Economic Commentary

Imports from China and effects of changes in trade patterns

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NR 8 2025, 8 September

SVERIGES RIKSBANK

Summary

China has been the world's largest exporter of goods for almost a decade, and Sweden's imports from China have gradually grown in importance over the years. This year, the United States has raised import tariffs against the rest of the world, not least China, which already seems to have changed global trade patterns, leading to fewer Chinese goods exports to the United States and more to other countries.

In this Economic Commentary, we use various data sources to analyse the trade links between China and Sweden, and what changes in trade between China and the United States could mean for the Swedish economy in the short term, with a focus on inflation and the competitive situation for Swedish exporters.[1]

The analysis shows that Swedish imports from China are somewhat larger than traditional foreign trade statistics indicate, and that Sweden and the United States import similar goods from China to a large extent. This suggests that it is relatively easy for China to redirect some of its exports to the Swedish market through lower export prices. However, the import weight of China remains relatively small, which suggests that increased imports from there will not have a major impact on inflation. An increased supply of Chinese goods in the European Union (EU), which is Sweden's largest export market, and in Sweden will also affect Swedish producers, and competition for Swedish exporters can be expected to increase.

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Changing global trade patterns

China's role as a global exporter of goods was significantly strengthened by its accession to the WTO in 2001 (see the left-hand panel of Figure 1). In recent years, Chinese industrial production has grown rapidly, while domestic demand has been weak, boosting exports of goods.[3] The United States and the EU are China’s largest export markets, followed by a number of countries in Asia. However, the trade war in 2018

[1] Economic Commentaries are brief analyses of issues with relevance for the Riksbank. They may be written by individual members of the Executive Board or by Riksbank staff. Staff commentaries are approved by the relevant head of department, while Executive Board members are themselves responsible for the content of the commentaries they write.

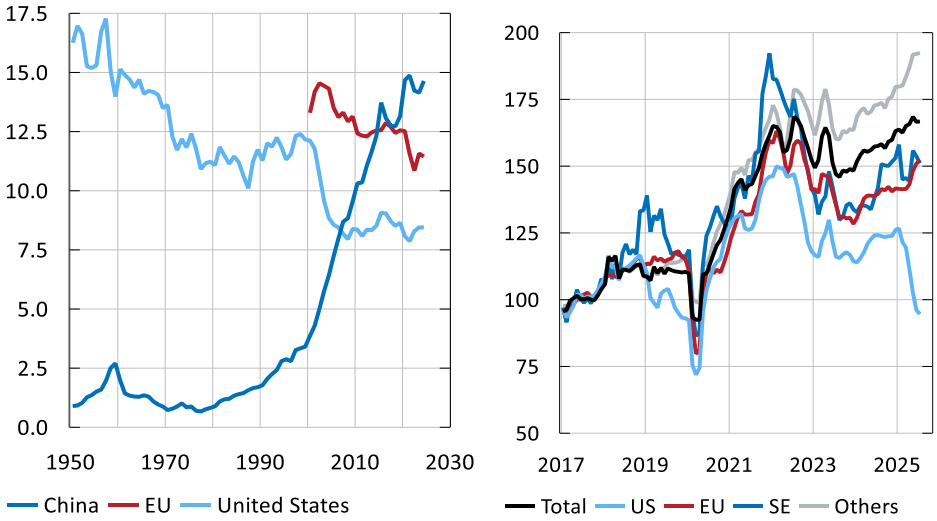
[2] Thanks to Mikael Apel, Carl-Johan Belfrage, Vesna Corbo, Erik Berggren, Mattias Erlandsson, Mårten Löf, Conny Olofsson, Marianne Sterner and Anders Vredin.

