

# China at the crossroads in changing East Asia

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## Introduction

East Asian countries face tremendous challenges stemming from changing regional configuration of geo-economy and geopolitics at the post-Cold War era. These challenges are characterized as follows: decreasing importance of so-called “East Asian models” and increasing influences of neo-liberal globalization; transforming existing socialist countries into a new hinterland for the expansion of capital accumulation; increasing financial vulnerability as shown in the financial crises during the late 1990s; rearranged geopolitics in the region; and increasing trans-border migrations. These challenges have been precipitated by world reorganizations regionally typified by strengthening power of finance capital and the rise of China both as a result of the decline of American hegemony (Arrighi 1994; 2007; 白承旭 2006).

Among many countries in the region, China is the most salient epicenter for all these changes. China becomes a significant harbinger for future paths of East Asia as well as a main arena for neo-liberal transformations in East Asia. China also appears to be an outstanding successor of East Asian developmental model with its own characteristics.

During the 1990s China attracted world-wide attentions mainly by its spectacular accomplishments in economic performance contrary to impasses of other ‘transitional economies.’ In these periods, it emerged as the largest world black hole of international capital flows only second to none to the USA. China survived the East Asian financial crisis in spite of its fragile financial infrastructure, and has been pursuing its open door policy more aggressively with the accession to WTO in 2001. China has still been attracting huge amounts of transnational capital inflows. China, however, has never been free from internal threats of social dislocations that are the other aspect of the same token of fast growth since the beginning of China’s economic reforms. China’s economic reforms were contemporary with the international rise of neo-liberalism as new strategies of capital accumulation by the declining hegemony to revitalize its economic-political power over the whole world. Therefore, China’s outstanding economic performance and increasingly unstable social integration are two sides of the same token.

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## I. From de-linking (脫軌) to re-linking (接軌)

### 1. characteristics of China's path under the neo-liberal era

China has come a long way of transition from 'de-linking' from the world economy to 're-linking' to it'. Chinese de-linking processes had double aspects, de-linking from the world economy and de-linking from the capitalist system. The processes of de-linking were eventually led to 'socialism in one country'. And these processes were determined and distorted by special circumstances of sieges by antagonistic states and forced the Chinese to pursue rapid and self-reliant industrialization focusing on heavy industries, leading to consequent cleavages between rural and urban areas. Though the Chinese succeeded in establishing strong foundations of heavy industries and rapid economic success in autarkic way, and could and would find a different socialist way from the Soviet model within its limitations, their internal contradiction with nationalistic aspirations functioned as a fatal obstacle to as well as strong stimulator for their de-linking processes themselves.

The re-linking, in fact, had already had begun with the rapprochement with the USA after the failure of the Cultural Revolution that had tried to revitalize communist ideals and to initiate new forms of politics (白承旭 2007). After the death of Mao and the eventual taking power by Deng Xiaoping, economic reforms were accelerated and the process of re-linking into the world economy was pursued wholeheartedly. As the processes of de-linking had double aspects, the processes of re-linking also had double aspects, that is, re-linking into the world economy and restoration of capitalist system.

Internally, this process is characterized by transforming 'public ownership' system into multiple ownership structures emphasizing increasing importance of private ownership and disintegrating 'work unit system', which had functioned as instruments of state protections and supports for urban regular workers. Disintegration of work unit system and paralleled disintegration of rural people's communes and the introduction of the household responsibility system in rural areas allowed increasing flexibility of urban employments and resulted in upsurges of laid-off workers in most old state owned enterprises.<sup>1)</sup> The introduction of modern enterprise system since the mid-1990s was a interim closing of these changes in ownership and labor relations and the new beginning of further economic reforms. Externally, domestic market was opened much wider for foreign capitals. Foreign invested enterprises undertook very important missions in growing international trades. FDI inflows were much more important than domestic

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1) On recent situations about labor relations in China, see Chen (2007); Lee (2007).

investment in financing the growing economy. China's accession to WTO in 2001 was the culmination of its open-door policy.

