# Testing Localization of Chinese Food Industries: Evidence from Microgeographic Data

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## Abstract

Uneven distribution of economic activity is commonly observed, particularly in the food industry. Generally speaking, the food industry is transportation intensive; therefore, the extent of localization is relatively low. Previous research in China has confirmed this fact (Li, Shi and Jin, 2008). However, that analysis was based on aggregate data and discrete measurements that might contain biases. On the basis of microgeographic data, this study evaluates localization of the Chinese food industry using Duranton and Overman's index. The results indicate that, contrary to previous research, the extent of localization in China's food industry is high. Specifically, among 50 four-digit food industries, 21 of them exhibit localization whereas 15 of them are dispersed. The remaining 14 do not deviate significantly from randomness. Yellow Wine (C1523) and Aquatic Products Freezing (C1361) are found to be the two most localized industries.

**Keywords**: Food industry, Localization, China, Duranton and Overman's index

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