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Economic Weapons of the West: A Review of Asymmetrical Import Dependency

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Background

The collapse of the Soviet Union marked a pivotal shift for the international community. The previous division of nations into pro-Western, pro-Soviet, and nonaligned blocs dissolved, giving way to aspirations for a harmonized, interconnected, and rules-based world order. This envisioned system anticipated that nations of diverse peoples, cultures, and governments would unite through social and economic integration, with political liberalization expected to follow as market capitalism spread. This vision for the world has failed. Instead, states such as Russia, China, and their proxies and cutouts have exploited the interdependencies created by globalization to advance their national interests. As a result, Western nations have become increasingly vulnerable to coercive tactics across multiple domains, facing security threats comparable to, or exceeding those of the Cold War era. Within this context of failed hopes for commercial liberalism, economic coercion has emerged as predominant threat vector in contemporary geopolitical conflicts.

Instances of economic coercion have risen to prominence in the past decade. The Iranian regime's current effort to control oil shipments through the Strait of Hormuz is the most pressing example. Western engagement with economic coercion intensified following the Russian invasion of Ukraine, during which Russia sought to restrict European access to its energy exports to pressure the European Union into adopting weaker posture.ⁱ Both Russia and Iran employ economic coercion in clear and effective ways. However, a third world power poses the most prominent threat in this domain: China. Unlike Russia and Iran, China does not have a history of overt economic coercion, rather adopting a more strategically ambiguous approach.ⁱⁱ The consequences of these actions, combined with the absence of a coordinated Western response, indicate that without substantial improvements in economic policy coordination among transatlantic nations, China remains well-positioned to impose considerable economic harm.

Problem Statement

The central issue is asymmetrical dependency. Over the past two decades, Western nations have increased their reliance on Chinese imports, while China has systematically reduced its dependence on Western commodities. By 2022, the United States, European Union, and Japan accounted for only 35 percent of the total value of Chinese trade dependencies, a significant decline from 73 percent in 2001.ⁱⁱⁱ Conversely, the United States and European Union have deepened their dependence on Chinese goods.^{iv} China has recognized this imbalance and, in several notable cases, has leveraged it to pursue its political objectives. The Council on Foreign

Relations provides a comprehensive list of such incidents, but they generally reflect China's expression of displeasure toward specific nations.^v For example, in 2021, Lithuania permitted the Taiwanese embassy to operate under the name "Taiwan" rather than "Taipei."^{vi} In retaliation, China reduced exports from Lithuania by 80 percent.^{vii} A similar event occurred in 2021 when Australia called for an inquiry into the origins of the COVID-19 pandemic, prompting Chinese economic restrictions.^{viii} In both cases, the economic consequences were largely unilateral, and the international response, particularly from the transatlantic community, was at best limited.

Quantitative Analysis

These cases demonstrate a single sided vulnerability in need of amelioration. To this end, the following question must be answered: If China can unilaterally impose economic hardship, what resources might Western nations withhold to induce a comparable degree of suffering? The objective is to identify what finished consumer goods that China depends upon the US and its allies to access. In turn, these commodities may be used by the United States and its allies to exert pressure on China. Accurately measuring China's import reliance is an inimitable challenge as the country does not publish product-level production data for comparison with imports. To address this, the analysis triangulates available data by applying four distinct filters to Chinese import-export statistics: the persistence of one-directional trade, the concentration of China's sourcing, the ultimate destination of imports within the Chinese economy, and the structure of global supply outside China. Only goods that meet all criteria are considered. The data set comprises approximately 5,000 six-digit Harmonized System product codes from the CEPII BACI database of reconciled bilateral trade flows, covering the period from 2007 to 2024 and encompassing roughly 183 million transaction records.

The first filter identifies demonstrated reliance. For each product and year, the analysis calculates the ratio of China's imports to exports, certifying dependence only when imports exceed exports by at least 4-to-1 for 5 consecutive years. This five-year threshold helps eliminate the influence of potential confounders, isolating goods that likely reflect China's structural economic dependence. An additional test addresses dependencies that aggregate trade flows may obscure. When China both imports and exports significant volumes within the same product category but consistently pays import prices at least fifty percent higher than its export prices, this indicates that China is acquiring a grade of the product it cannot domestically produce. Of the 5,000 products evaluated, 1,691 exhibited certified dependence through one of these two criteria.

