

Trade Integration of Yunnan and Guangxi with the Greater Mekong Sub-region Re-visited

Hiroyuki Taguchi (correspondence author)

Professor, Saitama University

Shimo-Okubo 255, Sakura-ku Saitama-shi, 338-8570 JAPAN

E-mail: tagusaya0710@s3.wh.qit.ne.jp, Tel: +81-48-858-3281, Fax: +81-48-858-3696

Keiichiro Oizumi

Senior Economist, The Japan Research institute, Limited

2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, 141-0022 JAPAN

E-mail: oizumi.keiichiro@jri.co.jp, Tel: +81-3-6833-2454, Fax: +81-3-6833-9478

Abstract

This paper aims to examine the trade integration of Yunnan and Guangxi of China with the Greater Mekong Sub-region (GMS) by using the gravity trade model during the 2000s. The strategic purpose is to investigate whether the two southern border areas of China as a gateway have tended to be integrated with GMS or with the other ASEAN, in other words, whether the hypothesis of Poncet (2006) presenting a re-orientation “beyond GMS” of Yunnan trade in 1990s can be applicable to the 2000s’ trend in its trade and in Guangxi trade. The main findings were: the trade integration of Yunnan with GMS has exceeded by far above the gravity-model standard in the 2000s, which is different from the Poncet hypothesis; and Guangxi trade has shown a different picture from Yunnan one in that Guangxi trade has exceeded the gravity-model standard for both GMS and the other ASEAN.

Key words: gravity trade model, Greater Mekong Sub-region, Guangxi, trade integration, Yunnan

JEL Classification Codes: F14, F15, F55

A short running title: Trade Integration of Yunnan and Guangxi