

23-14 Despite disruptions, US-China trade is likely to grow

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October 2023

STRAINED POLITICAL RELATIONSHIP, SLOW DECOUPLING

The US-China economic relationship has rarely been smooth, especially since China's entry into the World Trade Organization in 2001. Tensions over Chinese currency manipulation and the flood of exports aimed at the United States plagued successive administrations, culminating in 2018, when President Donald Trump launched the first round of punitive tariffs on Chinese goods. Security and human rights issues have further aggravated bilateral relations.

President Joseph R. Biden Jr. has kept his predecessor's tariffs in place, and his economic team has outlined measures to restrict Chinese access to sensitive technologies and sought economic alliances in the Indo-Pacific region while warning China against military expansion in the area. Large trade conflicts over electric vehicles (EVs) and batteries are likely in the near future. As China continues to flood the market with cheap EV exports, both the United States and European Union might sharply constrain Chinese imports of both cars and batteries. Consequently, a trend of "slow decoupling" between the United States and China is projected to continue between now and 2025.¹

Nonetheless, since the infamous "Balloongate" of February 2023, the Biden administration has made a concerted effort to improve diplomatic relations with China. Treasury Secretary Janet Yellen and other Biden administration officials disavow any intention to "decouple" the US relationship with China; rather, they speak of "de-risking" or "diversifying" supply chains to reduce reliance on China to protect national security. At a House Financial Services Committee hearing in June 2023, Yellen called any US efforts to decouple from China "disastrous" and actually advocated deepening US-Chinese economic ties. Yellen, Secretary of State Antony Blinken, and US Commerce Secretary Gina Raimondo have all

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¹ Some 200 bills have been introduced in Congress that one way or another would restrict US commerce with China. If the more draconian bills are enacted—despite Biden's efforts to "thaw" relations with China—the speed of decoupling could accelerate. Our analysis assumes no major change in the current relations between the two countries.

visited China to ease frictions. Raimondo during her visit said it is “[profoundly important](#)” for the United States and China to have a stable economic relationship, suggesting that it could “stabilize the political relationship.” Additionally, in late September 2023, The US Treasury Department and China’s Ministry of Finance launched [two economic and financial working groups](#) in an attempt to deepen ties and ease frictions. Biden himself is unlikely to initiate or endorse any policy measures that would undermine this progress. And China, after witnessing the West’s unified condemnation of Russia’s invasion of Ukraine, is unlikely within the next two years to invade Taiwan, a move that would, at a minimum, severely disrupt US-China relations.

Furthermore, despite the tensions and frictions, the United States and China hit [record trade levels](#) in 2022, suggesting that [calls for severe](#) or even [total](#) economic decoupling between the world’s two economic superpowers may be injudicious. The dollar value of US-China trade grew significantly between 2019 and 2022, notwithstanding declines in trade flows of certain products and categories (e.g., Boeing sales to China and US-China trade on semiconductors) due to the trade war started by Trump. The persistence and even growth of the two countries’ total trade notwithstanding political and economic disputes reflects the mutual benefit that private firms see in this commercial relationship. Thus, based on the current state of geopolitical relations, we posit that bilateral commerce will probably expand.

ANALYSIS OF AGGREGATE MERCHANDISE TRADE FLOWS

[Analysis](#) of 2022 bilateral trade data shows that China is diversifying some purchases of foreign goods away from the United States. US exports of automobiles and aircraft to China—the two largest manufacturing export sectors prior to the trade war—have almost disappeared, and exports of semiconductors, liquefied natural gas, and coal have plunged. Similarly, US imports of selected products [have shifted](#) to sources other than China.

As the United States and China reduce their interdependence through trade, questions of where trade gets redirected and which countries benefit by becoming new suppliers/customers are increasingly pertinent. [Other scholars](#) have examined trade in [detailed products](#); in this Policy Brief we examine aggregate merchandise trade flows.² We first survey the pattern of trade changes between 2019 and 2022 (skipping the acute pandemic years of 2020 and 2021)³ and then define assumptions to estimate potential trade changes and decoupling between 2022 and 2025 under two scenarios: (1) no real trade growth and (2) trade growth at the same rate as nominal GDP growth.

2 In an April 2023 NBER Working Paper (“[Is the Global Economy Deglobalizing? And If So, Why? And What Is Next?](#)”), Pinelopi Goldberg and Tristan Reed examined aggregate trade and capital and labor flow data for signs of deglobalization. They found a slowdown of globalization but not a reversal.

3 We do note, however, that the Chinese economy endured low growth in 2022, owing to its COVID-19 lockdown, which depressed Chinese imports.

As trade growth has historically outpaced GDP growth, we estimate that US-China trade will likely expand between now and 2025, to around \$855 billion (under the second scenario). Despite potential US “friendshoring”—reducing investments and supply dependencies in China and channeling them instead to “friendly” countries—it is not likely that aggregate US imports from alternative sources will increase dramatically over the next three years.

