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Shifting currents: China's import realignment

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Eeva Kerola, Tuuli McCully and Riikka Nuutilainen

Shifting currents: China's import realignment

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Helsinki 2026

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Shifting Currents: China's Import Realignment

Abstract

This paper examines whether China has reallocated import sourcing away from West-leaning economies amid heightened geoeconomic tensions and a policy push to strengthen supply chain security. Using monthly bilateral trade data for 121 economies over 2015–2025 and a difference-in-differences framework, we compare changes in countries' shares of China's imports across blocs defined by their official positioning on Taiwan. We find evidence of a relative decline in imports from West-leaning countries beginning in 2018, with divergence strengthening after 2020 and intensifying further in 2022. The pattern is concentrated on a limited set of raw-material sectors, especially mineral products and base metals. For goods covered by Western export controls to Russia, we find no evidence of a broader shift in China's sourcing. Overall, China's import realignment appears broad-based across West-leaning source countries, but has so far remained selective across product categories. China's shift toward importing from friendly nations is likely to contribute to larger bilateral trade surpluses with Western economies, provided that China's exports to these markets remain robust.

Keywords: China, international trade, supply chains, fragmentation
JEL: F12, F13, F14, F51

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Non-technical summary

Focus

We study whether China has begun to reallocate its import sourcing away from countries politically closer to the West in favour of countries closer to China. Using monthly trade data for 121 economies over 2015–2025, we compare China's import sourcing across two groups of countries defined by their official diplomatic positioning on Taiwan. We study overall imports, broad product groups, and selected goods targeted by Western export controls related to Russia's war in Ukraine.

Contribution

The paper contributes in three ways. First, instead of using broad geopolitical measures, we build a China-relevant grouping of countries based on how governments position themselves on Taiwan – an issue central to Chinese foreign policy. Second, we provide evidence that China's import realignment is not a broad-based decoupling but instead largely concentrated on a limited set of raw-material sectors. Third, our results point to a broader and longer-term adjustment in China's sourcing decisions. This shift, which was already visible in 2018, persists even when the United States is excluded from the analysis, suggesting it is not only a bilateral US-China phenomenon, but a broader realignment away from the West-leaning economies. As such, China's import realignment efforts could fuel larger bilateral trade surpluses with Western economies, assuming China's exports to these markets remain robust.

Findings

We find that China's imports from West-leaning countries have declined relative to more China-aligned countries since 2018, with the divergence strengthening after 2020 and again after 2022. While the adjustment appears broad-based across West-leaning source countries, it has so far been selective across product categories. The clearest and most persistent declines have occurred in raw material sectors, particularly mineral products and base metals. For goods covered by Western export controls on Russia, we find little evidence of a broad shift in sourcing, aside from a more recent decline in one electronics-related subgroup. Overall, the results are consistent with the idea that building domestic capacity and alternative supply chains takes time, with changes appearing first in sectors where substitution is easiest.

1. Introduction

Geoeconomic fragmentation and resultant supply chain vulnerabilities have become popular topics for research and debate among economists and policymakers. Many overlapping global developments have likely contributed to the increased interest, including the US-China trade war, the Covid-19 pandemic, Russia's invasion of Ukraine, and, more broadly, elevated geopolitical tensions fuelled by the US distancing from multilateralism during Donald Trump's second presidential term. All these developments have disrupted global supply chains to some extent.

As geopolitical and geoeconomic tensions are likely to stay elevated in the foreseeable future, broader analysis of supply chains seems warrant, particularly if ongoing supply chain shifts may provide insights about the shape of the future world economy. This question is also timely given the recent evidence that fragmentation into geopolitical blocs can sharply reduce cross-bloc trade and increase costs (Aiyar et al., 2023; Campos et al., 2023). China's place in this jigsaw puzzle is crucial due to its status as the largest trading nation globally and its rising geopolitical ambitions. Any shifts in China's sourcing decisions potentially carry wider implications for the future structure of the global economy. Changes in China's import sourcing could also affect global trade imbalances by shaking up the order of surplus- and deficit-running countries, as well as how deficit financing is arranged.

This paper examines how China is restructuring its supply chains amid ongoing global geoeconomic tensions and fragmentation, showing that China is making a decisive effort to source more imports from likeminded countries while reducing imports from Western economies. China overtook the United States as the world's most significant trading partner as early as 2010 (Rodarte, 2023), and its global economic influence has continued to grow. China's sourcing decisions can have substantial economic implications for its trading partners.

Supply chain security and resilience have been key focal points in China's policy formulation, especially since President Trump's anti-China policy rhetoric and the resulting trade war. In a speech delivered in April 2020, President Xi Jinping introduced the "Dual Circulation Strategy," an economic model that prioritizes strengthening domestic economic activity while maintaining openness to

global trade (see e.g. Brühl, 2025). At the same time, Xi emphasized the need to deepen trade relations with allied countries as a countermeasure against hostile foreign forces. China has a long history of using trade policy as a tool of economic coercion (see e.g. Kerola et al., 2024; Fuchs and Klann, 2013), as well as implementing protectionist measures to support domestic producers.

China has increasingly demonstrated stronger geopolitical ambitions on the global stage (Lo, 2020). It seeks to reshape the global governance system and advocates for "multipolarity," meaning that China aims to strengthen its position as a leading global power. China's calls for a more equitable global order resonate particularly with countries in the Global South. China has also become more vocal about its intentions to reunify with Taiwan while gathering support for its claimed sovereignty over the island (Herscovitch, 2025). Advancing toward these goals could significantly affect global trade and on other countries' relations with China. Here, however, we must limit our discussion to supply chain shifts driven by China's strategic priorities. Drawing conclusions related to Taiwan falls outside the scope of our analysis.

To evaluate how well China is putting its "multipolar world" ambitions into practice and shifting its supply chains toward likeminded countries, we divide the world into two blocs based on countries' position toward the "One China Principle" of the People's Republic of China (PRC), differentiating between those leaning toward Beijing and those leaning toward Taipei or preferring a more neutral stance. Deploying a difference-in-differences (DiD) method, we assess whether China's import sourcing has shifted toward likeminded allies.

We examine the exports to China and Hong Kong from 121 countries between January 2015 and December 2025, utilizing granular trade data from Global Trade Tracker. We start by examining exports of all goods, followed by a breakdown by goods sections as defined in the Harmonized System for traded goods. We also specifically assess goods that can be considered critical for military systems and for maintaining a domestic industrial base. In addition to analysing the value of trade, we also consider trade volumes.

Our findings indicate that China began to reduce its imports from West-leaning countries relative to more China-aligned partners already in 2018, with the

shift strengthening after 2020 and becoming even more pronounced since early 2022. After controlling for global and country-specific developments, the share of imports from an average West-leaning country was about 0.2 percentage points lower in 2020 than for an otherwise comparable East-leaning country. The difference increased to 0.4-0.5 percentage points during 2023–2025. Given that the average import share of a West-leaner was 1.6% in 2015, the observed decline of around 25–30% is economically meaningful. However, the realignment is concentrated on a limited set of sectors – primarily raw materials – most notably base metals and mineral products, as well as selected agricultural and other raw material categories. For goods critical for military systems and for maintaining a domestic industrial base, we find little evidence of a broad shift in sourcing; the only clear decline in West-leaners' import shares is observed in a subcategory related to wireless communications and electronic components starting in 2023. Analyses based on trade volumes corroborate the selective decline in West-leaning import shares in the key raw-material sectors. These shifts matter beyond bilateral trade patterns: sustained changes in China's sourcing can reshape global current account and trade imbalances over time.

This paper contributes to the existing literature in three main ways. First, it combines the existing political economy discourse on the China's self-reliance strategy with a quantitative approach to quantify the strategy's success in reducing China's dependence on West-leaning countries. Second, it broadens the existing literature on global geoeconomic fragmentation by studying the role of China's economic policy in actively promoting a multipolar world. Finally, it contributes to the DiD trade policy literature by using the approach to capture the evolving effects of a broad and long-term economic policy strategy rather than a specific event such as a tariff announcement.

The paper proceeds as follows. In Section 2, we discuss the current global trade fragmentation and China's self-sufficiency efforts. Section 3 provides a brief literature review. Section 4 introduces the data and methodology, followed by Section 5, which presents our main results. Several robustness checks are presented in Section 6, and Section 7 concludes.

2. Global trade fragmentation and China's drive for supply chain resiliency

The current fragmentation trend in global trade began at the earnest after the United States introduced hefty tariffs, especially targeting Chinese goods, during President Donald Trump's first term in 2018. China responded with its own tariffs on imports from the US. Over the following eight years, the US-China rivalry intensified, leading to a significant decline in direct trade between the two countries (Alfaro & Chor, 2025). Since 2025, the imposition of worldwide tariffs by the US has delivered a significant shock to the global trading system.

Concurrently, China's rapidly advancing technological capabilities and production capacity have increased global reliance on Chinese resources across multiple sectors. This growing dependency has raised concerns, particularly among Western nations, including the European Union (Leyen, 2023; García-Herrero & Vasselier, 2024). Many affected countries have prioritized reducing their strategic dependencies on China. Policy measures have included efforts to deepen trade relations within a bloc of like-minded partners, as well as limit China's access to critical technologies to restrict China's technological rise (Selwyn et al., 2025).

China has leveraged its dominant position in several critical materials and technologies, at times signaling the possibility of restricting access for countries outside its geopolitical sphere. It has intensified efforts to bolster self-sufficiency, particularly in strategic domains such as critical raw materials and advanced technologies (Soyres & Moore, 2024). Furthermore, China is actively strengthening trade ties with aligned nations to secure stable access to essential resources, including food, energy, and other commodities. Such shifts in sourcing – especially in large commodity categories – have implications for global trade imbalances by redistributing trade surpluses and deficits across countries and blocs.

China has made supply chain resilience and security top domestic policy priorities since 2020. At the meeting of the Central Financial and Economic Affairs Commission in April 2020, President Xi introduced the "Dual Circulation Strategy" (Xi, 2020), a strategy that seeks to increase domestic consumption and innovation

while reducing reliance on essential external inputs (domestic circulation) and supplementing domestic activity through global integration (external circulation). Following endorsement of the strategy by the Politburo Standing Committee in May 2020, it was prioritized in October 2020 at the fifth plenary session of the 19th Central Committee of the Communist Party of China, which formulated the 14th Five-Year Plan for 2021–2025 and Long-Range Objectives Throughout the Year 2035. In his April 2020 speech (Xi, 2020), President Xi also declared that political motives shape the nation's supply chain decisions, observing "we must tighten international production chains' dependence on China, ***forming a powerful countermeasure and deterrent capability against foreigners who would artificially cut off supply [to China]*** [emphasis added]." Such policy priorities highlight the Chinese leadership's concerns regarding global geoeconomic fragmentation and supply chain vulnerabilities. Simultaneously, they also raise the question whether issues related to Taiwan play a part in Chinese supply chain decisions, particularly as Beijing's assertiveness toward Taiwan has intensified in recent years, exemplified by President Xi's 2019 statement reserving "all necessary means" against external interference and separatist activities (Xinhua, 2019).

Together with its focus on supply chain security, China's geopolitical inclinations have become more pronounced in recent years. According to Zhou et al. (2023), Chinese policies have become more proactive in their attempts to influence established international trade rules and practices, as well as in their efforts to protect China's domestic interests. Research also shows that China uses economic coercion as a foreign policy tool to reward or punish countries for their like-mindedness with or aversion toward China (see e.g. Kerola et al., 2024; Fuchs & Klann, 2013). Moreover, President Xi has on several occasions called for "a multipolar world," supporting the idea of the world economy splitting into competing blocs. Indeed, China is reaching out to the Global South, convincing developing countries to agree with its "One China Principle," thereby gaining global support for potential actions regarding reunification with Taiwan in the future (see discussion at the beginning of Section 4.1).

Against such a backdrop, Russia's war in Ukraine since February 2022 has provided an opportunity for China to study how countries around the world are responding to unwarranted aggression. Indeed, the conflict has further highlighted China's need to reduce its dependence on advanced economies. China has closely studied the West's economic sanction regimes – export restrictions, the freezing of Russia's foreign exchange reserves, and the exclusion of its financial institutions from global financial systems – their consequences, and the possibilities for evading such sanctions (see e.g. Cheung, 2025; Wang & Zakheim, 2025). Notably, China's interests are seen to align with Russia's in many respects. For example, the NATO Washington Summit Declaration in July 2024 stated that China is "a decisive enabler of Russia's war against Ukraine through its so-called 'no limits' partnership and its large-scale support for Russia's defence industrial base" (NATO, 2024). Furthermore, Russian trade with China, which already provides half of all Russia's imports, has helped sustain Russia's war efforts in recent years (Simola, 2025).

3. Literature review

The launch of the Dual Circulation Strategy in 2020 brought forward China's policy emphasis on supply chain security and increased self-reliance, resulting in changes in China's economic growth drivers. The strategy has been scrutinized by political economy scholars. Brühl (2025), for example, studies China's growth strategy, pointing out that the Chinese economy's export intensity has been reduced under the strategy, with an evident decoupling from North America and the European Union. He finds that China's trade and investment activities are increasingly geared toward the Belt and Road Initiative, the members of which largely consist of countries in the Global South. In a similar vein, Lo (2020) argues that the stabilization of supply chains (e.g. to counter the US decoupling, tariffs, and sanction threats) is at the heart of the internal circulation of the Dual Circulation Strategy, with state-owned enterprises taking a leading role in implementation. His analysis confirms China's multipolar world ambitions, noting that China envisions a global system

divided into three main regions: Asia, North America, and Europe, where each region is led by a regional superpower. Our paper contributes to the literature on the Dual Circulation Strategy by providing empirical quantitative evidence of the strategy's execution.

China is not alone in its focus on supply chain friend-shoring and geopolitical ambitions. Reflecting the elevated global policy uncertainties of recent years, geoeconomic fragmentation and the realignment of partnerships have emerged as pressing issues for policymakers across the world, prompting a rapidly expanding field of literature of geoeconomics. For instance, Pierce and Yu (2023) find evidence of fragmentation, particularly with respect to the US-China trade, yet they do not see clear evidence of a broader split into global trade blocs. Alfaro and Chor (2023) document a decrease in direct US sourcing from China and an increase in China's import shares in "friendly nations." Highly relevant to our research focus, Gopinath et al. (2024) provide evidence of trade and investment fragmentation along geopolitical lines since Russia's invasion of Ukraine and compare the developments to the early years of the Cold War. Similarly, Qiu et al. (2024) show stronger trade growth among geopolitically aligned countries. Bosone and Stamato (2024) reach the same conclusion, also showing broader diversion beyond US-China bilateral trade. Campos et al. (2023) quantify the trade and welfare effects of a hypothetical fragmentation into three blocs and show that cross-bloc trade could fall sharply under more restrictive scenarios, reinforcing the view that geopolitical alignment is becoming an increasingly important determinant of trade patterns. Our paper adds to the literature on geoeconomic fragmentation by providing additional evidence of China's active role in the realignment of partnerships likely to reshape global imbalances along geopolitical lines.

The difference-in-differences (DiD) method is often used to analyse trade flows in contexts that involve policy interventions or economic events that affect some countries or industries but not others. For instance, Cigna et al. (2020) use the method to study the impact of US tariffs against China on US imports, finding evidence of short-run trade diversion toward third countries because of the tariff shock. Meanwhile, Davis and Ma (2025) use a DiD approach to study the 2018 announcement by President Trump under Section 232, which imposed unilateral tariffs on

steel and aluminum imports based on national security concerns. They find that countries with strong trade ties to the US have limited flexibility to respond, while other countries are able to reduce their reliance on the US by expanding their trade partnerships. In the context of military conflicts, Hinz and Monastyrenko (2019) use the DiD method to quantify the direct effect of Russia's 2014 embargo on select food and agricultural imports from Western countries on Russian consumer prices. Meanwhile, Scheckenhofer et al. (2025) utilize the DiD approach to show evidence that the sanctions on military goods imposed following the Russian invasion of Ukraine in 2022 were undermined by evasion though transshipment via Russia-friendly countries. Our paper contributes to this strand of literature by utilizing the DiD methodology to study a broader economic strategy rather than any specific trade measure such as a tariff announcement.

