

China, however, has not yet developed RCAs in specialized labour-intensive products; but it should have the capacity to achieve a comparative advantage in some of these products as its export profile matures. China's RCA profile also differs from most of the NIEs because it includes a number of natural resource based products. Nevertheless, the profile is heavily influenced by the degree of labour intensity involved in production. China's profile most closely resembles those of Thailand and Indonesia, and differs most from those of Singapore, Malaysia and Japan. China's RCAs for machinery and transport are close to zero, probably the result of the low level of technology utilized by Chinese industry.

Seven of the ten industries for which China recorded its highest RCAs registered declining world trade shares during the 1970s and 1980s, while another two exhibited marginal increases.⁵⁴ Whether this will impair China's ability to increase exports will depend on how successful it is in displacing other suppliers and how quickly its export profile shifts out of these products. Moreover, many of the products in which China has a RCA face major non-tariff barriers in industrialized countries.⁵⁵ This raises the possibility that protectionist measures by those countries could constrain the continued development of some product lines.

While it appears that China's RCA profile has matured over the past two decades, i.e., its industrial base has widened, its manufactured exports have increased, and its range of exports has widened, it is still at an early stage of evolution. It also appears that China's RCA profile has the potential for significant change, although it is not possible to determine the time frame that will be required. There is no evidence that China's RCA profile is shifting to more capital-intensive products. The changes currently taking place suggest that the base of labour-intensive manufactures in which China has a comparative advantage is widening. That said, surveys of national production plans, as well as foreign direct investment decisions, and monitoring its exports for dynamic increases, may be helpful in signalling products and industries in which China's comparative advantage is changing.

⁵⁴ Alexander J. Yeats, *op. cit.*, p. 21 and Table 5, pp. 19-20. The study looked at industries disaggregated to the SITC three-digit level. China's largest revealed comparative advantages were in prepared vegetables, tea and maté, vegetable oils, explosives and pyrotechnics, woven cotton fabrics, textile products, travel goods and handbags, clothing not of fur, toys and sporting goods and "other" manufactured goods.

⁵⁵ *Ibid.*, pp. 31-7.