CHANGES IN TRADE PATTERNS BETWEEN 2019 AND 2022

US imports from several alternative sources rose for products subject to Trump tariffs.⁴ For our analysis we select four countries⁵—Brazil, Mexico, Taiwan, and Vietnam—that may exemplify shifting trade as a consequence of US-China tensions,⁶ and assess merchandise imports and exports in 2019 and 2022 in both dollar values and trade shares. We chose these four countries because they are often touted as popular candidates for US friendshoring. When Secretary Yellen first introduced friendshoring in an April 2022 speech, she implied a need to make supply chains more resilient by moving them out of China and into US partners “such as Taiwan...Vietnam, and Mexico.” We included Brazil not just to balance out having two Eastern hemisphere countries with two Western hemisphere countries, but also because of its large rare earth deposits. As China currently dominates the sector—accounting for 70 percent of world mine production of rare earths in 2022—Brazil could, through friendshoring, supplant some Chinese rare earth exports to the US.

Table 1 shows bilateral trade values in 2019 and 2022 for each country and its five most important partners and the world, plus the four named countries for the United States and China.⁷ All figures are in current US dollars (no adjustment for inflation). Note that—except for China and the United States—exports from country A to country B are not the same as imports by country B from country A, because valuation methods differ between countries and because timing differences affect reported trade values.

4 In a [2021 PIIE Policy Brief](#) Mary Lovely and colleagues examined detailed trade data to discern the impact of Trump tariffs on US imports from Korea and (with less detail) imports from other countries.

5 Taiwan is not an independent country, but for the purposes of this Policy Brief it is grouped with other countries.

6 A 2022 PIIE blog by [Chad Bown](#) (figures 4 and 5) illustrates the trade war impact on these partners for certain products.

7 In 2022, US goods exports to the European Union 27 were [\\$350.8 billion](#) while US goods imports from the EU27 were \$553.3 billion. We only included individual countries to be part of the US’s and China’s top five export/import partners, hence the EU-27’s exclusion from both lists. Additionally, since it is not easy to visualize the mass of numbers, the associated [interactive graphic and map](#) illustrate trade magnitudes in dollar terms in 2019, 2022, and 2025.

Table 1
Value of goods exports and imports, selected countries, 2019 and 2022 (billions of US dollars)

Value of goods exports, 2019					
<i>Exporter</i>	<i>Partner</i>	<i>Value</i>	<i>Exporter</i>	<i>Partner</i>	<i>Value</i>
US	Canada	292.3	China	US	418.7
	Mexico	256.4		Hong Kong	279.2
	China	106.6		Japan	143.2
	Japan	74.7		South Korea	111.0
	United Kingdom	69.1		Vietnam	97.9
	Brazil	43.1		Mexico	46.4
	Vietnam	10.9		Brazil	35.5
	Taiwan	31.2		Taiwan	55.1
World	1,644.3	World	2,499.5		
Mexico	US	358.6	Brazil	China	63.4
	Canada	14.3		US	29.9
	Germany	7.1		Argentina	9.8
	China	6.9		Netherlands	7.2
	Taiwan	6.6		Japan	5.4
	World	460.6		World	221.1
Vietnam	US	61.3	Taiwan	China	91.8
	China	41.5		US	46.2
	Japan	20.3		Hong Kong	40.3
	South Korea	19.7		Japan	23.3
	Hong Kong	7.2		Singapore	18.2
	World	264.3		World	329.2

table continues

Value of goods imports, 2019

<i>Importer</i>	<i>Partner</i>	<i>Value</i>	<i>Importer</i>	<i>Partner</i>	<i>Value</i>
US	China	472.5	China	South Korea	173.6
	Mexico	361.3		Taiwan	173.0
	Canada	326.6		Japan	171.8
	Japan	147.0		US	122.9
	Germany	129.9		Australia	121.3
	Brazil	32.1		Mexico	14.3
	Vietnam	69.4		Brazil	80.0
	Taiwan	56.0		Vietnam	64.1
	World	2,567.5		World	2,078.4
Mexico	US	206.1	Brazil	China	37.5
	China	83.0		US	36.6
	Japan	18.0		Germany	11.1
	Germany	17.7		Argentina	11.0
	South Korea	17.6		Mexico	5.3
	World	455.2		World	193.2
Vietnam	China	75.5	Taiwan	China	57.4
	South Korea	47.1		Japan	44.1
	Japan	19.6		US	34.9
	Taiwan	15.2		South Korea	17.7
	US	14.4		Malaysia	10.4
	World	253.7		World	285.7