## 2. Time and space

Even though China's open door policies and economic reforms are coincidental with the rise of neo-liberalism in world scale, China's conditions were very different from other late-comers like Southeast Asian countries in terms of the degree of economic openness, the roles of the state, and upgrading of industries. As for Southeast Asian countries, they failed to copy strategies of former East Asian developmental countries since they already faced international pressures of de-regulations and door opening without significant state protections. They could not pursue strict financial policies and inclined industrial policies to protect domestic markets and to back up infant industries coherently.

On the contrary, China was endowed with better conditions due to its own particular historical legacies and better geo-economic circumstances. Though China shared the times of neo-liberal globalization and increasing pressures from transnational finance capitals with other Southeast Asian countries, it has managed to escape fatal threats of international financial vulnerability owing to China's several advantages.

China's advantages and exceptional position stem from its particular backgrounds and its particular geo-economic positions in East Asia.

First, China began its economic reform program without external pressures of foreign debts, unlike other third world countries including east European countries. This allowed China room for breathing and operating relatively freely at its beginning phase of economic reforms

Second, China's major economic growth has been contributed by foreign direct investments (FDIs), majority of which has been invested by overseas Chinese capital mainly from Hong Kong, Taiwan, and other Southeast Asian countries. During the high growth era of the late 1980s and the early 1990s, about 70% of FDI were from overseas Chinese capital. Overseas Chinese capital regained its strength during the East Asian financial crisis in the late 1990s after its decreasing shares in total FDI inflows during the mid-1990s. FDI of overseas Chinese provided Chinese capital markets with buffers to survive the financial crisis of East Asia even though China already had serious financial problems in bank sectors.

Third, large rural population provided China with huge reserves of cheap labor power for incoming foreign capitals. Together with growing foreign sectors that were supplied by huge rural reserved army of labor, TVEs (township and village enterprises) were also another contributor for China's economic growth during the 1980s and early 1990s.

Fourth, China's economic growth cannot be understood without considering much

wider picture of East Asian international division of labor among many countries at different levels of production in the region. These countries have been integrated by informal production networks that were managed by hierarchical commodity chains. These networks are called 'multi-layered contract system', laying Japan on its top (Arrighi et al. 1993; Arrighi 1994). China also began to participate actively in this division of labor in the region since the 1980s, but its conditions were very different from other late comers (e.g. ASEAN 4), in that China involves much wider scopes of manufacturing from bottom to middle levels, and with greater negotiation powers of the state.

## II. Similarity with 'East Asian models' — Similarity under different time<sup>2)</sup>

Chinese development model seems to retain some key characteristics of the East Asian development model rather than following Anglo-Saxon type of full economic liberalization. Key elements of their similarities are: state control over finance, direct supports for major actors (SOEs in China) by the government, great significance of pilot agencies in economic ministries of governments; a dual system of public and non-public ownership (like Taiwan), high dependence on the export markets, and a high rate of savings. Even the reform of corporate governance is not likely to change these basic features.

If the stock market is not a main mediator to transform Chinese corporate governance into 'global standard'—since the listing in stock market is still very severely restricted by the government and even the rate of circulating shares in stock markets is very low for listed enterprises—, it is less likely for the structure of Chinese SOEs to follow the structure of Anglo-Saxon style corporations that are based on stock market and easily be acquired and merged by stock market transactions, at least for the time being.<sup>3)</sup>

And China's high reliance on indirect financial markets, mainly on bank financing, shows least likeliness that stock markets would be main stimulator for restructuring Chinese economic system. Furthermore, high savings rate and high dependence of FDI on overseas Chinese capitals and capital inflows within East Asian region explain relative autonomy of Chinese government from fatal influences of transnational finance capitals, especially considering China's least reliance on international borrowings.

