

# Chart of the Day



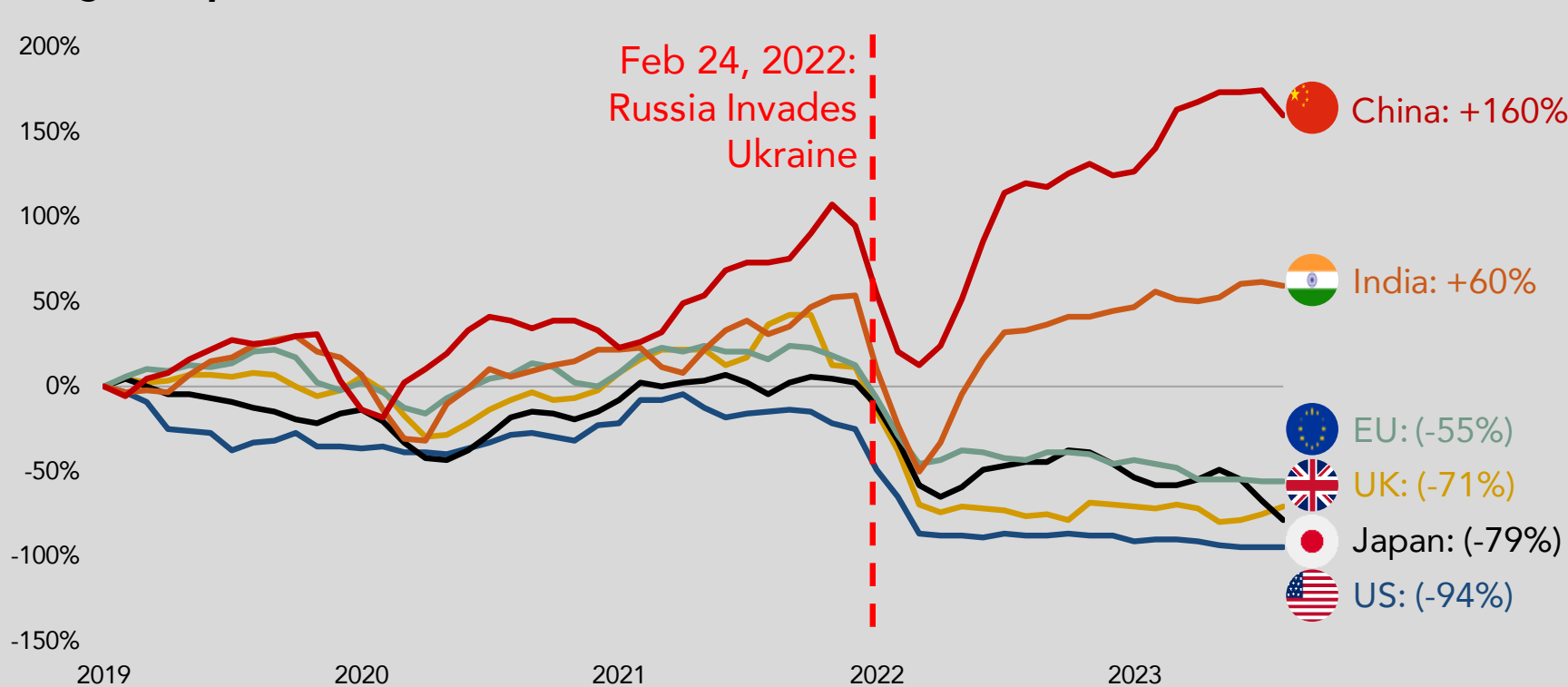
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## Russia's Global Trade Realignment

More rapidly than anticipated, Russia redirected nearly all of its pre-war trade flows with the US, Europe and Japan to China, India and numerous emerging markets. Notably, China's RMB as a share of Russian export settlement has increased from 0.4% in January 2022 to 36% today. Russia has also benefited from a large global network of shipping companies, insurers and energy companies that do not adhere to Western legal frameworks and architecture.

**Change in exports to Russia since Q1 2019**



## Sino-Russian Trade Flows Rising

Weeks before Russia's Feb 2022 Ukraine invasion, China and Russia announced a strategic partnership with "no limits." Driven by a deliberate geo-strategic realignment, Sino-Russian trade flows have surged since the Ukraine invasion two years ago. The record volumes of 2023 were driven by increased trade in energy, electronics, industrial and military components.

