

How are geopolitical tensions driving a shift from liberal globalization to friendshoring?

Research Article

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Abstract: This article examines whether the rise of friendshoring reflects a broader shift from liberal globalization toward security-driven economic realignment. It focuses on Western economies' dependence on strategic rivals (China and Russia) and asks whether recent geopolitical tensions are reshaping global value chains (GVCs) around trusted political partners rather than purely cost-efficient locations. The study combines insights from international political economy, security studies, and GVC theory with an empirical perspective based on TiVA indicators for the period 1995–2020. The analysis shows that available value-added trade data do not yet indicate a completed structural reorganization of GVCs in line with friendshoring. At the same time, they reveal substantial and sector-specific dependencies, especially on China in manufacturing and on Russia in raw materials and energy-related activities. These vulnerabilities help explain the growing political appeal of de-risking and alliance-based economic cooperation. The study argues that friendshoring should be understood not as an already completed empirical transformation, but as an emerging strategic response to the limits of liberal interdependence under conditions of geopolitical rivalry. The article contributes to the literature by linking geopolitical and geoeconomic risks and trade realignment, offering a framework for understanding how national security concerns are reshaping global production and trade networks.

Keywords: *Friendshoring • Global value chains • Economic interdependence • Geopolitics • De-risking*

JEL codes: *F02 • F13 • F14 • F52 • F60*

1. Introduction

Friendshoring, understood as a preference for sourcing inputs from economies with shared values (such as democratic institutions or a commitment to peace) even at the price of higher costs or lower short-term efficiency, has emerged as a direct response to escalating geopolitical tensions and deepening global economic vulnerabilities associated with deep economic interdependence. It marks a pragmatic departure from the liberal globalization model, which assumed that interdependence would ensure peace and prosperity. In contrast, the logic of friendshoring reflects a growing recognition that economic ties can be weaponized, particularly when critical dependencies involve strategic rivals: China and Russia. Consequently, Western economies

are increasingly reorienting trade and production networks toward trusted allies, signaling a profound transformation in the architecture of globalization.

Although friendshoring has become highly visible in policy debates, its analytical status remains underdeveloped. Existing studies often focus either on the efficiency logic of global value chains (GVCs) or on policy declarations concerning de-risking or decoupling and supply chain resilience. Fewer contributions systematically connect these developments with broader theoretical debates on interdependence, power, and alliance formation, while also confronting them with empirical evidence on actual trade dependencies.

This article addresses that gap by examining patterns of value-added dependencies and evaluating whether and how friendshoring is reshaping them. The analysis is guided by two research questions:

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RQ1: How does friendshoring, as reflected in the transformation of GVCs, indicate a broader shift toward security-driven alliances?

RQ2: How are Western economies addressing their economic vulnerabilities through GVC restructuring?

The article combines insights from international political economy, security studies, and GVC theory with an empirical analysis of value-added trade dependencies based on OECD TiVA data for 1995–2020. The analysis focuses on selected Western economies and their exposure to China and Russia, both in aggregate terms and across strategically sensitive sectors.

The remainder of the article is organized as follows. Section 2 reviews the theoretical and empirical literature on interdependence, power, and alliance-based economic realignment. Section 3 presents the research methodology and data. Section 4 outlines the geopolitical limits of liberal globalization. Section 5 provides the empirical analysis of value-added dependencies. Section 6 discusses the implications of the findings for understanding friendshoring as a strategy of de-risking and strategic realignment. Section 7 concludes with key implications and policy recommendations.

2. Theoretical background and literature review

Since the 1990s, globalization has been driven by liberal norms: market openness, trade liberalization, and mutual interdependence. The ideological foundation of liberal globalization – rooted in the belief that economic freedom underpins political freedom – was articulated as early as 1962 by Friedman (2009). The accession of China and Russia to the WTO embodied the liberal belief that economic engagement would foster both prosperity and peace, consistent with the “change through trade” philosophy (Blumenau, 2022; Brockenhuus-Schack & Nedergaard, 2025; Hoppe, 2023; Yalcin, 2024).