Like other 'developmental states' in East Asia, the Chinese government also has guided the economy by controlling the financial system and channeling financial resources into specific targets. China as a bottom to middle participant is also incorporated into a

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2) The arguments in this parts are more elaborated in Baek (2005).

3) And Chinese stock market is a tool to initiate restructuring of state owned enterprises rather than a channel of funding for enterprise financing (Naughton 2007: 469; 吳敬璠. 2001).

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triangular structure of international trade and division of labor among the USA, Japan and East Asia as a bottom to middle level participant. Planned economy has undertaken the role of industrial policy to promote heavy industries. Owing to the underdevelopment of direct financing, the state could continue to dominate flows of financial resources. And though China doesn't show outstanding industrial policies, the existence of over-invested huge infrastructure of heavy industry sectors reduces the necessity of inclined industrial policies.

Characteristics of Chinese development, however, display similarities as well as differences with 'the East Asian development model'. In Japan or Korea the governments have intensively supported big private enterprises through policy loans and inclined industrial policy, and these big businesses like *keiretsu* or *chaebol* have led export-oriented industrialization, and FDI had little importance. Compared with these countries, policy loans in China are only supplied to small numbers of SOEs that produce mainly for domestic markets. However, exports have been mainly led by small and medium sized non-SOEs that are the main beneficiaries of FDI and that are indirectly supported by functional industrial policy rather than by the inclined industrial policy of the government. This structure gives rise to a dual system of public ownership and non-public ownership. In the field of finance, China is different from Japan where main banks had the power to superintend subordinate enterprises. Though China pursues the path towards the formation of big enterprise groups, they are also different from those in Korea or Japan where business groups display hetero-combination by diversification while Chinese groups have orientation towards dominance by horizontal merger of similar enterprises.

Therefore, owing to its dual system it is more significant to compare Chinese experiences with those of Taiwan during the 1970s and the 1980s.

Taiwanese development model also has been based on dual economic structure of public sector and non-public sectors. On the one hand small and medium scale companies have propped up the export-oriented economy, and investment for these companies has been supplied from the curb markets rather than banks. Industrial policy for these private companies has been functional rather than sector targeted supports. On the other hand, since the late 1960s companies in the public sector have specialized in upstream sectors that had been developed by the second import substitutive industrialization. The financing of those companies has absolutely depended on state banks, and accomplished economy of scale by monopolies. They grew fast with the support of the government (Wade, 1990; Haggard, 1990). As Robert Wade says, in Taiwan "[p]ublic ownership might be seen here..... in a trade-off with protection" (Wade, 1990: 179).

Public sector in China also has been playing a role to replace the need of active and inclined industrial policy by the government. Public ownership can protect the market

since most of banks are owned by the state and their loans are mainly channeled into SOEs. China also displays a similarity with Taiwan in that the public sector specializes in capital-intensive and import-substitutive industrialization whereas the non-public sector specializes in export-oriented industrialization. In terms of corporate financing, besides internal reserves, primary supply of funds in public sector absolutely depends on bank loans while non-public sector depends more on FDI or informal borrowings. This dual system consisting of public and non-public ownership in China lessens the need for inclined industrial policy and made Chinese industrial policy more like the 'soft industrial policy' of Taiwan.<sup>4)</sup>

There are also other similarities. The strong control over the stock market in both countries prevents free inflow of speculative capital. The stock markets are so underdeveloped that they cannot become an important organizational tool for M&A or enterprise restructuring.

So long as China maintains this dual structure, it will retain many characteristics of the Taiwanese style developmental state.

However, the size of Taiwan is not comparable to China, and it is impossible for China to pursue Taiwanese style export-oriented industrialization that aims at a niche market. In China, SOEs maintain the majority share of the economy and occupy wider ranges from upstream to downstream sectors. However, in Taiwan small and medium sized firms that occupy downstream sectors are the key dynamic agencies. In the field of finance, the Chinese curb market is so underdeveloped that small and medium enterprises have great difficulty in getting financial funds, so SOEs still have the advantage to become key actors. In addition, compared with Taiwan's conservative fiscal policy, since the late 1990s China has pursued since the late 1990s an expansive fiscal policy with low interest rate.

