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SPECIAL

INTERDEPENDENCE, REVISED: A NEW DICTIONARY FOR THE WORLD ECONOMY

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SUMMARY

FACTS — Stubborn things. To be checked. Nobody does.

In the second half of the 19th century, French novelist Gustave Flaubert set out to catalogue the ideas that everyone repeats but nobody ever examines. The result, his "Dictionary of Received Ideas", mocked the clichés of his day in short, sharp entries.

More than 150 years later, the world economy has its own dictionary of received ideas. We tested eight mainstream narratives against hard data and propose fresh perspectives on them. The result is a new dictionary, with data-driven definitions for an interdependent world.

For each entry, we also ask where it leaves the EU: where the bloc holds leverage and where it is exposed.

The project does not aim to present an exhaustive picture of the world economy or even of the topics we cover. Instead, it offers a few key data points on some of the biggest challenges Europe faces today, such as critical raw materials, China's economic rise and Europe's place in global tech.

European policymakers can only craft sound policies on such complex topics if they are armed with bullet-proof data. This is a journey through some of them.

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Antibiotics

Antibiotics

~~*ANTIBIOTICS: All made in China. Discover during pandemics, forget in between. Demand a European penicillin plant, then cough nervously upon hearing the price.*~~

ANTIBIOTICS (REVISED): All made in China, and more so every year. Send a get-well card to the last EU penicillin plant, in Tyrol; it has asked for a course of tariffs against Chinese amoxicillin.

Some two millennia ago, "The Divine Farmer's Classic of Materia Medica" catalogued 365 therapeutic substances, laying the basis for traditional Chinese pharmacology, or *zhongyao*. Mandarin speakers still call modern pharmaceuticals something else entirely—*xiyao*, or Western medicines.

The line between Chinese and Western medicines is blurring. Today, many "Western" medicines—including antibiotics—depend on Chinese ingredients. Europeans learned this at the onset of the covid-19 pandemic in 2020, when India—a major exporter of pharmaceutical products—restricted shipments of antibiotics. Indian drugmakers sourced ingredients from Chinese suppliers, whose factories had shut down amid strict lockdowns.

Nearly three years later, Europeans received another warning. During the 2022–23 winter, the EU experienced a shortage of amoxicillin—an antibiotic that is often made in China. The lesson was clear: supplies of life-or-death products like antibiotics are not a given.

As the EU works on the Critical Medicines Act and the European Biotech Act, and the US plans to impose tariffs on pharmaceutical products, European policymakers are busy writing a prescription for the bloc's medicine supplies. Brussels should start with antibiotics and finish the course—doctor's orders.

China's tight grip on antibiotics ingredients

- **China supplies more than half of the antibiotics ingredients that other large economies import.** In 2024, Chinese firms supplied 53% of the antibiotics ingredients that the G7/EU, other BRICS and Switzerland imported.

- **EU reliance on China for antibiotics ingredients is deepening.** In 2024, China supplied 35% of the EU's extra-EU antibiotics imports, up from 23% in 2015.

- **China's control is even tighter for upstream antibiotics ingredients.** China controls roughly 94% of the global production of 6-APA, a critical precursor for penicillin antibiotics.

Make antibiotics a priority

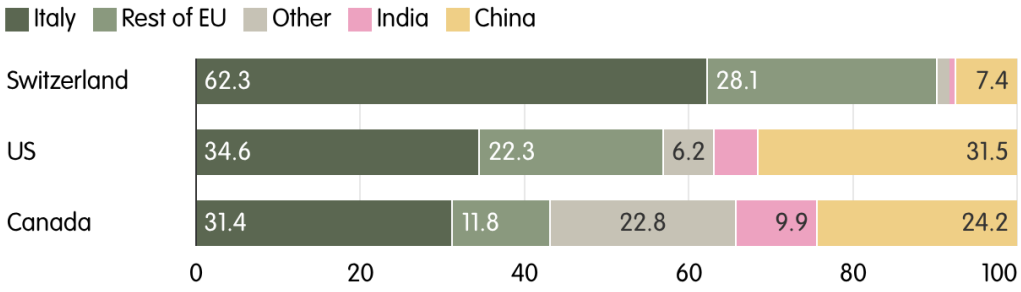
The EU should consider creating antibiotics ingredients stockpiles, finance upstream capacity and play Europe's own card: as the top supplier of antibiotics ingredients to the US, the EU holds a seat in any Washington conversation on medicines supply security.

Where the EU is strong

The EU is the top supplier of antibiotics ingredients to the US (57% of imports in 2024), Canada (43%) and Switzerland (90%). Italy alone covered about a third of US imports of antibiotics ingredients in 2024. That is a genuine selling point in any G7 conversation on supply security, and an asset for Rome.

The EU supplies more than half of US imports of antibiotics ingredients

Composition of the 2024 antibiotics ingredients import bill of Switzerland, the US and Canada, with the EU total split between Italy and the rest of the EU, in %



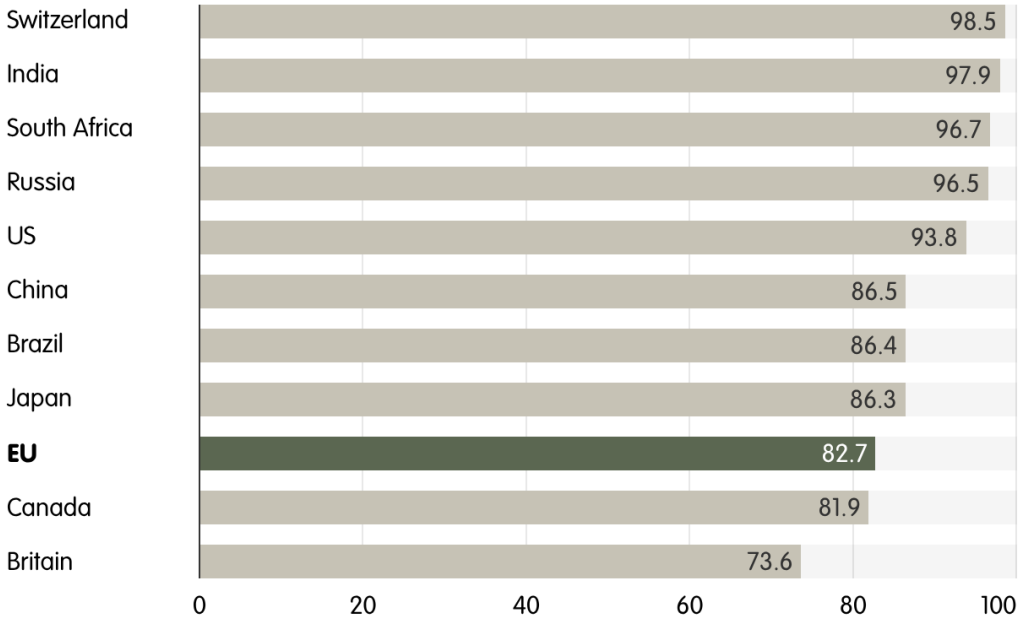
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Source: UN Comtrade
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The EU has one of the least concentrated supplier bases of any large buyer of antibiotics ingredients. Apart from Britain and Canada, every other big buyer of antibiotics ingredients relies more on its three largest suppliers than the EU.

The EU has one of the least concentrated supplier bases for imports of antibiotics ingredients

Share of each large buyer's imports of antibiotics ingredients coming from its three largest suppliers, 2024, in %



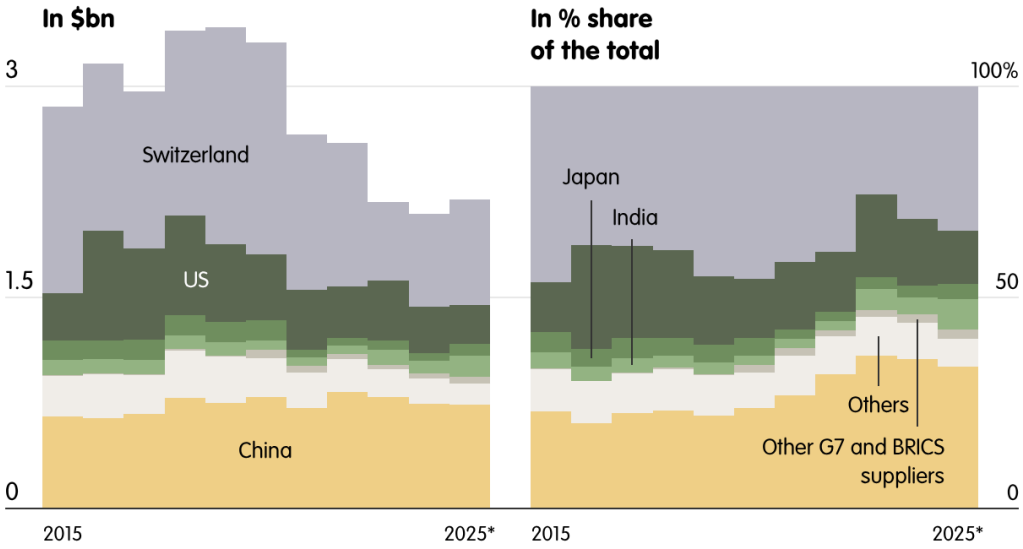
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Source: UN Comtrade
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China's rising market share for EU imports of antibiotics ingredients partly reflects a drop in EU imports. The EU's extra-EU import bill for antibiotics ingredients shrank by 27% between 2015 and 2024, mechanically inflating China's market share.

China's rising market share for EU antibiotics ingredients imports partly reflects a drop in EU imports

EU extra-EU imports of antibiotics ingredients by supplier, 2015-25*



*Data for 2025 are provisional

▶ More details

Source: UN Comtrade

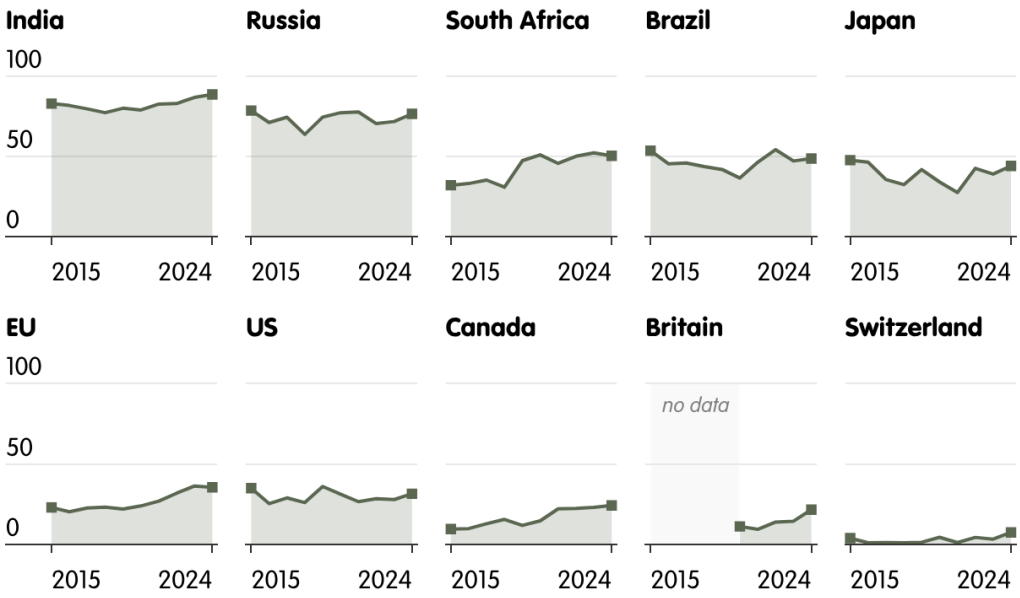
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Where the EU is exposed

China controls the global supply of antibiotics ingredients. In 2024, Chinese firms supplied 53% of the antibiotics ingredients that the world's other major economies (the G7/EU and BRICS, plus Switzerland) imported.

In 2024, Chinese firms supplied 53% of the antibiotics ingredients that the world's other major economies imported

China's share of imports of antibiotics ingredients, 2015-24, in %



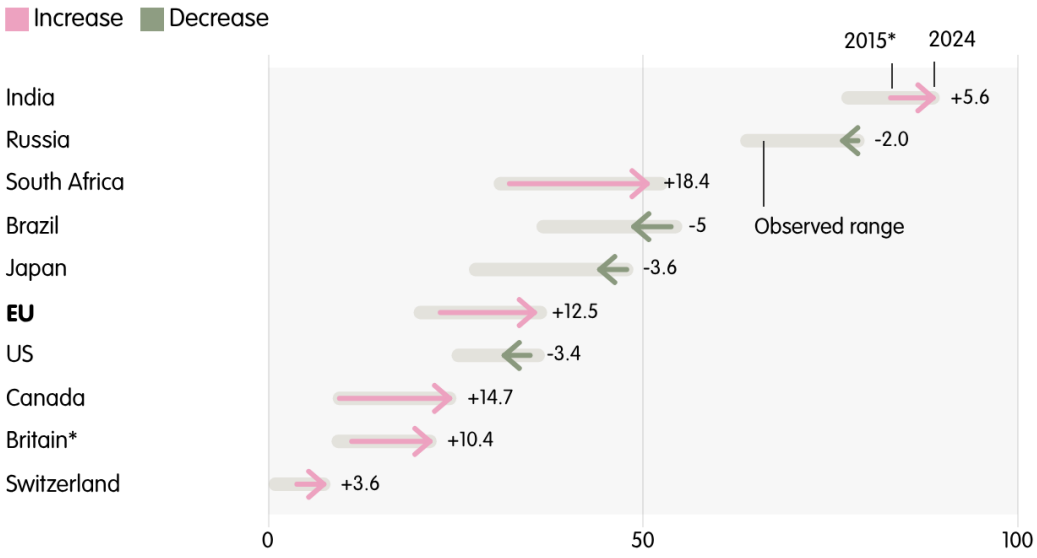
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Source: UN Comtrade
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Unlike the US and Japan, the EU is becoming more reliant on Chinese antibiotics ingredients. In 2024, China supplied 35% of the EU's extra-EU antibiotics imports, up from 23% in 2015.

EU reliance on China for supplies of antibiotics ingredients has deepened since 2015

China's share of each large buyer's declared imports of antibiotics ingredients, from baseline year to 2024, with the full observed range behind each row, in %



*The year 2020 is Britain's baseline

▶ More details

Source: UN Comtrade

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China's control of the antibiotics supply chain is even greater upstream. China produces around 94% of global supplies of 6-APA, the precursor for penicillin antibiotics like amoxicillin. In Europe, only one large-scale integrated maker of penicillin antibiotics remains: Sandoz, which operates the Kundl site in Tyrol, Austria. In May 2026, Sandoz announced that it had filed a draft anti-dumping complaint to the European Commission against Chinese-made amoxicillin supplies.

China shock

China shock

~~*CHINA SHOCK: Lament a flood, decimating EU industry. Say "overcapacity" gravely and point to the Chinese EVs on the docks.*~~

CHINA SHOCK (REVISED): Lament less, look harder. The real shock is building in Chinese labs, not on Europe's docks. Promise R&D funding at the next innovation summit; repeat the promise at the following summit.

In 1569, Flemish cartographer Gerardus Mercator designed a map that shows rhumb lines on a sphere as straight lines, making the projection ideal for navigation. However, the map also distorts size. Land near the Earth's poles looks far bigger than it is, while land near the Equator looks smaller.

Fast forward five centuries, and Europe's mental picture of the China shock suffers from a comparable distortion. Over the past decade, a surge in Chinese exports has fuelled fears of a flood that would wipe out European industry. The data show that this threat is smaller than it looks, even if the pain for some EU industries is real.

The bigger threat is the one that looks distant. As China doubles down on research and development (R&D) spending, the real China shock for Europe may still lie ahead—and it is about innovation.

Why the real China shock has not hit Europe yet

- **There is no flood of Chinese imports to the EU.** Between 2015 and 2025, China accounted for just a quarter of the rise in EU imports. China's share of extra-EU imports barely moved, rising from 21% to 22%.
- **European firms are holding their ground in China.** The EU's market share for China's imports shrank by just 0.9 percentage points between 2015 and 2025—the smallest drop among major economies.
- **Current EU investment trends point to a huge China shock ahead.** China's R&D spending stood at $1trn in 2024 at purchasing-power parity, 68% more than the EU's $612bn.

Fund the innovation race now

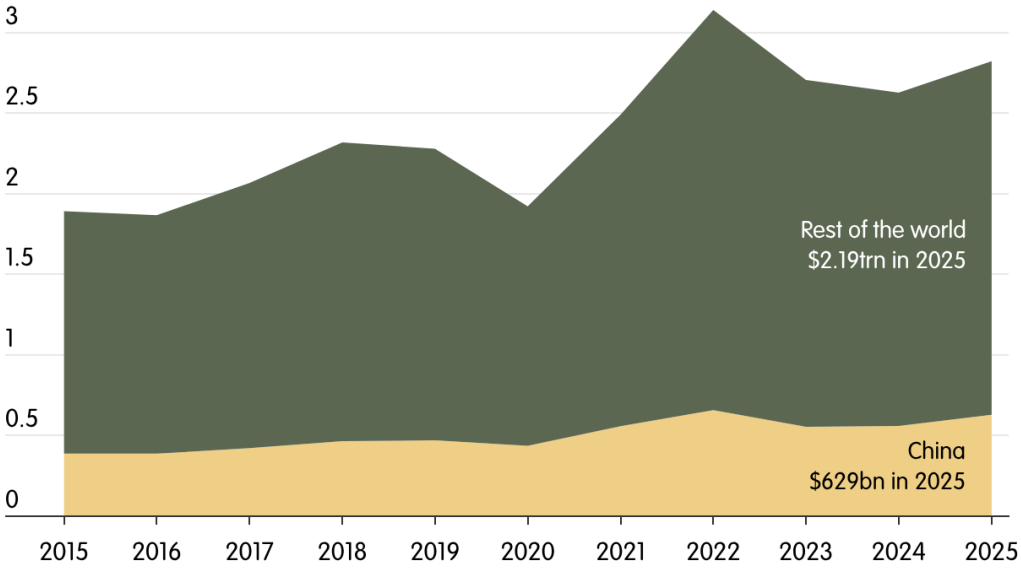
Europe's best policy response to China's economic rise is to urgently fund innovation and R&D.

Where the EU is strong

EU imports from China are rising, but so are the bloc's imports from the rest of the world. The EU's extra-EU imports rose by around half between 2015 and 2025, to $2.8trn in 2025. Over the same period, China accounted for just one quarter of the growth in the bloc's extra-EU imports.

In 2015-25, China accounted for just a quarter of the growth in the EU's extra-EU imports

EU's extra-EU imports, 2015-25, in $trn



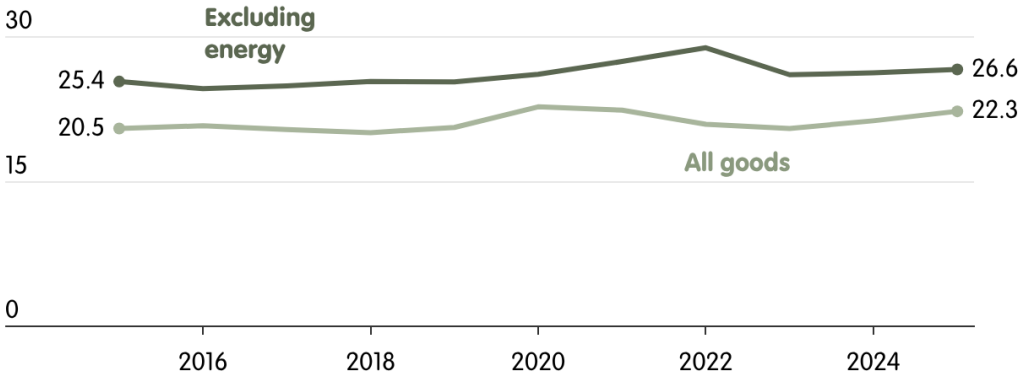
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Source: UN Comtrade
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China's share of the EU's extra-EU imports has barely moved over the past decade. It rose from 20.5% in 2015 to 22.3% in 2025. Granted, the EU's goods trade deficit with China doubled between 2015 and 2025, to $409bn. However, the data suggest that the EU's goods trade deficit with China widened at least in part because the whole EU import bill grew.

China's share of the EU's import bill has barely moved over the past decade

China's share of the EU's extra-EU imports, 2015-25, in %



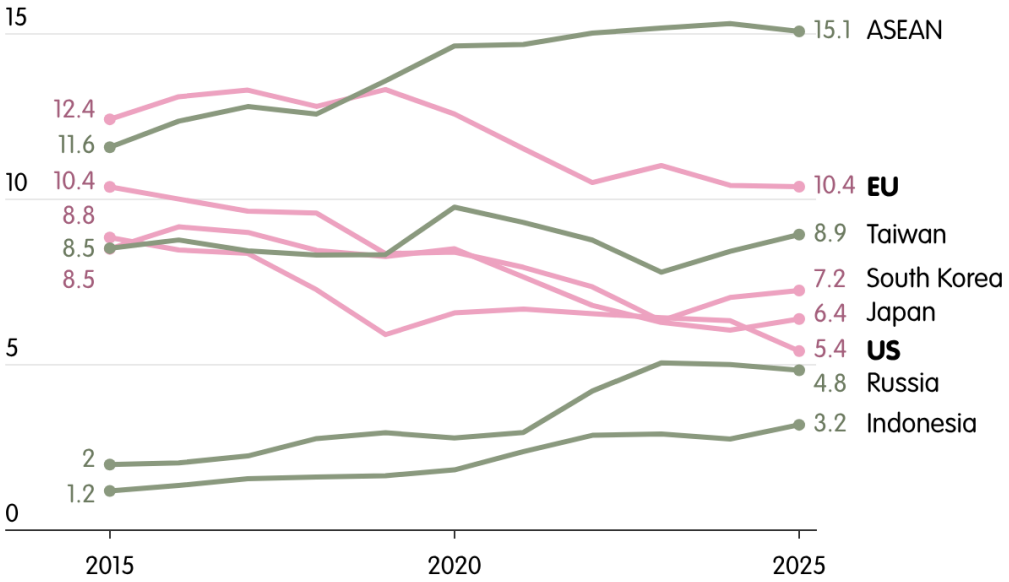
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Source: UN Comtrade
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EU firms are holding their positions in the Chinese market better than their American counterparts. In 2025, the EU supplied 10.4% of China's import bill, or nearly twice the United States' 5.4%. At constant perimeter (that is, excluding Britain to account for Brexit), the EU's market share for China's import bill fell by just 0.9 percentage points between 2015 and 2025. This drop, although real, is the smallest decline among China's major advanced-economy suppliers; between 2015 and 2025, the United States' market share for China's import bill dropped from 8.8% to 5.4%, while Japan's shrank from 8.5% to 6.4%.