However, these optimistic promises have not fully materialized. While globalization has indeed generated significant economic growth (Samuelson, 1939, 2004), it has also exacerbated global inequalities (Hurrell & Woods, 2002), intensified asymmetries in global power relations, and enabled the rise of strategic rivals that do not necessarily adhere to the liberal norms underpinning the post-Cold War order (hereafter Cold War I). Such rivals increasingly weaponize interdependence to gain geopolitical leverage (Ahram, 2022; Brockenhuus-Schack & Nedergaard, 2025; Cha, 2023; Drezner et al., 2021; Farrell & Newman, 2019; Hopewell, 2022). Gao (2022) offers a pointed

critique of globalization’s asymmetric impacts, particularly in the context of China-West relations. Overdependence of Western economies on strategic rivals made them vulnerable in sectors considered critical to national and economic security. Early foundational critiques of “intensified interdependence” and its strategic consequences can be found in the work of Hirst and Thompson (1992).

These developments invite deeper engagement with theoretical debates about the nature of power and interdependence that are crucial for understanding the strategic logic behind friendshoring.

The foundational debate on the relationship between power and economic interdependence is encapsulated in the work of Keohane and Nye. Using the concept of “complex interdependence,” they argue that economic interdependence can foster cooperation, subject to institutional trust and mutual benefit. According to them, states could use interdependence as a source of influence (beyond just military power) – one state’s dependence on another could be weaponized (Keohane & Nye, 2012, pp. 20–31). More recently, Gartzke and Li (2003) provided empirical evidence that trade interdependence does not necessarily deter conflict unless it is embedded in institutional and alliance structures.

According to Walt (1985) and his balance of threat theory, states form alliances not simply in response to a state’s military strength, but also to how threatening that strength appears based on context and behavior. In this view, friendshoring can be understood as an alliance-based economic strategy: states realign their trade and production networks not purely for economic efficiency, but to hedge against geopolitical threats posed by untrusted regimes. This aligns economic integration more closely with shared values and strategic interests, particularly among “like-minded” nations. Gilpin (1987), in contrast, emphasized that interdependence can intensify conflict and is tolerated by powerful states only when it serves their strategic interest. He emphasized that economics and power are inseparable in the international system.

In the context of friendshoring, these views diverge sharply. From Keohane and Nye’s perspective, friendshoring can be perceived as activities of states attempting to restore trust and stability through selective cooperation with trusted partners. Similarly, for Walt, friendshoring represents an effort to embed interdependence within security-compatible architectures. For Gilpin, friendshoring would be an expression of the instrumentalization of trade and production to protect strategic interests – the economy becomes a tool of geopolitics.

Contemporary scholars have returned to these foundational debates. Pisani-Ferry et al. (2024) examine the trade-offs between economic resilience and the benefits of openness. Hillman (2025) classifies the factors behind

the Western governments' shift away from traditional economic liberalism in international relations. These shifts suggest a broader turn toward strategic, alliance-based realignments. As He (2008) and Papayoanou (1997) suggest, security concerns increasingly influence trade and investment patterns. Galtung's "peace through trade" thesis advocates selective cooperation over isolationist strategies and emphasizes a reconfiguration of trade around mutual security interests (Galtung, 1976). Beal (2022) supports subordinating economic policy to security needs, using Japan's strategy under Prime Minister Fumio Kishida as a case in point. Similarly, Bildt (2024), former Foreign Minister of Sweden, argues for a European economic policy that places security at its core.

Additionally, recent policy-focused literature (e.g., Aiyar et al., 2024; Javorcik et al., 2024) empirically demonstrates how foreign direct investment and trade are increasingly redirected toward aligned states, especially after strategic shocks such as the 2014 Crimea annexation, the 2020 Covid-19 pandemic, and Russia's full-scale invasion of Ukraine in 2022.

