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Review & Comment

**Determinants of Diffusion and Downstreaming
of Technology-Intensive Products**

in International Trade

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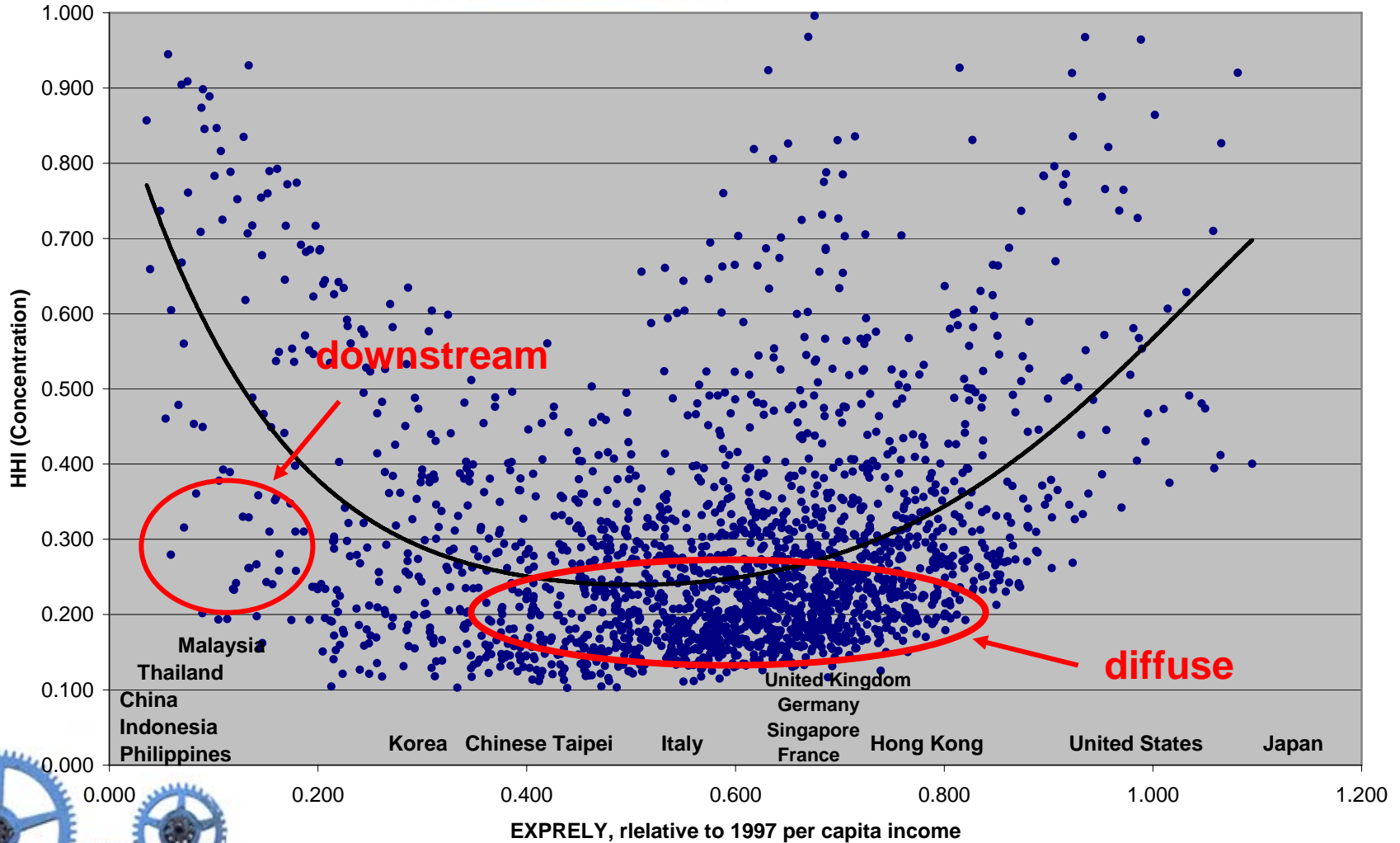
Is electronics a general case for China?

- Chinese trade sophistication rises a lot. (Rodrick 2007)
 - Consumer electronics
 - electrical appliances
 - personal computers
 - cell phones
- Feature of Chinese Trade
 - Labor intensive
 - Processing trade dominated (51% of total volume in year 2007)