### III. Interesting features of regional trades<sup>5)</sup>

With China's increasing incorporation into the world economy, FDI has been playing more and more important roles in the expansion of Chinese economy. As shown in Figure 1, we may find some characteristics of FDI inflows. They remained very low level until the early 1990s. However, we should not fail to notice the importance of overseas Chinese capitals during these periods as shown in table 1. Over these periods their share in total FDI inflows was always as high as around 70%. Since the early 1990 total FDI inflows

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4) Taiwanese dual structure of public and non-public ownership also results in the dual structure of 'soft budget constraint' and 'hard budget constraint' [Wade, 1990].

5) For detailed analysis, also see 白承旭(2005).

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began to explode. Main contributors for this steep ascend were several East Asian countries such as Japan, Korea and Singapore. The share of these three countries increased from 8.8% in 1992 to 20.1% in 1997 as shown in table 1.

Reflecting depreciation of Japanese *yen* after 1995, worsening economic situations in East Asian countries, and some domestic readjustment of economic policies, FDI inflows into China during the late 1990s remained stagnant. FDI inflows began to surge again since the early 2000s with China's accession to WTO and increasing intra-regional investments. In 2004 the share of East Asian countries in total FDI inflows in China is around 70% (including investments from Virgin Islands since most of its inflows can be estimated as indirect investments by Taiwanese).

Increasing importance of East Asian countries for China's incorporation into the world economy is also accompanied by increasing importance of Japan's visible and invisible roles. Even Japan's share in FDI inflows in China is not as high as Hong Kong or Taiwan, Japan's role in Chinese economy and China's importance for Japanese economy cannot be underestimated. On the one hand, China becomes the most important host country for Japan's foreign investment, surpassing ASEAN4 after 2002. Considering two divergent ways of Japan's foreign direct investments—manufacturing investments concentrated in East Asia whereas financial and service investments and investments for local markets concentrated in North America and the EU (Machado, 1995; 今井宏, 2003: 160 - 63)—, Japan's increasing investments in China means that China becomes a major important workshop for Japan's regional division of manufacturing labor. According to Japan International Cooperative Bank survey, China has been the most prospective investment host country for Japanese capitals, and since the early 1990s no other countries in the region could be comparable in its importance of investments with China (丸上貴司・春日剛・齊藤啓・鈴木まゆみ 2004).

The advance of Japanese capital into China went through in various ways as in the cases of its advance into other foreign countries: ODA was very important for building up China's infrastructure during the 1990s (Söderberg, 1996: 214; 奥邨彰一, 1998). Hong Kong became an important intermediary center for Japanese capital to enter the mainland since the Japanese had yet hesitated to invest directly in the mainland for fear of China's unstable political situations in spite of promising high returns (Bassino and Teboul, 1999: 80; Chen and Wong, 1997; Delapierre and Milelli, 1999).<sup>6)</sup> *Sogososa* and Japanese banks undertook important roles for Japanese enterprises to be adapted to local circumstances.

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6) Hong Kong was also an important entrepôt for international trades between Japan and China in the 1990s. For example, in 1996, 62.1% of Japan's exports to Hong Kong were re-exported from Hong Kong, and 73.2% of their final destination were China (calculated from *Hong Kong Statistical Yearbook 1997*, p.56). Therefore about 45% of Japan's exports to Hong Kong could be regarded as actual exports to China.

And if we bear in mind that Japanese foreign expansion has been dominated by new forms of investments like minority holdings, sub-contracts, and licensing, we could guess that actual influences of Japanese capital on China would be much bigger than witnessed in the picture shown by statistical figures.

