Changes in Trade Intensity Between Korea and Her Major Trading Countries in the Manufacturing Sector*

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Abstract

It was found that Korea’s trade intensity with the USA decreased from 2.87 in 1993 to 2.39 in 2004 due to decrease in Korea’s special country bias with the USA from 3.06 in 1993 to 2.26 in 2004 even if Korea’s trade complementarity with the USA increased from 0.94 in 1993 to 1.06 in 2004. Therefore Korea’s special country bias with the USA should be enhanced by increasing capital movements and reducing discriminatory tariffs and other import restrictions between Korea and the USA.

It was also found that Korea’s trade intensity with Japan decreased from 8.37 in 1993 to 8.11 in 2004 due to decrease in Korea’s trade complementarity with Japan from 1.05 in 1993 to 0.88 in 2004 even if Korea’s special country bias with Japan increased from 7.95 in 1993 to 9.20 in 2004. Therefore Korea’s special country bias with Japan should be enhanced further by increasing capital movements and reducing discriminatory tariffs and other import restrictions between Korea and Japan.

It was found that Korea’s trade intensity with China increased from 5.96 in 1993 to 10.39 in 2004 due to (a) increase in Korea’s special country bias with China from 6.99 in 1993 to 9.58 in 2004 and (b) increase in Korea’s trade complementarity with China from 0.85 in 1993 to 1.08 in 2004. Therefore Korea’s special country bias with China should be enhanced further by increasing capital movements and reducing discriminatory tariffs and other import restrictions between Korea and China.

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