

Abstract

The ratio of China's aggregate exports and aggregate imports to GDP has been decreasing in recent years, which seems to contradict many claims about China striving for increased openness about their economy. Our hypothesis is that the decrease might be connected with the development of GVCs and asymmetric improvement of transportation in China, driven by evolution of infrastructure. We have used simplified regionalization methods and regional input-output analysis in order to identify trend of interregional trade. The results show increase in interregional trade which does not refute this hypothesis.