

China and European trade imbalances

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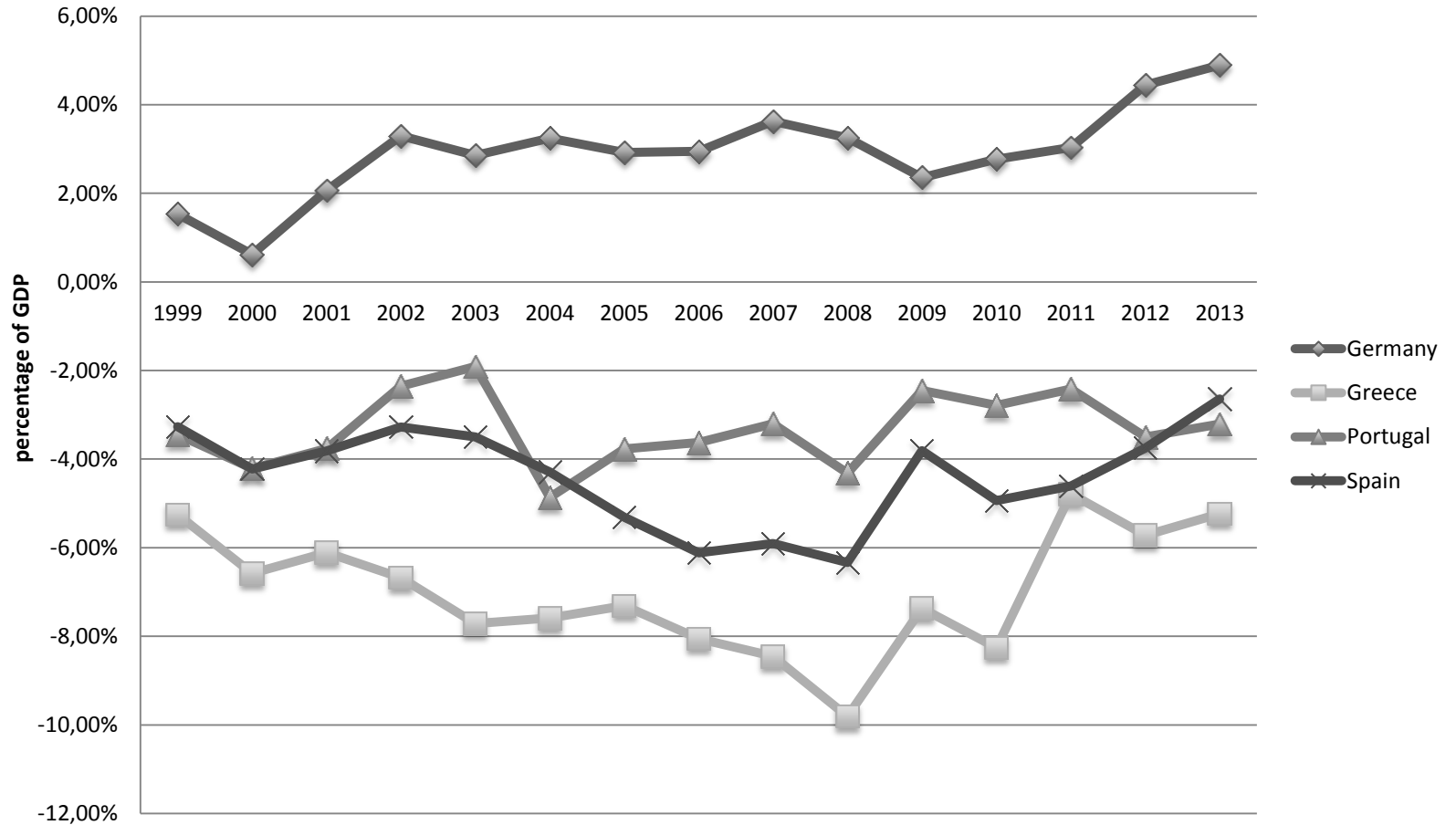
Publications

- De Ville, F. and Vermeiren, M. (2015) “The Euro Crisis and the Rise of China in the Global Monetary and Trading System: The Political Economy of an Asymmetric Shock”, *Comparative European Politics*.
- De Ville, F. and Vermeiren, M. (forthcoming) *Rising Powers and Economic Stability in the Eurozone*, Palgrave Macmillan.