table continues

Value of goods exports, 2022

<i>Exporter</i>	<i>Partner</i>	<i>Value</i>	<i>Exporter</i>	<i>Partner</i>	<i>Value</i>
US	Canada	354.9	China	US	581.7
	Mexico	324.4		Hong Kong	296.7
	China	153.8		Japan	172.9
	Japan	80.3		South Korea	162.4
	United Kingdom	77.3		Vietnam	146.7
	Brazil	53.6		Mexico	77.5
	Vietnam	11.4		Brazil	62.0
	Taiwan	43.7		Taiwan	81.6
	World	2,062.1		World	3,591.3
Mexico	US	452.6	Brazil	China	89.7
	Canada	15.4		US	38.1
	China	10.8		Argentina	15.3
	Germany	8.2		Netherlands	11.9
	Taiwan	7.4		Spain	9.8
	World	578.3		World	334.5
Vietnam	US	109.4	Taiwan	China	121.1
	China	57.7		US	75.1
	South Korea	24.3		Hong Kong	64.8
	Japan	24.2		Japan	33.6
	Hong Kong	10.9		Singapore	29.5
	World	371.3		World	479.5

table continues

Value of goods imports, 2022

<i>Importer</i>	<i>Partner</i>	<i>Value</i>	<i>Importer</i>	<i>Partner</i>	<i>Value</i>
US	China	575.7	China	Taiwan	238.0
	Mexico	459.2		South Korea	199.3
	Canada	446.6		Japan	184.7
	Japan	154.4		US	177.7
	Germany	150.4		Australia	142.0
	Brazil	41.4		Mexico	17.4
	Vietnam	135.9		Brazil	109.4
	Taiwan	96.1		Vietnam	88.0
	World	3,372.9		World	2,714.7
Mexico	US	265.4	Brazil	China	67.8
	China	118.7		US	54.3
	South Korea	22.4		Argentina	13.6
	Germany	18.4		Germany	13.4
	Japan	18.3		India	9.6
	World	604.6		World	292.3
Vietnam	China	117.9	Taiwan	China	84.0
	South Korea	62.1		Japan	54.6
	Japan	23.4		US	45.4
	Taiwan	22.6		South Korea	34.3
	US	14.5		Australia	24.7
	World	358.9		World	428.0

Note: UN Comtrade and Vietnam imports and exports use FOB pricing. China and Taiwan imports are valued on a CIF basis while exports are valued on a FOB basis.

Sources: China Customs Statistics (<http://stats.customs.gov.cn/indexEn>). Taiwan Bureau of Trade Trade Statistics (<https://cuswebo.trade.gov.tw/FSCE010F/FSCE010F/>). UN Comtrade (<https://comtradeplus.un.org/>). Vietnam General Statistics Office Statistical Yearbook of 2022 (<https://www.gso.gov.vn/en/data-and-statistics/2023/06/statistical-yearbook-of-2022/>).

Trade shares for the six countries provide an important complementary view of changing trade patterns (table 2). Several features stand out from the data and the associated interactive [map](#) and [graphic](#) (figures 1 and 2 below) as well as related sources.

Table 2
Shares of goods exports and imports, selected countries, 2019 and 2022 (percent)

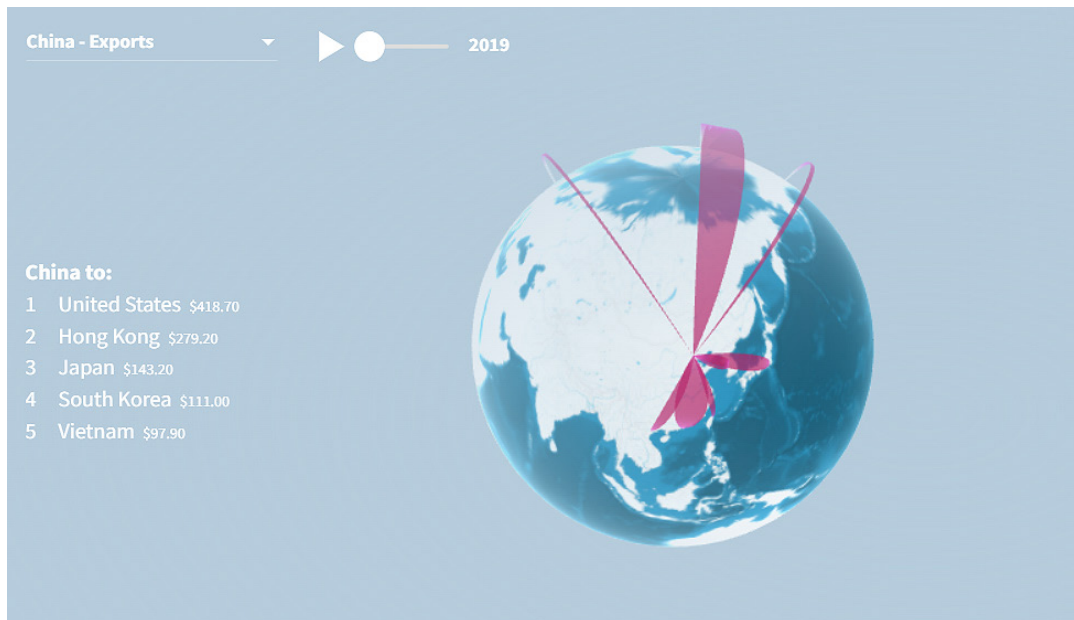
Share of goods exports, 2019			Share of goods imports, 2019		
<i>Exporter</i>	<i>Partner</i>	<i>Trade share</i>	<i>Importer</i>	<i>Partner</i>	<i>Trade share</i>
US	China	6.5	US	China	18.4
	Mexico	15.6		Mexico	14.1
	Brazil	2.6		Brazil	1.2
	Vietnam	0.7		Vietnam	2.7
	Taiwan	1.9		Taiwan	2.2
China	US	16.8	China	US	5.9
	Mexico	1.9		Mexico	0.7
	Brazil	1.4		Brazil	3.8
	Vietnam	3.9		Vietnam	3.1
	Taiwan	2.2		Taiwan	8.3
Mexico	US	77.9	Mexico	US	45.3
	China	1.5		China	18.2
Brazil	US	13.5	Brazil	US	19.0
	China	28.7		China	19.4
Vietnam	US	23.2	Vietnam	US	5.7
	China	15.7		China	29.8
Taiwan	US	14.0	Taiwan	US	12.2
	China	27.9		China	20.1