EU firms are holding their positions in the Chinese market better than US firms

Share of China's total import bill by supplier, 2015-25, in %



The EU line follows the published bloc, which includes Britain before 2020; like for like, the EU's share is 11.3% in 2015 rather than 12.4%.

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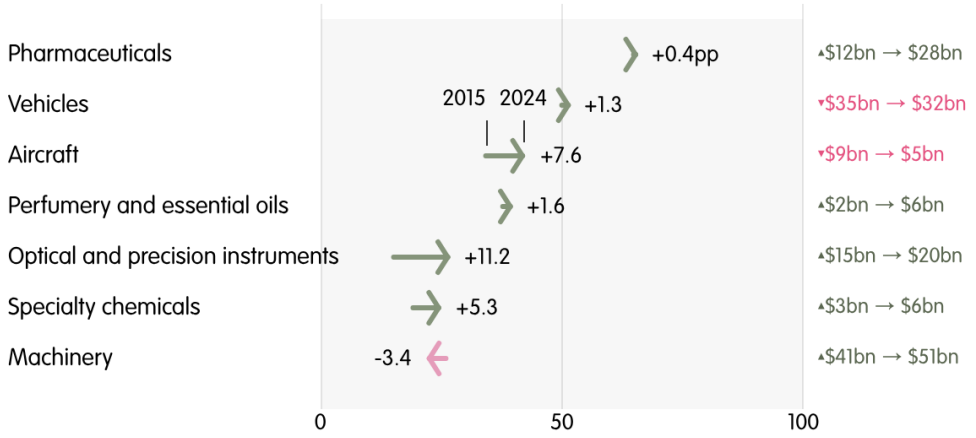
Source: Chinese customs

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EU firms retain strong positions, or are even gaining ground, in the Chinese market for several high-value sectors. Over 2015–24, EU firms supplied a growing share of Chinese imports for pharmaceuticals, vehicles, aircraft, optical and precision instruments, perfumery and essential oils, and specialty chemicals. The EU's market share for China's machinery imports—the largest single chunk of Chinese imports from the EU, close to a fifth of the total—has dropped only marginally over the same period.

EU firms retain strong positions in the Chinese market for pharmaceuticals, vehicles and aircraft

EU share of China's imports for seven product groups, 2015 and 2024, in %



Change in market share, in percentage points on the left and change in the value of EU sales to China, in $bn on the right.

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Source: UN Comtrade

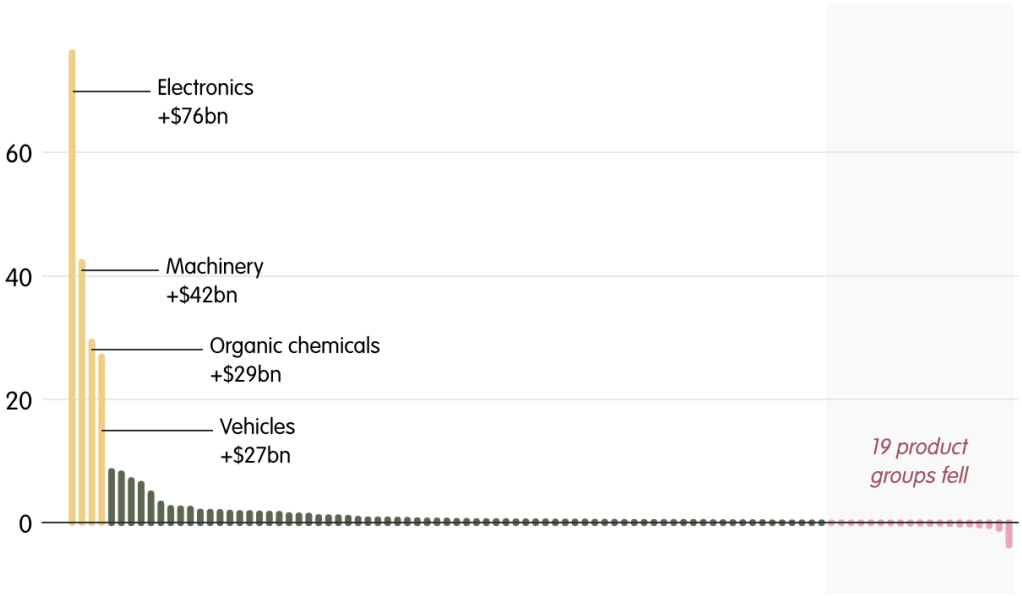
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Where the EU is exposed

In the EU market, Chinese competition with European firms is concentrated in a few sectors. Four product groups (electronics, machinery, organic chemicals and vehicles) account for 72% of the rise in the EU's imports from China between 2015 and 2025.

Four product groups make up most of the rise in the EU's imports from China

Change in EU imports from China by product group, 2015-25, in $bn



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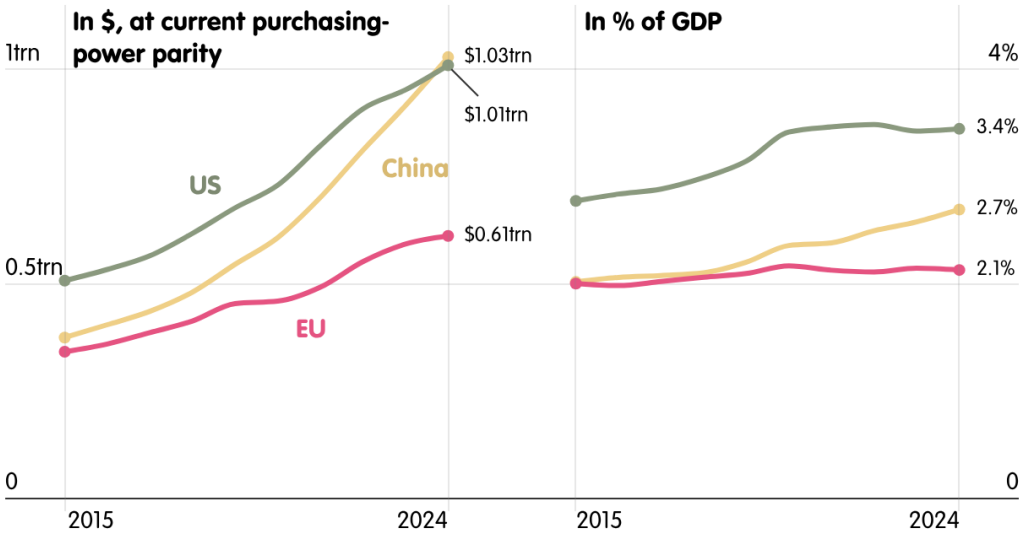
Source: UN Comtrade
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China now outspends both the EU and the US on R&D. In 2024, China spent $1trn on R&D at purchasing-power parity, around two-thirds more than the EU's $612bn. In the same year, China also overtook the US on R&D spending for the first time.

China also spends more on R&D than the EU relative to the size of its economy. China's R&D spending is equivalent to 2.7% of the country's GDP, against 2.1% for the EU. This matters because productivity growth, fuelled by R&D spending, is the main determinant of long-term growth alongside demographics (a weakness for both the EU and China).

China spent $1trn on R&D in 2024—two-thirds more than the EU, and more than the US for the first time

Gross domestic expenditure on R&D, 2015-24



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Source: OECD

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Critical raw materials

Critical raw materials

~~*CRITICAL RAW MATERIALS: Très chic. Repeat that China has cornered them all—only cite, from memory, figures above 90%.*~~

CRITICAL RAW MATERIALS (REVISED): China has cornered some, not all. Europe's dependencies are a world tour; Beijing is just one stop among many.

Put a beginner and a professional in front of the same pool table, and they will play the game quite differently. The amateur starts by striking hard at the first ball that stands out. By contrast, the pro walks around the table and meticulously plans a sequence of shots.

For critical raw materials (CRM), the EU has so far aimed at the ball that appears to stand out the most: China. There is a catch, though: the data show that the CRM dependencies do not all point towards Beijing. Like a professional pool player, Europe should first look at the whole table, then calibrate its policy case by case.

Why the EU's CRM challenge goes beyond China

- **China dominates, but not for all CRM.** Across the ten minerals that we tracked, China holds genuine chokepoints for some minerals—yet it also supplies just 10% of the EU's imports of all ten.
- **The EU's CRM challenge is global.** In our ten-mineral basket, the bloc's chokepoints do not all lead to China. They also trace back to Brazil (84% of ferro-niobium imports), Chile (75% of lithium carbonate imports) and Tajikistan (69% of antimony imports).
- **The little CRM leverage that the EU had has waned.** Over the past decade, the bloc has lost its standing as a major supplier of minor metals like gallium and germanium to the US, and of palladium to China.

Rethink the single-adversary playbook

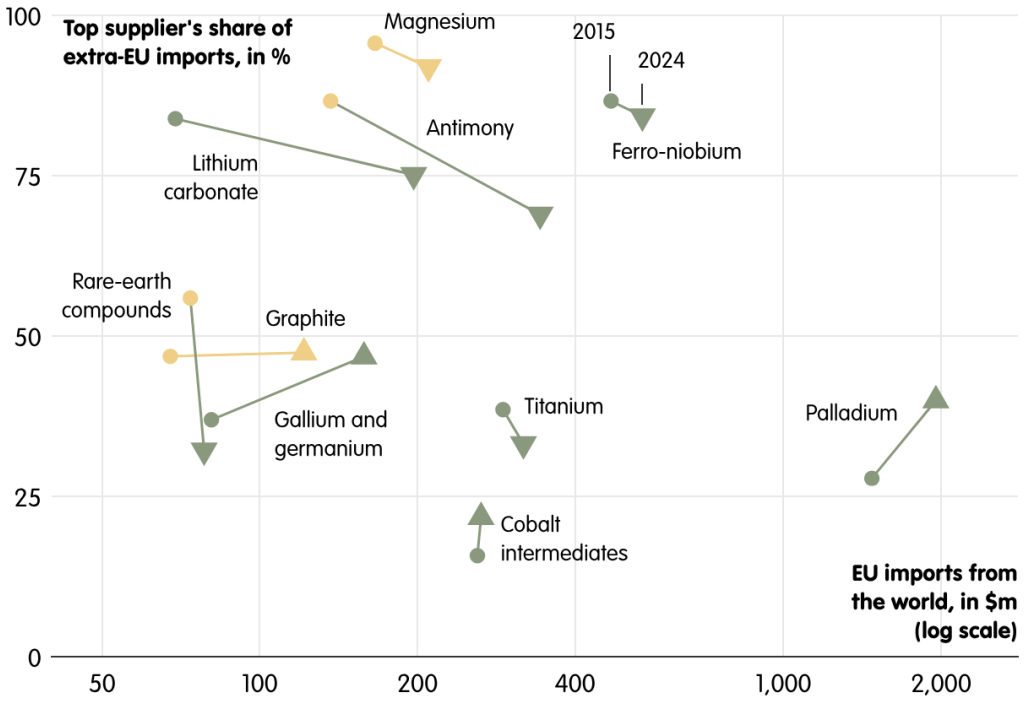
A diversification policy that aims at Beijing alone is a poor fit for a many-player system. The EU must map each mineral to its actual chokepoint, draft a diversification plan mineral by mineral, stockpile critical commodities and consider courting the producers that China leans on.

Where the EU is strong

The EU now relies less on China for rare-earth compounds than it used to. In 2024, Chinese firms supplied 29% of the EU's extra-EU imports of rare-earth compounds, down from 56% in 2015. Norway is now the EU's largest supplier of rare-earth compounds, supplying 32% of the bloc's extra-EU imports in 2024. However, customs data do not reveal the origin of Norway's feedstocks.

EU reliance on China is dropping for imports of rare-earth compounds

Top supplier's share of EU extra-EU imports, 2015 and 2024



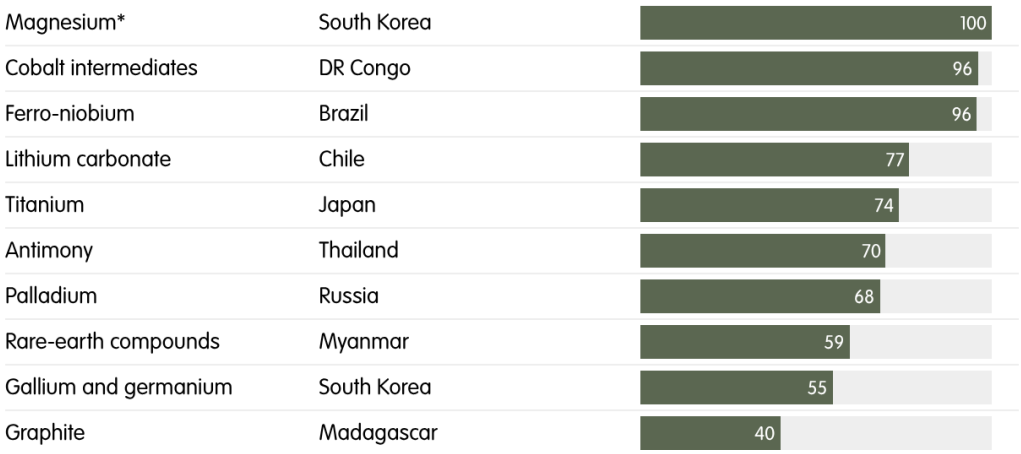
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Source: UN Comtrade
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China has significant CRM dependencies of its own. China is the largest importer of CRM among G7/EU and BRICS economies, with $9.6bn worth of imports in 2024—more than the US and the EU combined.

China often leans on single suppliers for its imports of critical minerals

Top supplier's share of China's imports of ten critical minerals, 2024, in %



*China imports almost no magnesium, so the data apply to a small market.

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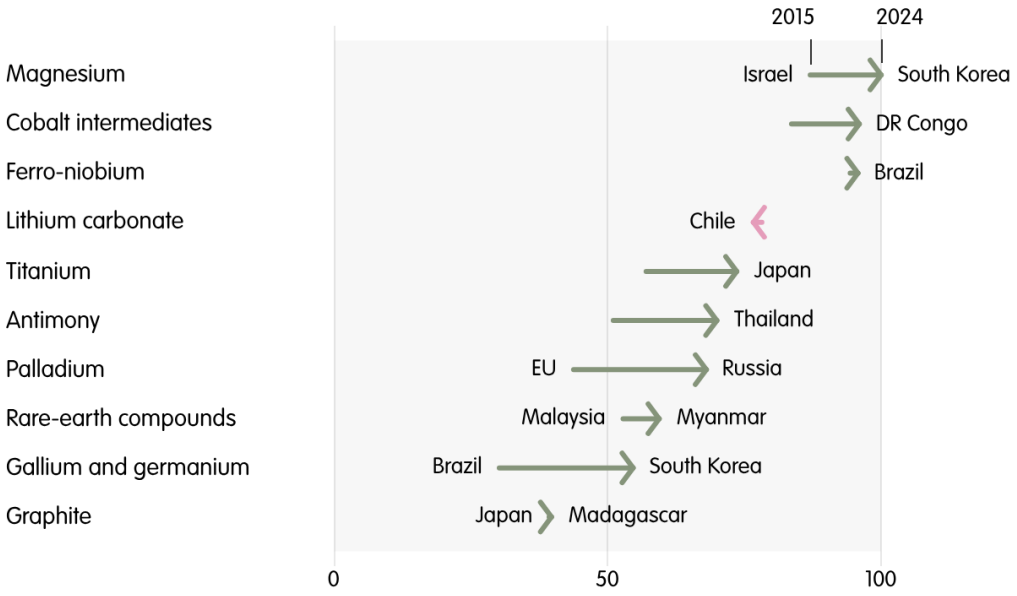
Source: UN Comtrade

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For almost all minerals, China relies on single suppliers. For instance, in 2024 the Democratic Republic of the Congo supplied 96% of China's cobalt intermediates imports. Courting the producers that are key for China's CRM supplies could strengthen the EU's hand with Beijing.

Chinese firms increasingly rely on single suppliers, such as the DR Congo, for imports of critical minerals

Top supplier's share of China's imports of ten critical minerals, 2015 and 2024, in %



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Source: UN Comtrade
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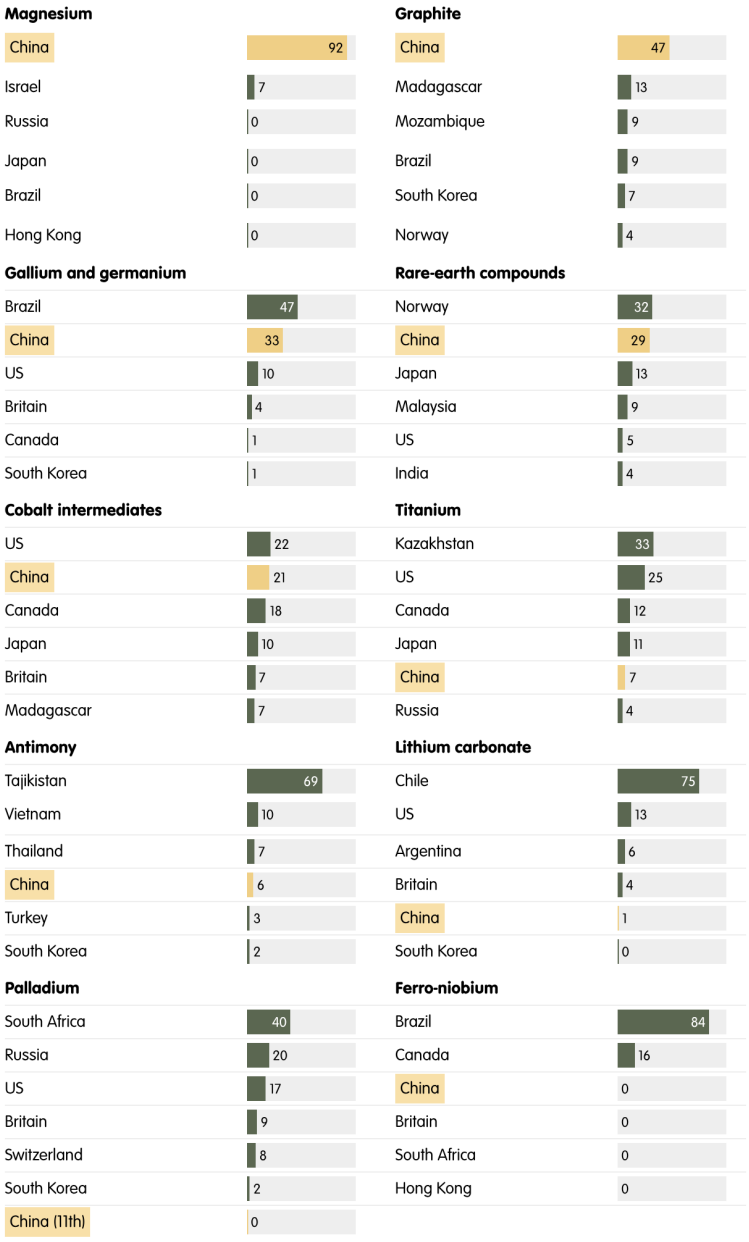
Where the EU is exposed

China holds a firm grip on the EU's magnesium supplies. In 2024, Chinese firms supplied 92% of the EU's extra-EU imports of magnesium. This is the definition of a chokepoint: concentrated, one-sided and hard to exit. Magnesium is critical for a wide range of industries, including aerospace, automotive, metallurgy, defence and chemicals. The grip is industrial rather than geological: magnesium ore is ubiquitous, but the US Geological Survey reckons China controls 86% of the world's primary magnesium smelting capacity.

To a lesser extent, China also holds significant leverage over the EU for graphite. In 2024, Chinese firms supplied 47% of the EU's extra-EU graphite imports. Graphite is key for electric-vehicle batteries, steelmaking, electronics, aerospace and defence.

EU's critical mineral challenge is global, not just Chinese

Largest suppliers of EU imports of ten critical minerals, share of EU extra-EU imports, 2024, in %



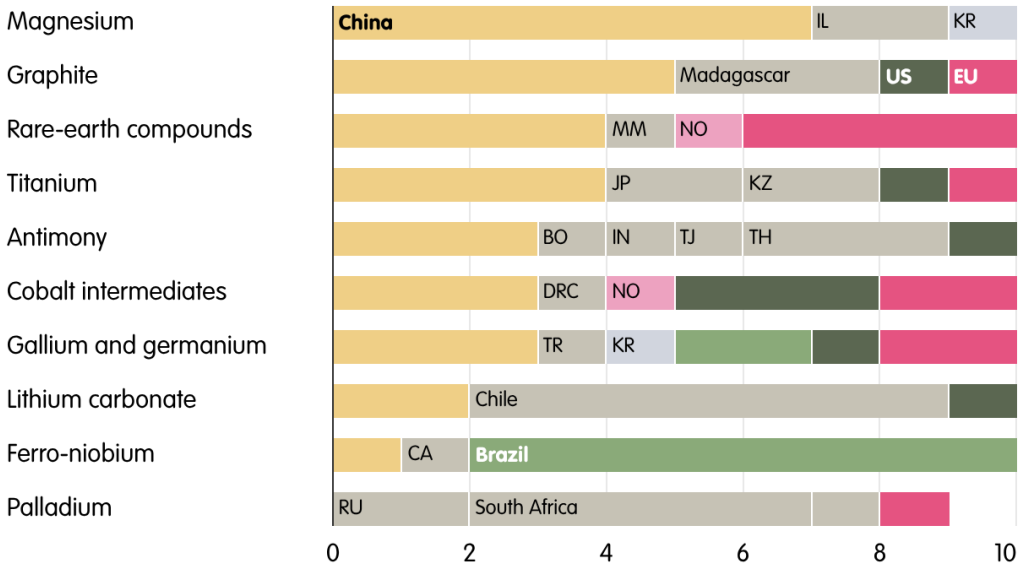
The six largest suppliers are shown for each mineral, plus China where it falls outside the six.
▶ More details

Source: UN Comtrade
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China's grip on these two minerals is global. Across the G7/EU and BRICS economies, China holds dominant positions for magnesium and graphite.