Despite increasing policy relevance, the strategic concept of friendshoring remains underexplored from a geopolitical standpoint. Most studies continue to focus predominantly on the economic efficiencies of GVCs, often neglecting the security dimensions and the underlying political rationales for reconfiguring trade relations. Moreover, political declarations advocating for de-risking or friendshoring have often not been subjected to rigorous academic scrutiny, thus blurring the lines between descriptive analysis and prescriptive policy (Beal, 2022; Bildt, 2024).

A review of the literature indicates that despite the growing relevance of friendshoring in both academic and policy debates, the literature remains fragmented. Existing studies have offered important insights into the relationship between interdependence, power, security, and economic resilience, yet relatively few have systematically linked these theoretical perspectives with empirical evidence on value-added trade dependencies. This article addresses that gap by combining theoretical perspectives from international political economy and security studies with an empirical analysis of Western economies' value-added dependence on China and Russia.

3. Research methodology

The article employs a mixed-methods approach that integrates quantitative trade data analysis with qualitative geopolitical interpretation to examine the strategic realignment of global value chains under the logic of

friendshoring. The primary empirical source is the OECD Trade in Value Added (TiVA) Database, 2023 edition (*TiVA Database*, 2024). This dataset provides harmonized, internationally comparable input-output statistics that make it possible to identify the foreign value added embedded in domestic final demand, capturing the true structure of economic interdependence beyond gross exports. This article focuses on TiVA indicators measuring foreign value added in domestic final demand by partner country and industry. This perspective is more appropriate for dependency analysis than gross trade statistics because it captures the origin of value created abroad and avoids the double-counting associated with repeated border crossings of intermediate goods (Folfas, 2024).

The analysis covers the period 1995–2020, which allows the study of long-term shifts in the structure of interdependence. The economies classified here as the West include the United States, the Euro Area (19), the United Kingdom, Japan, South Korea, and Poland (for comparison purposes). They represent economies with varying levels of exposure to China and Russia.

China and Russia are treated as the principal strategic rivals (counter-systemic nations) examined in the article. The purpose is to analyze how Western dependence on them differs in scale and sectoral structure. This comparative perspective makes it possible to distinguish between broad manufacturing dependence, which is particularly relevant in the case of China, and dependence concentrated in energy-related sectors, which is especially important in the case of Russia.

The empirical analysis proceeds in two steps. First, it maps aggregate and sectoral value-added dependencies by examining the share of Chinese and Russian value-added in the final domestic demand of Western economies. Particular attention is paid to sensitive sectors such as mining and quarrying, computers and electronics, machinery, textiles, and related manufacturing activities.

Second, the empirical patterns are interpreted through a broader political economy and geopolitical lens. This makes it possible to connect trade structures with recent policy shifts toward de-risking, selective diversification, and alliance-based economic cooperation. The objective is not only to identify dependencies, but also to assess whether these patterns support the interpretation of friendshoring as an emerging form of strategic realignment.

By connecting the data to the concept of friendshoring, the analysis explains how Western states seek to reduce reliance on strategic rivals by reconfiguring trade and production ties with political allies. This theoretical framing bridges GVC analysis with geopolitical strategy, providing a comprehensive understanding of

friendshoring as both an economic and a security response. This methodological design contributes to the literature by empirically verifying political declarations such as friendshoring and assessing whether actual trade patterns support them. It also fills a gap by combining macro-level trade data with geopolitical theory, offering a framework for analyzing friendshoring as a structural shift in global trade governance.

The study has several limitations. First, at the time of submission of the article, TiVA data were available only through 2020, which means that the analysis cannot fully capture changes associated with the post-2022 intensification of sanctions, geopolitical tensions, and further fragmentation. Second, value-added indicators reveal structural dependence, but they do not directly measure firm-level relocation decisions or the implementation of specific public policies. Third, friendshoring remains a politically salient but empirically difficult concept to operationalize, which requires caution when drawing conclusions about the scale of actual restructuring.