Recent trade theory provides a useful framework for interpreting sectoral heterogeneity in sourcing responses to geopolitical shocks. One strand extends trade models to settings characterized by disruption risk or policy uncertainty. In these models, country-specific risk premia enter firms' sourcing decisions, and sectors with greater input substitutability or stronger sensitivity to risk reallocate sourcing more strongly when uncertainty rises (see e.g. Handley & Limão, 2015; Antràs & Chor, 2013; Caldara & Iacoviello, 2022). A second strand, rooted in quantitative trade and global value chain models, explicitly allows elasticities of substitution across suppliers to vary across sectors. This implies that sectors producing more standardized or homogeneous inputs (many raw materials, for example) can readily switch suppliers, whereas sectors relying on complex intermediates tend to exhibit stickier sourcing relationships (see e.g. Costinot et al., 2012; Caliendo & Parro 2015; Boehm et al., 2019). More broadly, Fan et al. (2019) show that trade policy shocks affecting imported inputs can generate heterogeneous sectoral responses through comparative advantage and inter-sectoral reallocation. A third strand emphasizes strategic dependence and weaponized interdependence, highlighting that geopolitical exposure may itself vary across sectors because some inputs are more vulnerable to coercion or network-based leverage than others (Farrell & Newman, 2019). Our paper speaks to all three strands. To our knowledge, these frameworks have not been applied to China's import sourcing in a way that yields sector-specific evidence

on friend-shoring. By documenting that China's import realignment is concentrated in raw materials and other sectors where alternative sourcing appears easier and geopolitical exposure more salient, we provide empirical evidence from a case where existing models would predict especially pronounced heterogeneity across sectors.

4. Data and methodology

4.1. Data

The literature on global fragmentation usually divides the world into two or three blocs: a US-led bloc, a China-led bloc, and sometimes a neutral bloc. The division typically uses some external measure, and there is ongoing discussion about which measure would be the most suitable. A variable commonly used in recent literature is countries' voting records in the UN General Assembly (see e.g. Bosone & Stamato, 2024; Gopinath et al., 2024; Kerola et al., 2024; Qiu et al., 2024; Jakubik & Ruta, 2023). In this paper, we introduce a China-specific measure for dividing the world into two blocs: countries leaning East and those leaning West. The division is based on countries' diplomatic positions regarding Taiwan. We utilize a dataset created by Herscovitch (2025) at the Lowy Institute. From Beijing's perspective, Taiwan is part of the Chinese state represented by the PRC and thus cannot be recognized as a sovereign state. Dividing countries according to their stance on the Taiwan issue is particularly meaningful in this context as China's leadership has repeatedly emphasized that reunification is inevitable. The findings by Gopinath et al. (2024), which show the global economy fragmenting into blocs along geopolitical fault lines since Russia's invasion of Ukraine, make the Taiwan question a clear geopolitical fault line for a China-centric global conflict. China is unlikely to overlook the Taiwan-stance of a country when planning its economic dependencies.

Our measure for selecting China-friendly countries is based on Herscovitch (2025), which places UN member states into five categories: 1) Team Taipei; 2) Status Quo-ists; 3) Mixed Signallers; 4) Beijing Leaners; and 5) Beijing Backers. We create a Taiwan-dummy variable by giving a value of one to groups 1–3, i.e. those

countries that have not given support to Beijing's reunification ambitions. Throughout the paper, we call these "West-leaning" countries. According to the Lowy Institute, groups 1–3 have either diplomatic relations with the Republic of China (Taiwan)[1] or manifest a somewhat vague position toward the Taiwan issue. Meanwhile, Beijing Leaners (group 4) endorse the PRC's one-China principle and affirm China's sovereignty over Taiwan, while the Beijing Backers (group 5) support the PRC's efforts to "achieve national reunification" without specifying that such efforts should be peaceful, thereby arguably giving consent to the PRC to use force to take control of Taiwan. These groups are assigned a dummy value of zero and referred to as "East-leaning." Within our country sample, there are 53 countries belonging to groups 1–3 and 68 to groups 4 and 5. The countries are listed in the Appendix. To our knowledge, this is the first paper to use this measure to form trading blocs.

We utilize goods trade data at up to the HS6-digit level (Harmonized System Codes) taken from the Global Trade Tracker website (www.globaltradetracker.com). Global Trade Tracker is a private data provider that sources trade data from government agencies from most countries in the world. The trade data are valued in US dollars in monthly frequency between January 2015 and December 2025. We also utilize information on trade volumes provided by GTT, which has developed a unit conversion tool that allows for unit harmonization across goods categories to kilograms. To reduce monthly volatility and reporting noise in the trade data, we use three-month moving averages of trade values and volumes throughout the empirical analysis. For the purposes of this paper, we define China as mainland China and Hong Kong, given that Hong Kong is a significant entry point for goods arriving in China. We focus on countries' export data rather than Chinese import data to reduce any classification biases that could potentially be used to disguise either imported products or source countries. In total, we have 121 countries in our sample for which detailed monthly trade data are available. Table 1 presents summary statistics for the average import share (from China's perspective) of countries in the two blocs: West-leaners and East-leaners. On average, a West-leaner's share of China's

[1] The following twelve countries and regions currently have diplomatic relations with Taiwan: Belize, Eswatini, Guatemala, Haiti, Marshall Islands, Palau, Paraguay, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Tuvalu, and the Holy See.

total imports varied from 1.4% to 1.6% during our sample period, while the average import share of an East-leaner has slightly increased from 0.3% in 2015 to 0.5% in 2025.

Table 1. Summary statistics of West-leaners' and East-leaners' total import shares.

West-leaners' share of Chinese imports (total)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mean	1.63	1.63	1.60	1.55	1.51	1.51	1.51	1.41	1.39	1.47	1.59
Median	0.25	0.28	0.27	0.23	0.28	0.33	0.34	0.23	0.22	0.24	0.34
Min	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Max	14.35	14.12	13.45	14.19	12.03	11.97	11.11	11.05	10.23	9.78	10.52
East-leaners' share of Chinese imports (total)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mean	0.25	0.25	0.27	0.32	0.34	0.35	0.39	0.42	0.46	0.48	0.48
Median	0.02	0.02	0.28	0.02	0.03	0.03	0.03	0.04	0.04	0.04	0.05
Min	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Max	4.25	4.57	4.81	4.91	4.68	5.78	5.91	5.77	6.56	6.46	6.72

Source: Global Trade Tracker and authors' calculations.

We focus initially on the geographical distribution of China's imports (i.e. exporter-reported exports) of all goods sections separately. For certain goods sections where we see a clear and statistically significant difference between the two blocs, we further look at the sections' subcategories. We then turn to goods that can be considered critical for military systems or maintaining a domestic industrial base. As such, we study those goods categories with exports to Russia sanctioned by Western countries since Russia's invasion of Ukraine. We take the European Commission's list of common high priority items[2] that include goods in 50 HS6-level categories, along with a list of economically critical goods[3] containing goods in 30 HS6-level categories.

A substantial share of exports to China originates from West-leaning countries (Figure 1), reflecting the fact that such countries typically are advanced economies producing goods that China needs. China sources common high-priority items (mostly high-tech electronics and components) primarily from the West-leaners, which include most developed economies (Figure 2). Although China imports more than five times as much of these items (by value) from West-leaning countries as

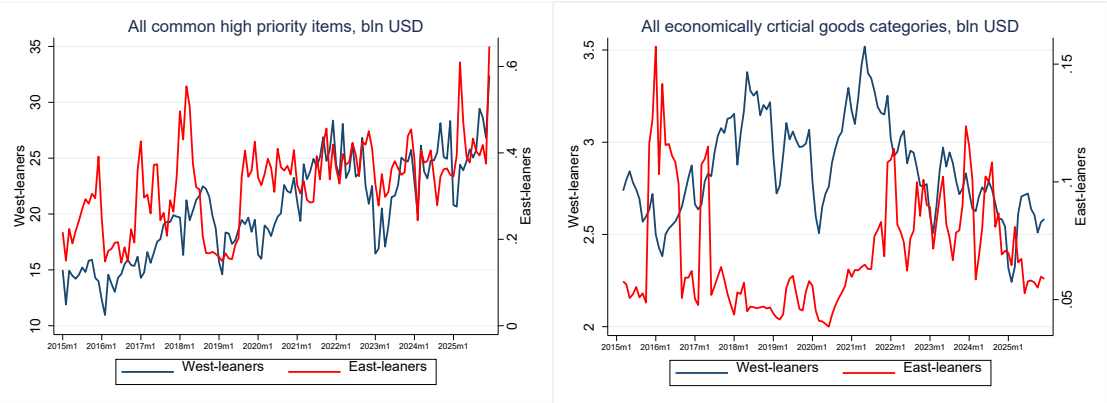
[2] List of common high priority items (February 2024): https://finance.ec.europa.eu/system/files/2023-09/list-common-high-priority-items_en.pdf
[3] List of economically critical goods (February 2025): https://finance.ec.europa.eu/system/files/2023-10/list-economically-critical-goods_en.pdf

from East-leaning countries, imports have increased from both groups. Economically critical goods account for a much smaller export value to China than common high-priority items. Unlike common high-priority items, their imports have not increased. This may indicate that China is increasingly meeting demand for these goods through domestic production.

Figure 1. Value of total goods exports to China.

Sources: Global Trade Tracker and authors' calculations. Note: Value of exports to China and Hong Kong.

Figure 2. Value of exports to China of common high priority items (left) and economically critical goods (right).

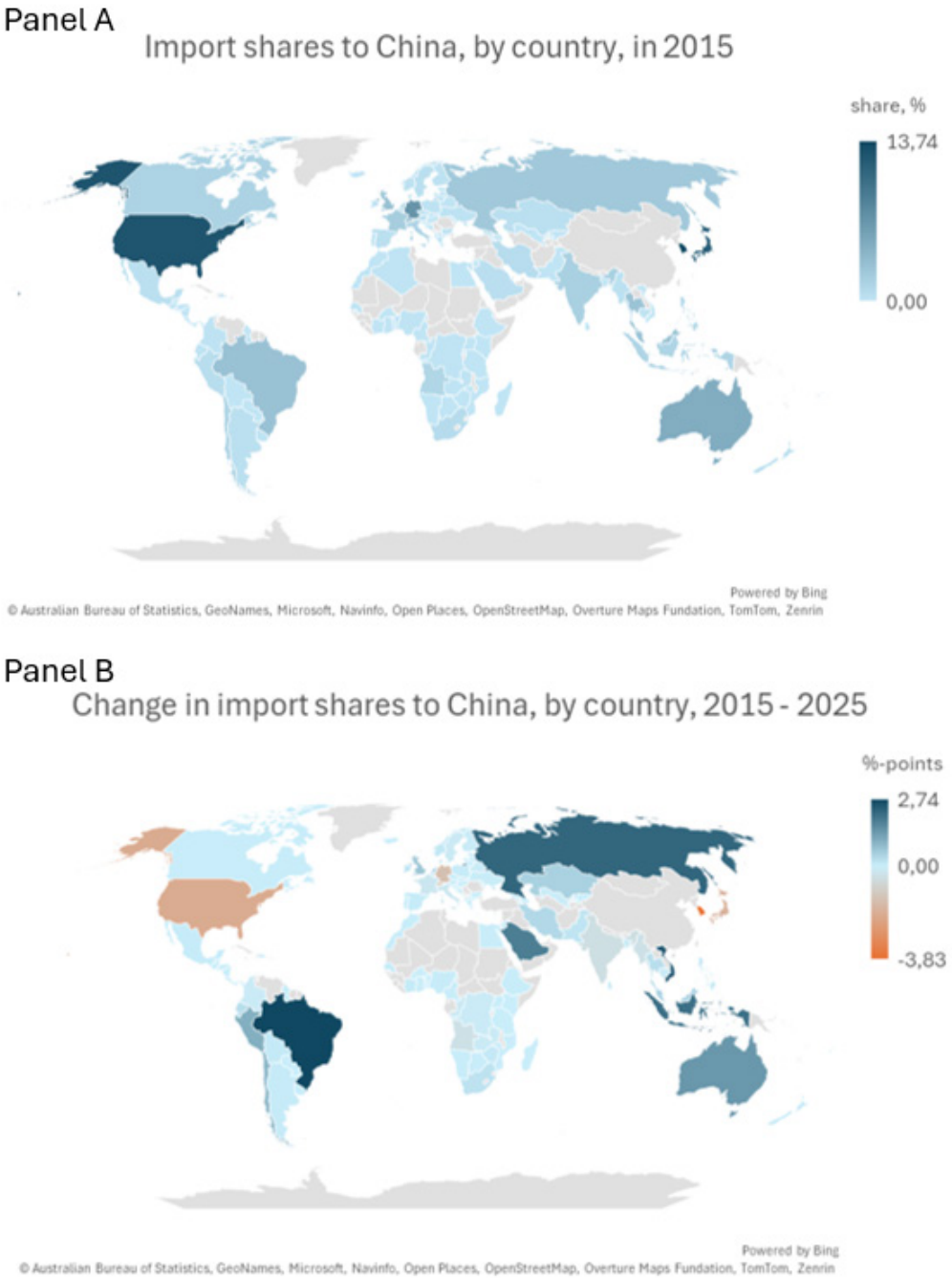


Sources: Global Trade Tracker and authors' calculations. Note: Value of exports to China and Hong Kong.

As a first glimpse of the results for individual countries, Figure 3 displays the country-level shares of China's total imports in 2015 on average (panel A) and the change in these shares between 2015 and 2025 (panel B). The map reveals a shift in China's import patterns over the period. Some West-leaning countries, particularly advanced economies, show a noticeable decline in their share of China's total imports

between 2015 and 2025. In contrast, many East-leaning countries, as well as some countries in the Global South, increase their relative shares of China's imports.

Figure 3. Geographic distribution of total exports to China in 2015 (panel A) and the change in shares between 2015 and 2025 (panel B).



Sources: Global Trade Tracker and authors' estimations. For Russia, the map utilizes import statistics from China Customs as Russia has ceased to publish granular trade statistics since the full-scale invasion of Ukraine.

4.2. Methodology

We employ a difference-in-differences (DiD) approach using a country-month panel dataset. The treatment group consists of countries that do not directly support the PRC's Taiwan-reunification efforts, which we refer to as the "West-leaning bloc." Our focus is on identifying potential changes over time in the origins of China's imports. To this end, we include an interaction term between the annual dummies and the treatment dummy in the estimations to capture the evolving effects of a long-term economic policy strategy. The estimated equation is:

$$y_{c,i,t} = \beta_0 + \beta_1(d_c * A_t) + \beta_2 d_c + \beta_3 A_t + \alpha_c + u_{i,t}, \quad (1)$$

where y is the share (in percentage points) of country c's exports to China in the total exports to China by all countries in the sample for product group i at month t: $y_{c,i,t} = \frac{X_{c,i,t}}{\sum_{c=1}^{C} X_{c,i,t}}$. The dependent variable is constructed from three-month moving averages of monthly export values. The treatment group indicator d equals one for countries belonging to the West-leaning bloc, and A are the annual time dummies (2015 is omitted from the estimations). β_0 is a constant, β_2 contains the controls for permanent differences between the two group of countries, β_3 contains the controls for annual trend common to both groups, and finally β_1 is the difference-in-differences estimate, i.e. the remaining differences in y between the two groups.

We further include country fixed effects, α_c, to control for unobserved heterogeneity across countries. This approach absorbs all country-level variation, and as a result, β_2 cannot be separately identified. This does not affect the interpretation of the main coefficient of interest. The inclusion of country fixed effects ensures that β_1 captures within-country variation, reducing biases from omitted country-level factors.[4]

[4] For completeness, we also estimate a multilevel (mixed-effects) model with random intercepts for countries and fixed effects for the grouping variable (West-leaning bloc). The random intercepts capture unobserved country-specific heterogeneity, assuming these effects are drawn from a common distribution. Results for the DiD estimate are virtually unchanged from the fixed-effects model, confirming that our findings are not sensitive to the choice of specification.

In addition to using annual dummy interactions, we use monthly interactions to further uncover the dynamics of the treatment effect over time. The estimated equation remains otherwise unchanged, except for the substitution of monthly dummies in place of annual ones. In these, the first three quarters of 2015 are omitted from the estimations. We plot these resulting coefficients along with their confidence intervals, allowing us also to formally check the validity of our identification strategy and the pre-treatment parallel trend assumption.