China holds significant global leverage for magnesium supplies

Number of import baskets topped by each supplier, by mineral, across the G7 and BRICS economies, 2024



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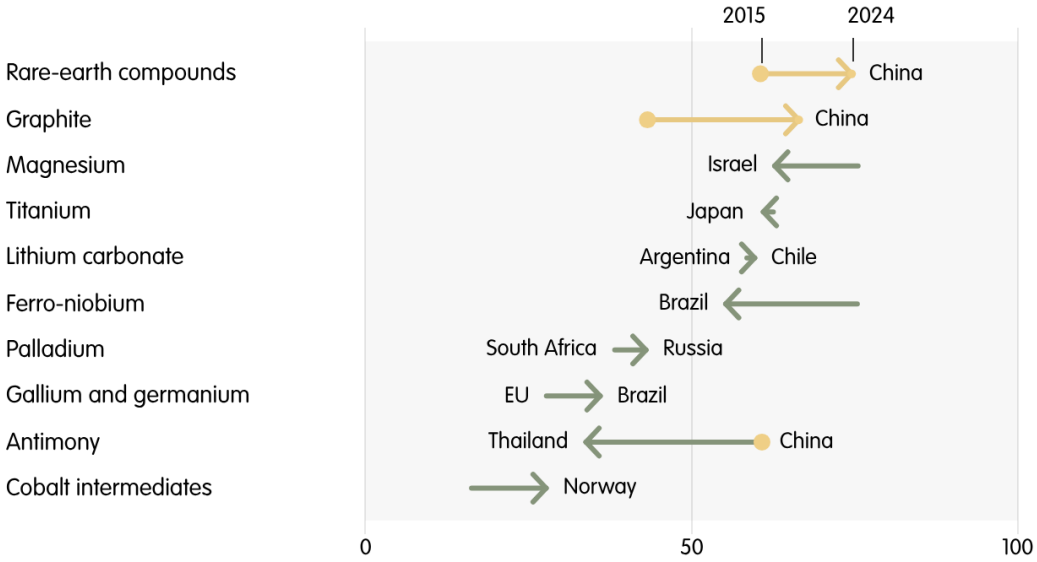
Source: UN Comtrade

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For the ten minerals in our basket, the EU relies on China more than the US does. In 2024, Chinese firms supplied 10% of the bloc's extra-EU imports of the ten minerals we tracked, against 7% for the US. However, the headline data do not tell the whole story; US purchases of these minerals from Chinese firms rose by over a third between 2015 and 2024, far more than the EU's 8%. What is more, the picture varies across minerals. For instance, US reliance on China for imports of rare-earth compounds is deepening: Chinese firms supplied 75% of US imports of rare-earth compounds in 2024, up from 61% in 2015. This shows how Chinese export restrictions on rare-earth compounds would bite harder in Washington than in Brussels.

Chinese restrictions on exports of rare-earth compounds would bite hard in Washington

Top supplier's share of US imports of each of ten critical minerals, 2015 and 2024, in %



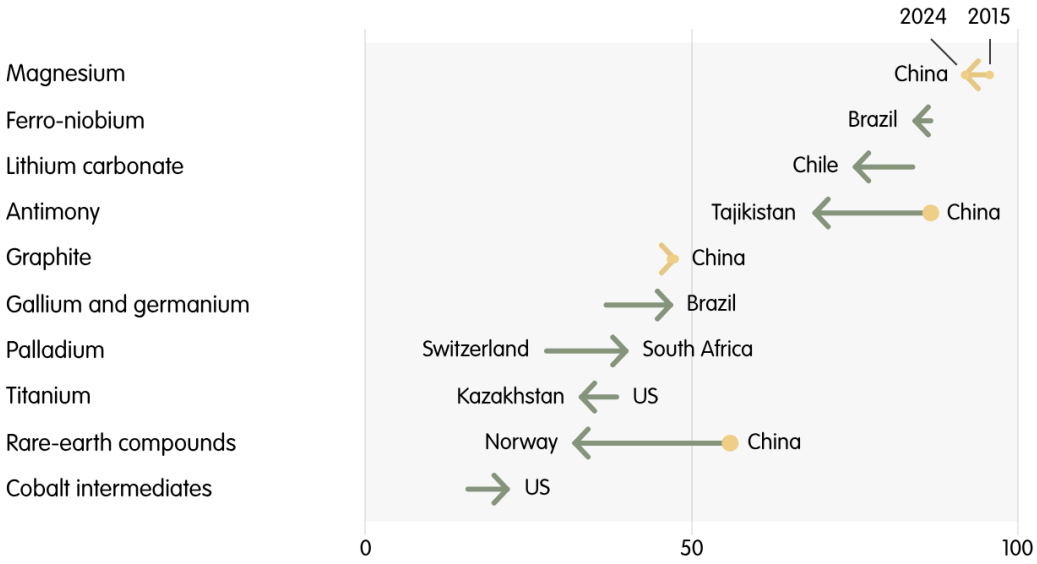
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Source: UN Comtrade
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Despite the current focus on China, the EU's mineral chokepoints point in many directions. In 2024, Brazil supplied 84% of the bloc's extra-EU ferro-niobium imports, Chile 75% of lithium carbonate imports and Tajikistan 69% of antimony imports. Other significant dependencies exist, notably for palladium (South Africa, 40%) and titanium (Kazakhstan, 33%). Some of these suppliers, like Brazil, Chile and Kazakhstan, are partners that the EU can court.

Not all of the EU's critical minerals chokepoints lead to China

Top supplier's share of extra-EU imports of ten critical minerals, 2015 and 2024, in %

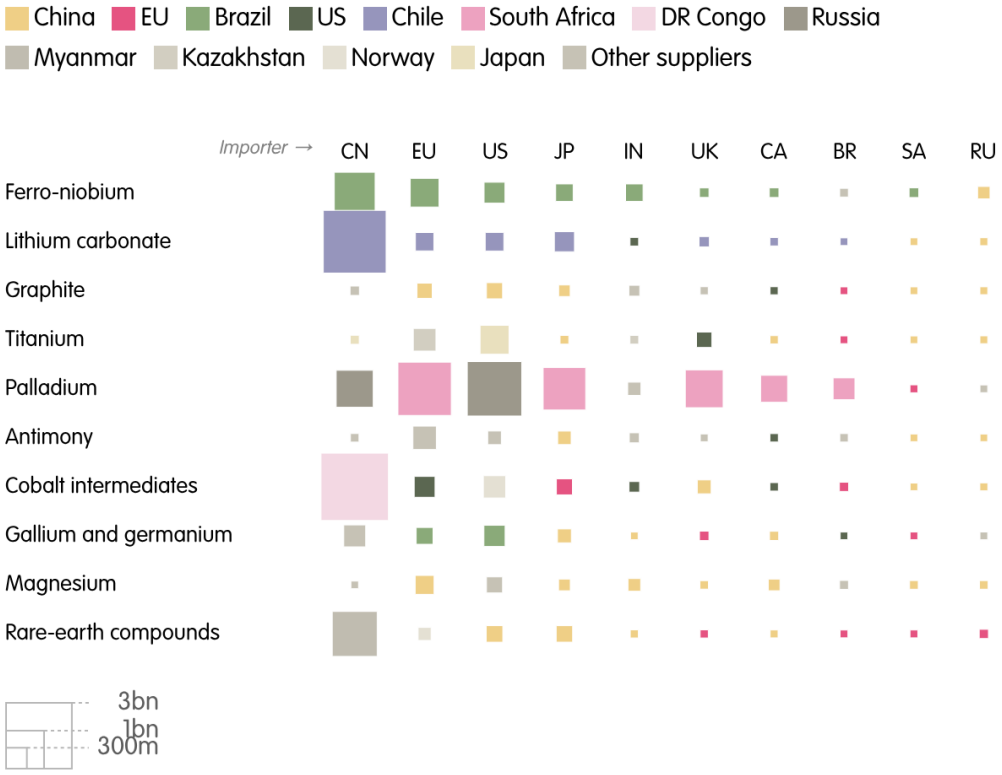


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Source: UN Comtrade
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By value, and over the past decade, Russia—not China—was the largest EU supplier of the ten minerals we tracked. This trend stopped after the full-blown invasion of Ukraine in 2022. The data highlight how a single-adversary playbook aimed solely at China may be a poor fit to tackle the EU's CRM dependencies.

A single-adversary playbook is a poor fit to solve CRM dependencies
Largest supplier of ten critical minerals of the G7 and BRICS economies, 2024, tiled area scaled to the value of the imports, in $



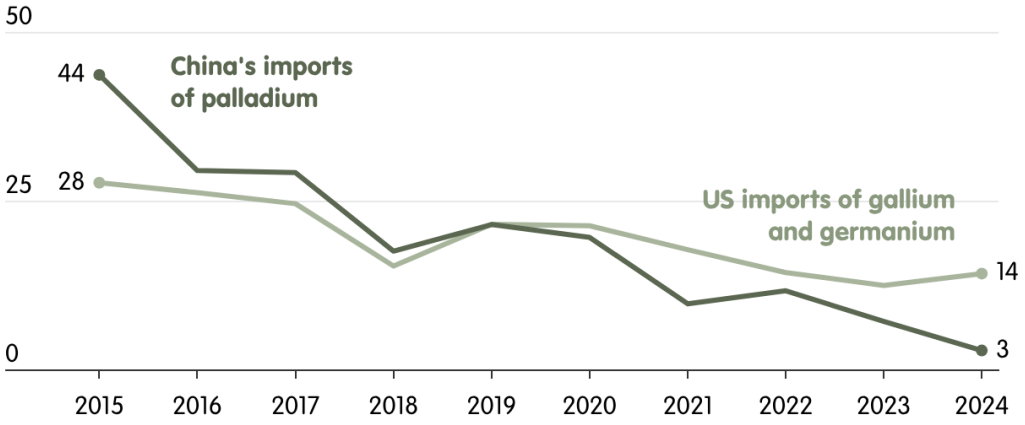
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Source: UN Comtrade
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The little leverage that the EU used to have over the US and China is waning. In 2015, the EU was the United States' top supplier of minor metals like gallium and germanium, accounting for 28% of US imports. By 2024, the EU share had dropped to just 14%. In 2015, the EU was the top supplier of palladium to China, accounting for 44% of Chinese imports. By 2024, EU firms supplied just 3% of China's palladium imports.

The little leverage that the EU used to have over the US and China for critical minerals is waning

EU share of US imports of gallium and germanium* and of China's imports of palladium, annual, 2015 to 2024, in %



*The customs code for gallium and germanium also covers indium, niobium and vanadium. The code also includes hafnium and rhenium until 2021.

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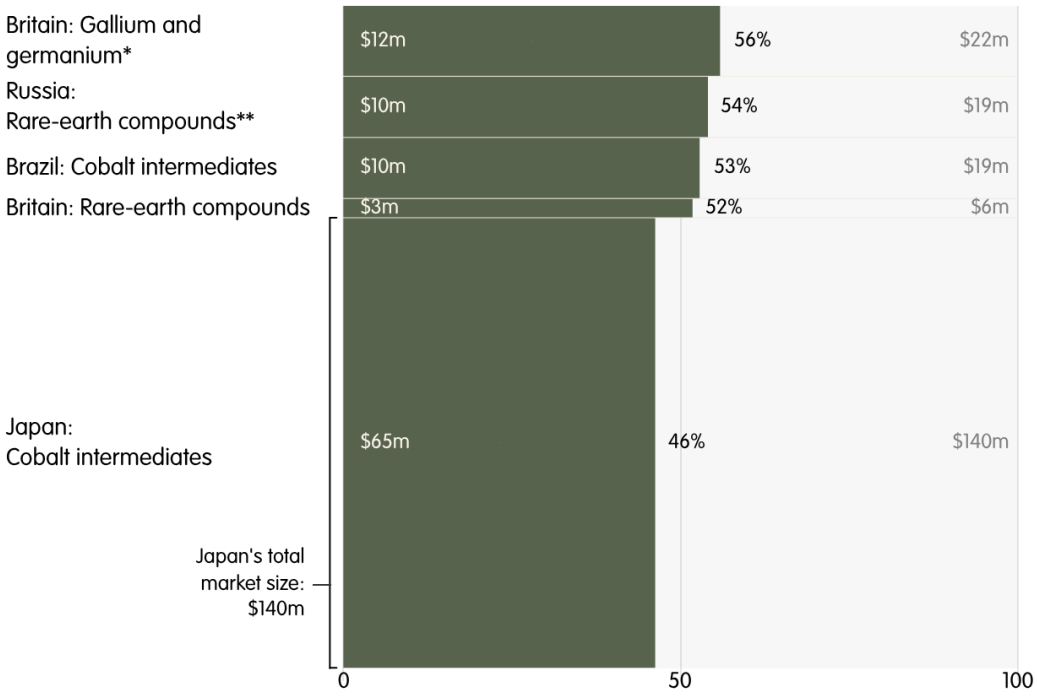
Source: UN Comtrade

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Where the EU is a top CRM supplier, the amounts at stake are small. The EU holds leading positions for supplies of the ten CRM we tracked in just a few small markets among G7 and BRICS economies: Japan's imports of cobalt intermediates (46%, $65m in 2024); Britain's imports of minor metals like gallium and germanium (56%, $12m) and rare-earth compounds (52%, $3m); Russia's imports of rare-earth compounds (54%, $10m); and Brazil's imports of cobalt intermediates (53%, $10m).

The EU's leverage as a supplier of critical minerals is limited

EU share of each importer's recorded imports for the five G7 and BRICS markets above $5m a year where the EU is the top supplier, 2024, in %



*The customs code for gallium and germanium also covers indium, niobium and vanadium. The code also includes hafnium and rhenium until 2021.
**Russia's figures are reconstructed from its partners' export records.
▶ More details

Source: UN Comtrade
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Methodology

The EU's Critical Raw Materials Act lists 34 critical raw materials. To test the hypothesis that China controls the global supply of CRM, we created a narrower basket of ten minerals that can be tracked accurately using customs data: magnesium, graphite, lithium carbonate, cobalt intermediates, rare-earth compounds, gallium and germanium, antimony, titanium, ferro-niobium and palladium.

Two caveats apply: the customs code for gallium and germanium also includes other minerals like indium, niobium and vanadium, as well as hafnium and rhenium until 2021. For rare earths, we picked rare-earth compounds because other rare earth-related customs data carry only minuscule trade flows.

De-dollarisation

De-dollarisation

~~*DE-DOLLARISATION: Imminent since the end of Bretton Woods in 1971. Invoke the concept at every conference, mentioning the BRICS, gold and the petroyuan (preferably in that order).*~~

DE-DOLLARISATION (REVISED): Not happening. The EU still pays in dollars and saves ever more in US Treasuries. Do not hold your breath for a digital euro.

Paris, 1953. In a small theatre south of the Seine, the crowd watches two men on stage waiting for Godot—someone they have never met, but who they are sure will save them. Each day ends the same way: Godot will come tomorrow.

Like the two men expecting Godot, global policymakers have been waiting for decades for the emergence of a post-dollar world. On paper, their expectations look well founded. In recent years, US adversaries—chief among them Russia and China—have been loud advocates for payments in local currencies. In 2025, Donald Trump's return to the White House further fuelled expectations for a demise of the greenback amid erratic policymaking and bizarre plans to sink the dollar.

Yet, just like Godot, de-dollarisation remains out of sight.

Why the dollar still rules

- **US Treasuries remain the safe asset of choice for global investors.** Foreign holdings of US Treasuries ended 2025 at a record year-end level of $9.2trn, fuelled by growing purchases from European investors.
- **The dollar remains the go-to currency for central bank reserves.** At 56% in 2025, the US dollar-denominated share of global foreign-exchange reserves has dropped only marginally since 2015.
- **For EU firms, the dollar is the go-to currency for international trade.** More than half of the bloc's extra-EU imports are invoiced in US dollars.

Stop waiting, start building

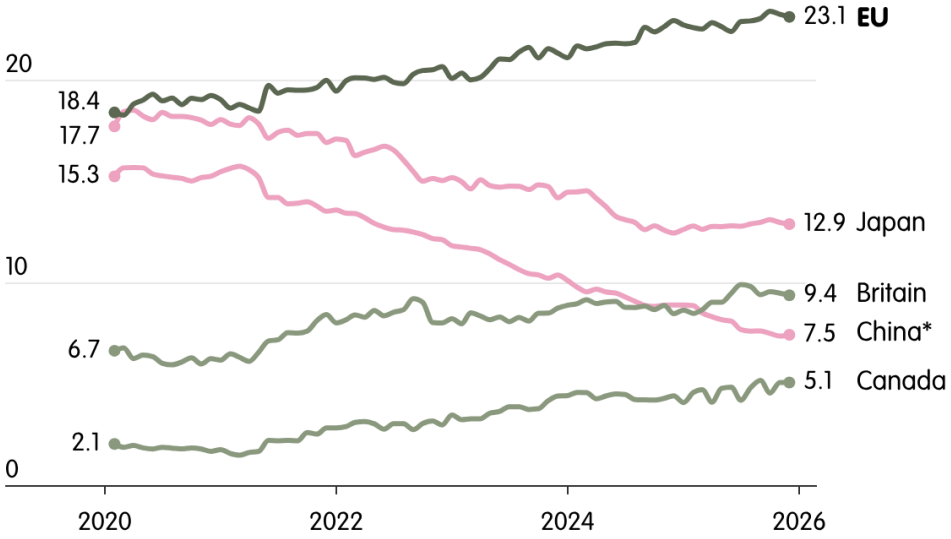
The euro's international role will not grow by default. The EU holds genuine assets in the financial field: SWIFT, Euroclear and Clearstream all operate under EU law, while EU investors are increasingly critical to US government funding endeavours. What the bloc still lacks is global products, like safe euro-denominated debt or a digital euro.

Where the EU is strong

Washington increasingly relies on EU-based investors to finance its growing fiscal deficit. EU holdings of US Treasuries rose from $1.4trn at end-2020 to $2.1trn at end-2025, lifting the bloc's share of Treasuries' foreign holdings from 19.3% to 23.1%.

European investors keep piling up US Treasuries

Holdings of US Treasuries as a share of all foreign-held Treasuries, February 2020 to December 2025, in %



*Mainland China

▶ More details

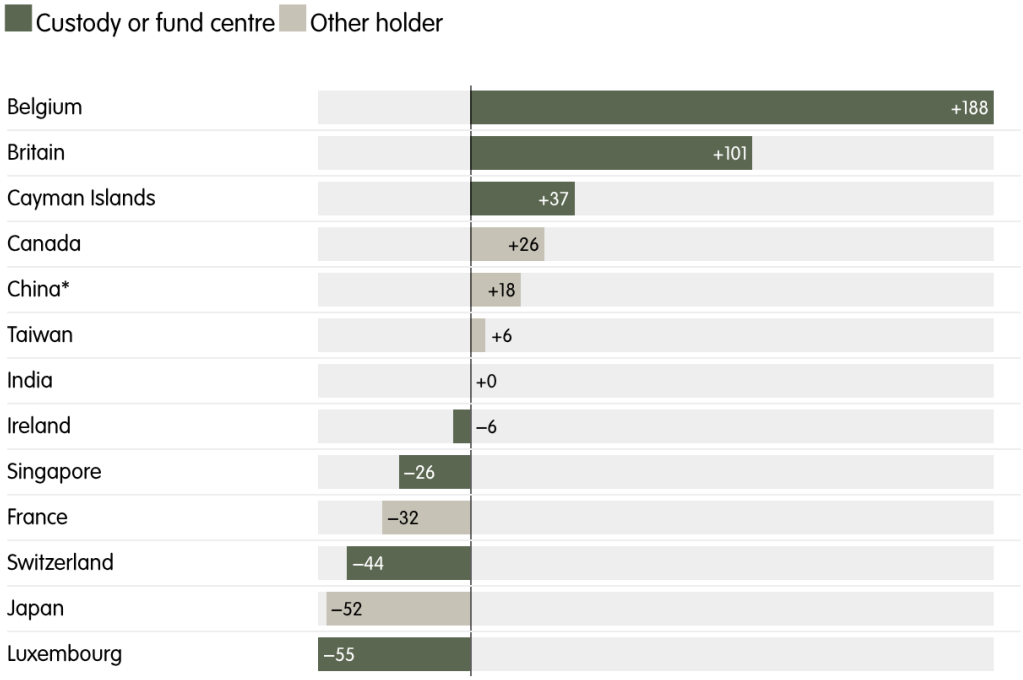
Source: US Treasury

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Custody arrangements partly inflate this rise, but they also underline further EU leverage. A huge chunk of the world's financial plumbing sits in the EU. Euroclear (Belgium) and Clearstream (Luxembourg) operate as a global duopoly running the world's two International Central Securities Depositories (ICSDs, institutions that handle clearing, settlement and safekeeping for global financial instruments). Combined, Euroclear and Clearstream oversee the entire $16trn market for international bonds. The two institutions also hold around $70trn in global securities; 103 central banks hold foreign reserves at Euroclear and 70 at Clearstream.

Between 2023 and 2025 Belgium's US Treasury holdings grew far more than recorded purchases and valuation effects can explain

Change in long-term US Treasury positions not explained by recorded net purchases and valuation, February 2023 to December 2025, in $bn



*Mainland China

▶ More details

Source: US Treasury

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Europe also holds a switch that can cut banks off from the rest of the world. SWIFT, the international cooperative that connects all global banks, is based in Belgium and is thus subject to EU law. This is why EU sanctions were able to disconnect some Russian banks from SWIFT from 2022, for instance.