More interesting changes are observed in the changing features of international trades between China and Japan. Japan became the largest trading partner for China by 1993, and China became Japan's largest importing country by 2002 and the second largest exporting country by 2001. Trades between China and Japan are managed mainly by foreign firms of Japanese origins, occupying 58.7% of Japan's exports to and 67.5% of Japan's imports from China in 2002, which are higher than average shares of foreign firms in China's international trades (ジエトロ 2003: 12).

Increasing importance of Japan's partnership in trades was accompanied by transformation in the structure of China's international trade regime. In order to analyze structural imbalance of trades in comparison, table 2 shows Japan's export biases by each country. Japan's export biases (JEB: 日本商品輸出偏重度) are calculated from the ratio, that is, the share of specific goods of a given country within Japan's total exports of that goods divided by the share of exports to the county in Japan's total exports. JEB shows degrees of importance by specific goods in a given country for Japan's exports regardless of the size of total exports to the country. It shows disproportionate importance of certain exporting goods from Japan to a given country.

We find that the structure of JEB for China became much similar to those of Korea and Taiwan since the early 2000s. In these three countries JEB in sectors of chemistry, steel, electronic components, and scientific machinery are higher than other sectors. JEB for China in the 1990s is very different from that in the 2002, and it becomes more similar to Korean and Taiwanese structure by the early 2000s. It seems that the structure of Chinese economy, like other semi-peripheral countries in the region, becomes more dependent on Japan's supplies of high value added upstream goods even though it provides Japanese with much more low value added durable goods. That is to say, China's economy is also incorporated into East Asian regional division of labor by specifying on processing manufacturing goods of low to middle levels of technology with the supplies of essential components from the Japanese. It shows the expansion of Japanese multi-layered contract system into much wider East Asian region notwithstanding China's ascending position in the system.

#### **IV. Emerging financial power and its impacts**

As mentioned above, the experiences of East Asian countries give us some references



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to be compared with. The typical 'East Asian models' involve some characteristics like state's guiding roles, protected domestic markets, hierarchical regional division of labor, high dependence on US markets, increasing importance as world's workshops, etc. With the rise of world-wide neo-liberal regime, however, we are witnessing new factors that might make future path of East Asia a little different. One of them is related to the paradox of financial globalization centered on the USA.

After the financial crisis of East Asia during the late 1990s, most countries in the region got an important lesson from the crisis: if not having appropriate financial power to overcome the financial vulnerability of each economy, they may face a serious financial difficulties stemming from their fragile positions in the volatile global financial market.

One of the significant results is increasing scale of foreign exchange reserve accumulation in the region. Among others, China is becoming the largest holders of foreign exchange reserves second to none in 2007, with its skyrocketing foreign reserves about 1.5 trillion dollars.

This situation reflects two very important aspects of China's increasing financial power during the globalization era. On the one hand, China became a very important actor on the world financial stage. The USA is becoming more and more indebted to East Asian countries for its financing of huge scale national debts (treasury bills). As for the importance of debtor status to the USA, China is now only second to Japan. China is said to maintain its overvalued foreign exchange level to support the advantages of its export oriented economy. The USA with increasing huge current account deficits has been enforcing China to accept significant appreciation of *yuan*. However, even the appreciation of Chinese *yuan* would not be expected to solve the problem of US current account deficits since the appreciation of *yuan* means not just the decreasing exports by China, but also decreasing imports from the US or other developed countries by China owing to its decreasing demands for high value added imported facilities. Even the appreciation of *yuan* itself, which had been accepted after much pressure from the USA, was followed by a transition from dollar peg system to dollar basket system, which means decreasing importance of US dollar for China.