table continues

Share of goods exports, 2022			Share of goods imports, 2022		
Exporter	Partner	Trade share	Importer	Partner	Trade share
US	China	7.5	US	China	17.1
	Mexico	15.7		Mexico	13.6
	Brazil	2.6		Brazil	1.2
	Vietnam	0.6		Vietnam	4.0
	Taiwan	2.1		Taiwan	2.8
China	US	16.2	China	US	6.5
	Mexico	2.2		Mexico	0.6
	Brazil	1.7		Brazil	4.0
	Vietnam	4.1		Vietnam	3.2
	Taiwan	2.3		Taiwan	8.8
Mexico	US	78.3	Mexico	US	43.9
	China	1.9		China	19.6
Brazil	US	11.4	Brazil	US	18.6
	China	26.8		China	23.2
Vietnam	US	29.5	Vietnam	US	4.0
	China	15.5		China	32.8
Taiwan	US	15.7	Taiwan	US	10.6
	China	25.3		China	19.6

Sources: China Customs Statistics (<http://stats.customs.gov.cn/indexEn>). China Customs Statistics (<http://stats.customs.gov.cn/indexEn>). Taiwan Bureau of Trade Trade Statistics (<https://cuswebo.trade.gov.tw/FSCE010F/FSCE010F/>). UN Comtrade (<https://comtradeplus.un.org/>). Vietnam General Statistics Office Statistical Yearbook of 2022 (<https://www.gso.gov.vn/en/data-and-statistics/2023/06/statistical-yearbook-of-2022/>).

Figure 1

US-China slow decoupling won't redraw goods trade flows by 2025*Imports and exports by country, 2019, 2022, and 2025p (billions of US dollars)*

[View interactive map here](#)