5. Results

5.1. All goods sections

We start with China's total imports and various goods sections separately as per the classification of goods in the Harmonized System Codes.[5] Table 2 presents the estimation results for all goods sections using interactions between annual dummies and the West-leaning group indicator. The findings indicate that, starting in 2018, the share of China's total imports originating from West-leaning bloc countries started to decline compared to imports from the East-leaning countries. This negative and statistically significant difference suggests that China began to realign its supply chains away from the West-leaning bloc as trade tensions with the US intensified. The difference began to grow in 2020, with the trend intensifying further after 2022. The size of the estimated coefficient implies that the share of imports from an average West-leaning country was about 0.2 percentage points lower in 2020, and the difference increased to 0.4–0.5 percentage points during 2023–2025. Given that the average import share of a country in the West-leaning bloc was 1.6% in 2015, the observed decline (of around 25–30%) is also economically meaningful.

The reported R^2 values refer to within variation. They are thus relatively modest as country fixed effects absorb persistent cross-country differences in import shares. This is common in fixed effects trade share regressions where identification

[5] See the section definitions in Table A2 in the Appendix. In estimations, Sections 8, 11, and 12 are grouped as textiles & footwear; Sections 9 and 10 are grouped as wood & pulp; and Sections 20 and 21 are grouped as miscellaneous articles & works of art. The remaining sections are studied independently.

comes from changes within countries over time. The robustness check with product-level and country-product fixed effects in Section 6 yields substantially higher explanatory power, while leaving the main coefficients largely unchanged.

Figure 4 complements these results by illustrating the monthly DiD parameter estimates for various good categories, along with their 95% confidence intervals. The figures highlight the timing and magnitude of the observed shifts, confirming that for total goods and some of the goods sections the divergence in import shares started to shift toward the end of 2018, intensified after 2020, and became more pronounced after early 2022. The parallel trend assumption largely holds during 2015–2017, lending credibility to the identification strategy.

When looking at both Table 2 and Figure 4 for different goods sections, it seems that the result is driven predominantly by agricultural and food products (sections 1, 3, and 4) as well as raw materials,[6] specifically base metals and articles thereof (section 15), mineral products (section 5), wood and pulp (sections 9 and 10), and plastic and rubber (section 7). For agricultural and food products, the difference in import shares in 2025 ranges between 0.4 and 2.1 p.p. Meanwhile, the difference in import shares rises to 1.1 p.p. by 2025 for base metals and articles thereof, to 0.6 p.p. for mineral products, to 0.7 p.p. for wood and pulp, and hovers around 0.2 p.p. for plastic and rubber.

[6] China's raw material imports from Russia (a like-minded country) have increased substantially in recent years, although the import share remains modest. The results, as shown in Section 6, are robust for excluding Russia from the sample.

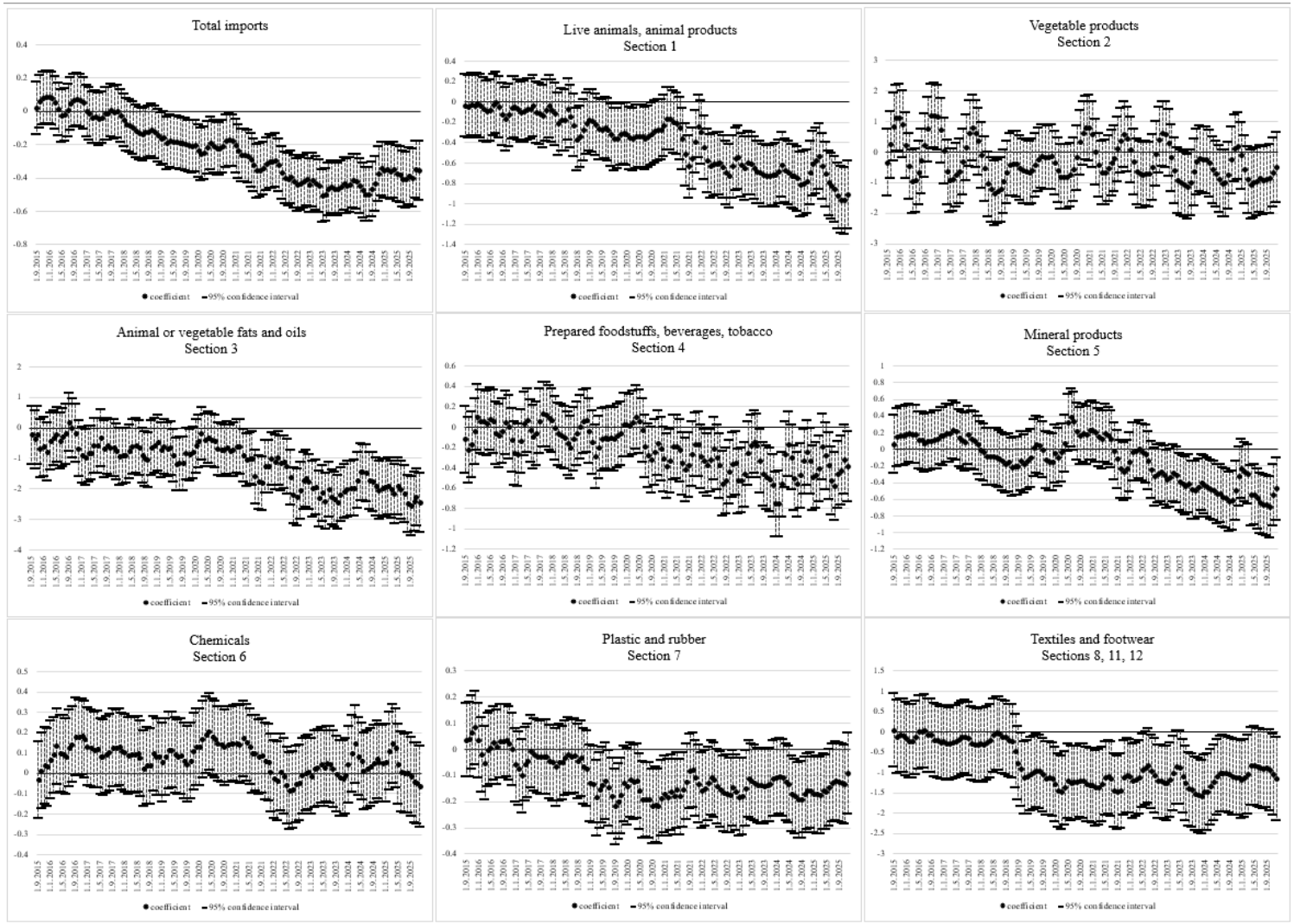
Table 2. Estimation results with annual dummies and West-leaning group's interactions. All goods sections.

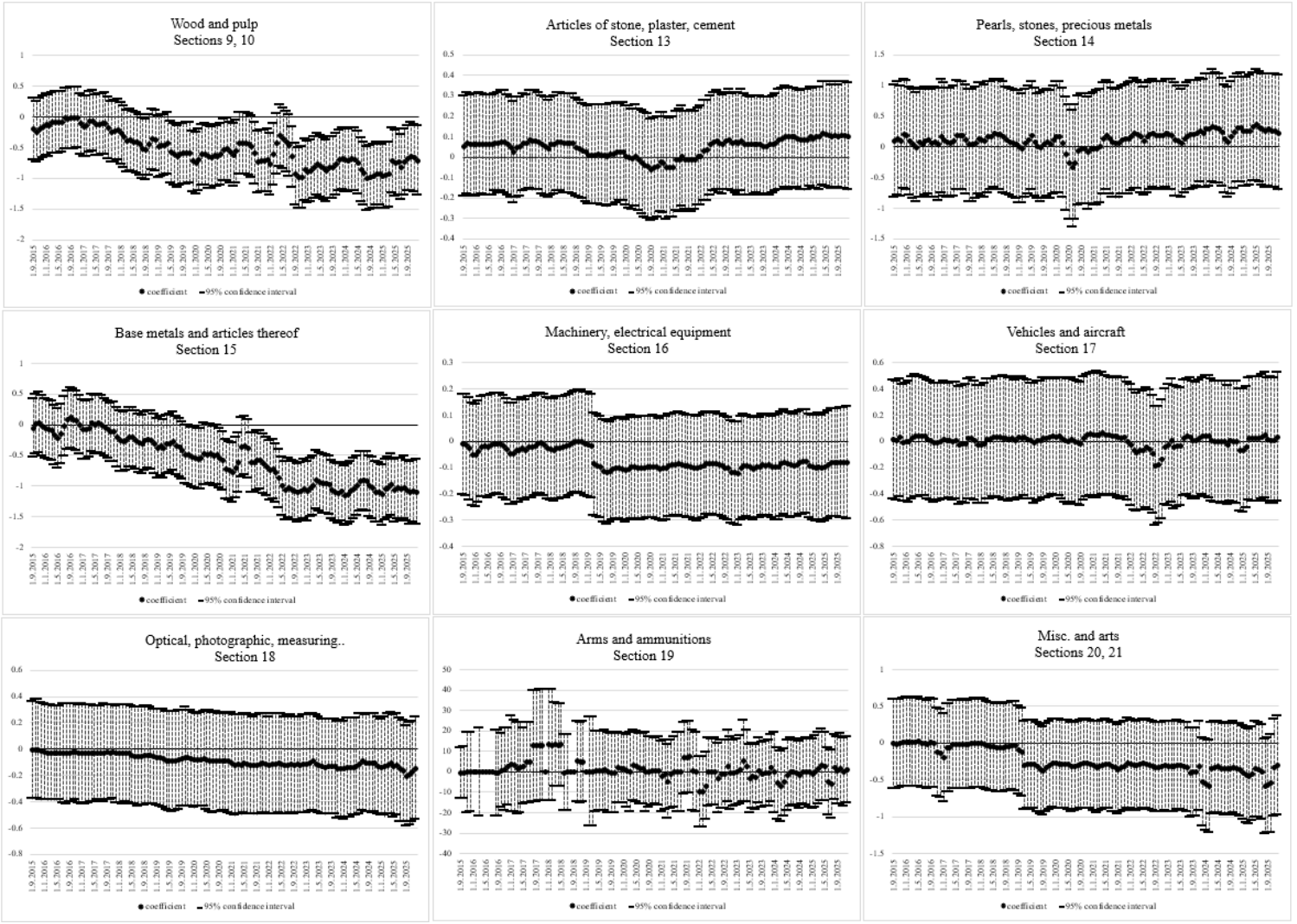
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	Total exports to China	live animals, animal products *sec1*	vegetable products *sec2*	animal or vegetable fats and oils, waxes *sec3*	prepared foodstuffs beverages, tobacco *sec4*	mineral products *sec5*	chemicals *sec6*	plastic and rubber *sec7*	textiles, footwear *sec81112*	wood and pulp *sec910*	articles of stone, plaster, cement *sec13*	pearls, stones, precious metals *sec14*	base metals and articles *sec15*	machinery, electrical equip *sec16*	vehicles and aircraft *sec17*	optical, photogr., surgic.inst *sec18*	arms and ammun *sec19*	misc. and arts *sec2021*
2016 x West leaners	**0.016**	-0.060	0.012	-0.212	0.055	0.087	0.123***	-0.009	-0.112	-0.002	0.043	0.035	-0.035	-0.015	0.011	-0.026	0.922	-0.015
	(0.032)	(0.060)	(0.211)	(0.185)	(0.062)	(0.068)	(0.037)	(0.028)	(0.176)	(0.097)	(0.048)	(0.176)	(0.095)	(0.038)	(0.089)	(0.072)	(4.352)	(0.117)
2017 x West leaners	**-0.044**	-0.070	-0.238	-0.571***	0.013	0.100	0.106***	-0.064**	-0.217	-0.083	0.040	0.058	-0.060	-0.015	-0.004	-0.029	4.236	-0.034
	(0.032)	(0.060)	(0.211)	(0.182)	(0.062)	(0.068)	(0.037)	(0.028)	(0.176)	(0.097)	(0.048)	(0.177)	(0.094)	(0.038)	(0.089)	(0.073)	(4.412)	(0.117)
2018 x West leaners	**-0.138*****	-0.190***	-0.833***	-0.671***	-0.008	-0.162**	0.070*	-0.065**	-0.182	-0.341***	0.034	0.084	-0.260***	-0.006	0.012	-0.044	6.465	-0.041
	(0.032)	(0.060)	(0.210)	(0.181)	(0.062)	(0.068)	(0.037)	(0.028)	(0.176)	(0.097)	(0.048)	(0.176)	(0.094)	(0.038)	(0.090)	(0.073)	(4.195)	(0.117)
2019 x West leaners	**-0.214*****	-0.266***	-0.582***	-0.725***	-0.069	-0.134**	0.081**	-0.179***	-1.012***	-0.497***	-0.008	0.008	-0.384***	-0.081**	0.015	-0.074	0.970	-0.277**
	(0.032)	(0.060)	(0.210)	(0.178)	(0.062)	(0.068)	(0.037)	(0.028)	(0.176)	(0.097)	(0.048)	(0.176)	(0.094)	(0.038)	(0.090)	(0.073)	(3.706)	(0.117)
2020 x West leaners	**-0.238*****	-0.312***	-0.434**	-0.404**	-0.051	0.111	0.152***	-0.192***	-1.274***	-0.559***	-0.047	-0.113	-0.554***	-0.092**	0.015	-0.087	1.153	-0.289**
	(0.032)	(0.060)	(0.210)	(0.177)	(0.062)	(0.068)	(0.037)	(0.028)	(0.177)	(0.098)	(0.049)	(0.178)	(0.095)	(0.038)	(0.091)	(0.073)	(3.501)	(0.118)
2021 x West leaners	**-0.319*****	-0.316***	-0.204	-1.005***	-0.239***	-0.023	0.097***	-0.162***	-1.257***	-0.503***	-0.044	0.035	-0.570***	-0.085**	0.036	-0.114	0.812	-0.311***
	(0.032)	(0.060)	(0.212)	(0.179)	(0.063)	(0.069)	(0.037)	(0.028)	(0.178)	(0.098)	(0.048)	(0.177)	(0.095)	(0.038)	(0.090)	(0.074)	(3.561)	(0.118)
2022 x West leaners	**-0.410*****	-0.574***	-0.400*	-1.365***	-0.324***	-0.203***	-0.038	-0.168***	-1.061***	-0.580***	0.038	0.136	-0.968***	-0.087**	-0.091	-0.115	-3.111	-0.302**
	(0.032)	(0.061)	(0.213)	(0.182)	(0.063)	(0.069)	(0.037)	(0.028)	(0.177)	(0.098)	(0.048)	(0.176)	(0.095)	(0.038)	(0.089)	(0.073)	(3.510)	(0.118)
2023 x West leaners	**-0.482*****	-0.651***	-0.685***	-2.024***	-0.342***	-0.445***	0.008	-0.158***	-1.236***	-0.743***	0.039	0.127	-1.014***	-0.089**	0.000	-0.124*	-0.867	-0.350***
	(0.032)	(0.060)	(0.213)	(0.182)	(0.062)	(0.068)	(0.037)	(0.028)	(0.177)	(0.098)	(0.048)	(0.176)	(0.095)	(0.038)	(0.089)	(0.073)	(3.487)	(0.118)
2024 x West leaners	**-0.465*****	-0.712***	-0.648***	-1.655***	-0.394***	-0.558***	0.054	-0.170***	-1.157***	-0.779***	0.067	0.196	-1.029***	-0.078**	-0.004	-0.120	-1.644	-0.378***
	(0.032)	(0.061)	(0.215)	(0.185)	(0.063)	(0.070)	(0.037)	(0.028)	(0.181)	(0.100)	(0.048)	(0.178)	(0.096)	(0.039)	(0.091)	(0.074)	(3.517)	(0.120)
2025 x West leaners	**-0.398*****	-0.759***	-0.936***	-2.051***	-0.365***	-0.553***	0.023	-0.162***	-0.956***	-0.706***	0.082*	0.232	-1.058***	-0.080**	0.007	-0.146*	-0.122	-0.427***
	(0.033)	(0.062)	(0.218)	(0.188)	(0.065)	(0.071)	(0.038)	(0.029)	(0.185)	(0.102)	(0.050)	(0.179)	(0.098)	(0.040)	(0.092)	(0.075)	(3.593)	(0.123)
Constant	**0.921*****	1.053***	1.103***	1.505***	1.041***	1.048***	1.036***	1.059***	3.193***	1.822***	1.258***	1.247***	0.977***	0.988***	1.210***	1.109***	4.920***	1.898***
	(0.012)	(0.021)	(0.076)	(0.066)	(0.023)	(0.024)	(0.013)	(0.010)	(0.062)	(0.034)	(0.017)	(0.063)	(0.034)	(0.014)	(0.032)	(0.026)	(0.496)	(0.041)
Country FE	**YES**	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	**YES**	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	**14,276**	12,624	12,322	8,483	12,920	12,411	12,722	12,743	14,505	14,505	10,589	10,573	13,428	13,699	10,913	11,952	2,730	14,505
R-squared	**0.047**	0.031	0.004	0.034	0.013	0.023	0.004	0.014	0.034	0.013	0.002	0.001	0.028	0.003	0.000	0.001	0.008	0.004
Number of country_id	**121**	121	119	110	121	117	120	121	121	121	117	118	121	121	121	121	54	121

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Sources: Global Trade Tracker and authors' calculations.

