

estimate. Second, investment and exports growth fell much more than output growth, possibly suggesting higher spillovers through trade linkages. Third, as financial linkages of China with the rest of the world increase—as China eases restrictions on capital accounts—financial spillovers are likely to become more relevant. Fourth, an increase in policy uncer-

tainty regarding the transition process could increase market volatility and amplify the magnitude of spillovers—as pointed out by some evidence presented in the note. On the other hand, a well-managed transition delivering a more efficient allocation of resources and higher sustainable growth in China would benefit the global economy in the long run.

Annex 1. Data Issues

Annex Table 1.1. Summary Statistics

Variables	Number of Observations	Mean	Standard Deviation	Minimum	Maximum
Exports to China (% of GDP), log	3496	0.049	0.034	-0.066	0.128
Commodity sensitivity	3504	5.083	6.559	-30.226	24.195
Manufacturing exporters	4512	0.074	0.262	0	1
Industry's share of total valued added	4324	0.459	0.016	0.413	0.479
VIX (log)	2632	3.018	0.298	2.529	3.459

Note: Robust clustered standard errors in parentheses. Estimates based on equation (6). VIX = Chicago Board Options Exchange Volatility Index. * $p < .01$; ** $p < .05$; *** $p < .01$.

Annex Table 1.2. Data Description and Sources

Variables	Source
Exports from China to other countries	IMF, <i>Direction of Trade Statistics</i>
Commodity sensitivity	IMF, <i>World Economic Outlook</i> and estimates
Export earnings from manufacturing	IMF, <i>World Economic Outlook</i>
Export earnings from diversified sectors	IMF, <i>World Economic Outlook</i>
Industry value added in percent of GDP	IMF, <i>Direction of Trade Statistics</i>
Chicago Board Options Exchange Volatility Index (VIX)	Bloomberg

Note: Robust clustered standard errors in parentheses. Estimates based on equation (6). VIX = Chicago Board Options Exchange Volatility Index. * $p < .01$; ** $p < .05$; *** $p < .01$.

Annex Table 1.3. Manufacturing Exporters

Bangladesh	Poland
Botswana	Romania
Cambodia	Swaziland
Hungary	Thailand
Malaysia	Tunisia
Mexico	Turkey
Philippines	Vietnam

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