P = projected

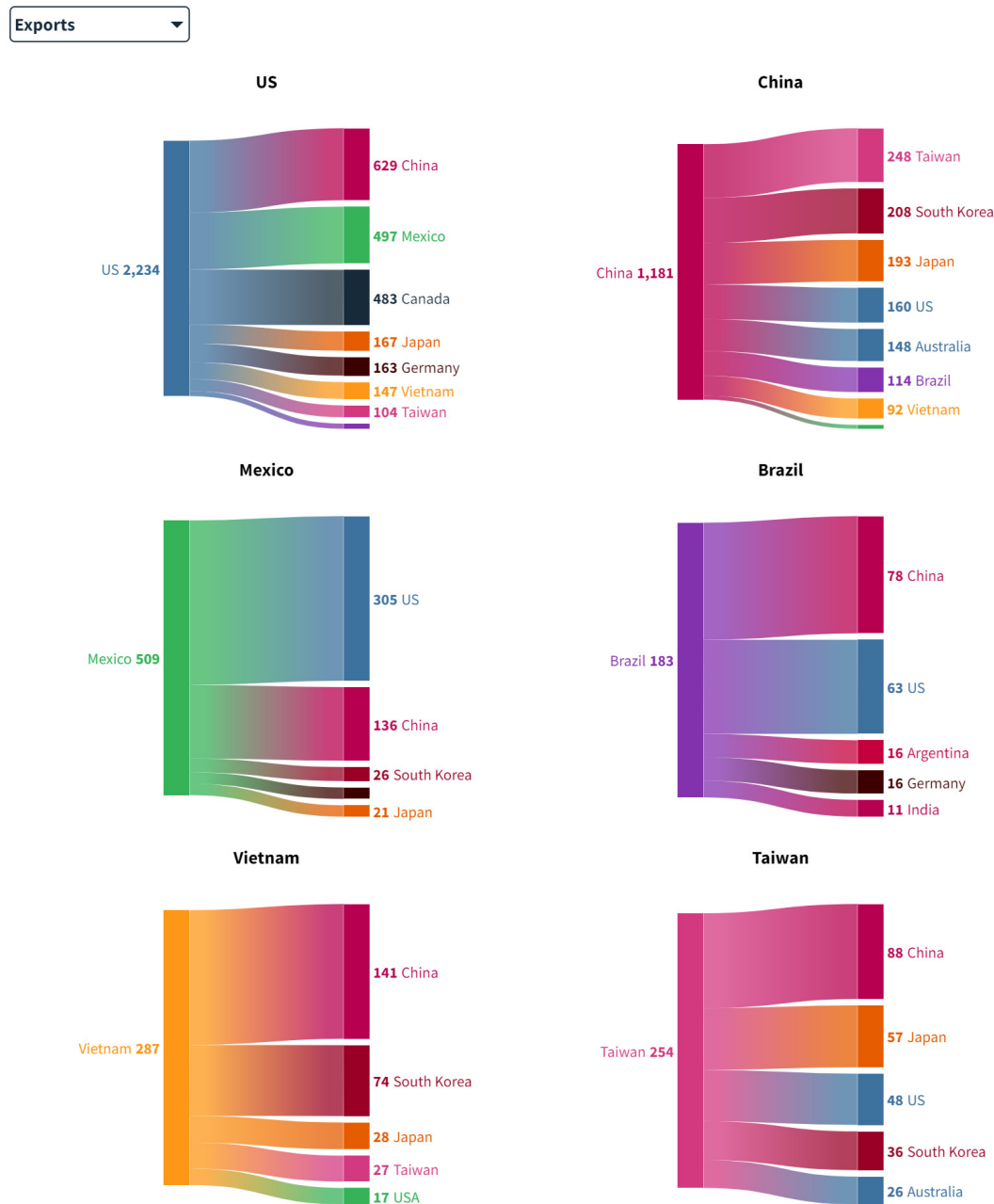
Note: 2022 exports and imports for Mexico and the United States are annualized figures. Both countries reported data on UN Comtrade through November 2022.

Source: UN Comtrade database.

- Foremost, US-China trade grew in dollar value significantly between 2019 and 2022. To be sure, on a granular basis, important trade flows (such as Boeing sales to China) were interrupted. Yet in the face of political barriers— notably, the US simple average tariff on imports from China dramatically escalated from **3.1 to 19.3 percent**—a massive amount of business was conducted as usual.
- Although, as [Chad P. Bown](#) has [documented](#), US-China trade declined substantially in products subject to import tariffs or export controls (e.g., semiconductors, auto parts, and electronic goods), these declines were offset by rising trade in other categories (e.g., soybeans, cotton, and corn).
- Decoupling policies coincided with a reduction in the aggregate share of US imports from China from 18.4 percent in 2019 to 17.1 percent in 2022 (table 2). However, the share of China's imports from the United States increased slightly from 5.9 to 6.5 percent. Although China more than tripled its purchases of US agricultural products from \$10 billion in 2019 to \$36 billion in 2022, largely in response to world market conditions,⁸ over the past decade its dependence on US agriculture has declined (see [figure 6](#) in the PIIE blog by Bown and Wang).

⁸ Graham Soley, "Record US FY 2022 Agricultural Exports to China," US Department of Agriculture Foreign Agricultural Service, January 6, 2023.

Figure 2
Alternate trade scenario: Projected imports and exports with no trade growth, 2025 (billions of US dollars)



[View interactive graphic here](#)

Source: UN Comtrade database.

- The dollar value of US imports from the four other countries all increased between 2019 and 2022 (table 1). However, their shares of US trade tell a muted story. The share of US imports from Mexico declined slightly (from 14.1 to 13.6 percent), while the share of US imports from Vietnam and Taiwan increased somewhat (from 2.7 to 4.0 percent for Vietnam and from 2.2 to 2.8 percent for Taiwan); the share of US imports from Brazil remained the

same. Thus, despite its partial decoupling from China, the United States did not greatly intensify its trade relations with the four selected countries between 2019 and 2022.

