

HKU Econ0602 2006-07 1st Semester  
**Foreign Trade and Investment in China**

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***Course description:***

This course examines the reform and growth of China's foreign trade and investment sector and their implications for domestic economic reform and growth as well as for regional and global economic dynamics. Using basic economic principles it explains the structural, institutional, and policy dimensions of China's integration into the global economy and examines the legal, financial and regulatory risk of investing in China. The aim is to help students of diverse backgrounds to develop a systematic framework to assess constant changes in China's external sector and their consequences for local and global economies.

***Course work:***

The student performance will be based on a portfolio of evaluations including: tutorial and participation (20%), mid-term test (30%), and final exam (50%).

***Reading List:***

***1. Power Point notes by Dr. Xiao***

- 1. Historical and international dimensions of China's economic transformation
- 2. Structural and institutional dimensions of China's economic transformation
- 3. China's Productivity Revolution and its Domestic and Global Implications
- 4. Corporate governance and property rights infrastructure
- 5. "Original sin" and property rights
- 6. Round tripping FDI in China

***2. Articles by Dr. Xiao***

***Foreign trade and investment***

- WTO and China's Economic Transformation: Institutional Perspectives and Policy Options
- China and the Asia Team of Flying Geese
- Global Capital Flows and the Position of China
- The Future of Hong Kong
- China's Round-Tripping FDI: Scale, Causes and Implications

***Property rights and corporate governance***

- State Enterprises in China: Dealing with Loss-Makers
- Privatization or Inflation

- [Limiting China's State Sector Liabilities](#)
- [Clarification of SOE Property Rights](#)
- [Property rights transaction and alleged asset stripping: a case study on the establishment of a foreign joint-venture in China](#)
- [Reforming the Governance Structure of China's State Owned Enterprises](#)
- [Property Rights and State-Owned Enterprise Reform in China](#)
- [Property Rights and "Original Sin" in China](#)
- [Corporate Governance, Capital Market, and Property Rights Infrastructure: The experiences of Hong Kong and Lessons for China](#)
- [Non-performing debts in Chinese enterprises: Patterns, Causes, and Implications for Banking Reform](#)

### **Macro and finance**

- [China in the Context of the Asian Financial Crisis](#)
- [Learning From Deutsche Bank's Debacle in China](#)
- [Comments on macroeconomic policy and employment promotion in China](#)
- [Securities market development in China: lessons from Hong Kong and other Asian markets](#)
- [Sustainable Growth](#)

### **2. Other required readings**

- OECD, [China Investment Policy Reviews: Progress and Reform Challenges](#).
- Wu, Jinglian. [Understanding and Interpreting Chinese Economic Reform](#), Thomson/South-Western, 2005.  
[Chinese version available 《当代中国经济改革》, McGrawHill, 2005.]
- Anderson, Jonathan. [How to Think about China?](#)
- Anderson, Jonathan. [The Complete RMB Handbook](#).

### **3. Supplementary readings**

- Xiao, Geng. [The Chinese Economy: Study Units](#).
- Yabuki, Susumu and Harner, Stephen M. [China's New Political Economy](#). Revised Edition, Boulder, C.O.: Westview Press, 1999.
- Newton, Alastair and Subbaraman, Robert. [China: Gigantic Possibilities, Present Realities](#), Lehman Brothers, 2002.
- Shenkar, Oded. [The Chinese Century](#). Wharton School Publishing, 2005.
- Bergsten, C. Fred; Gill, Bates; Lardy, Nicholas R.; Mitchell, Derek. [China: The Balance Sheet, What the World Needs to Know Now about the Emerging Superpower](#), CSIS & IIE, New York: PublicAffairs, 2006.
- Maddison, Angus. [Chinese Economic Performance in the Long Run](#), Paris: Development Centre of the OECD, 1998.