Theoretical framework: Varieties of Capitalism (VoC)

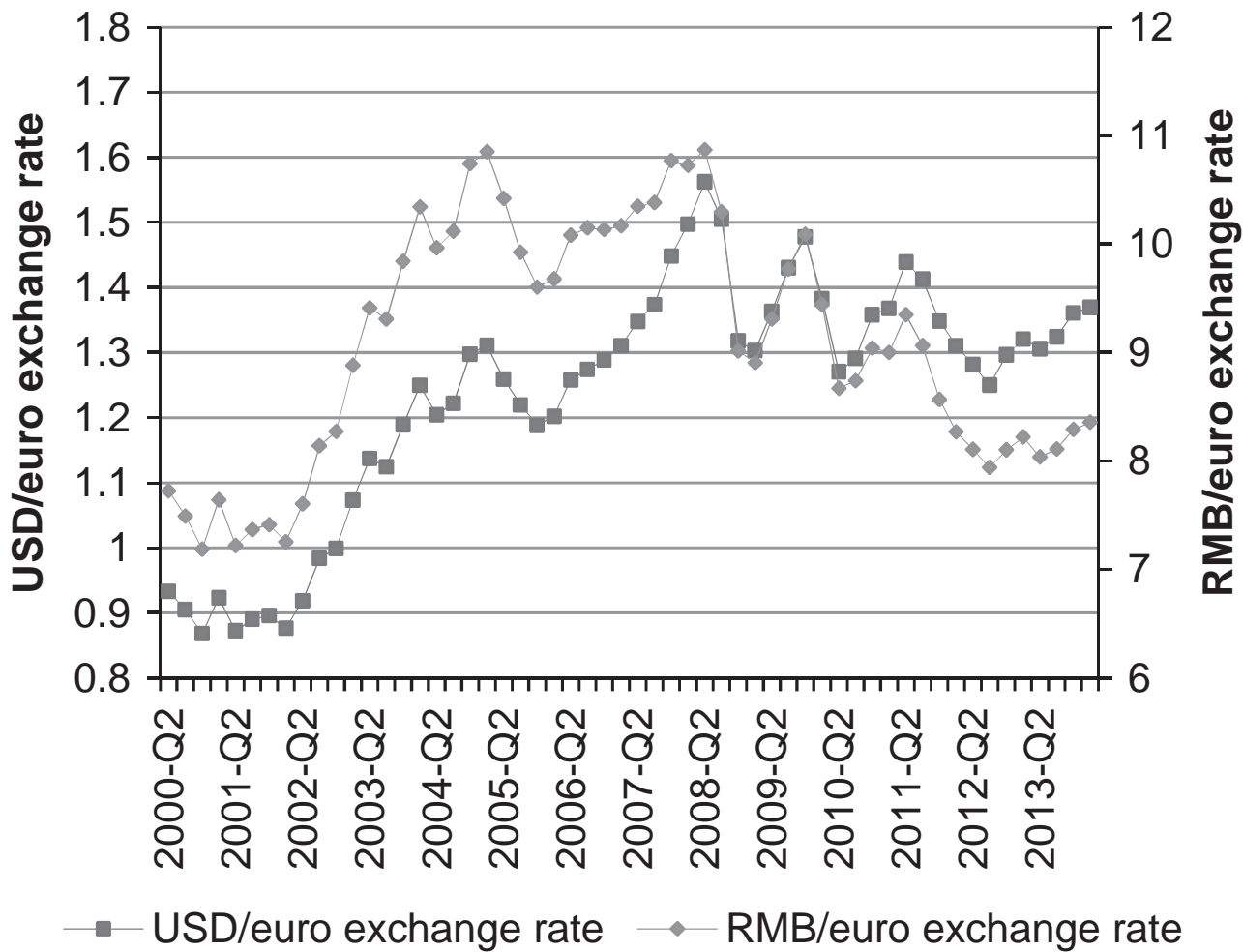
- The adaptability of EMU countries to the rise of China has been a function of the presence of coordinated labor market institutions
 - Germany as “coordinated market economy” (CME) vs. southern EMU countries as “mixed market economies” (MME)
- Existing VoC analyses focus on intra-regional imbalances between northern CMEs and southern MMEs
 - Explained by interaction of ECB’s one-size-fits-all monetary policy and diverging wage setting institutions
- Neglect that extra-regional trade imbalances have been as large as intra-regional imbalances
 - Impossible to explain only by looking at diverging wage setting institutions