- Similarly, although the dollar value of Chinese exports to and imports from the four smaller economies increased between 2019 and 2022, trade shares showed more muted trends. The share of Chinese exports to the four countries increased only very slightly between 2019 and 2022: by 0.3 percentage point for Mexico and Brazil, 0.2 percentage point for Vietnam, and 0.1 percentage point for Taiwan. And the share of Chinese imports from Brazil, Vietnam, and Taiwan increased by just 0.2, 0.2, and 0.4 percentage point, respectively; the share of Chinese imports from Mexico decreased slightly, by less than 0.1 percentage point. Thus, despite the US trade war, China barely intensified its trade with these countries.

PROSPECTIVE CHANGES IN TRADE PATTERNS BETWEEN 2022 AND 2025

Increases in “political distance” are typically associated with lower trade growth, but this is not always the case, and recent research indicates that shifting political relations have only a short-run impact on trade flows⁹ (largely because of “sticky” supply chains).

Over the past several decades, world trade has consistently grown either faster than or in line with global GDP. Between 1995 and 2008, the world saw about 1.5 percentage points of trade growth per percentage point of GDP growth; from 2009 to 2019, this ratio fell to about one to one. [New analysis](#) predicts that global trade growth will lag behind GDP growth through 2030, because of the Russia-Ukraine war, the European Union’s carbon border adjustment mechanism (CBAM) tax, relative decline in US/EU-China trade, no significant new trade agreements, rising economic nationalism, and other trade tensions. World trade growth is unlikely to plummet over the next three years, but to account for potentially slower future growth in world trade we project bilateral trade flows in 2025 under two scenarios: (1) no real trade growth (but import values increase by the projected rate of GDP deflator growth) and (2) trade growth at the same rate as each country’s nominal GDP growth.

Assumptions made under each scenario are summarized in box 1. The world economy continues to grow, even as the pace has slowed. Decoupling pressure is assumed to exert the same force on trade shares between 2022 and 2025 as between 2019 and 2022. In other words, no explosion is projected in US-China trade tensions, but no grand relaxation either.¹⁰

9 Samuel Hardwick, “Dynamics in Political Relations and Bilateral Trade Flows,” Australian National University, forthcoming paper.

10 Obviously, military confrontation over Taiwan would upset these assumptions, as could extensive and visible Chinese support for Russia’s invasion of Ukraine. On the other hand, some (very low probability) scenarios might foresee a new era of US-China commercial harmony. Our 2025 scenarios assume mounting frictions at about the same pace, in terms of their impact on trade, as experienced during the past three years.

Box 1 Assumptions made to project 2025 trade flows in two scenarios, selected countries

Scenario 1: No real trade growth

- GDP deflator growth for the covered countries evolves according to [IMF projections](#).
- National imports grow at the same pace as each country's GDP deflator—no faster, but no slower.
- National export growth is determined by GDP deflator growth rates in principal national trade partners.
- The dollar value of 2025 US imports from China is equal to the dollar value of 2025 Chinese exports to the United States; likewise, the dollar value of 2025 Chinese imports from the United States is equal to the dollar value of 2025 US exports to China.

Scenario 2: Trade value growth at the same rate as nominal GDP growth

- Nominal GDP growth for the covered countries evolves according to [IMF projections](#).
- National import growth is determined by nominal GDP growth—no faster, no slower.
- National export value growth is determined by nominal GDP growth in principal national trade partners.
- The 2025 trade shares for the United States and China are projected to change between 2022 and 2025 by the same percentage point difference experienced between 2019 and 2022, with respect to their trade with one another and with the four selected countries (Brazil, Mexico, Taiwan, Vietnam). This assumes no major deterioration or improvement in US-China political relations between 2022 and 2025.
- The four countries' export and import dollar values for 2025 are based on import and export projections for the United States and China. In other words, their trade shares with the United States and China are projected to change between 2022 and 2025 by the same percentage point difference experienced between 2019 and 2022. This assumes that the dominant feature changing the smaller economies' bilateral trade values with the United States and China is the growth of trade in the two larger partners.
- The dollar value of 2025 US imports from China is equal to the dollar value of 2025 Chinese exports to the United States; likewise, the dollar value of 2025 Chinese imports from the United States is equal to the dollar value of 2025 US exports to China.

Under these assumptions, table 3 shows 2025 trade value projections (in US dollars) under each scenario, and table 4 shows 2025 trade share projections. We highlight the following features of the outlook:

- Foremost, the dollar value of US-China trade will continue to grow and remain massive under both scenarios (table 3). Compared to \$730 billion in two-way trade in 2022 (table 1), 2025 two-way trade projections are \$789 billion under the first scenario (owing to inflation) and \$855 billion under the second (table 3).

