

TABLES and FIGURES

Tables and Figures

Table 1-1-1. Major Changes Set forth by China's WTO Accession	50
Table 1-1-2. China's Price System (Share of products to which each price system is applied) ---	51
Table 1-2-1. Basic Characteristics of Respondents to Questionnaire Survey	51
Figure 1-2-1. Rules and Guidelines Foreign Companies in China Have Faced	52
Figure 1-2-2. Foreign Companies in China that Have <i>not</i> Faced Rules and Guidelines by Nationality	52
Table 1-2-2. Geographical Distributions of Japanese and Korean Companies in China	53
Figure 1-2-3. Foreign Equity Participation by Nationality	53
Figure 1-2-4. Impact of China's Entry into WTO by Nationality	54
Figure 1-2-5. Areas Affected by China's Entry into the WTO	54
Figure 1-2-6. Areas Affected by China's Entry into the WTO by Nationality	55
Figure 1-2-7. The Main Purpose of Operations in China by Nationality	55
Table 1-3-1. Classification of Regions	56
Table 1-3-2. Classification of Industries	56
Table 1-3-3. Changes in Macro-economic Indicators of Each Country Caused by China's Accession to the WTO	56
Table 1-3-4. Changes in GDP by Country and Industry	57
Table 1-3-5. Impact of China's WTO Accession: China's Trade Intensity Indexes with Japan and Korea	57
Figure 2-2-1. Export Intensity of China	58
Figure 2-2-2. Import Intensity of China	58
Figure 2-2-3. Export Intensity of Japan	59
Figure 2-2-4. Import Intensity of Japan	59
Figure 2-2-5. Export Intensity of Korea	60
Figure 2-2-6. Import Intensity of Korea	60
Figure 2-2-7. Recent Intra-Region Trade Intensity Indexes (1998-2000 average)	61
Table 2-3-1. Free Trade Areas Used for the Simulations	61
Table 2-3-2. Changes in Real GDP and Economic Welfare for Each Country in the Three-Country FTA	62
Table 2-3-3. Impact of FTA of China, Japan and Korea: China's Trade Intensity Indexes	62
Table 2-3-4. Changes in Real GDP for Each Country in the Free Trade Area Formed between Japan/China/Korea and ASEAN	62

Table 3-1-1. Outward Direct Investment Flow in the World	63
Table 3-1-2. Inward Direct Investment Flow in the World	63
Table 3-1-3. Share of Inward Direct Investment per GDP in Japan, China, and Korea	64
Table 3-1-4. Bilateral Direct Investment Flow among Japan, China, and Korea in 2000	64
Table 3-1-5. Average Amount of Bilateral Direct Investment Flow	
among Japan, China, and Korea in 2000	65
Table 3-1-6. Trends in FDI Intensity Index	66
Table 3-1-7. Results of the Gravity Model Estimations	67
Table 3-1-8. Variables for Regression (Model 1 & 2)	67
Table 3-1-9. Variables for Regression (Model 3 & 4)	68
Figure 3-2-1. Output Value for Foreign Companies in China	68
Figure 3-2-2. Comparisons of Added Value per Companies among Chinese and Foreign Companies	69
Figure 3-2-3. Total Investment in Fixed Assets for Foreign Companies in China	69
Figure 3-2-4. Employment of Foreign Companies in China	70
Figure 3-2-5. Profit Levels for Foreign Companies in China	70
Figure 3-2-6. Efficiency in Asset Utilization of Foreign Companies in China	71
Table 3-2-1. Comparison of Performance between Japanese and Korean Companies in China from Questionnaire Surveys	71
Figure 3-3-1. Functional Changes of <i>Japanese</i> Companies in China	72
Figure 3-3-2. Functional Changes of <i>Korean</i> Companies in China	72
Figure 3-3-3. Functional Changes of <i>Foreign</i> Companies in China	73
Figure 3-3-4. Chinese Supervisory Staffs at Startup by Nationality of Foreign Companies in China	73
Table 3-3-1. Changes of Nationality of Supervisory Staffs in Foreign Companies in China	74
Figure 3-3-5. Methods to Promote Transfer of Technology and Know-how by Foreign Companies in China	75
Figure 3-3-6. Functional Changes of <i>Chinese</i> Companies	75
Table 3-3-2. Changes in Number of Employees in Chinese Companies	76
Table 3-3-3. Working Experiences of Supervisors in Chinese Companies	76
Figure 3-3-7. Important Factors for Transfer of Technology and Know-how for <i>Foreign</i> Companies in China	77
Figure 3-3-8. Important Factors for Transfer of Technology and Know-how for <i>Chinese</i> Companies in China	77

Table 1-1-1. Major Changes Set forth by China's WTO Accession

	After WTO Accession
Import Tariff (Simple average tariff rate)	All products: 10.0% (2010) ← 16.4% (2000) Industrial goods: 8.9%(2006) ← 16.6 % (1998) Agricultural goods: 15.7% (2006) ← 22.7%(1998)
Subsidies	- Implementation of Agreement on Subsidies and Countervailing Measures - A de minimis exemption equivalent to 8.5% of the total value of agricultural production
State Trading Entities	- Supply of information on state trading enterprises - Progressive abolishment of the system of state trading in respect of silk
Service Trade	- Telecoms - Foreign participation in JV: 25% (accession) → 35% (1 year) → 49% (3 years) - Geographical restriction: several cities (accession) → expansion (1 year) → no restriction (5 years) - Banking - Foreign currency business: no client restriction (accession) - Local currency business: to Chinese enterprises (2 years) → all Chinese clients (5 years) - Insurance - life-insurance foreign participation in JV: 50% (accession) → 51% (3 years) → 100% (5 years)
Non Discrimination (incl. National Treatment)	- Provision of the same treatment to Chinese enterprises, including foreign-funded enterprises, and foreign enterprises and individuals in China - Elimination of dual pricing system - Progressive liberalization of the scope and availability of trading rights in the three years of transition
Pricing Policies	- No utilization of price controls for purposes of affording to domestic industries or services providers - publishing the list of goods and services subject to state pricing and change together with mechanisms and policies - Further price reform and liberalization of pricing policies
Investment Regime	- Revision and implementation of investment guidelines in full conformity with the WTO Agreement
TRIMs	- Elimination of foreign-exchange balancing and trade balancing requirements, local content requirements and export performance requirements - Allocation, permission or rights for importation and investment not conditioned upon performance requirements - Liberalization of regulations on motor vehicle manufacturing - raise of limits for approval by provincial government only: US\$30 million → US\$60 million (1 year) → US\$90 million (2 years) → US\$150 million (4 years) - Removal of 50% foreign equity limit for JV of motor vehicle engine manufacturing
TRIPs	- Implementation of TRIPs in full from the date of accession - Amendment of the Patent Law, Copyright Law, Trademark Law and relevant implementing rules
Uniform Administration of the Trade Regime	- Uniform application of the WTO agreement and its other accession commitments throughout China's entire custom territory - No autonomous authority of the sub-national governments over issues of trade policy to the extent that they were related to the WTO agreement - Ensuring conformity of China's laws, regulations and other measures by the central government to China's obligations undertaken in the WTO agreement
Transitional Safeguard Mechanism	- Special safeguard applicable in case where imports of products of Chinese origin cause or threaten to cause market disruption to the domestic producers of other WTO members

Source: Newspaper accounts and such WTO documents as the *Draft Report of the Working Party on the Accession of China* (Revision) (WT/ACC/SPEC/CHN/1/Rev. 8 and WT/ACC/SPEC/CHN/1/Rev.8/Corr.4), which was issued on July 31, 2001.

Table 1-1-2. China's Price System (Share of products to which each price system is applied)

	Share of government prices	Share of government guidance prices	Share of non-regulated prices
social retailing products	4.0%	1.2%	94.7%
agricultural products	9.1%	7.1%	83.3%
production inputs	9.6%	4.4%	86.0%

Source: WTO, *DRAFT REPORT OF THE WORKING PARTY ON THE ACCESSION OF CHINA Revision* (WT/ACC/SPEC/CHN/1/Rev.8), 31 July 2001.

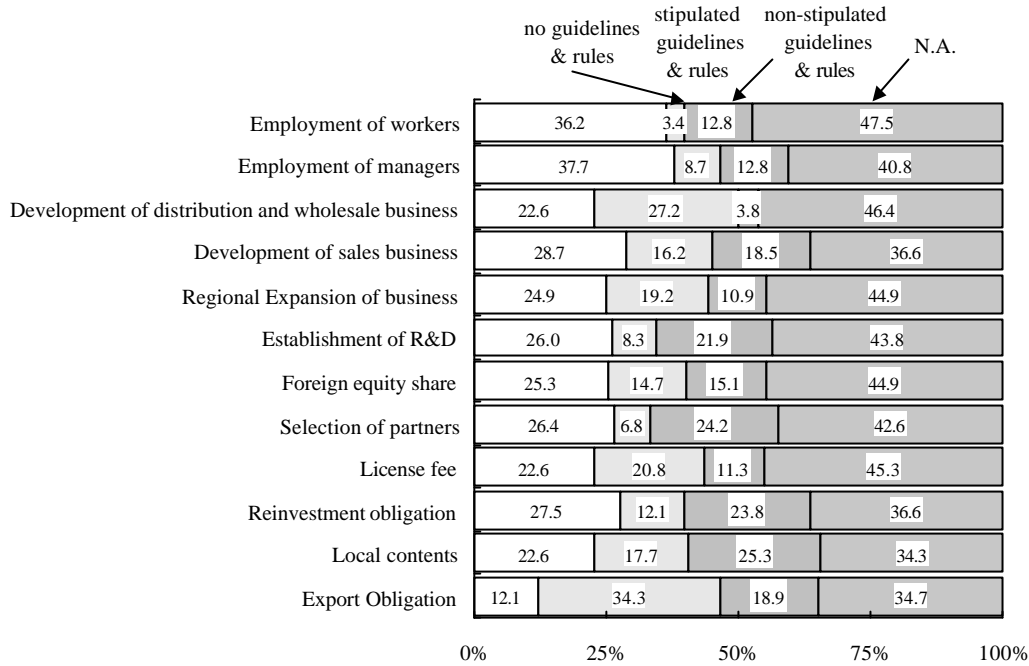
Table 1-2-1. Basic Characteristics of Respondents to Questionnaire Survey

Foreign Companies	Industrial classification						Equity Share			
	Machineries				Others	N.A.	100%	Over 50%	Less than 50%	N.A.
	General	Electrical	Transport.	Precision						
Total (N=265)	7.9	67.5	1.9	1.1	0.8	20.8	41.9	33.6	18.1	6.4
Japanese (N=82)	9.8	70.7	3.7	0.0	1.2	14.6	32.9	45.1	22.0	0.0
Korean (N=48)	12.5	68.8	0.0	0.0	2.1	16.7	79.2	14.6	6.3	0.0
American (N=49)	2.0	77.6	2.0	4.1	0.0	14.3	32.7	36.7	30.6	0.0
Others (N=69)	5.8	62.3	1.4	1.4	0.0	29.0	43.5	39.1	17.4	0.0
N.A. (N=17)	11.8	41.2	0.0	0.0	0.0	47.1	0.0	0.0	0.0	100.0

Chinese Companies	Industrial classification						Equity Share			
	Machineries				Others	N.A.	Before 60s	70s	80s	After 90s.
	General	Electrical	Transport.	Precision						
Total (N=105)	61.0	27.6	2.9	1.9	3.8	2.9	23.8	2.9	23.8	49.5
State-owned(N=23)	56.5	26.1	8.7	4.3	4.3	0.0	73.9	0.0	4.3	21.7
Collective-owned (N=26)	69.2	23.1	0.0	3.8	0.0	3.8	15.4	7.7	46.2	30.8
Individual-owned (N=8)	25.0	62.5	12.5	0.0	0.0	0.0	0.0	0.0	12.5	87.5
Joint-owned (N=5)	40.0	40.0	0.0	0.0	0.0	20.0	0.0	0.0	20.0	80.0
Share holding (N=28)	64.2	32.1	0.0	0.0	3.6	0.0	0.0	3.6	32.1	64.3
Others (N=5)	80.0	0.0	0.0	0.0	0.0	20.0	40.0	0.0	20.0	40.0
N.A (N=10)	70.0	10.0	0.0	0.0	20.0	0.0	20.0	0.0	0.0	80.0