4. Geopolitical limits of liberal globalization

Since the 1990s, there has been an increase in globalization processes, driven by the political decision to reduce barriers in international trade. From the economic perspective, it was motivated by two factors: (1) the drive to reduce the costs of economic activities and increase their efficiency, and (2) the goal of fostering economic development and enriching nations. In turn, this “tide” was supposed to “lift all boats”, both at the level of individual countries and globally. From the security perspective, the liberalization of trade was intended to reduce the risk of war. Collaboration and interdependence were expected to foster changes in the culture of dispute and crisis management while increasing the costs of counter-system activities. In other words, there was a drive to achieve “change through trade” and transform Cold War I adversaries into partners. In institutional and legal terms, the peak of opening up to collaboration with previous enemies was the admission of China (December 11, 2001) and Russia (February 28, 2012) to the WTO. These admissions expressed confidence in the willingness of the new members to perform in good faith the obligations they had assumed. Trade in the new world order was to be both “free and fair”. The “free and fair trade” is correlated with peace and justice (“McDonald’s Theory”) (Kužnar & Menkes, 2022).

However, the outcomes of these globalization efforts have been mixed. On one hand, many countries have experienced significant economic growth, technological advancement, and increased access to goods and services. On the other hand, globalization has also led to greater economic inequality within and between countries, as well as social and cultural tensions. The rising inequalities fueled protectionist arguments worldwide.

Moreover, the economic outcome of the integration of China and Russia into the global economy is ambiguous. While these countries have become large players in global trade, their participation has also led to strategic rivalries and conflicts of interest, complicating international relations. They quickly failed the trust they had been given, systematically violated commitments they had accepted (Menkes, 2022), and were exploiting the WTO system for free-riding.

Even if the consent to China and Russia’s unfair trade and investment practices was considered a “bribe” in exchange for their respect for the principles of the U.N. Charter with regard to respect for peace and justice in international relations, it has proved counter-effective. Both countries have used material means to build military capabilities that allow them to pursue a policy of expansionism (Brands & Sullivan, 2020; Kuzio, 2023; Motyl, 2023; Vohra, 2024).

Global security has been weakened, not so much by acts of armed conflict, but by the reduced resilience of Western economies. One of the factors diminishing resilience is economic overdependence, specifically the reliance on supplies (e.g., energy carriers) from counter-systemic states or the placement of sensitive elements of global value chains within these states, as well as vulnerability to disruptions in connections between participants. For example, increased physical distance between participants in GVCs and the transport of goods along international routes where the security of freight is low (due to pirate or terrorist attacks or the threat of blockades by counter-systemic states) has significantly contributed to this vulnerability. Additionally, hopes for “the End of History,” universalization of liberal values have not materialized. By the late 2000s, the West realized that its political strategy of “change through trade – Wandel durch Handel – doux commerce” had failed (Menkes, 2024, p. 22). At the same time, it began to withdraw from the strategy of rapprochement with strategic rivals (Russia and China) and counter-systemic participants in the “Axis of Evil” (such as North Korea and Iran), opting instead to punish them for breaking rules and commitments (the “stick” instead of the “carrot”, sanctions instead of incentives).

There was no single event that triggered a change in the West's attitude. Instead, the turning point is marked by a series of events, including Russia's murder of Sergei Magnitsky and the theft of Hermitage Capital Management's assets, as well as its aggression against Ukraine; China's trade abuses and coercive policies towards its neighbors; and nuclear proliferation and support for terrorist groups by other nations. The stability of trading rules, which was a key driver of globalization and manifested in longer and more complex production networks, is now a thing of the past.

The result is geopolitical tensions and the onset of a New Cold War (or Cold War II). This period is characterized by competition between military alliances, arms and space races, as well as espionage and sabotage (Lind, 2018). Examples of these include cyberattacks from Russia, China, North Korea, and Iran; intellectual property theft by China; Russia's interference in the U.S. presidential elections and the Brexit referendum in the UK; attacks on electric grids using malware; and the destabilization of Western societies through the spread of fake news on social media. China and Russia also exploit the interdependence of global value chains to blackmail the West.

