

The Development of External Trade and Structural Changes in Liaoning Province

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Summary

Liaoning Province has developed as a leading heavy industrial area of China since the 1950s, the initial period of the founding of the People's Republic. Passing through the Reform and Open-Door Policy from 1978 on, and the Strategy of the Revitalization of the Northeast Old Industrial Base from 2003 on, the economy of Liaoning Province, while having many problems, has expanded rapidly in areas such as GRP (gross regional product), industrial output, trade, attraction of foreign capital, and consumption. Being a coastal region, external trade has rapidly developed, and total trade for Liaoning Province in 2008 amounted to US\$72.44 billion, 46 times that in 1978. Looking at exports, in 2008 these increased 19.1% on the previous year and amounted to US\$42.05 billion, and were 1.9 percentage points above the average for the nation as a whole. Within exported goods, the proportion for steel and electrical machine products was high, and amounted to US\$23.08 billion, equivalent to 55% of the total. The main destinations for exports were Japan, the ROK, the United States, ASEAN and the EU, and exports to these countries and blocs made up more than 70% of the total.

The total trade of Liaoning Province makes up just under 70% of that for China's Northeast, and in order to understand the development of trade of the Northeast it is essential to examine the growth in trade and change in structure for Liaoning Province. It cannot be denied that foreign-invested companies have played a major role in the growth of trade of Liaoning Province, in similar fashion to the other coastal regions of China. Moreover, being a traditionally heavy industrial area, the export of steel and machine products by state-owned enterprises and private-sector firms is also important. Still further, it is thought that, against the backdrop of a rise in labor costs and shortfalls in the energy supply in the southeastern coastal areas, such as Guangdong Province, investment related to labor-intensive and resource-intensive industries is gradually having its focus directed toward the Northeast. These elements are probably fruitful vantage-points for understanding the development of trade for the Northeast in its entirety, and not just Liaoning Province.

In this paper, while taking an overview of the state of the development of trade for Liaoning Province, I examine the changes in the structure of manufactured goods in international commerce and analyze the distinctive features of the development of trade for Liaoning Province. More specifically, I verify the data on imports and exports for the period from 1994 to 2008 (for every second year), utilizing the trade specialization coefficients for 11 sectors of manufactured goods, and elucidate the changes in and distinctive features of trade structure. In this paper I use data from 1994, but for Liaoning Province the 14-year period from 1994 to 2008 is considered to be a period that showed dynamic change, with the take-off of the market economy, the reform of state-owned enterprises, accession to the WTO, and the coming into force of the measures for the revitalization of the Northeast taking place. There is little analysis specifically on Liaoning Province in the existing literature, and in particular research that examines the change in the structure of manufactured goods, via data analysis, has for the most part not been carried out.

[Translated by ERINA]