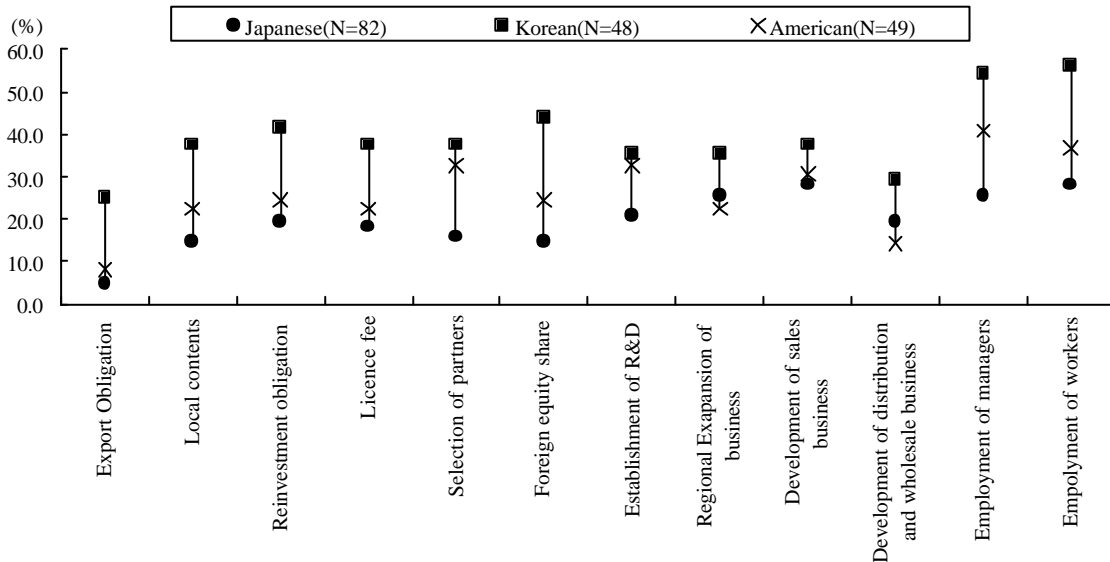
Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 1-2-1. Rules and Guidelines Foreign Companies in China Have Faced



Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 1-2-2. Foreign Companies in China that Have *not* Faced Rules and Guidelines by Nationality



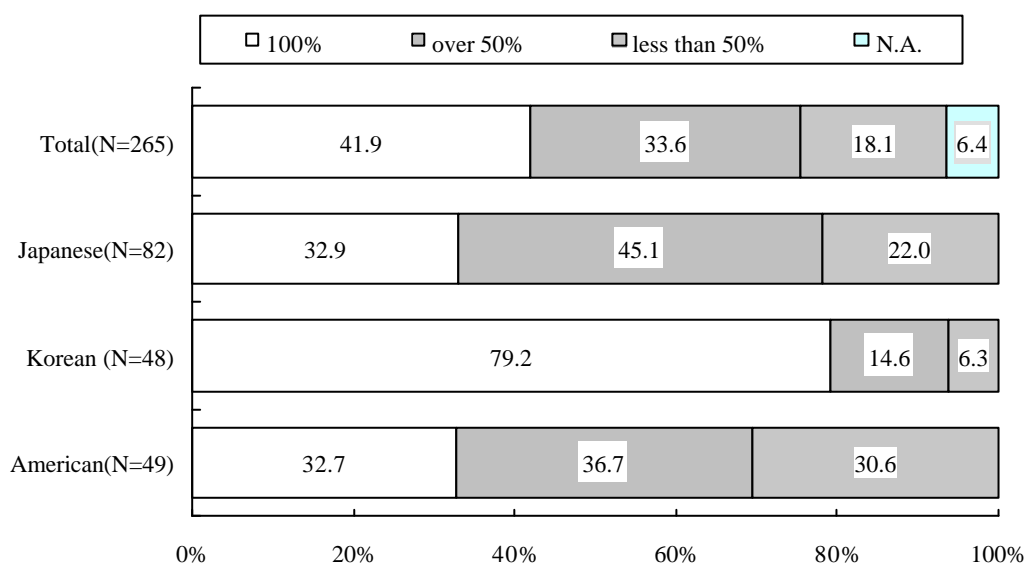
Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Table 1-2-2. Geographical Distributions of Japanese and Korean Companies in China

Region	Japanese companies		Korean companies	
	No.	Share	No.	Share
Along-Bo Hai area	2,769	22.7%	2,375	49.1%
North Eastern area	2,584	21.2%	1,685	34.8%
Chang Jamg River Delta area	4,531	37.1%	517	10.7%
Southern area	1,454	11.9%	166	3.4%
Midwest area	838	6.9%	87	1.8%
Total	12,216	100%	4,840	100%

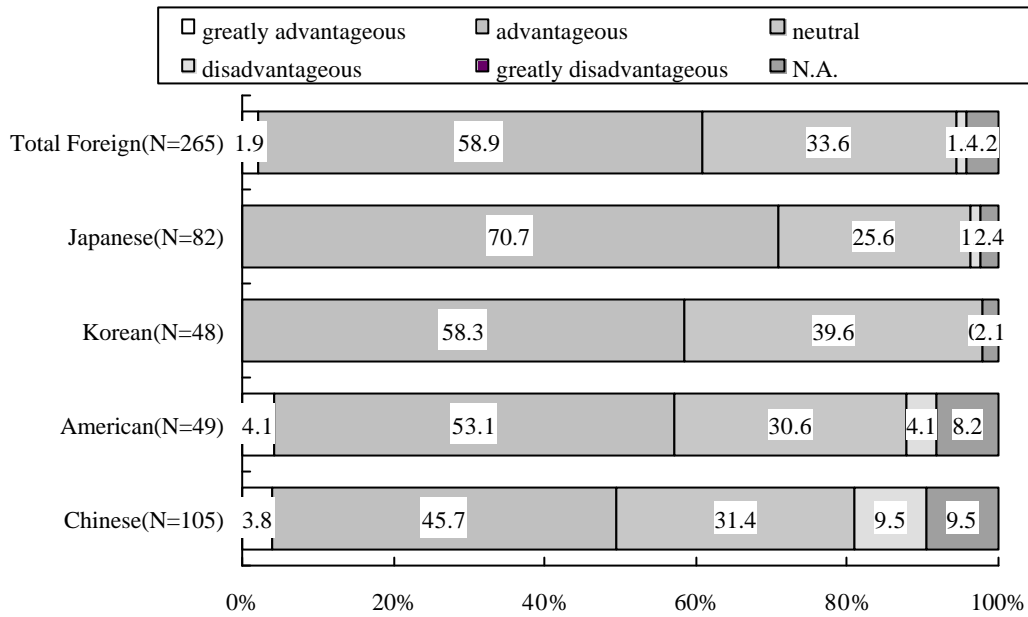
Source: Mitsuhiro Seki, "Prospect for Industrial Cooperation in Northern East Asia (Hokuto Asia no Sangyokoryoku no Kanousei)" (Paper presented to 2001 Tokyo Keizai University International Symposium held in November 10, 2001.

Figure 1-2-3. Foreign Equity Participation by Nationality



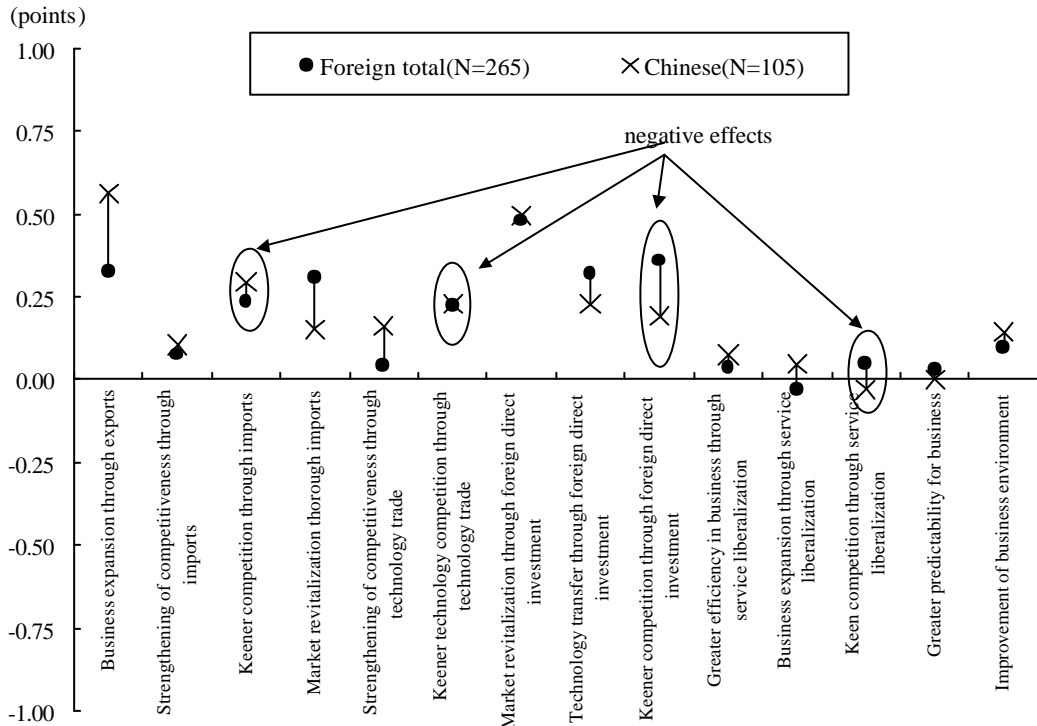
Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 1-2-4. Impact of China's Entry into WTO by Nationality



Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

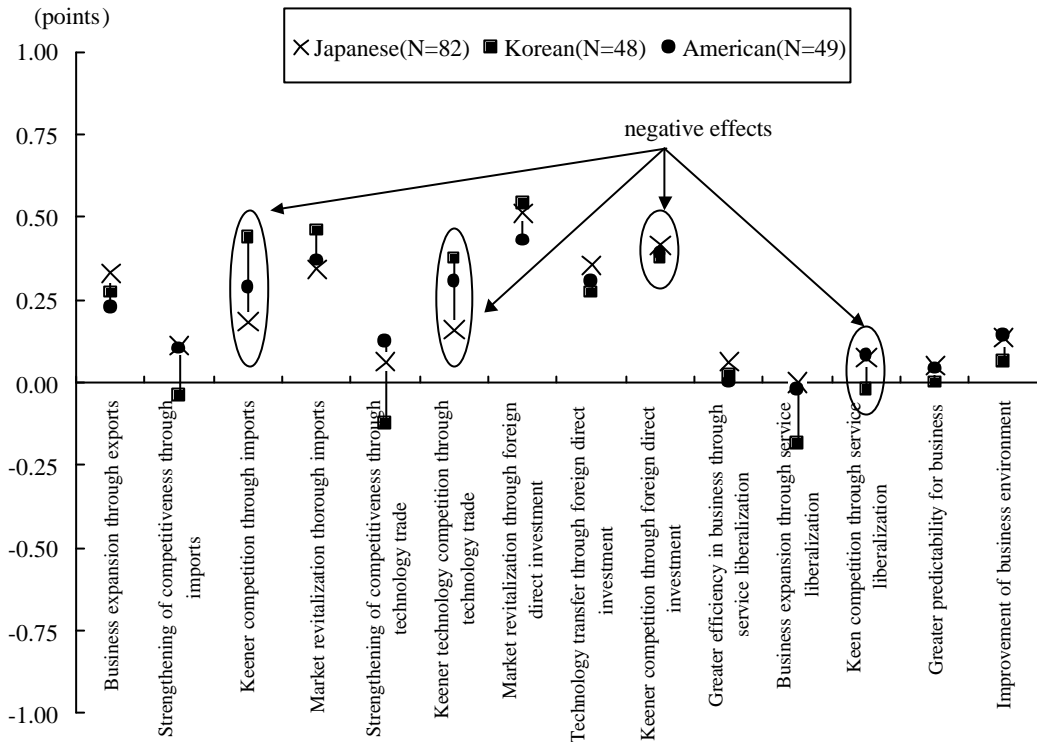
Figure 1-2-5. Areas Affected by China's Entry into the WTO



Note: Points are calculated as follows. Each share of answers for “expected effects”, “not clear”, “no effects” was multiplied by “+1”, “+0” and “-1” respectively, and these were added together.