- Interestingly, the share of US imports from China remains the same under either scenario (table 4), despite our assumption that bilateral trade shares will continue to decline between 2022 and 2025 at the same rate as between 2019 and 2022. To be sure, trade in high-tech goods will diminish, and this is reflected in the share of China's imports from the United States in 2025. Under the first scenario, it declines from 6.5 percent to 5.7 percent; under the second scenario, it declines to 6.0 percent.¹¹
- Though Latin America stands to gain from US efforts to diversify supply chains away from China through friendshoring, Mexican and Brazilian trade with the two major economies is not expected to change much over the next three years (tables 3 and 4). Mexico will continue to send the bulk of its exports to the United States (over 70 percent under both scenarios) and buy roughly 40 percent of its imports from the United States; under the second scenario, its share of exports to the United States is projected to increase by 0.4 percentage point and its share of imports from China is projected to increase by 1.4 percentage points. In contrast, the shares of Brazilian exports to both the United States and China decline under both scenarios, by 1.4 and 2.2 percentage points respectively. But under the second scenario Brazil increases its reliance on imports from China—by 3.8 percentage points—and (slightly) decreases its share of imports from the United States (by 0.4 percentage point).
- Of the four smaller economies, Vietnam will benefit the most, under the second scenario, from US efforts to decouple from China, exporting much more to the United States while also importing more from China¹²: Its share of exports to the United States is projected to increase by 6.3 percentage points and its share of imports from China projected to increase by 3.1 percentage points.
- Taiwan is projected to increase its export share destined for the United States and to decrease its export share to China under scenario 2. The magnitude of the change, however, is greater for its trade with China: Taiwan's share of exports to the United States is projected to increase by 1.6 percentage points, whereas its share of exports to China is projected to decline by 2.6 percentage points.

11 Despite evidence that other countries' exports are [consistently outcompeting](#) US exports in the Chinese market, strong US agriculture exports and some increase in US service exports are likely between 2022 and 2025. [USDA price projections](#) are favorable for soybeans, a major US export to China. Similarly, US exports of educational services (Chinese students studying at American universities), tourism, and business travel to China are likely to increase now that China has ended its zero-covid policy.

12 Though Vietnam's export share to the US is expected to decline by 1.8 percentage points under the "no real trade growth scenario," this outcome is unlikely, as trade between the United States and Vietnam has grown enormously over the past three decades, from [\\$451 million in 1995](#) to nearly \$150 billion in 2022.

Table 3
Value of projected goods exports and imports, selected countries, 2025 (billions of US dollars)

Value of projected goods exports, 2025							
<i>Exporter</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>	<i>Exporter</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>
US	Canada	371.2	378.3	China	US	629.0	652.8
	Mexico	372.6	380.2		Hong Kong	316.7	348.9
	China	160.4	202.1		Japan	186.8	193.3
	Japan	86.7	89.8		South Korea	174.4	182.5
	United Kingdom	85.3	89.9		Vietnam	174.9	177.6
	Brazil	61.7	61.7		Mexico	89.1	102.7
	Vietnam	13.6	10.6		Brazil	71.4	84.7
	Taiwan	45.7	56.1		Taiwan	85.4	97.6
	World	2,378.8	2,396.1		World	4,142.9	4,172.9
Mexico	US	489.4	528.6	Brazil	China	93.5	97.1
	Canada	16.2	16.5		US	41.3	36.2
	China	11.3	15.0		Argentina	71.8	15.4
	Germany	9.1	9.4		Netherlands	13.5	14.1
	Taiwan	7.7	8.5		Spain	10.7	11.3
	World	667.1	671.9		World	385.8	388.6
Vietnam	US	118.3	154.1	Taiwan	China	126.3	126.1
	China	60.2	66.4		US	81.2	96.1
	South Korea	26.1	27.3		Hong Kong	69.2	76.2
	Japan	26.2	27.1		Japan	36.3	37.6
	Hong Kong	11.7	12.9		Singapore	33.0	35.5
	World	428.3	431.4		World	553.1	557.1

table continues

Value of projected goods imports, 2025

<i>Importer</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>	<i>Importer</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>
US	China	629.0	652.8	China	Taiwan	248.1	309.5
	Mexico	496.5	501.2		South Korea	207.8	246.8
	Canada	483.0	504.5		Japan	192.5	228.6
	Japan	167.0	174.5		US	160.4	202.1
	Germany	162.6	169.9		Australia	148.0	175.8
	Brazil	44.7	45.9		Mexico	18.2	20.0
	Vietnam	146.9	204.0		Brazil	114.0	141.5
	Taiwan	103.9	134.0		Vietnam	91.7	114.1
	World	3,647.4	3,810.2		World	2,829.8	3,360.8
Mexico	US	304.9	326.6	Brazil	China	78.0	95.1
	China	136.3	161.5		US	62.6	64.2
	South Korea	25.8	28.5		Argentina	15.7	16.4
	Germany	21.2	23.4		Germany	15.5	16.2
	Japan	21.0	23.2		India	11.1	11.6
		World	694.5		768.2		World
Vietnam	China	140.5	174.6	Taiwan	China	87.9	90.8
	South Korea	74.0	84.1		Japan	57.2	62.7
	Japan	27.9	31.7		US	47.5	42.8
	Taiwan	27.0	30.7		South Korea	35.9	39.9
	US	17.2	11.5		Australia	25.8	27.3
		World	427.7		486.1		World

