

COMMENTS TO “TAILWINDS FROM THE EAST: HOW HAS THE RISING SHARE OF IMPORTS FROM EMERGING MARKETS AFFECTED IMPORT PRICES?”

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DGA ASUNTOS INTERNACIONALES

OVERVIEW



- **The paper uses the heterogeneity of industries in the UK to calculate the effect of EMES share on import prices**
- **A nice reminder of the goods of globalization**
- **Import prices go down in response to shifting to China and competition-inducing effects on other countries**

EXPORT PRICE INFLATION IN CHINA

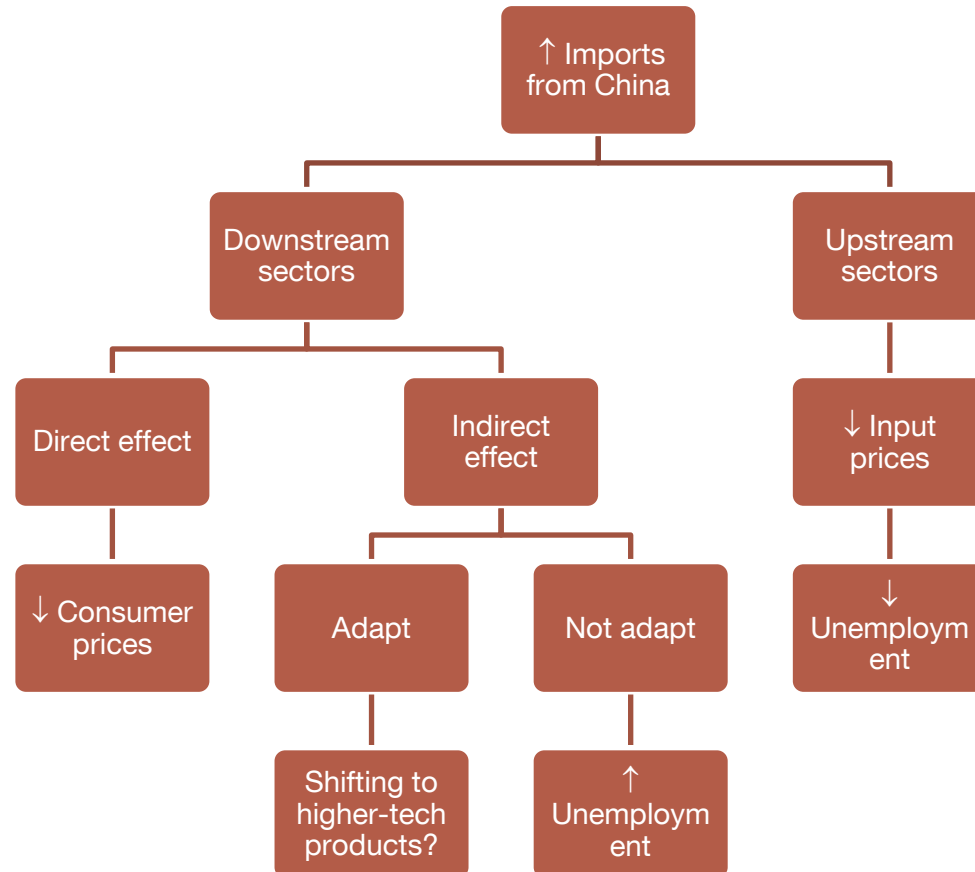


- **Inflation in EMEs less important, as expected, as import prices changes are determined by inflation in tradables**
- **Furthermore, China may not have been prone to experience this effect in the past, as economic reforms first induced real depreciation; and sectoral shifts in factors cancelled out inflation pressures in non-tradables, violating the Harrod-Balassa-Samuelson hypothesis.**