Western economies have responded through a combination of reactive and proactive measures. These include sanctions, export controls, restrictions on investment and market access, industrial policy instruments, and efforts to strengthen cooperation with politically aligned partners in strategic sectors. Such measures suggest a gradual move away from the earlier assumption that openness alone can guarantee stability.

For example, in June 2018, the USA applied tariffs to 1,102 Chinese items like aerospace, ICT, and industrial machinery. In retaliation, China imposed a 25% tariff on US products. The Biden administration maintained these tariffs and introduced new export controls and investment bans to safeguard US interests. Additionally, the CHIPS and Science Act and the Inflation Reduction Act incentivize sourcing from US allies in key sectors. The EU's Chips Act promotes "semiconductor partnerships with like-minded countries", and the Important Projects of Common European Interest (IPCEI) program enhances supply chain cooperation among EU member states. Trump's second presidency has intensified the ongoing trade war, marking a decisive shift toward comprehensive protectionism and further accelerating the decoupling from China.

Beyond traditional tools, new measures are being introduced. For example, regulations now enable the elimination of "high-risk vendors" from Western supply chains and markets. Western states grant administrative authorities the right

to exclude high-risk suppliers, particularly in the creation and use of critical infrastructure (Bobowski & Menkes, 2024, pp. 3–15; Menkes, 2024, pp. 16–61).

The West responded assertively to challenges posed by China and Russia. Russia's energy blackmail has not deterred Western countries from providing aid to Ukraine. Similarly, China's position in the supply chains for medical equipment, semiconductors, and rare earth minerals has not prevented Western nations from confronting Chinese expansion in the Asia-Pacific region through military and other means.

This shift has encouraged a selective approach centered on de-risking, diversification, and resilience. A surge in policies directed at increasing supply chain resilience and national security is already observed (Gopinath et al., 2024). In this sense, the emerging policy framework does not seek to abolish international interdependence altogether, but to reorganize it in ways that reduce exposure to strategic rivals while preserving essential economic ties where possible.

5. Empirical analysis of value-added dependencies

Globalization has transformed international trade from an exchange of final goods into trade in tasks (Grossman & Rossi-Hansberg, 2008) conducted within GVCs. As production has become fragmented internationally, countries no longer need to be competitive in entire industries, but only in specific stages of production (Nacewska-Twardowska, 2022). This has opened new opportunities for less developed economies to join global manufacturing. At the same time, offshoring has facilitated not only the relocation of jobs but also the transfer of know-how from advanced to emerging economies (Baldwin, 2017, p. 56).

This shift has changed the geography of manufacturing. China's share in global manufacturing gross production rose from 5% in 1995 to 35% in 2020, while the G7's combined share fell from 62 to 28%. In the words of Richard Baldwin: "China is now the world's sole manufacturing superpower" (Baldwin, 2024). Enterprises from G7 economies are, in fact, partly responsible for China's industrial rise. They transferred organizational, managerial, and technological capabilities to China and strengthened its ability to compete in world markets, alongside its traditional cost-based advantages.

Yet gross measures overstate the role of economies specializing in assembly within GVCs as they capture the full value of output, including imported intermediate inputs. Value-added measures better capture the value

actually created within a given economy. Accordingly, although China's share in global manufacturing value added has risen markedly since 1995, the G7 still accounts for a larger share of global manufacturing value added than China (35% versus 29%).

In addition to the shift in the geography of manufacturing, economies have become more deeply linked to foreign production. This can be illustrated by the TiVA indicator of foreign value added in domestic final demand, which measures the extent to which a country's final demand is met by value created abroad.

The data indicate a substantial rise in China's contribution to Western domestic final demand over 1995–2020. Its share increased from 3.7% to almost 25% in Korea, from 5.8% to almost 25% in Japan, and from 3.4 to 19% in the United States. The most dynamic growth was observed in Poland and the United Kingdom, where China's share rose from 0.9 and 1.2%, respectively, to 13%. In contrast, Russia's contribution to total final demand remained modest. In 2020, it amounted to between 1.3 and 2.4% in most countries, with somewhat higher values in the euro area (4.6%) and Poland (6%); importantly, these shares had been falling since the mid-2010s, and in Poland the 2020 figure was almost half its 2012 level.