Sources: China Customs Statistics (<http://stats.customs.gov.cn/indexEn>). Taiwan Bureau of Trade Trade Statistics (<https://cuswebo.trade.gov.tw/FSCE010F/FSCE010F/>). UN Comtrade (<https://comtradeplus.un.org/>). Vietnam General Statistics Office Statistical Yearbook of 2022 (<https://www.gso.gov.vn/en/data-and-statistics/2023/06/statistical-yearbook-of-2022/>).

Table 4
Shares of projected goods exports and imports, selected countries, 2025 (percent)

Share of projected goods exports, 2025				Share of projected goods imports, 2025			
<i>Exporter</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>	<i>Importer</i>	<i>Partner</i>	<i>Scenario 1: No real trade growth</i>	<i>Scenario 2: Trade growth at the same rate as nominal GDP growth</i>
US	China	6.7	8.4	US	China	17.2	17.1
	Mexico	15.7	15.9		Mexico	13.6	13.2
	Brazil	2.6	2.6		Brazil	1.2	1.2
	Vietnam	0.6	0.4		Vietnam	4.0	5.4
	Taiwan	1.9	2.3		Taiwan	2.8	3.5
China	US	15.2	15.6	China	US	5.7	6.0
	Mexico	2.1	2.5		Mexico	0.6	0.6
	Brazil	1.7	2.0		Brazil	4.0	4.2
	Vietnam	4.2	4.3		Vietnam	3.2	3.4
	Taiwan	2.1	2.3		Taiwan	8.8	9.2
Mexico	US	73.4	78.7	Mexico	US	43.9	42.5
	China	1.7	2.2		China	19.6	21.0
Brazil	US	10.7	9.3	Brazil	US	18.6	18.2
	China	24.2	25.0		China	23.2	27.0
Vietnam	US	27.6	35.7	Vietnam	US	4.0	2.4
	China	14.0	15.4		China	32.8	35.9
Taiwan	US	14.7	17.3	Taiwan	US	10.6	9.0
	China	22.8	22.6		China	19.6	19.2

Sources: China Customs Statistics (<http://stats.customs.gov.cn/indexEn>). Taiwan Bureau of Trade Trade Statistics (<https://cuswebo.trade.gov.tw/FSCE010F/FSCE010F/>). UN Comtrade (<https://comtradeplus.un.org/>). Vietnam General Statistics Office Statistical Yearbook of 2022 (<https://www.gso.gov.vn/en/data-and-statistics/2023/06/statistical-yearbook-of-2022/>).

CONCLUSION

Aggregate trade patterns tend to change very slowly if at all. For the most part, they are determined by private business decisions, which reflect huge fixed costs in plant locations and business relations as well as the marginal costs of altering the destination of sales or the origin of inputs (in addition, business firms obviously must respond to costs associated with higher tariff rates, trade bans, or generous subsidies). Aggregate trade patterns are in this sense “sticky,” not much susceptible to political aspirations expressed in such terms as “friendshoring” or “nearshoring.”

Trade data reported for 2019 and 2022 show a decline in the US import trade share from China, but far smaller than [inflamed political rhetoric](#) might suggest. Indeed, the US export trade share to China also increased over this same period. Aggregate merchandise trade data simply do not tell a decoupling story. For that, commentators must turn to specific trade flows, such as [semiconductors and aircraft](#). In fact, even if the pace of decline in the US import share from China persists until 2025, the total value of two-way US-China merchandise trade will grow (unless bilateral frictions escalate sharply). As demonstrated in the recent data, the persistence and even growth of total trade despite political barriers attests to the strength of mutual benefit.

Friendshoring made little change in US trade with Mexico and Brazil through 2022. Unless the United States significantly increases its imports of Mexican and Brazilian products, and those countries reciprocate, aggregate trade will not change much by 2025. Massive policy shifts seem unlikely, although for selected products, such as semiconductors, batteries, autos, and agriculture, friendshoring changes could be significant.

Our analysis of the data suggests that the United States will probably become a more important export market for Southeast Asian partners seeking to supplant China in American supply chains, illustrated by Vietnam and Taiwan, even as those countries enlarge their imports from China in dollar value.

To summarize, partial decoupling between the United States and China has not, so far, redrawn the world trade map. Nor does it seem likely to do so on an aggregate basis in the next two years.

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