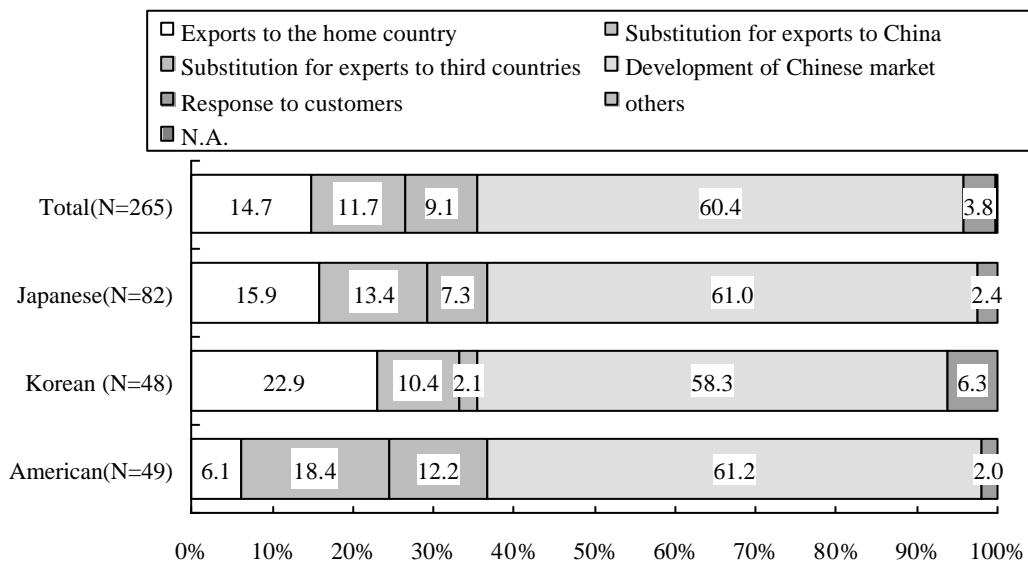
Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 1-2-6. Areas Affected by China's Entry into the WTO by Nationality



Note: Points are calculated as follows. Each share of answers for “expected effects,” “not clear,” “no effects” was multiplied by “+1,” “+0” and “-1” respectively, and these were added together.
 Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 1-2-7. The Main Purpose of Operations in China by Nationality



Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Table 1-3-1. Classification of Regions

1	CHN	China
2	JPN	Japan
3	KOR	Korea
4	ASA	Asean countries
5	SAS	Other Asian countries
6	USA	United States
7	EUR	EU
8	ROW	Rest of the World

Table 1-3-2. Classification of Industries

1	GRN	Paddy rice, wheat, cereal grains nec	11	OMF	Manufactures
2	AGR	Other agriculture, Forestry, Fishing	12	EGW	Electricity, Gas, Water
3	MNG	Minerals nec (Coal, Oil, Gas)	13	CNS	Construction
4	FDP	Food products	14	TRD	Trade
5	TXL	Textiles, wearing apparel	15	TRS	Transport
6	CHM	Chemical products	16	CMN	Communication
7	MTL	Metals	17	FIN	Financial Services
8	TRN	Transport equipments	18	OSP	Other Business Services
9	ELE	Electronic equipments	19	OSG	Public Services
10	OME	Machinery and equipment			

Table 1-3-3. Changes in Macro-economic Indicators of Each Country Caused by China's Accession to the WTO
(Increase in Trade Surplus/Nominal GDP in percentage, Economic Welfare in millions of dollars, the others in percentage of change)

	Increase of Trade Balance /Nominal GDP	Economic Welfare	Real GDP	Real Import	Real Export
CHN	-0.0	13301.8	3.2	20.7	19.3
JPN	0.0	4996.2	0.1	1.6	0.8
KOR	-0.0	1643.1	0.3	1.1	0.6
ASA	0.0	144.5	0.0	0.1	0.0
SAS	0.0	2221.6	0.1	1.0	0.6
USA	0.0	3567.2	0.0	0.4	0.2
EUR	-0.0	2422.1	0.0	0.1	0.0
ROW	0.0	1147.7	0.0	0.1	0.0

Note: This simulation is effectuated using GTAP Data Base version 5.0.

Table 1-3-4. Changes in GDP by Country and Industry (All figures in percentage)

	CHN	JPN	KOR	ASA	SAS	USA	EUR	ROW
GRN	-4.1	0.0	-0.6	0.0	0.0	0.4	0.3	0.2
AGR	0.4	-0.1	0.1	0.0	0.0	0.6	0.1	0.0
MNG	2.8	-0.2	0.1	0.0	0.0	-0.2	0.0	0.0
FDP	-1.0	-0.1	0.2	0.0	0.0	0.0	0.2	0.0
TXL	6.0	-0.7	0.8	0.0	0.0	-0.9	-1.3	-0.2
CHM	1.5	0.2	1.2	0.0	0.0	0.0	0.0	0.0
MTL	1.9	0.2	0.3	0.0	0.0	0.0	0.1	0.0
TRN	-6.8	1.1	-0.9	0.0	0.0	0.0	0.2	0.0
ELE	14.6	-0.3	-0.5	0.0	0.0	-0.4	-0.4	-0.1
OME	2.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
OMF	4.3	-0.1	0.6	0.0	0.0	-0.1	-0.1	-0.1
EGW	2.0	0.1	0.4	0.0	0.0	0.0	0.0	0.0
CNS	5.8	0.1	0.5	0.0	0.0	0.0	0.0	0.0
TRD	3.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0
TRS	3.0	-0.1	0.0	0.0	0.0	0.0	0.1	0.0
CMN	3.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
FIN	2.5	0.0	0.2	0.0	0.0	0.0	0.0	0.0
OSP	2.8	0.1	0.2	0.0	0.0	0.0	0.0	0.0
OSG	0.8	0.0	0.1	0.0	0.0	0.0	0.0	0.0
GDP	3.2	0.1	0.3	0.0	0.1	0.0	0.0	0.0

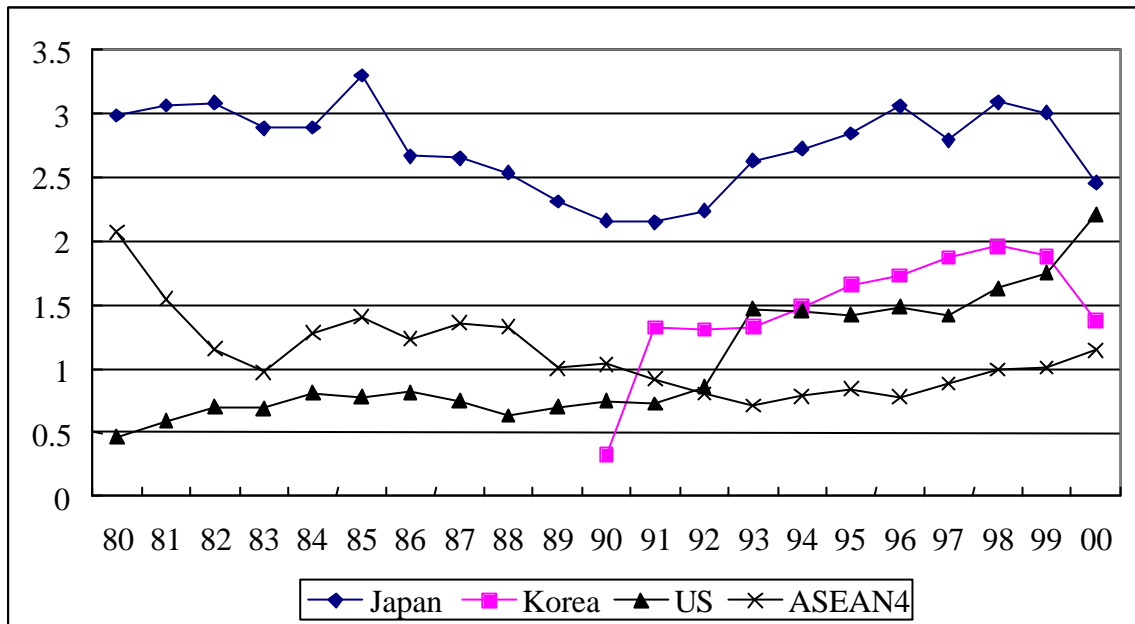
Note: This simulation is effectuated using GTAP Data Base version 5.0.

Table 1-3-5. Impact of China's WTO Accession:
China's Trade Intensity Indexes with Japan and Korea

Trade partners		2000	After WTO Accession
Japan	Export	2.5	2.2
	Import	2.0	2.4
Korea	Export	1.4	1.3
	Import	3.3	3.5

Note: This simulation is effectuated using GTAP Data Base version 5.0.

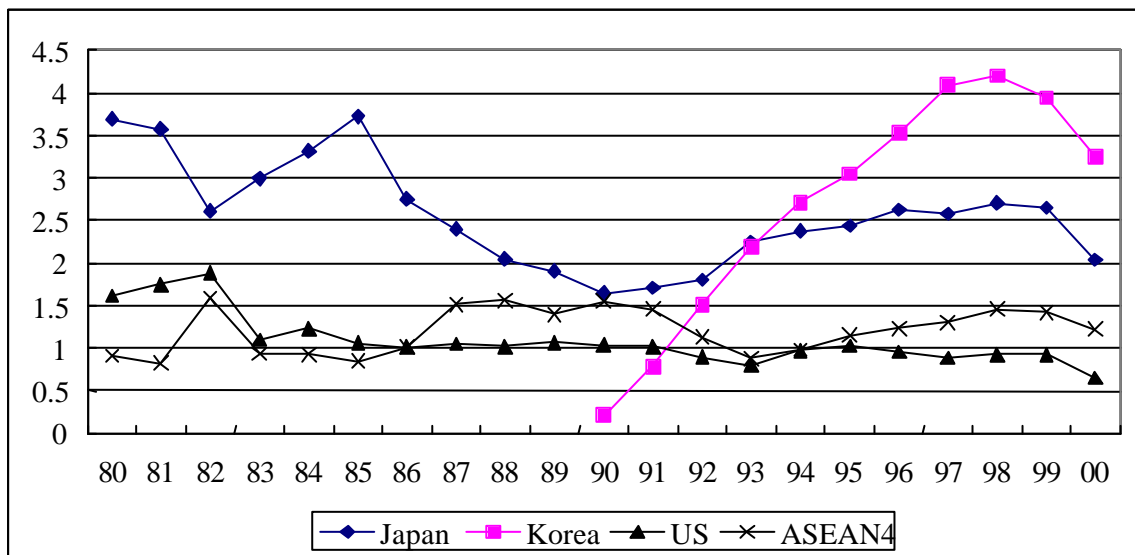
Figure 2-2-1. Export Intensity of China



Note: Bilateral trade data of China with Korea are missing for 1980-1989.

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, various issues.

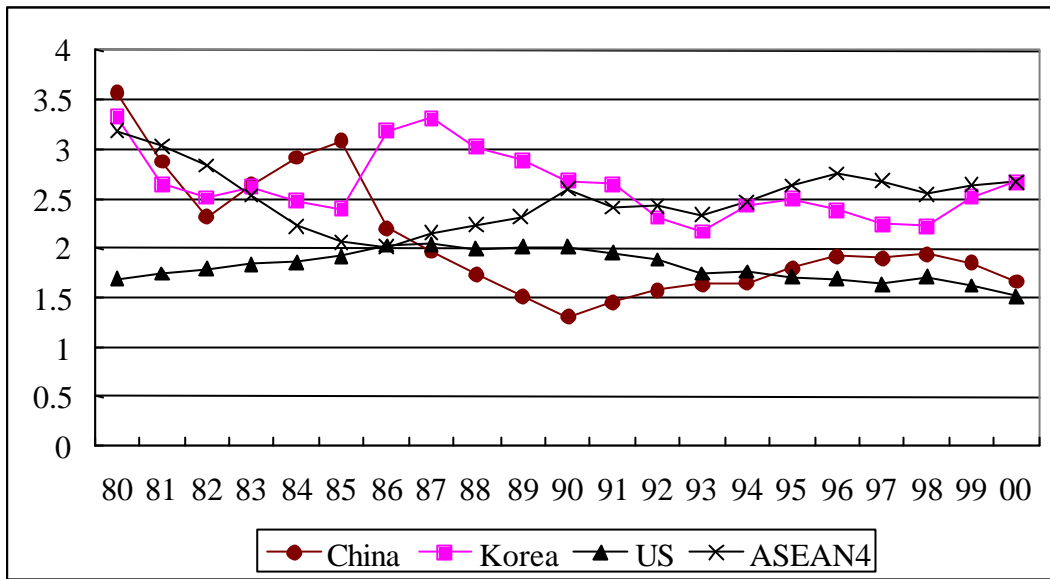
Figure 2-2-2. Import Intensity of China



Note: Bilateral trade data of China with Korea are missing for 1980-1989.

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, various issues.