However, aggregate figures mask strong sectoral dependencies. While Russia's overall share in final demand is limited, its role in mining and quarrying is much greater and increased in most Western economies between 1995 and 2020. In 2020, Russian value added in this sector accounted for 16.5% of final demand in the euro area, 8.3% in the United Kingdom, 5.7% in Korea, and as much as 37% in Poland. China's sectoral importance is even more pronounced. Although its share in total final demand does not exceed 25%, in some manufacturing industries, dependence is substantially higher. For example, Chinese value added accounts for around 70% of Japanese final demand for textiles, apparel, and leather products, and for roughly one-half in other Western economies. High shares are also observed in computers and electronics, machinery, basic metals, and wood products.

Summing up, the empirical data demonstrate significant reliance on China in many industries across Western economies, and substantial dependence on Russian minerals and energy commodities, highlighting the vulnerability of these nations to GVCs disruptions due to geopolitical tensions, economic policies, or other factors. The series of events that occurred in the second decade of the 21st century and the ones that may be expected in the future make it necessary to rethink how GVCs should be reorganized to ensure not only cost efficiency,¹ but above all security and safety of supplies. There is a

strategic importance of diversifying supply sources to mitigate risks.

The empirical evidence does not yet indicate a completed structural shift toward friendshoring. Available data through 2020 do not show a full reorganization of GVCs around politically aligned partners. This is an important finding because it distinguishes between policy discourse and observable restructuring. At the same time, the data reveal substantial and persistent vulnerabilities that help explain the growing appeal of friendshoring. Even if a fully developed alliance-based reconfiguration is not yet visible in value-added trade patterns, the structure of dependence itself provides a strong rationale for why governments increasingly frame economic policy in terms of resilience, de-risking, and strategic autonomy.

6. Discussion: Friendshoring, de-risking, and strategic realignment

The strategic shift towards friendshoring cannot be understood without reference to the broader sequence of shocks that has affected the global economy in recent years. These include Brexit (2016), the United States-China trade conflict (2018, 2025–), the Covid-19 pandemic (2020) and possible new outbreaks of infectious diseases in future as a result of climate change, Russia's aggression against Ukraine (2014 and 2022), disruptions to maritime transport (Houthis in the Red Sea, maritime piracy, blockades of international transport routes), cyber threats, and climate-related disasters (Aiyar et al., 2024; Javorcik, 2020). Taken together, these developments have intensified concerns about the stability and reliability of long, geographically dispersed production networks.

These events separately might not be devastating for the stability of the world economy, but their combination ("the perfect storm") creates a highly volatile and unpredictable environment, increasing risks to GVCs in different dimensions. Some of the events may be categorized as the risks to GVCs coming from supply shocks, others as demand shocks (Baldwin & Freeman, 2021²). The first ones include changes in trade and industrial policies,

1 Robotization and automation have already reduced the importance of labour costs (Javorcik, 2020).

2 The supply and demand shocks encompass the wider catalogue of disruptions to global supply chains (GSC). This article concentrates only on the most important events that were listed.

political instability, as well as cyber-attacks, natural disasters, labor strikes, supplier bankruptcies, and industrial catastrophes. The events that constitute demand shocks encompass market access restrictions, macroeconomic crises, exchange rate fluctuations, and risks related to damage to product and company reputation, customer bankruptcies, or the emergence of new competitors. There are also transportation disruptions as a separate category due to their frequency and their impact on both supply and demand (Baldwin & Freeman, 2021).

There are two ways to respond to the risks: making supply chains more “resilient” or more “robust”. Resilience is commonly defined as the capability of organizations and supply chains to prepare for, react to, and recover from disruptions promptly and cost-effectively (Sá et al., 2019). Some ways of ensuring resilience include maintaining buffer stocks, using standardized inputs from various suppliers, considering the riskiness of locations and specific suppliers when designing supply chains, and implementing resilience monitoring. On the other hand, robustness refers to the ability to sustain operations throughout a crisis (Brandon-Jones et al., 2014), for example, by diversifying suppliers or establishing several production sites for internally produced inputs. Organizations need to balance risk diversification against the lower costs and higher quality inputs, which presents a key trade-off in both resilience and robustness (Baldwin & Freeman, 2021).