European leverage via SWIFT is safe—for now. Both the US and China are developing digital currencies that bypass SWIFT: America is going for dollar-pegged stablecoins, while China is betting on the digital yuan. The threat is not imminent: daily global turnover for both digital currencies is small—around $300bn for stablecoins and $50m for international transactions in digital yuan. These are both rounding errors compared with the $9.6trn traded every day on global foreign-exchange markets.

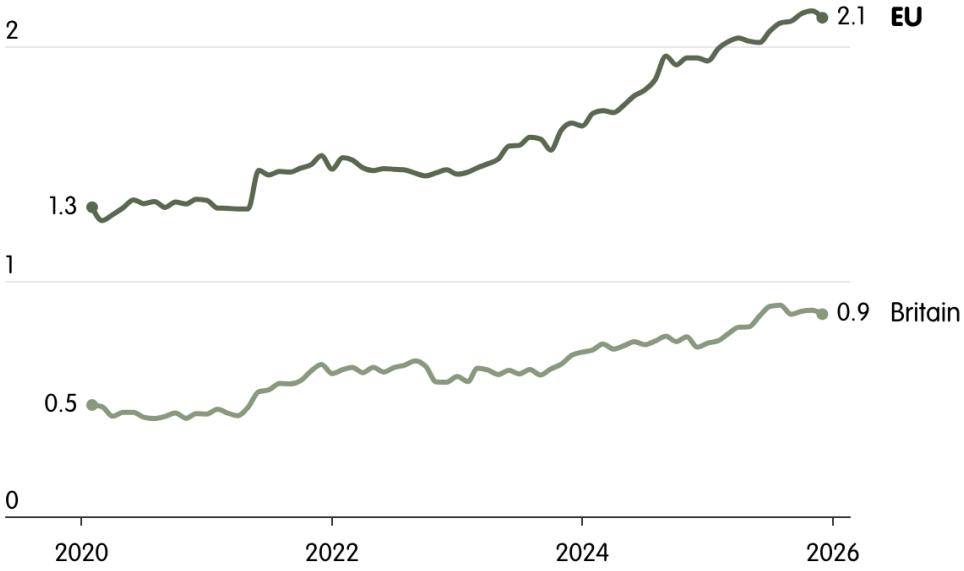
Europe should use this window to build its digital currency. While the US and China push ahead with their digital plans in finance, European ambitions for a retail digital euro are stalling amid opposition from banks. Meanwhile, plans for a wholesale digital euro settling cross-border transactions between banks are in limbo because of a lack of political will to make the project a priority.

Where the EU is exposed

The EU's large holdings of US Treasuries are also a vulnerability. The same $2.1trn stock of US Treasuries that gives the EU leverage over the US would be exposed in any US attempt to restructure its debt, stop paying interest or tax foreign holders of US Treasuries. These elements may sound far-fetched, but the Trump administration appears to have considered them as part of a potential Mar-a-Lago currency deal.

EU holdings of US Treasuries rose by more than half between 2020 and 2025

EU and Britain holdings of US Treasuries, February 2020 to December 2025, in $trn



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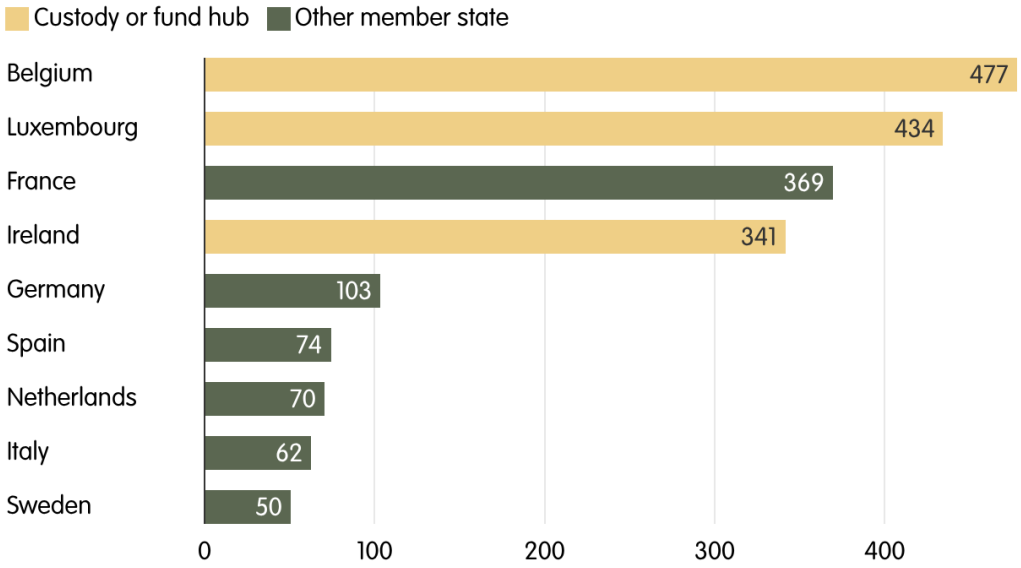
Source: US Treasury

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France would have the most to lose. French investors—both public and private—are thelargest genuine holders of US Treasuries in the EU. This means that France, along with the financial hubs of Belgium, Luxembourg and Ireland, would be the most exposed to US currency demands.

France is the EU's largest genuine holder of US Treasuries

Holdings of US Treasuries by EU member state as of December 2025, for the nine members holding more than $50bn, in $bn



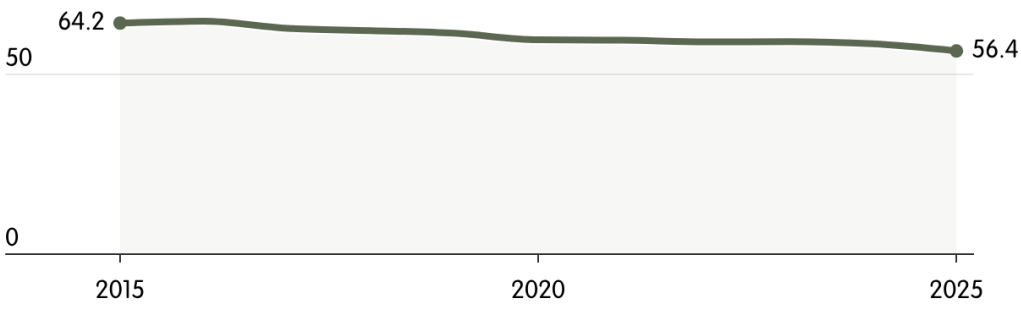
▶ More details

Source: US Treasury
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The dollar remains the world's leading reserve currency. Between 2015 and 2025, the dollar-denominated share of global foreign-exchange reserves fell only marginally—from 64.2% to 56.4%. Most of the 2025 dip is due to dollar depreciation, since a weaker greenback inflates the value of holdings in other currencies.

The dollar's share of global foreign-exchange reserves fell only slightly over the past decade

Dollar share of global foreign-exchange reserves, 2015 to 2025, in %

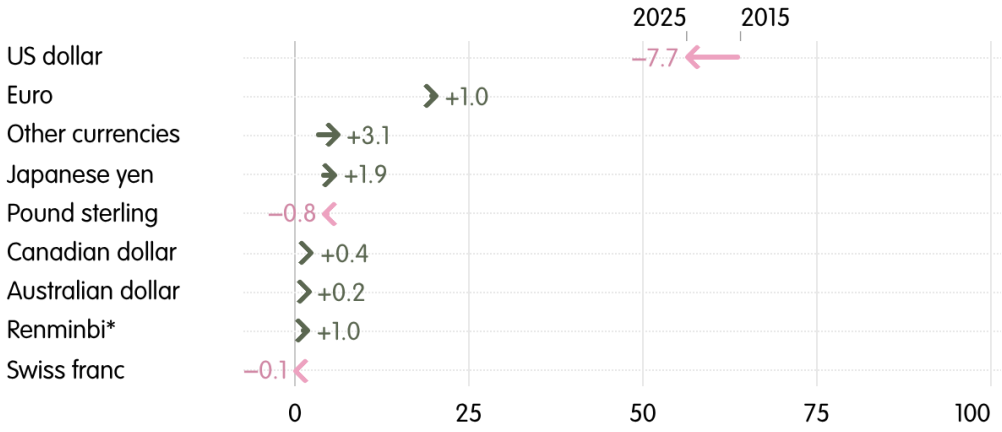


▶ More details

Source: IMF
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Despite doubts about the dollar's outlook, the euro is not gaining ground as a reserve currency. Between 2015 and 2025, the euro-denominated share of global foreign-exchange reserves rose by just one percentage point. This mostly reflects a shortage of euro-denominated safe assets that foreign investors could buy. The combined stock of German bunds, French sovereign bonds and EU-issued securities (including debt from the European Investment Bank) is just $7trn—about five times smaller than the stock of US Treasury securities.

The euro is failing to gain ground as a global reserve currency
Share of global foreign-exchange reserves by currency, 2015 and 2025, in %, with the change in percentage points



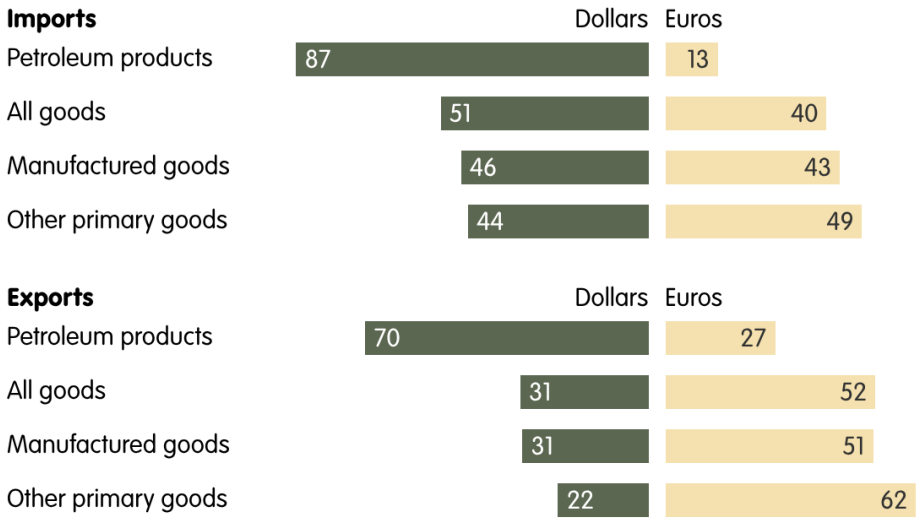
*The data for the renminbi start in 2016
▶ More details

Source: IMF
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The EU still relies heavily on the dollar for trade . More than half of the bloc's extra-EU imports are invoiced in dollars. For oil, the share reaches 87%.

More than half of the EU's extra-EU imports are invoiced in dollars

Share of the EU's extra-EU goods trade invoiced in euros and in dollars, by product group, 2024, in %



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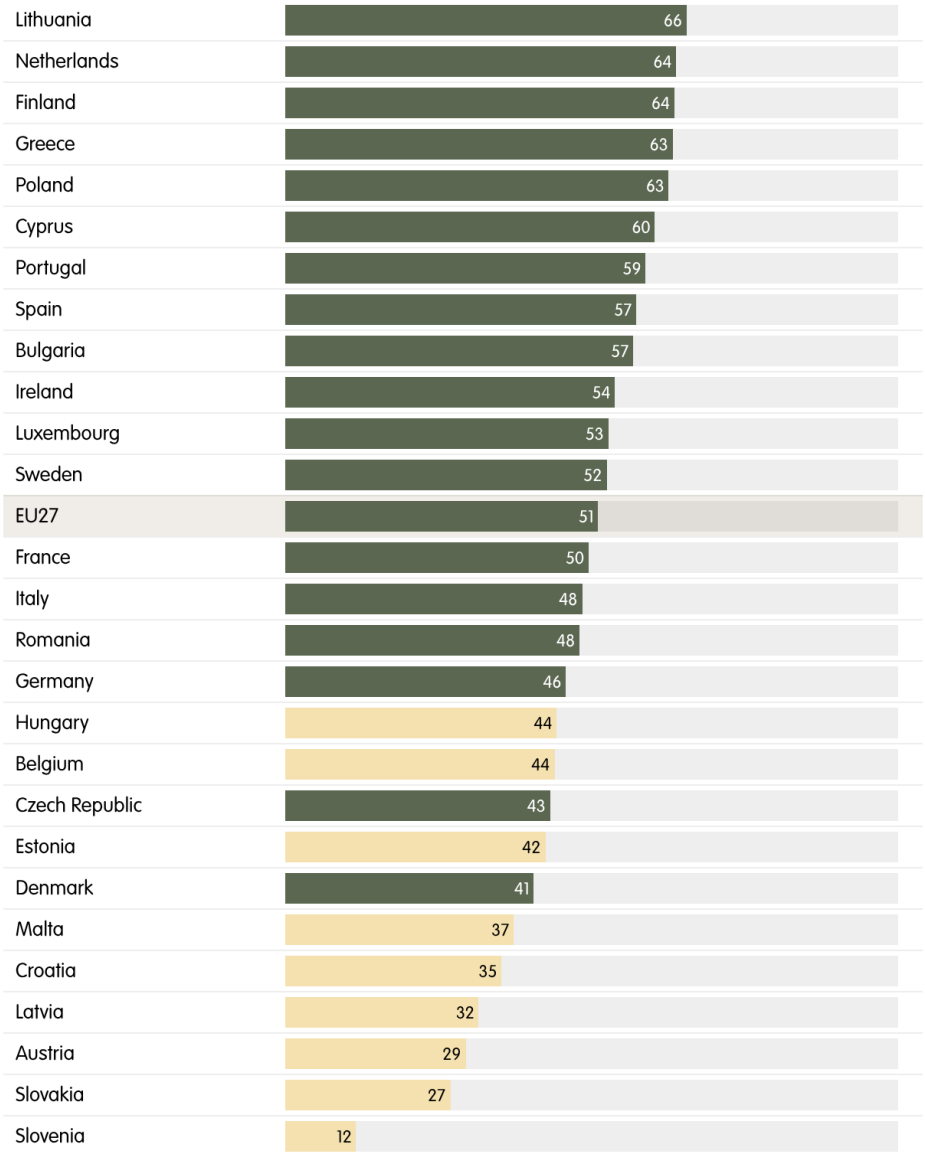
Source: Eurostat
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The dollar is the most-used currency for invoicing extra-EU imports in two-thirds of EU member states. Reliance on the dollar is particularly high in Lithuania, the Netherlands, Finland, Greece and Poland.

The dollar is the most-used currency for extra-EU imports in most EU member states

Dollar share of each member state's extra-EU imports of goods, 2024, in %

Each state's most-used invoicing currency: Dollar Euro



▶ More details

Source: Eurostat

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Globalisation

Globalisation

~~*GLOBALISATION: Over. Date its death to the covid-19 pandemic, the Russian invasion of Ukraine or Trump's tariffs, as preferred.*~~

GLOBALISATION (REVISED): The deceased is in rude health; the EU is at the centre of it. Worry instead that the bloc's trade ties are concentrating on a few partners and that foreign investors are drifting away.

In 2020, American scientists made a startling discovery: strips of land along streams where beavers had built dams made it through wildfires in far better shape than land without beavers. Specialists in these cute creatures were not surprised. Beavers are nature's best engineers, carefully fine-tuning their ponds to sustain plants and wildlife.

Over the past decades, Europeans have built a pond of their own: a vast single market that has enriched the bloc and drawn in global firms. Like the natural landscapes of America, Europe's open market faces wildfires of its own as major economies embrace tariffs, export controls and investment screening mechanisms.

So far, the single market is holding up. Globalisation is not over, and access to the EU market remains a major source of leverage for Brussels. However, the bloc's trade ties are concentrating among fewer partners, and the EU's attractiveness as a destination for foreign investment is weakening. European policymakers need to tend to their pond before it becomes a puddle.

Why globalisation is changing, not ending

- **The EU remains at the centre of global trade.** The EU is a more important trade partner to most major economies than they are to the bloc. China is the exception to the rule, but only barely.
- **Despite its pledges, the EU is not de-risking.** The bloc's top three suppliers accounted for 84% of its imports from other G7 and BRICS economies in 2025, up from 80% in 2015.
- **The EU remains a top investor abroad, but it is losing appeal as an FDI destination.** EU-based investors hold around a third of the global outward stock of foreign direct investment (FDI). However, the EU's attractiveness as an FDI destination is eroding.

Use the single market to bring back foreign investment

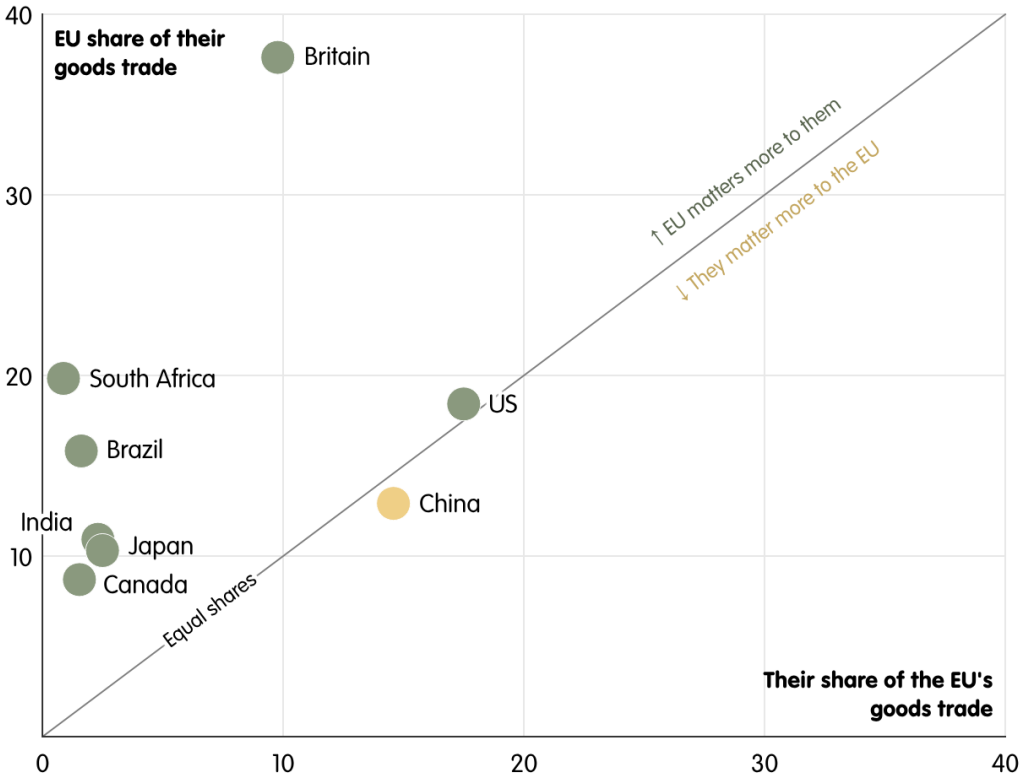
The bloc's attractiveness as an FDI destination remains huge, but it is eroding. Amid growing global pledges to produce closer to consumers, the EU needs to leverage its best asset—a vast single market of around 450 million wealthy consumers—to court FDI from multinationals.

Where the EU is strong

Access to the EU market remains the bloc's best leverage. The EU is a more important trade partner to almost all other G7 and BRICS economies than they are to the bloc. China is the only exception to the rule, and only barely: China accounts for 15% of the EU's extra-EU goods trade, while the EU accounts for 13% of China's trade flows. (China data are for 2024, while the figures for other economies are from 2025.)

The EU is a more important trade partner to most other G7 and BRICS economies than they are to the bloc

Each economy's share of the EU's goods trade against the EU's share of each economy's own goods trade, 2025*, in %



*China's data are from 2024

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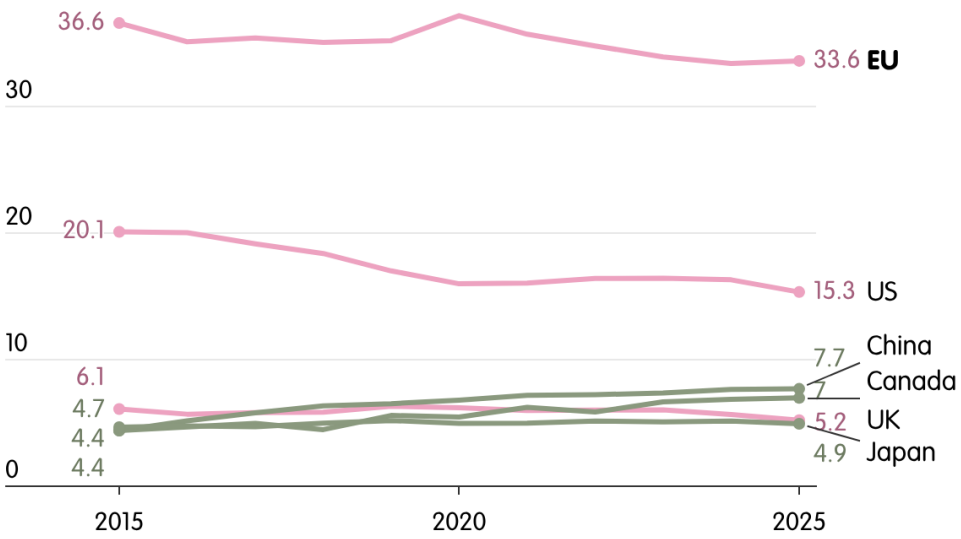
Source: UN Comtrade

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EU firms are the world's largest source of FDI. EU-based investors hold around a third ($16trn) of the world's outward FDI stock (that is, what investors from a given economy hold abroad). This share has held at around one-third over the past decade, highlighting the centrality of EU firms and investors globally (the data include investment between EU member states). By contrast, US investors hold just 15% (or $7trn) of the world's outward stock of FDI, down from 20% a decade ago.

EU firms are the world's largest suppliers of FDI

Share of the world's outward FDI stock held by investors from selected economies, 2015-25, in %



The EU figure includes investment between EU member states.

