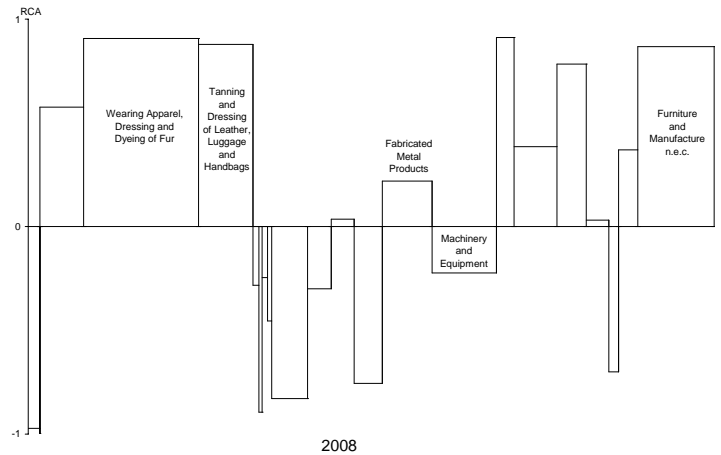
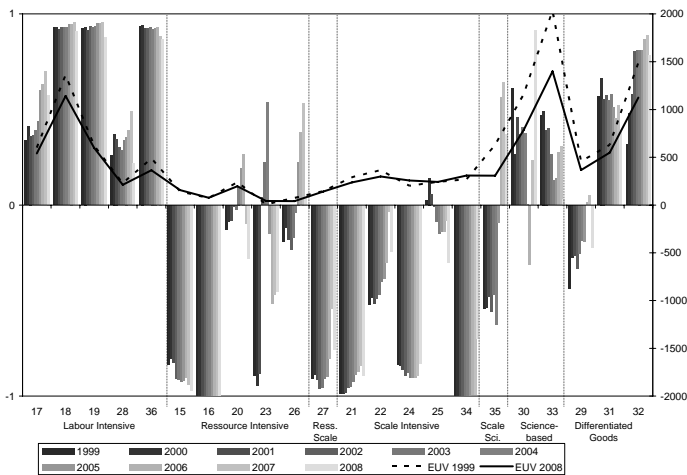




# EIIW News

## RCA Bulletin 2010

### China



#### RCA Analysis:

The position of the Chinese economy in the EU 27 market is clearly by two aspects. China reports positive comparative advantages in the low quality field of labour intensive goods and the higher quality field of differentiated goods like electrical machinery (31) or ICT equipment (32). The sector of transport equipment (35) as well as the sector of non-metallic mineral products (26) report drastically rising indicator values. While no sector shows tendencies of remarkable setbacks, it is furthermore worth mentioning that the textiles (17) sectors and the sector of wood products (20) are constantly gaining international advantages.

#### EUV Analysis:

Adding the results from the EUV analysis to the RCA analysis it can be seen that while China rises its competitiveness in some high technology sectors its export unit values are declining over time. This is an indicator that the quality of the goods that enter the European market from China is consistently declining.

#### Vol RCA Analysis:

Comparing the export shares of the Chinese economy with its comparative advantages in the European market, it can be seen that China focuses mostly on those sectors where it has initially a high and well established comparative advantages. Furthermore, those sectors are mostly low technology sectors like textiles or textile related fields as well as furniture and manufacturing n.e.c.. The only sector with a pronounced share that shows a negative RCA is machinery and equipment.

#### Definition RCA:

(Revealed Comparative Advantage / country c, sector s)

$$RCA_{c,s} = \text{tanhyp} \left( \ln \left( \frac{\text{Exports}_{c,s}}{\sum_{s=1}^n \text{Exports}_{c,s}} \right) - \ln \left( \frac{\text{Exports}_{\text{Ref},s}}{\sum_{s=1}^n \text{Exports}_{\text{Ref},s}} \right) \right)$$

#### Definition Vol RCA:

(Volume Weighted RCA)

$$\text{Vol RCA}_{c,s} = \frac{\text{Exports}_s}{\text{Total Exports}_c} RCA_{c,s}$$

#### Definition EUV:

(Export Unit Value)

$$\text{EUV}_{c,s} = \frac{\text{Exports}_{c,s} \text{ (in Euro)}}{\text{Exports}_{c,s} \text{ (in kg)}}$$