On the other hand, increasing foreign reserves would become a fatal element of financial vulnerability for China's capital markets. Increasing foreign reserves means the over-expansion of the economy as well as increasing inflationary pressure. The threats of stagflation are impending. China faces a dilemma: on the one hand it cannot move to the fully floating exchange system that may increase financial instability beyond controllable level. Rapid appreciation of *yuan* also would not be possible without largely undermining China's competitive advantages of exports. On the other hand, the Chinese government can only use monetary policies to handle the problem of emerging inflationary threats

since it already excluded other tools like possible changes in foreign exchange regime from its arsenal. Especially after 2003 increasing amounts of foreign speculative capital that expected the appreciation of *yuan* rushed into China's financial market while before 2003 increases in foreign reserves mainly resulted from the increases of exports supported by government policies and the increases of FDI inflows (Zheng and Yi 2007: 18).

One of the solutions to the increasing foreign reserves is to found national investment funds for channeling huge reserves into more profitable and valuable fields. The Chinese government also worries about anticipated depreciation of US dollars and attempts to find alternative areas of investments for its foreign reserves other than investing in US treasury securities. The Chinese government established a new government corporation using foreign reserves. In 2002, the *Huijin* Corporation (匯金公司) was established with the aim of restructuring 4 big national commercial banks. Those banks are being re-structured into limited liability corporations supported by funds of which the largest stock holder is in fact the government (李利明·曾人雄. 2007).

The government has a plan to pour 2/3 of its foreign reserve funds into restructuring of national commercial banks, and another 1/3 into remunerative areas for investments. With the latter aim, the CIC (China Investment Corporation 中國投資公司) was established in 2007, of which the largest stock holder is the government that invested 200 billion dollars of foreign reserves. CIC then became the largest share holder of the *Huijin* Corporation. A division of labor between *Huijin* and the CIC would be similar to the division between Temasek and the GIC of Singapore (the former specialized in strategic investments whereas the latter specialized in portfolio investments (張明 2007: 113).

The future of the Funds remains to be developed. But it would be different from the logic of finance capital of core countries if its funds are invested to stimulate domestic demands rather than to earn financial returns from foreign financial investment.

## V. Conclusion

Ups and downs of the US economy for last decades gave Chinese economy opportunities and difficulties simultaneously. With the transformation of the US economy into finance-centered structure and its increasing dependence of its consumption on foreign imports mainly from East Asia, China could become a major manufacturing workshop for US domestic market. And China's increase in exports to the US markets and at the same time the increase of FDI inflows into China are the main factors for its huge increase of foreign reserves recently. Its large size of foreign reserves manifests its increasing financial power. On the other hand, China's great dependence of its economic growth on US domestic market and the increase of its financial liquidity expose its

economy to world-wide financial volatility and vulnerability.

Though China has been trying to copy many aspects of East Asian development models and are still highly dependent on Japan's high value-added machinery, its own legacy of import substitutive industrialization under 'socialism', relative autonomy from transnational financial power, concentration of world manufacturing into China give China room to develop a unique path. Internal relations of social forces and instability of Chinese society would be an important challenging factor that would give great influences on the path, as is being witnessed in the processes of legislation and enforcement of Labor Contract Law.

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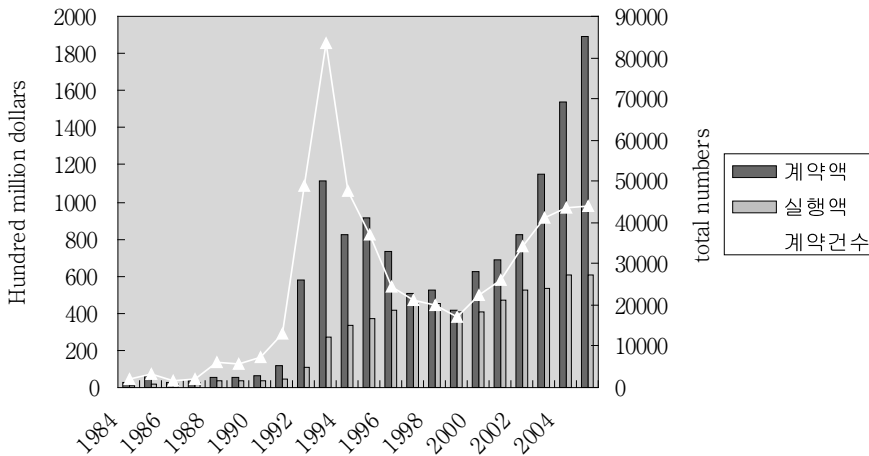
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〈figure 1〉 FDI inflows into China