▶ More details

Source: UNCTAD, US BEA, China's SAFE

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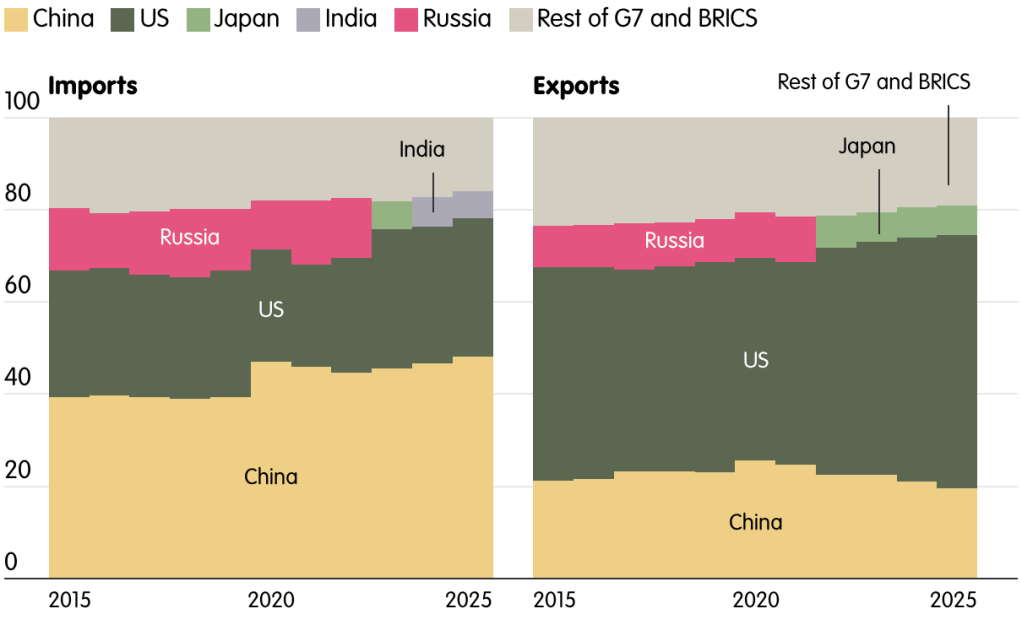
Where the EU is exposed

The EU has pledged to embrace de-risking, but its trade flows with G7 and BRICS economies are concentrating on the US and China. Between 2015 and 2025, the share of the EU's goods trade with G7 and BRICS economies that goes to its top three partners rose by 3.8 percentage points for imports (to 84.2%) and by 4.3 percentage points for exports (to 80.9%). This signals a concentration pattern of EU trade ties for both suppliers and export markets, when de-risking would require diversification.

Despite transatlantic tensions, the US is becoming a more important partner for EU firms. US companies bought 21% of the bloc's worldwide extra-EU goods exports in 2025, up from 17% in 2015—signalling EU firms' growing reliance on the US as an export market. The pattern holds for imports, albeit less markedly. US firms supplied 14% of the bloc's worldwide extra-EU goods imports in 2025, up from 12% in 2015. One caveat is that the data predate the implementation of the EU's string of new trade agreements with Australia, India, Indonesia and Mercosur economies.

The EU's trade ties with G7 and BRICS economies are concentrating

EU goods trade with other G7 and BRICS economies, 2015-25, in %



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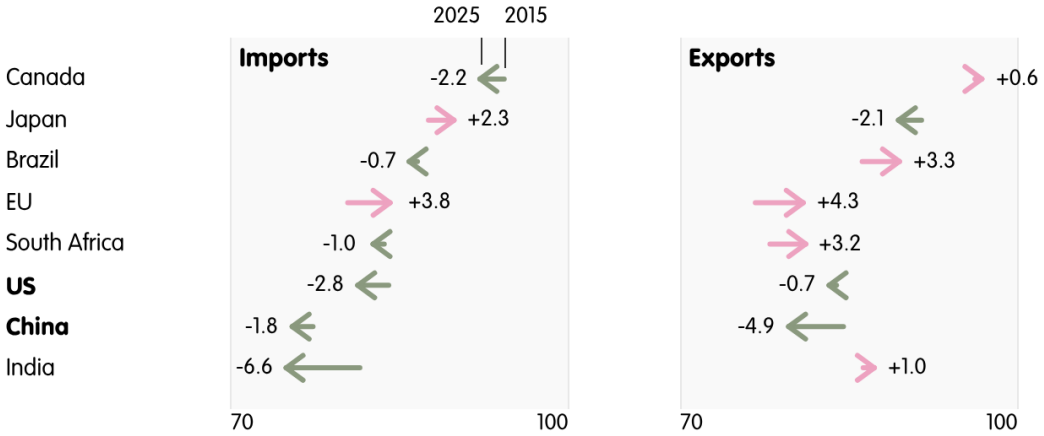
Source: UN Comtrade

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Most other large economies are diversifying their mix of suppliers, in line with de-risking pledges. Only Japan shows a similar concentration trend for its imports from other G7/EU and BRICS economies.

The US and China are diversifying trade ties

Each economy's top-three-partner share of goods trade with the other G7 and BRICS economies, 2015 and 2025, in %, and the change in percentage points



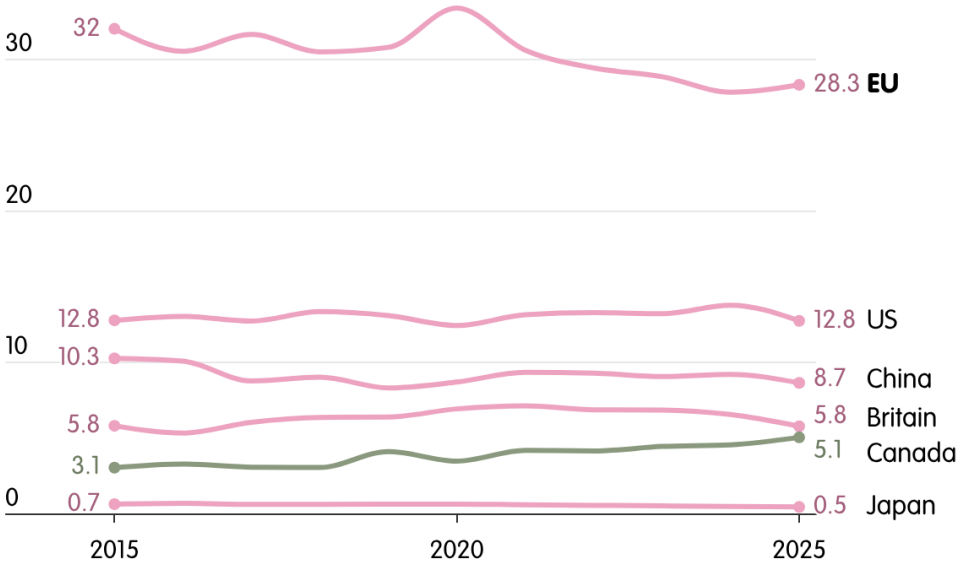
▶ More details

Source: UN Comtrade
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The EU is losing ground as an investment destination. The bloc's share of global inward FDI stock (that is, the stock of global FDI that sits in the EU) has dropped from 32% to 28% over the past decade (the data include investment between EU member states). By contrast, the US share has held steady, at 13% over the same period.

The EU hosts a shrinking share of the global stock of inward FDI

Share of the world's inward FDI stock hosted by economy, 2015-25, in %



The EU figure includes investment between EU member states.

▶ More details

Source: UNCTAD, US BEA, China's SAFE

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Middle powers

Middle powers

~~*MIDDLE POWERS: The winners of economic fragmentation. Envy Vietnam, admire India, court the Gulf. Call it "multi-alignment", never "non-alignment".*~~

MIDDLE POWERS (REVISED): Winning. Europe sends compliments rather than contracts—the bloc's trade ties with emerging powers are barely growing.

In September 2026, hundreds of jigsaw-puzzle enthusiasts travelled from around the world to Valladolid, Spain, for the world's jigsaw-puzzle championship. Each player got an identical box, and whoever completed the picture first won. The podium was all European.

Far from the minds of Valladolid players, the global economy is increasingly looking like a jigsaw puzzle. Competition for economic domination between the US and China is rearranging trade routes amid Western calls for de-risking from China, US tariffs and a global shift towards protectionism.

The data show which pieces of the puzzle matter most for Europe: middle powers and connectors, a set of emerging economies that are not picking sides between the US and China. Europeans need to put their inner puzzle-solving talents to use and reach out to these countries before the US and China do.

How middle powers and connector economies are winning

- **Middle powers and connector economies are becoming more central to global trade.** Nine of the ten countries in our sample recorded an increase in their share of global trade flows between 2015 and 2025.
- **Connector economies like Vietnam are becoming hubs between China and the US.** Meanwhile, middle powers' trade is growing with a broad range of partners.
- **Middle powers and connector economies are turning their growing trade clout into more durable gains.** The ten economies in our sample captured 17% of global FDI inflows between 2023 and 2025, up from 13% between 2013 and 2015.

Court the winners

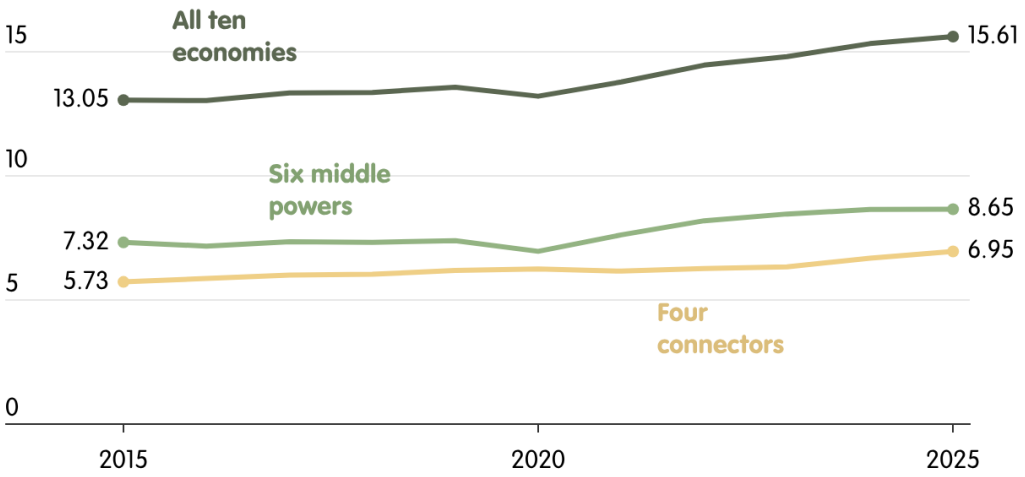
The new global economic map runs through Hanoi, Mexico City and Brasília. The EU should build ties with middle powers and connector economies before Washington or Beijing locks these countries in, focusing on those economies that also hold vast reserves of critical inputs like raw materials.

Why the EU needs to court middle powers and connector economies

Middle powers and connector economies are recording a rise in their combined share of global trade. The ten economies in our sample accounted for 16% of global trade flows in 2025, up from 13% in 2015.

The global trade clout of middle powers and connector economies is growing

Share of global goods trade, panel of ten middle powers and connector economies, 2015-25, in %



The panel includes six middle powers (Brazil, India, Indonesia, South Africa, Turkey and the United Arab Emirates) and four connector economies (Malaysia, Mexico, Thailand and Vietnam).

▶ More details

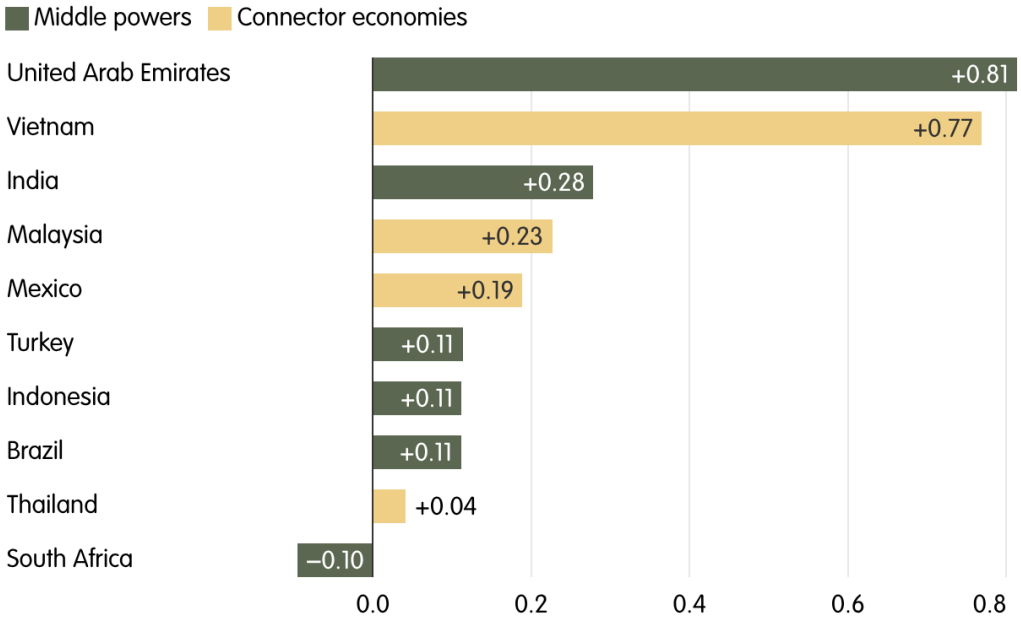
Source: WTO

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The vast majority of middle powers and connectors are becoming more central to global trade. Nine of the ten economies in our sample recorded a rise in their share of global trade flows between 2015 and 2025; South Africa is the only exception.

Most middle powers and connectors recorded a rise in their share of global trade flows between 2015 and 2025

Change in share of global trade, 2015 to 2025, in percentage points



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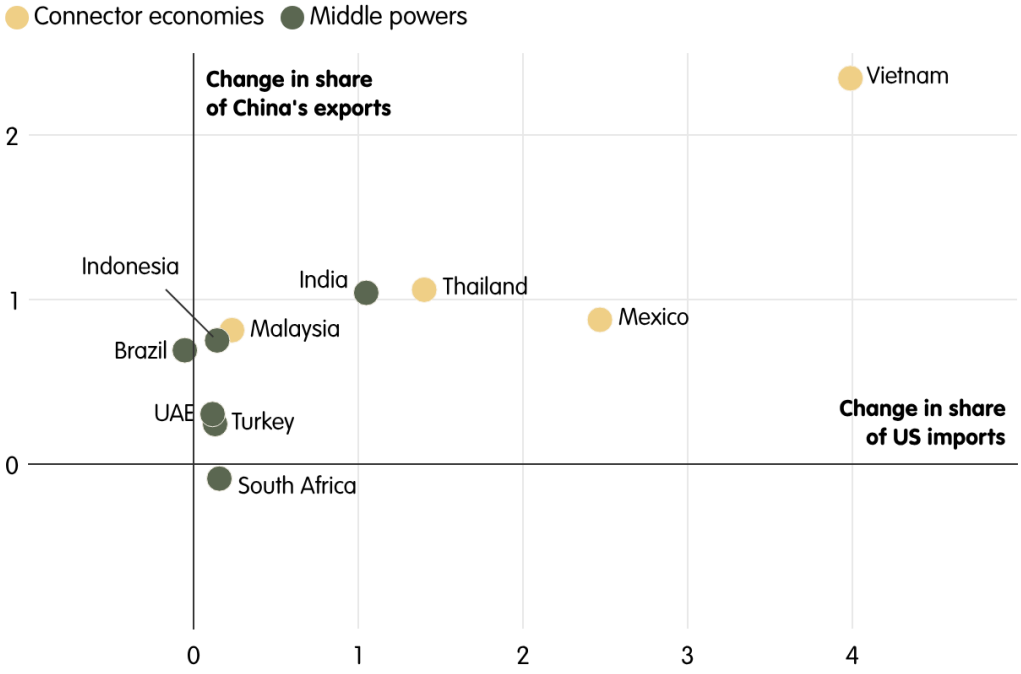
Source: WTO

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Connector economies act as intermediaries between the US and China. Firms from connector economies import goods from China before shipping them to the US—thereby dodging US tariffs on China. By contrast, middle powers' trade is growing with a broad range of partners.

Connector economies are importing more from China and exporting more to the US

Change in share of China's goods exports against change in share of US goods imports, 2015 to 2025, in percentage points

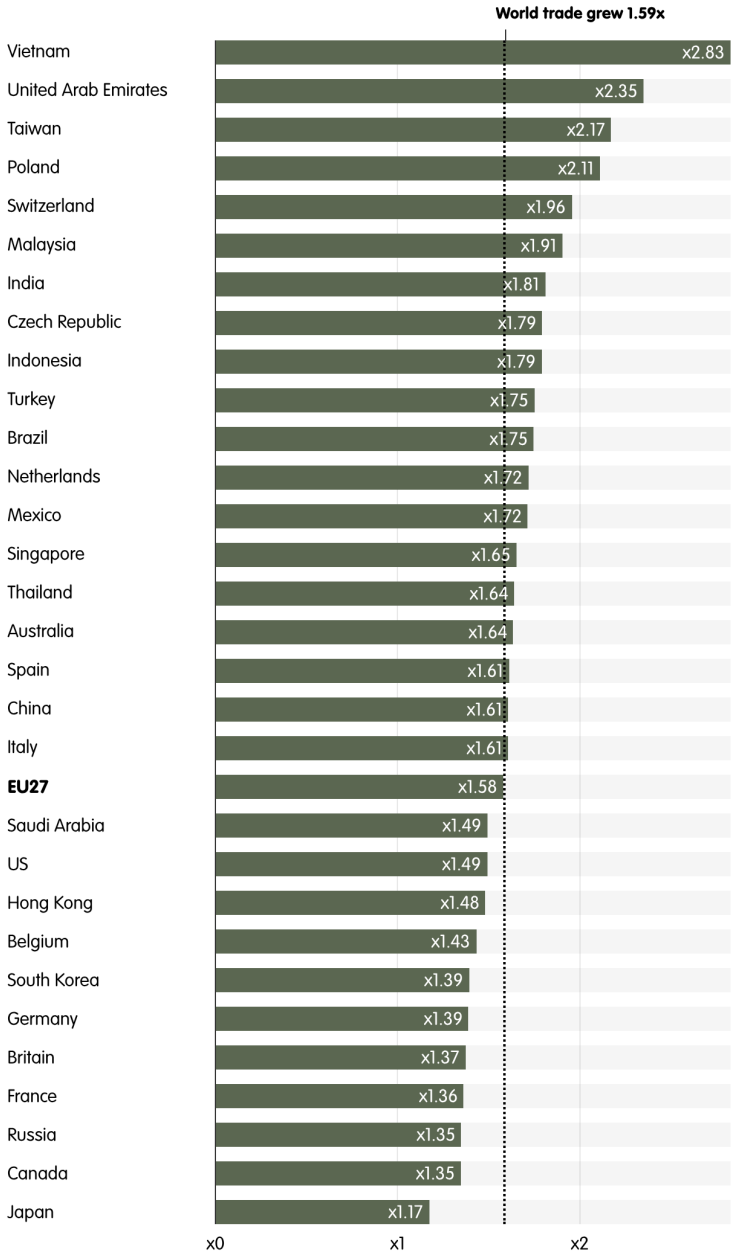


▶ More details

Source: Chinese customs, US Census
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Vietnam is the poster child of connector economies. Its trade turnover grew 2.8 times between 2015 and 2025, against 1.6 times for the world's turnover.

Vietnam's trade turnover is booming
Goods trade value in 2025 vs 2015 (current US dollars), 30 largest trading economies and EU



The EU row is for the EU27. It includes eight economies otherwise displayed. South Africa is not shown because it is not one of the world's 30 largest trading economies.
▶ More details

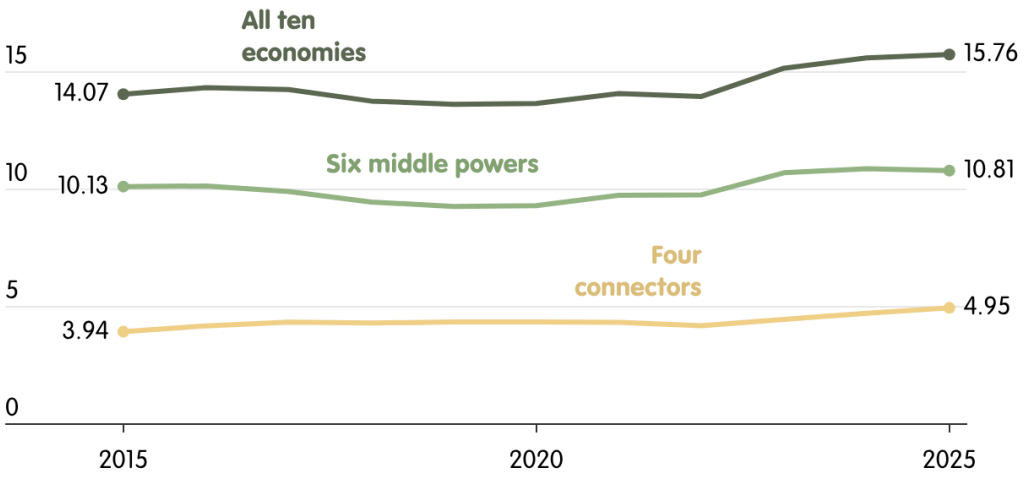
Source: WTO
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Where the EU is falling behind

The EU is failing to reorientate trade ties towards emerging powers. In 2025, middle powers and connector economies accounted for 16% of the EU's extra-EU goods trade turnover, barely up from 14% a decade earlier. Recent EU trade deals, such as those with India, Indonesia and Mercosur economies, could change this picture. However, they will yield results only gradually.

So far, the EU is failing to reorientate trade ties towards emerging powers

Share of EU extra-EU goods trade with ten middle powers and connector economies, 2015-25, in %



The panel includes six middle powers (Brazil, India, Indonesia, South Africa, Turkey and the United Arab Emirates) and four connector economies (Malaysia, Mexico, Thailand and Vietnam).

