ABSTRACT

Abstract of thesis entitled International Trade and R&D Spillovers: The Case of China. Submitted by Wang Jing Jing(M-A5-6813-4) for the degree of Master of Social Sciences in Economics at the University of Macau in June 2007.

Endogenous growth theory regarded R&D as one driving force of economic growth. In an open economy, productivity does not only depend on domestic R&D peiformance, but may also rely on foreign R&D spillovers. Previous studies on technology diffusion in China were mostly conducted at the national level. Through applying the province-year panel data analysis, this paper attempts to fill the gap in the literature since studies at the national level may blur the individual discrepancy among the provinces. Based on data for 18 provinces of China over the years of 1995-2004, this study suggests that through the channel of imports, the effects of R&D spillovers from foreign industrial countries are substantial. The effects of foreign R&D spillovers differ between the east and west provinces of China. The east obtains more foreign R&D capital stocks, and the impact is also larger than the western provinces. Furthermore, if we divide the foreign R&D capital stocks into two parts from either aECD countries or Asian countries, the main contributor of China's domestic productivity is the R&D from the Asian countries.