[3] For an overview of China's structural challenges that have contributed to this, see, for example, Garcia-Herrero (2025).

meant that direct US imports from China decreased[4], while EU imports increased slightly.[5] The continued strained relationship between the United States and China, together with the developments in import tariffs this year – with US-China tariffs higher than those between the United States and the rest of the world – already seem to have contributed to further changes in trade patterns (see the right-hand panel of Figure 1). In the short term, it is likely mainly through the intensive margin that changes in trade patterns may occur, that is to say China increasing exports of certain goods *that are already exported* to, for example, the EU and Sweden, where there are already established trade chains and distribution networks. Given the initial demand, a redirection of Chinese exports from the United States to other countries needs to be accompanied by lower prices of Chinese goods in these countries in order to be absorbed.[6] Lower import prices may in turn dampen both producer and consumer prices.

Diagram 1. Export of goods

Per cent of global trade in goods (left-hand figure) and China's exports of goods to different regions and countries at current prices, Index 2017=100 (right-hand figure)



Note. EU data in the figure on the left refer to EU exports to non-EU countries. US=United States, SE=Sweden. The right-hand figure shows the seasonally adjusted series, 3 month moving average.

Sources: World Trade Organisation, China General Administration of Customs and the Riksbank.

[4] While direct US imports from China decreased as a result of the trade war, indirect US imports from China via, for example, Vietnam increased, see Iyoha et al. (2024).

[5] See, for example, Haberkorn et al. (2024) and Gunnella et al. (2025).

[6] Boeckelmann et al. (2025) argue that now, compared to 2018, there may be even greater effects due to the depreciation of China's exchange rate, the continued high profit margins of Chinese producers and the promise of targeted support by the Chinese authorities to help exporters, see also AP (2025). The extent to which Chinese export prices need to be lowered depends on the elasticity of domestic demand in the importing countries.

How important are Swedish imports from China?

There are different ways to analyse the importance of imports from China for Sweden. Usually, traditional foreign trade statistics are used to measure gross flows between countries. In such statistics, the full value is recorded on the final country of dispatch. However, such data risk giving a misleading picture of countries' exposure to different trading partners, as imports from one country often contain inputs produced in another country. In the Trade in Value Added (TiVA) database, the OECD uses so-called input and output tables for trade between countries to break down exports and imports into, for example, domestic and foreign value added.[7] These statistics can be used to get a better idea of the amount of Chinese value added in Swedish imports, regardless of the country of dispatch. An additional data source is Figaro from Eurostat, which provides an insight into how country disaggregated imports and exports are used in different parts of the economy.[8] In the following section, we use all of these data sources to specify the importance of imports from China for Sweden.

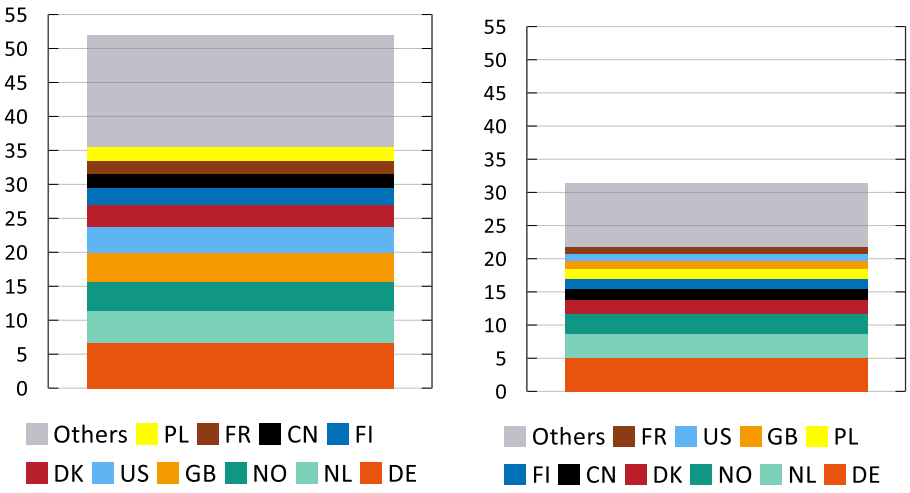
Swedish imports from China increasingly significant

According to traditional foreign trade statistics, Sweden's imports from China have increased over time, but remain relatively small in relation to other trading partners (see Figure 2). In terms of both goods and services, China was Sweden's eighth largest trading partner last year, with imports equivalent to 2.0 per cent of Swedish GDP. Just over twenty years ago, imports from China amounted to around 0.7 per cent of GDP and China had a significantly lower ranking as a trading partner. The majority of imports from China are goods. Last year, goods imports accounted for 1.6 per cent of GDP, which means that China is Sweden's fifth largest trading partner if you only look at that part.

