

The Effects of WTO Accession on China's International Trade

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The main object of this paper is to evaluate the effects of China's WTO accession on the volume of total trade (exports and imports) in China. In order to do this, I establish a basic gravity model and further improve to a total regression use a panel data set covering the bilateral trade and other related variables between China and largest thirty-five trading nations from 1996 to 2008. The most important findings in my paper are as follow. First, China's membership of WTO has a positive and significant impact on China's total trade volume. Second, the inward FDI promotes more technology transfer from industrial countries to China and then enhance the efficiency of China's production. Therefore, the increased FDI flows into China have a positive effect on China's total trade. Third, the reduction of tariffs under WTO agreements, but as the endogenous problem of setting up FTAs have not solved, the estimated results of FTA are not significant. In addition, given the development of trading globalization, the costs of trade is not a negative factor to China's international trade. Fourth, the two financial crises in 1997 and 2007 are more or less to bring different influences to China. Finally, a surprising finding is that the up valuation of RMB also plays an active role in China's international trade.