The explanations of diffuse and downstream





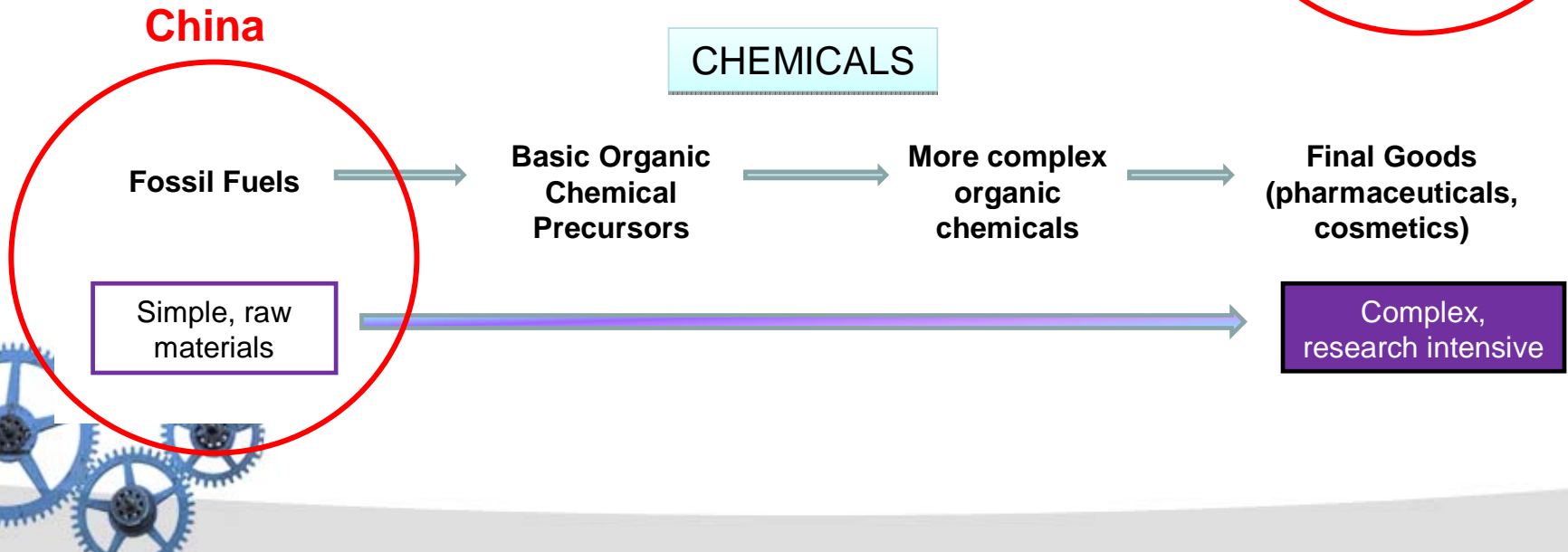
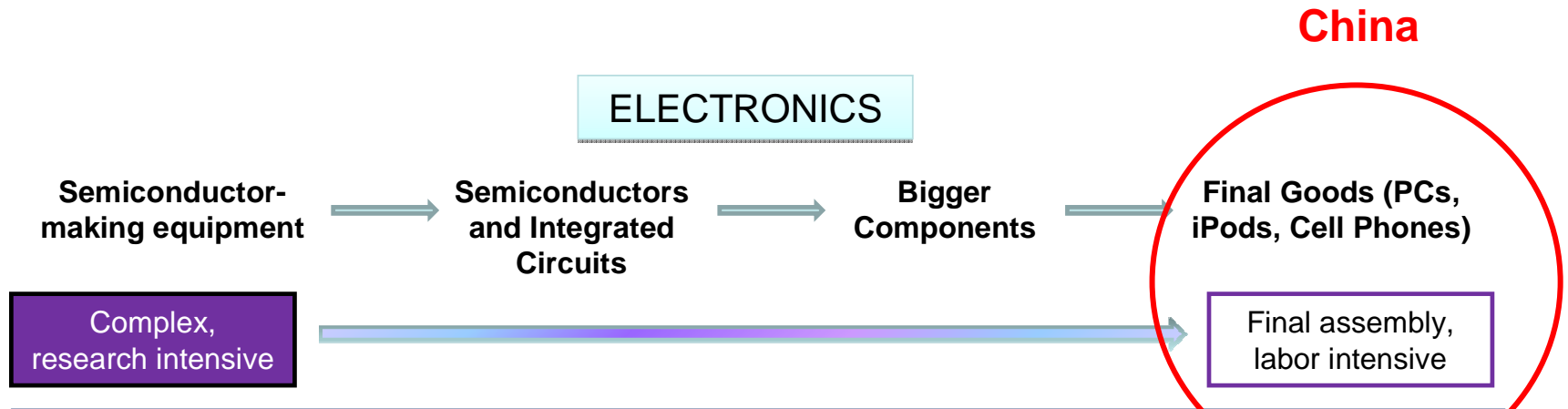
An independent index for downstream?

- HHI (diffusion) EXPRELY (downstream)
- Technology process
 - Innovation → diffusion → downstream
- Strong correlation between diffusion & downstream
- Q: Can we have a independent index?





Easiest stages for China





- A high technology level surpass its income?
 - China is doing easier stages of the ATPs.
 - China may not use high-tech in producing high-tech products. (fragmentation)
 - China's trade sophistication is overestimated.
- Suggestion: factor content as supplements
 - numbers of skilled workers
 - numbers of high-tech employees
 - other measures of human capitals





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Thanks