[7] For further information on TiVA, see OECD (2023).

[8] For further information on Figaro, see Eurostat (2024).

Diagram 2. Swedish total imports and goods imports by country of dispatch, 2024
Percentage of Sweden's GDP



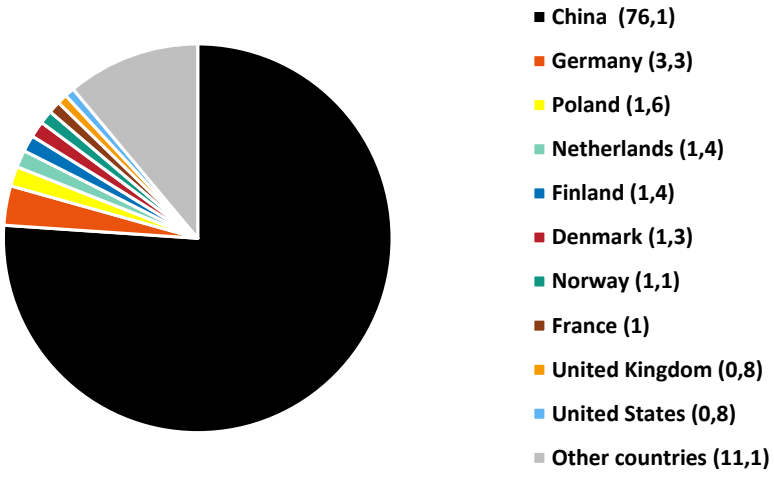
Note. Left panel refers to both goods and services, right panel only goods. DE=Germany, NL=Netherlands, NO=Norway, GB=United Kingdom, US=United States, DK=Denmark, FI=Finland, CN=China, FR=France, PL=Poland.

Source: Statistics Sweden.

However, data from TiVA show that China's role in Swedish imports is slightly more significant. According to these statistics, China was the third largest sender of goods and services to Sweden in 2019, with imports amounting to 2.2 per cent of GDP (in traditional foreign trade statistics, China ranked eighth in 2019, with imports amounting to 1.9 per cent).[9] Further analysis of TiVA data shows that about 25 per cent of total imports from China are channelled via other countries, mainly via EU countries and not least Germany (see Figure 3).

[9] Due to the extensive data set included in the calculations, the TiVA database only contains data up to 2020. As trade and global value chains were heavily impacted by the pandemic, data from 2020 risks being unrepresentative. In this Economic Commentary, we have therefore taken data for 2019 as a starting point. A note on the dataset is that total imports in 2019 are clearly lower than in other data, which can be partly explained by the fact that some adjustments, such as the removal of so-called re-exports, are carried out in TiVA's data material.

Diagram 3. Imports of Chinese value added by country of dispatch
Per cent of Sweden's total imports of Chinese value added, 2019



Note. Refers to both goods and services.

Source: TiVA (OECD).

To summarise, Swedish imports from China have increased over time, and are somewhat larger than traditional foreign trade statistics suggest. In the following sections, we look at imports from China in more detail to see what it is we are importing, and where these products are used in the Swedish economy.

