Foreign Direct Investment in China

Winners and Losers

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Foreign Direct Investment in **China**

Winners and Losers

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World Scientific

NEW JERSEY • LONDON • SINGAPORE • BEIJING • SHANGHAI • HONG KONG • TAIPEI • CHENNAI

Published by

World Scientific Publishing Co. Pte. Ltd.

5 Toh Tuck Link, Singapore 596224

USA office: 27 Warren Street, Suite 401-402, Hackensack, NJ 07601

UK office: 57 Shelton Street, Covent Garden, London WC2H 9HE

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

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ISBN-13 978-981-4340-40-3

ISBN-10 981-4340-40-5

In-house Editor: Dan Jun

Typeset by Stallion Press

Email: enquiries@stallionpress.com

Printed in Singapore and the United States of America.

To our parents

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Preface

Over five years of studying the effects of FDI on Chinese markets have led us to organize our findings in this volume. We hope that it will be useful for anyone interested in foreign direct investment (FDI) and the Chinese economy, as well as for those involved in FDI-related policy making. We believe that it is more illuminating to consider the many effects that foreign direct investments have had on the Chinese economy in concert than to focus on them one-by-one. Our work on this volume has provided further support for this view — as we gathered all our findings together and filled in the gaps, we formed a “big picture” view that we are happy to share with the readers.

Many people were instrumental in our studies. First and foremost there are our coauthors. Chapter 3 on FDI spillovers on productivity of domestic firms and parts of chapter 8 came out of the work on a freestanding research paper coauthored with Hiro Miura and encouraged along the way by Ted Moran. Chapter 6 on innovation and imitation is largely based on the paper coauthored with Irene Brambilla and published in the *Scandinavian Journal of Economics*. Much of the work could not have been completed without contributions from Hiro Miura and Chris Candelaria.

Along the way, as we presented our research in bits and pieces, we benefited enormously from comments and encouragement by our colleagues at the NBER China working group led by Shang-Jin Wei, participants at various seminars and conferences, and colleagues at the Federal Reserve Bank of San Francisco and Colgate University.

None of this research would have taken place if not for the generosity of Stanford Center for International Development and Hoover Institution, where the authors were visiting scholars when they first met and started tackling this project in 2005. Financial support of our respective institutions, San Francisco Fed and Colgate University, was also instrumental in facilitating collaboration on this project. Some of the work on this book was conducted while Hale was visiting the Hong Kong Institute of Monetary Research in December 2009, and other parts were completed when Long

was visiting the University of Electronic Science and Technology of China in the summers of 2007–2009 as a special term professor. We are grateful for their support.

Anita Todd and Elliot Marks read through many pieces of this work to correct our style and improve the clarity of presentation. Li Xi Dong and Danjun Zheng were extremely competent and patient in facilitating our communication with the publisher and allowing us to focus on the content and sparing us logistical details, for which we are most grateful.

Last, but definitely not least are our friends and families who had to put up with our late working hours, especially in the final stages of the work. Their presence in our lives has provided the foundation on which all of our work is built.

It is important to emphasize that the views that we present in this book are our own and in no way reflect the views of the Federal Reserve Bank of San Francisco, Federal Reserve System, Hong Kong Monetary Authority, or any other institution with which the authors are currently affiliated or were affiliated in the past. All errors are, of course, our own.

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