Figure 4. Monthly difference-in-differences parameter estimates in select trade categories with 95% confidence intervals. All goods sections.





Sources: Global Trade Tracker and authors' estimations

5.2. Subcategories of certain goods

Further analysis of specific goods sections is presented in Tables 3 and 4, which focus on subcategories of base metals and products thereof (section 15) and mineral products (section 5), respectively. These two sections are the largest import groups for which we find statistically significant results[7]. The results show that the decline in import shares from the West-leaning countries is evident in certain subcategories, though the magnitude and statistical significance vary across product groups. Figures 5 and 6 provide monthly estimates for these subcategories, revealing when and how trade shares diverged between country groups.

For base metals and articles thereof (Table 3 and Figure 5), the results are most pronounced for subcategories 72 (iron and steel), 75 (nickel and articles thereof), and 80 (tin and articles thereof). The decline in import shares begins in more earnest after 2020. The average import share of a West-leaning country for iron and steel is 4 percentage points, for nickel 12 p.p., and for tin 8 p.p. lower in 2025 than for an average East-leaning country.

[7] Import shares for each section are presented in Table A2 in Appendix A.

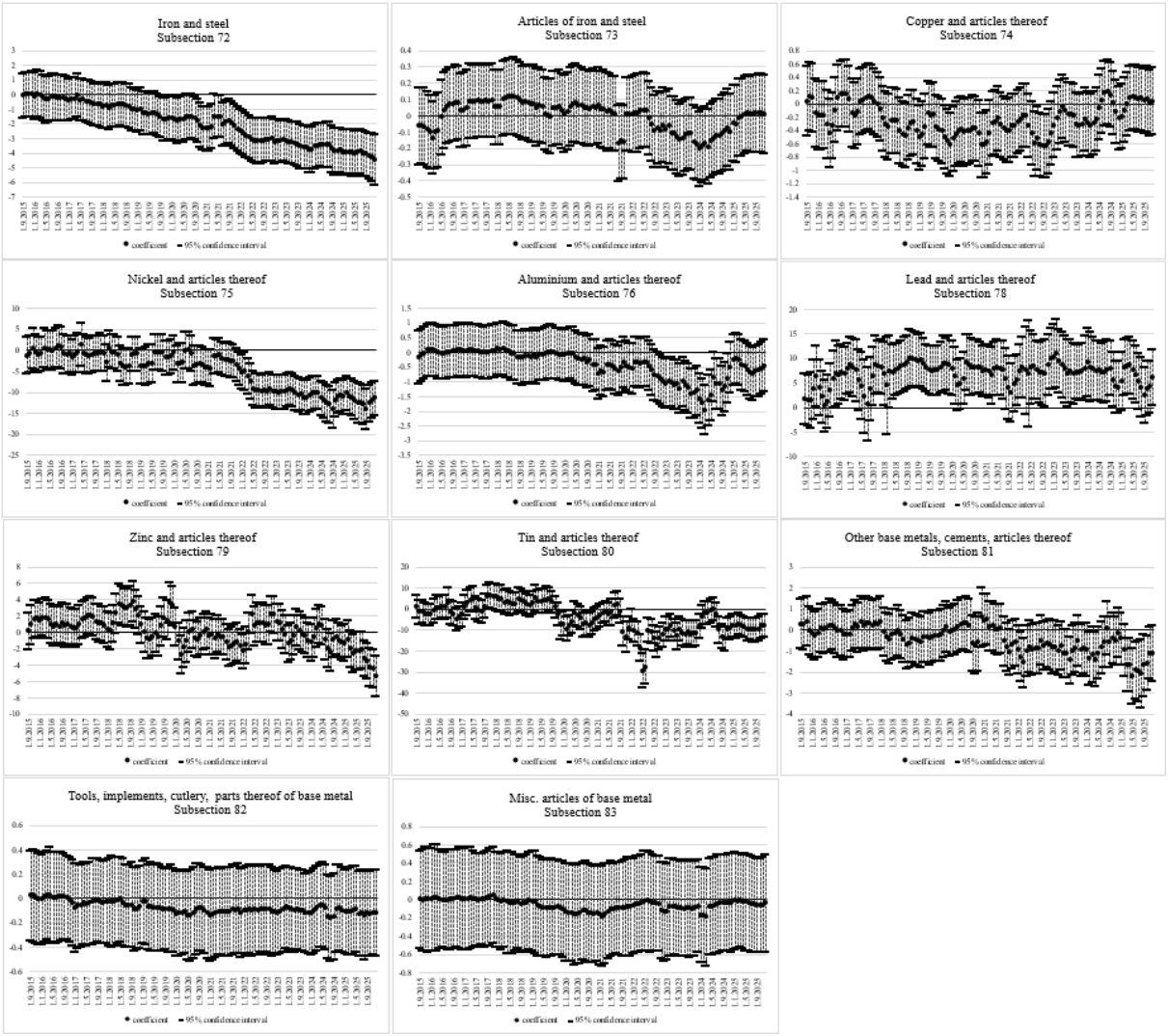
Table 3. Estimation results with annual dummies and West-leaner interactions. Subcategories of section 15 goods (base metals and articles thereof).

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	iron and steel *sub72*	articles of iron and steel *sub73*	copper and articles thereof *sub74*	nickel and articles thereof *sub75*	aluminium and articles thereof *sub76*	lead and articles thereof *sub78*	zinc and articles thereof *sub79*	tin and articles thereof *sub80*	other base metals, cermets, articles thereof *sub81*	tools, implements, cutlery, parts thereof of base metal *sub82*	misc.articles of base metal *sub83*
2016 x West leaners	-0.192	0.021	-0.096	-0.074	0.054	3.990***	0.767	-1.129	-0.098	-0.000	0.006
	(0.304)	(0.045)	(0.099)	(0.882)	(0.175)	(1.126)	(0.467)	(1.095)	(0.231)	(0.072)	(0.108)
2017 x West leaners	-0.432	0.102**	-0.041	-0.616	0.061	5.696***	0.892*	2.263**	0.086	-0.044	0.009
	(0.291)	(0.045)	(0.099)	(0.872)	(0.174)	(1.188)	(0.466)	(1.137)	(0.232)	(0.070)	(0.107)
2018 x West leaners	-0.797***	0.116**	-0.351***	-1.548*	-0.018	7.446***	1.926***	3.703***	-0.358	-0.053	-0.029
	(0.297)	(0.045)	(0.098)	(0.856)	(0.176)	(1.171)	(0.470)	(1.133)	(0.235)	(0.070)	(0.107)
2019 x West leaners	-1.363***	0.064	-0.388***	-1.735**	-0.048	7.445***	0.353	2.396**	-0.386	-0.077	-0.079
	(0.292)	(0.045)	(0.097)	(0.859)	(0.175)	(1.096)	(0.478)	(1.116)	(0.239)	(0.070)	(0.107)
2020 x West leaners	-1.734***	0.074	-0.463***	-2.106**	-0.199	6.269***	-0.997**	-5.742***	-0.072	-0.117	-0.148
	(0.299)	(0.046)	(0.099)	(0.873)	(0.174)	(1.113)	(0.468)	(1.124)	(0.244)	(0.071)	(0.108)
2021 x West leaners	-1.954***	0.000	-0.359***	-2.407***	-0.513***	5.528***	-1.396***	-2.934***	-0.283	-0.114	-0.113
	(0.299)	(0.046)	(0.097)	(0.841)	(0.170)	(1.137)	(0.467)	(1.114)	(0.233)	(0.072)	(0.107)
2022 x West leaners	-2.975***	0.001	-0.454***	-8.218***	-0.549***	7.007***	0.297	-12.811***	-0.978***	-0.100	-0.054
	(0.299)	(0.046)	(0.097)	(0.844)	(0.171)	(1.244)	(0.469)	(1.158)	(0.239)	(0.072)	(0.107)
2023 x West leaners	-3.311***	-0.099**	-0.214**	-9.869***	-1.147***	7.038***	-0.523	-10.192***	-1.027***	-0.103	-0.094
	(0.295)	(0.045)	(0.097)	(0.854)	(0.169)	(1.199)	(0.468)	(1.148)	(0.239)	(0.070)	(0.107)
2024 x West leaners	-3.624***	-0.117**	-0.094	-11.085***	-1.250***	5.765***	-1.127**	-5.641***	-0.793***	-0.106	-0.084
	(0.304)	(0.046)	(0.098)	(0.857)	(0.171)	(1.176)	(0.467)	(1.137)	(0.244)	(0.071)	(0.107)
2025 x West leaners	-4.031***	0.022	0.018	-11.536***	-0.466***	4.959***	-3.191***	-8.172***	-1.527***	-0.120*	-0.040
	(0.307)	(0.046)	(0.099)	(0.879)	(0.174)	(1.170)	(0.470)	(1.122)	(0.256)	(0.071)	(0.107)
Constant	1.429***	1.211***	1.159***	2.247***	1.226***	3.570***	2.323***	3.506***	2.266***	1.595***	1.524***
	(0.105)	(0.016)	(0.036)	(0.275)	(0.062)	(0.365)	(0.150)	(0.313)	(0.079)	(0.025)	(0.038)
Country FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	9,043	11,013	11,087	4,973	10,852	3,985	5,612	3,697	5,848	8,374	8,800
R-squared	0.047	0.005	0.009	0.106	0.014	0.018	0.033	0.105	0.014	0.001	0.001
Number of country_id	117	120	114	76	115	87	86	62	86	117	112

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Sources: Global Trade Tracker and authors' estimations.

Figure 5. Monthly difference-in-differences parameter estimates in select trade categories with 95% confidence intervals. Subcategories of section 15 goods.



Sources: Global Trade Tracker and authors' estimations.

For mineral products (Table 4 and Figure 6), the longer-term decrease in the share of imports from West-leaning countries is driven primarily by subcategory 26 (ores, slag, and ash). More recently, import shares of West-leaning countries have also decreased for subcategory 27 (mineral fuels and oils and products of their distillation, mineral waxes). The difference in import shares in 2025 is 0.9 p.p. for ores, slag, and ash and 0.6 p.p. for mineral fuels and oils.

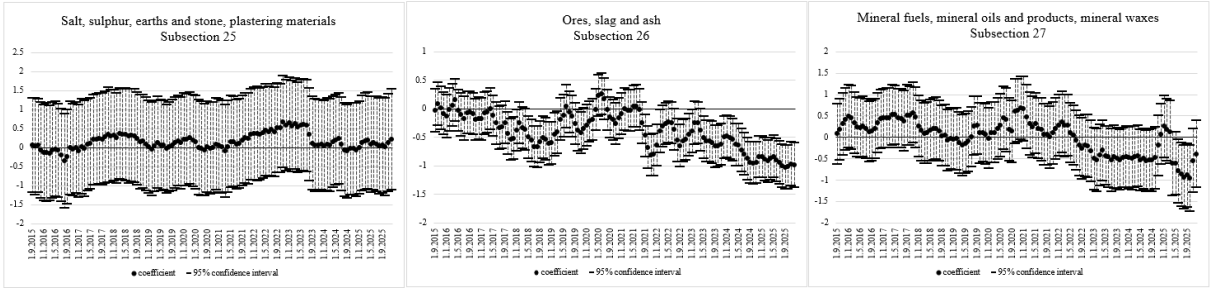
Table 4. Estimation results with annual dummies and West-leaning interactions. Subcategories of section 5 goods (mineral products).

	(1) salt, sulphur, earths and stone, plastering materials, lime and cement	(2) ores, slag and ash	(3) mineral fuels, mineral oils and products of their distillation, mineral waxes
VARIABLES	*sub25*	*sub26*	*sub27*
2016 x West leaners	-0.127	-0.068	0.198
	(0.243)	(0.073)	(0.140)
2017 x West leaners	0.148	-0.254***	0.396***
	(0.242)	(0.072)	(0.139)
2018 x West leaners	0.260	-0.492***	0.027
	(0.242)	(0.072)	(0.141)
2019 x West leaners	0.057	-0.276***	-0.060
	(0.240)	(0.073)	(0.141)
2020 x West leaners	0.077	-0.075	0.226
	(0.242)	(0.072)	(0.143)
2021 x West leaners	0.121	-0.255***	0.149
	(0.241)	(0.073)	(0.143)
2022 x West leaners	0.453*	-0.432***	-0.077
	(0.241)	(0.073)	(0.143)
2023 x West leaners	0.392	-0.493***	-0.547***
	(0.242)	(0.073)	(0.142)
2024 x West leaners	0.042	-0.743***	-0.505***
	(0.243)	(0.074)	(0.143)
2025 x West leaners	0.094	-0.927***	-0.569***
	(0.249)	(0.074)	(0.146)
Constant	1.320***	1.438***	1.478***
	(0.088)	(0.026)	(0.050)
Country FE	YES	YES	YES
Time FE	YES	YES	YES
Observations	10,410	9,119	9,093
R-squared	0.001	0.033	0.015
Number of country_id	116	106	110

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Sources: Global Trade Tracker and authors' estimations.

Figure 6. Monthly difference-in-differences parameter estimates in select trade categories with 95% confidence intervals. Subcategories of section 5 goods.



Sources: Global Trade Tracker and authors' estimations.

5.3. Critical goods for advanced technology and military systems

To provide further insights regarding China's import shifts at a more detailed level, we consider goods under Western sanctions prohibiting their export to Russia since the 2022 invasion of Ukraine. These export sanctions seek to curtail Russia's ability to wage war, access critical technologies, and maintain its industrial base. Although the sanctions do not target China, any changes in the import source countries for these goods would suggest that China is mindful of potentially being cut off from these goods' supply chains in the future. We study the European Commission's listings of common high priority items and economically critical goods (see Section 4.1). The common high priority items group is further divided to six sub-categories (chpi1, chpi2, chpi3a, chpi3b, chpi4a, chpi4b).[8]

Table 5 reports the estimation results while Figure 7 illustrates the corresponding monthly difference-in-differences parameter estimates. There is some evidence that the share of imports from the West-leaning bloc of the chpi2 category (electronics items related to wireless communications, satellite-based radionavigation, and passive electronic components) declined starting from 2022. The difference in import share is 0.5–0.6 percentage points annually from 2023 to 2025. For all other subcategories of common high priority goods and economically critical goods, we do not see any difference in import shares between the West-leaning and East-leaning countries. The results indicate that the average negative and statistically significant difference in total trade visible for the West-leaning block after 2020 is primarily driven by non-sanctioned goods. At the same time, we do not observe any increase in Chinese imports of sanctioned goods from the West-leaning countries. Accordingly, our results do not provide evidence that sanctions imposed on Russia have been circumvented via China since 2022.

[8] chpi1 comprises of integrated circuits; chpi2 electronics items related to wireless communications, satellite-based radio-navigation and passive electronic components; chpi3a discrete electronic components, electrical plugs and connectors, navigation equipment and digital cameras; chpi3b mechanical and non-electronic components such as bearings and optical components; chpi4a manufacturing equipment for production and quality testing of electric components and circuits; and chpi4b computer numerical control (CNC) machine tools for working metal and related components.