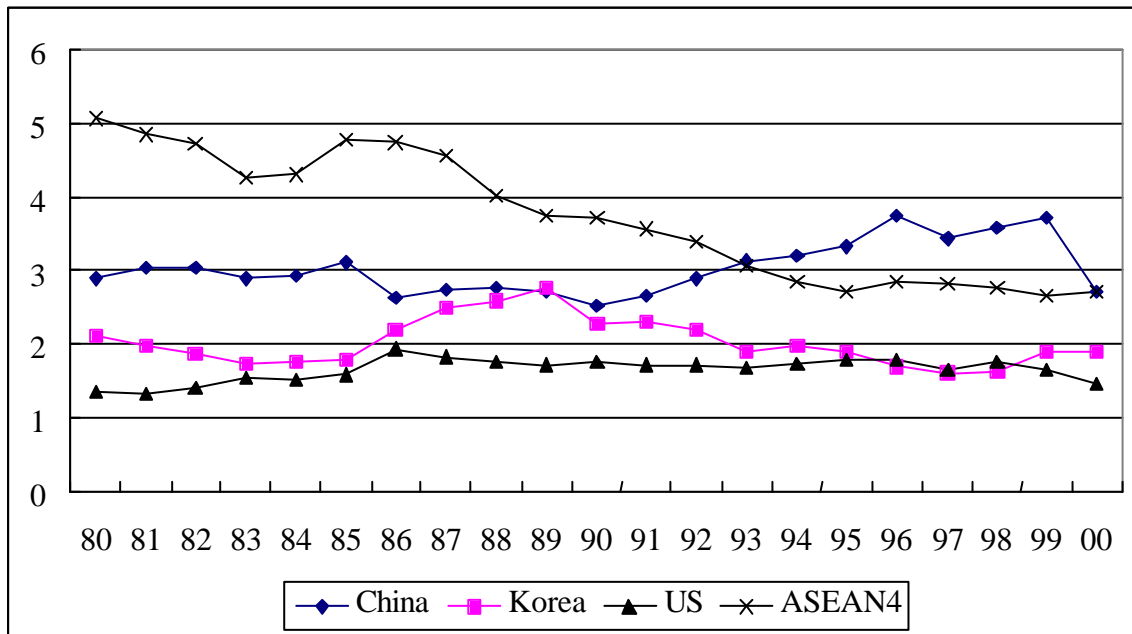
Figure 2-2-3. Export Intensity of Japan



Note: Bilateral trade data of China with Korea are missing for 1980-1989.

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, various issues.

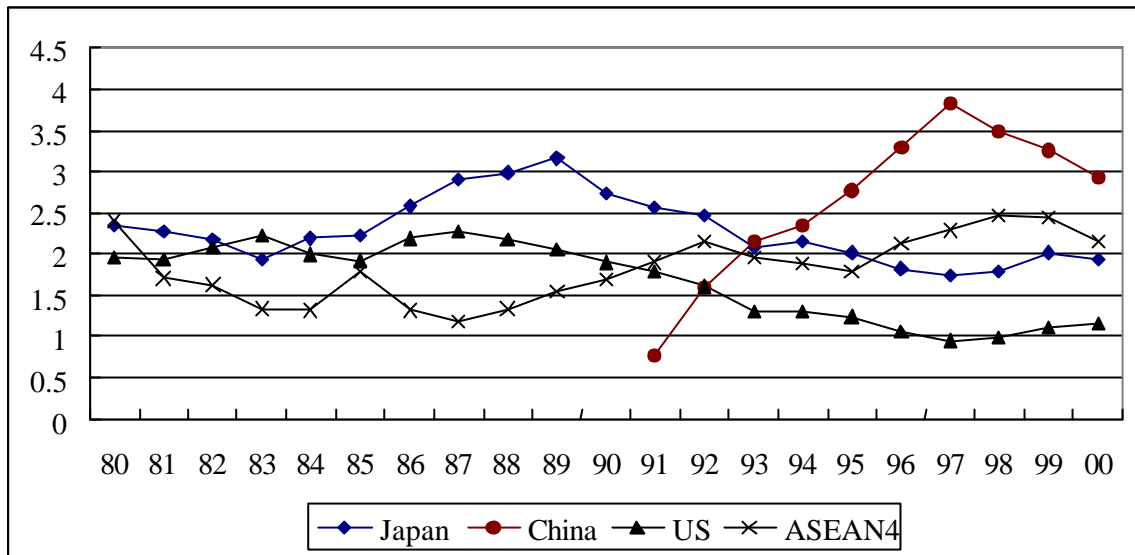
Figure 2-2-4. Import Intensity of Japan



Note: Same as Figure 2-2-1.

Source: Same as Figure 2-2-1.

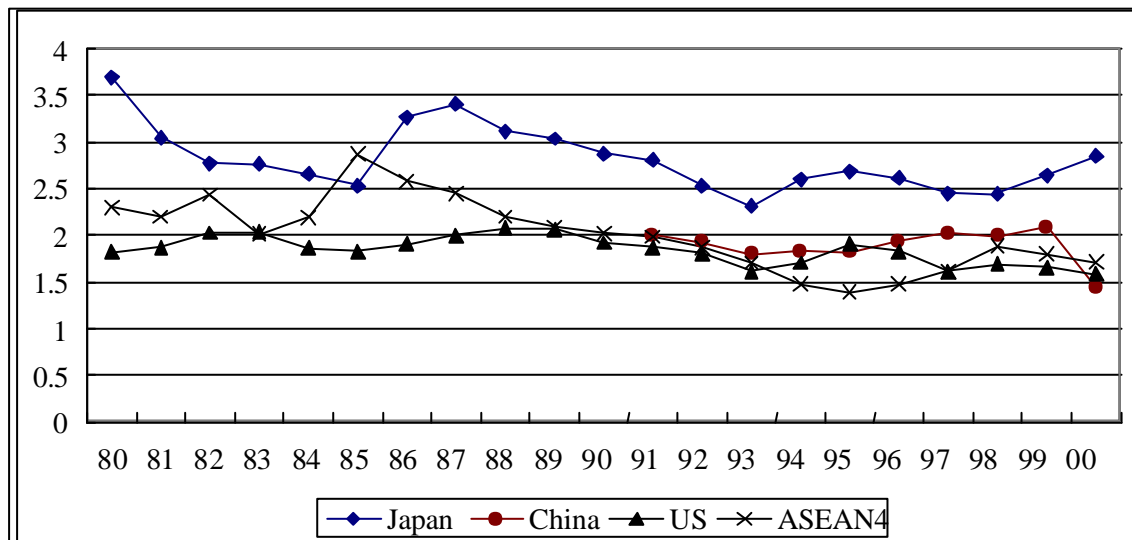
Figure 2-2-5. Export Intensity of Korea



Note: Bilateral trade data of China with Korea are missing for 1980-1989.

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, various issues.

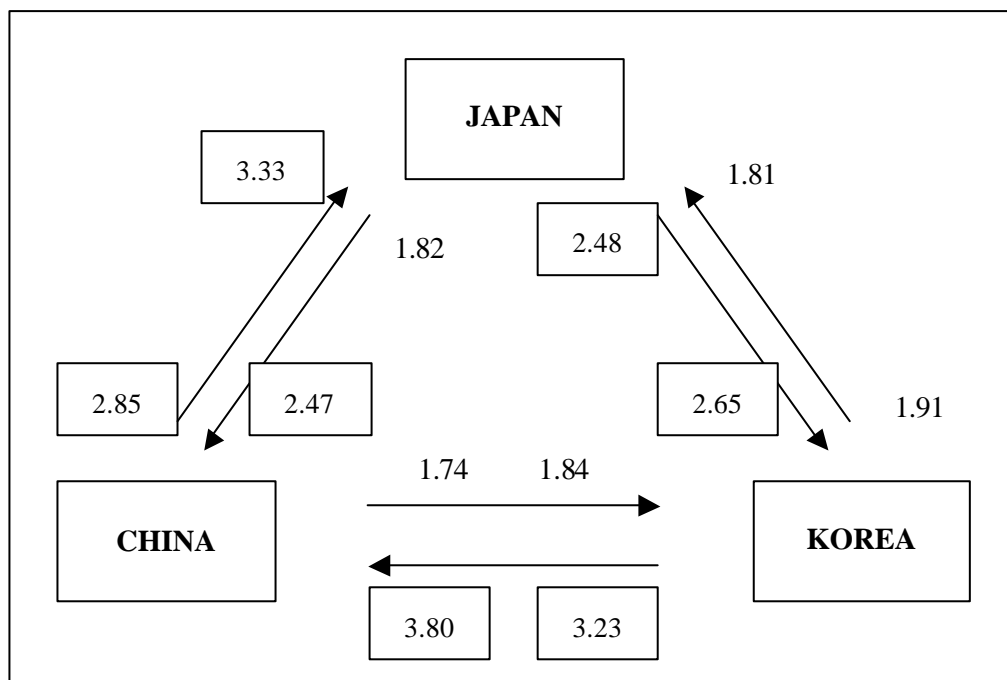
Figure 2-2-6. Import Intensity of Korea



Note: Bilateral trade data of China with Korea are missing for 1980-1989.

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, various issues.

Figure 2-2-7. Recent Intra-Region Trade Intensity Indexes (1998-2000 average)



Note 1: Exporter → Importer

Note 2: The box, surrounding the figures, indicates the intensity index is larger than two.

Table 2-3-1. Free Trade Areas Used for the Simulations

	Regions in FTA
1	JAPAN - CHINA
2	JAPAN - KOREA
3	KOREA - CHINA
4	JAPAN - CHINA - KOREA
5	CHINA - ASEAN (INDONESIA, MALAYSIA, PHILIPPINES, THAILAND, SINGAPORE, VIETNAM)
6	KORE - ASEAN
7	JAPAN - ASEAN
8	JAPAN - CHINA - KOREA - ASEAN

Table 2-3-2. Changes in Real GDP and Economic Welfare for Each Country in the Three-Country FTA

(GDP in percentage and Economic Benefit in millions of dollars)

	Three-Country FTA		Japan-China FTA		Japan-Korea FTA		Korea-China FTA	
	Real GDP	Economic Welfare	Real GDP	Economic Welfare	Real GDP	Economic Welfare	Real GDP	Economic Welfare
Japan	0.2	12265.1	0.2	10289.8	0.0	2184.7	0.0	119.9
China	1.3	8191.2	1.1	7335.3	0.0	-358.0	0.2	917.0
Korea	3.2	12664.5	-0.2	-1189.6	1.1	3682.8	2.4	10687.8

Note: This simulation is effectuated using GTAP Data Base version 5.0.

Table 2-3-3. Impact of FTA of China, Japan and Korea: China's Trade Intensity Indexes

Bilateral Trades			2000	After FTA
China	Export	Japan	2.5	3.0
		Korea	1.4	2.0
	Import	Japan	2.0	3.2
		Korea	3.3	4.7
Japan	Export	China	1.7	2.5
		Korea	2.7	3.2
	Import	China	2.7	3.5
		Korea	1.9	2.5
Korea	Export	China	2.9	4.1
		Japan	1.9	2.5
	Import	China	1.5	2.2
		Japan	2.9	3.5

Table 2-3-4. Changes in Real GDP for Each Country in the Free Trade Area Formed Between Japan/China/Korea and ASEAN (GDP in percentage)

	Japan/China/Korea /ASEAN	China/ASEAN	Japan/ASEAN	Korea/ASEAN
Japan	0.3	0.0	0.1	0.0
China	1.5	0.3	-0.1	-0.1
Korea	3.7	-0.1	-0.2	0.7
ASEAN	8.6	3.2	6.5	3.8

Note: This simulation is effectuated using GTAP Data Base version 5.0.

Table 3-1-1. Outward Direct Investment Flow in the World
(Unit: million U.S. dollars (world total), % (other cells))

	1989-1994 (annual average)	1995	1996	1997	1998	1999	2000
World total	228,281	355,284	391,554	466,030	711,914	1,005,782	1,149,903
Developed countries except for NIEs	89.0	86.1	85.0	85.2	94.4	94.0	91.0
The United States	21.5	25.9	21.6	20.5	18.4	14.2	12.1
The European Union	46.1	44.8	46.8	47.3	63.8	71.6	67.2
Japan	13.0	6.3	6.0	5.6	3.4	2.3	2.9
Developing economies and NIEs	10.9	13.8	14.7	14.1	5.3	5.8	8.7
Africa	0.4	0.1	0.0	0.4	0.1	0.1	0.1
South America	0.8	1.1	1.0	1.8	1.3	0.9	0.8
Asia	8.9	11.6	13.3	10.6	4.0	3.5	7.4
NIEs	7.0	9.8	10.7	9.3	3.7	3.0	6.8
Korea	0.6	1.0	1.2	1.0	0.7	0.3	0.3
Hong Kong, China	4.0	1) 7.0	1) 6.8	1) 5.2	2.4	1.9	5.5
Chinese Taipei	1.6	0.8	1.0	1.1	0.5	0.4	0.6
Singapore	0.8	1.0	1.7	2.0	0.1	0.4	0.4
China	0.9	0.6	0.5	0.5	0.4	0.2	1) 0.2

Note: Estimate.

Source: UNCTAD, *World Investment Report 2001*.