The uncertainties have prompted a reevaluation of global supply chains, bringing their resilience to the forefront of policymakers’ concerns. Another way to go is making them more robust, which would involve further diversification, maintaining existing connections while expanding globally. However, public debate and political discourse have also highlighted the risk of trade being weaponized by unfriendly countries. Friendshoring has emerged as an alternative to the free-market offshoring approach, where operations were relocated to countries with cheaper labor (Javorcik et al., 2024).

The selection of participants of GVCs is likely to be influenced by the geopolitical proximity of countries. Countries that are geopolitically aligned, or “friends”, are perceived as more favorable partners in trade and production networks than countries that are not as geopolitically close. This shift signals firms to re-optimize sourcing, foreign direct investment, and market entry decisions toward less risky countries (Aiyar et al., 2024; Jakubik & Ruta, 2023). The objective is to reduce the risks (de-risking) associated with asymmetric dependence while preserving the benefits of international economic cooperation where feasible.

This distinguishes friendshoring from both traditional offshoring and broader isolationist strategies. Offshoring prioritized efficiency and cost reduction under conditions of relatively open globalization. Decoupling emphasizes isolation from rival states. Friendshoring, by contrast, focuses on collaboration among allied nations.

Friendshoring is seen as a key element of the New Washington Consensus, which seeks to establish a “fairer and more durable global economic order,” with the benefits derived from it intended to reach “people everywhere” (Sullivan, 2023). This new paradigm in economic policy encourages governments to pursue pro-development policies that allow for interventionism and protectionism, and to promote inter-alliance cooperation at the expense of global linkages. This strategy, while potentially costlier, may be necessary to mitigate geopolitical risks and ensure long-term economic security as de-risking allows for the continuation of economic cooperation without compromising resilience.

The essence of this approach is the West’s attitude towards China and Russia. The policy towards Russia is guided by the principle of *ex injuria ius non oritur*, meaning the rejection of recognizing sovereignty over territorial acquisitions and holding Russia (both individuals and the state) accountable for crimes against peace, war crimes, and crimes against humanity. In contrast, the door to cooperation with China remains open, contingent upon China’s adherence to “de-risking principles.” This was highlighted by European Commission President Ursula von der Leyen (von der Leyen, 2023) and affirmed by U.S. President Joe Biden (Biden, 2023). “De-risking” has been proclaimed the official policy of the West: “We are taking concrete steps to (...) coordinate our approach to economic resilience and economic security that is based on diversifying and deepening partnerships and de-risking, not de-coupling” (G7 Hiroshima Leaders’ Communiqué, 2023).

Recent empirical studies underscore that friendshoring is not merely a trade reconfiguration but a multifaceted geopolitical strategy with region-specific expressions. For the United States, it often takes the form of nearshoring to neighboring allies, such as Mexico and Canada, driven by both security concerns and economic incentives (Charpin & Cousineau, 2024; Hsu et al., 2022). In East Asia, countries like Japan, Korea, and Taiwan have prioritized semiconductor security through substantial public-private investments, forming strategic alliances exceeding one trillion dollars in total commitments (Aoyama et al., 2024). According to Kalvelage and Tups (2024), state-led friendshoring initiatives are becoming increasingly orchestrated across regions – from

Germany's one billion euros green hydrogen investments in Namibia to China's bilateral infrastructure agreements in Tanzania. In Europe, the Visegrád Four have adopted EU-coordinated reshoring policies aimed at decoupling from strategic rivals, such as Russia (Šebeňa, 2024). These initiatives represent deliberate responses to growing geopolitical risks, designed to rewire GVCs in accordance with shifting political alliances.