The second screen measures concentration. Both measurements employ the Herfindahl-Hirschman Index at two different levels of scope. The first measurement is local, analyzing the concentration of China's own purchasing. For each product, supplier shares of Chinese imports are computed over the pooled 2022–2024 window, and products are retained only where the resulting HHI exceeds 0.20. A dispersed supplier base amongst just the nations from which

China already imports is *prima facie* disqualifying, as the more diverse the supplier base, the less strategic import leverage any one nation holds over the Chinese economy. But this issue raises the question of substitutability more generally. The analysis addressed this by passing the commodities that cleared the third HHI threshold, which it computed by computing a second Herfindahl index over global exports more generally. Products that cleared the local supply HHI threshold must also clear a world-supply HHI metric of 0.20 as well.

The third filter removes goods that feed China's processing-to-export production rather than its domestic economy. Withholding an export-serving input is inappropriate as leverage as the resulting disruption cascades onto the downstream products and thus harms Western nations and their consumers. Only goods that China consumes domestically isolate the economic pain on the Chinese consumer. Each product is classified by end use directly from its Harmonized System code, following the logic of the United Nations Broad Economic Categories. Under this logic, a good is treated as domestic-consumption if it is a finished food, beverage, or consumer article that reaches a Chinese household or is otherwise consumed at home, and as an industrial input if it is a raw material, chemical, component, or machine that could feasibly feed further production. Only goods in the domestic-consumption category are retained.

The fourth filter is applied to importing nations. The analysis only searches for Chinese import dependencies on goods that derive from nations party to the North Atlantic Treaty Organization or are US treaty allies in the Pacific region. This criterion is necessary to eliminate dependence on Chinese imports in a nation that the US and its allies would struggle to pressure into joining, thereby choking off China's access to a given commodity (e.g., Brazil, Russia, etc.). The selection of these nations would also allow the US to leverage existing international frameworks, such as the European Union, the Group of Seven, and of course, NATO, to more expeditiously lay the groundwork for deterrent infrastructure against economic coercion.

A few important clarifications are warranted as to these findings. Several factors limit the analysis. The first, and arguably most important, is that certain inputs experience substantial value adds across the supply chain. Insofar as China alone does not add much value to the given product, the value which it does add may require the intellectual or industrial capital indigenous to its domestic economy. This supply chain logic may be extended to the goods themselves. The analysis concerns itself with finished commodities of immediate use and need to the Chinese economy. This was useful insofar as these filters provide illumination of the goods and resources over which the West possesses a decisive advantage, but has the concomitant effect of stripping away nuance pertaining to commodities not quantifiable in the BACI data set, such as intellectual property. Lastly, the analysis code was developed with the assistance of a large language model, Claude Fable 5, and all computations were executed programmatically against the BACI data rather than generated by the model itself. The author takes ownership of the thresholds established in the methodology, but must also recognize that some of these thresholds were first proposed by the LLM. The logic of the third filter was likewise provided to the model,

alongside example UN BEC categories for inclusion, allowing Claude Fable 5 a degree of discretion in its application. Before this filter was applied, the author combed through the roughly 1,100 commodities the filter was applied to with the intended purpose of determining if the LLM had made any critical omissions. None were found. These clarifications are made to preempt criticism concerning the methodology and its reliance on artificial intelligence for the quantitative analysis. The author takes full responsibility for the use of artificial intelligence and the results of the methodology.

HS-6 Code	Commodity	Primary Supplier	Supplier Share	China-side HHI	World-Supply HHI	Top World Exporter	World Top-1 Share	Net Imports (\$bn/yr)	Reliance Status
081060	Fruit, edible: durians, fresh	Thailand	66%	0.517	0.608	Thailand	76%	1.919	persistent
071410	Vegetable roots and tubers: manioc (cassava), with high starch or	Thailand	88%	0.778	0.412	Cambodia	59%	1.264	persistent
110814	Starch: manioc (cassava)	Thailand	50%	0.432	0.575	Thailand	75%	1.06	persistent
220820	Spirits obtained by distilling grape wine or grape marc	France	66%	0.493	0.451	France	66%	1.056	persistent
430110	Raw furskins of mink, whole	Poland	57%	0.398	0.22	Finland	32%	0.575	persistent
030212	Salmon, fresh or chilled	Norway	49%	0.3	0.308	Norway	52%	0.365	persistent
080250	Pistachios	USA	74%	0.598	0.401	USA	61%	0.357	persistent
030622	Lobsters, not frozen	Canada	70%	0.544	0.343	Canada	50%	0.282	persistent
220830	Whiskies	United Kingdom	61%	0.408	0.374	UK	60%	0.254	persistent
150910	Olive oil, virgin	Spain	84%	0.719	0.226	Spain	40%	0.119	persistent