Table 3-1-2. Inward Direct Investment Flow in the World
(Unit: million U.S. dollars (world total), % (other cells))

	1989-1994 (annual average)	1995	1996	1997	1998	1999	2000
World total	200,145	331,068	384,910	477,918	692,544	1,075,049	1,270,764
Developed countries except for NIEs	68.5	61.5	57.1	56.8	69.8	77.2	79.1
The United States	21.3	17.8	21.9	21.6	25.2	27.4	22.1
The European Union	38.3	34.3	28.5	26.7	37.7	43.5	48.6
Japan	0.5	0.0	0.1	0.7	0.5	1.2	0.6
Developing economies and NIEs	29.8	34.2	39.6	39.2	27.2	20.7	18.9
Africa	2.0	1.4	1.5	1.5	1.1	0.8	0.6
South America	3.8	5.9	8.0	9.5	7.7	7.1	4.3
Asia	18.8	22.7	24.5	22.4	13.8	9.3	11.3
NIEs	5.5	5.5	6.5	6.2	3.9	4.2	6.8
Korea	0.4	0.5	0.6	0.6	0.8	1.0	0.8
Hong Kong, China	2.1	1) 1.9	1) 2.7	2.4	2.1	2.3	5.1
Chinese Taipei	0.6	0.5	0.5	0.5	0.0	0.3	0.4
Singapore	2.4	2.7	2.7	2.7	0.9	0.7	0.5
China	7.0	10.8	10.4	9.3	6.3	3.8	3.2

Note: Estimate.

Source: UNCTAD, *World Investment Report 2001*.

Table 3-1-3. Share of Inward Direct Investment per GDP in Japan, China, and Korea (%)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Japanese Inward Direct Investment/GDP	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.3	0.5	0.6
Chinese Direct Investment /GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Korean Direct Investment /GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Chinese Inward Direct Investment/GDP	1.9	30.6	12.9	18.7	15.0	13.0	8.9	5.6	5.4	4.2	n.a.
Japanese Direct Investment /GDP	0.1	2.1	0.5	0.5	0.8	1.1	0.6	0.4	0.3	0.3	n.a.
Korean Direct Investment/GDP	0.0	0.0	0.1	0.3	0.3	0.4	0.5	0.2	0.2	0.0	n.a.
Total Korean Inward Direct Investment/GDP	0.3	0.5	0.3	0.3	0.3	0.4	0.6	1.5	2.8	3.8	3.4
Japanese Direct Investment /GDP	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.2	0.4	0.5
Chinese Direct Investment/GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance, *Foreign Direct Investment statistics*, Editorial Board of the Almanac of China's Foreign Economic Relations and Trade, *Almanac of China's Foreign Economic Relations and Trade*, various issues. The Export-Import Bank of Korea, *Overseas Direct Investment Statistics Yearbook*, 2001.

Table 3-1-4. Bilateral Direct Investment Flow among Japan, China, and Korea in 2000 (Unit: million U.S. dollars, %).

Recipients \ Investors	Total	Japan	China	Korea
Total		65.6	1,603.1	910.1
Japan	1,854.1 (3.7%) 2,628.6 (5.6%)		1,020.0 (2.0% / 6.3%) 1,794.5 (3.9% /)	834.1 (1.7% / 15.6%)
China	80.8 (-)	4.8 (/ 0.0%)		76.0 (/ 0.5%)
Korea	644.1 (14.0%) 920.3 (20.0%)	61.0 (1.3% / 0.2%)	583.1 (12.7% / 3.6%) 859.3 (18.7% /)	

Note 1: Figures in parenthesis are shares of total investment for investors (left) and recipients (right)

Note 2: Figures are based on investors' statistics, except for those for Chinese outward investment, which are based on statistics from recipient countries. However, shares are calculated from the investors' side and recipients' side, respectively. Shares for China are 1999 figures.

Note 3: Japanese statistics are based on ex post facto report or prior notice. Korean outward direct investment is on a total acceptance basis, and inward direct investment is on a gross basis. Japanese outward and inward direct investment in Yen is converted into US Dollars based on the average exchange rate in 2000 (Yen 107.77/US\$).

Note 4: Figures on the second line in the cells for Japanese and Korean outward investment are based on the total amount of investment in China and Hong Kong.

Source: Ministry of Finance, *Foreign Direct Investment Statistics*, The Export-Import Bank of Korea, *Overseas Direct Investment Statistics Yearbook*, 2001, and The Ministry of Commerce, Industry & Energy of Korea, UNCTAD, *World Investment Report 2001*.

Table 3-1-5. Average Amount of Bilateral Direct Investment Flow
among Japan, China, and Korea in 2000 (Unit : million U.S. dollars, %).

Investor \ Recipient	Total	Japan	China	Korea
Total		0.44	2.08	0.75
Japan	12.04 12.82		10.00 11.73	16.04
China	0.07	0.14		0.07
Korea	0.82 1.11	0.53	0.87 1.20	

Note 1: Same as Table 3-1-4.

Note 2: Same as Table 3-1-4.

Note 3: Same as Table 3-1-4.

Source: Ministry of Finance, *Foreign Direct Investment Statistics*, The Export-Import Bank of Korea, *Overseas Direct Investment Statistics Yearbook*, 2001, and The Ministry of Commerce, Industry & Energy of Korea, UNCTAD, *World Investment Report 2001*.

Table 3-1-6. Trends in FDI Intensity Index

Sources \ Recipients		East Asia							NAFTA		EU
		Three countries					NIEs	ASEAN4	US		
			Japan	China	Korea						
East Asia	1980	5.501	3.916	-	-	3.916	3.903	6.876	1.079	0.926	0.333
	1985	2.245	2.417	0.220	3.011	2.801	1.788	2.256	0.840	0.854	0.437
	1990	2.411	2.092	0.153	3.009	1.109	2.120	2.879	1.346	1.513	0.334
	1995	2.506	2.784	0.261	2.851	1.263	1.526	2.080	0.563	0.699	0.064
Three countries	1980	4.024	4.607	-	-	4.607	4.646	3.489	1.171	0.972	0.477
	1985	1.271	0.642	-	0.402	3.620	2.402	1.835	1.115	1.135	0.589
	1990	1.553	0.472	-	0.396	1.300	2.711	1.568	1.636	1.833	0.418
	1995	1.687	1.088	0.270	1.039	2.255	3.587	2.764	1.226	1.520	0.138
Japan	1980	4.251	4.873	-	-	4.873	4.914	3.681	1.237	1.026	0.374
	1985	1.294	0.696	-	0.436	3.927	2.468	1.718	1.230	1.250	0.604
	1990	1.478	0.476	-	0.399	1.310	2.727	1.363	1.706	1.916	0.430
	1995	1.951	1.119	-	1.035	3.134	4.897	3.219	1.502	1.882	0.156
China	1980	-0.448	-	-	-	-	-	-0.834	0.033	0.039	2.327
	1985	3.961	-	-	-	-	17.308	0.497	0.049	0.047	0.957
	1990	3.160	0.089	-	-	0.515	5.485	3.910	2.898	3.360	-0.694
	1995	1.287	0.004	4.105	-	0.000	8.333	1.381	1.379	1.734	0.241
Korea	1980	22.357	-	-	-	-	-	41.593	0.000	0.000	0.000
	1985	6.102	-	-	-	-	-	30.864	-2.369	-2.263	3.086
	1990	-4.754	-	-	-	-	-0.004	-12.025	3.388	4.011	0.430
	1995	2.335	2.414	2.046	2.516	-	-	3.743	1.149	1.306	0.208
NIEs	1980	13.652	0.301	-	-	0.301	-	25.395	0.704	0.810	-
	1985	6.930	10.482	1.206	14.650	0.586	-	4.352	0.055	0.053	0.026
	1990	7.986	11.814	1.064	18.503	0.648	0.033	10.753	0.457	0.541	0.051
	1995	4.177	5.443	0.350	5.647	0.743	0.003	2.022	0.099	0.124	0.005
ASEAN4	1980	-4.129	-	-	-	-	-	-7.681	0.981	1.130	1.500
	1985	16.452	12.322	-	17.741	-	-	47.117	-0.130	-0.125	-2.911
	1990	7.718	3.665	-	5.852	0.194	-0.112	16.685	0.578	0.684	0.000
	1995	3.815	4.507	0.110	4.702	-	-	3.777	0.089	0.078	0.172
NAFTA	1980	0.173	0.519	-	-	0.519	0.151	0.187	0.275	0.228	0.751
	1985	0.965	1.002	2.219	0.680	0.740	0.881	0.950	0.375	0.234	0.589
	1990	0.428	0.630	0.599	0.312	1.802	0.450	0.250	0.542	0.200	0.741
	1995	0.311	0.259	1.276	0.228	0.956	0.300	0.535	0.563	0.209	0.933
US	1980	0.259	0.778	-	-	0.778	0.227	0.281	0.122	-	1.088
	1985	1.286	1.329	2.904	0.911	0.994	1.189	1.273	0.171	-	0.660
	1990	0.459	0.629	0.197	0.358	2.104	0.538	0.265	0.442	-	0.906
	1995	0.359	0.287	1.559	0.248	1.177	0.369	0.650	0.473	-	1.125
EU	1980	0.472	0.141	-	-	0.141	0.700	0.282	0.858	0.948	0.228
	1985	0.138	0.085	0.302	0.024	0.060	0.273	0.139	0.644	0.679	0.686
	1990	0.150	0.186	0.640	0.034	0.194	0.213	0.075	0.375	0.400	0.571
	1995	0.171	0.107	0.416	0.101	0.251	0.495	0.197	0.676	0.810	0.652

Source: IMF, *Balance of Payments Statistics*, various issues

Table 3-1-7. Results of the Gravity Model Estimations

	Model 1	Model 2	Model 3	Model 4
Constant	-27300000** (394000000)	-5280000000** (1010000000)	-67.604** 5.002	-70.928** (6.268)
GDP _i	0.00057** (0.00014)	0.00069** (0.00014)	1.329** (0.180)	1.367** (0.187)
GDP _j	0.00063** (0.00015)	0.00070** (0.00014)	0.874** (0.180)	0.915** (0.188)
Per Capita GDP _i	19152.04 (17611.27)	34598.26 (20246.23)	1.799** (0.172)	1.835** (0.180)
Per Capita GDP _j	-38318.16* (17530.89)	-58418.91** (19920.14)	-1.823** (0.164)	-1.823** (0.175)
Distance	-41719.72 (37665.99)	-39970.43 (37611.98)	-1.353** (0.228)	-1.338** (0.229)
Trade	0.19719** (0.00952)	0.19913** (0.00942)	1.575** (0.160)	1.575** (0.160)
1985 Dummy		525000000** (916000000)		1.008 (1.115)
1995 Dummy		541000000** (874000000)		0.756 (1.063)
N. of Observations	1455	1455	1455	1455
Adjusted R ²	0.389	0.404	0.485	0.484
F Statistics	155.48**	124.38**	228.72**	171.52**

Note: ** Statistically significant at the 1% level.

* Statistically significant at the 5% level
In parentheses, standard error.

Table 3-1-8. Variables for Regression (Model 1 & 2)

Dependent variable	Definition
FDI _{ij}	Foreign Investment Flow from country i to country j (1985 1995 and 2000, US\$) ¹
Independent variables	
GDP _i	Gross Domestic Product in country i (1985 1995 and 2000, US\$) ⁴
GDP _j	Gross Domestic Product in country j (1985 1995 and 2000, US\$) ⁴
Per Capita GDP _i	Per Capita GDP in country i (1985 1995 and 2000, US\$) ⁴
Per Capita GDP _j	Per Capita GDP in country j (1985 1995 and 2000, US\$) ⁴
Distance	Distance between two capital cities (km) ²
Trade	Total trade (export and import) value between two countries (1985 1995 and 2000, US\$) ³
1985 Dummy	1985 Year Dummy
1995 Dummy	1985 Year Dummy

Source 1: For 1985 & 1995, estimated by Sanwa Research Institute & Consulting Corporation.

For 2000, estimated by the author from national statistics

Source 2: Fitzpatrick, G.L., and M. J. Modlin, *Direct-Line Distances: International Edition*, The Scarecrow Press, Metuchen, N.J., 1996.

Source 3: IMF, *Direction of Trade Statistical Yearbook*, several years.

Source 4: IMF, *International Financial Statistics Yearbook*, several years.

