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China versus America on global trade

DATA SNAPSHOT

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Cover image: Shaunak Mirashi/Unsplash

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Contents

Introduction

The return of President Donald Trump to the White House means another trade war between the United States and China looks increasingly likely, with the rest of the world caught in the crossfire. What has happened to global trading relationships since the last US–China trade war of 2018–19? This Data Snapshot provides an update and expands on our previous exercise[1] mapping the shift towards China and away from the United States as the larger trading partner for each economy in the world.

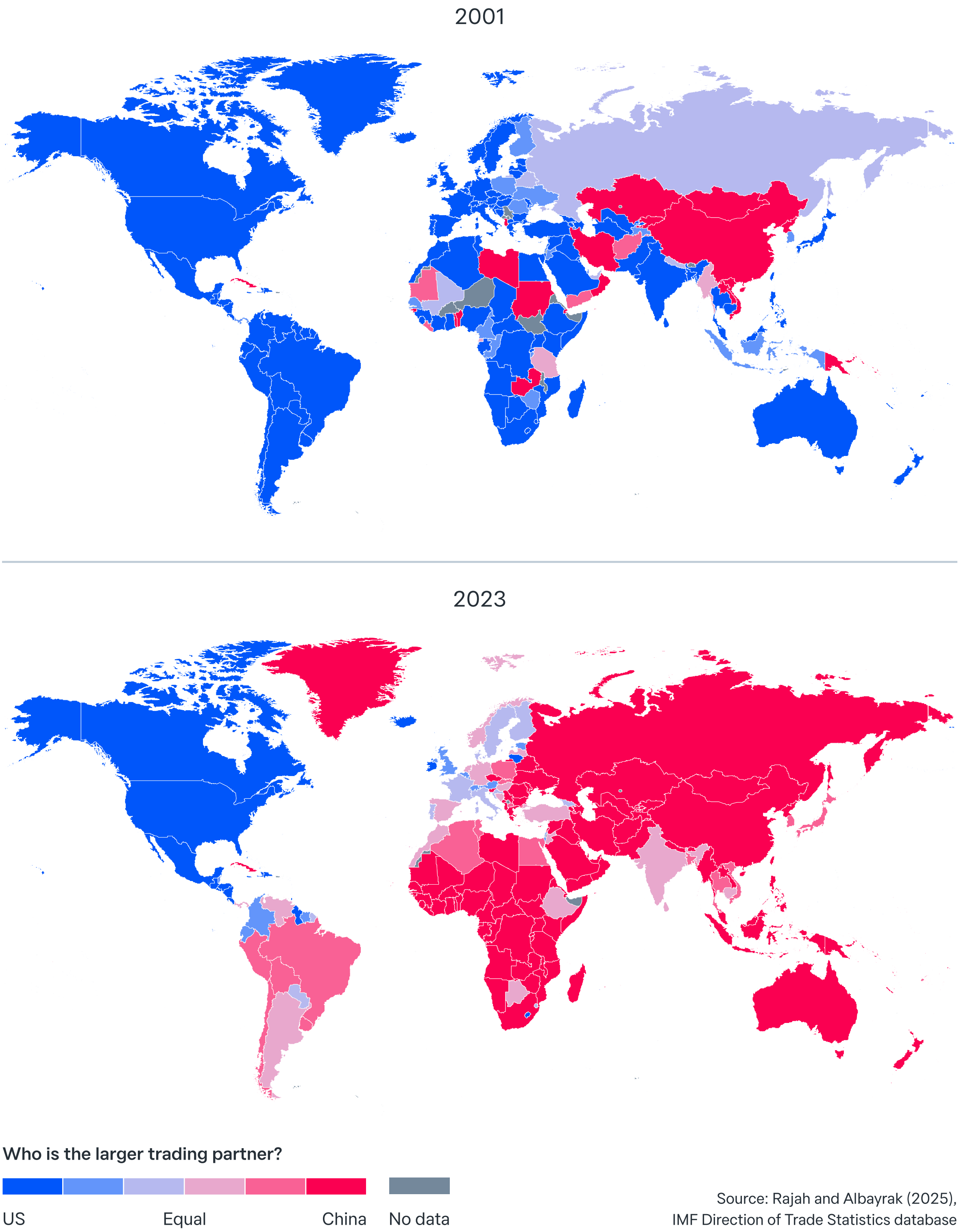
We focus on two-way trade flows (i.e. exports plus imports) as the principal measure of trade integration between two economies. We also separate this into import and export flows individually to provide a more nuanced picture. We draw on the latest data from the International Monetary Fund's Direction of Trade Statistics database,[2] which provides a repository of bilateral goods trade flows for most economies.