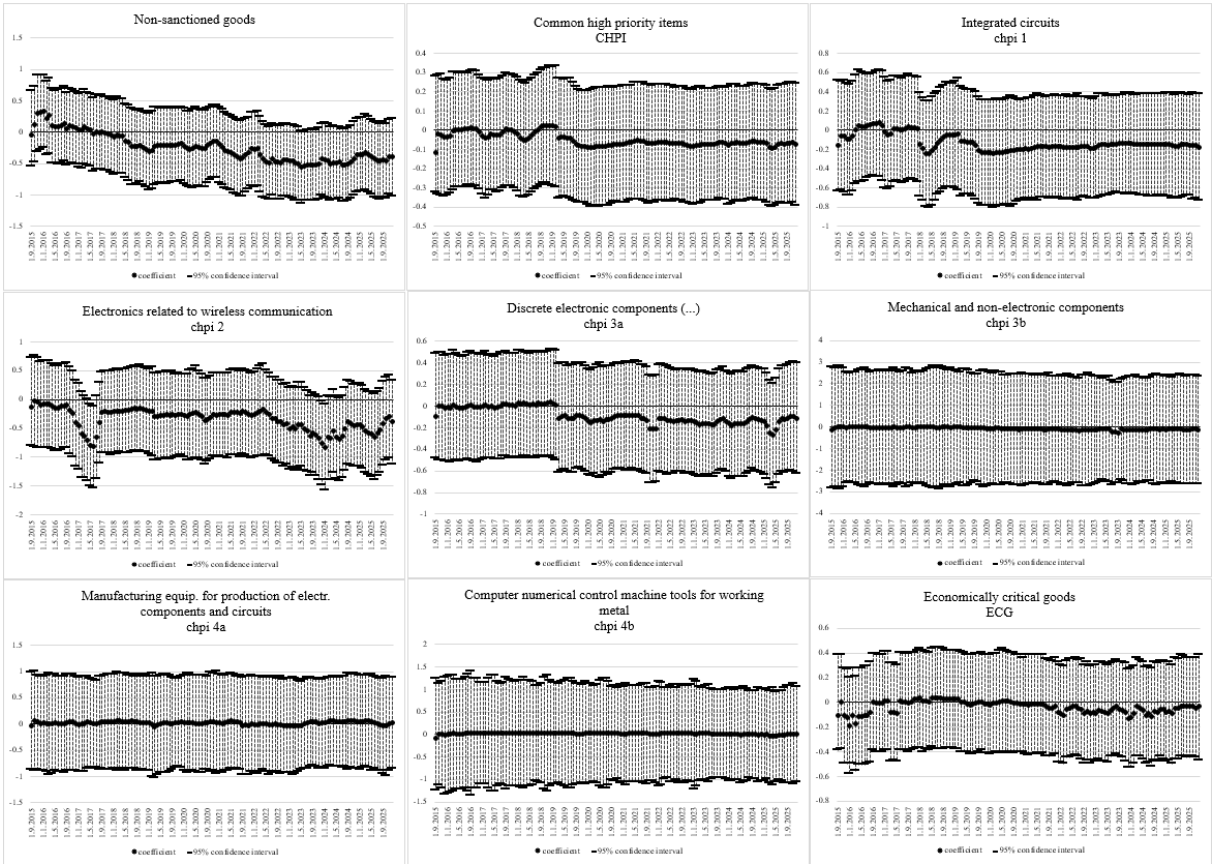
Table 5. Estimation results with annual dummies and west-leaning interactions. Goods subject to Western sanctions banning their export to Russia.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		CHPI	chpi1	chpi2	chpi3a	chpi3b	chpi4a	chpi4b	ECG
VARIABLES	non-sanctioned goods	common high priority items	integrated circuits	electronics related to wireless communi-cation	discrete electronic components, electrical plugs and connectors, navigation equipment	mechanical and non-electronic components	manufacturing equipment for production of electronic components and circuits	computer numercial control machine tools for working metal	economically critical goods: e.g., articles of iron and steel, machinery, electronics, vehicles, ships
2016 x West leaners	0.057	0.007	0.051	-0.132	-0.008	-0.008	0.001	0.021	-0.063
	(0.119)	(0.059)	(0.111)	(0.148)	(0.097)	(0.529)	(0.181)	(0.242)	(0.077)
2017 x West leaners	-0.070	-0.008	0.027	-0.473***	0.005	-0.014	0.006	0.027	0.007
	(0.119)	(0.059)	(0.110)	(0.146)	(0.096)	(0.531)	(0.176)	(0.237)	(0.077)
2018 x West leaners	-0.244**	-0.003	-0.116	-0.160	0.021	-0.005	0.029	0.031	0.046
	(0.120)	(0.059)	(0.109)	(0.148)	(0.096)	(0.534)	(0.180)	(0.237)	(0.078)
2019 x West leaners	-0.298**	-0.037	-0.126	-0.239	-0.081	-0.022	-0.006	0.027	0.019
	(0.121)	(0.060)	(0.111)	(0.149)	(0.097)	(0.527)	(0.179)	(0.233)	(0.078)
2020 x West leaners	-0.300**	-0.073	-0.198*	-0.266*	-0.120	-0.079	0.008	0.027	0.017
	(0.121)	(0.060)	(0.110)	(0.149)	(0.097)	(0.523)	(0.181)	(0.228)	(0.078)
2021 x West leaners	-0.402***	-0.055	-0.154	-0.225	-0.125	-0.093	0.002	0.020	-0.009
	(0.121)	(0.060)	(0.108)	(0.149)	(0.098)	(0.520)	(0.181)	(0.226)	(0.078)
2022 x West leaners	-0.498***	-0.060	-0.155	-0.289*	-0.128	-0.128	-0.026	0.026	-0.048
	(0.120)	(0.060)	(0.108)	(0.148)	(0.096)	(0.522)	(0.180)	(0.226)	(0.078)
2023 x West leaners	-0.581***	-0.064	-0.126	-0.535***	-0.150	-0.140	-0.014	0.019	-0.052
	(0.118)	(0.059)	(0.108)	(0.146)	(0.095)	(0.511)	(0.176)	(0.223)	(0.077)
2024 x West leaners	-0.550***	-0.056	-0.125	-0.552***	-0.144	-0.115	0.033	0.001	-0.058
	(0.119)	(0.060)	(0.109)	(0.147)	(0.096)	(0.517)	(0.177)	(0.222)	(0.077)
2025 x West leaners	-0.478***	-0.065	-0.135	-0.465***	-0.155	-0.105	0.004	-0.012	-0.031
	(0.121)	(0.061)	(0.110)	(0.148)	(0.097)	(0.524)	(0.180)	(0.225)	(0.079)
Constant	-1.362***	1.119***	1.799***	1.355***	1.251***	1.839***	1.705***	2.587***	1.255***
	(0.044)	(0.021)	(0.038)	(0.054)	(0.035)	(0.175)	(0.061)	(0.069)	(0.027)
Observations	9,918	12,016	7,715	9,900	10,933	7,175	7,812	5,108	10,583
R-squared	0.008	0.001	0.005	0.003	0.002	0.000	0.000	0.000	0.000
Number of country_id	116	119	104	117	119	102	106	85	119

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Source: Global Trade Tracker and authors' estimations.

Figure 7. Monthly difference-in-differences parameter estimates in select trade categories with 95% confidence intervals. Goods subject to Western sanctions banning their export to Russia.



Sources: Global Trade Tracker and authors' estimations.

5.4. All goods sections in volumes

To complement the value-based analysis, Table 6 presents estimation results for all goods sections in terms of trade volumes,[9] and Figure 8 illustrates the monthly difference-in-difference estimates, respectively. China has decreased its imports of mineral products and base metals and articles thereof from countries in the West-leaning bloc also when looking at trade volumes instead of dollar values. In categories such as mineral products and articles of stone, the volume-based decline is visible throughout much of the sample period, pointing to longer adjustment rather than only a post-2020 shift. The average West-leaning country's share of imported

[9] Sections 1, 2,3, and 4 are grouped under "food and beverages."

volumes to China declined by around 0.8–2.0 percentage points annually after 2020 for base metals and products thereof and 0.2–0.6 percentage points for mineral products. The same applies for import shares of food and beverages (sections 1–4 combined), wood and pulp (sections 9 and 10) and plastic and rubber (section 7). On average, a West-leaning country's share of imported volumes to China is 1.1 p.p. lower for food and beverages, 0.6 p.p. lower for wood and pulp, and 0.4 p.p. lower for plastic and rubber in 2025 relative to an East-leaning country.

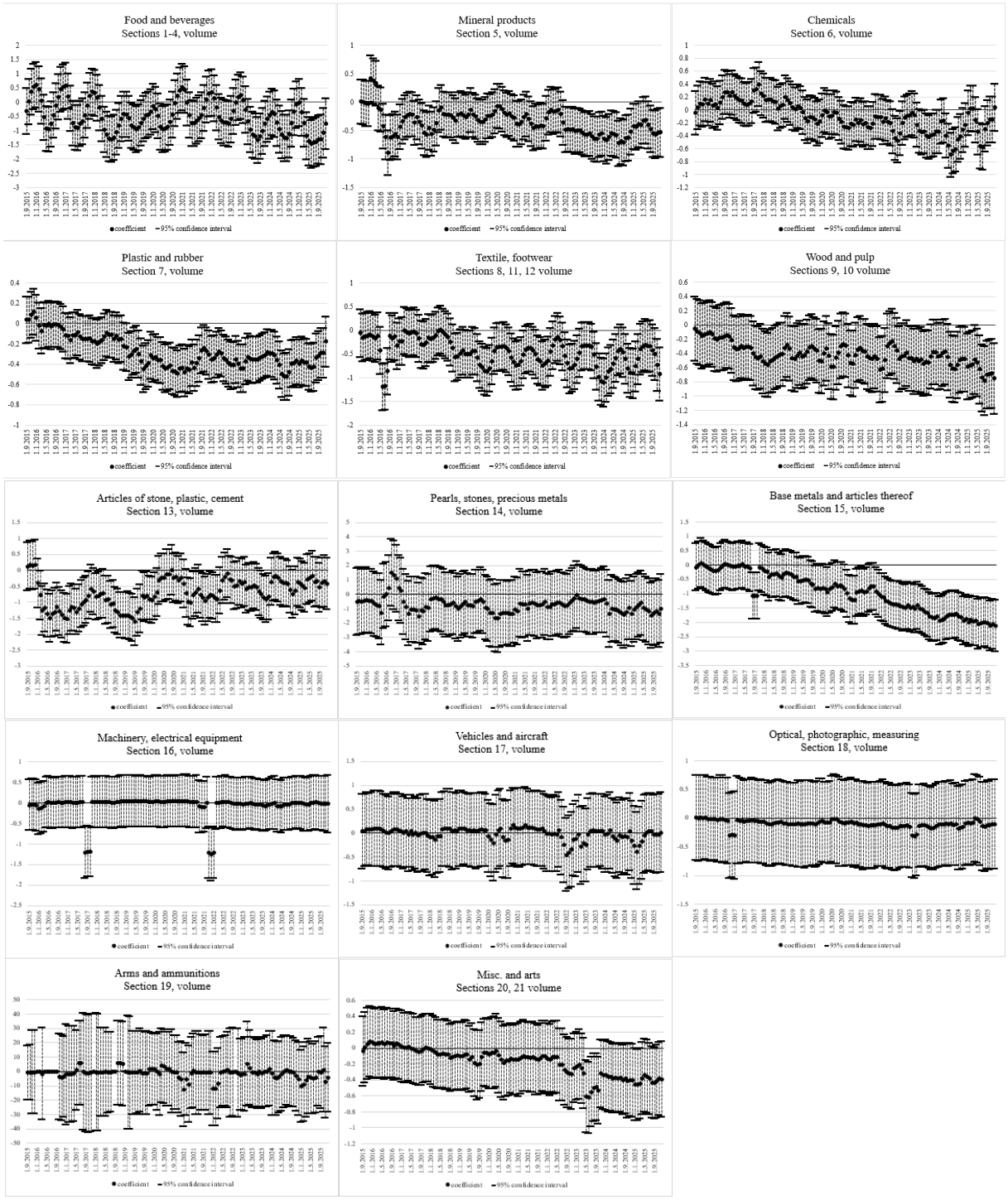
Table 6. Estimation results with annual dummies and West-leaning interactions. All goods sections in volumes.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
VARIABLES	food, beverages secs 1_4	mineral products sec5	chemicals sec6	plastic and rubber sec7	textiles, footwear secs 8,11,12	wood and pulp secs 9,10	articles of stone, plaster, cement sec13	pearls, stones, precious metals sec14	base metals and articles thereof sec15	machinery, electrical equipment sec16	vehicles and aircraft sec17	optical, photographic, measuring, surgical instruments sec18	arms and ammunition sec19	misc. and arts secs 20,21
2016 x West leaners	-0.177	-0.289***	0.146**	-0.042	-0.376***	-0.127	-1.260***	0.000	-0.090	-0.007	0.037	-0.067	-2.260	0.049
	(0.157)	(0.077)	(0.067)	(0.044)	(0.097)	(0.089)	(0.148)	(0.447)	(0.167)	(0.122)	(0.152)	(0.145)	(6.976)	(0.086)
2017 x West leaners	-0.336**	-0.345***	0.181***	-0.159***	-0.108	-0.327***	-1.096***	-0.501	-0.316*	-0.274**	-0.029	-0.072	2.150	-0.016
	(0.157)	(0.077)	(0.067)	(0.044)	(0.098)	(0.088)	(0.147)	(0.449)	(0.165)	(0.122)	(0.152)	(0.145)	(6.529)	(0.085)
2018 x West leaners	-0.778***	-0.297***	0.115*	-0.169***	-0.136	-0.406***	-1.095***	-0.377	-0.321*	0.038	-0.025	-0.091	2.698	-0.086
	(0.157)	(0.077)	(0.067)	(0.045)	(0.098)	(0.088)	(0.147)	(0.446)	(0.166)	(0.123)	(0.154)	(0.144)	(6.191)	(0.085)
2019 x West leaners	-0.677***	-0.253***	-0.096	-0.346***	-0.528***	-0.369***	-1.234***	-0.501	-0.609***	0.054	0.044	-0.100	0.338	-0.130
	(0.157)	(0.077)	(0.067)	(0.045)	(0.098)	(0.088)	(0.147)	(0.443)	(0.166)	(0.123)	(0.153)	(0.146)	(5.465)	(0.085)
2020 x West leaners	-0.472***	-0.186**	-0.144**	-0.438***	-0.482***	-0.382***	-0.354**	-1.144**	-0.838***	0.056	-0.051	-0.063	-0.192	-0.123
	(0.158)	(0.077)	(0.067)	(0.045)	(0.098)	(0.089)	(0.149)	(0.451)	(0.168)	(0.123)	(0.156)	(0.146)	(5.178)	(0.088)
2021 x West leaners	-0.264*	-0.363***	-0.212***	-0.394***	-0.519***	-0.400***	-0.835***	-0.609	-0.941***	-0.188	0.075	-0.112	-2.895	-0.127
	(0.159)	(0.078)	(0.067)	(0.045)	(0.099)	(0.089)	(0.148)	(0.452)	(0.167)	(0.124)	(0.155)	(0.147)	(5.250)	(0.087)
2022 x West leaners	-0.371**	-0.289***	-0.249***	-0.376***	-0.445***	-0.376***	-0.531***	-0.504	-1.340***	-0.081	-0.172	-0.136	-3.245	-0.219**
	(0.158)	(0.078)	(0.067)	(0.045)	(0.099)	(0.089)	(0.147)	(0.447)	(0.167)	(0.124)	(0.154)	(0.145)	(5.242)	(0.087)
2023 x West leaners	-0.794***	-0.557***	-0.298***	-0.377***	-0.529***	-0.443***	-0.676***	-0.240	-1.626***	-0.018	-0.080	-0.187	-0.589	-0.418***
	(0.159)	(0.078)	(0.067)	(0.045)	(0.098)	(0.089)	(0.147)	(0.448)	(0.167)	(0.123)	(0.154)	(0.144)	(5.169)	(0.086)
2024 x West leaners	-0.786***	-0.621***	-0.428***	-0.427***	-0.686***	-0.458***	-0.460***	-0.920**	-1.818***	-0.010	-0.085	-0.120	-1.759	-0.386***
	(0.161)	(0.079)	(0.067)	(0.045)	(0.100)	(0.090)	(0.148)	(0.453)	(0.169)	(0.125)	(0.156)	(0.146)	(5.193)	(0.087)
2025 x West leaners	-1.074***	-0.437***	-0.209***	-0.376***	-0.509***	-0.600***	-0.434***	-0.892*	-2.015***	0.004	-0.123	-0.090	-4.342	-0.415***
	(0.164)	(0.080)	(0.069)	(0.046)	(0.103)	(0.092)	(0.152)	(0.456)	(0.172)	(0.128)	(0.158)	(0.149)	(5.360)	(0.089)
Constant	0.967***	1.066***	1.038***	1.078***	1.114***	1.001***	1.247***	1.217***	0.995***	0.980***	1.302***	1.186***	6.256***	1.180***
	(0.056)	(0.028)	(0.024)	(0.016)	(0.035)	(0.031)	(0.053)	(0.160)	(0.062)	(0.044)	(0.055)	(0.052)	(0.827)	(0.031)
Observations	13,884	12,268	12,525	12,545	13,476	13,021	10,402	9,940	13,088	13,464	10,129	11,166	2,270	11,231
R-squared	0.006	0.009	0.015	0.022	0.012	0.006	0.015	0.003	0.027	0.001	0.000	0.000	0.004	0.007
Number of country_id	120	116	118	120	120	118	117	115	120	120	117	118	48	119

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Sources: Global Trade Tracker and authors' estimations.