Table 3-1-9. Variables for Regression (Model 3 & 4)

Dependent variable	Definition
FDI _{ij}	Natural Logarithms of Foreign Investment Flow from country i to country j (1985 1995 and 2000, US\$) ¹
Independent variables	
GDP _i	Natural Logarithms of Gross Domestic Product in country i (1985 1995 and 2000, US\$) ⁴
GDP _j	Natural Logarithms of Gross Domestic Product in country j (1985 1995 and 2000, US\$) ⁴
Per Capita GDP _i	Natural Logarithms of Per Capita GDP in country i (1985 1995 and 2000, US\$) ⁴
Per Capita GDP _j	Natural Logarithms of Per Capita GDP in country j (1985 1995 and 2000, US\$) ⁴
Distance	Natural Logarithms of Distance between two capital cities (km) ²
Trade	Natural Logarithms of Total trade (export and import) value between two countries (1985 1995 and 2000, US\$) ³
1985 Dummy	1985 Year Dummy
1995 Dummy	1985 Year Dummy

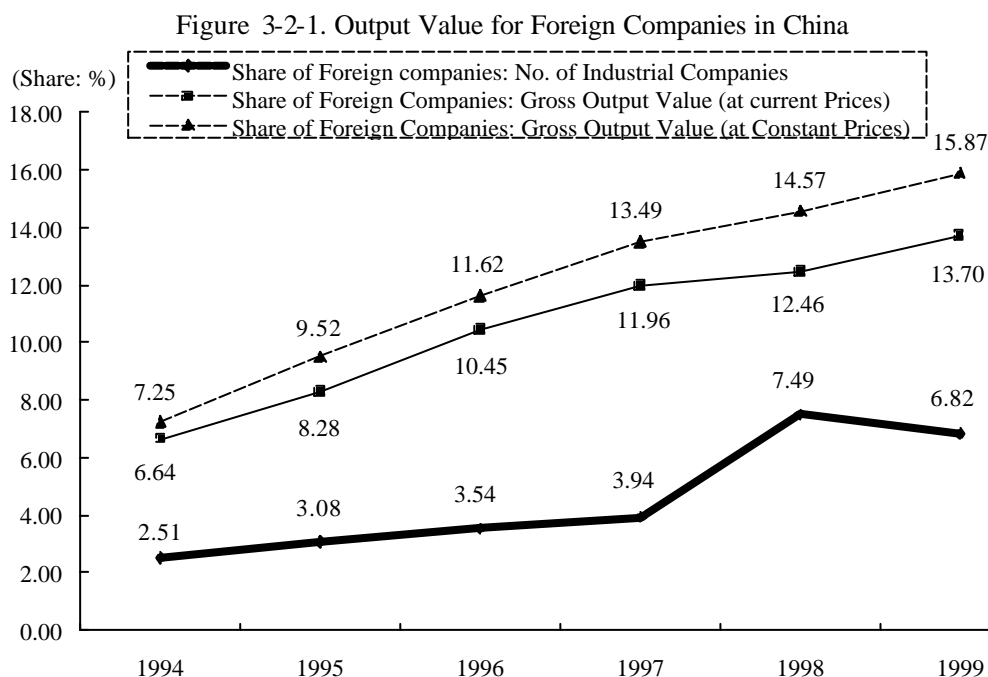
Source 1: For 1985 & 1995, estimated by Sanwa Research Institute & Consulting Corporation.

For 2000, estimated by the author from national statistics

Source 2: Fitzpatrick, G.L., and M. J. Modlin, *Direct-Line Distances: International Edition*, The Scarecrow Press, Metuchen, N.J., 1996.

Source 3: IMF, *Direction of Trade Statistical Yearbook*, several years.

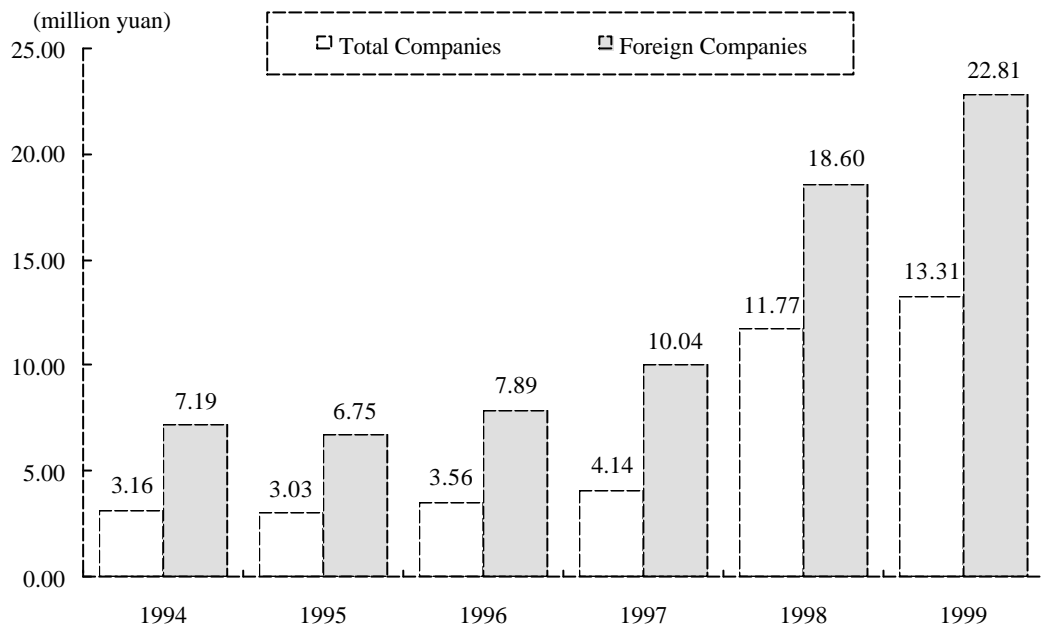
Source 4: IMF, *International Financial Statistics Yearbook*, several years.



Note: All state-owned industrial companies and companies with an annual sales of over 5 million yuan.

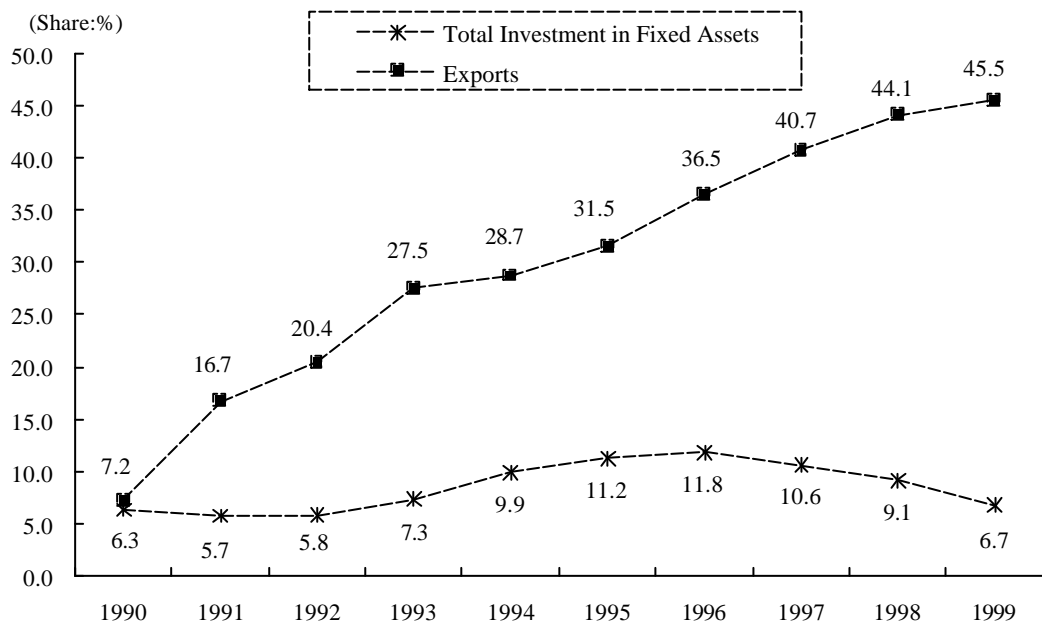
Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

Figure 3-2-2. Comparisons of Added Value per Company among Chinese and Foreign Companies



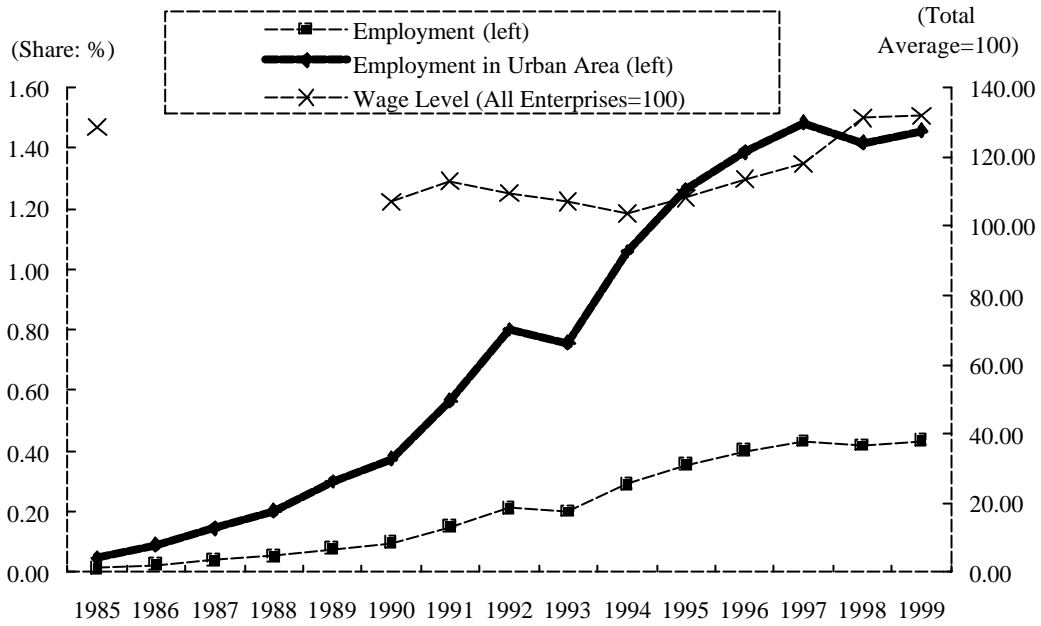
Note: All state-owned industrial companies and companies with an annual sales of over 5 million yuan.
 Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

Figure 3-2-3. Total Investment in Fixed Assets for Foreign Companies in China



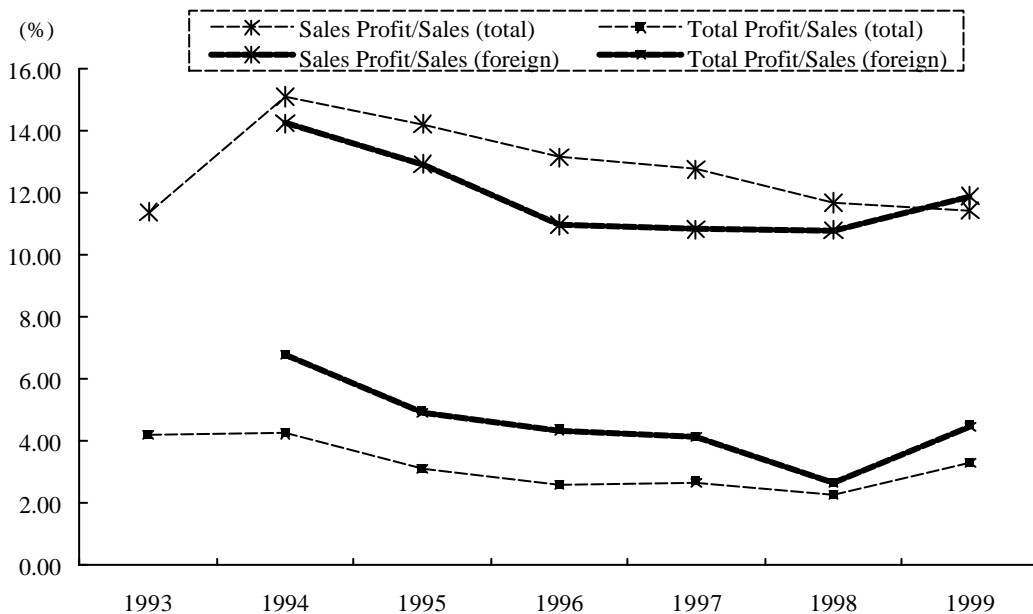
Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

Figure 3-2-4. Employment of Foreign Companies in China



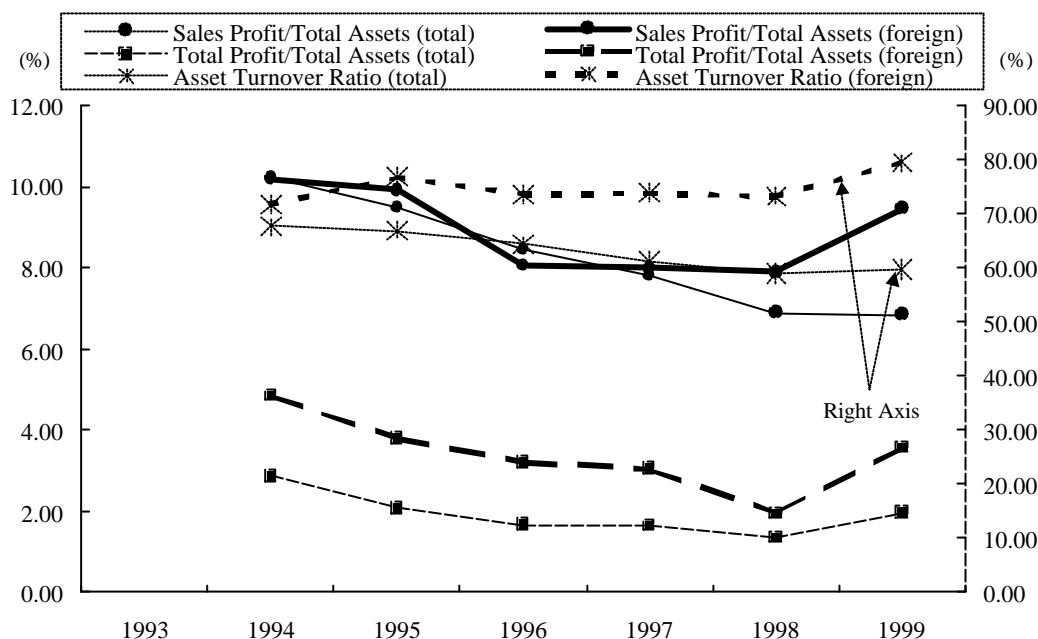
Note: All state-owned industrial companies and companies with an annual sales of over 5 million yuan.
 Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

Figure 3-2-5. Profit Levels for Foreign Companies in China



Note: All state-owned industrial companies and companies with an annual sales of over 5 million yuan.
 Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

Figure 3-2-6. Efficiency in Asset Utilization of Foreign Companies in China



Note: All state-owned industrial companies and companies with an annual sales of over 5 million yuan.
Source: National Bureau of Statistics ed., *China Statistical Yearbook*, China Statistics Press, various issues.