source: *China Statistical Yearbook*

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(table 1) FDI inflows into China by major countries

unit: thousand million dollars

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hong Kong	25.79	77.06	174.45	198.23	201.85	208.52	206.32	185.08	163.36	155.00	167.17	178.61	177.00	190.00
Japan	6.09	7.48	13.61	20.86	32.12	36.92	43.26	34.00	29.73	29.16	43.48	41.90	50.54	54.50
Taiwan	4.72	10.53	31.39	33.91	31.65	34.82	32.89	29.15	25.99	22.97	29.80	39.71	33.77	31.20
Korea		1.20	3.81	7.26	10.47	15.04	21.42	18.03	12.75	14.90	21.52	27.21	44.89	62.50
Singapore	0.58	1.26	4.92	11.80	18.61	22.47	26.06	34.04	26.42	21.72	21.44	23.37	20.58	20.10
USA	3.30	5.19	20.00	24.91	30.84	34.44	32.39	38.98	42.16	43.84	44.33	54.24	41.99	39.40
Europe	2.86	3.23	68.00	16.60	22.66	30.13	44.39	43.09	47.97	47.65	44.84	40.49	42.72	48.00
Virgin Islands		0.04	0.13	1.28	3.03	5.37	17.17	40.31	26.59	38.33	50.42	61.17	57.77	67.30
Cayman Islands					0.12	0.53	1.58	3.24	3.78	6.24	10.66	11.80	8.66	20.40
total	46.66	112.92	277.71	339.46	378.06	421.35	452.57	454.63	403.19	407.15	468.78	527.43	535.05	606.30

Unit: %

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hong Kong	55.3	68.2	62.8	58.4	53.4	49.5	45.6	40.7	40.5	38.1	35.7	33.9	33.1	31.3
Japn	13.1	6.6	4.9	6.1	8.5	8.8	9.6	7.5	7.4	7.2	9.3	7.9	9.4	9.0
Taiwan	10.1	9.3	11.3	10.0	8.4	8.3	7.3	6.4	6.4	5.6	6.4	7.5	6.3	5.1
Korea	0.0	1.1	1.4	2.1	2.8	3.6	4.7	4.0	3.2	3.7	4.6	5.2	8.4	10.3
Singapore	1.2	1.1	1.8	3.5	4.9	5.3	5.8	7.5	6.6	5.3	4.6	4.4	3.8	3.3
USA	7.1	4.6	7.2	7.3	8.2	8.2	7.2	8.6	10.5	10.8	9.5	10.3	7.8	6.5
Europe	6.1	2.9	24.5	4.9	6.0	7.2	9.8	9.5	11.9	11.7	9.6	7.7	8.0	7.9
Virgin Islands	0.0	0.0	0.0	0.4	0.8	1.3	3.8	8.9	6.6	9.4	10.8	11.6	10.8	11.1
Cayman Islands	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.7	0.9	1.5	2.3	2.2	1.6	3.4
total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(table 2) Japan Export Bias by each country