Figure 8. Monthly difference-in-differences parameter estimates for select trade categories with 95% confidence intervals. All goods sections in volumes.



Sources: Global Trade Tracker and authors' estimations.

5.5. Discussion of results

Starting in 2018, China reduced imports from West-leaning countries relative to like-minded countries in the East-leaning bloc. The trend strengthened in 2020 and intensified further in late 2022. The shift is concentrated in a limited set of sectors. The most pronounced declines are observed in base metals, particularly iron and steel, nickel, and tin, where the average West-leaning country's import share in 2025 was 4, 12, and 8 percentage points lower, respectively, than that of an East-leaning country. For ores, slag and ash and for mineral fuels and oils, the average West-leaning country's share also declined, with differences of 0.9 and 0.6 percentage points, respectively, in 2025. These patterns are broadly consistent with recent trade models in which geopolitical risk operates as a cost shifter and sourcing adjusts more strongly in sectors where suppliers are more substitutable or exposure to disruption is greater. More specifically, our findings fit the emerging literature on trade under risk, sector-specific substitutability in global value chains, and strategic dependence. The clearest realignment appears in up-stream raw-material sectors where switching suppliers is more feasible and geopolitical vulnerabilities are especially salient. Complex and technology-intensive categories find adjustment more challenging.

Given that state-owned enterprises are key drivers of the Dual Circulation Strategy's implementation, it is not surprising that the results are driven by industries such as metals and minerals, which are dominated by state-owned enterprises (SOEs). In line with Du et al. (2017), who find that Chinese SOEs display the highest sensitivity of imports to political relations, the Chinese leadership can implement its preferred economic policies relatively efficiently through directives to SOEs. Influencing private-sector firms is less straightforward, although they are often incentivized to align with the policy priorities of the Communist Party of China (see e.g. Conyon & He, 2026; Lin & Milhaupt, 2021). Moreover, the largest owners of private firms have ties to the government (Bai et al., 2020).

The share of Chinese imports from West-leaning countries in goods whose exports to Russia are subject to Western sanctions shows a notable decline only for electronics related to wireless communications from 2022 onward, whereas the

broader negative shift in trade shares is driven mainly by goods not subject to sanctions. This pattern may reflect China's growing difficulty in accessing certain high-tech products. The US first imposed advanced-technology export restrictions on China in 2022 under the Biden administration. These measures have since been broadened to cover a wider range of technologies and involve US allies. Our findings nevertheless do not suggest that China's access to high-technology imports from the West-leaning bloc has been broadly curtailed as the bloc's overall share in these technology-intensive goods has not declined.

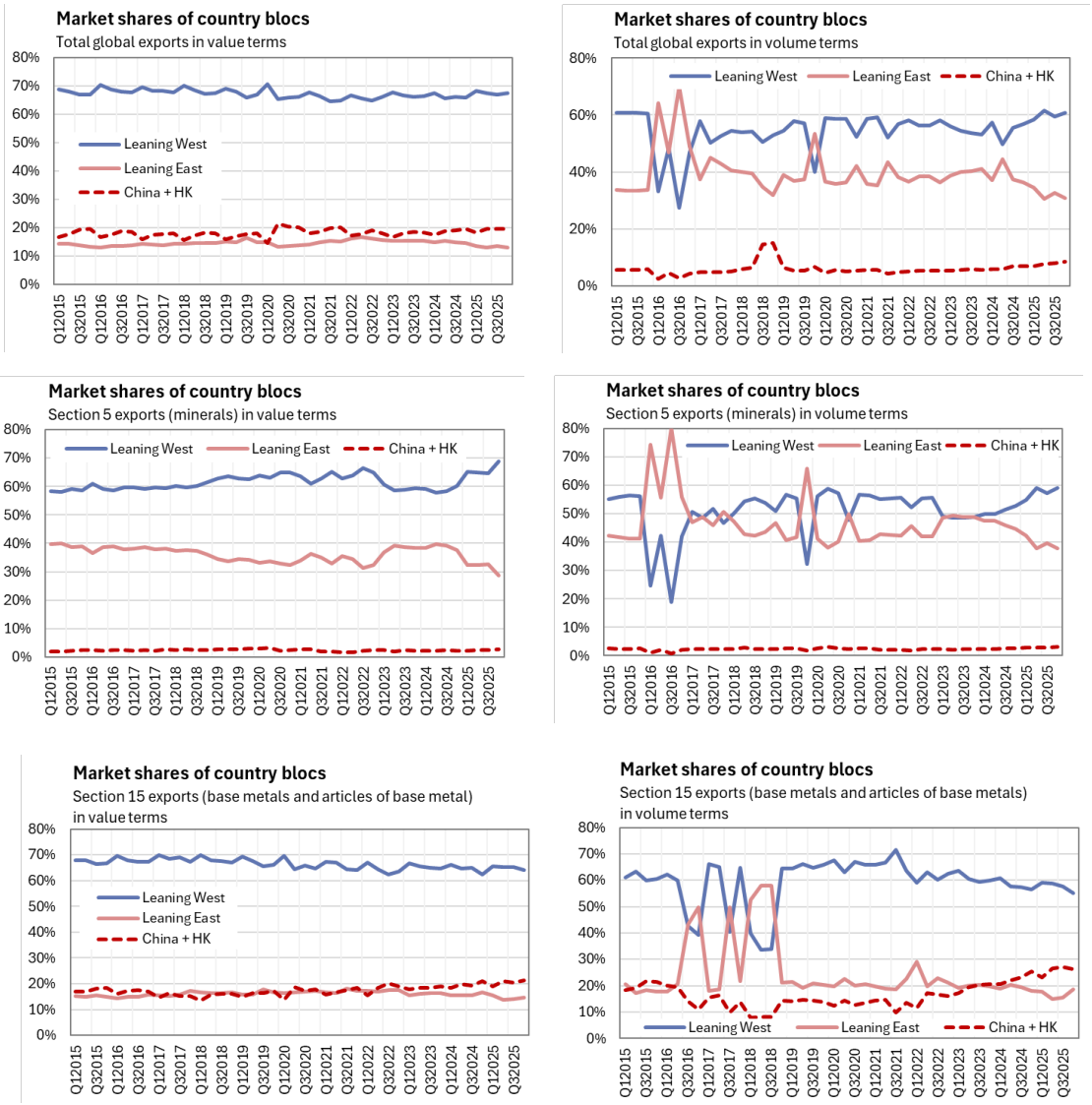
It is possible that China has reduced its imports from the West-leaning bloc simply because the share of the bloc in global trade within these specific product categories has declined overall. In this case, the reduction in imports would be driven more by supply-side factors than an active decision by China. For this reason, we examine the world export market shares of both the West-leaning and East-leaning countries across selected product groups and their respective developments during our observation period. Figure 9 includes the combined market share of China and Hong Kong, which may to some extent be interpreted as reflecting China's growing domestic production.

An examination of market share developments reveals that China's reduced imports from the West-leaning bloc cannot be attributed to a concurrent decline in the bloc's overall share of global exports. In fact, the West-leaning bloc's market share in total global exports has remained stable in both value and volume terms, with signs of growth emerging after 2024. Similarly, the market share of East-leaning countries remained steady until 2024, when a slight decline is observed.

In the case of minerals, the West-leaning bloc's market share decreased somewhat during 2023–2024, while the share of East-leaning countries increased. However, in 2025, the West-leaning bloc regained market share, and the East-leaning countries' share declined. For base metals, the West-leaning bloc's market share remained unchanged in value terms but experienced a slight drop in volume terms toward the end of 2021. The market share of East-leaning countries has shown a modest downward trend in both value and volume terms since 2024. China's own share in global goods exports increased over the review period, with particularly

notable growth in its export share of base metals. Such shifts underscore China's strategic emphasis on building a more resilient and independent export sector.

Figure 9. Export market shares of country groups 2015–2025 in values and volumes.

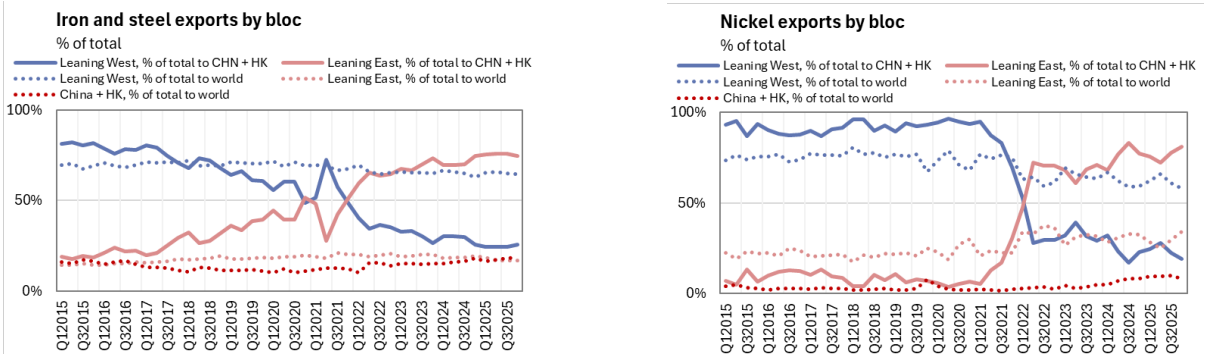


Sources: Global Trade Tracker and authors' calculations.

Our results show that China has shifted its import sources for base metals and articles of base metals (Section 15) toward like-minded countries. Figure A1 in the Appendix shows the individual countries' share in Chinese base metal imports in 2015 and the change between 2015 and 2025. These results were predominantly driven by iron and steel (subcategory 72), as well as nickel and articles thereof (subcategory 75). A closer examination of the corresponding market shares of the West- and East-leaning blocs for these two subcategories and their corresponding shares

in China reveals a notable shift that supports our analysis (Figure 10). While the East-leaning bloc's global export market share for iron and steel has remained virtually unchanged at around 20% since 2018, its has become a major supplier to China, now providing around 80% of China's imports of iron and steel. A similar pattern is evident in nickel exports. The East-leaners' global market share hovered around 30% in recent years, yet China imports almost 80% of its nickel needs from this likeminded bloc.

Figure 10. Market shares of exports of iron and steel (subcategory 72) and nickel and articles thereof (subcategory 75) to world and to China.



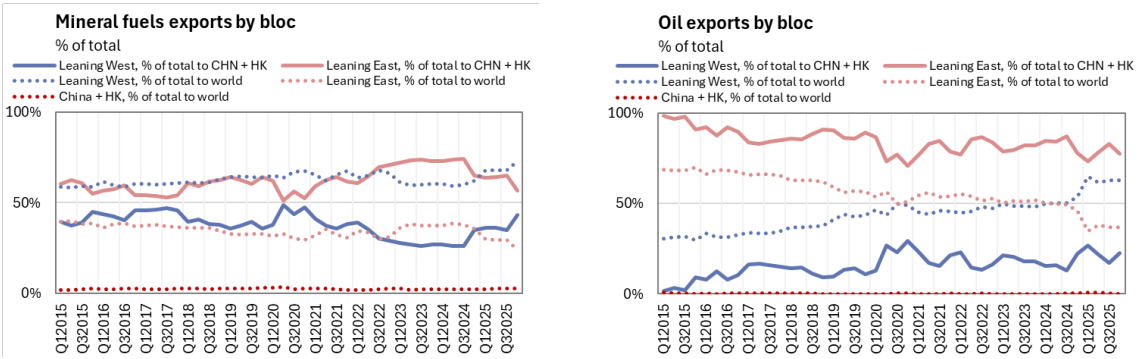
Sources: Global Trade Tracker and authors' calculations.

Figure A2 in the Appendix shows the shares of individual countries in Chinese mineral imports in 2015 , as well as the change between 2015 and 2025. The results for mineral products reflect a longer-term decline in ores, slag and ash and the more recent shift in mineral fuels. As with base metals, mapping out the West- and East leaners' relative dominance in the global market versus in China exposes an interesting fact (Figure 11, left). While the East-leaning bloc's global market share for mineral fuels exports has hovered between 30% and 40% in recent years, the bloc's market share in China is around 60–70%, implying a strong preference by China to import mineral fuels from like-minded countries. China's policy emphasis on energy security in recent years is quite evident in our results.[10] China has recently been

[10] China has been developing a new energy system with a strong emphasis on security since the 18th CPC National Congress in 2012. In his 2024 remarks, President Xi stated that "energy security bears heavily on overall economic and social development." (Xinhua, 2024). This priority has now been codified in China's first energy law, which came into effect in January 2025. The law seeks to strengthen national energy security (Patel, 2025).

building its crude oil inventories (see e.g. WSJ 2025), even though global oil prices have not been particularly favourable to such efforts. With this in mind, we dive deeper into subcategory 27 and study petroleum oils (HS code 270900; petroleum oils and oils obtained from bituminous minerals, crude). As shown in Figure 11 (left), China portrays a strong preference for importing crude oil from likeminded countries.

Figure 11. Market shares of exports of mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (subcategory 27) to world and to China (left); and of petroleum oils and oils obtained from bituminous minerals, crude (HS code 270900) to world and to China (right).



Sources: Global Trade Tracker and authors' calculations.

Despite a clear policy objective of reducing dependence on West-leaning countries, practical constraints have likely limited the scope and speed of China's import realignment. Many goods imported from West-leaning countries (such as advanced machinery, high-tech components, and specialized materials) are not easily replaced by suppliers from other regions. Furthermore, disentangling from established Western suppliers requires considerable time and investment that slows the pace of realignment even when policy incentives are present. Policy-driven shifts tend to be feasible only where alternative suppliers are readily available or where domestic production can be increased without major trade-offs. As a result, the observed decline in West-leaning bloc's import shares is concentrated on a few sectors and mostly involve raw materials. The aggregate economic impact remains modest. On the other hand, this change may simply reflect the early stages of a longer-term transition. Indeed, industries dominated by SOEs are the frontrunners of the shift, while pri-

vate sector dominated industries will be slower to adjust due to weaker policy enforcement mechanisms. Policy intentions often take time to translate into measurable trade outcomes as investments in domestic capacity, the development of new supplier relationships, and the restructuring of supply chains are gradual processes.

In the context of the ongoing policy debate about global imbalances, China's import realignment has implications for bilateral trade balances. To the extent that China reduces imports from West-leaning economies while maintaining or expanding its export presence in those markets, China is increasing its bilateral trade surpluses with these economies. As such, import realignment widens imbalances even in the absence of additional export policy support. China's reorientation of supply chains could therefore contribute to a broader reshaping of global imbalances along geopolitical lines.

6. Robustness analyses

To ensure the reliability of our findings, we conduct robustness checks that address potential sources of biases and alternative geopolitical groupings.

First, to ensure that our results are not driven by systematic differences across product groups, we re-estimate the baseline specification by incorporating product level fixed effects. Specifically, we reshape the data into a country-product group-month panel and include product group fixed effects, thereby controlling for persistent differences in the importance of individual product categories in China's imports. In a stricter specification, we further absorb country-product fixed effects so that identification relies solely on within-country, within-product variation over time. This approach removes any time-invariant comparative advantage patterns between countries and product groups (for example, that certain countries are systematically strong exporters in specific industries).

The results are presented in Table 7. They closely mirror the baseline findings. The estimated coefficients on the interaction between the West-leaning indicator and the post-2018 period remain negative and statistically significant, with magnitudes very similar to those reported in Section 5. In particular, the decline in import

shares from West-leaning economies strengthens in 2020 and intensifies further after 2022. Importantly, tightening the fixed effects structure leads to a substantial increase in explanatory power, while leaving the main coefficients mainly unchanged. This suggests that our baseline results are not driven by compositional differences across product groups or by persistent country-industry specialization patterns; they reflect genuine within-product adjustments in China's sourcing decisions.

We implement this fixed effect robustness check only for total imports. At narrower product group levels, trade flows are sparser, zero observations are more frequent, and many country-product cells contain limited within cell variation. Sector specific estimates would therefore rely on a smaller and less balanced set of observations and would not be directly comparable to the baseline estimates.

Table 7. Estimation results with product level and country-product fixed effects, trade in values.