▶ More details

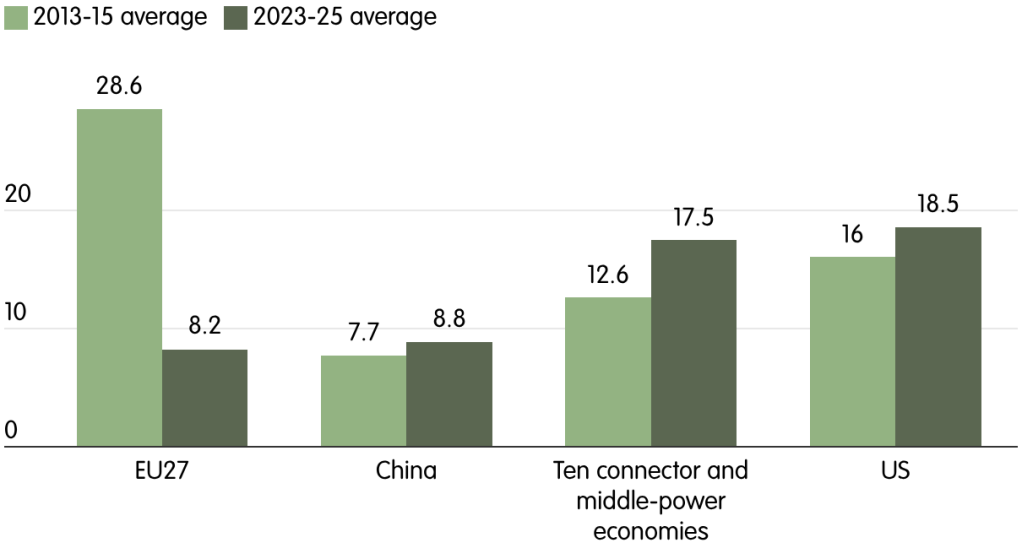
Source: Eurostat

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The winners of fragmentation are outcompeting the EU at attracting global investment. The EU captured just 8% of world FDI inflows between 2023 and 2025, sharply down from 29% between 2013 and 2015. The US, China and our sample of ten middle-power and connector economies all saw their shares of global FDI inflows rise between the same two periods. The data highlight how middle powers and connectors are turning their growing trade clout into more durable gains: long-term foreign investments on their soil.

The EU is capturing a dwindling share of global FDI flows

Share of world FDI inflows, in %



The panel includes six middle powers (Brazil, India, Indonesia, South Africa, Turkey and the United Arab Emirates) and four connector economies (Malaysia, Mexico, Thailand and Vietnam).

▶ More details

Source: UNCTAD

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Compare the ten middle powers and connector economies in more detail.

Ten middle powers and connector economies, trade and investment metrics

	Evolution in share of global goods trade, 2015-25, in % share and percentage points	Evolution in share of global FDI inflows, 2015-25, in % share and percentage points	Evolution in share of global inward FDI stock, 2015-25, in % share and percentage points	Evolution in FDI inflows, 2013-15 vs 2023-25 average, in $
Vietnam	0.98% ▸ 1.75% +0.77pp	0.53% ▸ 1.25% +0.72pp	0.39% ▸ 0.59% +0.19pp	9.97bn ▸ 19.67bn +9.71bn
Malaysia	1.13% ▸ 1.36% +0.23pp	0.45% ▸ 0.95% +0.49pp	0.45% ▸ 0.58% +0.14pp	11.03bn ▸ 11.35bn +0.33bn
Mexico	2.36% ▸ 2.55% +0.19pp	1.62% ▸ 2.52% +0.90pp	1.64% ▸ 1.8% +0.16pp	38.22bn ▸ 38.43bn +0.21bn
Thailand	1.25% ▸ 1.3% +0.04pp	0.25% ▸ 1.18% +0.92pp	0.7% ▸ 0.83% +0.13pp	8.64bn ▸ 15.2bn +6.56bn
UAE	1.69% ▸ 2.51% +0.81pp	0.38% ▸ 2.97% +2.59pp	0.42% ▸ 0.69% +0.27pp	9.8bn ▸ 41.52bn +31.73bn
India	1.99% ▸ 2.27% +0.28pp	1.98% ▸ 2.39% +0.41pp	1.08% ▸ 1.22% +0.14pp	35.62bn ▸ 31.35bn −4.26bn
Indonesia	0.88% ▸ 0.99% +0.11pp	0.75% ▸ 1.32% +0.57pp	0.85% ▸ 0.75% −0.10pp	19.09bn ▸ 22.58bn +3.49bn
Turkey	1.1% ▸ 1.21% +0.11pp	0.85% ▸ 0.77% −0.09pp	0.6% ▸ 0.43% −0.17pp	15.14bn ▸ 11.33bn −3.81bn
Brazil	1.1% ▸ 1.21% +0.11pp	2.25% ▸ 4.73% +2.49pp	1.64% ▸ 2.51% +0.87pp	57.63bn ▸ 67.93bn +10.30bn
South Africa	0.56% ▸ 0.46% −0.10pp	0.08% ▸ -0.14% −0.22pp	0.48% ▸ 0.29% −0.20pp	5.27bn ▸ 1.32bn −3.95bn
Panel of ten	**13.05% ▸ 15.6% (+2.56pp)**	**9.15% ▸ 17.9% (+8.79pp)**	**8.25% ▸ 9.7% (+1.44pp)**	**210.39bn ▸ 260.7bn (+50.31bn)**

The panel includes six middle powers (Brazil, India, Indonesia, South Africa, Turkey and the United Arab Emirates) and four connector economies (Malaysia, Mexico, Thailand and Vietnam).
▶ More details

Source: WTO, UNCTAD
ECFR · ecfr.eu

Methodology

Our sample of middle powers and connector economies includes ten countries overall: six middle powers (Brazil, India, Indonesia, South Africa, Turkey and the UAE) and four connector economies that position themselves as intermediaries for trade flows between China and the US (Malaysia, Mexico, Thailand and Vietnam).

Pivot (Russia's to China)

Pivot (Russia's to China)

~~*RUSSIA'S PIVOT TO CHINA: Complete. The energy went east; the friendship has no limits. Observe knowingly that sanctions never work; Russia is swamped with Chinese electronics.*~~

RUSSIA'S PIVOT TO CHINA (REVISED): Partial, at best: Chinese deliveries cover only about half of what Western suppliers used to send. When Moscow calls Beijing to complain, it is put on hold—behind Hanoi.

On February 4th 2022, Russia's president, Vladimir Putin, travelled to Beijing to meet his counterpart, Xi Jinping, and declare a "friendship with no limits". Analysts struggled to figure out what the phrase meant. On paper, it sounded both grand and obscure.

Just 20 days later, Russian troops invaded Ukraine, and it all started to make sense. Crippled by Western sanctions, Russia would turn to its new best friend to export hydrocarbons and replace the high-tech goods it could no longer buy from Western companies amid stringent G7/EU sanctions.

This was the theory. In practice, the data suggest that the no-limits friendship between Russia and China does have strict boundaries. Moscow is a small trade partner to Beijing, and Chinese firms supply only a fraction of the products that Russia previously imported from Western economies.

The limits of the no-limits friendship

- **China has not fully replaced Western suppliers in the Russian market.** In 2024, Chinese firms directly filled in just over half of the gap that Western sanctions left in Russia's imports.
- **The refill rate is particularly low in some sectors, and near zero for civil aviation.** Without Western spare parts or Chinese supplies, sanctions are a ticking time bomb for Russia's airlines.
- **Russia remains a minor trade partner for China.** Russia's share of China's trade is small and falling; it dropped from 4% in 2023 to 3.6% in 2025.

Exploit the gaps in China's support to Russia

Russia has had no choice but to turn east, yet its pivot to Beijing is far from delivering as much as Moscow's grand rhetoric suggests. That is leverage: EU sanctions policy should press where the pivot visibly fails.

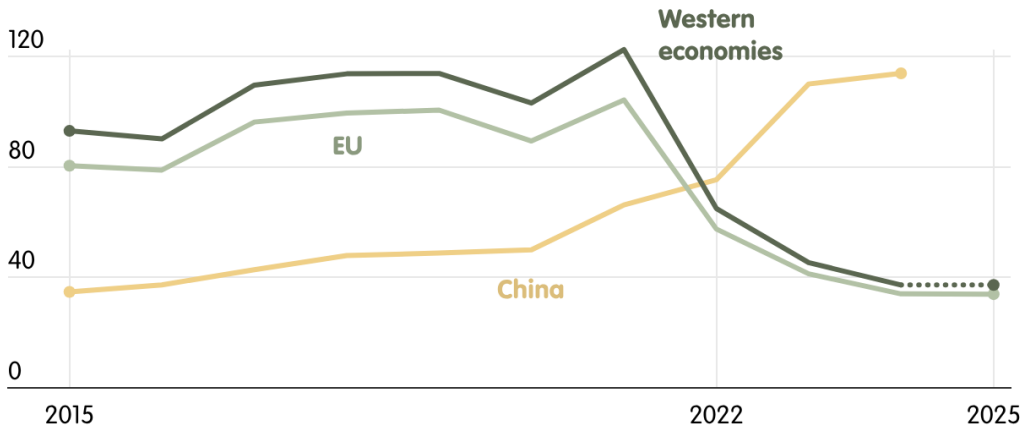
Where the EU is strong

Western export restrictions have left a huge hole in Russia's imports. Sanctions cut Russia's imports by some $85bn per year between 2021 and 2024. The EU's withdrawal from the Russian market accounts for around $70bn of that.

Russia's sanctions busting likely does not close the gap. The data do not account for sanctions circumvention via well-known hubs like Azerbaijan, the United Arab Emirates or Central Asian economies. However, sanctions busting is hardly a panacea for Russia; it typically brings lower-quality goods at inflated prices.

Western sanctions have left a hole in Russia's imports

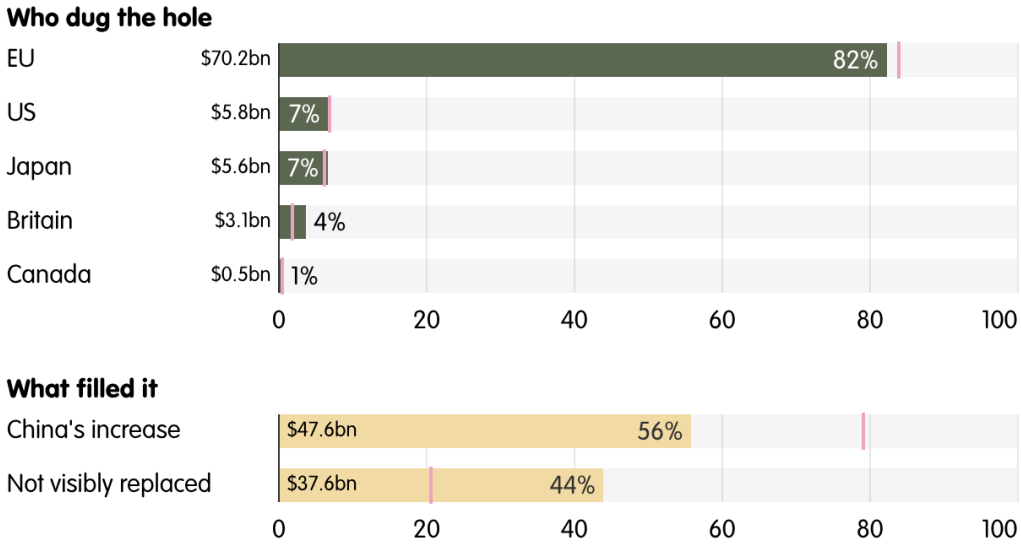
Exports to Russia, 2015-25, in $bn



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Fall in Western exports to Russia between 2021 and 2024, by exporter and by how much of it China's exports replaced, in $bn and % of the fall

Same components measured between the 2019-21 and 2023-24 averages



"Not visibly replaced" is a ceiling on Russia's loss, not a measure of it: goods rerouted through third countries would reduce it.

▶ More details

Source: UN Comtrade

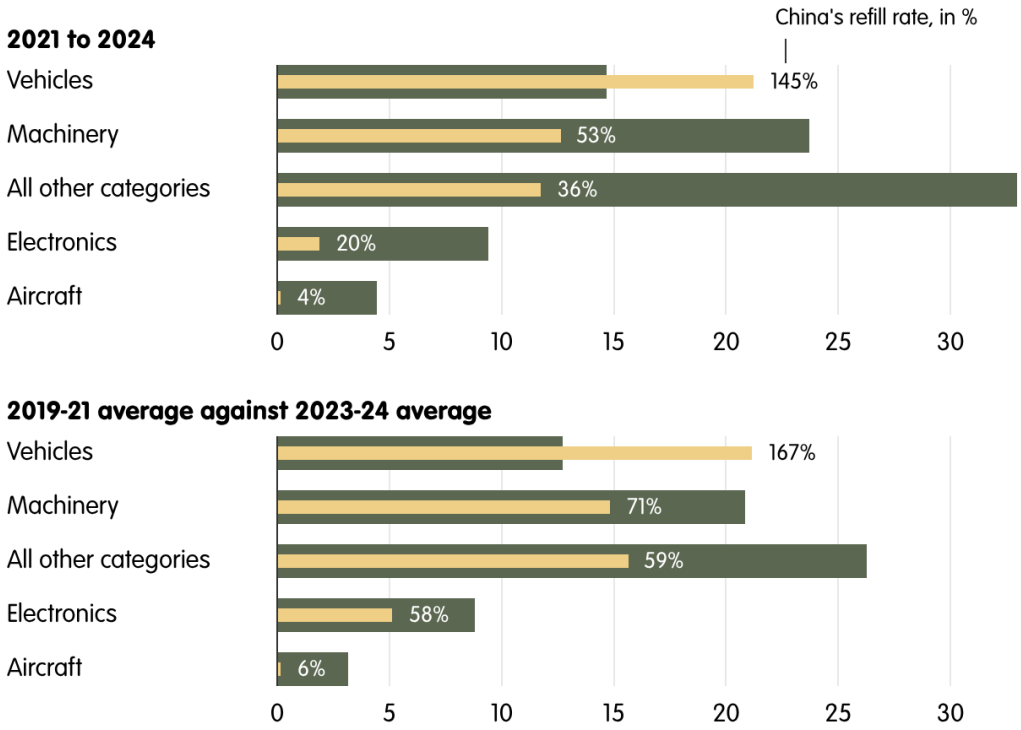
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The hole in Russia's imports is largest for high-tech goods. In 2024, Russia's observable imports of machinery and electronics from G7/EU and BRICS economies were still 27% below their pre-war level of 2021. From G7/EU economies only, the drop in Russia's observable imports of such goods reached 90%.

China's replacement rate varies widely by sector. Overall, in 2024 Chinese firms directly replaced just over half of the gap in Russian imports compared to pre-war (2021) levels. Russia's current war economy needs troves of high-tech kit, meaning that the real gap is probably larger. For some goods, China's refill rate is much lower than the average—it stands at a fifth for electronics and almost zero for aircraft. This points to a ticking time bomb for Russian airlines; aircraft can keep flying for years without Western maintenance and spare parts, but not forever.

China has filled just over half of the hole that Western sanctions left in Russia's imports

Fall in Western exports to Russia and rise in China's exports, selected product categories, in $bn



The data is in value, not volume

▶ More details

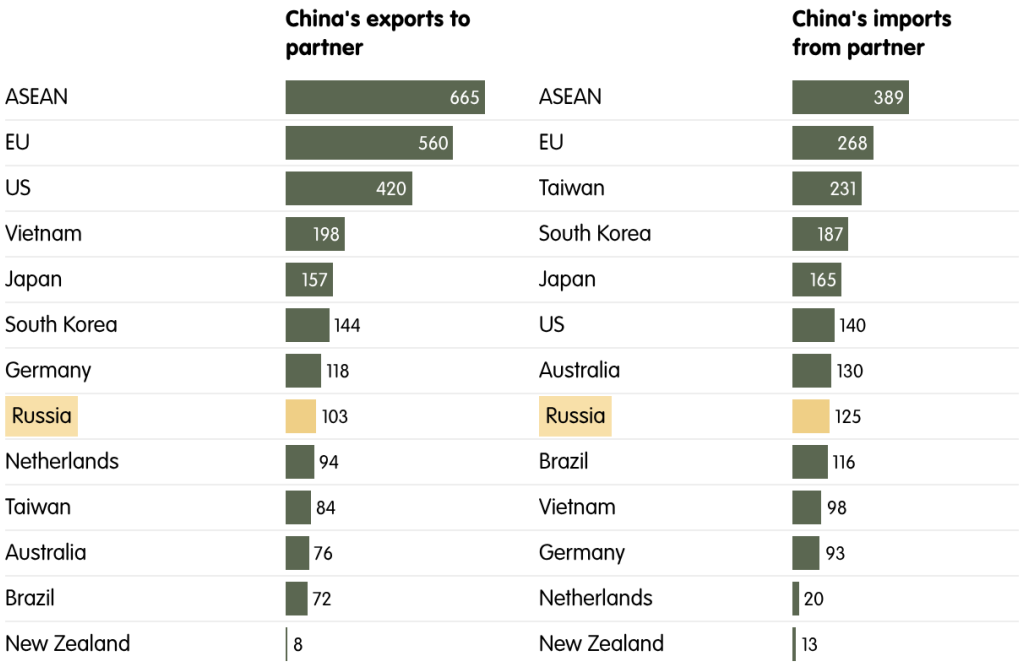
Source: UN Comtrade

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Russia needs China far more than China needs Russia. In 2025, China was Russia's top trade partner by a wide margin. Meanwhile, Russia was China's seventh-largest trade partner—behind Vietnam, a much smaller economy than Russia.

Russia remains a small trade partner for China

China's goods trade with selected partners, 2025, in $bn



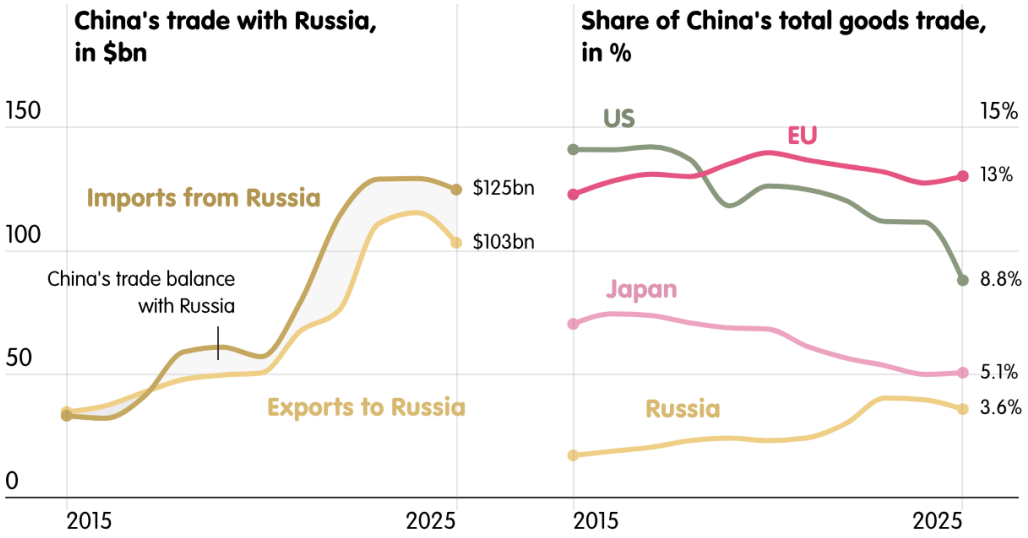
▶ More details

Source: Chinese customs
ECFR · ecfr.eu

Russia accounts for a small and shrinking share of China's trade. In 2025, Russia accounted for just 3.6% of China's trade flows, down from 4% in 2023. These data show that Russia is not a critical trade partner for China.

Russia's share of China's trade is small and falling

China's trade with Russia and other large economies, 2015-25



▶ More details

Source: Chinese customs

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Where the EU is exposed

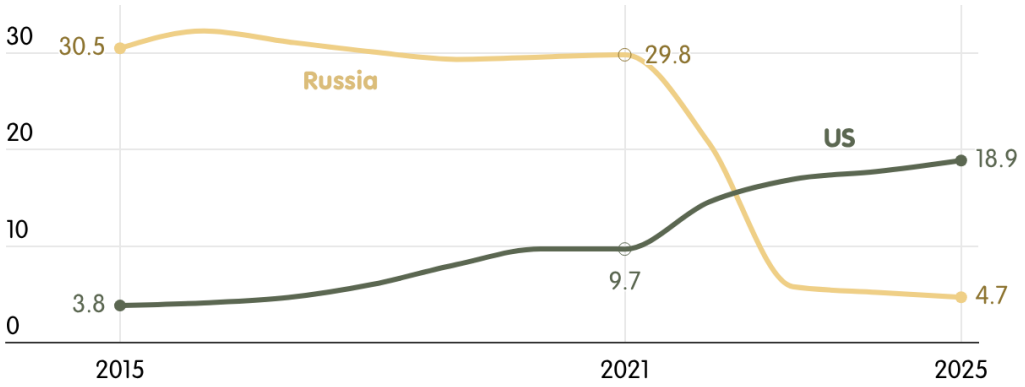
The EU switch away from Russian energy is unfinished. Russia's share of the EU's extra-EU energy-import bill fell from around 30% (up to and including 2021) to 5% (by 2025). However, Russia still supplied 15% of the EU's extra-EU gas imports in 2025. A full EU ban on Russian gas, covering pipeline gas and liquefied natural gas (LNG), should come into force in September 2027.

Some of the EU's non-Russian energy supplies flow through Russian territory. Kazakhstan, now the EU's third-largest supplier of crude, pumps its oil to Europe through a pipeline that crosses Russia.

Replacing Russian energy has created a growing dependence on the US. America has been the EU's top energy supplier since 2023; US firms supplied 19% of the bloc's extra-EU energy imports in 2025, up from 4% in 2015. (The data cover coal, crude oil, refined products and gas.)

