

The effect of an increase in imports from China on the regional labor markets in Japan

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Abstract

In this paper, I analyze the effect of increasing imports from China on Japanese prefecture level labor markets from 1995 to 2009, using JIP database, UN Comtrade and the Census of Manufactures. Contrast to the preceding literature, this paper obtained the evidence that the import growth from China increases manufacturing employment growth. Moreover, this paper finds significantly positive and strong effects of rising imports from China when the analysis focuses on the intermediate inputs import growth. In addition, the estimate results show that the regions which house capital intensive industries are likely to have a positive effect from a rise of China's imports on manufacturing employment but a negative effect on average wages. These results suggest that there might be a reallocation of labor force in regional level which is caused by the rise of imports from China.

JEL code: F14, F16, E24

Keywords: international trade, regional labor market, import competition