	(1)	(2)
	Total exports to China	
	Adding country FE and section FE	Adding country-section FE
2016 x West leaners	-0.021	-0.009
	(0.043)	(0.042)
2017 x West leaners	-0.070	-0.060
	(0.055)	(0.054)
2018 x West leaners	-0.154*	-0.146*
	(0.080)	(0.080)
2019 x West leaners	-0.251*	-0.251*
	(0.137)	(0.134)
2020 x West leaners	-0.243*	-0.251*
	(0.145)	(0.142)
2021 x West leaners	-0.276*	-0.280*
	(0.155)	(0.153)
2022 x West leaners	-0.385**	-0.385**
	(0.153)	(0.154)
2023 x West leaners	-0.446**	-0.454**
	(0.185)	(0.186)
2024 x West leaners	-0.418**	-0.448**
	(0.172)	(0.177)
2025 x West leaners	-0.475**	-0.479**
	(0.226)	(0.227)
Constant	1.412***	1.421***
	(0.053)	(0.056)
Observations	201,624	201,620
R-squared	0.325	0.905

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Our second robustness check involves excluding in turn Russia and the US from the sample (Table 8). Following its full-scale invasion of Ukraine in 2022 and the subsequent imposition of extensive sanctions and export controls by Western countries, Russia's share of China's raw material imports increased markedly. As this shift may disproportionately influence the results, we exclude Russia from the sample of countries and redo our main estimations with annual dummy interactions looking separately at total exports, base metal exports, and mineral exports. These results are presented by columns 1–3. Excluding Russia does not alter the results. China appears to have realigned its imports away from West-leaners regardless of Russia, and the findings remain robust for both base metals and minerals.

Table 8. Estimation results with annual dummies and West-leaner interactions excluding Russia (columns 1-3) and United States (columns 4-6) from the sample. Good sections in values.

	(1)	(2)	(3)	(4)	(5)	(6)
	excluding Russia			excluding United States		
VARIABLES	total	base metals	minerals	total	base metals	minerals
2016 x West leaners	0.015	-0.038	0.075	0.013	-0.023	0.083
	(0.031)	(0.094)	(0.063)	(0.030)	(0.094)	(0.068)
2017 x West leaners	-0.038	-0.054	0.089	-0.036	-0.044	0.054
	(0.031)	(0.093)	(0.063)	(0.030)	(0.093)	(0.068)
2018 x West leaners	-0.119***	-0.233**	-0.113*	-0.098***	-0.205**	-0.202***
	(0.031)	(0.094)	(0.063)	(0.030)	(0.094)	(0.068)
2019 x West leaners	-0.191***	-0.355***	-0.089	-0.152***	-0.294***	-0.124*
	(0.031)	(0.094)	(0.063)	(0.030)	(0.094)	(0.068)
2020 x West leaners	-0.221***	-0.510***	0.114*	-0.180***	-0.429***	0.082
	(0.031)	(0.095)	(0.063)	(0.030)	(0.095)	(0.068)
2021 x West leaners	-0.301***	-0.518***	-0.024	-0.264***	-0.444***	-0.077
	(0.031)	(0.095)	(0.063)	(0.030)	(0.094)	(0.068)
2022 x West leaners	-0.389***	-0.936***	-0.155**	-0.354***	-0.861***	-0.254***
	(0.031)	(0.094)	(0.063)	(0.030)	(0.094)	(0.068)
2023 x West leaners	-0.424***	-0.932***	-0.336***	-0.426***	-0.920***	-0.506***
	(0.031)	(0.094)	(0.063)	(0.030)	(0.094)	(0.068)
2024 x West leaners	-0.409***	-0.937***	-0.431***	-0.404***	-0.955***	-0.601***
	(0.031)	(0.096)	(0.064)	(0.030)	(0.095)	(0.069)
2025 x West leaners	-0.387***	-1.023***	-0.584***	-0.316***	-0.950***	-0.552***
	(0.032)	(0.097)	(0.065)	(0.031)	(0.097)	(0.070)
Constant	0.909***	0.984***	0.938***	0.815***	0.890***	1.037***
	(0.011)	(0.034)	(0.022)	(0.011)	(0.033)	(0.024)
Observations	14,155	13,305	12,288	14,146	13,296	12,279
R-squared	0.045	0.026	0.025	0.043	0.025	0.025
Number of country_id	120	120	116	120	120	116

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The impact of US policies could possibly be substantial given the ongoing trade war and steady decline in bilateral trade with China since 2018. To test whether the observed import realignment is primarily driven by the US-China relationship, we exclude the US from the sample in columns 4–6. The results show that the negative and statistically significant shift in China's imports away from West-leaning countries persists even without the US. Specifically, the decline in import shares for total exports, base metals, and minerals remains robust in both magnitude and significance. This finding further indicates that China's selective realignment is not solely a consequence of deteriorating trade relations with the US, but reflects a broader strategic adjustment in sourcing away from Western-aligned countries.

Our third robustness check revisits our geopolitical classification. Instead of the binary division used in the baseline analysis, we adopt a three-bloc framework, again based on Herscovitch (2025). In the baseline, the West-leaning bloc included all countries in groups 1–3 (see Chapter 4.1.). In this robustness check, the West-leaning bloc comprises of countries in groups 1 and 2 only, while countries in group 3 form a new category of neutral countries. East-leaning countries (the control group) remain those in groups 4 and 5 (see country listing in the Appendix). This finer categorization allows us to capture more nuanced geopolitical alignments and test whether the binary grouping oversimplifies China's strategic behavior toward import countries. Table 9 presents the results for total exports, exports of base metals, and exports of minerals.

The results appear stronger for the West-leaning countries than for the neutral group, reinforcing our main result that China has realigned its imports away from countries that are less politically aligned with it. For base metals, we observe a negative and statistically significant impact on West-leaning countries beginning in 2018. In contrast, the effect for the neutral group only becomes statistically significant starting in 2022. The timing difference suggests that China's strategic shift in import sourcing began earlier and more decisively with the more Western-aligned countries.

Table 9. Estimation results with annual dummies and interactions with West-leaning group and neutral group interactions. Good sections in values.

VARIABLES	(1) three blocs total	(2) three blocs base metals	(3) three blocs minerals
2016 x West leaners	0.006	-0.068	0.157**
	(0.036)	(0.107)	(0.079)
2017 x West leaners	-0.065*	-0.097	0.168**
	(0.036)	(0.106)	(0.079)
2018 x West leaners	-0.171***	-0.351***	-0.124
	(0.036)	(0.107)	(0.079)
2019 x West leaners	-0.266***	-0.495***	-0.064
	(0.036)	(0.107)	(0.080)
2020 x West leaners	-0.311***	-0.768***	0.285***
	(0.036)	(0.109)	(0.080)
2021 x West leaners	-0.398***	-0.911***	0.143*
	(0.037)	(0.109)	(0.080)
2022 x West leaners	-0.478***	-1.161***	-0.075
	(0.036)	(0.108)	(0.080)
2023 x West leaners	-0.558***	-1.220***	-0.360***
	(0.036)	(0.108)	(0.080)
2024 x West leaners	-0.553***	-1.227***	-0.515***
	(0.037)	(0.109)	(0.081)
2025 x West leaners	-0.521***	-1.253***	-0.447***
	(0.038)	(0.111)	(0.081)
2016 x Neutrals	0.032	0.040	-0.019
	(0.044)	(0.133)	(0.092)
2017 x Neutrals	-0.007	0.018	-0.003
	(0.044)	(0.132)	(0.091)
2018 x Neutrals	-0.080*	-0.079	-0.219**
	(0.044)	(0.132)	(0.091)
2019 x Neutrals	-0.123***	-0.162	-0.244***
	(0.044)	(0.131)	(0.091)
2020 x Neutrals	-0.111**	-0.171	-0.143
	(0.044)	(0.131)	(0.091)
2021 x Neutrals	-0.186***	-0.009	-0.264***
	(0.044)	(0.130)	(0.091)
2022 x Neutrals	-0.291***	-0.619***	-0.391***
	(0.044)	(0.131)	(0.091)
2023 x Neutrals	-0.352***	-0.647***	-0.575***
	(0.044)	(0.130)	(0.091)
2024 x Neutrals	-0.312***	-0.677***	-0.630***
	(0.044)	(0.131)	(0.091)
2025 x Neutrals	-0.180***	-0.704***	-0.719***
	(0.046)	(0.134)	(0.093)
Constant	0.920***	0.971***	1.050***
	(0.012)	(0.034)	(0.024)
Country FE	YES	YES	YES
Time FE	YES	YES	YES
Observations	14,276	13,428	12,411
R-squared	0.053	0.033	0.026
Number of country_id	121	121	117

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

We then move on to the final robustness checks. First, we exclude from the estimations those countries that have changed their geopolitical alignment over the sample

period, i.e. countries initially classified as Western-leaning but later shifting to Beijing-leaning. This shifter group includes Dominican Republic, Burkina Faso, El Salvador, Solomon Islands, Kiribati, Nicaragua, Honduras, and Nauru. The rationale for this exclusion is to ensure that the results are not driven by countries whose strategic orientation evolved during the period under study, potentially introducing classification ambiguities.

We again re-estimate the baseline specifications for total trade, base metals, and minerals after removing these countries from the sample. Results are presented in Table 10, columns (1)–(3). The main findings remain unchanged across all categories. Coefficient magnitudes and significance levels are consistent with the main results.

Second, we regroup countries based on whether their response to Russia's 2022 invasion of Ukraine included imposition of economic sanctions. This classification reflects a concrete policy stance and may better capture countries' economic and political alignment than the more ambiguous positioning on the Taiwan issue.[11] The groupings partially overlap. Of the 68 East-leaning countries in our baseline analysis, only five belong to the group that imposed sanctions on Russia. Likewise, among the 53 West-leaning countries in our baseline analysis, 35 imposed sanctions. In total, 41 countries in our sample imposed sanctions on Russia, while 80 did not (list of countries in Appendix, Table A1). By comparing results across sanctioning and non-sanctioning countries, we assess whether the observed patterns are robust to this alternative grouping criterion.

The results are presented in Table 10, columns (4)–(6). It seems that China has realigned its imports away from Western countries and the magnitude of the coefficients is broadly consistent with our results in the baseline analysis.

Third, we utilize the logarithmic transformation of export values, rather than focusing on the export share of each source country. We re-estimate the models

[11] We use the list of countries that imposed economic sanctions against Russia after the invasion of Ukraine in 2022. These countries were subsequently designated "unfriendly" by the Russian government (Government directive No. 430-r of 5 March 2022): http://government.ru/en/docs/44745/

for total exports, as well as for the categories of base metals and minerals. The results in Table 10, column (7)–(9) confirm our main findings. The estimated coefficients remain consistent with those obtained from the export share analysis, indicating that the observed decline in imports from West-leaning countries is not sensitive to the choice of measurement.

Finally, we employ mirror statistics by analysing Chinese import data, rather than relying on the exporter-reported figures. Specifically, we re-estimate our regressions again for the share of total imports, as well as for imports of base metals and minerals, using China Customs statistics. The results presented in Table 10 columns (10)–(12) corroborate our main findings that the decline in the share of total imports from West-leaning countries remains evident when using Chinese import data. The estimated effects are consistent in both direction and magnitude with those obtained from exporter-reported statistics for total imports, reinforcing the robustness of our conclusions regarding China's realignment of import sources. Columns 11 and 12 show that for base metals and minerals, although the effect is statistically significant, the magnitude of the coefficient is smaller than when using trade partners' export statistics. One explanation could be that raw materials in general, and oil in particular, are subject to complex trade flows, transshipment, or reclassification, which can lead to inconsistencies between exporter-reported and importer-reported data.

Table 10. Additional robustness checks: excluding geopolitical shifters, alternative sanction-based grouping, log export values, and Chinese import statistics. Good sections in values.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Excluding shifters			Sanction bloc groupings			Value of exports in logs			Chinese imports statistics		
VARIABLES	total	base metals	minerals	total	base metals	minerals	total	base metals	minerals	total	base metals	minerals
2016 x West leaners	0.016	-0.031	0.089	-0.047	-0.102	0.109	0.020	-0.200*	0.409***	0.005	-0.001	0.001
	(0.033)	(0.098)	(0.070)	(0.034)	(0.103)	(0.070)	(0.050)	(0.119)	(0.139)	(0.030)	(0.001)	(0.003)
2017 x West leaners	-0.046	-0.061	0.105	-0.069**	-0.127	0.120*	-0.130**	0.019	0.429***	-0.061**	-0.001	0.001
	(0.033)	(0.097)	(0.070)	(0.034)	(0.102)	(0.071)	(0.050)	(0.118)	(0.139)	(0.030)	(0.001)	(0.003)
2018 x West leaners	-0.144***	-0.267***	-0.165**	-0.169***	-0.312***	-0.122*	-0.314***	-0.334***	0.172	-0.142***	-0.003***	-0.007**
	(0.033)	(0.098)	(0.070)	(0.034)	(0.103)	(0.070)	(0.050)	(0.119)	(0.139)	(0.030)	(0.001)	(0.003)
2019 x West leaners	-0.222***	-0.390***	-0.137**	-0.229***	-0.432***	-0.084	-0.257***	-0.287**	0.261*	-0.247***	-0.003***	-0.008**
	(0.033)	(0.098)	(0.070)	(0.034)	(0.102)	(0.070)	(0.050)	(0.119)	(0.139)	(0.030)	(0.001)	(0.003)
2020 x West leaners	-0.246***	-0.570***	0.113	-0.250***	-0.766***	0.220***	-0.196***	-0.215*	0.771***	-0.199***	-0.005***	0.003
	(0.033)	(0.099)	(0.070)	(0.034)	(0.103)	(0.071)	(0.051)	(0.120)	(0.139)	(0.030)	(0.001)	(0.003)
2021 x West leaners	-0.331***	-0.587***	-0.022	-0.345***	-1.126***	0.085	-0.255***	-0.418***	0.303**	-0.267***	-0.005***	0.002
	(0.033)	(0.098)	(0.070)	(0.034)	(0.103)	(0.071)	(0.051)	(0.120)	(0.140)	(0.030)	(0.001)	(0.003)
2022 x West leaners	-0.426***	-1.001***	-0.206***	-0.438***	-1.082***	-0.162**	-0.395***	-0.999***	-0.319**	-0.397***	-0.009***	-0.008**
	(0.033)	(0.098)	(0.070)	(0.034)	(0.103)	(0.071)	(0.051)	(0.119)	(0.140)	(0.030)	(0.001)	(0.003)
2023 x West leaners	-0.503***	-1.054***	-0.452***	-0.444***	-1.068***	-0.272***	-0.484***	-1.004***	-0.738***	-0.428***	-0.009***	-0.008**
	(0.033)	(0.098)	(0.070)	(0.034)	(0.103)	(0.071)	(0.051)	(0.119)	(0.140)	(0.031)	(0.001)	(0.003)
2024 x West leaners	-0.486***	-1.072***	-0.572***	-0.453***	-1.019***	-0.373***	-0.462***	-1.403***	-0.774***	-0.407***	-0.009***	-0.009**
	(0.034)	(0.100)	(0.071)	(0.034)	(0.104)	(0.071)	(0.052)	(0.121)	(0.142)	(0.031)	(0.001)	(0.003)
2025 x West leaners	-0.417***	-1.106***	-0.573***	-0.504***	-1.081***	-0.410***	-0.460***	-1.271***	-0.669***	-0.382***	-0.009***	-0.014***
	(0.035)	(0.102)	(0.072)	(0.035)	(0.105)	(0.072)	(0.053)	(0.123)	(0.144)	(0.032)	(0.001)	(0.004)
Constant	0.962***	1.015***	1.075***	0.829***	0.756***	1.000***	17.961***	14.299***	15.134***	0.922***	0.010***	0.031***
	(0.012)	(0.035)	(0.025)	(0.015)	(0.047)	(0.033)	(0.018)	(0.042)	(0.050)	(0.011)	(0.000)	(0.001)
Observations	13,664	12,915	12,113	14,582	13,679	12,660	14,505	13,428	12,411	14,650	12,999	11,987
R-squared	0.049	0.030	0.024	0.040	0.028	0.016	0.110	0.076	0.052	0.039	0.025	0.046
Number of country_id	116	116	112	121	121	117	121	121	117	121	121	115

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

7. Conclusions

This study sets out to examine whether China's import patterns have shifted away from West-leaning countries in the context of rising geoeconomic tensions and supply chain fragmentation. Using detailed trade data in both value and volume terms and a difference-in-differences approach, we find evidence of a relative decline in imports from West-leaning countries beginning in 2018, with the divergence strengthening after 2020 and intensifying further since 2022. The most pronounced declines involve raw materials, particularly base metals and minerals. In contrast, for most other product categories, including sanctioned and economically critical goods, changes in import shares are modest or statistically insignificant.