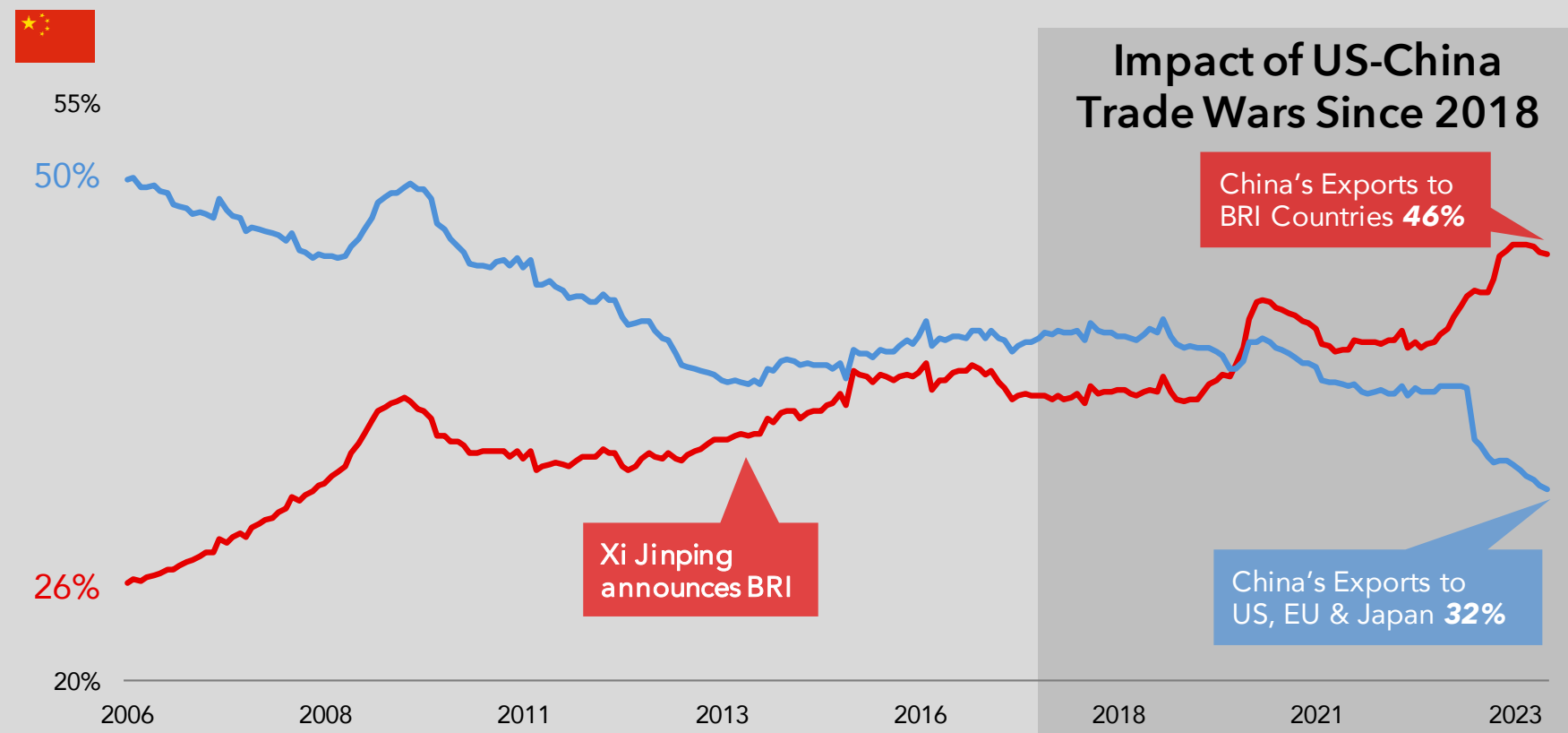
**China's imports & exports with Russia, USD bn**



## China's Global Trade Realignment

Since announcing the Belt & Road Initiative (BRI) in 2013 and the US-China trade wars which began in 2018, China has accelerated its efforts to reconstruct its global trade footprint in a manner that is more focused on developing (EM) economies, and less dependent on the United States and the Western-dominated post WW2 trading architecture (i.e., WTO). Today, Beijing has negotiated bilateral and regional "free trade agreements" (FTAs) with nearly 30 countries accounting for nearly 40% of its \$3.4 trillion in exports in 2023 (world's largest exporter).

**% of total China exports**



Source: (1) Bloomberg. Data as of February 23, 2024. IMF World Trade. China trade data is from the Customs General Administration PRC. (2) Bloomberg, "Taiwan is not ready for a war with China: Balance of Power." China's General Administration of Customs. Year to date calculated through November. Commerce Department. (3) Bloomberg. Data as of February 27, 2024. China trade in USD terms. Customs General Administration PRC. Financial Times "China's Plan to Reshape World Trade on Its Own Terms" (Feb 25, 2024).

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