Extra-EMU trade balance

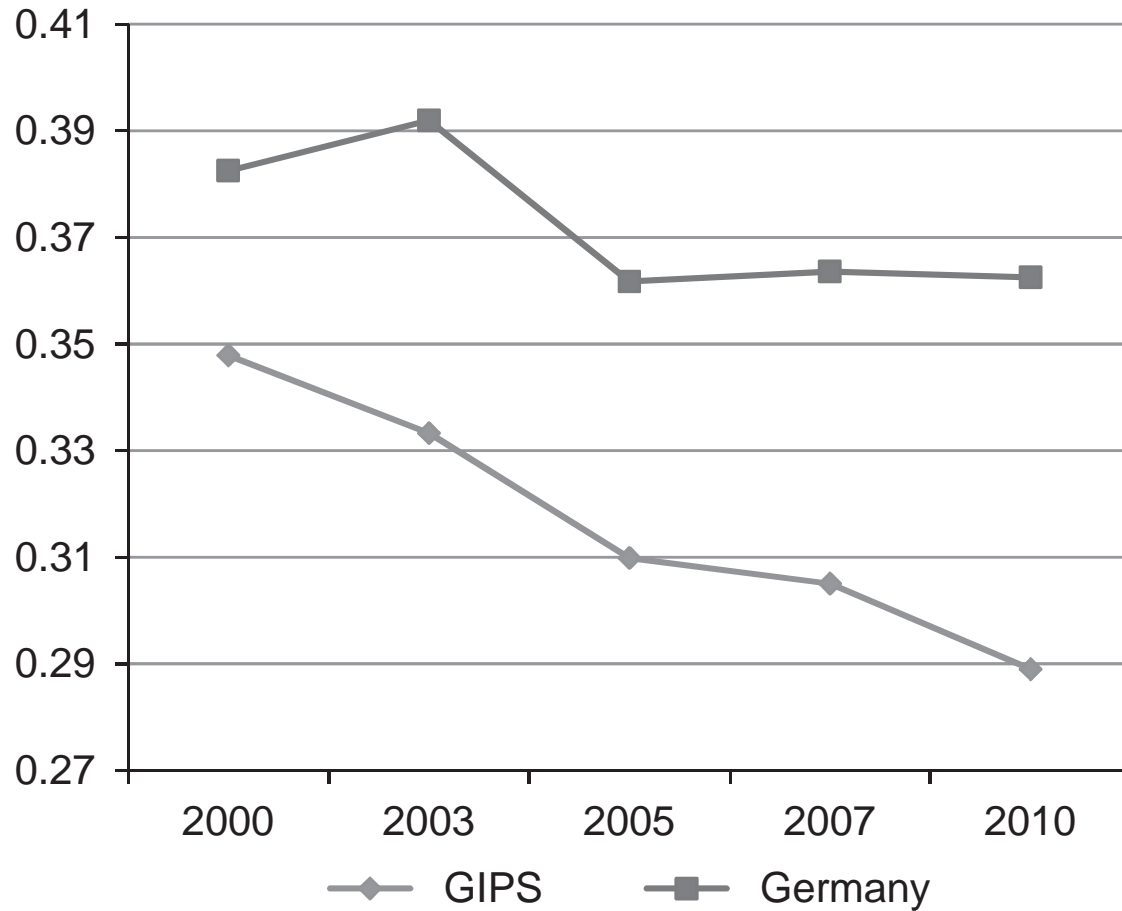


China and extra-regional imbalances

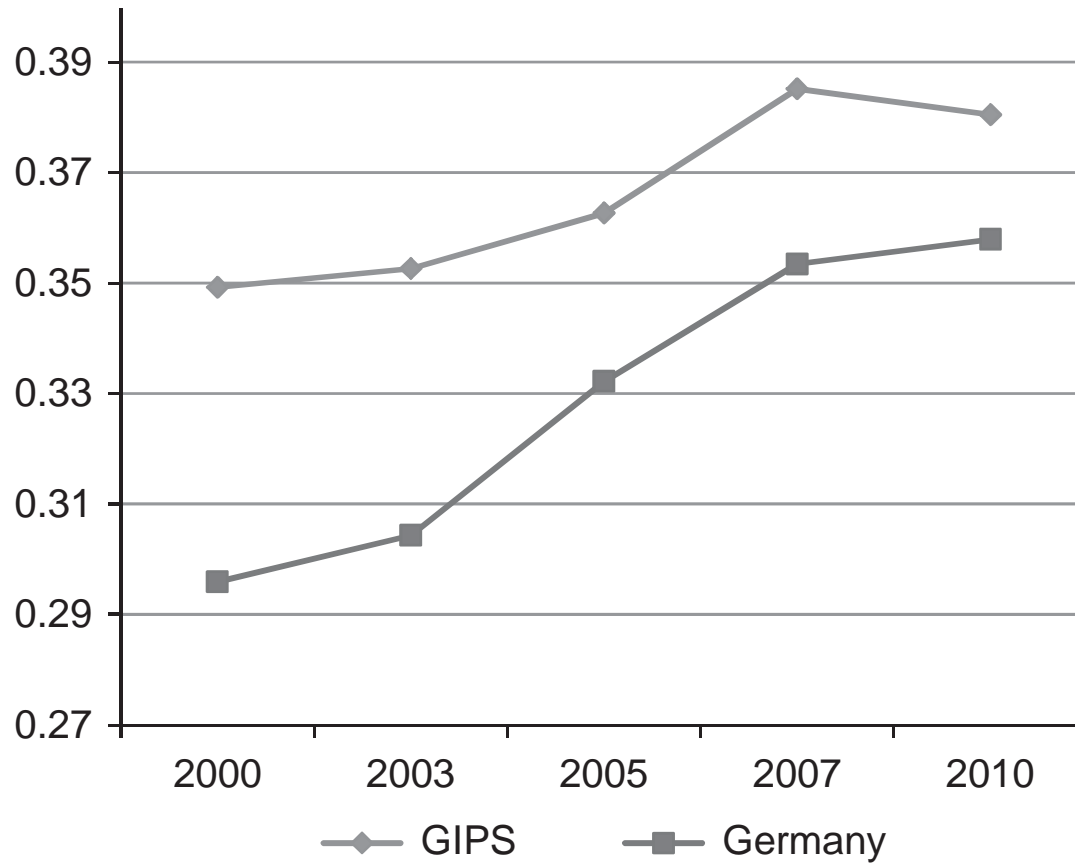
- Indirect competitiveness pressure: China's international currency policy contributed to the appreciation of the euro, affecting the extra-regional trade balances of EMU countries
- Direct competitiveness pressure: China's integration in the global trading system faced European manufactures with competition from Chinese exporters
- These pressures have been asymmetrical: necessary to look at divergences in skill regimes (vocational training) and trade structures



Index of trade complementarity with China



Index of trade competition with China



Market share in EMU imports