US firms have become major energy suppliers to the EU

Russia's and America's share of the EU's extra-EU energy imports (coal, crude oil, refined products and gas), 2015-25, in %



▶ More details

Source: UN Comtrade

ECFR · ecfr.eu

Tech race

Tech race

~~*TECH RACE: Lost, definitively, since Nokia. Say "we regulate what others invent", with secret pride. Deplore the EU's brain drain to the US while filling in an application form for a sabbatical at Stanford University.*~~

TECH RACE (REVISED): For the EU, best run as a relay. Europe is nowhere in AI, chips and biotech; alongside Japan and the US, it sets the pace for chip-making machines.

Tokyo, Summer Olympics in 2021. To the dismay of Americans watching the athletics from the comfort of their couches, the US men's 4×100 relay team failed to reach the final after a bobbled baton exchange. This failure came as a shock to athletics fans: the US team was the race's favourite, counting in its ranks three of the world's fastest men at the time.

Tech policy is saturated with sporting metaphors these days. At fancy dinners, someone will almost always point out that technological development is a marathon, not a sprint—whatever that means. Yet for Europeans, the relay may be a better metaphor.

As the US team learned in Tokyo, the relay rewards planning and coordination—not just raw speed. This suits the EU, which is hardly a sprinter. Data show that, on its own, the bloc trails the US and China in the global tech race. However, as part of a team, the EU holds significant leverage. It just needs to avoid dropping the baton

How the EU can still compete in the tech race

- **The EU's tech leverage is greatest as part of coalitions.** In 2024, G7/EU economies and their like-minded partners South Korea and Taiwan supplied 81% of China's imports of chip-making equipment.
- **Digital services are the EU's quiet strength**. The euro zone is a leading supplier of information and communication services, resulting in a trade surplus of about $264bn for these services in 2025.
- **The bloc's innovation metrics are nothing to write home about.** Euro zone economies run on foreign intellectual property, and the bloc is lagging behind the US and China in frontier sectors like AI and biotech.

Anchor tech policy in coalitions

Alone, the EU is a mid-sized tech player on the global scene. However, the bloc holds genuine leverage as part of coalitions with the G7 and other like-minded partners.

Where the EU is strong

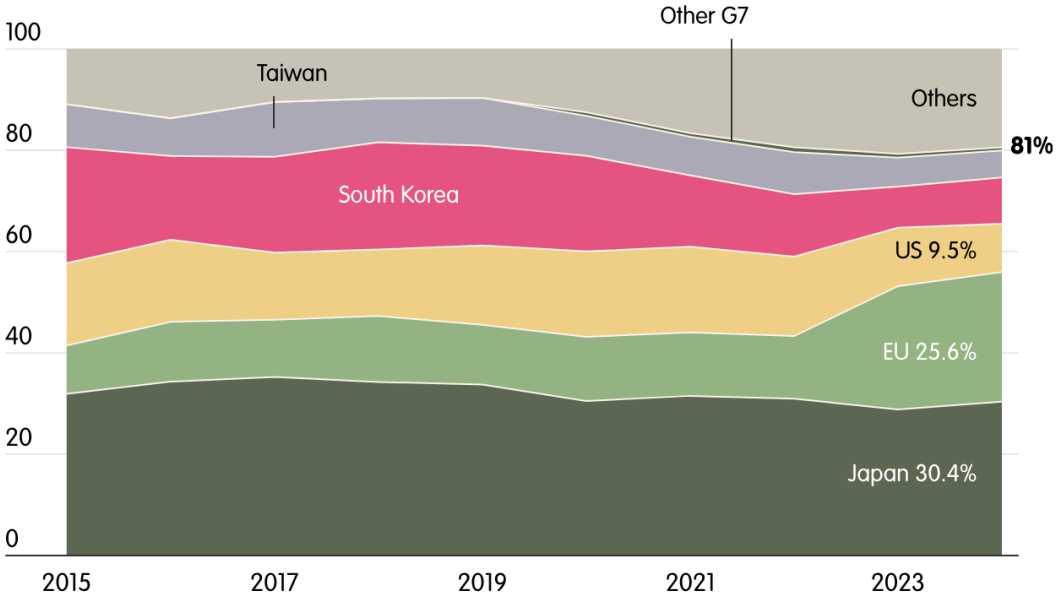
The G7 and its partners have an ace up their sleeve for chips. In 2024, G7 economies and their like-minded partners South Korea and Taiwan supplied 81% of China's chip-making equipment imports. The EU is central to the group: the Netherlands alone accounted for 21% of China's imports of chip-making machinery. This partly reflects the dominance of Dutch firm ASML in extreme ultraviolet lithography, a key process in making advanced semiconductors. Japan is an even bigger player than the EU: in 2024, Japanese firms like Tokyo Electron supplied 30% of China's chip-making equipment imports.

Western leverage in semiconductor-making equipment will not last forever. Chinese imports of chip-making equipment rose nearly fourfold over the past decade, to $47bn in 2024. However, the share of China's chip-making equipment imports supplied by G7/EU economies and their like-minded partners has dropped from 89% to 81% over the past decade. The slide is mostly due to South Korea, the US and Taiwan losing ground to Singapore and Malaysia.

Europe's leverage is a double-edged sword. Restricting China's access to advanced semiconductor-making machinery fuels Beijing's self-sufficiency drive. What is more, cutting off Western firms from a huge market like China weakens their long-term business outlook—and thus Western leverage. The $38bn worth of chip-making equipment that suppliers from the G7/EU and like-minded partners shipped to China in 2024 represents a large part of their order books.

China buys most of its chip-making equipment from G7 economies and their like-minded partners

Supplier share for China's imports of chip-making equipment (HS 8486), 2015-24, in % of the total



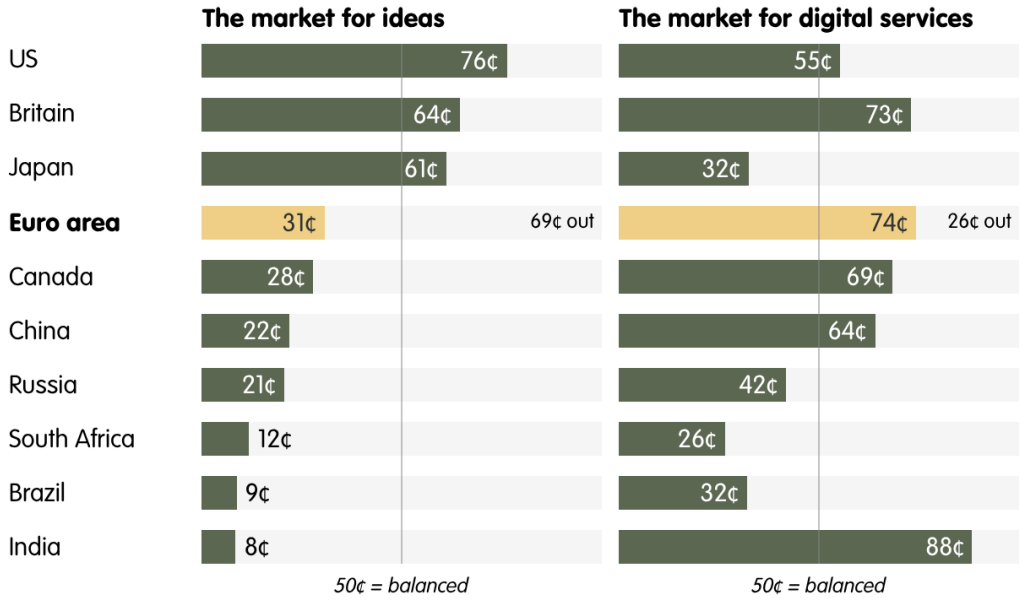
▶ More details

Source: UN Comtrade
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Digital services are the EU's quiet strength. In 2025, the euro area earned nearly three times what it paid the rest of the world for information and communication services, leaving it with a trade surplus of about $264bn for these products. One caveat is that Ireland's role as a hub for US tech multinationals distorts the data.

The euro area is a major exporter of information-and-communication services

Dollar cents coming in for every $1 crossing the border in either direction, trade in intellectual-property fees and information-and-communication services, 2025, in cents per $



The two panels are separate flows and do not sum to the euro area's overall trade balance.
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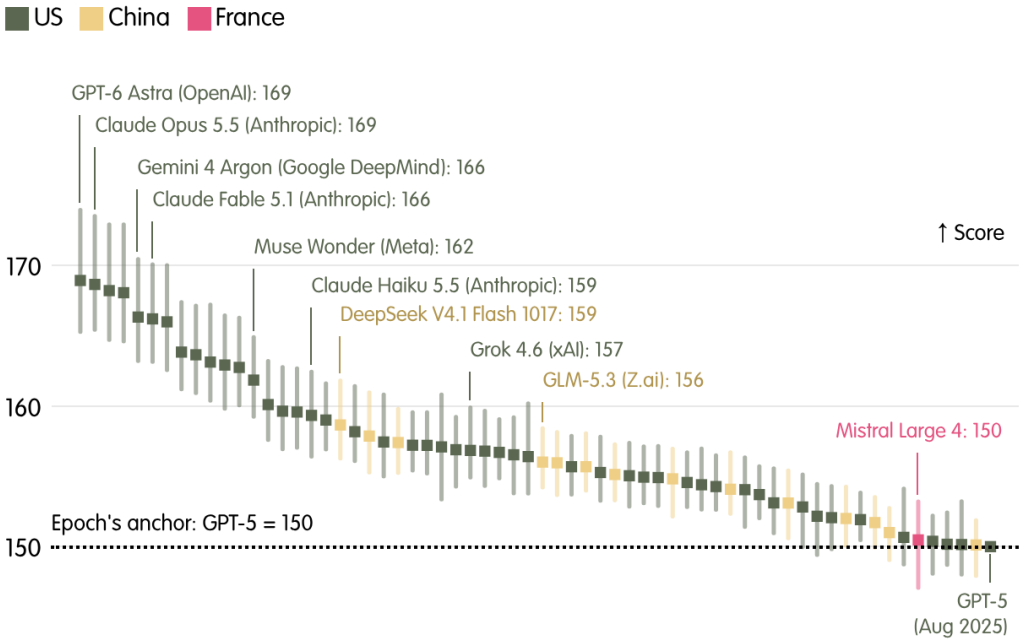
Source: IMF
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EU weaknesses

Just two countries, the US and China, run the global artificial intelligence (AI) race. Only one European model, Large 4 by French startup Mistral, features among the world's 64 best large language models—the other 63 are American or Chinese. Large 4, which Mistral released in October 2026, sits roughly a year behind its American competitors. The model's capabilities are similar to those of GPT-5, which OpenAI released in August 2025. Meanwhile, Chinese AI models slightly trail the American frontier. However, they are typically cheaper and good enough for most use cases, making them an appealing option for many users.

63 of the world's 64 leading AI models are American or Chinese

AI models scoring at least 150 on Epoch AI's capabilities index, by home country, end-October 2026



Whiskers show Epoch's 90%-confidence intervals

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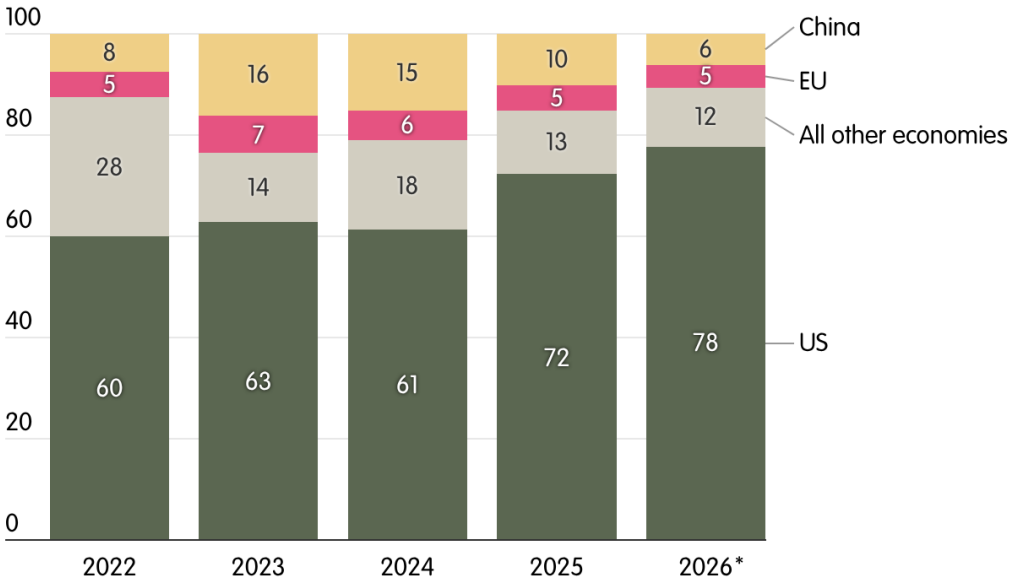
Source: Epoch AI, as of October 30th 2026

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European firms buy few of the world's AI chips. In the first half of 2026, American firms bought almost four-fifths of the global supply of AI-grade chips that power data centres, such as US firm Nvidia's H100. China buys only a small share of these chips because of US export controls on advanced semiconductor technology. In addition to developing models that require less computing power, Chinese AI labs strap less powerful chips together to make up for the shortfall in advanced semiconductors.

The US buys most of the world's AI chips

Share of the world's AI chips arriving in each economy, weighted by processing capacity (H100-equivalents), 2022 to June 2026, in %



2026 is for January-June

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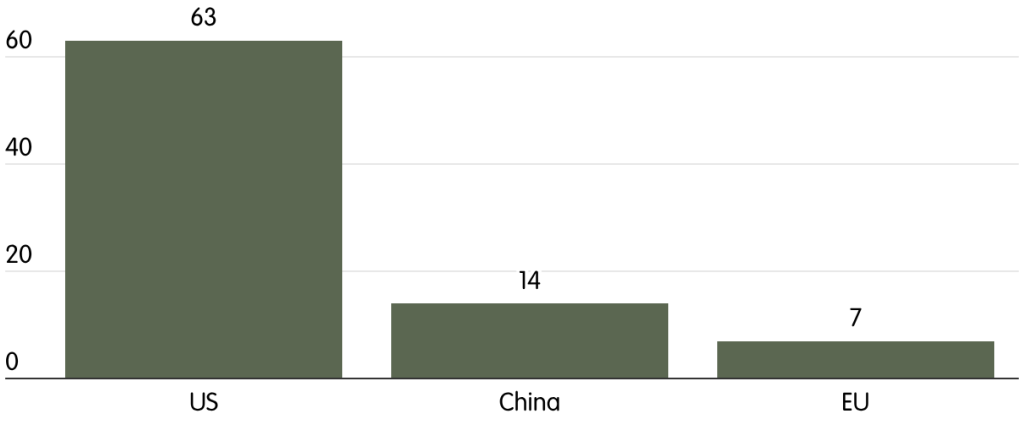
Source: Epoch AI, as of October 27th 2026

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The EU attracts a small share of global venture-capital (VC) investment in health biotech. Between 2015 and June 2025, the US captured roughly two-thirds of global VC investment for health biotech, nine times more than the EU.

The EU attracts just 7% of global venture capital in health biotech

Share of global venture-capital investment in health biotech, 2015 to June 2025, in %



▶ More details

Source: European Commission

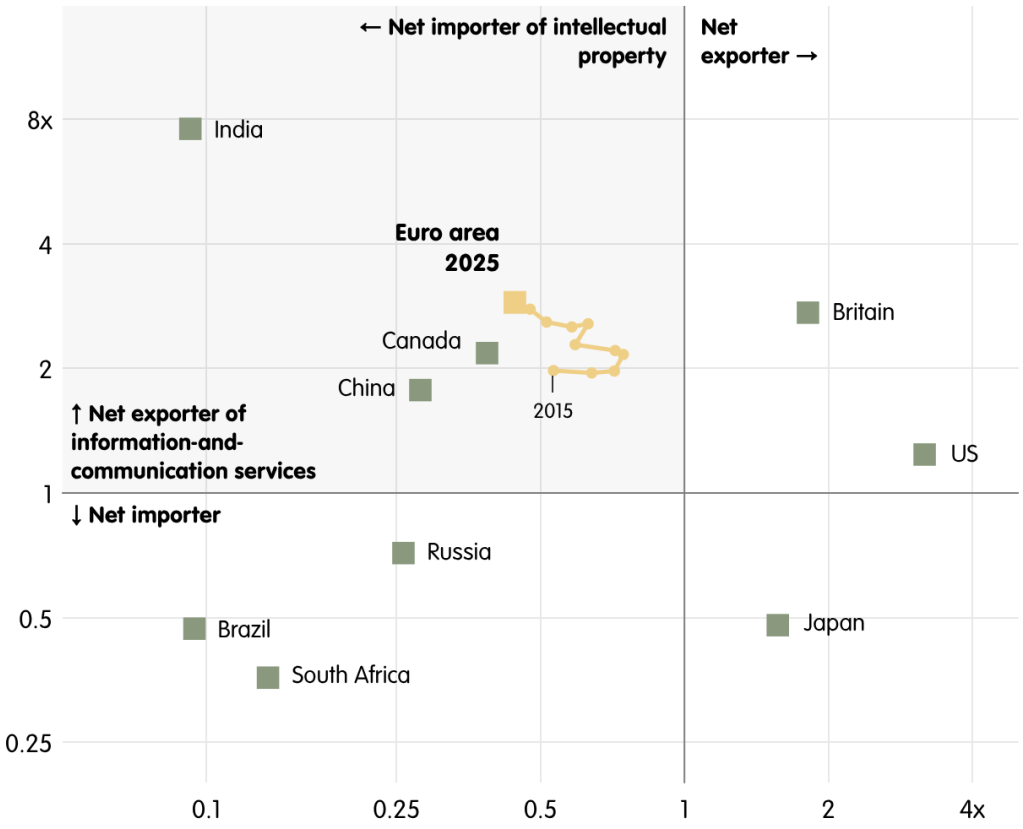
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Euro zone economies are net importers of intellectual property. Euro zone intellectual-property receipts (exports) covered only 44% of payments (imports) in 2025, down from a 74% peak in 2018. By contrast, the US, Britain and Japan are net exporters of intellectual property.

However, the picture varies greatly across member states. Some euro zone economies are net exporters of intellectual property. In 2024 (latest available data at the country level), Finland earned 4.4 times what it paid, Germany 1.7 times, the Netherlands 1.5 times and France 1.3 times.

The euro area is a net importer of intellectual property

Cover ratio for trade in information-and-communication services and intellectual property, 2025



Information-and-communication services = receipts ÷ payments (above 1× = net exporter).
Charges for the use of intellectual property = receipts ÷ payments (above 1× = net exporter).
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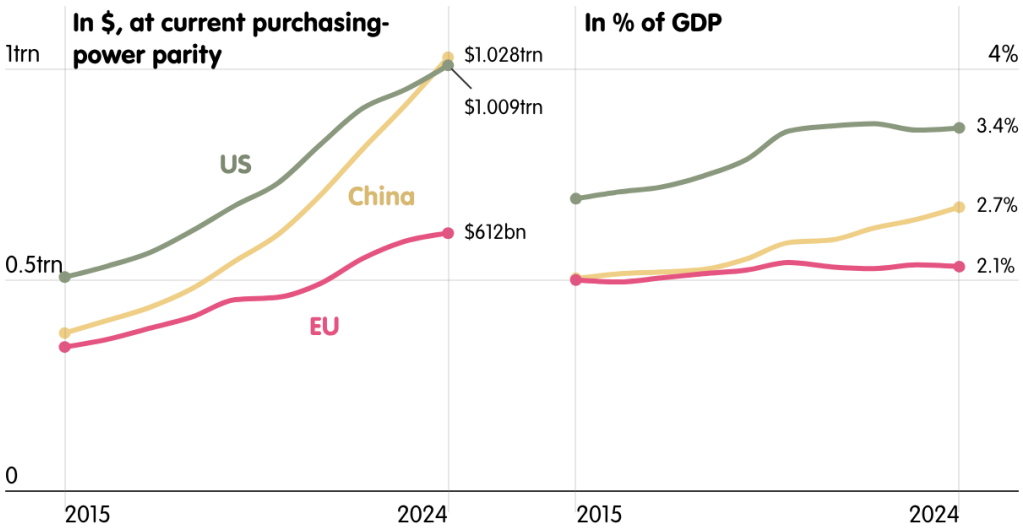
Source: IMF
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On the tech race's key input—R&D spending—the EU trails far behind the two world leaders. In 2024, China and the US each spent around $1trn on R&D (at purchasing-power parity), or around two-thirds more than the EU's $612bn.

What EU firms do spend on R&D is not reaching priority sectors. EU companies tend to invest in mid-tech sectors, like the automotive industry. By contrast, US firms invest heavily in the frontier sectors that will determine long-term economic prospects, like AI, chips and biotech.

The EU spends far less on R&D than the US and China

Gross domestic expenditure on research and development, 2015-24



▶ More details

Source: OECD

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Bonus entry: Statistics

Statistics

~~*STATISTICS: Official, thus exact. Where records disagree, pick the one that proves your point. The true figure exists; someone in Geneva must have it.*~~

STATISTICS (REVISED): Handle with care. The data do not lie, but they keep secrets: prising them out takes skill, patience and the occasional trick. Leave that to boring economists.

Imagine you were born imprisoned in a cave, with only a fire to keep you warm. You know nothing of the outside world; the only fragments of reality you interact with are the shadows that your captor projects onto the wall. This is how Plato's allegory of the cave begins.

Policymakers increasingly find themselves in a similar cave. Official statistics can appear precise in print, but they are only shadows of the real economy. Records often omit, misplace or distort figures. Sometimes they also contradict each other; other times, they fall silent.

Plato's prisoner eventually escapes the cave, witnessing the truth. Policymakers cannot flee their own cave: they cannot force other countries to hand over better data, or any data at all. When the statistical lights go off, the best that policymakers can do is learn to read the shadows.

