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
• 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.
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

GBR: 9%
DEU: 8%
FRA: 7%
ESP: 7%
DNK: 7%
ITA: 7%
FIN: 6%
IRL: 5%
AUT: 5%
SWE: 4%
...OR ABOUT THE FUTURE

Share of China in imports, AE economies

- GBR
- DEU
- FRA
- ESP
- DNK
- ITA
- FIN
- IRL
- AUT
- SWE
- JPN
- AUS
- USA
- NZL
- CAN
GRACIAS POR SU ATENCIÓN