Although friendshoring may increase resilience, it also involves substantial trade-offs (Ambroziak et al., 2022; Baldwin, 2024). Reallocating supply chains, building redundant capacity, and diversifying away from dominant suppliers may raise production costs, reduce some efficiency gains, and create adjustment burdens for firms. Empirical findings include estimates of GDP losses due to supply chain reallocation (up to 4.7%), declines in foreign direct investment linked to growing geopolitical distance (approximately 15%), and increased supply chain fragmentation (Aiyar et al., 2024; Javorcik et al., 2024). The costs may encourage private entities to circumvent government regulations and disregard their guidelines. These tensions are central to the policy debate because they reveal that economic security cannot be pursued without economic consequences.

For this reason, friendshoring is best understood as a strategic rather than purely economic project. Its implementation depends not only on firms' incentives, but also on public policy, including subsidies, industrial policy, regulatory coordination, and international cooperation among allies. The long-term effectiveness of such measures remains an open empirical question and deserves further study.

7. Conclusions

This article examines patterns of value-added dependencies and evaluates to what extent they are reshaped by friendshoring. While the empirical analysis of value-added trade flows does not yet reveal a clear reconfiguration of GVC structures, it reveals patterns of strategic vulnerability that underscore the rationale for a shift from liberal interdependence to security-driven alliances (RQ1). The findings also underscore the West's growing recognition of overdependence on China and Russia (RQ2), pointing to an emerging policy shift toward alliance-based trade realignment.

By employing the value added perspective, this article analyzes the empirical structure of interdependencies between Western economies and their strategic rivals (China and Russia). The data underscore the significant

reliance of Western economies on China for a wide array of industrial goods and on Russia for critical raw materials, particularly in the energy sector. This dependency not only exposes these economies to supply chain disruptions due to geopolitical tensions but also highlights the strategic vulnerabilities that need addressing to ensure economic security and resilience (Nyga-Łukaszewska & Napiórkowski, 2023). This observation also highlights the limits of liberal economic theory in times of strategic contestation.

This study proposes friendshoring as a potentially rational and necessary response to the geopolitical challenges. However, the political rationale underlying friendshoring – namely, building secure alliances among “like-minded” countries *vis-à-vis* systemic rivals – should be treated as a proposition requiring further empirical investigation rather than as an established empirical result. By aligning trade and production networks with “like-minded” countries, Western economies can mitigate the risks and move towards more secure and stable value chains, although the effectiveness of this mechanism remains to be empirically validated. This strategy, while potentially involving higher economic costs, aligns with the broader goals of the New Washington Consensus, aiming for a fairer and more durable global economic order. Regional coordination (e.g., EU IPCEI, U.S. CHIPS Act) should ensure coherent friendshoring standards. Policymakers should consider the fact that economic security strategies must account for sector-specific vulnerabilities. Therefore, they should focus on supporting firms in the cost-intensive friendshoring process through subsidies, public-private partnerships, and targeted investments in regional infrastructure. Establishing friendshoring guidelines and cooperative trade frameworks could institutionalize resilience.

The changes that friendshoring is a part of involve many elements. The previous balance of values in the triad of human rights, security, and economy is being replaced by a new emphasis on security and human rights over the economy. The “state” actor is to gain decisive influence over the economy, not only by setting development directions (interventionism) but also by directly intervening in its functioning (eliminating participants in value chains who pose threats and promoting the participation of allies). Charles E. Wilson's paradigm of “What's Good for GM is Good for America” is being replaced by “What's Good for Western Allies is Good for Companies.” It will take time to verify both the implementation of this plan and its effects.

In conclusion, the strategic pivot toward friendshoring represents a necessary adaptation to the complex and

volatile geopolitical landscape of the twenty-first century. The shift toward friendshoring may represent more than a tactical response and could evolve into a strategic necessity. Future research could explore the long-term implications of widespread adoption of friendshoring on global trade and international relations, including the extent to which its underlying political motivations translate into observable changes in global value chain structures.

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Conflict of interest statement

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