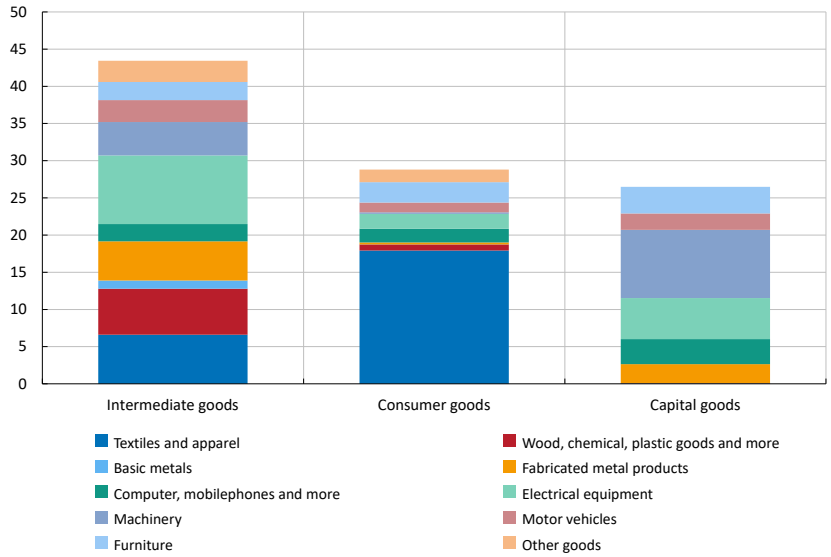
Sweden imports mainly intermediate goods from China

The largest groups of goods by value that Sweden imports from China are electrical goods, machinery, textiles and apparel and computers and telecommunications. Using Figaro's input-output tables for trade between countries, we can also see which parts of the Swedish economy that use the imported goods. The majority of imports are used as intermediate goods, i.e. in Swedish production, and these goods account for just under half of total imports (see Figure 4).[10] The figure also shows that the product composition differs depending on the type of use. Intermediate goods are relatively evenly distributed across product groups, but with an emphasis on electrical equipment, while consumer goods are dominated by textiles and apparel and capital goods by machinery and electrical equipment.

[10] Total imports are measured as imports excluding goods re-exported without further processing in Sweden.

Diagram 4. Imports of Chinese goods by product and use

Per cent of Sweden's total imports from China, 2023



Note. Capital goods consist of goods used in both gross fixed capital formation and inventory investment.

Source: Figaro (Eurostat).

Economic effects of changes in trade patterns

In this section, we compare imports from China to the United States with imports from China to Sweden to examine the degree of overlap – that is, the extent to which the countries import the same goods from China. A high degree of overlap would suggest that it is relatively easy to redirect Chinese exports from the United States to the Swedish market in the short term. We also examine the degree of overlap between Chinese and Swedish exports to see how competition for Swedish exporters may be affected.

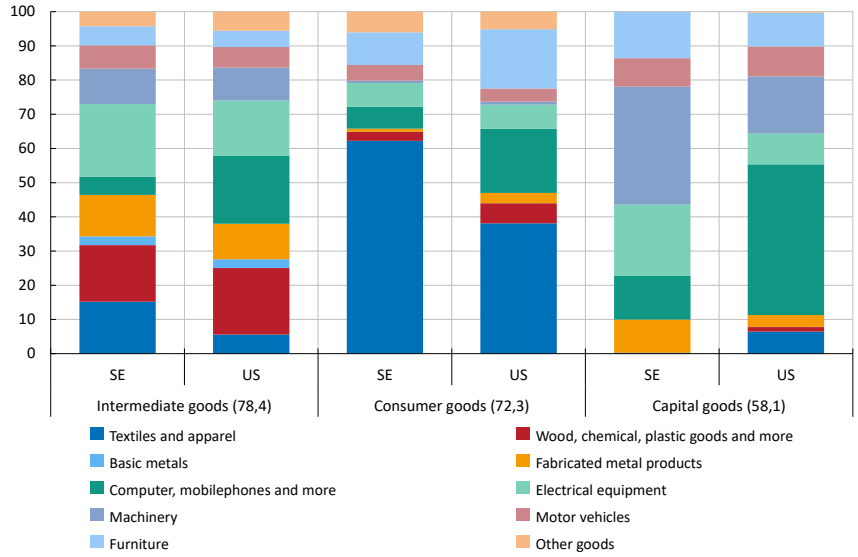
High degree of overlap between Swedish and US imports from China

In the short term, it is reasonable to assume that any further changes in trade patterns will be more significant for industries and products where Chinese exports are already established. This is because existing Chinese distribution networks can facilitate and accelerate the re-routing of trade from the United States to other markets such as Europe, including Sweden.[11] Using data from Figaro, we can see how imports of Chinese goods overlap between Sweden and the United States, broken down by

