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Winners and Losers from a Commodities-for-Manufactures Trade Boom

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Abstract

A recent boom in commodities-for-manufactures trade between China and other developing countries has led to much concern about the losers from rising import competition in manufacturing, but little attention on the winners from growing Chinese demand for commodities. Using census data for Brazil, we find that local labour markets more affected by Chinese import competition experienced slower growth in manufacturing wages between 2000 and 2010. However, we observe faster wage growth in locations benefiting from rising Chinese commodity demand during the same period.

JEL Codes: F14, F16, J3, J6, O17.

Keywords: Trade, China, Brazil, commodities, labour markets, informality.

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