Our trade maps display whether economies trade more with China or with the United States and to what degree, with economies trading more intensely with either country shown in darker red (for China) or blue (for the United States).

Key findings

- China's lead over the United States in international trade relationships has only widened since the last US–China trade war of 2018–19.
- Around 70 per cent of economies trade more with China than they do with America, and more than half of all economies now trade twice as much with China as compared to the United States.
- China's global trade relationships remain deeply unbalanced, with a trillion-dollar surge in China's merchandise exports since the pandemic, while its imports have not kept pace.

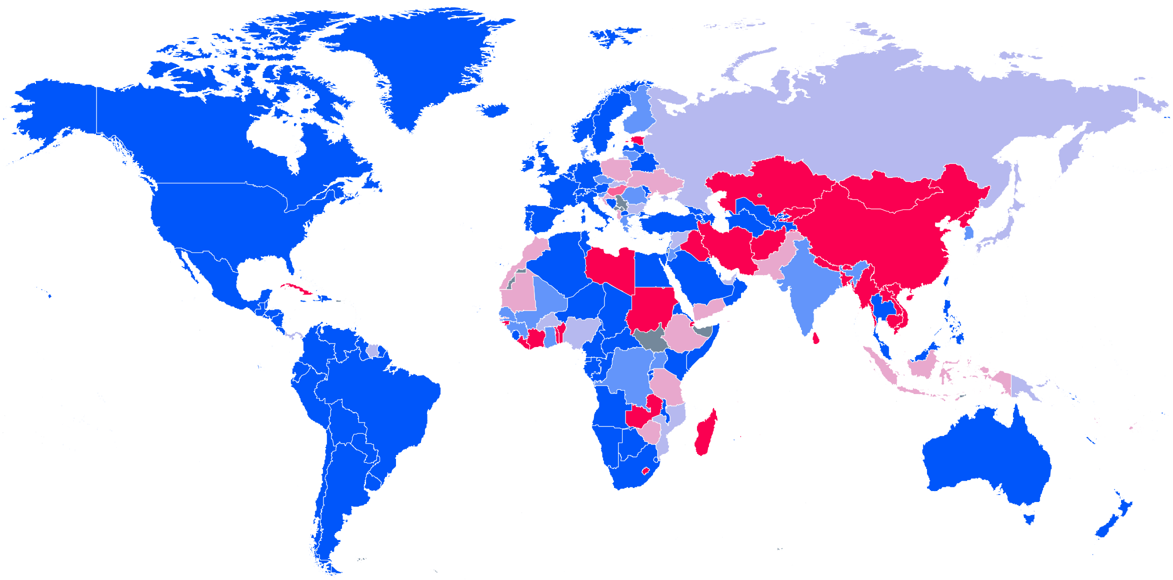
Two-way trade, 2001–2023



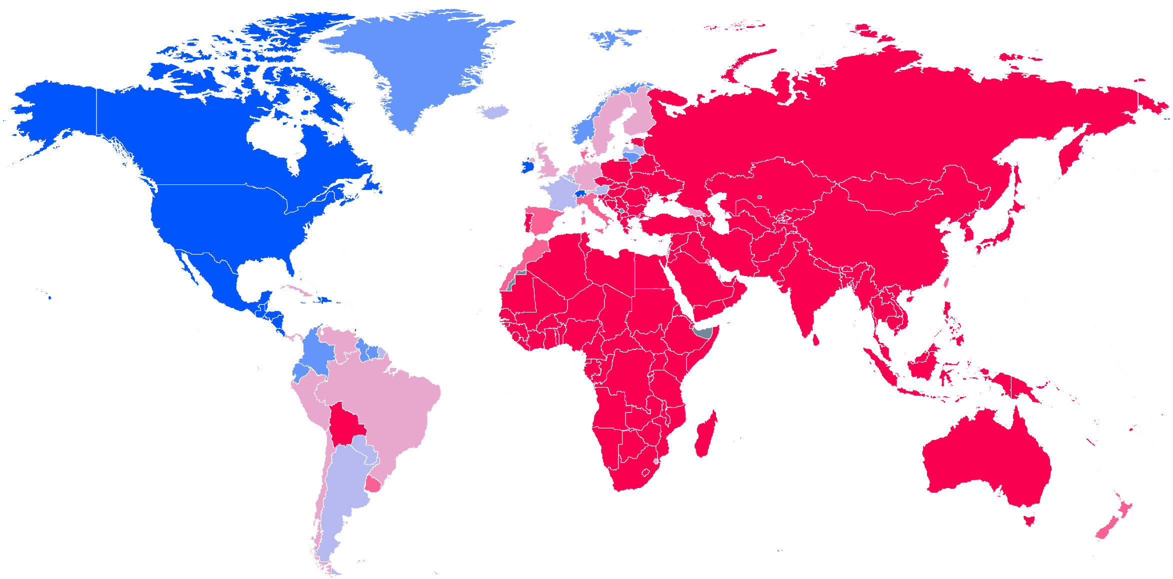
Source: Rajah and Albayrak (2025), IMF Direction of Trade Statistics database

