

Cambridge University Press 978-0-521-10898-0 - The China-Hong Kong Connection: The Key to China's Open-Door Policy Yun-Wing Sung Table of Contents More information

Contents

Lis	st of tables	page ix
Pre	eface	xi
Ab	breviations	xiii
Syı	mbols	xiv
Int	roduction	1
1.	The open-door policy Antecedents of the open-door policy Characteristics of the open-door policy Evolution of the open-door policy The regional orientation of the open-door policy The open-door policy in historical perspective	5 5 6 7 11 13
2.	The pivotal role of Hong Kong Hong Kong as financier Hong Kong as trading partner Hong Kong as middleman Hong Kong as facilitator The theory of international trade in intermediary services The efficiency of large trading centres Product heterogeneity and intermediation Intermediation and decentralization The prospects for Hong Kong as middleman	15 16 17 25 26 28 33 39 40 42
3.	The institutional setting The first reform drive and retrenchment (1979–81) The second reform drive and retrenchment (1983–85) The third reform drive and retrenchment (1988) Incentives to promote trade Organization and incentives for foreign investment The three-tier structure of open areas The impact of Hong Kong on the decentralization of	44 44 46 49 50 54 57
	China's external sector	\X



Cambridge University Press 978-0-521-10898-0 - The China-Hong Kong Connection: The Key to China's Open-Door Policy Yun-Wing Sung Table of Contents More information

viii Contents

4. Evaluation of the open-door policy	61
The rapid increase in trade	61
Import liberalization and bias reduction	65
Open-door policy and economic decentralization	68
Problems with China's foreign trade	70
Foreign loans and investment	80
Problems of and prospects for the open-door policy	91
5. Hong Kong as financier	94
Foreign loans	94
Financial expertise and development of financial market	
Foreign investment	99
6. Hong Kong as trading partner	104
Hong Kong's share in Chinese trade by commodity	104
Circumventing barriers to trade	110
Hong Kong as consumer of Chinese goods	113
Hong Kong as supplier to China	118
The prospects for direct trade between Hong Kong and	
China	119
7. Hong Kong as middleman	123
Entrepôt trade	123
The theory of pure re-exports and processed re-exports	125
Historical and cultural factors	128
The significance of monopoly power	129
The effect of distortion	130
The significance of distortions	134
Singapore and China trade	135
China's dependence on the entrepôt of Hong Kong	136
The market and commodity composition of China's	
indirect trade	141
Hong Kong as a centre of trans-shipment	152
Prospects for trans-shipment	158
Triangular trade	161
The multi-faceted middleman functions of Hong Kong	163
8. Summary and conclusions	164
Summary of Hong Kong's roles	165
The benefits and costs to China of the Hong Kong	
connection	172
The impact of the Tiananmen incident	173
Appendix Estimates of retained imports from China by	
commodity	
References	
Index	
mucx	