EFFECT OF IMPORT PRICES ON INFLATION AND ACTIVITY



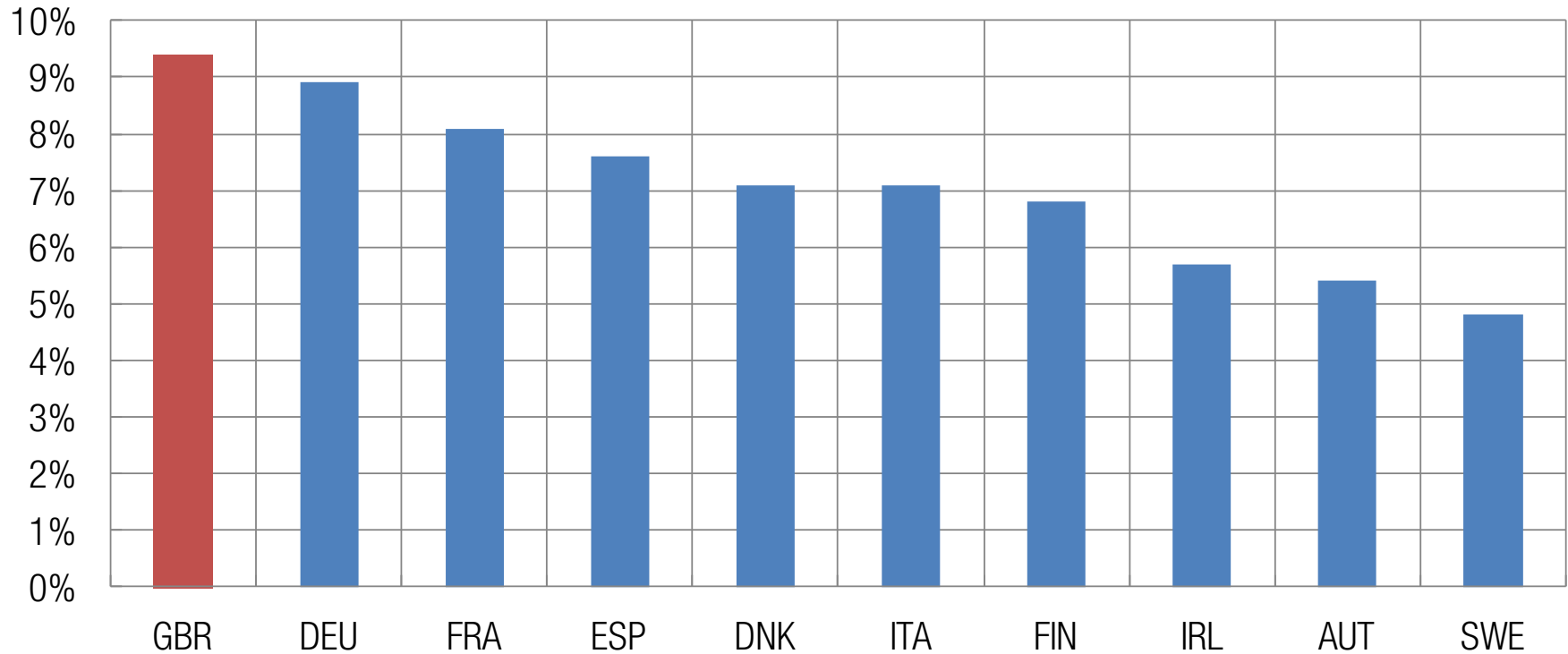
- **What happens with CPI inflation and employment?**
- **Negative for inflation and for employment in low-skill sectors (Auer et al. 2013, Acemoglu et al. 2015, Bugamelli 2015). Could be positive for high-skilled sectors and upstream sectors, inducing innovation and reducing costs? (Bloom et al., 2016 and Federico 2015 but not in Autor et al. 2016)**



A PAPER ABOUT THE PAST...



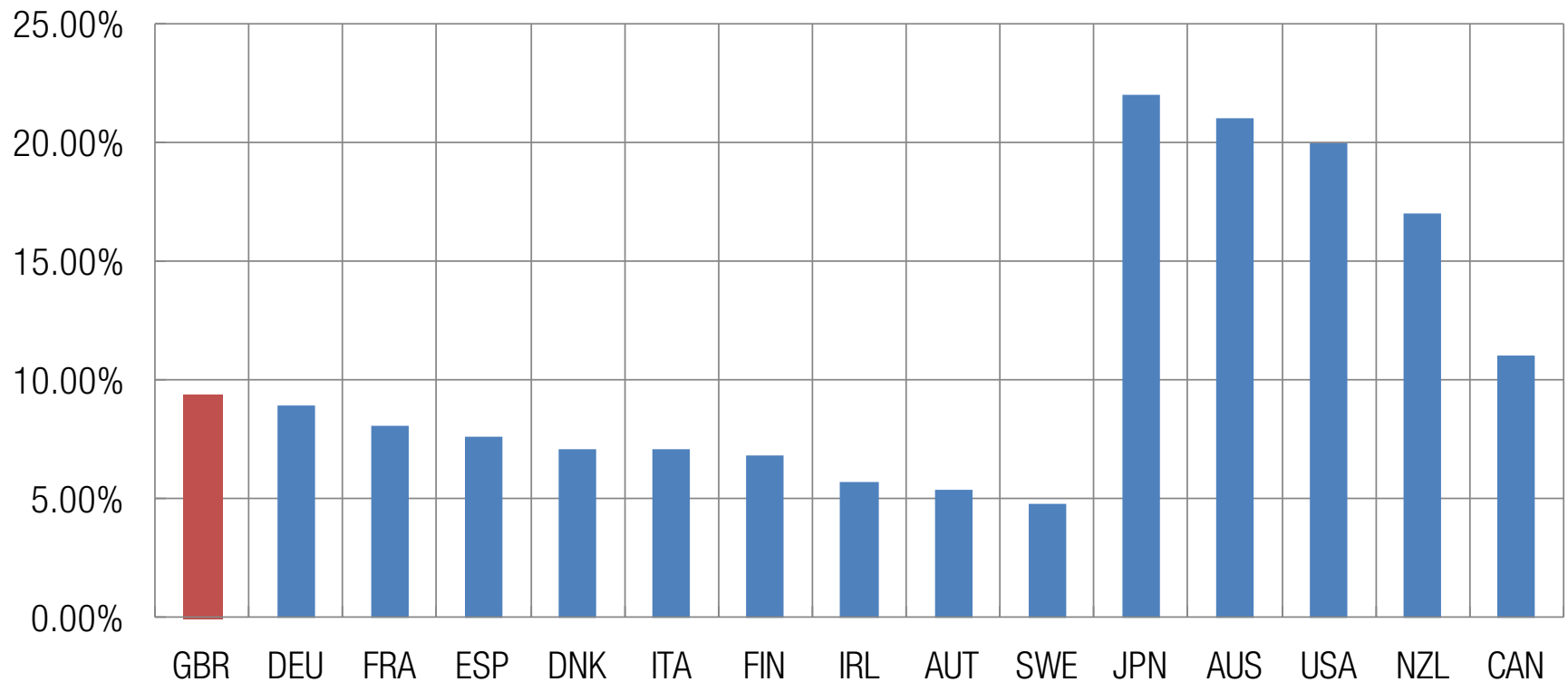
Share of China in imports, EU countries



...OR ABOUT THE FUTURE



Share of China in imports, AE economies





GRACIAS POR SU ATENCIÓN

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