Imports, 2001–2023

2001



2023



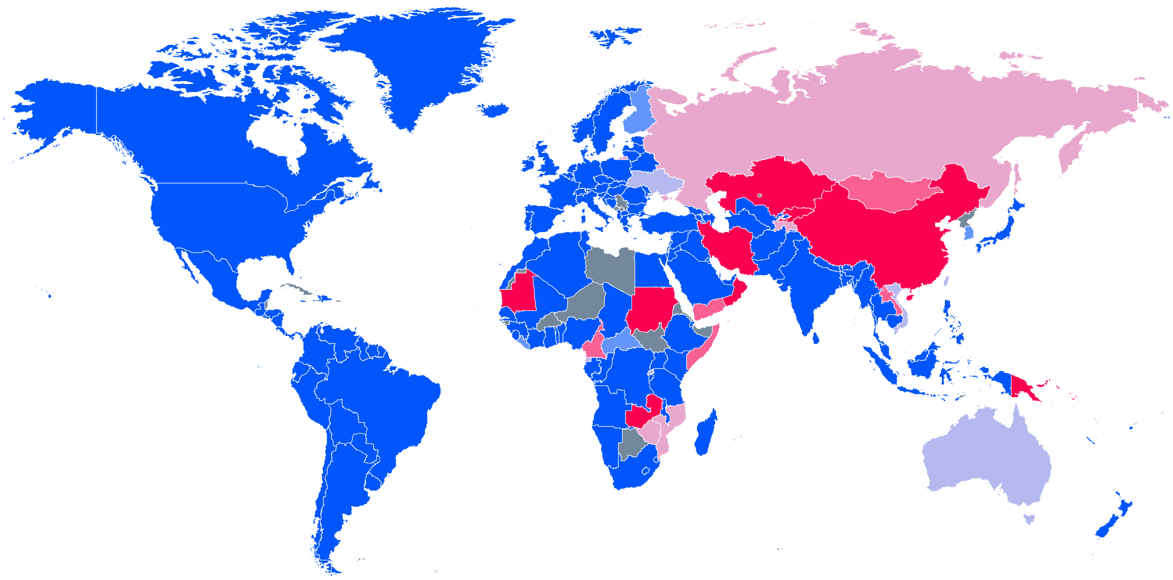
Who is the larger import partner?

US — Equal — China — No data

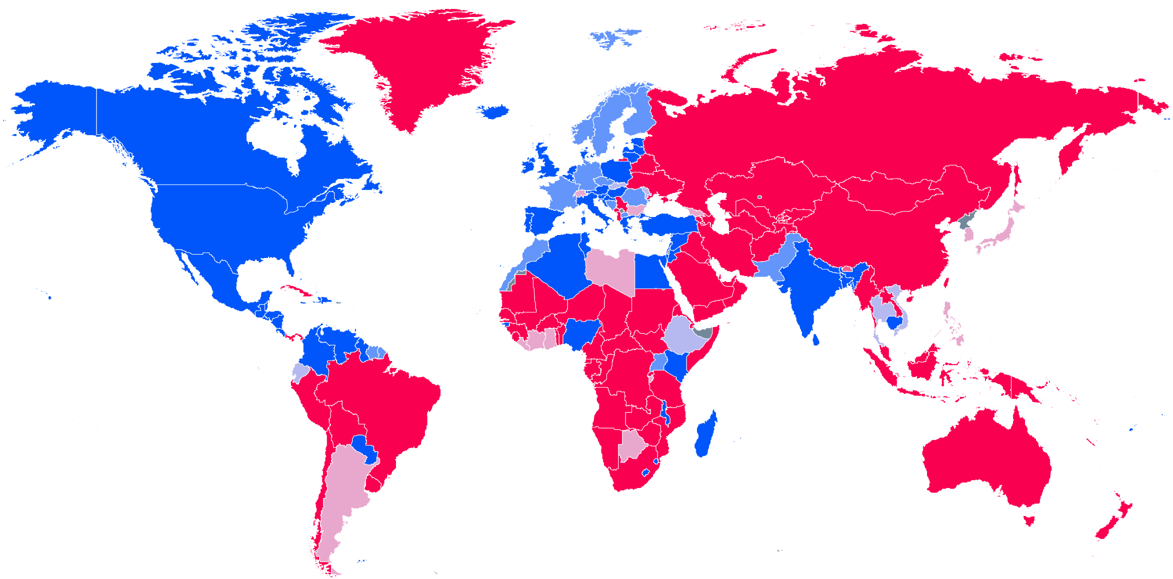
Source: Rajah and Albayrak (2025), IMF Direction of Trade Statistics database