		1985	1990	1995	1999	2002
China	Chemical	1.3	2.2	1.4	1.7	1.6
	Steel	3.3	4.0	2.7	2.0	2.0
	Office machinery	0.2	0.1	0.3	0.5	0.6
	Visual Machinery	5.8	5.4	1.2	0.1	0.1
	Electronic components including semi-conducts	0.5	0.7	0.3	0.9	1.4
	Cars	0.6	0.1	0.2	0.1	0.2
	Car parts			0.3	0.4	0.5
	Scientific-Optical instruments	0.5	0.4	0.5	0.7	1.1
	Korea	Chemical	3.2	2.5	2.0	2.1
Steel		1.5	1.8	1.9	2.6	2.8
Office machinery		0.6	0.4	0.3	0.4	0.5
Visual machinery		0.0	0.1	0.1	0.2	0.5
Electronic components Including semi-conducts		2.2	2.0	1.1	1.9	1.8
Cars		0.0	0.0	0.0	0.0	0.0
Car parts				0.5	0.5	0.6
Science-optical instruments		0.5	0.6	1.2	1.1	1.5
Taiwan		Chemical	2.9	2.2	2.0	1.9
	Steel	1.3	1.7	1.8	1.5	1.2

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	Office machinery	0.6	0.6	0.6	1.1	0.9
	Visual machinery	0.0	1.4	0.2	0.2	0.3
	Electronic components					
	Including semiconducts	3.3	2.2	1.9	1.3	1.5
	Cars	0.1	0.1	0.1	0.1	0.1
	Car parts	0.0	0.0	0.9	0.7	0.5
	Science-optical instruments	2.2	2.5	2.1	1.8	2.8
H.K.	Chemical	1.1	1.2	1.2	1.3	1.0
	Steel	0.6	0.8	1.1	1.3	0.8
	Office machinery	0.7	0.6	0.5	0.6	0.9
	Visual machinery	1.3	2.6	2.6	1.4	1.3
	Electronic components					
	Including semi-conducts	2.4	1.6	1.3	2.0	2.3
	Cars	0.3	0.2	0.3	0.2	0.1
	Car parts			0.1	0.1	0.1
	Science-optical instruments	1.2	0.9	0.8	1.0	1.5
Thailand	Chemical	3.0	1.4	1.2	1.4	1.1
	Steel	2.2	2.6	2.3	3.1	2.6
	Office machinery	0.3	0.2	0.3	0.5	0.4
	Visual machinery	0.2	0.2	0.1	0.1	0.2
	Electronic components					
	Including semi-conducts	0.4	0.6	0.8	1.7	2.0
	Cars	0.8	0.3	0.4	0.3	0.3
	Car parts			1.5	1.6	1.6
	Science-optical instruments	0.4	0.3	0.5	0.4	0.5
Singapore	Chemical	1.1	0.9	0.8	0.8	0.8
	Steel	1.0	1.3	1.0	1.0	0.9
	Office machinery	0.7	0.7	1.0	1.4	1.3
	Visual machinery	1.0	1.6	1.3	0.9	0.8
	Electronic components					
	Including semi-conducts	3.1	2.6	2.7	2.8	2.6
	Cars	0.1	0.2	0.2	0.2	0.3
	Car parts			0.2	0.2	0.2
	Science-optical instruments	0.7	0.6	0.6	0.7	0.8
Germany	Chemical	0.9	0.8	0.8	0.7	0.8
	Steel	0.1	0.1	0.1	0.1	0.1
	Office machinery	2.4	1.8	2.0	1.8	1.3
	Visual machinery	0.7	1.3	1.2	1.7	2.3
	Electronic components					
	Including semi-conducts	2.2	1.1	1.1	0.9	0.9
	Cars	0.8	1.2	1.4	1.0	0.8
	Car parts			0.3	0.4	0.5
	Science-optical instruments	2.8	2.3	2.1	1.8	1.5
US	Chemical	0.5	0.5	0.6	0.6	0.6
	Steel	0.6	0.6	0.3	0.4	0.2
	Office machinery	1.4	1.6	1.7	1.3	1.3
	Visual machinery	0.5	0.4	1.3	1.6	1.4
	Electronic components					
	Including semi-conducts	0.8	0.9	0.9	0.6	0.3
	Cars	1.5	1.4	1.5	1.6	1.8
	Car parts	0.0	0.0	1.5	1.5	1.5
	Science-optical instruments	1.1	1.1	1.3	1.2	0.8

Source: *Japan Statistical Yearbooks*