It is tempting to interpret the post-2018 decline in China's imports from the West mainly through the lens of the US-China trade war. Our results instead point to a broader and more strategic adjustment: the relative decline in sourcing from West-leaning countries began in 2018 and remains visible even when the US is excluded from the estimations. The fact that the divergence has strengthened in recent years is consistent with a longer-term reorientation that takes time to materialize in trade flows. As such, our results contribute to the ongoing policy discourse on global imbalances, pointing to the fact that China's robust export sector performance is not the sole driver of the nation's large trade surpluses with many Western economies.

Overall, the evidence suggests that China's import realignment has not been broad-based across West-leaning source countries, but so far selective across specific product categories. This pattern is consistent with the idea that adjustment is fastest where substitution is easiest, most notably in raw-material inputs. Shifting sourcing in more complex categories requires time, investment, skill acquisition, and the gradual build up of alternative suppliers or domestic capacity. Future research could track whether the current patterns broaden over time and assess the longer-term implications for global trade structure, imbalances, and supply-chain resilience.

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Appendix A

Table A1. Countries in the sample

	Country	Country group	RUS sanctions	Category by Herscovitch (2025)
1	Angola	East leaner	no	5
2	Albania	West leaner	yes	3
3	Andorra	West leaner	yes	3
4	Argentina	West leaner	no	2
5	Armenia	West leaner	no	3
6	Antigua and Barbuda	East leaner	no	4
7	Australia	West leaner	yes	2
8	Austria	West leaner	yes	2
9	Azerbaijan	East leaner	no	5
10	Belgium	West leaner	yes	2
11	Benin	East leaner	no	5
12	Burkina Faso	East leaner	no	5
13	Bangladesh	East leaner	no	4
14	Bulgaria	East leaner	yes	4
15	Bahrain	East leaner	no	4
16	Bosnia and Herzegovina	West leaner	no	3
17	Belarus	East leaner	no	5
18	Belize	West leaner	no	1
19	Bolivia	East leaner	no	5
20	Brazil	East leaner	no	4
21	Barbados	West leaner	no	2
22	Brunei	West leaner	no	2
23	Botswana	East leaner	no	5
24	Canada	West leaner	yes	2
25	Switzerland	West leaner	yes	2
26	Chile	East leaner	no	4
27	Côte d'Ivoire	East leaner	no	5
28	Cameroon	East leaner	no	5
29	Democratic Republic of the Congo	East leaner	no	5
30	Congo	East leaner	no	5
31	Colombia	East leaner	no	5
32	Costa Rica	East leaner	no	4
33	Cyprus	West leaner	yes	2
34	Czechia	West leaner	yes	3
35	Germany	West leaner	yes	3
36	Denmark	West leaner	yes	2
37	Dominican Republic	East leaner	no	4
38	Algeria	East leaner	no	5
39	Ecuador	East leaner	no	5
40	Egypt	East leaner	no	5
41	Spain	West leaner	yes	2
42	Estonia	West leaner	yes	3
43	Ethiopia	East leaner	no	5
44	Finland	West leaner	yes	2
45	Fiji	East leaner	no	5
46	France	West leaner	yes	3
47	United Kingdom	West leaner	yes	2
48	Georgia	East leaner	no	4
49	Ghana	East leaner	no	5
50	Greece	West leaner	yes	2
51	Grenada	East leaner	no	4
52	Guatemala	West leaner	no	1
53	Guyana	West leaner	no	2
54	Honduras	East leaner	no	4
55	Croatia	East leaner	yes	4
56	Hungary	East leaner	yes	4
57	Indonesia	East leaner	no	4
58	India	West leaner	no	2
59	Ireland	West leaner	yes	2
60	Iran	East leaner	no	4
61	Iceland	West leaner	yes	2
62	Israel	East leaner	no	4
63	Italy	West leaner	yes	2
64	Jordan	West leaner	no	3
65	Japan	West leaner	yes	2
66	Kazakhstan	East leaner	no	5
67	Kenya	East leaner	no	5
68	Kyrgyzstan	East leaner	no	5
69	Cambodia	East leaner	no	5
70	South Korea	West leaner	yes	2
71	Kuwait	East leaner	no	4
72	Sri Lanka	East leaner	no	4
73	Lithuania	West leaner	yes	3
74	Luxembourg	West leaner	yes	2
75	Latvia	East leaner	yes	4
76	Morocco	East leaner	no	5
77	Moldova	East leaner	no	5
78	Madagascar	East leaner	no	5
79	Mexico	East leaner	no	4
80	North Macedonia	West leaner	yes	3
81	Malta	West leaner	yes	2
82	Myanmar	West leaner	no	3
83	Mozambique	East leaner	no	5
84	Mauritius	East leaner	no	5
85	Malaysia	West leaner	no	3
86	Namibia	East leaner	no	5
87	Nigeria	East leaner	no	5
88	Nicaragua	East leaner	no	5
89	Netherlands	West leaner	yes	2
90	Norway	West leaner	yes	2
91	New Zealand	West leaner	yes	2
92	Pakistan	East leaner	no	5
93	Panama	East leaner	no	4
94	Peru	East leaner	no	4
95	Philippines	West leaner	no	2
96	Poland	West leaner	yes	3
97	Portugal	East leaner	yes	4
98	Paraguay	West leaner	no	1
99	Qatar	West leaner	no	2
100	Russia	East leaner	no	5
101	Rwanda	East leaner	no	5
102	Saudi Arabia	East leaner	no	4
103	Senegal	East leaner	no	5
104	Singapore	West leaner	yes	3
105	El Salvador	East leaner	no	5
106	Slovakia	West leaner	yes	3
107	Slovenia	West leaner	yes	3
108	Sweden	West leaner	yes	2
109	Seychelles	East leaner	no	5
110	Togo	East leaner	no	5
111	Thailand	West leaner	no	3
112	Tanzania	East leaner	no	5
113	Uganda	East leaner	no	5
114	Ukraine	West leaner	yes	3
115	Uruguay	East leaner	no	5
116	United States	West leaner	yes	2
117	Uzbekistan	East leaner	no	5
118	Vietnam	West leaner	no	3
119	South Africa	East leaner	no	5
120	Zambia	East leaner	no	5
121	Zimbabwe	East leaner	no	5

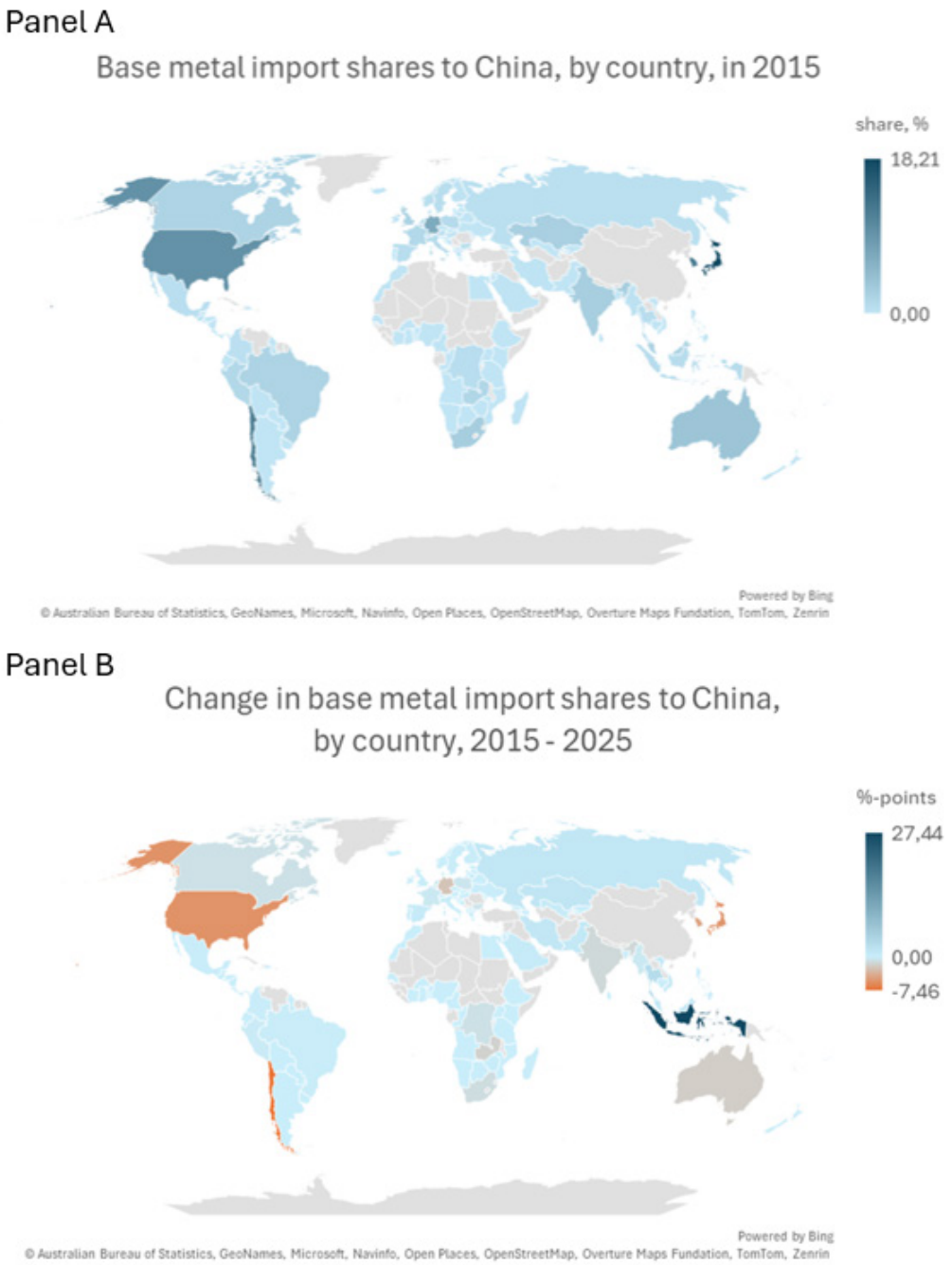
Note: "Country group" refers to the grouping used in the main analysis. "RUS sanctions" denotes whether the country has imposed sanctions on Russia following the full-scale attack on Ukraine. "Category by Herscovitch (2025)" denotes the robustness check using three distinct blocs, see also Section 4.1.

Table A2. Goods classification by sector

Section	Content	Estimation groupings	Share in China's total imports in 2025, %*
Section 1	Live animals: animal products	Sections 1–4 food & beverages	2.7
Section 2	Vegetable products		4.8
Section 3	Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes		0.6
Section 4	Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes		1.8
Section 5	Mineral products	Section 5	19.8
Section 6	Products of the chemical or allied industries	Section 6	7.6
Section 7	Plastics and articles thereof; rubber and articles thereof	Section 7	3.7
Section 8	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	Sections 8,11, 12 textiles & footwear	0.4
Section 9	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	Sections 9–10 wood & pulp	0.5
Section 10	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof		1.3
Section 11	Textiles and textile articles	Sections 8,11, 12 textiles & footwear	1.6
Section 12	Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair		0.5
Section 13	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	Section 13	0.4
Section 14	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin	Section 14	7.4
Section 15	Base metals and articles of base metal	Section 15	5.2
Section 16	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	Section 16	31.1
Section 17	Vehicles, aircraft, vessels and associated transport equipment	Section 17	4.4
Section 18	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	Section 18	3.9
Section 19	Arms and ammunition; parts and accessories thereof	Section 19	0.0
Section 20	Miscellaneous manufactured articles	Sections 20–21 misc. & art	0.4
Section 21	Works of art, collectors' pieces and antiques		0.1

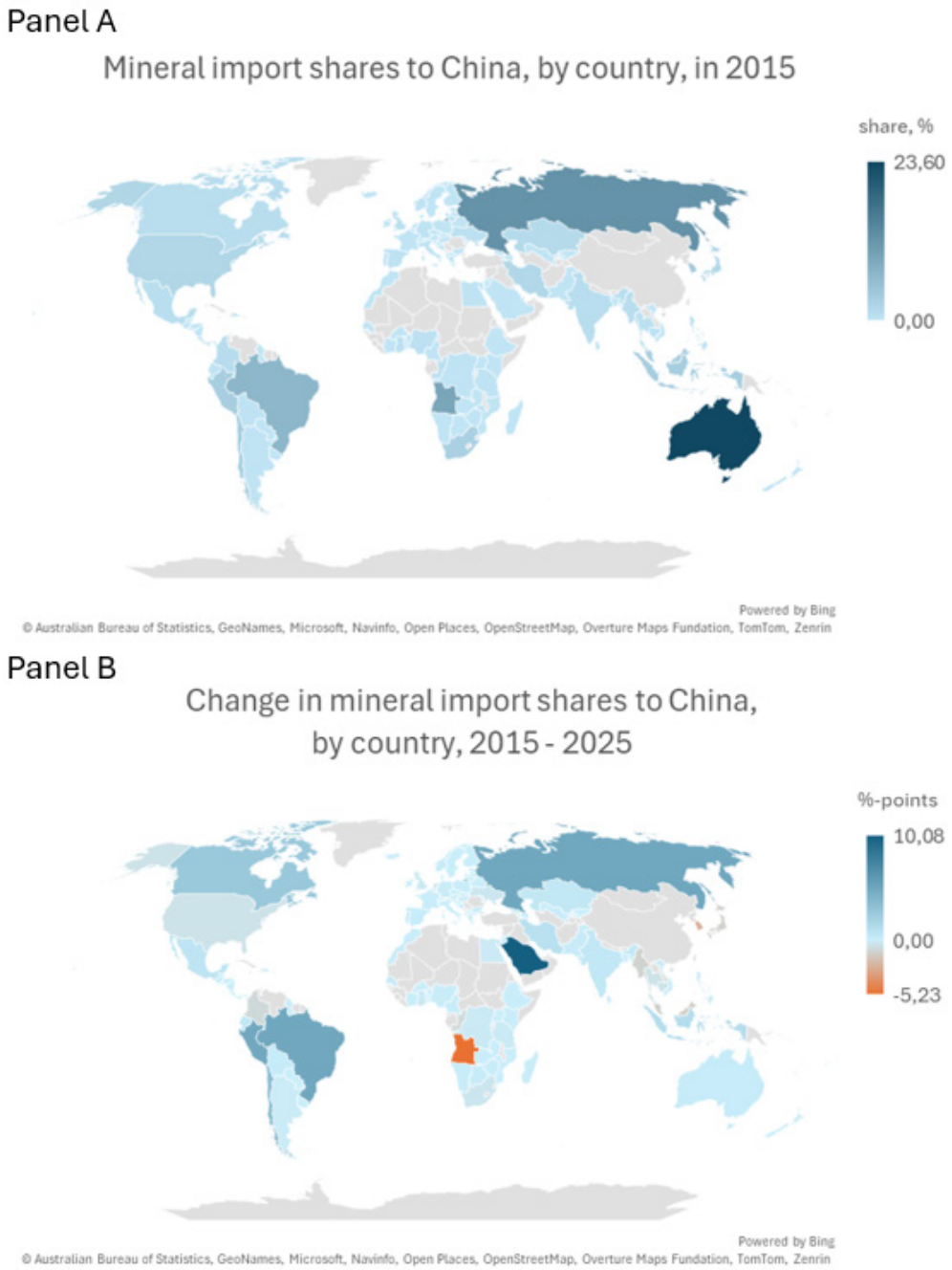
* Shares do not sum to 100% due to rounding.

Figure A1. Geographic distribution of base metal exports to China in 2015 (panel A) and the change in shares between 2015 and 2025 (panel B)



Source: Global Trade Tracker and authors' estimations. For Russia, the map utilizes import statistics from China Customs as Russia has ceased to publish granular trade statistics granular trade statistics since the full-scale invasion of Ukraine.

Figure A2. Geographic distribution of mineral exports to China in 2015 (panel A) and the change in shares between 2015 and 2025 (panel B).



Source: Global Trade Tracker and authors' estimations. For Russia, the map utilizes import statistics from China Customs as Russia has ceased to publish granular trade statistics since the full-scale invasion of Ukraine.

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