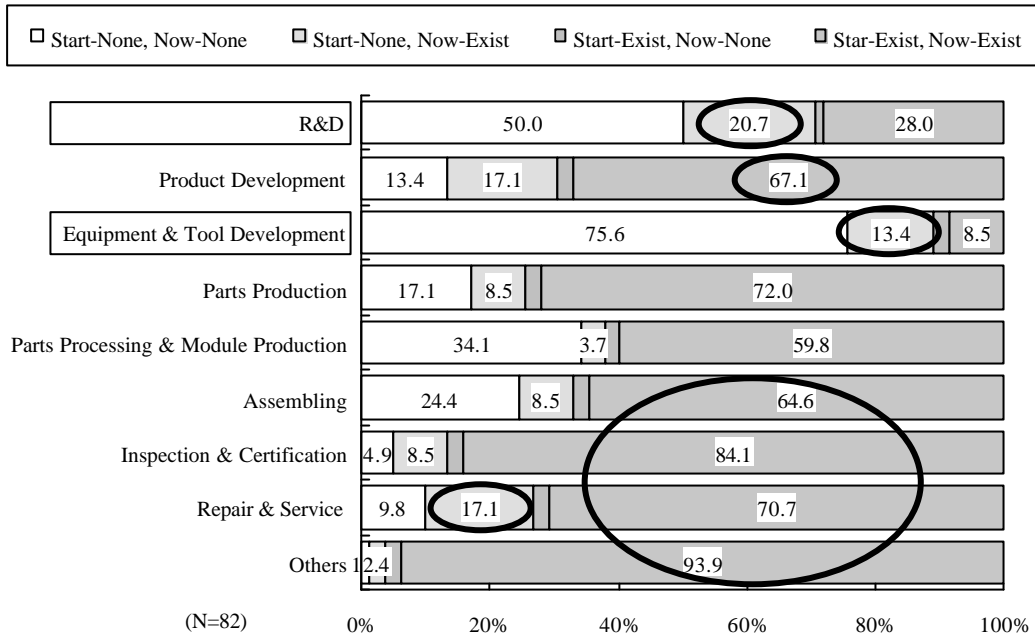
Table 3-2-1. Comparison of Performance between Japanese and Korean Companies in China from Questionnaire Surveys (1999)

	Japanese (manufacturing)	Korean (all sector)	U.S.A. (other than bank)
No. of Companies	1,276	57	-
Employees per Companies	344	975	-
Ordinary Profit/Sales	0.5% 1.5%	5.2% -	- -
Net Profit/Sales	-0.3% 1.7%	3.3% -4.7%	2.2% 7.4%
Ordinary Profit/Total Assets	0.6% -	1.5% -	- -
Net Profit/Total Assets	-0.4% -	1.0% -	1.6% 6.0%
Ordinary Profit/Capital	1.4% 2.2%	3.8% -	- -
Net Profit/Capital	-0.0% 2.4%	- -	- -
Exports to Sales	53.0%	55.5%	

Note: Second figure in the cell of Profit/Sales ratio shows that in 1998. As for U.S.A., figures are those in 1998 and 1997, respectively.

Source: For Japanese companies, Ministry of Economy, Trade and Industry, *The 27th Survey of Overseas Business Activities*, 2001, and for Korean companies, The Export-Import Bank of Korea, *1999 Financial Statement Analysis of Foreign Subsidiaries of Korean Companies*, 2000

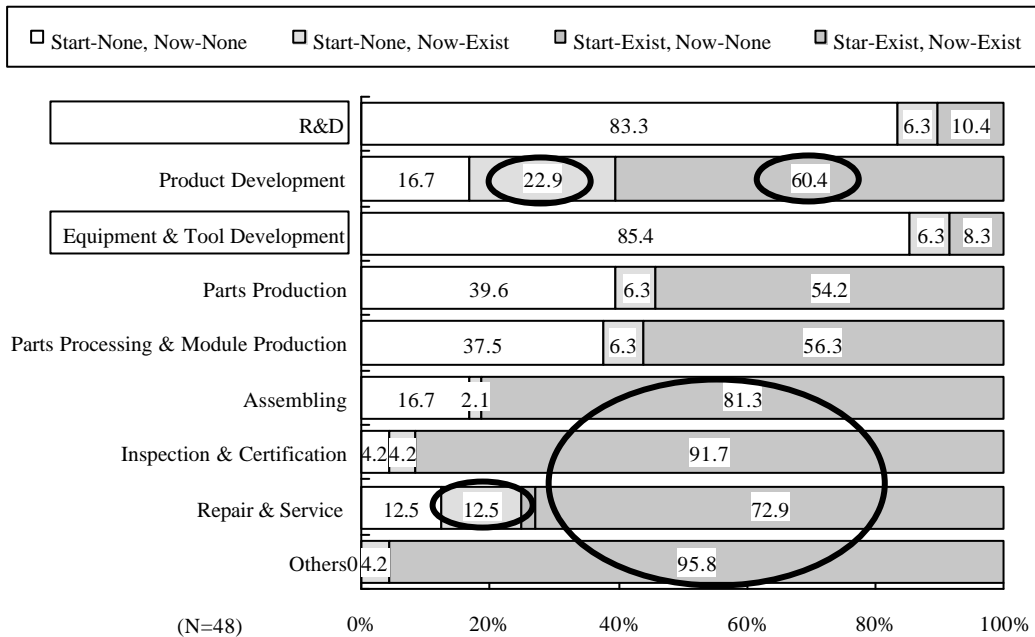
Figure 3-3-1. Functional Changes of Japanese Companies in China



Note: "Start-None, Now-None" means at the initial stage the company did not have the function and does not have it now too. "Start-None, Now-Exist" means at the initial stage the company did not have the function, but has it now. "Start-Exist, Now-None" means at the initial stage the company did have the function, but does not have it now. "Start-Exist, Now-Exist" means the company has had the function from the initial stage.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

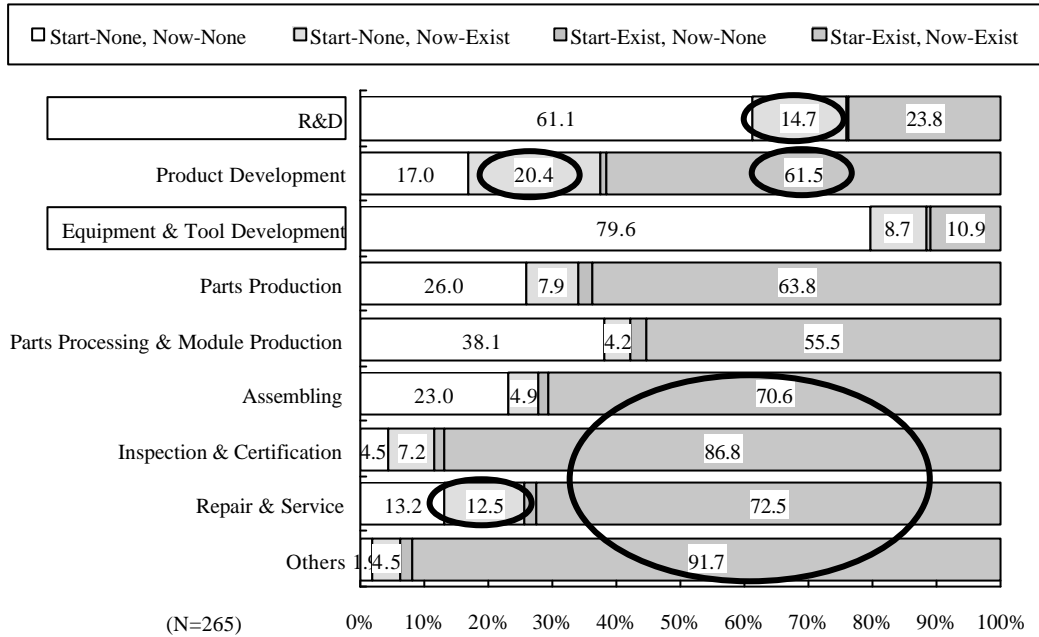
Figure 3-3-2. Functional Changes of Korean Companies in China



Note: Same as Figure 3-3-1.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

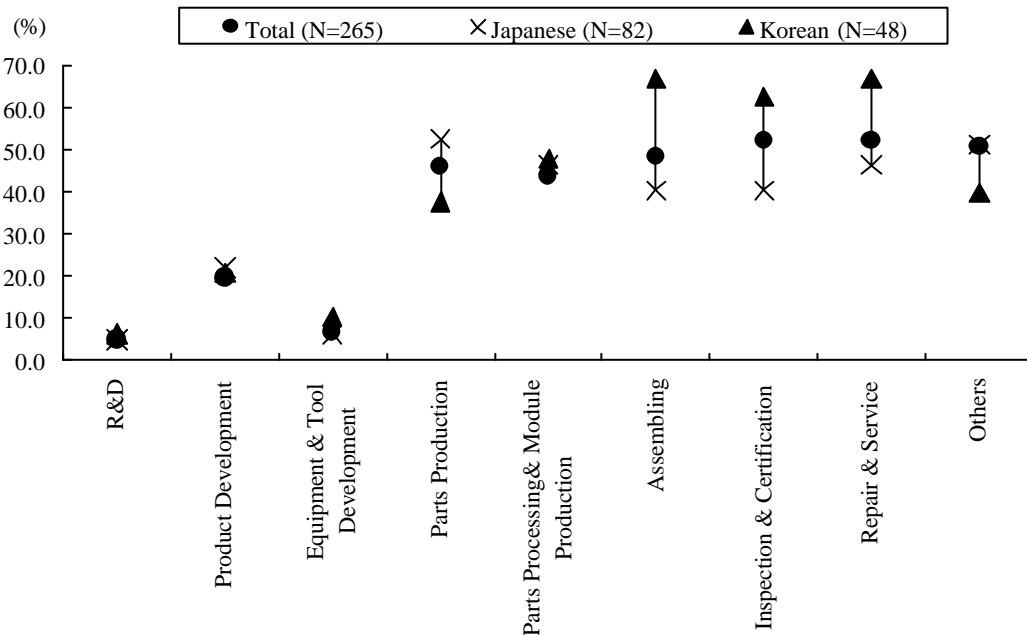
Figure 3-3-3. Functional Changes of Foreign Companies in China



Note: Same as Figure 3-3-1.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 3-3-4. Chinese Supervisory Staffs at Startup by Nationality of Foreign Companies in China (%)



Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Table 3-3-1. Changes of Nationality of Supervisory Staffs in Foreign Companies in China (%)