Exports, 2001–2023

2001



2023



Who is the larger export partner?

US | Equal | China | No data

Source: Rajah and Albayrak (2025), IMF Direction of Trade Statistics database

Analysis

An unbalanced trade superpower

The latest data shows China's lead in global trade integration has widened further, especially in terms of the intensity of its trading relationships. But this deepening remains unbalanced, driven by a surge in Chinese exports while its imports have not kept pace (more on this later).

China's rapid ascent as a global trade superpower can be traced back to 2001, the year it acceded to the World Trade Organisation (WTO). At the time, more than 80 per cent of economies had more two-way trade with America than with China. By 2018, the last time we did this exercise, that figure was down to just above 30 per cent — with 139 out of 202 economies with available data trading more with China than with the United States. That pattern has held with the latest data, which covers the full year for 2023 for 205 economies. About 70 per cent of the world, or 145 economies, now trade more with China than with America.

China was the largest bilateral trading partner for 60 economies in 2023, almost twice as many as for the United States, which was the largest bilateral trading partner for 33 economies.

Not just broader, but deeper

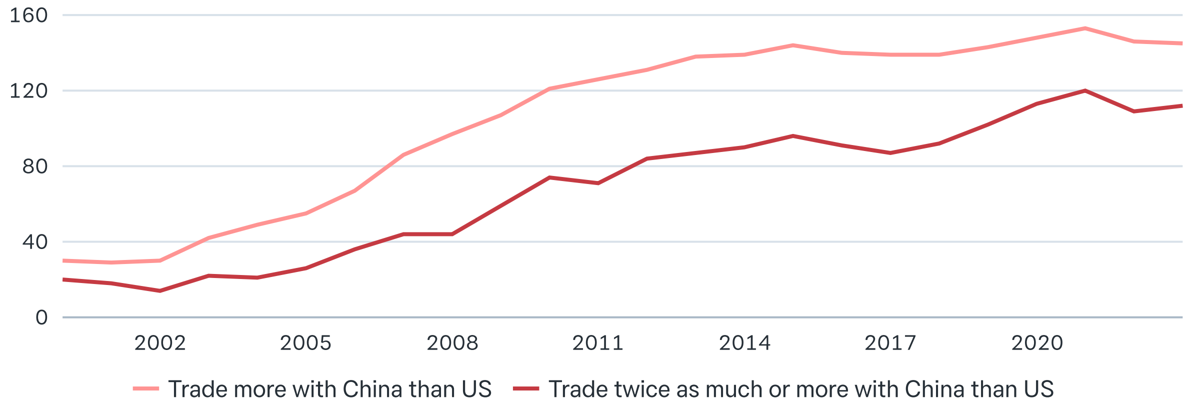
However, focusing only on who is in the lead masks the degree to which China has deepened its global trade relationships compared to America.

As Figure 1 highlights, most of the rise in the number of economies trading more with China occurred during the 2000s — driven by its WTO accession, relocation of supply chains, substantial inflows of foreign investment, large available pool of low-cost labour, and supercharged by an under-valued exchange rate. This rise tapered off in the early 2010s as China's period of double-digit growth came to an end.

In recent years, the much more notable increase has been in the intensity of China's trade relationships. In 2023, 112 economies traded more than twice as much with China as they did with America, up from 92 in 2018.