Research Findings

The findings indicate that, at the import level, Western nations and their allies do not possess decisive access to materials that are critically important to Chinese national security. There are no rare earths, no energy, no dual-use electronics, no defense articles; the single most “strategic” commodity by economic value is a tropical fruit. This absence is the paper's central result, and it is robust: widening the supplier set from NATO alone to NATO plus the four Indo-Pacific allies introduced no strategic import commodity. The US and its allies, at least at the commodity level, lack the means necessary to constrict Chinese access from a resource perspective. At present, then, there is no parity in resource dependency between the two powers. This quantitative result begs the question as to how the United States and its allies may best work together in the face of this asymmetrical dependency. Much like the much larger Soviet Army that forced collaboration amongst European powers, the outsized influence of the Chinese economy presents a similar threat in a different landscape. Although the research clearly demonstrates that on the commodity level the US and its allies lack a decisive strategic advantage, this level of asymmetry must be read to demonstrate the need for greater economic cooperation and multilateralism led by the US and its allies.

Policy Implications of Research Findings

The United States must initiate a comprehensive effort to enhance economic cooperation among nations that share similar values, beliefs, and systems of governance. This approach is not one of deglobalization but rather a selective regionalization; a new framework for economic interdependence that prioritizes the benefit and flourishing of countries strategically aligned with

the United States. The necessary frameworks for such cooperation already exist and require only harmonization. The United States has several significant tools for influencing the global economy, including the Foreign Direct Product Rule. Similarly, the European Union enacted an anti-coercion act in 2023, establishing a robust framework to counter economic coercion. These efforts alone have proven qualitatively and quantitatively insufficient; unilateral actions risk forfeiting collective leverage that individual nations lack. The principal conclusion is thus that if Western nations do not demonstrate collective resolve and willingness to respond to coercion, their deterrent capabilities against adversarial states will be needlessly weakened. Accordingly, an effective Western strategy requires close collaboration with US allies in the Pacific region, as the data analysis highlights. One immediate, concrete policy recommendation can advance this objective.

NATO should reinstate the Economic Committee, which was disbanded in 2010.^{ix} This committee previously enabled NATO to fulfill its Article 2 commitment to coordinate economic development among its members, and its revivification would allow for NATO to include a dedicated advisory body for establishing and coordinating economic deterrence doctrine. The committee could also collaborate with other international economic organizations, such as the Group of Seven Coordination Platform on Economic Coercion, thereby facilitating improved coordination between Western allies in the Pacific region and NATO member states. While this recommendation is not exhaustive, its primary value lies in reinforcing the central theme of this report: global interdependency now serves as a conduit for not mutual prosperity but unacceptable vulnerability, and therefore a more secure future depends on close collaboration among nations with aligned values, beliefs, and systems of governance.

ⁱ Bob Savic, “EU Bans All Russian Gas for Good,” *GIS Reports*, April 21, 2026, <https://www.gisreportsonline.com/r/eu-russian-energy/>

ⁱⁱ Elliott Abrams, Joshua Kurlantzick, and Ezra Hess, “Protecting U.S. Allies and Partners from Chinese Economic Coercion,” *Council on Foreign Relations*, September 18, 2024, <https://www.cfr.org/article/protecting-us-allies-and-partners-chinese-economic-coercion>

ⁱⁱⁱ François Chimits, *Growing Asymmetry: Mapping the Import Dependencies in EU and US Trade with China* (Berlin: Mercator Institute for China Studies [MERICS], October 1, 2024), 7, <https://merics.org/en/report/growing-asymmetry-mapping-import-dependencies-eu-and-us-trade-china>

^{iv} Chimits, *Growing Asymmetry*, 7.

^v Abrams, Kurlantzick, and Hess, “Protecting U.S. Allies and Partners from Chinese Economic Coercion.

^{vi} Ibid.

^{vii} Ibid.

^{viii} Ashley Townsend, “China’s Pandemic-Fueled Standoff with Australia,” *War on the Rocks*, May 19, 2021, <https://warontherocks.com/chinas-pandemic-fueled-standoff-with-australia/>.

^{ix} Anna M. Dowd and Dominik Jankowski, “Developing an Economic Security Agenda for NATO,” *War on the Rocks*, May 28, 2024, <https://warontherocks.com/2024/05/developing-an-economic-security-agenda-for-nato/>