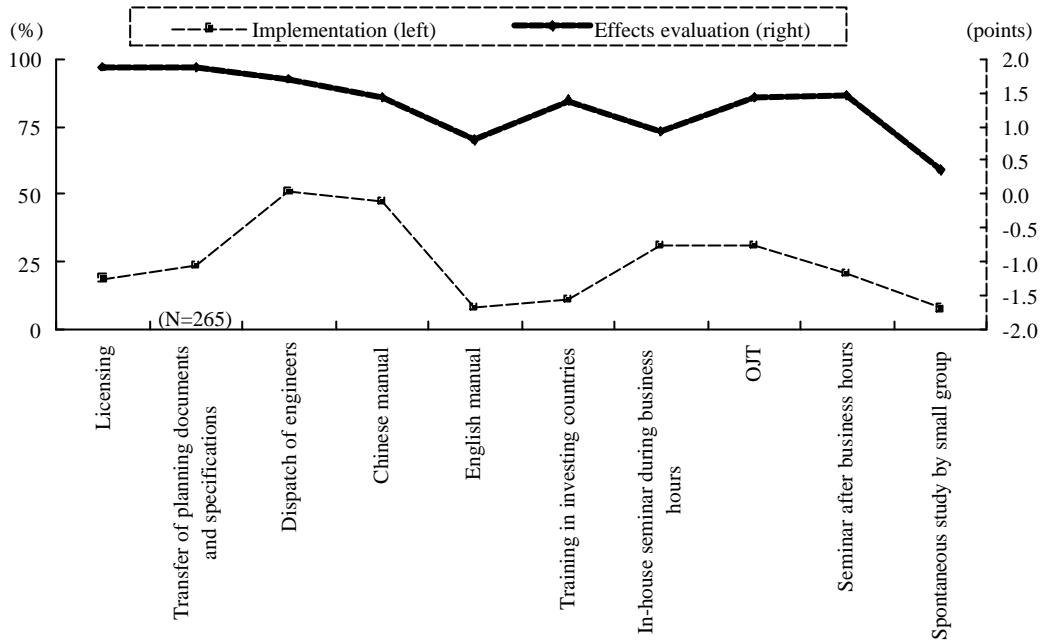
	Total (N=265)		Japanese (N=82)		Korean (N=48)	
	Chinese Staff (Start-None, Now-Exist)	Foreign Staff (Start-None, Now-Exist)	Chinese Staff (Start-None, Now-Exist)	Foreign Staff (Start-None, Now-Exist)	Chinese Staff (Start-None, Now-Exist)	Foreign Staff (Start-None, Now-Exist)
R&D	9.1	2.6	12.2	4.9	4.2	4.2
Product Development	18.5	7.2	14.6	9.8	22.9	4.2
Equipment & Tool Development	5.3	1.5	8.5	1.2	4.2	2.1
Parts Production	13.2	6.8	15.9	11.0	10.4	6.3
Parts Processing & Module Production	10.6	3.4	11.0	4.9	8.3	4.2
Assembling	11.3	6.4	18.3	11.0	2.1	2.1
Inspection & Certification	22.6	14.7	25.6	15.9	25.0	22.9
Repair & Service	17.4	7.5	24.4	9.8	8.3	6.3
Others	17.4	12.8	20.7	19.5	12.5	6.3

Note 1: "Start-None, Now-Exist" means at the initial stage there were no supervisory staffs for the function, and are now.

Note 2: Figures show the share of the response "Start-None, Now-Exist" in the total response calculated by combining the response to the questions about the existence of supervisory staffs for each function at startup and in the present. Shares are calculated for Chinese staff and foreign staff respectively

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

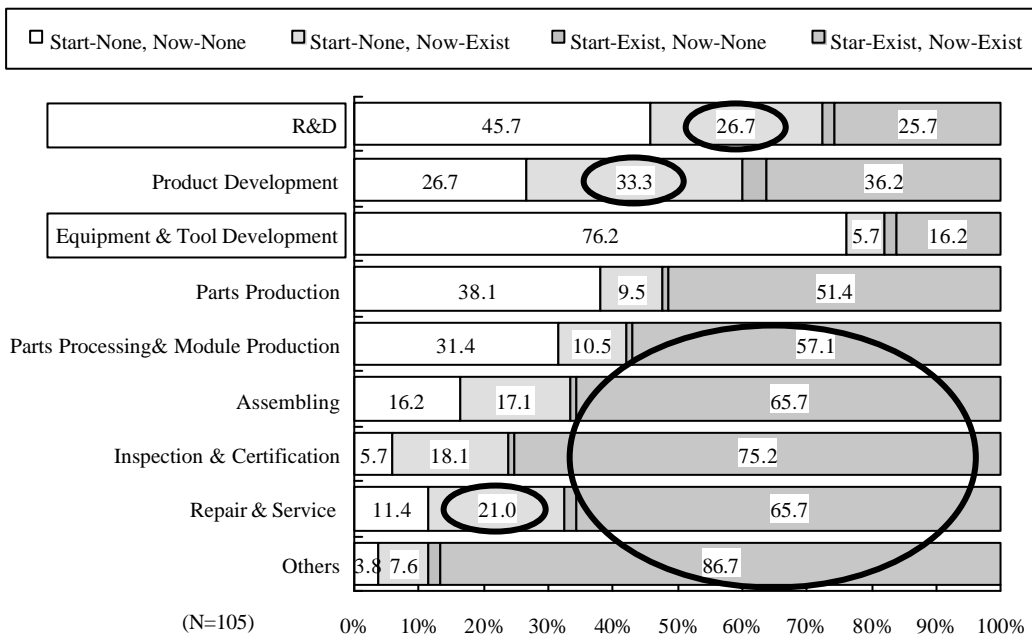
Figure 3-3-5. Methods to Promote Transfer of Technology and Know-how by Foreign Companies in China



Note: Point is calculated as follows. Each share of answers for “Very Effects,” “Effective,” “Not Clear,” “Little Effects,” and “No Effects” was multiplied by “+2,” “+1,” “+0,” “-1,” and “-2” respectively, and they were added.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 3-3-6. Functional Changes of Chinese Companies



Note: Same as Figure 3-3-1.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Table 3-3-2. Changes in Number of Employees in Chinese Companies (%)

N=105	Total staff	Staff with experiences in foreign companies
	Start -None Now-Exist	Start -None Now-Exist
R&D	40.0	27.6
Product Development	57.1	35.2
Equipment & Tool Development	18.1	5.7
Parts Production	36.2	14.3
Parts Processing& Module Production	50.5	14.3
Assembling	63.8	13.3
Inspection & Certification	68.6	20.0
Repair & Service	62.9	16.2
Others	62.9	41.9

Note 1: "Start-None, Now-Exist" means at the initial stage there were no staffs for the function, but are now.

Note 2: Figures show the share of the response "Start-None, Now-Exist" in the total response calculated by combining the response to the questions about the existence of staffs for each function at startup and in the present. Shares are calculated for total staff and staff with experience in foreign companies respectively

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Table 3-3-3. Working Experiences of Supervisors in Chinese Companies (%)

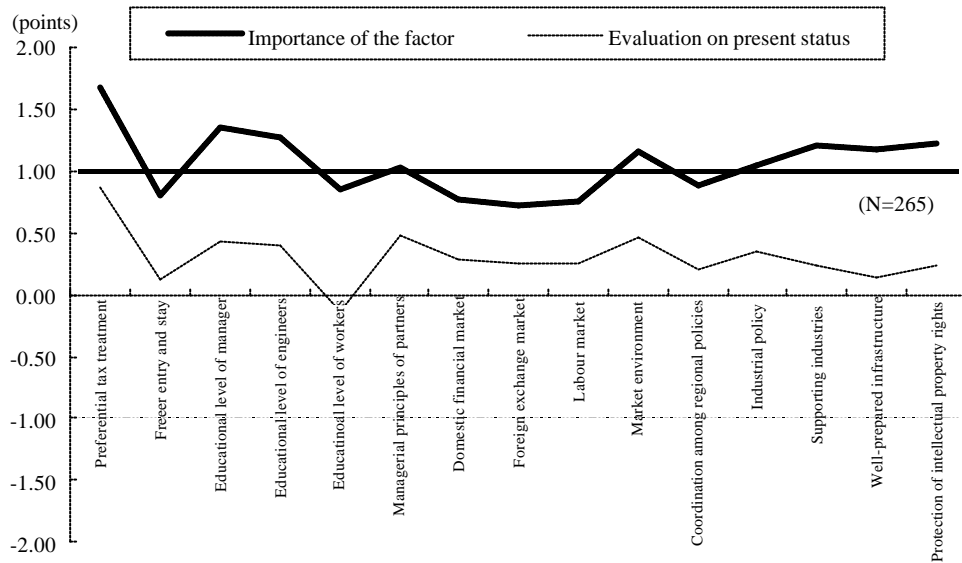
N=105	In-house Staff		Staff with experiences in other Chinese companies		Staff with experiences in foreign companies	
	Start -None Now-Exist	Start-Exist Now-Exist	Start -None Now-Exist	Start -Exist Now-Exist	Start -None Now-Exist	Start -Exist Now-Exist
R&D	5.7	13.3	9.5	1.9	13.3	0.0
Product Development	7.6	15.2	8.6	2.9	16.2	1.0
Equipment & Tool Development	1.9	7.6	9.5	1.0	1.9	0.0
Parts Production	10.5	26.7	14.3	2.9	0.0	0.0
Parts Processing& Module Production	9.5	30.5	19.0	1.9	1.0	0.0
Assembling	21.0	30.5	16.2	4.8	1.0	0.0
Inspection & Certification	22.9	32.4	15.2	4.8	1.0	0.0
Repair & Service	21.9	32.4	15.2	3.8	1.9	0.0
Others	10.5	48.6	19.0	1.0	3.8	0.0

Note 1: "Start-None, Now-Exist" means at the initial stage there were no supervisory staffs, but there are now. "Start-Exist, Now-Exist" means there have been supervisory staffs from the initial stage.

Note 2: Figures show the share of the response "Start-None, Now-Exist" and "Start-Exist, Now-Exist" in the total response calculated by combining the response to the questions about the existence of supervisory staffs for each function at startup and in the present. Shares are calculated for in-house staff, staff with experience in other Chinese companies and staff with experience in foreign companies respectively

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

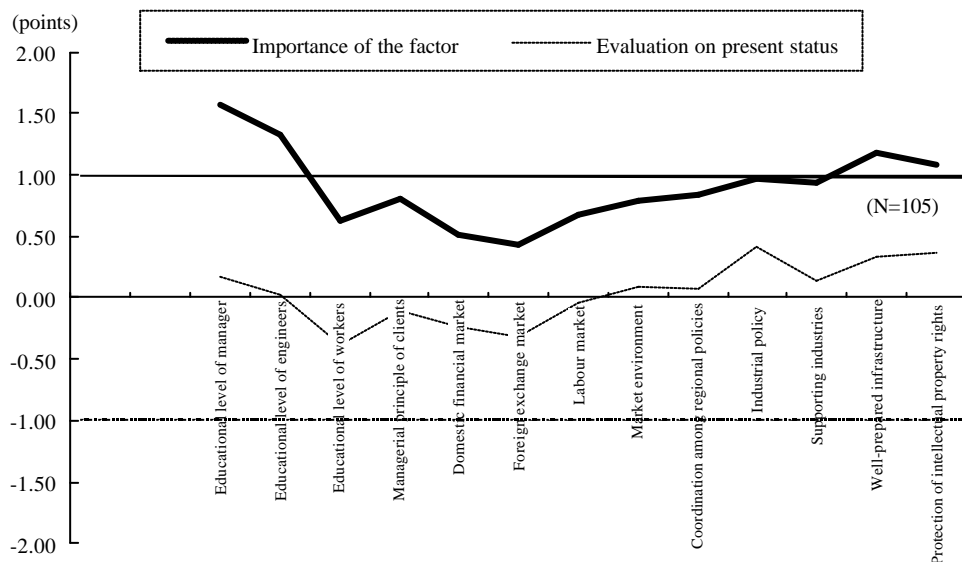
Figure 3-3-7. Important Factors for Transfer of Technology and Know-how for *Foreign* Companies in China



Note: Point is calculated as follows. As for importance, each share of answers for “Very Important,” “Important,” and “Not So Important” was multiplied by “+2,” “-1,” and “-2” respectively, and they were added. As for evaluation, each share of answers for “Superior,” “Not So Superior,” and “Inferior” was multiplied by “+2,” “-1,” and “-2” respectively, and they were added.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.

Figure 3-3-8. Important Factors for Transfer of Technology and Know-how for *Chinese* Companies in China



Note: Point is calculated as follows. As for importance, each share of answers for “Very Important,” “Important,” and “Not So Important” was multiplied by “+2,” “-1,” and “-2” respectively, and they were added. As for evaluation, each share of answers for “Superior,” “Not So Superior,” and “Inferior” was multiplied by “+2,” “-1,” and “-2” respectively, and they were added.

Source: The results of questionnaire survey for Chinese and foreign companies with operations in China conducted by Mitsubishi Research Institute, Inc. from late Aug. to Late Oct. of 2001.