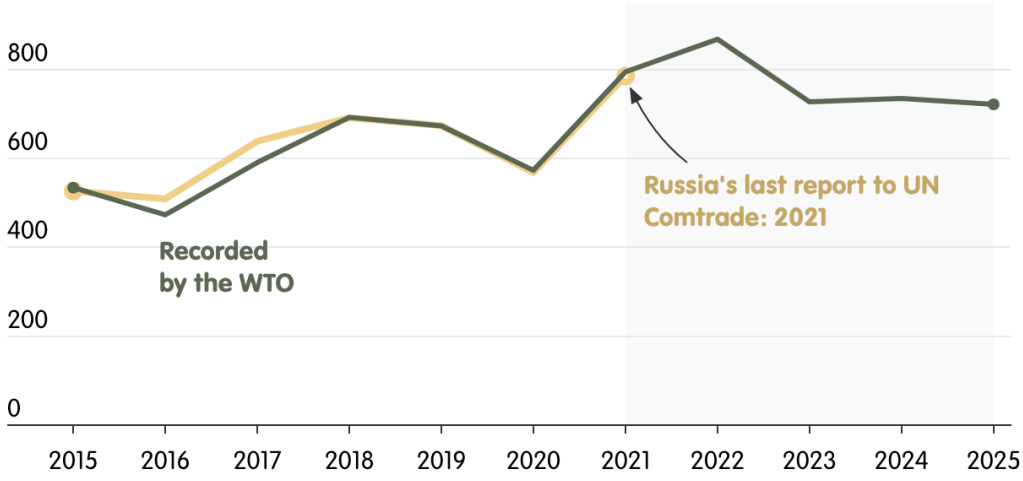
The other pages in this project test accepted ideas against the data. This page tests the data itself, presenting some of the surprises that a journey through millions of statistics can bring. Ten examples offer a behind-the-scenes look at where the data fall short, how one can work around their flaws, and why policymakers need to treat data analysis as a critical input for sound policymaking (hint: hire economists, ideally Mandarin-speaking).

When the number is not in the record

UN data might suggest Russia stopped all foreign trade in 2022. In reality, Russia simply stopped sending trade statistics to UN Comtrade after its full-blown invasion of Ukraine, probably to complicate analysis about the effectiveness of sanctions. Since then, economists can reconstitute Russia's trade data only from other sources, such as the World Trade Organization, or through "mirroring". The mirroring process entails using data from Russia's 219 trade partners that do send their statistics to UN Comtrade: Russia's imports are the sum of its 219 partners' exports to Russia, while Russia's exports are the sum of its 219 partners' imports from Russia.

Russia stopped reporting to UN Comtrade in 2022

Russia's total goods trade, as reported to UN Comtrade and the WTO, 2015-25, in $bn



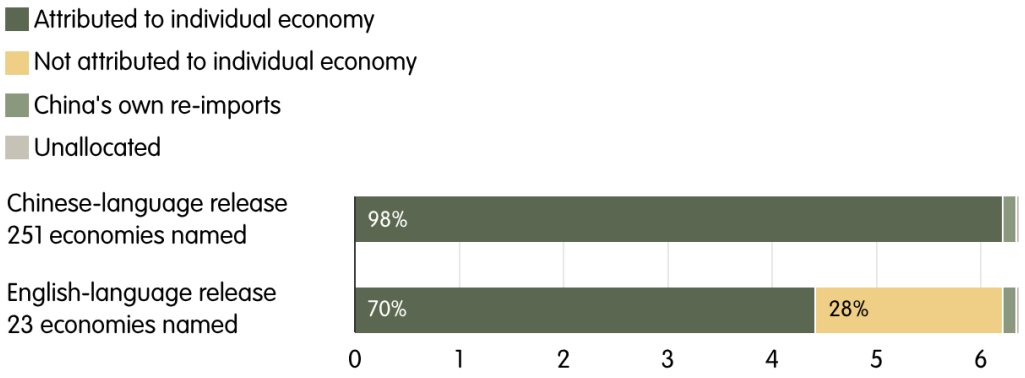
▶ More details

Source: UN Comtrade, WTO
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China publishes customs data for just 23 economies in English. Checking statistics for all the other economies requires Chinese language skills (or a decent, economics-savvy translator). The Chinese customs website also makes it virtually impossible to collect data in bulk for analysis (curious readers are welcome to ask how this can still be done).

China's English-language customs data leave $1.8trn in Chinese trade turnover unattributed

China's goods trade as published in its Chinese-language and English-language customs statistics, % of China's total trade turnover, 2025, in $trn



▶ More details

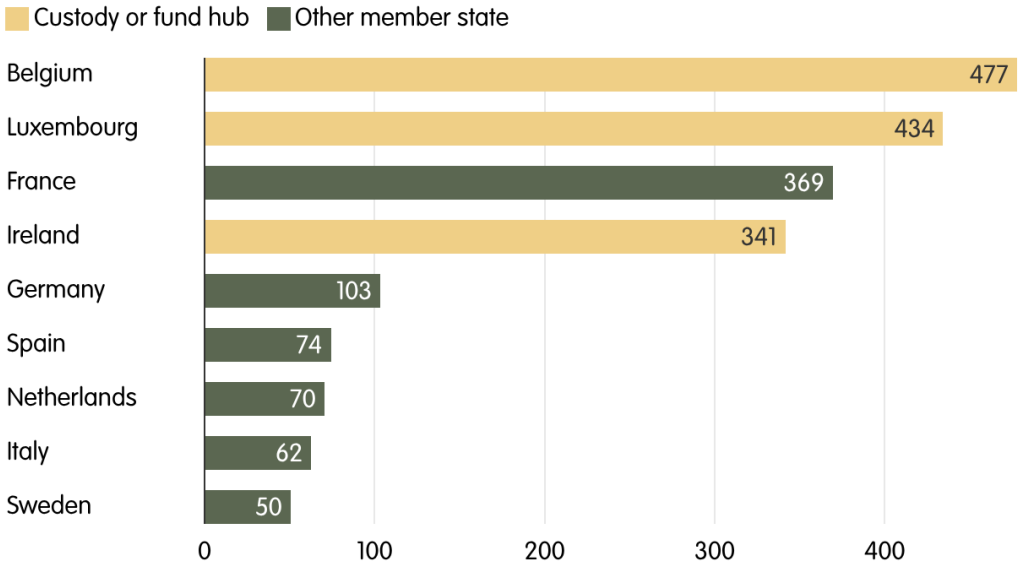
Source: Chinese customs
ECFR · ecfr.eu

When the number measures something else

On paper, Belgium is the EU's largest holder of US Treasuries. US statistics suggest that Belgium and Luxembourg are the two largest holders of US Treasuries in the EU. In reality, these large holdings reflect custodian and fund domiciles, such as Euroclear and Clearstream, rather than genuine holdings from Belgian or Luxembourgish investment funds.

France is the EU's largest genuine holder of US Treasuries

Holdings of US Treasuries by EU member state as of December 2025, for the nine members holding more than $50bn, in $bn



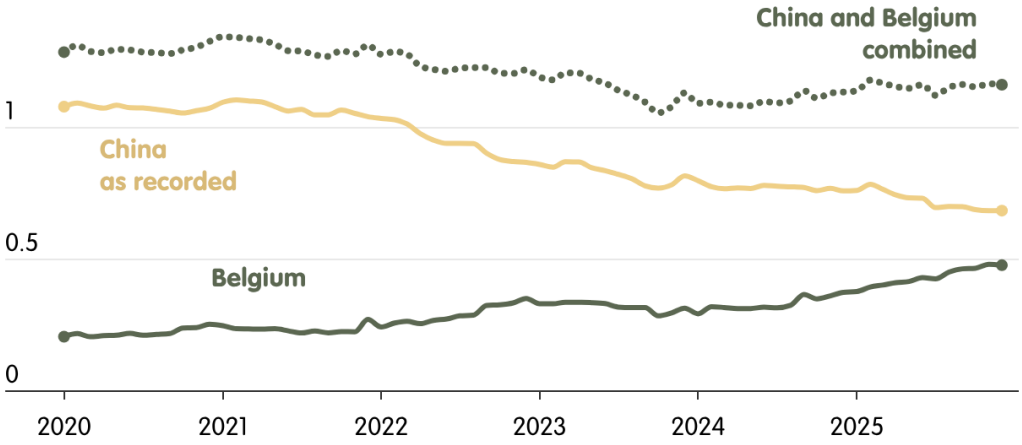
▶ More details

Source: US Treasury
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China's exit from US debt could be (far) less steep than it looks. According to American statistics, China's US Treasury holdings fell from $1.1trn at the end of 2020 to $684bn at the end of 2025, a 36% drop on paper. However, US Treasury data only record where securities sit in custody, not who really owns them. Over the same period, Belgium—the home of custodian Euroclear—saw its holdings rise by a whopping $224bn. This suggests that some of China's holdings may have moved into Euroclear's custody, not that Belgian investors are on a US Treasury buying spree.

China's exit from US Treasuries is real, but probably less steep than it looks

Holdings of US Treasuries, Belgium and China, 2020-25, in $trn



▶ More details

Source: US Treasury

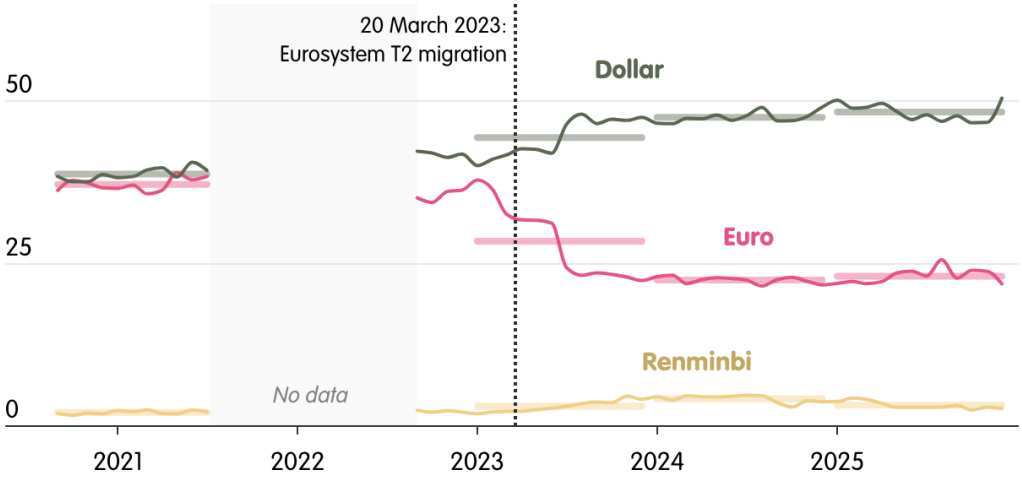
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When the number is misleading

SWIFT data suggest the euro's appeal as a global payments currency crashed suddenly in March 2023. On paper, the euro's share of SWIFT-processed payments fell from 37% (September 2020–July 2021 average) to 23% (2025 average). Over the same period, the dollar's share of SWIFT-processed payments rose from 39% to 48%. At face value, the drop suggests that the attractiveness of the euro for global payments sank in early 2023 for no obvious reason. The reality is more benign. On March 20th 2023, the Eurosystem launched a new platform to process euro-denominated payments. At around the same time, banks in the euro zone migrated to a new SWIFT messaging system. The SWIFT indicator stopped recording some (typically large) transactions, resulting in an apparent drop in the role of the euro as a global payments currency.

On paper, the euro-denominated share of SWIFT payments fell steeply in early 2023

Share of payments processed by SWIFT by currency, September 2020 to December 2025, in %



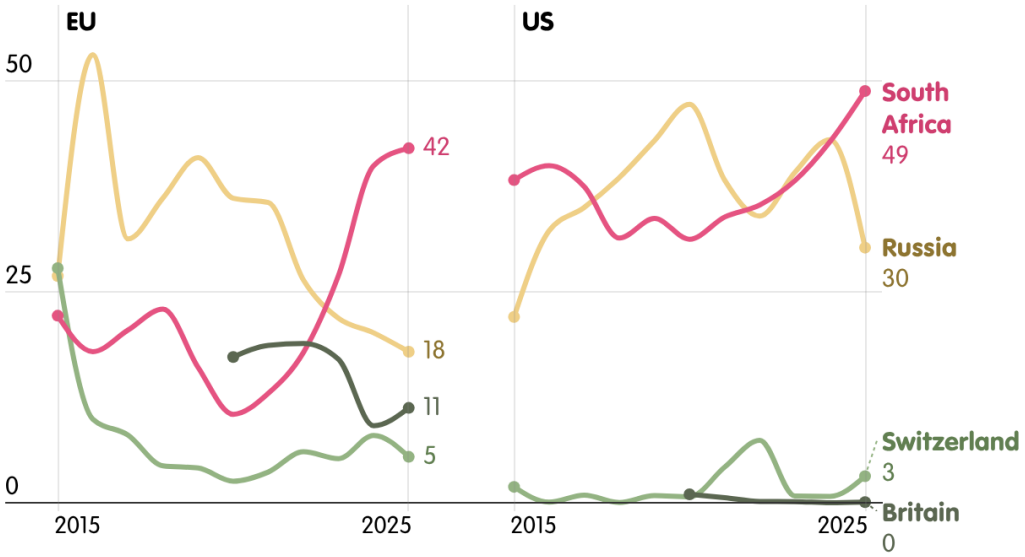
SWIFT did not publish the relevant data series between August 2021 and August 2022.
▶ More details

Source: SWIFT
ECFR · ecfr.eu

The true origin of the EU's palladium supplies is hard to track. Palladium is a key input for electronics, catalytic converters and defence. Russia was the EU's top palladium supplier every year between 2016 and 2022. After the full-blown invasion of Ukraine, Russia's market share for EU palladium imports broadly halved, dropping to 18% in 2025. Britain and Switzerland, which have no palladium mines, are significant suppliers of the metal to the EU. Customs data make it hard to track the true origin of the raw palladium that British and Swiss firms refine before shipping it to the bloc, making it impossible to trace the source of EU palladium supplies.

Russia's share of EU palladium imports nearly halved after 2021

Share of palladium imports supplied by Russia, South Africa, Switzerland and Britain, annual, 2015-25, in %



▶ More details

Source: UN Comtrade
ECFR · ecfr.eu

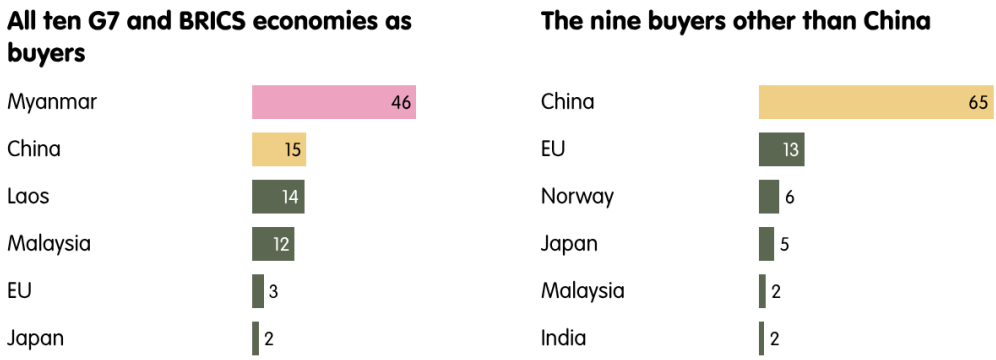
When the numbers disagree

Different methodologies lead to different results. On paper, Myanmar is the largest supplier of rare-earth compounds to G7/EU and BRICS economies. This is because Chinese refiners buy most of their feedstock there and China's purchases dwarf everyone else's. After excluding Chinese purchases, the picture changes drastically: China is the largest supplier of rare-earth compounds to the other G7/EU and BRICS economies.

Another challenge is that even the most granular customs codes bundle several minerals. For instance, the rare-earth compounds code covers both the raw concentrate leaving Myanmar and the separated compounds from Chinese refineries. This means that customs data cannot separate raw material from finished product. In other cases, tracking some minerals requires aggregating several customs codes. Tungsten, for example, fragments across three codes for ores, the ammonium paratungstate intermediate and unwrought metal. Overall, this customs-codes puzzle makes it difficult to track flows precisely.

On paper, Myanmar is the largest supplier of rare-earth compounds to G7 and BRICS economies

Suppliers of rare-earth compounds (HS 2846.90), % share of the buyers' combined import bill, 2024



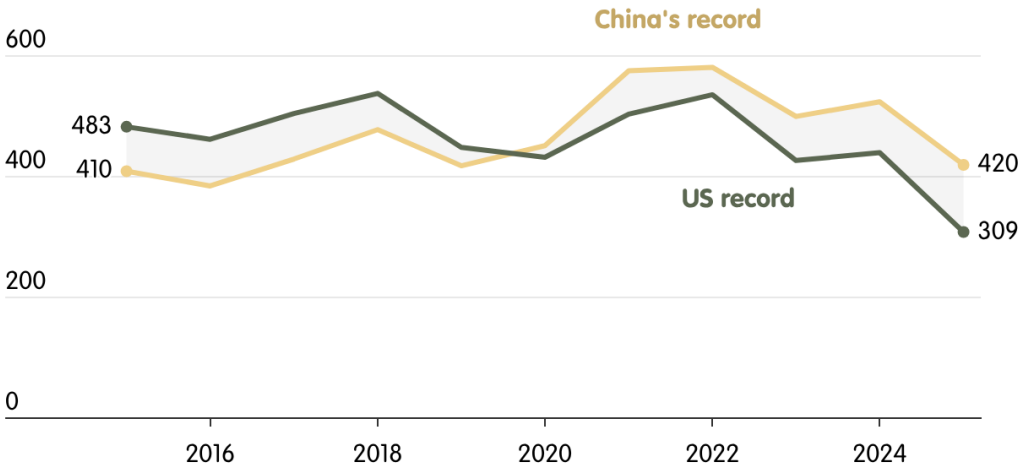
▶ More details

Source: UN Comtrade
ECFR · ecfr.eu

Two customs records of the same flow stand $111bn apart. In 2025, China recorded exports of $420bn to the US, but the US recorded imports of only $309bn from China. The $111bn difference is equal to 36% of the stated total for the US. Part of the gap has well-known drivers: US importers sometimes under-report imports to dodge US tariffs. A boom in "de minimis" parcels worth less than $800 that US Census data didnot record until 2025 further distorted the numbers. However, the impact of such drivers is hard to quantify, making it hard to track the real outcome of US de-risking efforts.

Two customs records can stand $111bn apart

China's customs record of goods exports to the US against the US customs record of goods imports from China, 2015-25, in $bn



▶ More details

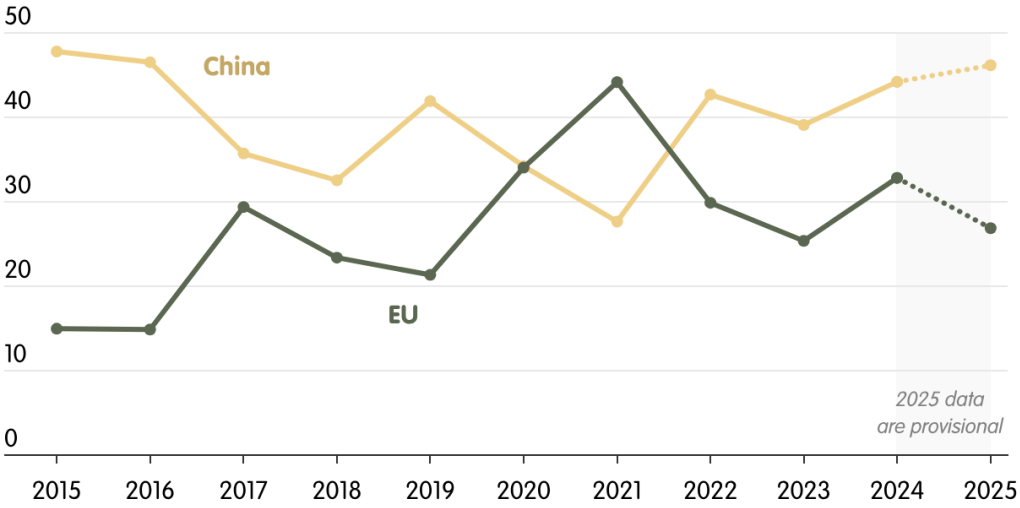
Source: Chinese customs, US Census
ECFR · ecfr.eu

When the number raises more questions than answers

Japan's antibiotics ingredients data have a year nobody can explain. In 2021, the EU suddenly became Japan's top supplier of antibiotics ingredients, briefly surpassing China before dropping back to second place. A reader focusing only on Japan's 2021 statistics would happily conclude that Japan suddenly diversified away from China and that the EU is Japan's top supplier of antibiotics ingredients. In practice, no one really knows what happened.

The EU briefly became Japan's top supplier of antibiotics ingredients in 2021

Share of Japan's imports of antibiotics ingredients (HS 2941) by supplier, 2015-25, in %



▶ More details

Source: UN Comtrade
ECFR · ecfr.eu

Ceci n'est pas un graphique. Customs data cannot measure whether Chinese and Indian energy purchases have fully compensated for Russia's loss of the European market. These data cannot measure revenue replacement or fiscal receipts from the Russian perspective; they record only the values of Chinese or Indian imports, leaving out the impact of price variations, murky discounts, changes in transport costs and different fuel mixes. Since early 2022, Moscow has classified, delayed or suspended the publication of its detailed export statistics.

Customs data cannot measure whether Chinese and Indian energy purchases have fully compensated for Russia's loss of the European market



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▶ More details
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Methodology

General notes

Unless otherwise stated, we define G7/EU economies as Canada, the EU (as a whole), Japan, Britain and the US. We account for the impact of Brexit on EU data on a case-by-case basis, as detailed in charts' footnotes and methodology.

Unless otherwise stated, we use current dollars because most primary sources present data in the US currency and we strived to avoid currency conversion distortions. We use current purchasing-power parity for R&D metrics.

Russia stopped publishing detailed customs data in early 2022, so the country's granular figures from 2022 onwards are reconstructed from its trading partners' records (mirror data). Russia's trade totals are shown as published by the World Trade Organization.

China had not yet filed its 2025 annual trade data with UN Comtrade when we downloaded the data in mid-2026. Where a 2025 figure for China appears, it comes from its partners' records or from China's own preliminary customs data release.

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