

Estimating transport costs and trade barriers in China: Direct evidence from Chinese agricultural traders¹

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Abstract

Using unique survey data on agricultural traders in China in 2004, this study provides direct evidence on the significance of inter-regional trade barriers and their key components. Our major findings are as follows. (1) The trade barriers within China are fairly small, accounting for about 20 percent of trade value. (2) Transport-related costs and artificial barriers contribute about equally to the trade barriers. (3) Labor and government taxes are the two largest proportions of total transport costs, and account for 35% and 30%, respectively. (4) Road quality is crucial for reducing transport costs within China. Increasing transport speed by 1 km per hour would, mainly due to improved fuel-burning efficiency and reduced labor requirements, decrease total transport costs for Chinese agricultural traders by 0.6 percent.

Keywords: Transport Costs, China, Agricultural Traders, Infrastructure.

JEL: E58, R21, R28.

1: This work is currently being reviewed by the China Economic Review.

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