[11] This follows the reasoning in an article published by the European Central Bank, see ECB (2025).

product type and use. Figure 5 shows that the overlap is particularly large for intermediate goods, but also for consumer goods. Analysing more detailed data gives us further insight into this question.[12] More than 150 items account for two-thirds of total US imports from China.[13] And Sweden imports over 100 of these goods from China to a significant value.[14] The overlap between Sweden's and the United States' imports from China is therefore quite considerable (just over 72 per cent).[15]

Diagram 5. Swedish and US imports of goods from China by product and use
Breakdown in per cent, 2023



Note. SE = Sweden, US = United States. In brackets are the results of an Import Similarity Index calculated according to the method of Finger and Kreinin (1979). This method gives a value between 0 and 100, where a higher value means a greater similarity in import structure between countries.

Source: Figaro (Eurostat).

Overall, this suggests that it is relatively easy for China to redirect some of its exports to the Swedish market in the short term. This could in turn, via lower import prices, lead to some price pressure on both producer and consumer prices in Sweden.[16]

[12] UN Comtrade data for 2024 calculated at CN-6 digit level (CN=combined nomenclature). The CN nomenclature is used by all EU countries in their external trade statistics for goods and also in the EU Common Customs Tariff. The 6-digit breakdown divides the trade in goods into more than 5 000 commodities.

[13] These goods each exceed an import value of $500 million in 2024 (0.002 per cent of GDP), which can be assumed to represent amounts important enough for China to try to redirect to other countries.

[14] These goods each exceed an import value of just over SEK 110 million in 2024 (0.002 per cent of GDP).

[15] However, an international comparison ("Import Similarity Index") of goods imports from China in 2024 for 14 developed countries (Australia, Canada, Denmark, the EU, Finland, France, Germany, Italy, Japan, Korea, Norway, Sweden, the United Kingdom and the United States) and for more than 5 000 goods, shows that many other countries have an even higher degree of overlap than Sweden. Only Korea, Denmark and Italy have a basket structure of imported Chinese goods less similar to the United States than Sweden. This simultaneously suggests that it may be easier for China to redirect exports to other countries than to Sweden.

[16] However, companies' pricing is affected by more factors than the marginal cost of producing a product, including the competitive situation, see for example Riksbank (2013) and Riksbank (2024). Lower purchase

Based on Figures 4 and 5, it is reasonable to assume that in the short term it is mainly the supply of Chinese intermediate goods and consumer goods that could more easily increase in Sweden.[17] Given the pattern of imports of consumer goods from China, it is likely that consumer prices of textiles and apparel in particular could be more significantly affected.

China a growing competitor in the export market

To examine whether countries are competitors or complementary trading partners, the degree of similarity in exports between countries is measured in the same way as for imports, i.e. whether there is a large overlap in the countries' export baskets.

Over time, China's production and exports have shifted towards more advanced product categories – similar to those characterising advanced economies, especially the euro area.[18] Data also shows that the overlap between Swedish exports and Chinese exports has increased.[19] This in turn means that over time China has become an increasingly important competitor to Swedish export companies. Both Sweden and China mainly export intermediate goods (see Figure 6). For both countries, chemical products, pharmaceuticals, plastics and rubber, as well as steel and metal are important exports.[20] The sharp increase in US import tariffs on steel and aluminium risks further increasing competition from Chinese steel, which already benefits from government subsidies.[21] Several countries have already taken countermeasures, likely to curb it.[22]

costs for imported intermediate goods from China certainly reduce marginal costs, but if competition is low, companies' profitability may increase instead.

[17] Swedish companies that sell to consumers have themselves expressed the hope of lower purchasing costs from China in future as a result of lower demand in the United States, see Riksbank (2025).

[18] See de Soyres et al. (2025).

[19] The increase since the early 1990s is about the same as for Germany, but the degree of similarity is lower for Sweden than for Germany. Dataset from de Soyres et al. (2025).

