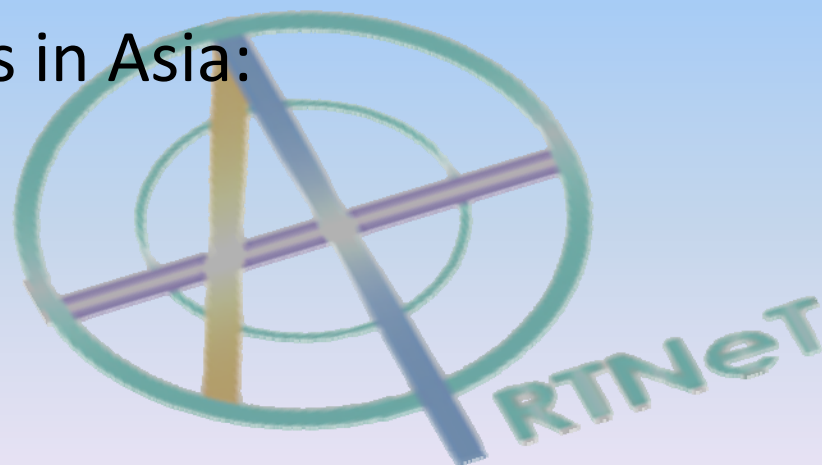
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Session 1: Trade-Led recovery and production networks

Resiliency of Production Networks in Asia: Evidence from the Asian Crisis

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Key issue in this paper

- ▶ The unprecedented development of international production networks in Asia, particularly in machinery industries
- ▶ The stability of such networks
- ▶ The resilience of the networks amid the Asian crisis in 1997-98

Recent global financial crisis and Asia

- ▶ The impact on Asian countries primarily through trade channel, despite its financial origins
- ▶ Concern about Asia's overdependence on external demand
- ▶ Adverse effects of the crisis spread through production networks across Asia...?
- ▶ Trade relationships within production networks appear to be rather lasting and resistant to the shocks

Transactions of intermediate goods within networks

- ▶ Difference from transactions of finished products made entirely in one country as well as goods sold on the open market
 - ▶ The need for coordination between production processes
 - ▶ Network setup costs (sunk costs of investing in newly fragmented production block)
- ▶ The network-forming firms would put priority not only on lowering production costs but on the stability of trade relationships

Due to such relation-specific nature...

- ▶ Once a trade relationship is established, the transaction of intermediate goods within production networks appears to be **more stable** and **resilient** to a short-term shock compared to other transactions

Objective

- ▶ To verify the stability of trade relationships within international production networks
- ▶ To shed light on its resilience amid the Asian crisis

Method and data

- ▶ Survival analysis using the country-product level trade data
 - ▶ HS 6-digit level
 - ▶ 4013 product lines for all manufacturing industries (HS28-92)
 - ▶ 1124 product lines for machineries (HS84-92)
 - ▶ Intra-Asian trade during 1993-2007
 - ▶ ASEAN 10, China, Hong Kong, Japan, and Rep. of Korea
 - ▶ The probability of continuance once a trade relationship is established; the probability of recovering from a disruption

- ▶ Intra-Asian trade of machinery parts & components is compared with that of finished products

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_8169

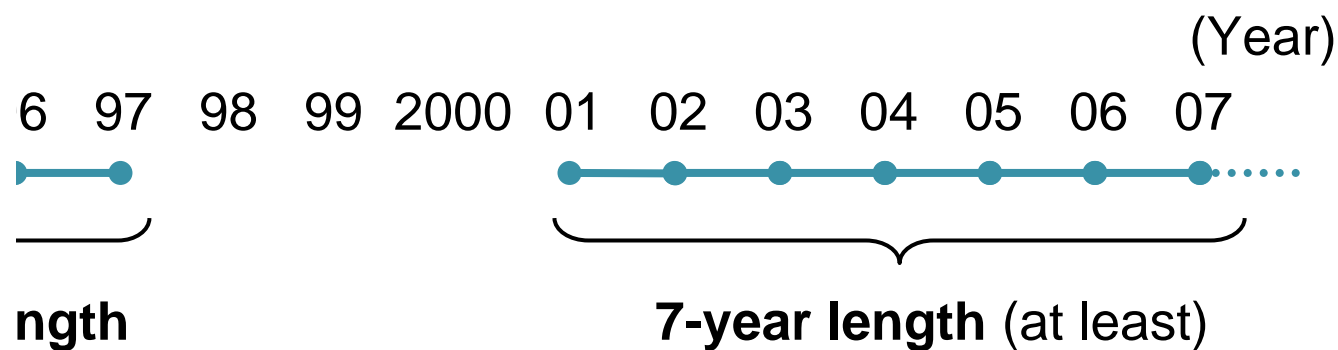


Relationships of exporter-importer-product pair

are a certain product is continuously traded
countries

not a once-and-forever phenomenon

spells are treated as independent



This exporter-importer-product pair
experiences **two spells**