FIGURE 1

Number of economies that trade more with China than with the United States



Source: Authors' calculations based on IMF Direction of Trade Statistics

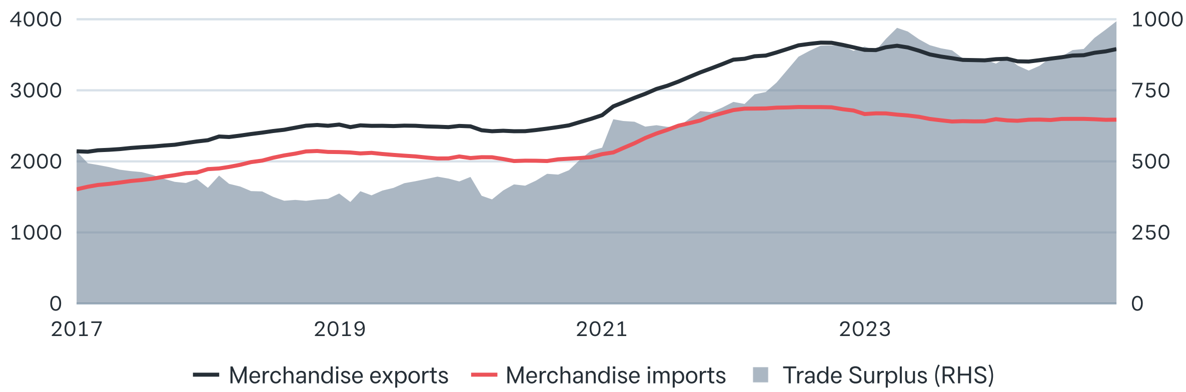
It is no secret what's behind China's increasingly deep trade relationships: a big jump in exports (Figure 2).

China's total exports plateaued at about US$2.5 trillion in 2019, reflecting sharp US tariff hikes imposed over 2018–19 by the first Trump administration as well as softening global demand. Since the pandemic, China's exports have surged, reaching around US$3.5 trillion since early 2022 and with little sign of abating (a looming trade war with the United States notwithstanding). With its imports not keeping up, China's trade surplus has more than doubled, from around US$430 billion in 2019 to an almost US$1 trillion surplus in 2024.[3]

FIGURE 2

China's surging exports and trade surplus

Rolling 12 month sum, USD billions



Source: Authors' calculations based on China customs data accessed via CEIC

The impact of tariffs

Limited growth in China's imports also highlights that its deepening trade relationships largely reflect China's growing dominance as a source of imports for other economies, rather than as a source of demand for other economies' exports. Almost 80 per cent of economies imported more from China than from the United States in 2023. Conversely, the United States has become an even more important source of demand for other economies' exports, reflecting a strong US economy but also the impact of its tariff hikes on China, which has led the United States to import a lot more from other economies instead, especially Mexico and Vietnam. Based on the latest data, the United States remains a larger export destination than China for more than half of all economies.

However, the impact of tariffs on trading relationships and US–China economic competition is complex. In one sense, tariffs have strengthened America's importance as an export destination. In another sense, the tariffs also mean China is exporting more to other economies, both as alternative markets and as an indirect way of exporting to the United States via parts and components going into products ultimately destined for America.

China's deepening but increasingly unbalanced trade relationships also reflect a domestic Chinese economy that remains depressed. The end of China's real estate boom has left a big hole in domestic demand and weak confidence among the private sector and consumers. China's policymakers are thus far unwilling to provide sufficient fiscal support to counter these forces, instead doubling down on manufacturing in the hope that China can export its way to recovery while effectively daring their unhappy counterparts in America, Europe, and elsewhere to respond.

That response has been brewing. Increasingly strident actions by the United States and others have still done little to stop China's export juggernaut. But a much bigger assault is coming.

Notes

1 Roland Rajah and Alyssa Leng, “Chart of the Week: Global Trade through a US-China Lens”, *The Interpreter*, 18 December 2019, https://www.lowyinstitute.org/the-interpreter/chart-week-global-trade-through-us-china-lens.

2 Direction of Trade Statistics (DOTS), International Monetary Fund, IMF Data Portal, https://data.imf.org/?sk=9d6028d4-f14a-464c-a2f2-59b2cd424b85.

3 On a customs reported basis. IMF DOTS also uses customs data.

About the authors

Roland Rajah is Director of the Indo-Pacific Development Centre, a dedicated policy research centre within the Lowy Institute. The Centre is committed to producing fresh policy insights and ideas on the most pressing economic development challenges facing the Indo-Pacific region — principally focusing on the emerging and developing economies of Southeast Asia, the Pacific Islands and South Asia. He also serves as the Lowy Institute's Lead Economist, a position he has held since joining the Institute in 2017. Roland directs the overall work program of the Indo-Pacific Development Centre across its key thematic pillars of post-Covid growth and development, globalisation and regional integration, climate change and development, technology and digital economy, aid and development finance, and geoeconomics.

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