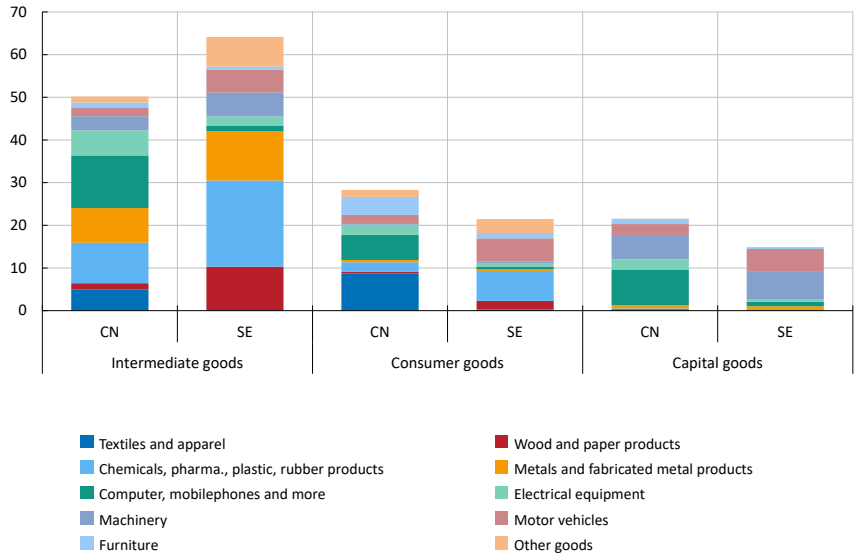
[20] China's large production and export of steel has been discussed for many years, not least in recent years when China's steel exports have increased substantially, see The Economist (2024) and the Financial Times (2024).

[21] See Rotunno and Ruta (2024).

[22] For example, Canada introduced tariff rate quotas for steel products on 27 June, see Government of Canada (2025), and the European Commission has tightened import rules for steel, see European Commission (2025).

Diagram 6. Chinese and Swedish exports of goods by product and use

Share of total exports in each country, 2023



Note. CN=China, SE=Sweden.

Source: Figaro (Eurostat).

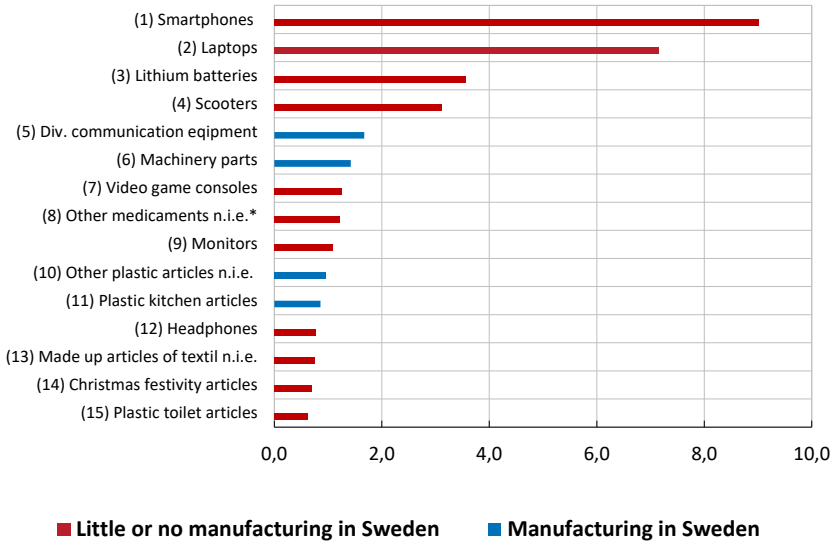
However, the picture of Swedish producers facing increased competition needs to be nuanced. It is true that the development of Chinese production and exports towards more advanced products in recent decades has led to an increasing similarity between the Swedish and Chinese export baskets. But this does not necessarily mean that all companies and producers in the same industry will be more exposed to increased Chinese competition as a result of the US import tariff increases and changing trade patterns.

Figure 7 shows, at a more detailed level, the largest commodities in value terms that both the United States and the EU import from China.[23] The Figure shows that most of the goods that the US imports from China and that in the short term can be diverted via the intensive margin to the EU – Sweden's largest export market – are not produced in Sweden to any great extent. This suggests that there is no increased competition for Swedish exporters in general, except for certain products such as telecommunications equipment, machinery and some plastic goods.

[23] Figure 7 is produced at the 6-digit CN level.

Diagram 7. Common Chinese goods imported into both the United States and Europe

Per cent of United States' total imports from China, 2024



Note. Small or no production refers to an annual production of goods worth less than SEK 200 million, or 0.02 per cent of the value of total goods production (2024). The sum of the production value of the goods included in the definition of small or no production represents 2.5 per cent of the total production value. In parentheses, the position of each item is given, sorted by size. * This group includes various types of medicines that are not produced in Sweden.

Sources: ComTrade (UN) and industrial production of goods IVP (Statistics Sweden).

Overall, a redirection of Chinese exports from the US market to other countries can be assumed to increase competition for Swedish export producers, but this seems mainly to apply to certain Swedish export companies. This may dampen price developments for these goods, not least those covered by China's state subsidies to the export industry. This in turn affects the profit margins of other companies and risks undermining production and employment in other countries, including Sweden.[24]

Concluding comments

To summarise, Swedish imports from China have increased over time, and are somewhat larger than traditional foreign trade statistics suggest. The fact that Sweden and the United States to a large extent import similar goods from China, suggests that it is relatively easy for China to redirect its exports to the Swedish market in the short term. This could in turn, via lower import prices, lead to some price pressure on both producer and consumer prices in Sweden. Various studies based on significantly higher US import tariffs on China than on the rest of the world suggest that the effect on euro area inflation – in the absence of an ECB policy response – amounts to at most 0.15-0.2 percentage points lower inflation over the next two years.[25] However, the import weight of China is smaller in Sweden than in the euro area, which suggests

[24] Berson et al. (2025) show that between 2019 and 2024 employment demand in the euro area has declined most in the industries most exposed to competition from Chinese imports.

[25] See Boeckelmann et al. (2025) and Corsello et al. (2025).

that these estimates can be seen as a "ceiling" for the potential impact in Sweden.[26] Overall, the impact on inflation in Sweden should therefore be limited. However, in the longer term, changes in trade flows via the so-called extensive margin may also occur, i.e. China starts exporting goods *that were not previously exported* here. This can be assumed to put pressure on prices also in the longer term. An increased supply of goods from China would also affect the situation of Swedish producers. On the one hand, China has over time become an increasingly important competitor to Swedish export companies. A redirection of Chinese exports from the US market to other countries can thus be expected to increase competition for Swedish companies producing for the export market, such as those exporting steel, telecommunications equipment and machinery. However, this effect is initially expected to be limited to certain sectors and companies. On the other hand, the increased supply of Chinese goods may lead to lower purchase prices and thus increased opportunities for higher profitability and increased production for Swedish producers.[27] But all of these effects also depend on whether and how the EU responds to trade developments with China.[28]

[26] Imports from China account for a significantly larger share of total goods imports for the euro area than for Sweden, 15.6 per cent for the euro area compared with 6.1 per cent for Sweden in 2024. In terms of percentage of GDP, the corresponding figure is 2.8 per cent for the euro area and 1.6 per cent in Sweden. These figures refer to gross flows, but if we assume that the indirect imports into Sweden via other countries illustrated in Figure 3 have remained constant since 2019 (and are proportionally distributed between goods and services), we still do not reach more than 1.8 per cent.

[27] Another aspect that is not touched upon in this analysis, but which may affect Swedish producers, is that as long as import tariffs on Chinese goods are higher than on Swedish goods in the US market, Swedish exports to the United States may benefit. The United States is Sweden's third largest goods export market, see Camacho et al. (2025).

[28] In 2024, the EU imposed tariffs on electric cars from China after an investigation found that the production of Chinese electric cars benefits from (unfair) government subsidies, see European Commission (2024). The EU has communicated this year that it will take proportionate measures in cases where trade with China is unfair, see European Council (2025).

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